ADIB مصرف أبوظبي الإسلامي

SHAPING TOMORROW

INTEGRATED ANNUAL REPORT 2024

HIS HIGHNESS SHEIKH MOHAMED BIN ZAYED AL NAHYAN
PRESIDENT OF THE UNITED ARAB EMIRATES

THE LATE SHEIKH ZAYED BIN SULTAN AL NAHYAN

HIS HIGHNESS SHEIKH KHALED BIN MOHAMED BIN ZAYED AL NAHYAN
CROWN PRINCE OF ABU DHABI

SHAPING TOMORROW

For ADIB, 2024 was a pivotal year with the launch of the **ADIB 2035 VISION**. Through this vision, the bank's continual customer-centricity will expand and transform through innovations that will position ADIB a future-ready financial institution. This strategic vision emphasizes product innovation, expansion into new market segments, and investment in advanced technologies to build a future-proof bank that not only meets today's dynamics needs but also anticipates tomorrow's challenges. A key initiative under this vision is the launch of ADIB Ventures, aimed at forming partnerships with fintech startups to revolutionize Shari'a compliant financial services and position ADIB as a leader in fintech innovation.

Throughout the year, ADIB achieved remarkable milestones, delivering record performance and solidifying its position as a leading bank in the UAE. The bank reported a net profit before tax of AED 6.9 billion, reflecting a growth of 26% compared to last year, and a return on equity (ROE) of 28%, demonstrating strong financial health and operational efficiency.

In parallel, we continued to grow our market share within our existing markets, with approximately 1.5 million customers now banking with us. Our commitment to innovation led to the launch of ground- breaking products and solutions to meet the evolving needs of our customers. We placed a strong focus on enhancing our customer experience and service excellence, investing in state-of-the-art digital solutions designed to provide greater convenience and value for our customers. This approach has translated into higher customer engagement, reinforcing our position as a customer-centric organization.

Our 2024 strategic focus was deeply aligned with our commitment to sustainability and social responsibility, which align with our values and Islamic Shari'a. Our commitment to decarbonization through the creation of 2030 decarbonisation targets, and our extensive community engagement, reflect our resolve to create positive environmental and social impact.

Looking ahead, ADIB is poised to leverage technology and innovation to drive growth and profitability, with a focus on expanding its customer base and improving operational efficiency. The bank's Vision 2035 strategy positions us to navigate the evolving financial landscape and continue delivering exceptional value to our stakeholders.

CHAIRMAN MESSAGE

"In 2024, we continued to achieve significant milestones fueled by our commitment to providing innovative solutions that goes beyond our customers' needs. We achieved new financial records, made substantial progress in our digital transformation journey and accelerated our sustainability initiatives while leveraging our unique brand and reputation as a lifelong partner for our customers."

HE JAWAAN AWAIDHA SUHAIL AWAIDHA AL KHAILI

CHAIRMAN

"With the launch of **2035 VISION**, we are implementing a transformative roadmap that positions us at the forefront of our industry. It is a vision that will be fueled by technological advancements, an uncompromising focus on our customers, and a deep commitment to sustainability principles."

New customers onboarded in 2024

216K

Return on equity

28%

Dividend payout

AED 3 bn

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Abu Dhabi Islamic Bank's Annual Report for the financial year 2024.

Macro-Environment

The global economy in 2024 presented a dynamic and evolving landscape. While challenges and uncertainties persisted including heightened geopolitical tensions and inflationary pressures, there were significant positive developments. The resilience of global markets was evident as economies adapted to drive growth.

The UAE economy also demonstrated robust performance with a **4% GDP** growth supported by diversification efforts, strong oil price, and strategic investments in key sectors such as technology, tourism and renewable energy. Consequently, the UAE banking sector demonstrated a robust performance market across key financial metrics, exhibiting resilience and adaptability, supported by a favorable operating environment, strategic investment in digital transformation, and strong regulatory frameworks.

Positioning Ourselves for Growth

In 2024, we continued to achieve significant milestones fueled by our commitment to providing innovative solutions that go beyond our customers' needs. We achieved new financial records, made substantial progress in our digital transformation journey and accelerated our sustainability initiatives while leveraging our unique brand and reputation as a lifelong partner for our customers. ADIB's strong market position has allowed us to grow our market share by attracting approximately **216,000 new customers to ADIB** in 2024, emphasizing the strength of our brand.

ADIB continues to achieve solid financial results with revenues reaching **AED 10.6 billion,** record net profit before tax of **AED 6.9 billion before tax** after deduction of shareholders' contributions to depositors, and strong top-line growth of **26 per cent.**

This demonstrates our focus on executing the business strategy and renewing our commitment to achieving better outcomes for our shareholders and customers. The record **return on equity of 28%** for the full year reflects the healthy and resilient local economy coupled with our focus on delivering transformational initiatives.

The substantial increase in our profitability and the strength of our capital position has allowed the Board to recommend **a dividend payout to 83 fils per share in 2024 compared to 71 fils per share in 2023.** These proposals are subject to shareholders' approval at the Annual General Meeting.

ADIB's Strategic Progress

We are nearing the end of our 2025 strategy cycle; a journey that has helped us improve ADIB since 2020 to the benefit of all stakeholders. This was a period during which we delivered strong financial performance, and successfully executed our strategic initiatives. A specific focus of the strategy was acceleration of our digital transformation agenda, which saw an 91% digital adoption from our customers.

Furthermore, we were able to create a workplace focused on employee wellbeing and empowerment, as is evident in our staff engagement ratio of 75%, which shows continued focus on developing our employees and caring for their needs. We pushed our Emiratisation efforts forward to set the course for the next generation of leaders. Over the past year, we have attracted some tremendous new leaders to ADIB and promoted our highest-performing leaders within the firm to new roles. I am also proud that as we welcomed new Emiratis to ADIB over the course of this year,

We have reached an Emiratisation rate of 44%. We have also increased the representation of women in our workforce to 39%.

Our exceptional performance is guided by an experienced Board, driven by a performance culture and a clear strategy, executed by a well-established and experienced management team. This report contains many examples of this successful strategic execution.

Our clear commitment to excellence has been recognized by many local and international organizations. We were named the Best Bank in the UAE for 2024 by Global Finance Magazine and maintained our notable ranking from last year as the Safest Islamic Bank Globally.

A Sustainable Future

Throughout our history, we have consistently committed to having a positive impact on the societies and communities we operate in. In 2024, we actively drove the sustainability agenda and led initiatives that significantly contributed to our ESG roadmap, including our Net Zero 2030 commitment. A particular highlight of this year is ADIB receiving an upgrade to an **"AA" ESG rating from MSCI**, which reflects our continued commitment to enhancing our ESG practices and governance. This achievement is a direct result of our focused efforts to enhancing transparency, implementing rigorous risk management processes, and setting ambitious environmental targets.

Pioneering the Future

With the launch of **2035 VISION**, we are putting into place a transformative roadmap that positions us at the forefront of our industry. It is a vision that will be fueled by technological advancements, an uncompromising focus on our customers, and a deep commitment to sustainability principles.

As we move into 2025, our customer-centric approach and innovation will remain crucial catalysts for future growth. Our commitment to make ADIB the world's most innovative bank remains unwavering. We will remain committed to supporting our customers while we continue to execute our ambitious strategic agenda and unfold the full potential of ADIB.

In closing, I would like to take this opportunity to thank the President of the United Arab Emirates, His Highness Sheikh Mohammed Bin Zayed Al Nahyan, as well as His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister and the Ruler of Dubai; and their Highnesses, the Rulers of the Emirates and Members of the Supreme Council. I would also like to express my gratitude to our valued customers, the UAE Central Bank, our partners, regulators and shareholders for their trust, and our Board, management, esteemed members of the Internal Shari'a Supervisory Committee, and our employees for their tireless dedication.

Thank you,

HE Jawaan Awaidha Suhail Awaidha Al Khaili

Chairman

GROUP CEO MESSAGE

> In 2024, ADIB continued to successfully execute its ambitious growth strategy against a positive economic backdrop in the UAE, marked by robust consumer and business sentiment. The Bank has delivered a solid financial performance, with net profit and return on equity at record highs. This is a testament to ADIB's unique market position, underpinned by a solid balance sheet and prudent risk management, which position us well to be an important partner to our customers and the community.

MOHAMED ABDELBARY
GROUP CHIEF EXECUTIVE OFFICER

A record year

ADIB delivered a record total revenue of AED 10.6 billion, crossing the AED 10 billion mark for the first time in 2024. Net profit before tax rose by 26% compared to 2023, to an all-time high of AED 6.9 billion. Return on equity (ROE), at 28%, broke all previous records. Earnings were propelled by higher volumes in customers' financing which drove funded income up by 7% compared to 2023. Non-funded income saw a notable rise of 28% compared to last year, bolstered by wealth management fees, card fees, and customer financing related fees. Non-funded income represents 38% of total income, underlining the strategic focus on revenue diversification.

Our financial performance was exemplary, marked by significant growth in market share, assets, and customer financing. Our total assets reached AED 226 billion, driven by a record 17% year-on-year growth in customer financing, as we gained market share in retail and closed landmark deals in corporate banking. This was efficiently funded by an increase of AED 26 billion in deposits including growing our low-cost Current and Savings accounts by AED 9 billion, which underscores the trust our customers place in ADIB.

Our customer base expanded, bringing the total number of customers to approximately 1.5 million. This milestone reflects our commitment to providing exceptional Shari'a compliant services and innovative products, further strengthening our position as a leading Islamic bank, and the preferred financial partner for UAE Nationals.

We demonstrated balance sheet strength across all key ratios, with asset quality matrix improving as our non-performing asset ratio reached 4%, its lowest level since Q1 2017 due to active management of legacy portfolios and strong underwriting standards. While we continue making substantial investments in new technologies like Generative AI, the efficiencies gained from cost savings efforts have significantly improved the Cost-to-Income Ratio to 29.6%, reflecting our ability to drive higher income while maintaining cost discipline.

Significant milestones

In Retail Banking, we remained the market leader in deposits, with flagship products such as home finance and personal finance driving significant growth. Meanwhile, our Wholesale Banking Group (WBG) successfully closed major deals and secured new mandates, contributing to our strong performance across business lines.

On the digital front, we embraced new opportunities by envisioning future technological advancements and continue to deliver digital solutions that drive seamless banking experiences. We added 83 new features to our mobile app and increasingly used data to provide our staff with the tools and insights to manage customers effectively. Digitalisation has enabled us to handle higher volumes with faster turnaround times, improve efficiency, and strengthen risk management. This year has also seen the launch of ADIB Ventures that aims to create an ecosystem that fosters fintech partnerships and accelerate development of digital solutions.

ADIB 2035

The ADIB 2035 Vision stands as a beacon of our commitment to innovation, growth and sustainability. The vision is not just a roadmap for us but a declaration of how we are preparing ADIB to be a future-ready bank and a leading financial institution in a rapidly evolving world.

Central to this vision is our focus on Generative AI, automation and digital solutions. These pillars will drive efficiency, enhance customer experiences, and unlock new growth opportunities. By leveraging cutting-edge technologies we aim to revolutionize the way we operate, ensuring we remain agile and competitive in an increasingly developing landscape.

Sustainable future

In 2024, we continued to advance ADIB's sustainability agenda. We announced our commitment to reduce carbon emissions as part of our net zero plan where we rolled out multi-faceted strategies relating to our own operational emissions, and our financed emissions. These include energy efficiency programs, a sustainable finance strategy, and responsible procurement to drive down our environmental impact. These efforts were reflected in the bank receiving an ESG rating upgrade to AA from MSCI, which highlights our continued commitment to enhancing our ESG practices and governance.

People remain at the heart of our success. We have intensified our efforts in Emiratization, reinforcing our commitment to nurturing local talent and contributing to the UAE's economic development. We welcomed a large number of UAE Nationals in 2024, with Emirati employees constituting 44% of the Group's employee base—among the highest rates in the financial sector. We embraced diversity, with over 50 nationalities represented in our employee base, and a healthy gender balance where women make up 39% of our total employees.

Conclusion

In conclusion, 2024 has been a remarkable year for ADIB. We have made significant strides in our strategic journey, delivering strong financial performance, and reinforcing our leadership in Islamic banking. I extend my heartfelt gratitude to our customers, employees, and stakeholders for their unwavering support and confidence in ADIB. I also want to express my appreciation to our talented teams for their efforts and innovative spirit, which remain the driving forces behind our success. Together, we look forward to continuing our journey towards excellence and sustainable growth.

AED
6.9 billion
Net Profit (Before tax)

26%
Growth in net profit (Before tax)

AED
226 billion
Total assets

OUR ACHIEVEMENTS IN 2024

JAN

Launch of "EXCEED", ADIB's reward program

FEB

Launch of ADIB Business Souq

MAR

Zayed International Airport branch has been awarded the LEED V4 Platinum certification

APR

Baseline Credit Assessment (BCA) from Moody's upgraded from ba1 to baa3

MAY

ADIB Joins Buna System to Revolutionize Cross-Border Payments in Arab Countries

JUNE

Our mobile app reaches 1 million users

JUL

ADIB Securities launches its global app

AUG

ADIB accelerates its cloud adoption strategy

SEP

ADIB launches 2035 Vision
ADIB achieves AA rating from MSCI

OCT

ADIB launches ADIB Ventures

NOV

ADIB Named world's safest Islamic bank by Global Finance

DEC

ADIB expands its network with three new branches

We have high ambitions for our business and for driving growth. That's why we're building a bank for the future – one that serves the needs of our people, customers and communities.

EMPOWERING PROGRESS

By delivering forward-thinking financial solutions, we are empowering individuals, businesses and communities prosper, driving economic growth that contributes directly to the UAE's vision for growth and success.

Corporate and GRE financing:
38%
of total portfolio

Total customer financing:
AED 147 billion

Retail financing:
52%
of total portfolio

SUSTAINABLY DRIVING HIGHER RETURNS

We are committed to driving sustainable growth and delivering strong returns for our shareholders. We are successfully executing our strategy to gain market share, and forging progress on all fronts ahead of schedule.

Dividend yield:
6%

ROE:
28%

EPS:
AED 1.5

REVOLUTIONIZE CUSTOMER EXPERIENCE

Our drive for innovation for new ideas and opportunities means we are constantly working to meet our clients' ever-changing needs. We are working on revolutionizing how our customers interact with us ensuring their needs are met through innovation, personalization and seamless service.

Digitally active customers:
91%

83
new features added to the app

1 million
customers registered on ADIB Mobile App

LEADING WITH PURPOSE

We are committed to creating a positive and lasting impact on the communities we serve. We are actively working to support local communities by funding projects that enhance education, healthcare and social wellbeing. We are committed to supporting our customers on their transition to a net zero economy, providing a range of green products and services to corporate and individual customers,

Community organizations:
140+

Sustainable finance:
AED 17 billion

Number Volunteers:
1,140

Financial workshop attendees:
1,000+

EXPANDING HORIZONS

ADIB is where over 5,000 people come together with great ambitions and a strong sense of belonging. We value the diversity of our teams and ensure that everyone feels respected and can realize their full potential. We invest and nurture our workforce through initiatives that empower their growth and support their career ambitions.

Emiratization rate:
44%

Women in workforce:
39%

Nationalities:
50+

Staff engagement rate:
78%

OUR JOURNEY

1997 — FOUNDED
ADIB was founded by a decree of the late Sheikh Zayed Bin Sultan Al Nahyan

1998 — LICENSED
ADIB was licensed as the first Islamic bank in Abu Dhabi by the UAE Central Bank and commenced operations.

2000 — LISTED
ADIB was listed on Abu Dhabi Stock Exchange

2002 — FIRST CARD
Launch of the first Islamic Covered card in the UAE

2005 — DIGITAL
Launch of the E-banking service

2007 — EXPANSION
ADIB acquires 49% of National Bank of Development Egypt

2010 — NEW BRAND
ADIB reveals its new brand and new promise to customers and staff

2011 — PRIORITY
Launch of Gold Centers for Priority customers

2012 — INTERNATIONAL
ADIB started international expansion in UK, Iraq, KSA and Sudan

2013 — SUKUK
ADIB Issued World's First Hybrid Perpetual Tier 1 Sukuk

2014 — ACQUISITION
ADIB acquires a portfolio of retail banking in the United Arab Emirates (UAE)

2015 — RIGHTS ISSUES
ADIB was the first bank in the UAE to issue right shares

2016 — MOBILE APP
ADIB Mobile app was launched

2018 — 1 MILLION CUSTOMERS
ADIB reached the 1 million customers milestone

2019 — DIGITAL LAB
ADIB inaugurates its digital lab

2020 — FOREIGN OWNERSHIP
ADIB raised its foreign ownership to 40%

2021 — YOUTH
ADIB launches Amwali, the UAE's first banking proposition for youth

2022 — $1 BILLION NET PROFIT
ADIB registered net profit of $1 billion for the first time in its history

2023 — GREEN SUKUK
ADIB launches the world's first green Sukuk in USD

2024 — ADIB VENTURES
launch of ADIB Ventures

ADIB REVIEW

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ABOUT ADIB

Abu Dhabi Islamic Bank (ADIB) is a leading bank in the UAE and one of the largest Islamic banks globally. Headquartered and listed in Abu Dhabi, ADIB was incorporated in 1997 to serve as the first Islamic bank in the Emirate of Abu Dhabi.

The bank currently serves more than approximately 1.5 million customers through a comprehensive range of products and services that combine a highly personalised customer experience with world-class digital banking services. ADIB is a full-fledged financial service provider that offers banking solutions for individuals, corporates and affluent customers. In addition, the wider ADIB Group provides brokerage, real estate and property management, payments and insurance services.

Since its foundation, ADIB's market position has been the go-to bank for UAE nationals. ADIB's national presence, innovation, relevance, and Sharia compliant business model means that ADIB provides the right banking solutions for its customers, with a deep understanding of their needs and ambitions, their lives, and plans.

ADIB is committed to being a responsible corporate citizen and to managing its business in a way that creates value for customers, shareholders, employees, and the communities in which it operates.

Vision

To be the world's most innovative Islamic Bank

Mission

Every day, simple banking empowered by people–centric innovation.

Our Values

- We keep it Simple and Sensible
- We are Transparent
- We work for Mutual Benefit
- We nurture Hospitality & Tolerance
- We are Shari'a inspired

ADIB AT A GLANCE

ADIB is a full-fledged financial service provider that offers banking solutions for individuals, corporates and affluent customers. In addition, the wider ADIB Group provides brokerage, real estate and property management, payments and Takaful services.

Branches

150+

Subsidaries, Associates & Joint Ventures

14

Representative offices

2

INTERNATIONAL PRESENCE

THE ADIB GROUP STRUCTURE

BOARD OF DIRECTORS

FINANCIAL SERVICES GROUP

BANKING:

Abu Dhabi Islamic Bank PJSC

SUBSIDIARIES:

Abu Dhabi Islamic Bank - Egypt (S.A.E)
Abu Dhabi Islamic Securities Company LLC
ADIB Capital Limited
ADIB (UK) Limited
Fractionalized Sukuk Holding Limited

ASSOCIATES AND JOINT VENTURES

Abu Dhabi National Takaful Company PJSC
Bosna Bank International D.D.
Saudi Finance Company CSJC
Abu Dhabi Islamic Merchant Acquiring Company LLC

INTERNATIONAL BRANCHES:

Qatar (QFC)
Iraq

NON-FINANCIAL SERVICES

REAL ESTATE:

Burooj Properties LLC
MPM Properties LLC

MANPOWER:

Kawader Services LLC

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

ADIB (EGYPT) SAE

SAUDI FINANCE COMPANY, SAUDI ARABIA

ADIB UK

ADIB CAPITAL

ABU DHABI ISLAMIC MERCHANT ACQUIRING COMPANY LLC

ADIB SECURITIES

ABU DHABI NATIONAL TAKAFUL COMPANY PJSC

MPM PROPERTIES

BOSNA BANK INTERNATIONAL D.D.

FRACTIONALIZED SUKUK HOLDING LIMITED

BUROOJ PROPERTIES

INVESTMENT HIGHLIGHTS

STRONG MANAGEMENT, SOLID FUNDAMENTALS AND CLEAR STRATEGY

As one of the world's leading Islamic financial institutions, ADIB is focused on creating long-term value for all our stakeholders while delivering superior and sustainable shareholder return.

A UNIQUE MARKET POSITION IN UAE

+216,000
New Customers In 2024

1.46 MILLION
Customers

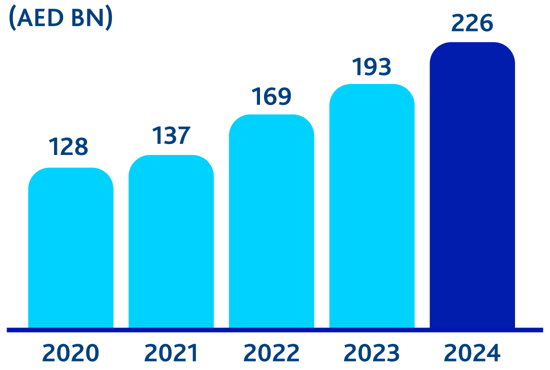
15%
UAE Market Share In Retail Banking

+650,000
UAE Nationals Customers

STRONG FUNDAMENTALS

- Robust governance framework and reputable Board
- Stable and experienced Executive Management
- Solid capital generation

TOTAL ASSETS
(AED BN)



12.1%
CET 1

AED 50 BILLION
Market capitalisation (As of Dec 31st 2024)

GEOGRAPHIC FOOTPRINT

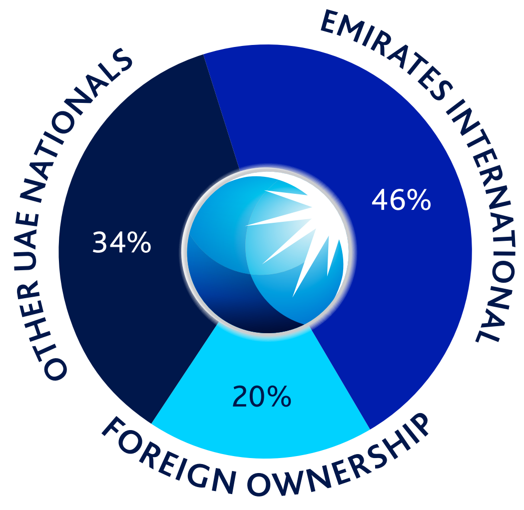
60
Branches in UAE

70+
Branches in Egypt

+500
ATMs

7
Presence in markets

DIVERSE OWNERSHIP



HIGH INVESTMENT-GRADE CREDIT RATINGS

A+/ F1
Stable
Fitch

A2/ P1
Stable
Moody's

HIGH ESG RANKINGS

AA
MSCI

75.5
Refinitive

ESG Score
41
S&P Global

ORGANIZATIONAL STRENGTH

+300,000
Training hours

+50
Nationalities

39%
Female

44%
Emiratisation

COMMITTED TO ESG AND SUSTAINABILITY

- 5 year sustainable finance plan
- 2030 Net Zero Plan
- Robust ESG governance framework
- Inaugural green sukuk issued to finance green initiatives

AED 17 BILLION*
Sustainable finance by 2024

* sustainable finance volume is limit based and includes sustainable investments.

SHAREHOLDERS' INFORMATION

FINANCIAL AND EVENTS CALENDAR

DATE	EVENT
24/04/2024	Q1 FINANCIAL RESULTS ANNOUNCEMENT
24/07/2024	Q2 FINANCIAL RESULTS ANNOUNCEMENT
30/10/2024	Q3 FINANCIAL RESULTS ANNOUNCEMENT
28/01/2025	Q4/FY 24 FINANCIAL RESULTS ANNOUNCEMENT
10/03/2025	ANNUAL GENERAL ASSEMBLY MEETING
*20/03/2025, 27/03/2025	RECORD DAY FOR DIVIDENDS

ADIB SHARE INFORMATION

LISTING DATE:	2000
EXCHANGE :	ABU DHABI STOCK EXCHANGE MARKET
SYMBOL:	ADIB
NUMBER OF SHARES :	3,632,000,000 AED 1 EACH

CLOSE PRICE AS OF 31ST DEC 2024:	AED 13.82
MARKET CAP AS OF 31ST DEC 2024:	50,194,240,000
FOREIGN OWNERSHIP CAP:	40%

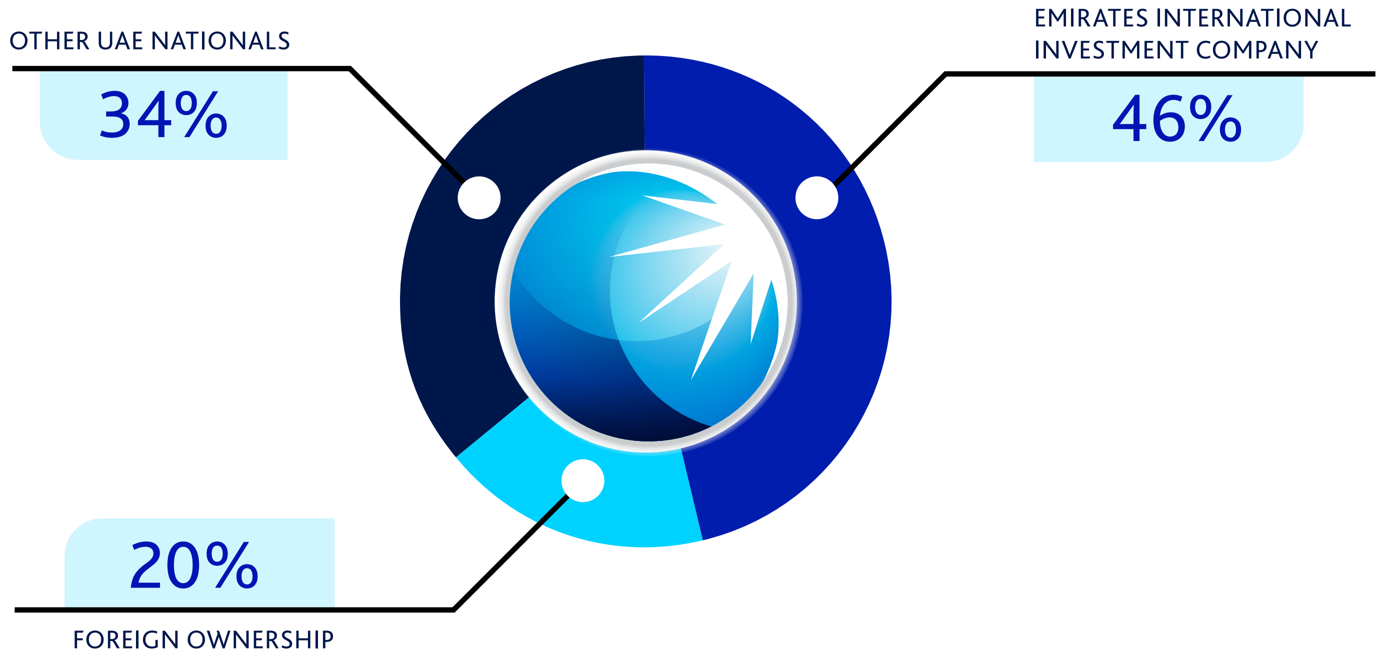
سوق أبوظبي للأوراق المالية
Abu Dhabi Securities Exchange

INVESTOR RELATIONS

Contact: Lamia Hariz
Email: lamia.hariz@adib.com
Investor Relations | ADIB Abu Dhabi Islamic Bank

ADIB SHAREHOLDER BY CATEGORY

ADIB OWNERSHIP STRUCTURE



SHARE PERFORMANCE IN 2024

*The shareholder entitled to receive dividends will be the registered owner of the share on Thursday, March 20, 2025 (i.e., those who purchase shares on March 18, 2025) if the first meeting is held on Monday, March 10, 2025. Alternatively, if the second meeting is held on Monday, March 17, 2025, the entitled shareholder will be the one registered on Thursday, March 27, 2025 (i.e., those who purchase shares on March 25, 2025).

ADIB BUSINESS MODEL

ADIB is one of largest Islamic banks in the world with total assets of AED 226 billion. ADIB is a Universal Bank that offers banking solutions for individuals, corporates, government institutions and affluent customers.

In addition, the wider ADIB Group provides brokerage, real estate and property management, payment solutions and insurance services.

ADIB has a significant distribution network in the UAE of more than 60 branches and 500+ ATMs. Internationally, the bank has a presence in six strategic markets - Egypt, where it has 70 branches, the Kingdom of Saudi Arabia, the United Kingdom, Qatar, Sudan and Iraq.

BUSINESS SEGMENTS

ADIB'S BUSINESS IS COMPRISED OF 4 MAIN SEGMENTS

% OF GROUP REVENUE	BUSINESS SEGMENT	DESCRIPTION
54%	RETAIL BANKING	**Targets individuals and SME entities with main focus on UAE Nationals and mass affluent segment** Product ranges offered include everyday banking products such as current accounts, deposits, cards, finance, wealth products, etc.
16%	WHOLESALE BANKING	**Focuses on large corporates, Governments, GREs and FIs** Product offerings include investment and corporate finance, corporate banking, contracting and commercial banking, transaction banking, liquidity, trade finance, payments and cash management services. ADIB offers wholesale banking internationally in Iraq, Qatar and Sudan.
2%	TREASURY	**Offers risk management; an active investor in the global sukuk market, offering investment opportunities to customers and using debt assets to manage the bank's balance sheet.** Expertise in FX, rates, hedging, money markets, equity and debt execution. Treasury also manages ADIB's balance sheet and asset/liability mix.
28%	OTHERS, INCLUDING ASSOCIATES AND SUBSIDIARIES	**ADIB is present in the following countries for the following services:** • ADIB UAE offers private banking and real estate asset class • ADIB Egypt caters to the needs of corporate and retail customers. • ADIB UK offers commercial and industrial real estate asset class

BRANCHES

ABU DHABI CENTRAL AREA

1 Najda Branch
2 Al Wahda Mall -Abu Dhabi
3 Abu Dhabi Police GHQ
4 Sheikh Zayed Main branch
5 Sheikh Khalifa Energy Complex
6 ADIA Cash Office
7 Al Bateen
8 Marina Mall
9 Nation Towers
10 Abu Dhabi Judicial dept.
11 Khalifa A City

AL AIN AREA

26 Al Ain Branch
27 Al Yahar
28 Tawam Branch
29 Al Wagan
30 Al Jimi Branch
31 Oud Al Tobba Ladies
32 Al Bawadi Mall
33 Makani Mall

SHARJAH-N E AREA

45 Sharjah
46 Ajman
47 Al Hamidiya Branch
48 Al Juraina Branch
49 Umm Al Qaiwain
50 Zawaya Walk Branch
51 Al Rahmania Mall Branch
52 Al Buhairah

ABU DHABI EAST & AL DHAFRA AREA

12 Baniyas
13 Mussafah
14 AD Airport
15 Dalma Mall
16 Bawabat Al Sharq Mall
17 Shahama
18 Yas Mall
19 Madinat Zayed
20 Al Silaa
21 Al Marfaa
22 Dalma Island
23 Liwa
24 Gayathi
25 Ruwais Mall

DUBAI AREA

34 Sh. Zayed Road
35 Arenco-DIC
36 Dubai Mall
37 Second of December
38 Al Nahda Center
39 Al Barsha
40 Nad Al Hamar
41 Al Muhaisnah
42 Al Qusais
43 Nad Al Sheba
44 Deira

EAST COAST AREA

53 Fujairah
54 Ras Al Khaimah
55 Dibba
56 Khorfakkan
57 Kalba
58 RAK Airport Road
59 Al Hamra Mall
60 Fujairah City Centre
61 Al Dhaid

BOARD OF DIRECTORS

H.E. JAWAN AWAIDHA SUHAIL AL KHAILI

Chairman

DR. FAISAL SULTAN NASER SALEM AL SHUAIBI

Vice Chairman

MR. ABDULLA ALI MUSLEH JUMHOUR AL AHBABI

Board Member

MR. ABDUL WAHAB AL HALABI

Board Member

MR. KHALIFA MATAR KHALIFA QAROONA ALMHEIRI

Board Member

MS. MAHA MOHAMMED AL QATTAN

Board Member

MR. NAJIB YOUSSEF FAYYAD

Board Member

SENIOR MANAGEMENT

MOHAMED ABDELBARY
Group Chief Executive Officer

ABDULLA AL SHEHHI
Global Head International Business Group

ABDUL QADIR KHANANI
Group Treasurer

AHSAN AKHTAR
Acting Group CFO

AMIT MALHOTRA
Group Head of Retail Banking, ADIB

BUSHRA ALSHEHHI
Group Chief HR Officer & Chairman of Kawader

DR. GHAITH MISMAR
General Counsel & Board Secretary

DR. OSAID KILANI
Global Head of Shari'a

DUANE MAXWELL
Acting Group Head of Compliance

KENNETH TAN
Group Head of Audit

MAHER AL RUZ
Group Chief Customer Officer

METHA AL HASHMI
Group Chief Credit Officer

MOHAMMED AL FAHIM
Executive Vice President & Acting Global Head of Wholesale Banking Group

SULIMAN AL RAEEI
Group Head of Internal Shari'a Audit

TALHA KARIM
Group Chief Risk Officer

AWARDS

BONDS AND LOANS AND SUKUK

- BONDS, LOANS & SUKUK MIDDLE EAST AWARDS 2024

GLOBAL FINANCE

- SAFEST ISLAMIC BANK IN THE WORLD
- BEST ISLAMIC BANK FOR ESG AWARD
- BEST BANK FOR SMES IN THE U.A.E.
- BEST BANK FOR TRANSITION/ SUSTAINABILITY LINKED BONDS IN THE MIDDLE EAST

EUROMONEY

- WORLD'S BEST ISLAMIC BANK FOR ESG
- MIDDLE EAST'S BEST ISLAMIC BANK
- UAE'S BEST DOMESTIC ISLAMIC BANK
- UAE'S BEST BANK FOR CORPORATE RESPONSIBILITY AWARDS AT THE EXCELLENCE SEGMENT
- UAE'S BEST BANK FOR HNW'S

EMEA

- BEST ISLAMIC BANK IN THE UAE
- SUSTAINABILITY AWARD (MIDDLE EAST LEVEL)

MEED

- MENA ISLAMIC FINANCE BANK OF THE YEAR
- BEST ISLAMIC BANK FOR ESG
- BEST RETAIL BANK IN THE UAE

BANKER FT

- ISLAMIC BANK OF THE YEAR MIDDLE EAST

IJGLOBAL MENA

- RENEWABLE ENERGY DEAL OF THE YEAR
- DESALINATION DEAL OF THE YEAR
- WATER DEAL OF THE YEAR

THE DIGITAL BANKER

- BEST ISLAMIC DIGITAL BANK UNITED ARAB EMIRATES
- BEST ISLAMIC DIGITAL BANK MIDDLE EAST
- ISLAMIC CREDIT CARD OF THE YEAR
- BEST DOMESTIC ISLAMIC RETAIL BANK UNITED ARAB EMIRATES
- BEST ISLAMIC RETAIL BANK MIDDLE EAST

THE ASSET TRIPLE A

- ISLAMIC ISSUER OF THE YEAR
- ISLAMIC BANK OF THE YEAR
- BEST ISLAMIC RETAIL BANK
- BEST GREEN SUKUK (ADIB US$500 MILLION GREEN SUKUK)
- BEST GREEN SUKUK RETAIL (MAJID AL FUTTAIM HOLDING US$500 MILLION GREEN
- BEST GREEN SUKUK REAL ESTATE (ALDAR INVESTMENT PROPERTIES US$500 MILLION
- BEST NEW SUKUK (ITTIHAD INTERNATIONAL INVESTMENT US$350 MILLION

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

6.9bn Net Income before Tax +26%

226bn Total Assets +17%

16.2% CAR -59bps

10.6bn Revenues +14%

147bn Gross Customer Financing +22%

27.9% Return on Equity +82bps

3.1bn Expenses +3%

183bn Deposits +16%

29.6% Cost to Income Ratio -336bps

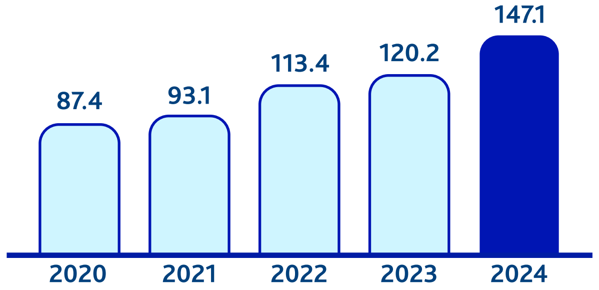
INCOME STATEMENT

AED (Mn)	FY 2024	FYR 2023	FYR 2022	FYR 2021	FYR 2020
Gross revenue from funds	11,107	9,221	5,042	3,675	3,827
Distribution to depositors	(4,540)	(3,099)	(891)	(330)	(502)
Net revenue from funds	**6,566**	**6,122**	**4,151**	**3,345**	**3,324**
Investment income	1,357	975	1,471	994	791
Fees, commission income, net	1,807	1,615	1,368	958	992
Foreign exchange income, net	551	456	(168)	248	223
Other income	351	125	12	14	27
Non-Funded income	**4,066**	**3,172**	**2,684**	**2,215**	**2,034**
Total Operating income	**10,632**	**9,294**	**6,835**	**5,560**	**5,358**
Total Operating expenses before impairment charge	(3,145)	(3,061)	(2,387)	(2,260)	(2,450)
Provision for impairment	(620)	(760)	(769)	(954)	(1,314)
Profit before zakat and tax	**6,868**	**5,472**	**3,680**	**2,345**	**1,594**
Zakat and tax	(776)	(221)	(60)	(15)	10
Profit after zakat and tax	**6,101**	**5,251**	**3,619**	**2,330**	**1,604**
EPS (AED)	1.493	1.284	0.915	0.57	0.36
Net Profit margin	4.35%	4.50%	3.56%	3.25%	3.51%
Cost to income ratio	29.6%	32.9%	34.9%	40.7%	45.7%
Cost of risk	0.53%	0.49%	0.58%	0.99%	1.28%
ROAE	27.9%	27.1%	21.4%	14.3%	9.6%
ROAA	2.91%	2.91%	2.37%	1.76%	1.26%

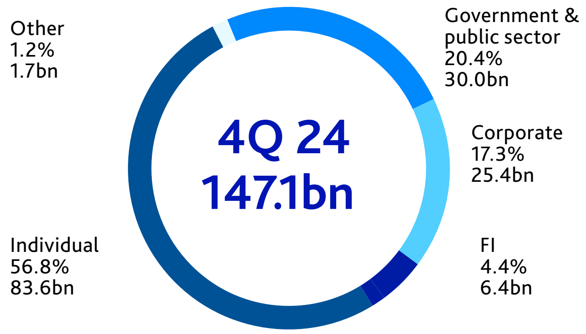
FINANCIAL STRENGTHS

ROBUST BALANCE SHEET

CUSTOMER FINANCING, GROSS (AED BN)

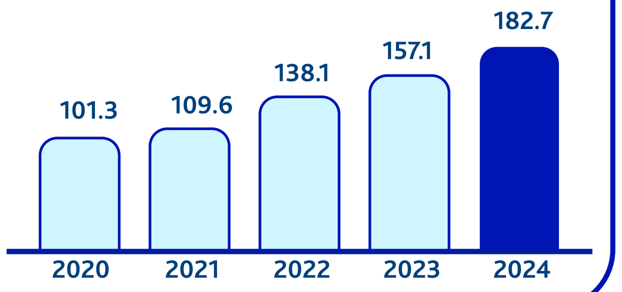


CUSTOMER FINANCING, GROSS BY SECTOR (%)



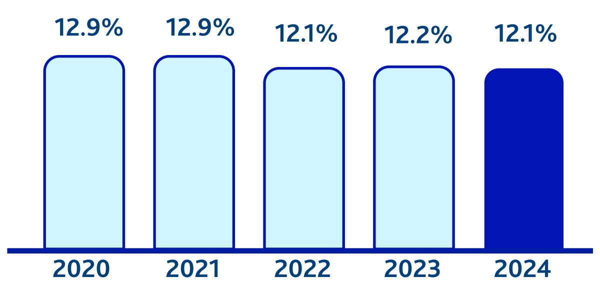
AED
27 BILLION
increase in financing in 2024

CUSTOMER DEPOSITS (AED BN)

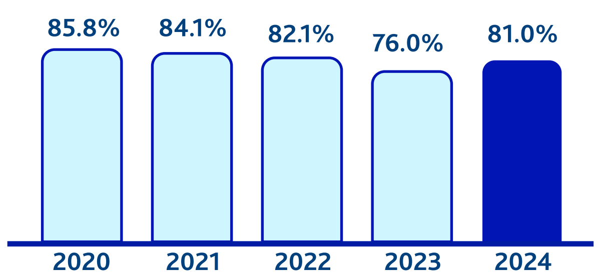


HEALTHY CAPITAL AND LIQUIDITY POSITION

CET1 RATIO

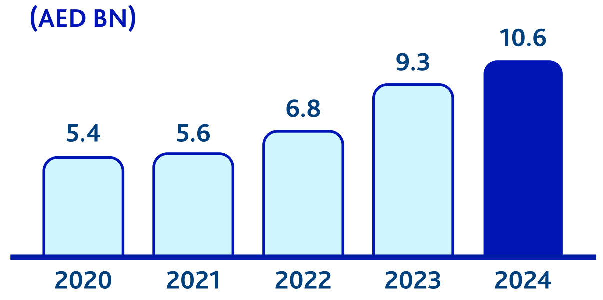


ADVANCES TO STABLE FUND RATIO

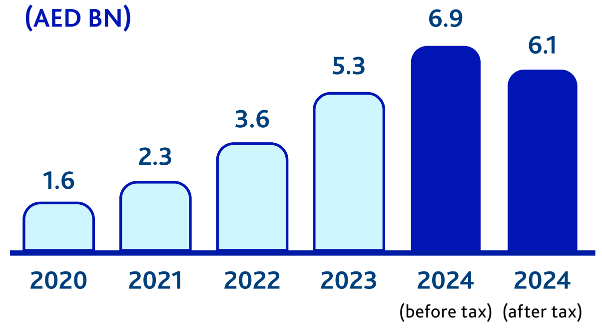


STRONG PROFITABILITY

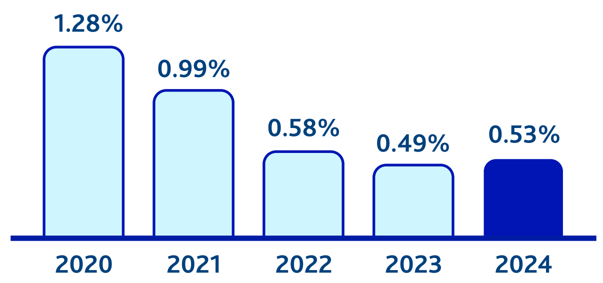
TOTAL REVENUES (AED BN)



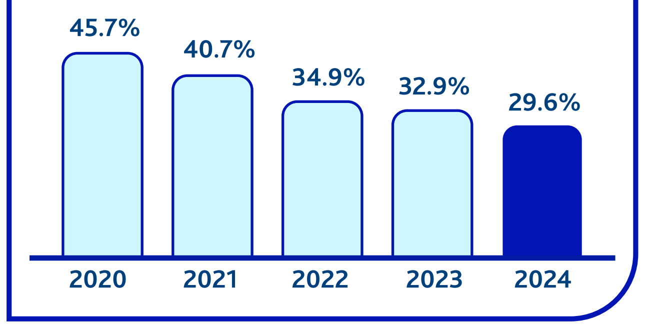
NET PROFIT (AED BN)



COST OF RISK



COST TO INCOME RATIO (%)

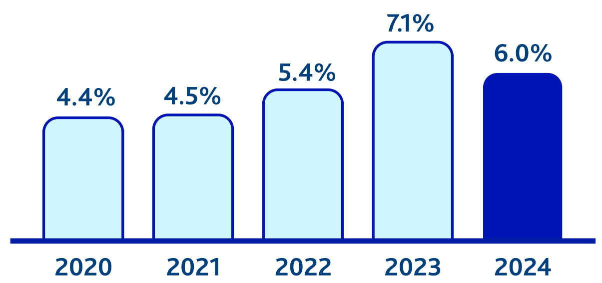


HIGH SHARHOLDERS' RETURN

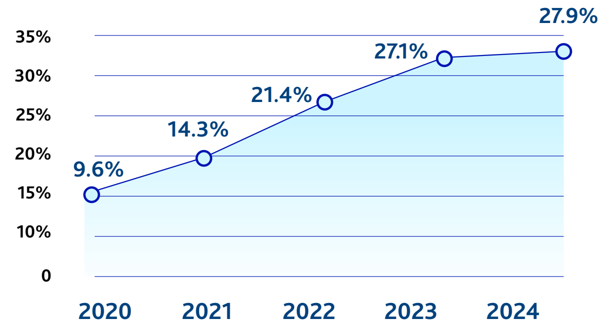
EARNINGS PER SHARE

AED 0.91	AED 1.28	AED 1.49
2022	2023	2024

DIVIDEND YIELD



RETURN ON EQUITY



FINANCIAL REVIEW

ADIB delivered another set of outstanding results in 2024 generating record revenue and net profit while growing its market share supported by positive local economic tailwind. The strong balance sheet growth coupled with increased business momentum and diversified revenue growth has fueled the bank's exceptional financial performance.

INCOME STATEMENT DISCUSSION

ADIB is pleased to report record-breaking results for 2024. Group net profit before tax for the full year 2024 grew by 26% reaching AED 6.9 billion, and after-tax group net profit was AED 6.1 billion up from AED 5.25 billion in the corresponding period implying earnings per share of AED 1.493. From a segment perspective, all businesses contributed positively to net profit.

Revenues:
AED 10.6 BILLION
up 14%

Group net profit before tax
UP 26%
to reach AED 6.9 billion

Earnings per share(EPS)
AED 1.493

REVENUES

Revenue for 2024 improved by 14% to AED 10.6 billion compared to AED 9.3 billion last year supported by strong growth in both income from financing activities and non-funded income driven by strong business volumes across all business segments and products, and continued strength in fee-based businesses.

Overall revenues were supported by growth in new customers of approximately 216,000 customers during 2024, evidencing ADIB's long-term commitment to its customers and continuous efforts to deliver superior customer service.

ADIB was focused on growing the business in line with its strategy, while maintaining our focus on asset quality, and seeking to generate operational efficiencies. It is the combination of these factors that has contributed to this strong profit growth.

FUNDED INCOME

Funded income grew by 7% YoY to AED 6.6 billion in 2024 compared to AED 6.1 billion last year, driven by solid business volumes. Net Profit Margin (NPM) reached 4.35%, 15bps lower YoY reflecting benchmark rate cut over the period which was offset by pricing discipline.

ADIB preserves one of the highest margins in the market, supported by one of the lowest cost of funds in the market.

On the funding side, we continue to benefit from a strong non-earning liabilities base. While rates were down by 100 bps in 2024, our prudent approach to funding and margin management have kept our NPMs higher than 4%.

Funded income grew:
7%
to reach AED 6.6 billion

Net profit Margin:
4.35%

NON-FUNDED INCOME

Non-funded income grew by 28% YoY to reach AED 4.1 billion in 2024 versus AED 3.2 billion last year reflecting continued strength in fee-generation revenues which grew by 12% from various product sales, and by 39% in investment income. Non-funded Income contributes 38% to Operating Income versus 34% in 2023, underlining continued strategic focus on revenue diversification.

Non-funded income grew by
28%

Non-funded Income contributes
38%
to Operating Income

Fees and commissions
UP 12%

COST

Operating expenses for 2024 were AED 3.1 billion, up 3% YoY with ongoing investments in people, digitalisation, and new technology. Cost-to-income ratio improved by 3.4 percentage points to 29.6% versus 32.9% in 2023 which is the lowest in ADIB's history.

Cost-to-income ratio:
29.6%

Operating Expenses
AED 3 BN
up 3%

IMPAIRMENTS

The net Impairments decreased by 18% to AED 620 million during 2024, translating to a cost of risk (CoR) of 53bps. The non-performing asset ratio improved to 4.0%, its lowest level since Q1 2017, due to active remediation of our legacy portfolio coupled with strong credit underwriting standards.

The provision coverage ratio, including collaterals, improved by 17.9 percentage points to 157.4%. The provision coverage ratio (excluding collaterals) improved to 81.5% from 74.3% year-over-year.

NPA ratio:
4%

Coverage ratio:
81.5%

RETURNS

Overall, ADIB delivered a strong financial performance in 2024, and is well placed to maintain and extend its market leadership, while managing risk in a prudent way. The management team is very satisfied with the quality of earnings, growing in a sustainable and consistent way.

This strong 2024 performance has led to the Board proposing a dividend distribution for 2024 of 50% of net profit. This marks a new record dividend payout for the bank, reflecting its strong balance sheet and financial strength.

Together with our strong digital capability, focused and determined strategy, and exceptional management team, ADIB is looking to 2025 with confidence.

Proposed cash dividend:
83.43 FILS
per share

Dividend payout:
AED 3.030 BN

BALANCE SHEET TRENDS

ADIB Group's balance sheet remains robust, with total assets increasing 17% year-on-year to AED 226 billion at 31 December 2024. This was driven mainly by a growth in net financing, and growth of the investment portfolio that increased 20% on 31 December 2024 to AED 29.3 billion.

Total assets increasing
17% YEAR-ON-YEAR
to AED 226 billion

FUNDING BASE AND LIQUIDITY

Customer deposits rose 16% to reach AED 183 billion versus AED157 billion in 2023 driven mainly by 9% growth in Current and Savings Accounts (CASA) despite the high-rate environment with CASA now comprising 61% of total deposits. CASA growth was driven by growing retail CASA, and other strategic initiatives. Wakala deposits increased by 49%, a move that was expected owing to the rising rates environment and to be able to fund the asset growth with stable funding.

Total deposit
UP 16%
AED 183 billion

CASA:
UP 9%

ADIB continued to maintain a healthy liquidity position with an advances to stable funding ratio at 81% compared to 76% on 31 December 2023, while the eligible liquid asset ratio was 17.8% as of 31 December 2024 versus 21% at 31 December 2023. The bank further strengthens its capital position with the Common Equity Tier 1 ratio at 12.07%, compared to 12.23% as of 31 December 2023 on the back of strong earnings and ongoing optimization initiatives. Additionally, a Capital adequacy ratio of 16.21% as of 31 December 2024, exceeds regulatory requirements prescribed by the UAE Central Bank.

CET1:
12.1%

CAR:
16.2%

FINANCIAL SERVICES BUSINESS REVIEW

ADIB SECURITIES

“Our stock-brokerage subsidiary, ADIB Securities, ranked amongst top 3 in terms of market share compared with other banks’ affiliated brokerage firms in UAE. ADIB Securities registered a net profit of AED 59.1 million before Tax in 2024, a 6% growth from prior year. In our endeavor to enhance our potential clients’ experience; we’ve launched our digital onboarding channel via the ADIB Securities App in an effort to continue to attract new customers thus winning their trust through state-of-art trading platforms and a dedicated relationship management.”

ABRIDGED BALANCE SHEET — 31 DECEMBER

	2023 AED Million	**2024 AED Million**
ASSETS		
Bank Balances And Cash	326.6	**509.4**
Account Recievables And Prepayments	537.8	**416.0**
Property And Equipment	4.2	**7.3**
Total Assets	**868.5**	**932.7**
LIABILITIES		
Accounts payable and accruals	37.9	**48.3**
Total Liabilities	**37.9**	**48.3**
EQUITY		
Share capital	30.0	**30.0**
Unconditional shareholder advance	600.0	**600.0**
Retained earnings and other reserves	200.7	**254.5**
Total Equity	**830.7**	**884.5**
Total Liabilities and Equity	**868.5**	**932.7**

ABRIDGED INCOME STATEMENT — FOR THE YEAR ENDED 31 DECEMBER

	2023 AED Million	**2024 AED Million**
Commission Income	41.5	**42.7**
Other revenues	34.4	**37.9**
Total Revenues	**76.0**	**80.5**
Total expenses	(20.0)	**(21.4)**
Profit for the year before tax	56.0	**59.1**
Tax expense	-	**(5.3)**
Profit for the year after tax	**56.0**	**53.8**

The above financial results are consoldiated line by line in the Abu Dhabi Islamic Bank's consolidated financial statements as required by IFRS10-Consolidated Financial Statements

NON-FINANCIAL SERVICES BUSINESS REVIEW

BUROOJ PROPERTIES LLC

The repositioning of ADIB's Real Estate subsidiary, Burooj Properties, to better reflect the Group's investment and development property portfolio, continued in 2024. While we have noticed some improvement in the real estate market in the UAE, the company has continued enhancing its portfolio performance, kept a competitive occupancy rate and monitored the cost to income ratio. The combination of market recovery signs and internal monitoring has resulted in not taking any provision for impairment for 2024.

ABRIDGED BALANCE SHEET — 31 DECEMBER

	2023 AED Million	**2024 AED Million**
ASSETS	36.4	**57.7**
Bank balances and cash	1,669.9	**1,750.5**
Investment in properties	12.2	**12.1**
Investments in equities	129.1	**125.4**
Property and equipment	13.4	**5.6**
Other receivables	**1,861.1**	**1,951.3**
Total Assets		
LIABILITIES		
Murabaha payable	1,081.9	**1,081.9**
Other payables	218.7	**228.3**
Total Liabilities	**1,300.6**	**1,310.2**
EQUITY		
Share capital	500.0	**500.0**
Retained earnings and other reserves	60.5	**141.1**
Total Equity	**560.5**	**641.1**
Total Liabilities and Equity	**1,861.1**	**1,951.3**

ABRIDGED INCOME STATEMENT — FOR THE YEAR ENDED 31 DECEMBER

	2023 AED Million	**2024 AED Million**
Investment revenues	18.0	**16.4**
Other revenues	68.3	**10.4**
Total Revenues	86.3	**26.8**
Total expenses	**(21.8)**	**(17.5)**
Provision for impairment	-	**87.0**
Profit for the year before tax	64.5	**96.3**
Tax expense	-	**(8.7)**
Profit for the year after tax	**64.5**	**87.7**

The above financial results are consoldiated line by line in the Abu Dhabi Islamic Bank's consolidated financial statements as required by IFRS10-Consolidated Financial Statements

STRATEGIC REVIEW

MARKET OVERVIEW

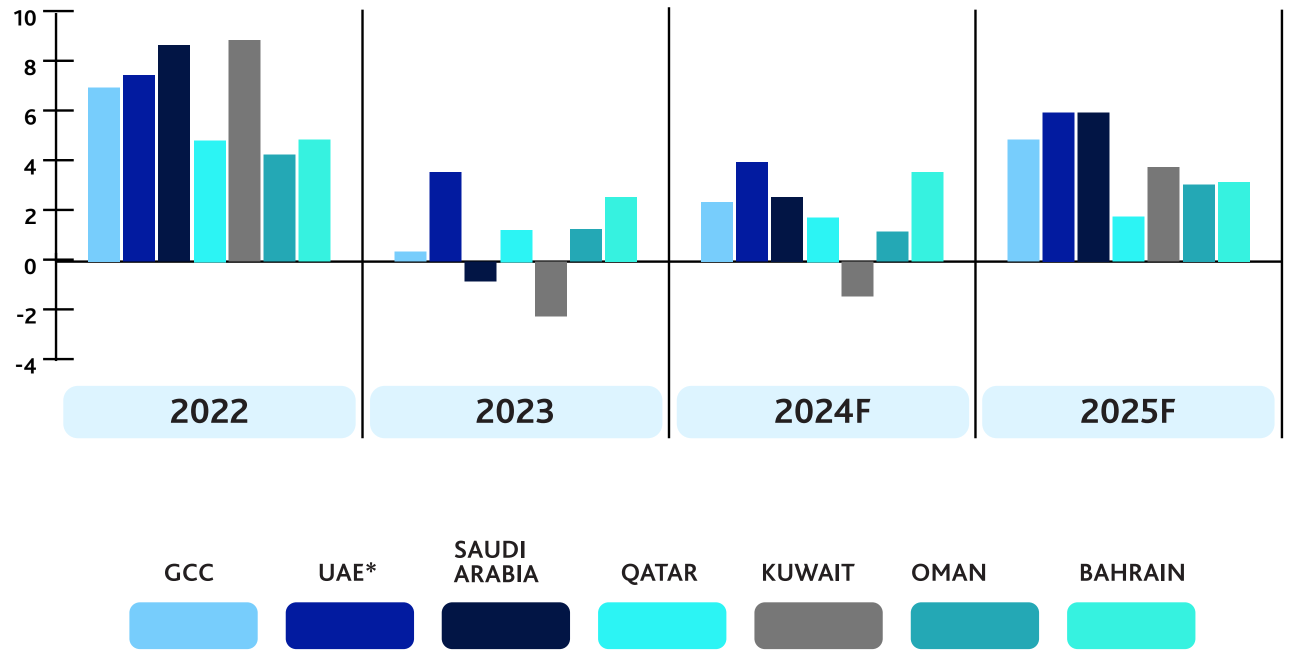
Global GDP:	3.2%
GCC GDP:	3.7%
UAE GDP:	4.3%

2024 was a dynamic and evolving year for the global economy characterized by modest and uneven growth across regions. The global economy maintained a growth rate of 3.2% with the U.S. economy showing resilience, the Eurozone beginning to recover driven by easing inflation and improved consumer sentiment, and China's growth moderating, reflecting ongoing challenges in the real-estate property sector. This year was also marked with geopolitical instability which had some implications on the oil market, global trade and overall economic stability. Global inflation is showing signs of moderation. According to the **IMF's July 2024 WEO, global inflation is projected to fall from 6.7% in 2023 to** 5.9% in 2024 and 4.4% in 2025. This decline is mainly driven by the accumulated impact of restrictive monetary policies since 2022, softening labor markets, and stronger disinflation in the prices of goods. Market rate policies in 2024 played a pivotal role in shaping the global economic landscape. Central banks around the world showed flexibility and exercised some caution in adjusting their strategies to evolving inflation and growth dynamics. As inflation eased, we have seen many central banks cutting rates.

The GCC region's economic growth **was strong, with a GDP growth of around 3.7% in 2024**, despite the contraction in oil production and exports. As per the latest IMF forecasts, the stronger growth in non-oil activities is supported by both private consumption and business investment, and a particular increase in tourism. Additionally, increased gross capital inflows and the implementation of structural reforms aimed at diversifying the economy are further contributing to this positive momentum. These reforms include initiatives to develop infrastructure, and encourage foreign investment, ultimately fostering a more resilient and sustainable economic landscape. In 2024, the central banks of the GCC economies, whose currencies are pegged to the USD, cut their policy rates in alignment with the US Federal Reserve's rate reduction.

The UAE economy remained strong in 2024 and demonstrated resilience with **a GDP growth of more than 4%** driven by economic diversification with continued growth in tourism and population growth. Growth forecasts continue to be driven by the tourism, transportation, financial and insurance services, construction and real estate, and communications sectors. **For 2025, growth is expected to increase to 6%,** as momentum in the non-hydrocarbon sector is projected to continue, while hydrocarbon production is forecasted to pick up significantly. Indicators suggest an expansion in economic activity within the non-oil private sector. **As of July 2024, the UAE's Purchasing Managers' Index (PMI) was reported at 53.7**, driven by continued business optimism about economic prospects. This sentiment is influenced by expectations of ongoing demand and sales, which are anticipated to support steady output growth. Additionally, the anticipation of new initiatives and investments contributes to this outlook.

TABLE 1.3 REAL GDP GROWTH IN THE GCC ECONOMIES (%)



SOURCES: International Monetary Fund, World Economic Outlook-July 2024, Regional Economic Outlook-April; International Monetary Fund.

Notes: F=Forecast. *Federal Competitiveness and Statistics Centre for 2022-23 and CBUAE for 2024-25,
The growth rate for the GCC is calculated as a weighted average of the member countries.

UAE BANKING SECTOR

Buoyed by the record performance of the UAE economy in 2024, the UAE banking sector enters 2025 on solid footing, leading to improved asset quality metrics and lower credit losses, which we anticipate will persist in 2025. The continued contribution of non-oil GDP growth suggests that operating conditions and cost of risk should remain stable. Strong liquidity ratios for the banking sector are expected to continue to be supported by large government deposits driven by the sovereign's solid net external assets position, strong fiscal metrics, and ongoing hydrocarbon revenues. The aggregate capital position of the UAE's banks is also robust and is supported by the fact that capital requirements in the UAE are higher than those set by the global Basel III thresholds. Asset quality indicators also remain positive, and asset quality is expected to remain stable.

Source: https://www.centralbank.ae

STRATEGIC OVERVIEW

2025 will mark the conclusion of the highly successful execution of the ADIB 2025 plan; the bank remained on track during 2024, with strategy delivery in line, and at most times ahead of expectations. ADIB conducted its strategic review five years ago, which was well aligned with the UAE strategy and defined the bank's renewed vision of becoming a lifelong partner for our clients, communities, and colleagues.

Furthermore, ADIB's vision was revamped to be the world's most innovative Islamic bank.

In 2024, we continued to grow the core banking franchise by growing assets to AED 226 billion and bringing the total number of customers to approximately 1.5 million, while working on diversifying our income with non-funded income now contributing to 38% of total revenues.

ADIB STRATEGY

Our purpose, values and vision are supported by a clear set of strategic goals

VISION

To be the world's most innovative Islamic bank

PURPOSE

Lifelong partner for customers, colleagues and community

VALUES

- We keep it simple and sensible
- We are transparent
- We work for mutual benefit
- We nurture hospitality and tolerance
- We are Shari'a inspired

2024 UPDATE ON STRATEGY PROGRESS

SEGMENT FOCUSED

62% GROWTH IN FINANCING

ADIB continued to strengthen and grow its core franchise market share. This growth has been broad-based across the bank with retail recording a **62% growth in financing** during the strategy cycle from the base year 2020, while **wholesale banking customer financing grew by 70%.** Having successfully grown its book across both liabilities and assets, ADIB is quickly becoming a primary bank of choice for the retail and corporate segments in the UAE. ADIB also focused on deepening customer relationships through a cross-selling approach, increasing the number of products per customer based on data-driven suggestions generated by the Bank's leading real time analytical and AI capabilities.

MAINTAINED LEADERSHIP POSITION IN RETAIL BANKING

Retail financing growth

AED 47 bn — AED 77 bn

FY 2020 — FY 2024

EXPANDED CORPORATE FINANCE

WBG Customer Financing

AED 33 bn — AED 56 bn

FY 2020 — FY 2024

EXPANDED MARKET SHARE

Number of Customers

1 million — 1.5 million

FY 2020 — FY 2024

DIGITAL EXCELLENCE

83 NEW FEATURES TO THE MOBILE APPLICATION

One of the biggest success stories resulting from the execution of our 2025 strategy is the unprecedented pace and scale of automation, digitization, and investment in upgrading our technological infrastructure. ADIB has introduced more than 83 new features to the mobile application, which is now ranked No.1 in the UAE in terms of both features and active users. ADIB has also invested in leveraging data through the launch of one of the region's first digital command centers, which allows the bank to utilize the power of data and artificial intelligence to drive greater efficiency, optimize performance, enhance its preventive controls, and be even more responsive to ever-changing market dynamics.

DIGITAL EXCELLENCE

Digital adoption

65% — 91%

FY 2020 — FY 2024

IMPROVED DIGITAL SERVICE

Digital transactions per month

27 million

FY 2024

CONTINUOUS INNOVATION

INCREASED THE BANK'S RETAIL MARKET SHARE TO **15%**

During this strategic cycle, ADIB focused on multiple facets; from attracting new clients to launching tailored products beyond balance sheet financing to address customers' evolving needs. The bank introduced improved customer value propositions enriched with upgraded personal and digital capabilities which ensured ADIB was well equipped to strategically address evolving and emerging customer needs. This in turn successfully increased the Bank's market share to 15% in retail banking. The bank has launched new products and propositions with the aim to diversify its income and take advantage of several promising opportunities. One such focus area was the launch of ADIB Capital and other wealth management related offerings that aim to better meet the need of our Ultra-High-Net-Worth customers.

REVENUE DIVERSIFICATION

Non-funded Income

AED 2 bn — AED 4 bn

FY 2020 — FY 2024

SUSTAINABLE FUTURE

LEADING

ADIB has embedded sustainability, that is fully aligned to our core Sharia principles and values, deeply into its DNA, ensuring that it is not just an add-on, but a core component of our operational ethos. A comprehensive sustainability strategy was developed in alignment with business goals and our sustainability related aspirations. A Board committee and management steering committee were designated to spearhead the sustainability agenda, ensuring high-level oversight and integration across all our operations. An important part of our sustainability strategy is to ensure that we continuously increase franchise value in the long term. The Bank recorded the leading Net Promoter Score (NPS) in the UAE financial services sector, which is a strong measure of customer satisfaction across all segments, services, and products.

LEADER IN ESG

MSCI rating

AA

FY 2024

PREFERRED EMPLOYER

Employee satisfaction survey

75%

FY 2024

2035 VISION

Building from our strong foundations as a leading Islamic bank, operating across 7 countries and serving around 1.5 million customers, ADIB has strongly positioned itself for another growth phase backed by its solid financial performance, strong customer base, and brand value.

ADIB 2035 Vision is designed to transition ADIB from a leading bank in the UAE to an Islamic regional financial powerhouse. With this vision, we aspire to change the business composition from being a UAE-centric bank to a regional player with a focus on revenue diversification, whether through enhancing our presence in existing markets or by growing beyond traditional revenue streams.

As part of our 2035 Vision, we will be integrating Generative AI across various sectors with a focus on leveraging AI to maintain a competitive edge through data driven strategies. We will continue to explore opportunities in future technologies through ADIB Ventures. Utilizing the power of data and AI to digitize, automate and transform all its operations to improve agility, productivity, and customer experience will continue to be an area of focus.

OUR PRIORITIES

We want ADIB to be renowned for excellent operational performance, highly satisfied customers, strong liquidity, capital and risk management, and predictable, attractive shareholder returns. We have great ambitions to further grow the bank, abiding by our three new strategic pillars:

BUILDING THE BANK FOR THE FUTURE

- Transforming the way we operate for agility and speed
- Transition to a fully AI-powered Bank
- Accelerate digital asset adoption
- Scale ADIB Ventures to foster fintech collaboration

REVOLUTIONIZE CUSTOMER EXPERIENCE

- Elevate customer value with innovative propositions
- Deliver seamless end-to-end digital journeys
- Harness technology to simplify and enhance the customer experience
- Map and optimize customer journey mapping

ADVANCING SUSTAINABILITY INITIATIVES

- Integrate sustainability into all business
- Develop innovative sustainable financing solutions
- Prioritize employee wellbeing and engagement
- Drive Staff development and champion Emiratization

OPERATIONAL REVIEW

RETAIL BUSINESS HIGHLIGHTS

ADIB Retail continued to expand its presence and footprint in 2024 with more than 200,000 new customers joining ADIB in 2024. It continued to offer an extensive array of products and services to a diverse base of customer segments through a robust UAE-based retail network and acclaimed digital platforms.

+216,000
new customers joined in 2024

AED 3.1 bn
Net income for retail banking

2024 OVERVIEW

In 2024, ADIB's Retail Banking Group ('Retail Banking'), continued to be the leading bank for UAE Nationals and a critical growth engine for ADIB. It delivered an exceptional performance in 2024, building on its prominent position as one the leading retail banks in the UAE, offering unique customer propositions across the Bank's physical footprint and digital channels.

In 2024, ADIB Retail Banking achieved significant strategic milestones and achievements, including launching new products, enhancing digital and mobile offerings to deliver seamless, efficient, and user friendly services, and applying advanced technologies, data, and analytics to refine and personalize customer experience. With an extensive network of more than 60 branches, and more than 500 ATMs, ADIB Retail Banking Group ensures accessibility to customers all over the UAE.

RETAIL FINANCIAL PERFORMANCE IN 2024

Retail Banking demonstrated strong growth in 2024 with AED 3.1 billion in net income, fueled by solid balance sheet expansion and greater fees and commission income. The reason behind this performance lies in a client-centric approach, a large customer base, competitive product offerings and cutting-edge digital customer journeys. This strong growth was driven by both organic growth in the form of cross-selling, deepening relationships with existing customers and by attracting new customers to the Bank. Revenue for Retail Banking increased on the back of higher fees and commissions on cards and wealth management products coupled with increased transaction volumes across foreign exchange, and enhanced cross-selling, significantly contributing to income growth.

Retail customer financing is up 28% to AED 77 billion from AED 60 billion last year, reflecting strong sales momentum in home finance, personal finance and auto finance. Home finance grew by 53% compared to last year on the back of a portfolio acquisition and strong sales momentum. Personal finance grew 14% while auto finance grew by 23%. Customer deposits witnessed year-on-year growth of 9% reaching AED 100 billion, driven by new digital offerings and a strategic focus on growing primary relationships.

2024 KEY HIGHLIGHTS

Retail contributed to
54%
of total revenues in **2024**

Funded income
AED 4.6 bn
(+10% yoy)

Non funded income up
AED 1.1 bn
(+53% yoy)

Customer financing
AED 77 bn
(+28% yoy)

Customer deposits
AED 100 bn
(+9% yoy)

Branch visits per customer decreased by
32%

Call center calls per customer decreased by
22%

RETAIL STRATEGIC INITIATIVES

ADIB's retail banking strategy revolves around positioning itself as the bank for UAE Nationals while expanding into new segments such as the expats segment and segments outside Abu Dhabi. The success of our franchise is tied to how we deploy our technology, assets and people to create innovative and customer-centric solutions and opportunities for all our customers.

Our priorities in 2024 were:

1. BUILDING STRONG BROAD-BASED FUNDED AND NON-FUNDED INCOME

We delivered record earnings, propelled by broad-based funded and fee income growth. Retail Banking funded income rose 10% to AED 4.6 billion, due to substantial growth in customer financing and our ability to maintain margins at a high level. Non-funded income for retail income grew by 53% to AED 1.1 billion due to higher fees and commissions on the back of products sales such as cards, wealth management and transaction related fees. Card fees rose by 10% to AED 770 million, as spending increased and new card issuances increased progressively during the year.

Retail funded income
AED
4.6bn
up 10%

Non-funded income
AED
1.1bn
up 53%

2. ACHIEVING RECORD GROWTH IN CARDS BUSINESS

ADIB's cards business achieved record growth. The Bank **issued around 105,000 new covered cards in 2024,** up **30% from the previous year.** Digital onboarding supported this growth, with the ADIB mobile app providing self-service applications, with straight-through processing enabling ADIB customers to receive digital covered cards instantly. Total covered **card spending in 2024 grew by 12%, while debit card spending was up 23% progressively during the year.**

3. FOCUS ON GROWING OUR RETAIL FINANCING PORTFOLIO

Despite intensifying competition, we upheld our market share in the home and personal finance space in the UAE. The Retail Banking Group's customer financing increased 28% from the previous year to AED 77 billion, supported by robust consumer confidence in the UAE, with the pace of growth accelerating through the year. Total personal finance increased by 14% to reach a record high, while auto finance surged by 23%. The Bank delivered significant growth in home finance, with the property market experiencing strong demand as the UAE continued to enhance its reputation as a global destination. Home finance increased by 53% in 2024 across a well-diversified customer base.

Total retail financing:
AED
77bn
up 28%

Personal finance:
AED
32bn
up 12%

Home finance
AED
30bn
up 53%

4. PIONEERING INNOVATION

ADIB continues to be at the forefront of innovation in the banking sector, aligning its product offering with the evolving needs of its customers. The push towards digitisation continued with the consolidation of the ADIB mobile application as the primary customer interaction point.

We continued to invest in new technologies and digital innovation to make banking simpler and more accessible for customers. In 2024, ADIB Retail Banking Group introduced industry-leading digital capabilities, redesigned the client experience, and enabled customers to bank anytime, anywhere, and on their preferred channels. We have further streamlined our processes, reduced turnaround times, and provided more flexible payment options on our mobile application. Our digital platforms continued to attract additional users and new customers, with mobile banking customers increasing. By year end, 91% of customers were registered on digital channels and 99% of all retail payment transactions were conducted digitally. More than 50% of all new-to-bank customers were onboarded digitally using the instant and secure account opening of Emirates Face Recognition.

5. SUCCESSFUL IPO ENGAGEMENT

Amid the influx of Initial Public Offerings (IPOs) in the UAE, Retail Banking facilitated customer participation through the ADIB Mobile App connecting to both the Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX).

6. EXCEED LOYALTY PROGRAM

In 2024, ADIB launched “EXCEED”, a new digital rewards program that rewards customers for their loyalty to the Bank. Customers will receive Exceed Rewards into their mobile bank application, which can be instantly redeemed via the Mobile App for utility payments, e-commerce vouchers, retail vouchers, flight purchases and more.

With Exceed, customers can earn Exceed Rewards for every AED spent on their ADIB EXCEED Visa Covered Card, or when applying for ADIB products.

8. ENHANCING WEALTH MANAGEMENT AND PRIVATE BANKING

Our wealth management franchise continued to build on last year's strong fee income performance. We continued to grow the range and diversity of our wealth products. Our wealth management proposition was also strengthened with expanded offerings from other global funds. We expanded our digital proposition with our industry-leading digital platform that offers a holistic view to wealth management across investments, planning, liability management, and more.

In 2024, ADIB Private and Priority Banking continued to provide high-net worth customers with end-to-end banking services to help manage their full banking and investment needs effectively. Our trained bankers and wealth advisors provide specialized solutions in the areas of financing, real estate financing and wealth management. Through our enhanced proposition in private and priority banking, we improved service, raised deposits, and grew private bank investment AUMs. Meanwhile, our market leading product and features, helped us acquire more customers in 2024. We also strengthened our team of relationship managers and enhanced digital capabilities.

9. ENHANCING BUSINESS BANKING

ADIB is committed to supporting the growth of SMEs in the UAE by providing access to a range of products and services, promoting greater financial inclusion. Through business banking channels, ADIB provides a comprehensive series of products, solutions and advice to diverse businesses to develop and scale up. In 2024, we opened new accounts for SME customers, and ADIB became the first bank in the UAE to provide small and medium-sized enterprises (SMEs) with convenient remote account opening services through a mobile app by deploying Emirates Face Recognition (EFR) technology. This new feature will allow businesses to apply for a business account without the need to visit a branch or submit physical documents or signatures. Through this technology, ADIB can perform highly secure identity verification before opening a new account for businesses in less than 24 business hours. Also, ADIB introduced Business Souq, an innovative digital marketplace designed to provide comprehensive support to Small and Medium-sized Enterprises (SMEs). This all-in-one digital platform aims to significantly reduce the cost of doing business by offering wide range of exclusive offers and discounts. ADIB Business Souq is an online ecosystem for SMEs which allows businesses to digitally access multiple services and offers.

10. FOCUS ON CUSTOMER SERVICE EXCELLENCE REFLECTED IN NPS IMPROVEMENT

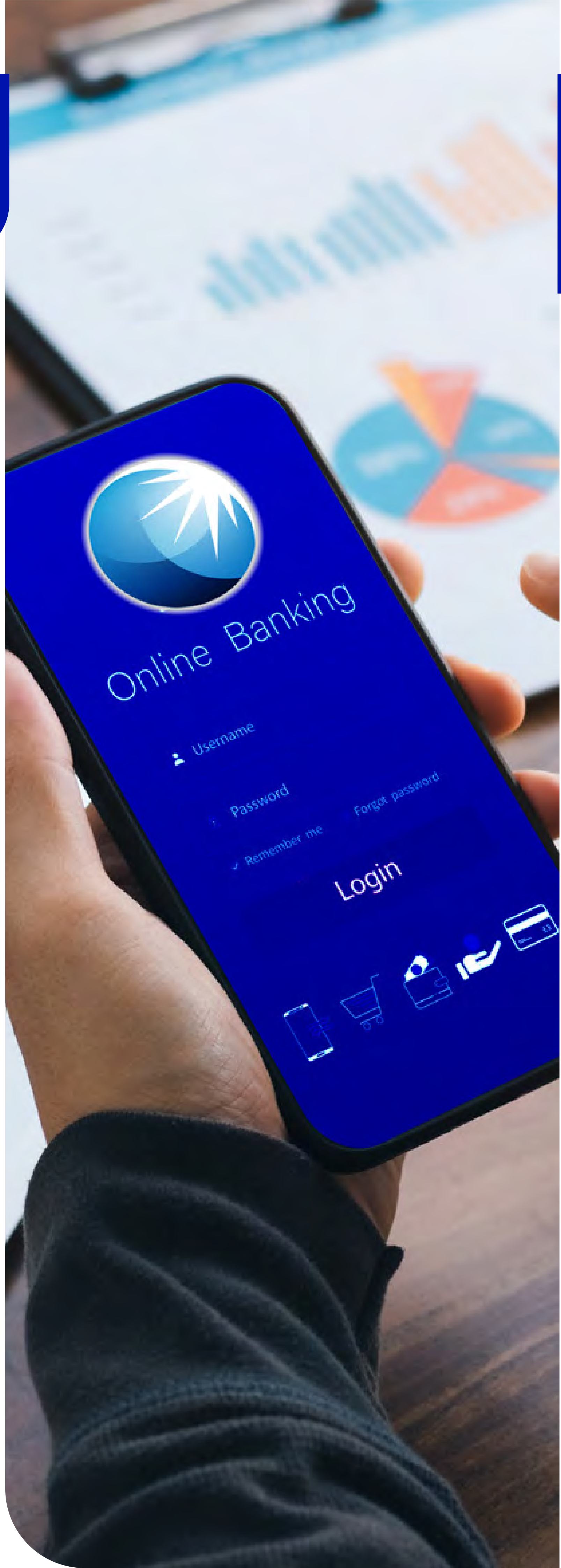
ADIB remained committed to deliver an enhanced customer experience by implementing new initiatives to enhance customer satisfaction and streamline processes to provide seamless banking experiences, achieving an overall high Net Promoter Score in 2024. ADIB deployed advanced analytics to deepen customer relationships, improve spends, cross-sell, product utilisation and retention. We harnessed advanced analytics, machine learning (ML) and artificial intelligence (AI) technologies to deliver insights to our customers through our digital channels, to simplify banking and help customers better manage their money. We also launched the Customer Majlis initiative to facilitate dialogue between customers from all segments and the senior bank executives to directly engage in dialogue and share their feedback.

WHOLESALE BANKING GROUP

ADIB Wholesale Banking Group delivered excellent results in 2024 with a record revenue growth of 20% backed by strong growth in customer financing, closing landmark deals and leveraging strategic partnerships to drive growth in several areas, including Global Transaction Banking, Trade Finance, Treasury solutions, Corporate Finance and Investment Banking.

2024 OVERVIEW

In 2024, ADIB's Wholesale Banking Group ('WBG'), continued to support government related entities and large corporates across the UAE with a full range of banking products, sophisticated financing solutions, market-leading trade finance, and Digital Banking capabilities delivered by a highly experienced team. It produced a strong performance in 2024, delivering robust finance growth and increased fee income.



WBG FINANCIAL PERFORMANCE IN 2024

WBG demonstrated strong growth in 2024 with AED 1.4 billion in net income, a growth of 56% compared to the same period last year. This growth was fueled by solid balance sheet expansion and greater fees and commission income. In the context of robust economic growth in the UAE and the region and strong momentum in deal execution driven by demand from existing large corporates as well as new to bank clients, WBG customer financing increased by 25% to AED 56 billion, accompanied by further diversification of the finance portfolio to a number of sectors, including government-related entities (GREs), trading, transport, manufacturing and real estate development.

WBG funded income increased by 16% while non-funded income increased by 30% with the Bank delivering growth in fee related income reflecting the focus on diversifying sources of revenue.

In 2024, WBG continued to attract new to bank customers which contributed to a growth in deposits increasing by 32% to AED 45 billion.

This success was due to a clear strategy to deliver growth, improve returns and enhance customer experience. There was focused implementation of growth workstreams, and the development of new revenue streams, target markets, products and banking solutions.

2024 KEY HIGHLIGHTS

WBG revenues:
AED 1.7 bn
up 20%

Funded income up
AED 1.1 bn
up 16%

WBG Customer financing:
AED 56 bn
up 25%

Customer deposits:
AED 45 bn
up 32%

WBG STRATEGIC INITIATIVES

ADIB's WBG strategy revolves around positioning itself as a trusted partner for businesses in the UAEand across the region. The success of the group was tied to how we were able to understand market conditions, anticipate customers' needs and continuous investment in digital services and product innovation.

Our priorities in 2024 were:

- On-boarding of New to Bank clients ('NTBs') and deepening existing relationships played a key role in this growth, along with disciplined Governance and Portfolio management, which included on-boarding better quality names and reduction in stressed exposures.
- Strengthening digital capabilities to enhance Customer Service: ADIB introduced innovative solutions aimed at enhancing customer experiences and streamlining banking processes. The successful launch of a digital corporate account opening and API banking exemplifies ADIB's commitment to leveraging technology for the benefit of its customers and transforms the way it collaborates within its digital landscape.
- Enhancing the onboarding process which resulted in a significant reduction in customer onboarding time, reflecting dedication to operational excellence.
- Driving new client acquisitions and expanding activities beyond the UAE, as we focused on growing relationship In KSA and other GCC countries.
- Grow Global Transaction Banking (GTB) services which continued to make progress on its transformation journey, offering digitally enabled and innovative solutions to clients, including complex cash management, Trade Finance and working capital solutions.
- Closing landmark transactions from the UAE and MENA region where we were a lead arranger in new syndicated and structured finance transactions. Participating in severaldebt capital market (DCM) and syndicated/club transactions in the UAE and GCC. Led 15 debt capital market and 9 syndicated/club transactions in the UAE and GCC.
- Furthering Green Finance solutions in line with the UAE National Sustainability Agenda where ADIB expanded its sustainable initiatives and offering to clients to support their transition to a net zero economy. The Bank has increased its 2030 sustainable finance commitment to AED 60 billion.

WBG AWARDS

TREASURY

In 2024, the ADIB Group Treasury achieved excellent results driven by a continued focus on expanding Customer Business, active Asset and Liability management, and prudent growth in the accrual portfolio. Additionally, the department made significant efforts to enhance customer experience through the digitalization of its offerings.

2024 OVERVIEW

Building on its strong performance in 2024, the Treasury Group had another good year in 2024, as it continued to focus on increasing Customer Business by closely working with other internal stakeholders including Retail, WBG, FI and Private Bank. ADIB's Treasury department offers a diverse range of Islamic banking solutions, and is responsible for the Group's funding and investments activities. It manages the Bank's funding and issuance of securities in addition to investing in a range of instruments, including short-term placements, and corporate and sovereign sukuk.

The Treasury Group was able to capitalize on its deep market insights to navigate challenges in the operating environment and managed to successfully anticipate and proactively mitigate the impact of lower rates, global macro-economic and market uncertainty, as well as heightened geopolitical risk.

FINANCIAL PERFORMANCE

The ADIB Group Treasury had an excellent growth in customer business in 2024. Customer income increased by 21%.The growth in customer income was driven by strong performance in foreign exchange transactions. Investment income went up by AED 358 million and investments grew by 20% to AED 29 billion. This has resulted in the increase in net revenues in 2024 and has helped in balance sheet growth. ADIB Group Treasury prudently continued to grow the accrual portfolios and selectively added to the portfolios. It continued to optimise the balance sheet and funding to ensure balance sheet growth is optimally funded. They have successfully managed a growing balance sheet and worked on deploying excess liquidity.

2024 KEY HIGHLIGHTS

Customer related revenue up
21%

Investment portfolio up
20%

Total investment portfolio
AED29bn

Our priorities in 2024 were:

- **Balance sheet management:** the Bank's holdings of investment securities increased 20% in 2024 to reach AED 29 billion at the end of December. Sukuk accounted for 99% of the total portfolio— of which 81% were held at amortised cost, with the balance of 17% accounted for at fair value through other comprehensive income and marked to market on a daily basis.

- **Increased FX income:** The Treasury Group implemented various infrastructure upgrades and collaborated with internal stakeholders to enable faster transfers and more competitive rates. This upgrade also significantly bolstered the bank's FX risk management capabilities, contributing to an increase in FX income. Additionally, the Treasury Group worked closely with various business segments to boost wallet share among existing customers by understanding their needs and offering innovative solutions. Efforts to attract new to bank customers were also prioritized which contributed to further increase the market share.

- **Launch Fractional Sukuk:** Currently, accessing the Sukuk market requires a minimum investment of USD 200,000. However, with fractional sukuks, retail investors will be able to invest as little as USD 1,000, giving them access to the benefits of fixed-income financial products. This presents a new investment opportunity for customers, allowing them to invest in a new asset class with smaller investment amounts offering.

INTERNATIONAL BANKING GROUP

FINANCIAL PERFORMANCE

International Banking Group delivered a robust financial performance in 2024 building upon the record growth that was achieved the previous year. Our presence in certain markets offers enhanced connectivity to customers and captures the growing influx of trade and investment flows to and from the GCC and the MENA region. Revenue increased significantly, with IBG and Egypt contributing 17% of total revenue. This growth underscores the success of the Group's strategic development of value-added products across Global Transaction Banking (GTB) treasury and finance. International Banking remains a pivotal contributor to the Group's liquidity, with international deposits constituting 9% of Group deposits.

The ADIB International Banking Group ("IBG") achieved outstanding results in 2024 across major markets, posting strong growth across critical performance indicators. The IBG continued to serve our customers across different markets helping to facilitate trade, liquidity, and investment flows.

ADIB EGYPT

ADIB Egypt serves a wide spectrum of customer segments offering a range of financial products, services and innovative digital solutions for retail and high-net worth customers, SMEs and large corporates. ADIB completed its consolidation of ADIB Egypt in Q4 2022. This was in line with our strategy to enhance our presence in Egypt, one of the most promising strategic markets in the region. We increased our ownership in ADIB Egypt to more than 53% by acquiring 2.4% of ADIB Egypt's shares from National Investment Bank (NIB), and by participating in Egypt rights issue.

ADIB Egypt delivered a very strong performance in 2024 with net profit increasing by 93% to EGP 9 billion in 2024 from EGP 4.6 billion. The income from funded activities registered a growth leap of 71% (YoY) to EGP 15.3 billion from EGP 8.9 billion. Furthermore, ADIB Egypt registered a growth in customers' deposits of 57% to reach EGP 200 billion in 2024 from EGP 127 billion in 2023. Total assets increased by 61% to reach EGP 260.5 billion in 2024, driven by a growth in customers' finance of 54%. The strong performance of 2024 demonstrated the bank's ability to capture new market share. Throughout the years, ADIB Egypt has demonstrated both flexibility and adaptability, and proven how quickly they can adjust to market dynamics and developments in the working environment. The bank has been focusing extensively on growing its business whilst continuing to focus on implementing the digital transformation strategy.

UNITED KINGDOM

Following a strategic transformation in 2020, ADIB UK is now focusing entirely on facilitating Middle East investments into the commercial and industrial real estate asset class in the UK; a focus that has paid dividends. ADIB UK has a strong track record in offering bespoke and competitive Sharia-compliant property financing solutions for its clients. In 2024 alone, ADIB has continued to grow its UK commercial real estate financing portfolio with 452 million in new financing assets. Closed deals include providing structured financing for various projects. In collaboration with Emirates NBD, ADIB UK closed a 50/50 club deal of £140 million senior financing transaction to finance Paddington Citi View.

ADIB, recently closing financing for other high-profile assets, has added to its strong track record in the "UK Living Sectors", including a 613-unit Co-Living project in North Acton, a 300-unit PBSA in Kingston upon Thames, and a 90-unit PBSA in Manchester, as well as a portfolio of residential assets comprising over 160 apartments in Manchester.

IRAQ

In Iraq, ADIB focuses on providing payments, trade finance, and cash management services to large Iraqi corporates, government entities and international subsidiaries. This niche role has proven to be highly successful. ADIB believes in playing an important role in supporting Iraq's local economy by providing businesses with the banking services they need to help them thrive and achieve their financial goals. ADIB was the first UAE bank to have a presence in Iraq in 2012.

The Bank offers a full range of Shari'a compliant corporate banking products and services. ADIB's broad banking expertise covers government and public sector entities, and a diversified private sector base of financial institutions, trading, contracting, oil & gas, power & energy, manufacturing, and other industries.

SAUDI ARABIA

Saudi Finance Company, our operating business in Saudi Arabia, focuses on providing finance to small and medium sized companies as part of the Saudi government's Kafalah programme.

SUDAN AND QATAR

The bank deploys this network to support multinationals operating across the Middle East, as well as regional banks and companies that are looking to access global markets, providing correspondent banking services, as well as trade finance. In 2024 the bank took a strategic decision to move to a representative office in Sudan.

HUMAN RESOURCES

OUR PEOPLE

Our people are fundamental to our performance and success. We remain committed to investing in their growth and their development, with a focus on Emiratization ensuring we are retaining the right talents at every level of the Bank. The Human Resources Department plays a key role in driving success, coordinating closely with all business functions to build capacity and enable accelerated implementation of strategy.

INVESTING IN TALENTS

In 2024, ADIB continued to build a culture of continuous learning, empowering employees to grow, follow their aspirations and embrace the skills needed for the future. We continued to enhance learning and development programmes, prioritising the progression of UAE Nationals, as well as focusing on upgrading our recruitment and onboarding processes, and conducting a remuneration review to ensure competitiveness.

To enable this, we invested heavily in virtual training programs where colleagues can learn new skills at their own time. The Bank now provides a blended offering of in-person and online training modules covering a wide range of technical and behavioural topics, in partnership with leading international providers. In 2024, we delivered more training than ever before, with a total of 300,000 hours. A key driver of this increase was the investment in e-learning, enabling employees to access courses on an 'anytime, anywhere' basis. The Learning Management system enabled over 90% of e-learning to be customised to the user, with gamified content, videos and other engaging approaches from Oracle and LinkedIn. Meanwhile, partnerships with world-renowned academic institutions such as the Emirates Institute for Banking and Financial Studies and Harvard Business continued to support the highest standard of leadership development. In addition, employees were able to build up their professional accreditations and charterships from established institutions.

In 2024, we conducted a project to redesign the banks grading structure. The objective was to more accurately reflect experience, expertise and professional development, while providing further opportunities for career progression. The Human Resources team succeeded in completing the complex exercise efficiently over a six-week period. The process involved conducting a thorough and transparent assessment of roles, responsibilities, experience and expertise. This was followed by implementation of the new grading system through proactive engagement with employees across ADIB. In the process, the Group also introduced a number of promotions to recognise high performance.

"At ADIB, we recognize that our people are the driving force behind our performance and that the diversity of our people and cultures sets us apart. To lead the way in addressing the evolving needs of our customers, we are developing a workforce that is future-ready, and building an inclusive, innovative and client-centric culture"

EMIRATIZATION

As a leading bank in the UAE, National talent is vital to our success and is therefore part of our strategic workforce planning.

In 2024, we were firmly committed to nurturing and developing local Emirati talents for the long-term benefit of our business and the national economy. The Bank has a long-standing strategy to create highly skilled career opportunities and provide first-class professional development programmes that are closely aligned with the implementation of its growth strategy. ADIB regularly attends local career fairs aimed at attracting new Emirati talent.

ADIB is tracking ahead of UAE Central Bank Emiratisation targets. The Bank recruited a large number of UAE nationals in 2024, including experienced Emirati employees as well as new graduates. This ongoing recruitment programme has raised the number of Emirati employees across ADIB Group to represent 44% of the workforce. This is among the highest Emiratization rates in the country's financial and banking sector. Notably, UAE Nationals account for 67% of employees under the age of 30. Women make up 39% of Emiratis at ADIB while 20% of senior management positions are held by Emiratis. Emiratis already hold more than 22% of middle and senior leadership positions across the ADIB Group, achieving accelerated career progression through outstanding performance. A large number of Emirati employees were promoted in 2024, particularly into positions of significant responsibility. The Group also welcomed a number of Emirati professionals with significant banking experience to key areas such as risk management, digital transformation, sustainability, liquidity management and investment.

The Bank has initiated a number of programmes to equip Emirati employees with the skills and capabilities to not only excel in their current roles, but to also enable them to advance their careers with the Bank.

44%
Emiratization rate

72%
Emirati women of the total number of Emiratis

22%
of senior management held by Emiratis

TALENT ACQUISITION AND RETENTION

To meet the strategic growth aspirations of the bank, the HR team recruited key talent at all levels of the organisation including promoting existing talents to more senior positions. ADIB has a detailed career management system that includes strategic KPIs. The process is fully automated and enhanced for a smoother employee experience, improving monitoring and objective setting, and increasing the effectiveness of appraisals. Every employee has an individual career development plan, with specific learning indicators.

Using business metrics, we ensure that capabilities are deployed appropriately, while driving more strategic decision-making. We have also built our succession planning to identify critical roles in the organisation and develop a detailed approach. This includes creating a bespoke development programme to provide potential successors with the skills and knowledge to progress

TRAINING AND DEVELOPMENT

At ADIB, we are committed to building a culture of continuous learning, empowering employees to grow, follow their aspirations and embrace the skills needed for the future. To enable this, we have been investing in virtual training programs where colleagues can learn new skills at their own time. In 2024, more training was delivered than ever before, surpassing 300,000 hours overall. A key driver of this increase was the investment in e-learning, enabling employees to access courses on an 'anytime, anywhere' basis. The Learning Management system enabled over 90% of e-learning to be customised to the user, with gamified content, videos and other engaging approaches from Oracle and LinkedIn.

EMPLOYEE SATISFACTION

The Bank conducted an organisation-wide employee survey in 2024 and implemented a process to review employee's feedback at the departmental and group levels. To ensure continued competitiveness, ADIB has conducted a benchmark study to assess its remuneration structure against the market. In 2024, we developed a new salary scale and reviewed and updated reward policies, focused on minimising gender gaps and complying with new regulations and labour law.

ADIB مصرف أبوظبي الإسلامي

DIGITAL BANKING

PIONEERING A DIGITAL-FIRST BANK

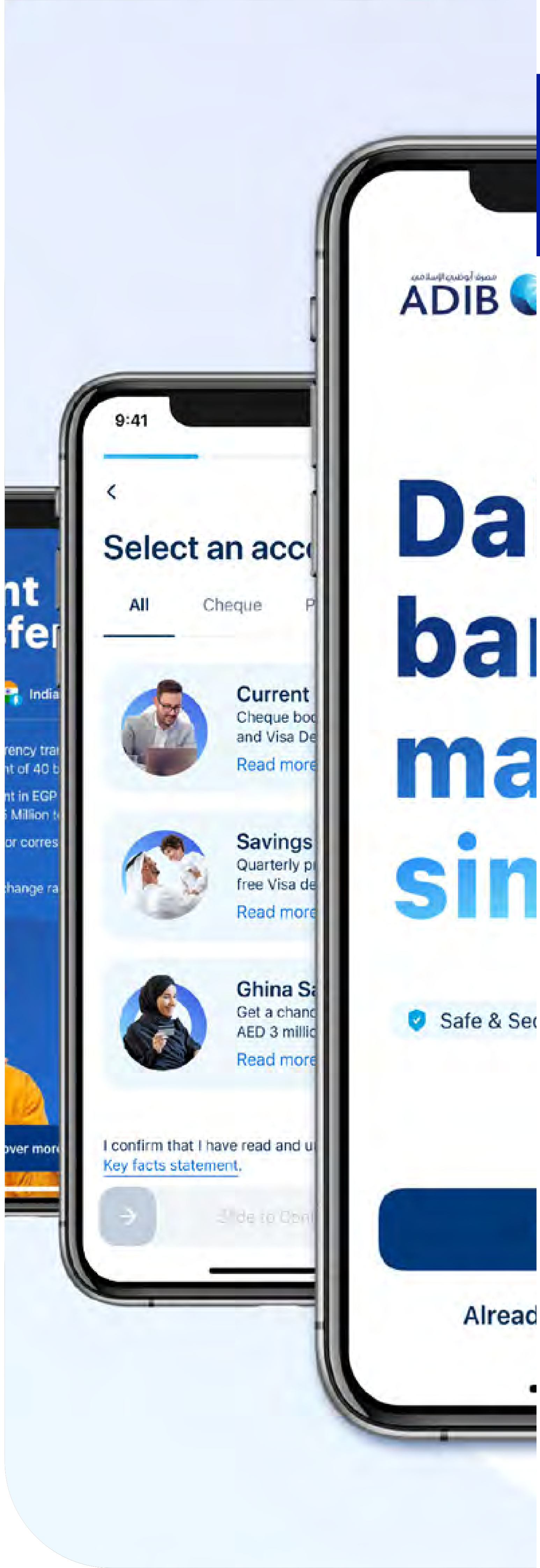
Through the ADIB 2035 Vision, ADIB is committed to redefining Islamic banking by seamlessly integrating advanced digital technologies with personalized customer experiences, ensuring sustainable growth and innovation in the financial sector.

Among the highest-ranked digital apps in the UAE

4.7 star rating

4.6 star rating

“Our digital platforms have made it easier for customers to carry out a full range of everyday transactions. As a result, customer engagement has deepened, translating into stickier relationships and greater wallet share, and ultimately faster revenue growth. “



2024 OVERVIEW

In 2024, ADIB focused on leveraging digital technology to provide our customers a full range of services in retail banking, wealth management and wholesale banking. We continued to make progress on our digital transformation, leveraging cutting-edge technology to elevate customer experiences, drive operational efficiencies, and increase customer acquisition and engagement.

“Acceleration of digital transformation is at the heart of our corporate strategy. In 2024, teams across the Bank worked and implemented over 80 digital enhancements and features”.

KEY HIGHLIGHTS

+ 1 million customers on ADIB Mobile app up **21%** versus last year

91% of customers are registered for digital channels

17% Increase in logins on ADIB mobile app

Services completed through digital channels increased by **53%**

#1 in the UAE market for Personal Finance **65%**

SEAMLESS BANKING EXPERIENCE

ADIB's priority is to deliver a seamless and empowering financial experience for our customers. With our redesigned mobile interface, users can effortlessly open an account, conduct transactions, and select from a diverse array of products, comparing benefits and personalizing their preferences. Over 1 million customers have registered through the mobile app. The end-to-end digital journey is enabling customers to easily open accounts, get a covered cards and personal finance.

ADIB has introduced the new Central Bank-endorsed 'Aani' instant payment system on the mobile app to complement its instant payment feature. The new functionality offers the ability to use phone numbers, email addresses and QR codes to transfer funds to any other UAE-based bank account in real time and is expected to facilitate an exponential growth in digital payments.

A new end-to-end digital solution whereby ADIB customers can apply for a covered card on their mobile app. The new feature allows customers to apply for a covered card, get instant approval and agreed on limits in just a few minutes. The process is designed to be user-friendly; customers can easily manage their card applications with just a few taps on their mobile devices. Upon submission, the application is instantly assessed, ensuring customers receive immediate feedback on their approval status. Customers also have the flexibility to adjust their card limits and payment preferences at their convenience, ensuring their financial decisions remain firmly under their control.

FRACTIONAL SUKUK

ADIB became the first UAE bank to safely test fractional Sukuk offering to retail investors. Currently, accessing the Sukuk market requires a minimum investment of USD 200,000. However, with fractional sukuks and as per the initial approval given to ADIB, retail investors will be able to invest as little as USD 1,000, giving them access to the benefits of fixed-income financial products. This presents a new investment opportunity for customers, allowing them to invest in a new asset class with smaller investment amounts.

ENABLING OUR STAFF THROUGH TECHNOLOGY

Technology has also improved the way our employees work and is central to our efforts to create a culture that is powered by data and efficiency. It has enabled data to be quickly sorted and shared among teams, making it instrumental in making faster decisions and breaking down silos. We invested in technological capabilities such as Cloud, AI/ Machine Learning (ML) and data to scale to new heights and revolutionise the future of banking. Our move to a hybrid, cloud infrastructure resulted in greater resiliency, efficiency, and scalability.

LEVERAGING THE POTENTIAL OF AI

We are looking at ways to infuse Gen AI/Machine Learning (ML) into use cases across the bank to drive productivity. We have expanded our business through ecosystem partnerships by using AI/ML and data to identify the subset of existing customers in those platforms that we can suitably and profitably offer our products to. ADIB deployed generative AI into its software engineering capabilities to automate the writing of software application code and testing automation scripts, leading to significant productivity improvements. Meanwhile, we are using machine learning technology to provide personalised offers to customers

ADIB DIGITAL LAB

"ADIB has a dedicated innovation center, known as the 'ADIB Digital Lab,' where technology and banking experts collaborate as part of an agile team to take ideas that enhance and simplify customers' banking experiences from concept to reality."

The lab is a stimulating and engaging environment where we encourage out-of-the-box thinking and close collaboration between ADIB's innovation team and the FinTech community leading to rapid progress and the successful implementation of initiatives. The ADIB Digital Lab occupies a whole floor of ADIB's former head office building in Abu Dhabi, which is large enough to fit an indoor running track and exercise area for employees. Glass-walled rooms, providing a highly creative and synergistic environment, are interspaced by communal areas for social and meal breaks. In addition, there are breakout spaces for brainstorming and an amphitheater space to hold events both internally and with external ecosystem partners.

Through the Digital Lab, we delivered more than 80 new features and enhancements on the mobile app.

01

ADIB became the first bank in the UAE to provide Small and Medium-sized Enterprises (SMEs) with convenient remote account opening services through a mobile app by deploying Emirates Face Recognition (EFR) technology. This new feature will allow businesses to apply for a Business Account without the need to visit a branch or submit physical documents or signatures. Through this technology, ADIB can perform highly secure identity verification before opening a new account for businesses in less than 24 business hours.

02

First-to-Market Money Manager: Our proprietary tool empowers customers to track income and expenses, categorize spending, and gain insights into their cash flow, all seamlessly integrated within our mobile app.

03

Wealth Management Integration: Responding to customer demand, we introduced wealth management capabilities within our app, providing unparalleled convenience and control.

04

Fractional Sukuk Offering: We became the first UAE bank to test retail access to Sukuks, allowing investments as low as USD 1,000—pioneering financial inclusion for Sharia-compliant fixed-income assets.

05

AI-Enhanced Development: By adopting GitHub Copilot, our digital engineering team achieved a 20% productivity boost, accelerating time-to-market for customer-facing solutions.

ADIB VENTURES

ADIB launched ADIB Ventures, a new strategic initiative designed to accelerate innovation and collaboration within the global financial technology (fintech) sector. The program aims to strengthen ADIB's position as a leader in digital transformation.

Through ADIB Ventures, the bank plans to create a robust ecosystem by connecting with emerging fintech players and integrating advanced technologies and Gen AI to enhance the banking experience for 1.4 million customers. By collaborating with disruptive FinTechs, ADIB seeks to introduce new offerings that cater to the rapidly evolving needs of tech-savvy customers. Additionally, ADIB Ventures will launch pilot programs and proof-of-concept projects to test and implement cutting-edge technologies that can transform the future of Islamic banking.

THROUGH ADIB VENTURES, WE HAVE FINALISED THE BELOW PARTNERSHIPS:

1. ADIB LAUNCHED MONEY MANAGEMENT TRACKER

In partnership with Lune, an Emirati fintech company, this innovative offering is set to change how customers manage their personal finances, allowing them to gain more control and insight over their financial activities. It is designed to provide customers with an intuitive and comprehensive way to monitor their financial well-being. It allows users to easily track both their income and expenses, ensuring that they can keep a close eye on how their money is utilised. By enabling customers to categorise their spending into various areas, such as groceries, transportation, and leisure, the tool helps users gain a deeper understanding of their spending patterns and behaviours.

2. LEAN TECH

This collaboration empowers ADIB to leverage Lean Technologies' platform for programmatic payouts, reconciliation, and account verification, enhancing efficiency and reliability in our financial operations.

3. BOTIM

ADIB's partnership with Botim marked a first-of-its-kind collaboration to integrate Sharia-compliant financial services into daily digital interactions, making banking accessible through a platform millions use daily.

4. SILENT8

By automating alert screening investigations with AI, Silent8 has helped us improve compliance operations while reducing false positive alerts, lowering costs, and enhancing the customer experience.

5. DIFC INNOVATION HUB

Through its Innovation Scouting program, ADIB has collaborated with fintech startups to co-create Proof-of-Concept projects, bringing groundbreaking ideas to life while solving real-world challenges.

6. HUB71

ADIB partnered with HUB71 to foster innovation by supporting startups aligned with our strategic goals, enabling them to scale solutions with commercial impact.

CORPORATE GOVERNANCE REPORT 2024

CONTENTS

1. YEAR OVERVIEW - 2024

1.1 CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Corporate Governance Report for Abu Dhabi Islamic Bank (ADIB) for 2024.

ADIB's Corporate Governance Framework (the "Framework" or CG Framework) and culture are built on principles of accountability, transparency, and ethical conduct, aligned with industry best practices. Our Framework underpins the trust and confidence of our stakeholders, ensuring sustainable success aligned with our long-term strategic objectives. Grounded in Shari'a principles and adherence to applicable laws, it reflects ADIB's core values of mutual benefit, transparency, simplicity, sensibility, hospitality, and tolerance.

Throughout 2024, ADIB maintained its commitment to excellence by embedding corporate governance best practices across all areas of the Bank's operations. Our focus on people, governance, digitisation and sustainability has been instrumental in driving operational resilience and enabling strategic growth. With Emiratization as a cornerstone of our workforce strategy, we consistently upheld a 44% Emiratization rate, reflecting our dedication to national development. A comprehensive staff survey conducted during the year achieved an outstanding response rate, underscoring the strength of employee engagement across the organisation. To further enhance capabilities, we implemented training initiatives focused on upskilling and succession planning, with particular emphasis on developing UAE Nationals for leadership roles.

ADIB remains steadfast in its commitment to supporting the UAE government's initiatives and fostering economic growth. As a key partner in advancing the nation's priorities, ADIB has aligned its efforts with the UAE's 2050 Net Zero plan through initiatives such as energy-efficient programs, and a sustainable finance strategy. These efforts culminated in an ESG rating upgrade to AA from MSCI, reinforcing our leadership in sustainability. The integration of these practices, alongside a proactive approach to transparency and disclosure, is detailed further in this year's ESG Report.

In alignment with regulatory priorities, the Board ensured the continuous refinement of governance policies, encompassing ESG, capital management, liquidity risk, information security, and financial reporting. Key insights from Central Bank of UAE (CBUAE) thematic reviews, covering areas such as market conduct, risk appetite, and climate-related financial risks, were embedded into our governance framework, further strengthening regulatory compliance. The Bank's stellar efforts to enhance its regulatory relationship and governance practices were recognized through a consistent increase in its ratings on the CBUAE Quarterly Dashboard, reflecting increased regulatory confidence in ADIB.

ADIB also made significant strides in its digital transformation journey by advancing initiatives focused on generative AI, fostering fintech partnerships, and developing innovative digital solutions.

These efforts highlight our commitment to leveraging cutting-edge technology to enhance operational efficiency, deliver customer-centric innovation, and maintain our leadership in the evolving financial landscape.

The Board's commitment to strengthening governance was evident through its emphasis on continuous training and awareness programs tailored to evolving business needs. These programs addressed critical areas such as Risk Management, Digital Banking & Artificial Intelligence, Compliance, Shari'a Governance, ESG, and Succession Planning, ensuring the Board and management remained well-equipped to navigate complex regulatory and operational landscapes. During the year, the establishment of the Profit Equalisation Committee and the formation of the ESG Committee further highlighted ADIB's dedication to meeting Islamic regulatory requirements, advancing its sustainability agenda, and reinforcing its governance framework.

In 2024, the Board provided decisive leadership in steering the Group's vision and mission, approving key strategic decisions across its UAE and international operations. These decisions were guided by the Group Risk Management Framework, ensuring that all activities were conducted within the Corporate Governance Framework to foster sustainable growth and value creation for our stakeholders.

ADIB's achievements in 2024 reflect the Bank's unwavering focus on innovation, governance, and resilience. I remain confident that with our strong governance practices and commitment to excellence, ADIB will continue to deliver sustainable value to our stakeholders and maintain its position as a leader in Islamic banking.

H.E. JAWAAN AWAIDHA SUHAIL AL KHAILI

CHAIRMAN

1.2 KEY CORPORATE GOVERNANCE HIGHLIGHTS & ACHIEVEMENTS - 2024

STRENGTHENING GOVERNANCE

In 2024, ADIB advanced its governance framework through targeted initiatives aimed at enhancing efficiency, aligning with regulatory requirements, and reinforcing operational effectiveness. Over the course of the year, several key policies were reserved for Board approval, ensuring alignment with evolving regulations and global best practices.

As part of a strategic benchmarking exercise, ADIB streamlined its management committee structure, reducing the number of committees from 19 to 10, which helped create a more efficient and focused framework. This restructuring has strengthened decision-making processes and improved governance oversight, creating a more agile governance structure.

Two new Board committees were established during the year to address strategic priorities: the ESG Committee, dedicated to advancing the Bank's sustainability agenda, and the Profit Equalisation Committee, focused on meeting Islamic regulatory requirements.

In line with its commitment to consumer protection, ADIB developed a comprehensive plan to align with UAE consumer protection laws. This included reviewing and enhancing consumer-facing documents, updating business requirement documents, and revising policies and procedures to ensure better alignment with regulatory expectations and to enhance customer confidence.

These efforts collectively demonstrate ADIB's dedication to maintaining a robust governance framework that fosters transparency, efficiency, and resilience while meeting the needs of stakeholders and adhering to regulatory obligations.

REGULATORY COMPLIANCE

In 2024, ADIB reinforced its commitment to regulatory excellence by actively engaging with the CBUAE to address findings from thematic reviews. These reviews spanned critical areas such as Market Conduct, Capital Requirements, Liquidity Management, Retail Strategy, Risk Appetite, Investments and Counterparties, Climate-Related Financial Risks, and Large Exposures.

ADIB developed and implemented comprehensive remediation plans to address the outcomes of these reviews, ensuring enhanced alignment with regulatory expectations and bolstering the Bank's operational resilience. These efforts extended beyond compliance, focusing on integrating best practices to strengthen governance, risk management, and internal controls across the organisation.

The Bank's progress in this area was evidenced by a consistent improvement in its CBUAE quarterly dashboard ratings, reflecting enhanced regulatory confidence and recognition of ADIB's proactive approach to addressing key regulatory priorities. These achievements underscore the Bank's focus on maintaining a robust governance framework that supports sustainable growth and risk mitigation.

Looking forward, ADIB remains steadfast in embedding a culture of compliance that prioritises transparency, accountability, and adaptability. By continuously refining its frameworks and aligning with regulatory advancements, ADIB is well-positioned to meet the evolving expectations of regulators, stakeholders, and the financial ecosystem at large.

DRIVING DIGITAL TRANSFORMATION

In 2024, ADIB prioritised digital transformation as a core driver of operational efficiency, customer engagement, and long-term growth. Digital initiatives focused on integrating advanced tools and leveraging data-driven insights to streamline processes, enhance risk management, and improve customer experiences. These efforts enabled the Bank to manage increased transaction volumes effectively while maintaining a robust control environment.

A key milestone was the launch of ADIB Ventures, aimed at fostering fintech partnerships and accelerating the development of innovative digital solutions. This initiative reflects ADIB's commitment to staying at the forefront of technological advancements and creating value through collaboration within the financial technology ecosystem.

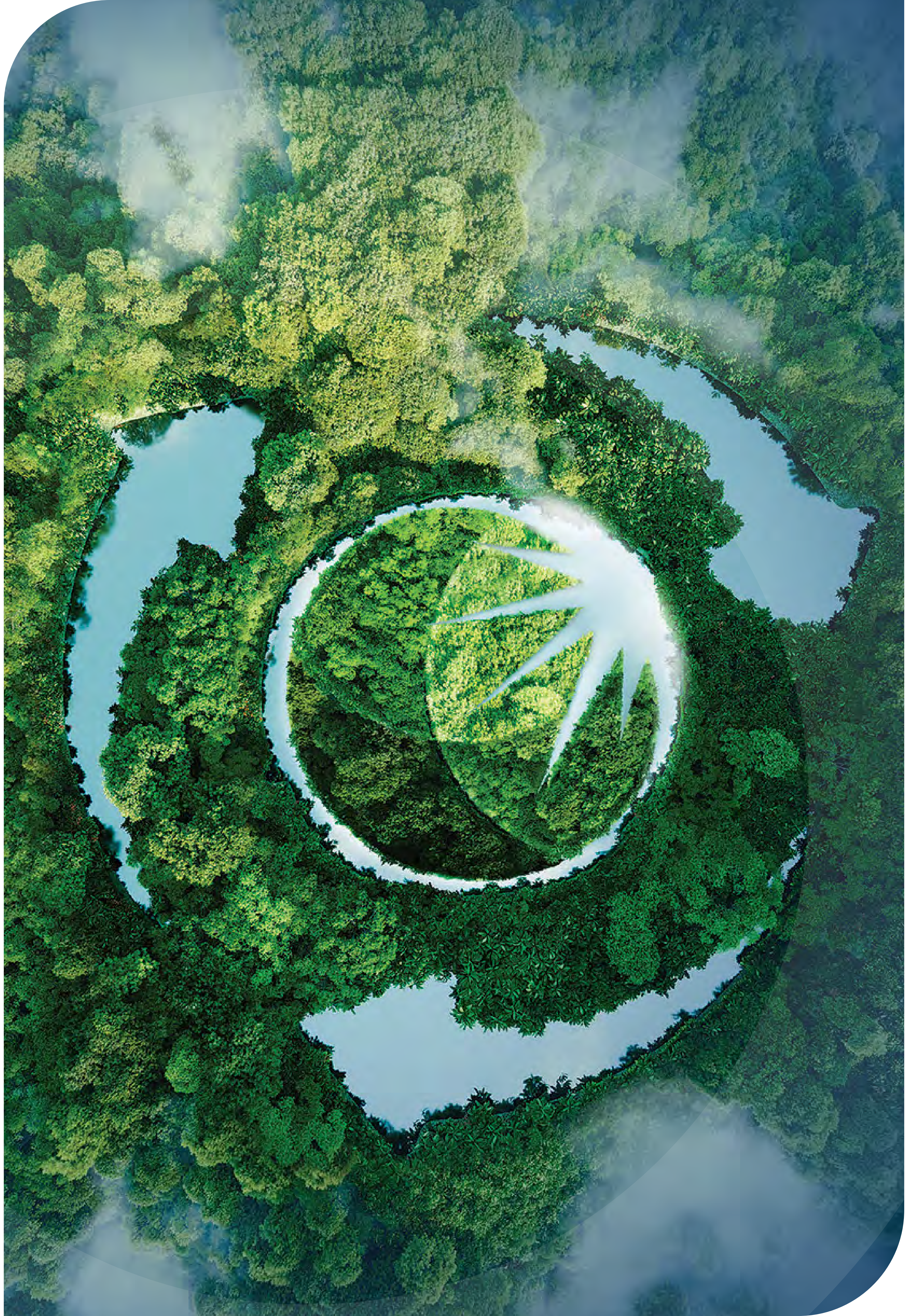
The ADIB 2035 Vision further emphasises the Bank's focus on Generative AI, automation, and digital solutions. These pillars are central to ADIB's strategy to drive efficiency, deliver exceptional customer experiences, and unlock growth opportunities in an increasingly digital world. By embracing cutting-edge technology, ADIB is positioning itself as a forward-looking institution prepared to adapt to the evolving needs of the financial services sector.

ADVANCING SUSTAINABILITY AND ESG

In 2024, ADIB made significant progress in advancing its sustainability agenda, reaffirming its commitment to decarbonisation. The Bank implemented multifaceted strategies addressing both operational and financed emissions, including energy efficiency initiatives, a sustainable finance strategy, and responsible procurement practices. These efforts underscore ADIB's dedication to reducing its environmental impact while aligning with global sustainability objectives.

The Bank's achievements were recognised through an ESG rating upgrade to AA by MSCI, reflecting the strength of its ESG practices and governance framework. This milestone highlights ADIB's continued focus on integrating environmental, social, and governance principles into its operations and strategic decision-making.

ADIB also maintained its leadership in sustainable finance. A landmark achievement was the issuance of the world's largest green sukuk by a bank, raising USD 500 million. This issuance underscores ADIB's commitment to supporting green initiatives and fostering sustainable Islamic financial products and services, reinforcing its position as a leader in sustainable banking.



PEOPLE AND CULTURE

ADIB's unwavering focus on its people lies at the heart of its success, fostering a culture that drives innovation, excellence, and resilience. In 2024, the Bank reinforced its strategic commitment to Emiratisation, strengthening its role as a key contributor to UAE economic growth and national development. Diversity and inclusion remain integral to ADIB's organisational ethos. The workforce represents over 60 nationalities, creating a rich and dynamic environment that reflects the global outlook of the Bank. Additionally, women constitute 39% of ADIB's employees, demonstrating the Bank's dedication to gender balance and its continued efforts to empower women across all levels of the organisation.

An important milestone for 2024 was the employee engagement survey, which achieved one of the highest response rates in the sector. This outstanding participation underscores the deep alignment between the Bank and its employees, as well as their shared commitment to ADIB's mission and values. Insights from the survey are actively shaping initiatives that enhance workplace satisfaction, cultivate well-being, and elevate professional development, further positioning ADIB as an employer of choice.

By advancing its focus on talent development, diversity, and employee engagement, ADIB is building a future-ready workforce that underpins the Bank's strategic ambitions, drives sustainable growth, and sets a benchmark for excellence in the industry.

1.3 BOARD MEMBERS PROFILE

H.E. JAWAN AWAIDHA SUHAIL AL KHAILI

Chairman, Non-Independent, Non-Executive Director

- He joined ADIB in February 2008.

External Positions:

- Serves as the Chairman of National Holding
- Co-founder & Chairman of Emirates Link Group
- Chairman of Ittihad International Investment.

DR. FAISAL SULTAN NASER SALEM AL SHUAIBI

Vice Chairman, Independent, Non-Executive Director

- He holds a PhD in Application of Strategic Development in Government and Security Institutions (Balanced Scorecard).
- He joined ADIB in March 2019.

External Positions:

- Director General of the Strategy and Performance Development, General Directorate at the Ministry of Interior.

MR. ABDULLA ALI MUSLEH JUMHOUR AL AHBABI

Independent, Non-Executive Director

- He joined ADIB in March 2019. Previously he was Chairman of the Abu Dhabi Water and Electricity Authority (ADWEA), acting undersecretary for Abu Dhabi Department of Finance, Assistant general secretariat and a member of the Executive committee of the Abu Dhabi Executive Council. He holds a master's degree in business administration.

MR. ABDUL WAHAB AL HALABI

Independent, Non-Executive Director

- He joined ADIB in March 2022. He holds an Executive Master's degree in Business Administration and a Bachelor's Degree from the London School of Economics.

External Positions:

- Managing Director and Founder at Embassy Capital
- Partner at Decker & Halabi Limited
- Board member of Union Properties PJSC
- Board member and Senior Advisor of Houlihan Lokey MEA
- Board Member of Massaleh Investments PJSC and TPL Properties Limited

LEGEND

- Strategy Committee (BSC)
- Audit Committee (BAC)
- Risk Committee (BRC)
- Nomination & Compensation Committee (NCC)
- Credit & Investment Committee (BCIC)
- ESG Committee (ESG)
- Committee Chair

1.3 BOARD MEMBERS PROFILE

MR. KHALIFA MATAR KHALIFA ALMHEIRI

Independent, Non-Executive Director

He joined ADIB in April 2016. He is the Executive Director of the Fixed Income Department at Abu Dhabi Investment Authority ("ADIA") , with responsibility for the overall management of the Department specifically in the areas of investment strategy, performance, risk, and organisational development. Prior to that, Mr. Almheiri was the Executive Director of the Alternative Investments Department, with responsibility for overseeing ADIA's investments in hedge funds. Mr. AlMheiri joined ADIA in 1995 as a member of the Far East Department. Mr. AlMheiri is a member of ADIA's Investment Committee and is also Chairman of the Board of Directors of ADIA (Hong Kong) Limited. He holds a BSc in Business Administration focusing on Management Information Systems from the University of Arizona. He holds a Masters in Finance from the London Business School. He is a CFA charter holder from the CFA Institute.

External Positions:

- Executive Director – Fixed Income Department at Abu Dhabi Investment Authority ("ADIA")
- Chairman of the Board of Directors for Abu Dhabi Islamic Bank – Egypt
- Board member of ADIA (Hong Kong) Limited

MS. MAHA MOHAMMAD AL QATTAN

Independent, Non-Executive Director

- She holds a Master's degree in Industrial and Labour Relations from Cornell University.
- Previously she was Group Chief People and Sustainability Officer at DP World.
- She joined ADIB in March 2022.

External Positions:

- Member of the Board of Trustees at Université Panthéon Assas
- Executive Board Member of DP World UAE Region (UAE)
- Executive Board Member of Hindustan Ports Private Ltd (India)
- Non-Executive Board Member at SHUAA Capital psc (UAE)

MR. NAJIB YOUSSEF FAYYAD

Non-Independent, Non-Executive Director

He joined ADIB Board in March 2019. He currently holds the position of Special Advisor to the Board of Directors at National Holding Group. Mr. Fayyad has over 30 years of global work experience with various conglomerate and global firms in the USA, Europe, and the MENA region serving in leadership roles including Chairman, CEO, and Managing Director. Mr. Fayyad has worked in the regulated environment for years and has developed in depth knowledge and hands on experience in the development of capital markets, corporate governance, and strategy, providing excellent leadership skills.

External Positions:

- Special Advisor to the Board of Directors at National Holding Group

LEGEND

- Strategy Committee (BSC)
- Audit Committee (BAC)
- Risk Committee (BRC)
- Nomination & Compensation Committee (NCC)
- Credit & Investment Committee (BCIC)
- ESG Committee (ESG)
- Committee Chair

1.4 EXECUTIVE MANAGEMENT PROFILE

MOHAMED ABDELBARY, CFA

Group Chief Executive Officer

Mohamed Abdelbary is the Group Chief Executive Officer at Abu Dhabi Islamic Bank (ADIB). As Group CEO, he is responsible for leading ADIB strategic directions, overseeing the group operations and ensuring the bank's profitability and growth. With over 28 years of experience in financial services and banking, he has held key positions in leading financial institutions, including Citibank, Barclays Bank, and Standard Chartered Bank. His deep knowledge and strategic vision have been instrumental in driving the growth and success of the organisations he has been part of.

Abdelbary joined ADIB in May 2020 as the Group Chief Financial Officer, a role in which he played a pivotal role in shaping the financial strategy and performance of the bank.

Mohamed possesses the CFA® Charter holder credential, demonstrating his commitment to the highest standards of ethics and professionalism in the industry. His visionary leadership and unwavering commitment to excellence continue to shape ADIB's path towards a future of sustainable growth and prosperity.

External Interests

- Board Member of Kawader Services LLC
- Board Member of ADIB Capital Limited
- Vice Chairman of MPM Properties LLC
- Vice Chairman of Burooj Properties LLC

ABDULLA AL SHEHHI

Global Head International Business Group

Abdulla Al Shehhi is Global Head International Business Group. He joined ADIB more than 20 years ago and has a number of senior positions in various departments before he was appointed to his current role as the Global Head International Business Group, focusing on the bank's international growth strategy and managing ADIB's businesses outside the UAE. Abdulla has over 30 years of banking experience, having worked in Finance and Strategy. He sits on different boards including Saudi Finance Company, Bosnia Bank International, and Abu Dhabi National Takaful PJSC.

External Interests

- Board Member of Saudi Finance Company (SFC)
- Vice Chairman Bosna Bank International
- Board member of Abu Dhabi National Takaful

AMIT MALHOTRA

Group Head of Retail Banking, ADIB

Amit Malhotra is the Group Head of Retail Banking at Abu Dhabi Islamic Bank. With a robust career spanning nearly three decades, Amit has made significant contributions to the banking sector across various geographies. In his current role, he oversees the retail banking operations, driving strategic initiatives to enhance customer experience, expand the bank's retail footprint, and leverage digital innovations to deliver superior banking services. Amit's diverse expertise includes sales and distribution management, product management, credit operations, risk management, and digitisation. He managed extensive portfolios at institutions like CBD, Citibank, Al Hilal Bank, and Standard Chartered Bank.

External Interests

- Chairman of Abu Dhabi Islamic Securities LLC (ADIB Securities)
- Chairman of Abu Dhabi Islamic Merchant Acquiring Company LLC (ADIMAC)
- Board Member of ADIB Capital Limited
- Director in Emirates Digital Wallet

AHSAN AKHTAR

Acting Group CFO

Ahsan Akhtar serves as the Acting Group Chief Financial Officer. He joined ADIB in 2008, bringing with him a wealth of experience in financial management and strategic planning. Prior to his appointment as acting CFO in March 2024, he was the Group Financial controller since 2008. In his current position, he oversees the Group Finance function (Financial Planning, Business Performance, Taxation, Economics, Group Strategy, Strategic Sourcing and Procurement). He previously spent 15 years in different senior positions with international banks and firms including Citi Bank and PWC He is a chartered accountant from the UK and a graduate from the London school of Economics (LSE), underscoring his strong professional qualifications in finance and accounting.

ABDUL QADIR KHANANI

Group Treasurer

Abdul Qadir Khanani joined ADIB in 2012 as Group Treasurer. He has over 35 years of experience in the banking and finance sector where he held various positions in regional and international banks such as Citigroup. At ADIB, he is responsible for the Group Treasury function including FX trading and sales, funding and management and managing the bank's liquidity. He is a member of the Bank's Management Executive Committee as well as the Assets and Liabilities management committee and various management committees at the Group level. He has more than 35 years of global experience in banking and finance.

BUSHRA ALSHEHHI

Group Chief HR Officer & Chairman of Kawader

As the Group Chief of Human Resources & Chairman of Kawader at ADIB, Bushra leads HR strategy and operations, with a strong focus on advancing Emiratization and fostering a positive workplace culture. With over 20 years of experience in both public and private sectors, Bushra is recognised for driving initiatives that enhance employee engagement, development, and recruitment. Bushra's career spans both public and private sectors, including her tenure at the Abu Dhabi Department of Economic Development, where she led HR planning and recruitment. Bushra holds a master's degree in human resources from the New York Institute of Technology and is CIPD certified.

External Interests

- Chairman of Kawader Services LLC
- Board Member of MPM Properties LLC

1.4 EXECUTIVE MANAGEMENT PROFILE

DUANE MAXWELL

Acting Group Head of Compliance

Duane Watson Maxwell brings over 25 years of experience in financial services, specialising in compliance, governance, and regulatory frameworks. Duane joined ADIB in 2016 from the UK where he had held senior compliance roles in banking and insurance including Lloyds Bank, AIG, Barclays and HSBC. Within ADIB, Duane has held roles in Group Compliance and Corporate Governance Departments. As the ADIB Acting Group Head of Compliance, Duane's primary responsibility is oversight of the bank's adherence to applicable regulatory rules, standards and the bank's internal compliance policies, and to provide assurance to the Bank Audit Committee.

DR. GHAITH MISMAR

General Counsel & Board Secretary

Dr. Ghaith Mismar serves as the General Counsel at Abu Dhabi Islamic Bank (ADIB), overseeing the bank's legal affairs, corporate governance and collections, ensuring compliance with regulatory standards. He joined ADIB in 2014 with extensive experience of over 35 years where he held significant roles in the legal sector, including positions at prominent financial institutions. His extensive experience in banking and finance law has been instrumental in shaping ADIB's legal strategies and ensuring robust governance.

External Interests

- Board Member of Burooj Properties LLC

KENNETH TAN

Group Head of Audit

Kenneth Tan was appointed as the Group Head of Audit at ADIB on the 3rd of January 2021. Kenneth is responsible for covering all audit activities across the Bank and its subsidiaries ensuring adherence with regulatory standards and internal policies. Kenneth has more than 30 years of experience in External and Internal Audit that spans across various leadership positions in the financial sector acquired through roles with Standard Chartered Bank, Citigroup, Goldman Sachs and PricewaterhouseCoopers.

He is a qualified Chartered Accountant (FCA) with the Institute of Chartered Accountants in England & Wales (ICAEW) as well as the Institute of Singapore Chartered Accountants (ISCA). He has also passed the exams leading to the following professional qualifications: Associate Corporate Treasurer (ACT), Certified Financial Risk Manager (FRM) and Certified Information Systems Auditor (CISA).

MAHER AL RUZ

Group Chief Customer Officer

Maher Al Ruz is the Group Chief Customer Officer at Abu Dhabi Islamic Bank (ADIB), heading Customer Excellence Group. With more than 30 years of banking experience across different divisions, including 27 years with ADIB, Maher leads customer experience, complaints management and resolution; proactively addressing customer pain points and driving service improvements across all touchpoints for the entire organisation. Additionally, Maher oversees the implementation of Consumer Protection regulations across all products and services ensuring compliance to market conduct obligations.

With a strong commitment to enhancing the customer experience and focusing on customer-centricity and process efficiency, Maher and his team are dedicated to identifying the root causes across all digital and conventional channels and implementing innovative solutions. The team provides service-related insights that help the bank better predict and understand customer needs.

METHA AL HASHMI

Group Chief Credit Officer

Metha Al Hashemi is the Group Chief Credit Officer at Abu Dhabi Islamic Bank. In her role, Metha chairs the independent Group Credit Management function which supports all ADIB's businesses including banking services for retail customers, small and medium sized businesses, corporates and international financial institutions. Metha has over 25 years of experience in the banking industry, predominantly in Credit and Risk management. She joins ADIB from Emirates NBD Group where she held leadership positions including Chief Risk Officer for Emirates Islamic and Chief Credit Officer, Group Credit for Emirates NBD. Metha is a Board member of Abu Dhabi National Takaful.

External Interests

- Metha is a Board member of Abu Dhabi National Takaful.

MOHAMMED AL FAHIM

Acting Global Head of Wholesale Banking Group

Mohammed Al Fahim is the Acting Global Head of Wholesale Banking Group. With 23 years of banking experience, he has held diverse leadership roles in various banks, demonstrating his extensive expertise in the field. In his current position, Mohammed oversees the execution of high-profile Corporate Finance and Capital market transactions. Prior to his current role, Al Fahim served as the Regional Head of Corporate Banking, responsible for corporate banking in Abu Dhabi including trade and industrial sector, services sector, and government sector. He was also responsible for commercial real estate, and commercial banking business.

External Interests

- Chairman of Burooj Properties LLC
- Board Member of MPM Properties LLC

DR. OSAID KILANI

Global Head of Shari'a

Dr. Osaid Kilani serves as the Global Head of Shari'a at Abu Dhabi Islamic Bank (ADIB). In this capacity, he oversees the bank's Shari'a compliance and governance, ensuring that all financial products and services adhere to Islamic principles. Through his work, Dr. Kilani continues to contribute significantly to the advancement of Islamic finance, ensuring that ADIB remains at the forefront of ethical and Shari'a-compliant banking practices. Dr. Kilani has been instrumental in promoting innovation within the Islamic finance sector. He has played a pivotal role in organising the Ethical Finance Innovation Challenge and Awards (EFICA), an initiative by ADIB to recognise and reward innovative ethical financial solutions.

SULIMAN AL RAEEI

Group Head of Internal Shari'a Audit

Suliman Al Raeei, Group Head of Internal Shari'a Audit, as well as Vice Chairman of the Shari'a Audit Committee at the UAE Banks Federation besides several audit committees for a number of Islamic companies and financial institutions. Holds extensive global academic and practical experience in Islamic banking and Takaful insurance. Over 25 years in the areas of product development, finance structuring, syndicated financing, investment instruments, portfolios and sukuk, In addition to Shari'a supervision and governance and Shari'a auditing. As an expert in the field of internal and external Shari'a auditing, he played a vital role in establishing the Internal Shari'a Audit Group of ADIB Group, initiating and developing an advanced methodology for the internal Shari'a audit work of ADIB Group.

TALHA KARIM

Group Chief Risk Officer

Talha Karim was appointed as ADIB's Group Chief Risk Officer in March 2024, with over 27 years of experience in risk management within the banking sector working across both developed and emerging markets. Prior to joining ADIB, he was the Chief Risk Officer at Commercial International Bank (CIB) of Egypt. He has been working in the Middle East since 2001 and spent close to 8 years in Bahrain with Bank ABC. In his current role, Talha oversees the bank's diverse and dynamic portfolio, encompassing all financial and non-financial risks. He is a member of the executive committee and other management committees and attends the relevant board sub-committees.

1.5 GROUP CORPORATE GOVERNANCE FRAMEWORK

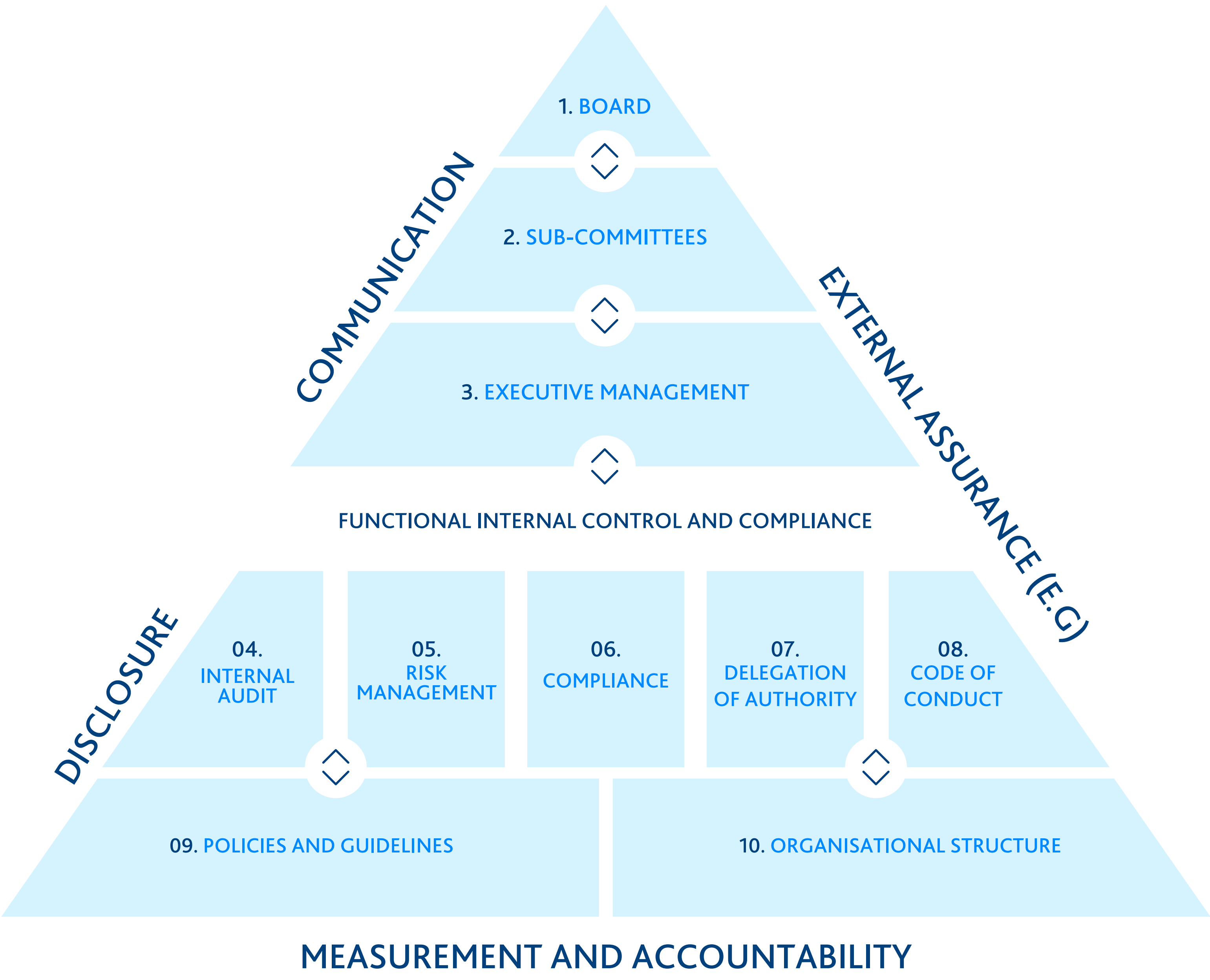
The foundation of ADIB's consistent history of significant operational and financial success has been its commitment to a solid corporate governance culture. The faith and confidence that ADIB's investors, clients, business partners, and communities have in the Bank is strengthened by its dedication to honesty and a disciplined culture. Its growth strategy and long-term goals are based on this dedication.

ADIB has embedded a robust corporate governance framework in line with CBUAE Corporate Governance Regulations No. 83 / 2019 to support a resilient high performing and accountable culture to enable achievement of long term financial and franchise growth. The Framework is implemented across the Group's entities to provide confidence to our stakeholders to continue investing in the institution. To promote collaboration and alignment, the governance framework is implemented by intra-group service level agreements, group-wide policies, delegation to management committees and effective representation on the boards of ADIB's subsidiaries and entities.

ADIB regularly reviews its policies, focusing on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit, and outsourcing, to ensure they meet regulatory requirements. Find the Policies, Procedures, and Charters reviewed during 2024 by the Board and Board Committees:

- Credit Risk Policy
- Credit Loss Provisioning Policy
- Outsourcing Policy Update
- Fraud Investigation Policy
- Counterparty Credit Risk Policy
- Trading Strategy
- Funding Strategy /Liquidity Strategy
- Risk Appetite Policy
- Risk Governance Framework
- Global Information Security Policy
- BCM Policy
- Liquidity Policy
- PRRBB Policy
- Market Risk Policy
- Trading book vs Banking book classification standard
- Stress Testing Policy
- ICAAP Policy
- Valuers Selection Policy
- ESG Risk Policy
- Recovery Plan
- Model Risk Management Policy
- Model Data Management Policy
- Treasury Investment Strategy
- Global Retail Credit Policy Manual
- Internal Capital Adequacy Assessment Process (ICAAP 2023)
- Investment Policy
- Contingency Funding Plan Policy
- Hedging Policy
- ORM Policy and Framework
- ALM Policy
- Pillar 2 Concentration Risk Methodology
- Macro-economic stress test
- Sustainability Finance Framework
- Intraday liquidity standard
- Operational Risk RWA - Migration to the Standardised Approach
- Delegation of Authority Framework
- ISSC Charter
- ESG Committee Charter
- Small Business Finance policy enhancement
- Staff finance policy
- Unpaid leave policy

COMPONENTS OF ADIB CORPORATE GOVERNANCE FRAMEWORK



01 BOARD

The Board is responsible for setting the strategic direction and goals for an organisation and to provide effective oversight management on the execution and achievement of those goals through the setting and monitoring of performance expectations.

02 BOARD COMMITTEES AND MANAGEMENT COMMITTEE

The Board establishes committees to assist in discharging its responsibilities effectively and efficiently. Management Committees are responsible for ensuring good governance and that effective systems and processes are in place to shape, enable and oversee the management of ADIB.

03 EXECUTIVE MANAGEMENT ("MANAGEMENT")

Management personnel are appointed by the Board/Committee to implement processes and to execute day to day affairs in accordance with the strategic direction, tone and expectations set by the Board.

04 INTERNAL AUDIT

To provide a level of monitoring activity over risks and to support in the identification of process improvements and efficiency gains.

05 RISK MANAGEMENT

The Risk Management Framework establishes expected business practices for the effective identification, assessment and management of risk.

06 COMPLIANCE

To promote ethical conduct and compliance with rules, regulations and internal standards that govern how ADIB conducts its business.

07 DELEGATION OF AUTHORITY

A delegation of authority is established to delegate the Board's authority and powers downward and to assist employees in understanding their authority to make decisions on behalf of the organisation. The above facilitates effective and accountable decision making and reduces ambiguity.

08 CODE OF CONDUCT

A code of conduct establishes a common understanding of the standards of behaviour and values expected of all Board members and employees.

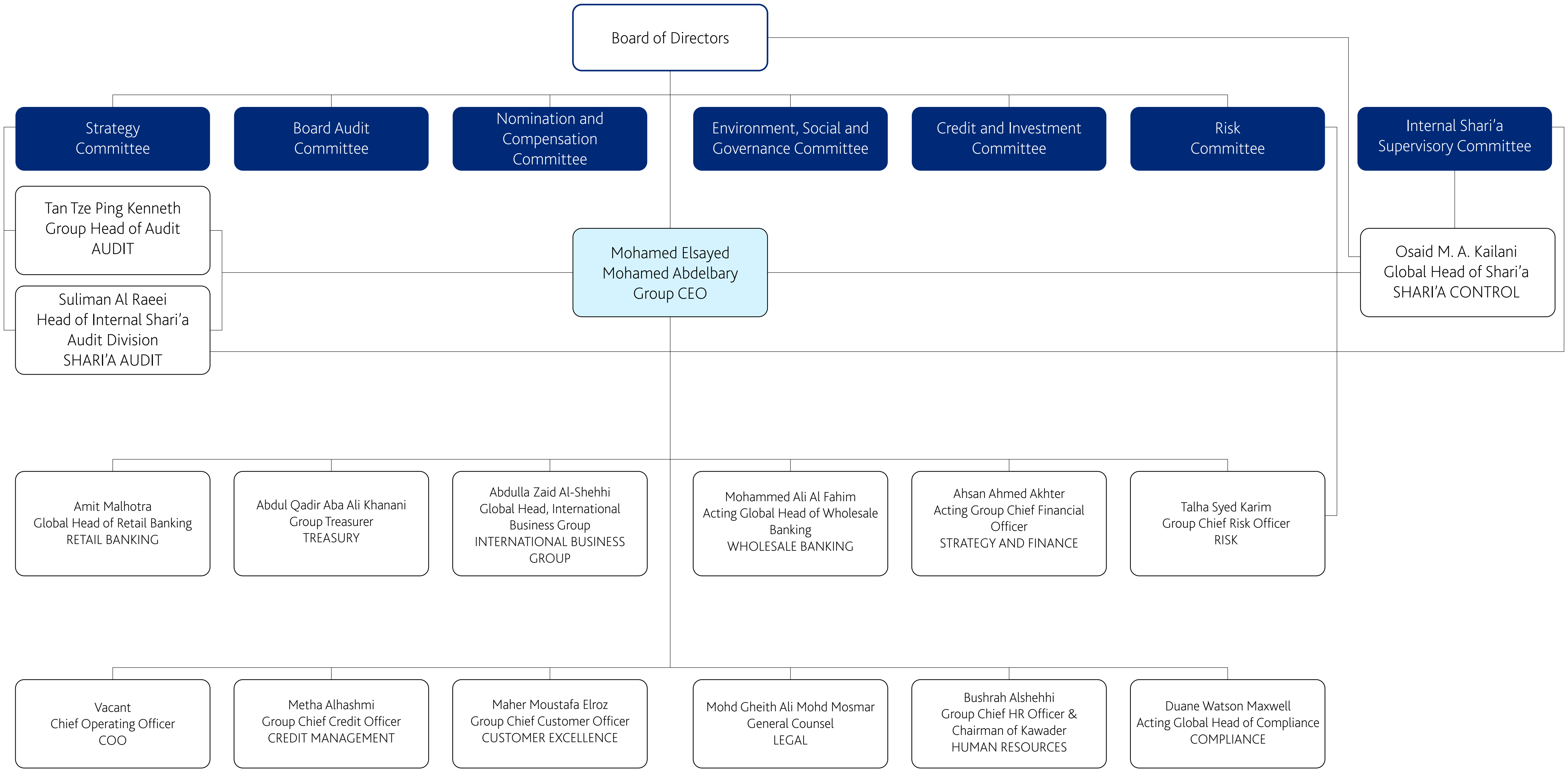
09 POLICIES AND GUIDELINES

Policies and guidelines are established to allow ADIB employees to clearly understand their roles and responsibilities and to guide all major decisions making processes and actions within predefined limits.

10 ORGANISATIONAL STRUCTURE

ADIB structure should reflect the organisation's main operational objectives and do so in a coherent way whille at the same time being flexible enough to respond to changes in the ADIB's strategy or mission.

1.6 GOVERNANCE STRUCTURE



* Group Chief Risk Officer primarily reports to the BRC and a secondary executive reporting line to the Group CEO.
** Global Head of Compliance reports directly to the Group CEO and has direct access to the Board Audit Committee.

A strong and effective governance structure requires continuous oversight, a strong tone from the top, and a comprehensive understanding of the regulatory landscape. ADIB's governance framework is built on a foundation of a capable and dedicated Board, supported by specialised Board Committees tasked with executing their mandates to uphold the highest standards of governance.

Under the leadership of the Group Chief Executive Officer (GCEO), the Management Executive Committee—comprising the Bank's Executive Management—drives the implementation of the Board's strategic direction. This structure ensures a clear division of responsibilities, enabling alignment across all governance layers while fostering accountability and operational efficiency. Together, these components form a cohesive governance framework that reflects ADIB's commitment to transparency, resilience, and regulatory compliance.

1.7 BOARD OVERSIGHT OF ADIB GROUP ENTITIES

ADIB's governance framework is designed to provide robust oversight on its international branches, subsidiaries, and affiliates while maintaining the autonomy of each legal entity. This framework ensures compliance with regulatory requirements in all jurisdictions where ADIB operates and is regularly reviewed to address the evolving regulatory environment and the growing complexity of the Group's operations.

Throughout 2024, the Board fulfilled its oversight responsibilities for ADIB Group entities through a structured, multi-layered approach. Primary oversight was achieved by approving the nomination of ADIB representatives to the boards of Group entities. These representatives play a pivotal role in ensuring alignment with ADIB's strategic objectives and governance principles. They report to the GCEO, who provides regular updates to the Board, ensuring transparency and accountability.

Furthermore, the Board also implemented secondary oversight mechanisms under the delegated authority of the GCEO. This included empowering management committees and Group Heads to monitor and guide the activities of subsidiaries and affiliates. These mechanisms were supported by structured tools such as joint steering committees, service level agreements, oversight framework agreements, and mutual participation in management committee meetings. Together, these tools ensure the effective monitoring of principal risks, adherence to governance standards, and alignment with the Group's broader objectives. By integrating these oversight layers, ADIB ensures cohesive governance across its entities while preserving operational flexibility. This approach reflects ADIB's commitment to regulatory compliance, operational consistency, and sustainable growth, further enhancing its reputation as a resilient and forward looking institution.

The following is a list of Group entities including International Branches, UAE and international subsidiaries and affiliates:

Name	Activity	Country of Incorporation	Percentage of Holding (2024)
List of Subsidiaries			
Abu Dhabi Islamic Bank – Egypt (S.A.E)	Islamic Banking	Egypt	53%
Abu Dhabi Islamic Securities Company LLC	Equity brokerage Services	United Arab Emirates	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%
MPM Properties LLC	Real estate services	United Arab Emirates	100%
ADIB Invest I	Equity brokerage services	BVI	100%
Kawader Services LLC	Manpower supply	United Arab Emirates	100%
ADIB (UK) Limited	Other services	United Kingdom	100%
ADIB Capital Ltd	Funds Services	United Arab Emirates	100%
Fractionalised Sukuk Holding Limited	Special purpose vehicle	United Arab Emirates	100%
ADIB Sukuk Company II Ltd	Special purpose vehicle	Cayman Islands	-
ADIB Capital Invest 2 Ltd	Special purpose vehicle	Cayman Islands	-
ADIB Capital Invest 3 Ltd	Special purpose vehicle	Cayman Islands	-
Associates			
Abu Dhabi National Takaful PJSC	Islamic insurance	United Arab Emirates	42%
Bosna Bank International D. D	Islamic banking	Bosnia	27%
The Residential REIT (IC) Limited	Real estate fund	United Arab Emirates	29%
Joint Ventures			
Saudi Finance Company CSJC	Islamic Retail Finance	Kingdom of Saudi Arabia	51%
Abu Dhabi Islamic Merchant Acquiring Company LLC	Merchant acquiring	United Arab Emirates	51%

International Branches & Subsidiaries

ADIB Egypt
Khalifa Almheiri - Non-Executive Chairman
Bassam El Hage - Non-Executive Member
Mohammed Aly - Executive Member

International Banking Branches
ADIB Qatar
ADIB Iraq
ADIB Sudan

Affiliates

Abu Dhabi National Takaful
Khalid Almansoori - Non-Executive Member
Meitha Alhashemi - Non-Executive Member
Abdulla Al Shehhi - Non-Executive Member

Bosnia Bank International
Abdulla Al Shehhi - Vice Chairman

Joint Venture & Strategic Investments

Saudi Finance Company
Khalid Almansoori - Vice Chairman
Abdulla Al Shehhi - Member
Ibrahim Al Mansoori - Independent Member
Abdulrahman AlAnqari-Independent Member

Details on Key Subsidiaries:

Abu Dhabi Islamic Securities LLC (ADIB Securities) - Overview

ADIB Securities is a subsidiary regulated by Securities and Commodities Authority (SCA). ADIB has 95% ownership of ADIB Securities. The separation between financial services companies such as Brokerage firms and Banks is mandatory in UAE. To satisfy regulatory requirements; a board of directors must be appointed for the company.

Board of Directors

#	Name	Role	Representing	Position in ADIB
1	Amit Malhotra	Chairman	ADIB PJSC	Global Head of Retail Banking
2	Amer Alameri	Vice Chairman	ADIB PJSC	Head of Private Banking
3	Sultan Al Marzouqi	Member	ADIB PJSC	Head of Credit Initiation

Kawader Services LLC - Overview

Kawader is the outsourcing arm of ADIB, it manages and employs some employees for ADIB, in addition to managing the outsourced employees and the agencies managing them.

Board of Directors

#	Name	Role	Representing	Position in ADIB
1	Bushrah Abdullah Alshehhi	Chairman	ADIB PJSC	Group Chief HR Officer & Chairman of Kawader
2	Mohamed Abdelbary	Member	ADIB PJSC	Group Chief Executive Officer (GCEO)
3	Fahad Alkhoori	Member	ADIB PJSC	Head of HR Operations

ADIB Capital Limited - Overview

Established in the Dubai International Financial Centre (DIFC) and regulated by the Dubai Financial Services Authority (DFSA); ADIB Capital is 100% owned Asset Management business subsidiary involved in arranging deals, advising on financial products, managing collective investment funds and arranging and advising on credit relating to the management of Shari'a - compliant investment vehicles.

Board of Directors

#	Name	Role	Representing	Position in ADIB
1	Najib Fayyad	Chairman	ADIB PJSC	ADIB Board Member
2	Mohamed Abdelbary	Member	ADIB PJSC	Group Chief Executive Officer (GCEO)
3	Bassam El Hage	Member	ADIB PJSC	Subject Matter Expert – ADIB Board Audit Committee
4	Amit Malhotra	Member	ADIB PJSC	Global Head of Retail Banking

MPM Properties LLC - Overview

MPM properties is a wholly owned subsidiary of Abu Dhabi Islamic Bank and currently manages over 20,000 properties across the U.A.E. MPM is a Sharia 'a - compliant company with key offices in Abu Dhabi, Al Ain, Dubai and Sharjah with a team of over 100 staff offering various services including: Property Management, Project Management, Facility Management, Valuation, Research, Development & Investment Consulting, Corporate Real Estate Solutions, Investment Sales & Acquisitions, Residential Sales Brokerage & Leasing and Commercial Leasing.

Board of Directors

#	Name	Role	Representing	Position in ADIB
1	Khalid Almansoori	Executive Chairman	ADIB PJSC	Executive Chairman of MPM
2	Mohamed Abdelbary	Vice Chairman	ADIB PJSC	Group Chief Executive Officer (GCEO)
3	Mohammed Ali Al Fahim	Member	ADIB PJSC	Acting Global Head of Wholesale Banking Group (WBG)
4	Bushrah Abdullah Alshehhi	Member	ADIB PJSC	Group Chief HR Officer & Chairman of Kawader
5	Omar Mohamed Shariff	Member	ADIB PJSC	Senior Counsel Group Legal -Retail & General Legal Services

Burooj Properties LLC - Overview

Burooj Properties was established in 2005 as a wholly owned subsidiary of Abu Dhabi Islamic Bank. Burooj has built a strong reputation for developing fully integrated communities, offering premium real estate services (property selling, property management and property development) to deliver value to investors.

Board of Directors

#	Name	Role	Representing	Position in ADIB
1	Mohammed Ali Al Fahim	Chairman	ADIB PJSC	Acting Global Head of Wholesale Banking Group (WBG)
2	Mohamed Abdelbary	Vice Chairman	ADIB PJSC	Group Chief Executive Officer (GCEO)
3	Dr. Ghaith Mismar	Member	ADIB PJSC	General Counsel
4	Khalid Almansoori	Member	ADIB PJSC	Executive Chairman of MPM
5	Abdulla Ghuloom Al Attar	Member	ADIB PJSC	Head of Administration

2. BOARD GOVERNANCE

2.1 BOARD COMPOSITION

ADIB's Board of Directors composition adheres to the regulatory guidelines of the SCA and CBUAE, ensuring effective governance and representation. The key elements of the Board's composition include:

Gender Diversity: Reflecting national gender diversity goals and regulatory requirements, ADIB appointed Ms. Maha Mohammad Al Qattan as a Board Director in March 2022. Through her appointment, female representation in the Board is now 14%, demonstrating the Bank's commitment to fostering gender diversity at the highest levels. This commitment extends across the organisation, with women comprising 39% of ADIB's workforce.

Independence: All Board members are non-executive directors, with a majority (5 out of 7) classified as Independent, meeting stringent independence criteria to ensure objectivity and alignment with best governance practices in accordance with the ADIB's Director's Independence Guideline and relevant governance regulations.

Local Representation: The Chairman and a majority of the Board members (5 out of 7) are UAE Nationals, reflecting regulatory requirements and the Bank's commitment to local representation and leadership.

Skills and Expertise: ADIB's Board brings together a broad and diverse skill set, enabling it to effectively guide the Bank's strategic direction. Members possess expertise across key areas, including risk management, strategic planning, capital markets, financial analysis, Shari'a compliance, governance, sustainability and ESG, and digital and technological innovation. The Board is also committed to continuous professional development, ensuring its leadership capabilities remain aligned with the evolving needs of the Bank and the financial sector with a dedicated training and awareness program.

Skills and Qualification: All Board appointments follow ADIB's Guideline for Nominee Directors and Directors Selection Policy and procedures. This rigorous process evaluates candidates' qualifications, experience, integrity, and independence, ensuring they are well-equipped to fulfil their responsibilities and fiduciary duties.

Board Member	Tenure
Abdul Wahab Al Halabi	3
Abdulla Ali Musleh Jumhour Al Ahbabi	6
Faisal Sultan Naser Salem Al Shuaibi (Vice Chairman)	6
H.E. Jawaan Awaidha Suhail Al Khaili (Chairman)	17
Maha Mohammad Juma Abdel Rahman AlQattan	3
Najib Youssef Fayyad	6
Khalifa Matar Khalifa Saif AlMheiri	9

2.2 BOARD LEADERSHIP AND GOVERNANCE

The Board is chaired by H.E. Jawaan Awaidha Suhail Al Khaili, a Non-Executive Chair responsible for ensuring its effectiveness and leadership.

As the Chairman his key responsibilities include:

- Acting as the primary representative of the Board in interactions with senior management, shareholders, and regulators.
- Promoting informed decision-making and fostering an environment where critical discussions and dissenting views are encouraged.
- Ensuring sound governance practices in line with the Board Charter.

Further, each Board member's role is clearly delineated, as are their joined responsibilities, facilitating collective responsibility for effective decision-making.

2.3 BOARD SELECTION, APPOINTMENTS AND RE-APPOINTMENTS

The appointment and reappointment of Directors at ADIB are governed by the Corporate Governance Code, the Director's Code of Ethics, the UAE Commercial Companies Law, and the Bank's Articles of Association. Directors are elected by an Ordinary Resolution passed by shareholders during the General Assembly Meeting (GAM) and are subject to approval by the CBUAE. The Board Nomination and Compensation Committee (NCC) oversees the process, ensuring that candidates meet the qualifications outlined in ADIB's Guideline for Nominee Directors and Directors Selection Policy and procedures. Candidates are assessed based on their professional expertise, including financial markets, governance, and risk management, as well as their independence, integrity, and availability to commit adequate time to Board responsibilities. Furthermore, in accordance with regulatory requirements, at least 20% of the candidates considered for Board appointment are women, reflecting ADIB's dedication to fostering gender diversity.

DURING THE YEAR 2024, NO NEW APPOINTMENTS OR RE-APPOINTMENTS WERE MADE TO ADIB BOARD.

In the event of a vacancy in the Board, the NCC is required to identify and propose a suitable replacement within 30 days, in line with the Articles of Association and Corporate Governance Code. The proposed appointee assumes the role on an interim basis and is formally elected at the subsequent GAM to confirm their position.

The NCC regularly reviews the composition of the Board to ensure it reflects the optimal mix of skills, expertise, and diversity needed to navigate the complexities of the financial sector, meet stakeholder expectations, and comply with regulatory requirements. This ensures that ADIB's Board remains equipped to provide effective leadership, governance, and strategic oversight.

Succession Planning

ADIB has a succession planning process, and the Board acted swiftly to appoint representatives on the boards of Group Entities whenever a vacancy arose during 2024.

2.4 EXTERNAL DIRECTORSHIPS

ADIB adheres to strict guidelines regarding external directorships, as defined by the Director's Conflict of Interest Policy. The policy ensures that external commitments do not conflict with ADIB Board responsibilities.

Key provisions include:

- Director may hold memberships in the boards of up to five (5) Public Joint Stock Companies ("P.J.S.C.") in the UAE, to include P.J.S.C.s inside the banking Group.
- A Director may hold memberships in the Board of only one (1) bank in the UAE and up to four (4) banks outside the UAE.
- External appointments require prior Board approval and must not create any conflict of interest.
- Directors must annually confirm they have sufficient time available to manage the time commitments required from the role in the Group.
- The Board Secretariat monitors compliance, maintaining transparency and alignment with regulatory expectations.

2.5 BOARD INDUCTION, TRAINING & AWARENESS PROGRAM

Board Induction

The NCC ensure that newly appointed Board Members undergo a comprehensive orientation to ensure their alignment with their fiduciary responsibilities. This process is given the necessary resources, in regard to time, and monetary or non-monetary resources. This induction fully informs new members on their rights, duties, and responsibilities. The Group's corporate strategies, financial profile, risk management, compliance and governance activities are all included. Further, the Director Code of Conduct is addressed, along with that of the Group employees. Any regulatory compliance information is also accounted for.

Board Trainings & Awareness Program

During 2024, the Board demonstrated willingness and capability to be kept fully informed in areas essential to making a significant contribution to overall board governance by attending awareness sessions. The Program was designed based on an assessment of the external environment including corporate governance trends, regulator focus mapped against ADIB's Group structure and strategy. Training sessions were also delivered by external consultants during committee meetings. Further, the Corporate Governance Department provided Director's Induction Packs to new Directors on the Boards of subsidiaries and affiliates.

The following training sessions were held:

- Induction model for Board, ADIB Representatives on Boards of Subsidiaries, JVs and Affiliates & Senior Management.
- Principal Risks Management & International Financial Reporting Standards (includes IFRS & ESG)
- Compliance (delivered via Group Compliance)
- Shari'a Governance Standards (delivered by Shari'a Control)
- Succession Planning.

2.6 BOARD EVALUATION FOR EFFECTIVENESS

The ADIB Board is committed to maintaining and enhancing its effectiveness through a structured and comprehensive performance evaluation process conducted annually in accordance with the Board Assessment Policy. The responsibility for the evaluation has been delegated to the NCC, which conducts the process under the guidance of the Board Chairman and with support from the Board Secretary. This annual evaluation encompasses the performance of the Board as a whole, its committees, and individual Directors.

The evaluation focuses on critical areas, including:

- Board structure and composition.
- Strategic oversight and alignment with the Bank's objectives.
- Governance and internal controls.
- Risk management and compliance.
- The effectiveness of Board Committees in fulfilling their mandates.

In addition to the annual internal assessment, ADIB engages an independent external consultant every three to five years to provide an objective evaluation of the Board's performance, as mandated by CBUAE regulations. This external review benchmarks the Board against global best practices and identifies actionable improvements. The findings are reviewed by the NCC, which ensures that recommendations are implemented effectively. The Corporate Governance department monitors progress on the resulting action plans to ensure continuous improvement in governance practices.

In line with the Board Assessment Policy, the periodic evaluation of the Board for 2024 highlighted several areas of good governance and opportunities for further enhancement.

BOARD EVALUATION FOR EFFECTIVENESS 2024

The Board of Directors conducts annual evaluations to assess its performance and governance effectiveness in alignment with the Board Assessment Policy.

The 2024 evaluation focused on assessing the strength and resilience of corporate governance practices across five key areas:

- Board Structure and Practices
- Strategic Planning and Performance
- Governance and Internal Controls
- Risk Management
- Board Committee Structures and Practices

The evaluation highlighted key achievements, including a well-aligned governance framework, effective oversight structures, and a commitment to continuous improvement.

Highlights of the Evaluation

Board Structure and Practices

The evaluation reaffirmed that the Board is composed of individuals with diverse expertise and skills, ensuring effective governance. Processes for member selection, conflict of interest management, and ongoing training are robust and continuously refined. Independent evaluations are conducted every five years to benchmark against industry standards, reinforcing best practices.

Strategic Planning and Performance

The Board continues to demonstrate strong strategic oversight, with clear objectives and actionable plans. Strategic initiatives are regularly reviewed, and performance metrics are aligned with the Bank's long-term goals. The Board's approach emphasises balancing risks and rewards to support sustainable growth.

Governance and Internal Controls

Governance and internal controls remain a cornerstone of the Bank's operations.

The evaluation noted:

- A well-defined and periodically updated Corporate Governance Framework.
- Effective oversight of succession planning and adherence to the Code of Ethics.
- Streamlined decision-making processes supported by timely and well-prepared materials.

Risk Management

The Board's active engagement in risk oversight was underscored by:

- A comprehensive Risk Governance Framework aligned with the Bank's risk appetite.
- Enhanced reporting mechanisms that provide clear visibility of enterprise risks.
- Periodic reviews and discussions to ensure alignment with strategic objectives.

Board Committee Structures and Practices

Board Committees were assessed as effective and well-structured, with clearly defined roles, responsibilities, and reporting mechanisms. Regular performance assessments and timely escalation of key risks and issues were noted as areas of strength.

Commitment to Continuous Improvement

Opportunities for enhancement identified during the evaluation are being actively addressed through action plans and performance improvement initiatives. These efforts ensure that the Board remains adaptive to evolving challenges and well-positioned to support ADIB's strategic goals.

2.7 GOVERNANCE CULTURE

Board Management of Corporate Culture

ADIB places significant emphasis on fostering a strong corporate culture that reflects its core values of transparency, accountability, and Shari'a compliance. Under the leadership of the Board, the GCEO and Senior Management play an instrumental role in embedding this culture across the organisation by modelling ethical behaviour and ensuring adherence to the Group Code of Conduct.

The Bank has established robust mechanisms, including Whistleblowing policies and Conflict Management frameworks, to empower employees and stakeholders to report any violations of ethical standards confidentially and without fear of retaliation. Disciplinary actions are enforced as necessary to uphold the Bank's values and maintain the highest standards of integrity.

Employee Code of Conduct

All employees at ADIB are required to adhere to a comprehensive Group Code of Conduct that sets clear expectations for ethical behaviour and integrity. The Code mandates employees to avoid conflicts of interest with the Bank, its customers, and suppliers. In instances where a conflict arises, employees must promptly inform their line manager to ensure that appropriate measures, such as reassigning the transaction or account management to another employee, are implemented.

In specific cases, employees must obtain prior approval from Group Compliance for certain transactions, ensuring transparency and governance. Additionally, employees are obligated to annually disclose personal interests, including dealings with third parties connected to the Group, reinforcing accountability and alignment with the Bank's ethical standards.

Whistleblowing

ADIB Group entities are committed to fostering a culture where employees feel empowered to raise concerns when something does not feel right. This commitment, embedded in the Group's values, ensures employees can report issues confidently, knowing that appropriate action will be taken.

A variety of confidential channels are available for employees to report concerns, including:

- The Group's confidential whistleblowing platform
- Dedicated email and hotline for whistleblowing inquiries

ADIB Group entities adheres to leading international practices by conducting all business activities with honesty, integrity, and compliance with applicable laws against corporate wrongdoing, corruption, fraud, and bribery. Employees across the Group are expected to uphold the highest ethical standards and report any suspected or actual misconduct in good faith.

To support this, the Board has implemented a robust Whistleblowing Policy, establishing clear protocols for addressing concerns. The Board Audit Committee (BAC) is responsible for overseeing the policy's effectiveness and ensuring its consistent application throughout the organisation.

Heads of Department are tasked with ensuring that their teams are well-informed about the Whistleblowing Policy and process. Any training needs arising from the policy's application are addressed through induction programs and mandatory annual e-learning refresher courses, ensuring an adequate level of awareness across all employees.

By maintaining strong governance practices and providing accessible, confidential reporting channels, ADIB demonstrates its unwavering commitment to integrity, transparency, and accountability across all levels of the organisation.

2.8 CONFLICTS OF INTEREST

ADIB is committed to maintaining the highest standards of governance by effectively identifying, disclosing, and managing conflicts of interest. To this end, the Bank has implemented a comprehensive Director's Conflict of Interest Policy, ensuring that any actual, potential, or perceived conflicts involving Directors are addressed in the best interests of the Group, its shareholders, and other stakeholders.

Directors are required to disclose all actual or potential conflicts of interest upon their appointment and on a quarterly basis thereafter. These disclosures, submitted through written declarations, are reviewed by the Board, which ensures that other commitments of the Directors do not conflict with their duties. Where conflicts arise, the Board ensures appropriate policies and controls are in place to mitigate associated risks.

Transactions or arrangements in which a director or a related party has a potential interest are presented to the Board for review and approval. Any Director with a conflict in relation to such matters is required to declare the nature of the conflict at a Board meeting, and this is duly recorded in the meeting minutes. To preserve the integrity of the decision-making process, the conflicted Director is recused from participating in discussions or voting on the relevant resolutions.

The Board Secretary maintains a Register of Interests, which documents all declarations made by the Directors. This register is regularly reviewed to ensure transparency and compliance with ADIB's governance framework. Additionally, the policy ensures that Directors avoid any activities or engagements that could create conflicts and, when in doubt, promptly disclose such matters to the Board or the Board Secretary for resolution.

2.9 RELATED-PARTY TRANSACTIONS

Significant transactions with related parties during the year 2024 and compensation of key Senior Management personnel are included in the consolidated income statement of the Financial Statements. During the 2024 business cycle the Board approved significant transactions with related parties including the Group Entities, entities with connections to directors and senior executive management, on the recommendation of the Credit and Investment Committee, in line with established policies and procedures.

2.10 ACCESS AND REPORTING TO THE BOARD COMMITTEES

The Group Head of Audit and Head of Internal Shari'a Audit reports to the BAC. The Global Head of Compliance reports to the GCEO and has access to the BAC. The Group Chief Risk Officer (GCRO) primarily reports to the BRC and has a secondary executive reporting line to the GCEO.

The roles of the Chairman and the GCEO are distinct and separate, with a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all directors. The GCEO has responsibility for all ADIB Group businesses, including their strategy, policy and operational management, and acts in accordance with the authority delegated by the Board.

2.11 DIRECTORS' INTERESTS & SHAREHOLDINGS

The following table shows the ownership and transactions of shares (both purchase and sale) of the Board of Directors in the securities of ADIB during the year ended 31 Dec 2024.

#	Name (English)		Name (Arabic)	ADX Investor Number	No. of shares In ADIB
1	Chairman	HE Jawaan Awaidha Suhail Al Khaili	سعادة جوعان عويضة سهيل الخيلي	UAE151002034803	64,158,605
2	Vice Chairman	Faisal Sultan Naser Salem Al Shuaibi	فيصل سلطان ناصر سالم الشعيبي	UAE101004212603	-
3	Board Member	Khalifa Matar Al Mheiri	خليفة مطر المهيري	UAE101004833803	257,381
4	Board Member	Najib Youssef Fayyad	نجيب يوسف فياض	784196630248761	-
5	Board Member	Abdulla Ali Musleh Jumhour Al Ahbabi	عبد الله علي مصلح جمهورالأحبابي	UAE151001076703	-
6	Board Member	Abdul Wahab Al-Halabi	عبد الوهاب معن الحلبي	784197425173255	-
7	Board Member	Maha Mohammad Juma Abdel Rahman Alqattan	مها محمد جمعه عبدالرحمن القطان	784198452859683	-

2.12 BOARD REMUNERATION

The Board's total remuneration paid in 2024 for the year ended 31 December 2023 was AED 16.1 million, following the approval by shareholders in the GAM held on 29 February 2024. Board member remuneration also includes an Attendance Allowance AED 3,000 for each Board Committee meeting attended.

In 2025, AED 16.1 million is proposed to be paid out to the Board of Directors as a directors' remuneration pertaining to the year ended 31st December 2024, following the approval by shareholders in the GAM held on the 10th March 2025.

3. GROUP BOARD COMMITTEES & SUBCOMMITTEES

3.1 BOARD RESPONSIBILITIES

The Board holds the ultimate responsibility for the Group, which includes authorising and supervising the execution of the Group's strategic goals, adhering to all applicable laws and regulations, and maintaining corporate culture and governance. The Board leads the formulation and execution of the Group's vision and mission and oversees the general direction, management, oversight, and control of its corporate operations. The Board is also in charge of supervising Senior Management, ensuring they execute the strategic objectives effectively and efficiently. The Board also oversees the Group's operations and financial stability and ensures that the interests of regulators, consumers, employees, shareholders, and other stakeholder groups are served. The Board carries out these duties by preserving the accuracy of the Group's financial and accounting records, establishing sufficient internal controls and monitoring the performance of the Group's business.

More specifically, the Board is responsible for:

- The Board's role is to encourage the entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. The consistent practice of high ethical standards will enhance the credibility and trustworthiness of the Group.
- The Board of Directors will provide effective governance over the Group's affairs for the benefit of its Shareholders, and to balance the interests of its diverse constituents, including its customers, employees, suppliers, regulators, local communities, and others. In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably believe to be in the best interests of the Group and to comply with relevant laws, regulations, rules, and best banking practices. In discharging that obligation, Directors may rely on the honesty and integrity of the Group's senior executives and its outside advisors and auditors.
- The Board is responsible for strategic direction, management supervision and adequate controls with the ultimate objective of promoting the success and long-term value of the Group. The Board must ensure that management balances the promotion of long-term growth with the delivery of short-term objectives. The Board will review the Group's long-term strategic plans and the principal issues that it expects the Group may face in the future during at least one Board meeting each year.
- The Board should be clear about the Group's purpose and set its values and ethical standards and ensure that management behaves with integrity and that the Group's obligations to its Shareholders and other stakeholders such as customers, employees, suppliers, regulators, local communities and others are understood and met. The Board of Directors will approve and oversee the Group's strategic objectives and corporate values that are communicated throughout the Group.
- The Board will determine the corporate governance guidelines for the way in which it wants the Group to be managed and controlled. and will review and approve the corporate governance framework of the Group. In addition, the Board will establish a mechanism for monitoring Shari'a Compliance within the Group.
- The Board will ensure that there are policies and procedures to identify, avoid or manage and appropriately disclose potential conflicts of interest. Such policies will include financing to Directors and Staff of the Group, and transactions and other contractual relations between related companies or other counterparties such as Shareholders or Directors. Ultimately, the Board will seek to ensure that activities that might give rise to conflicts of interest are carried out with a sufficient degree of independence from each other. Conflicts between the personal interests of Directors and those of the Group or its customers will also be identified, managed and disclosed.
- The Board will have disclosure policies with an aim to ensure the fair and timely release of material information to the market and that such information is accurate, not misleading, complete and in line with regulatory requirements. In addition, the Board will ensure that there are policies in place that require significant information that could affect the price of its securities or an investor's decision to buy, sell or hold those securities to be disclosed promptly to the market authorities and placed on the Bank's website.
- The Board of Directors must ensure that the Group has robust corporate governance polices and processes commensurate with its risk profile and systemic importance. The Board must also establish, review and monitor the effectiveness of the Group's processes for corporate governance in accordance with the applicable regulations and best international practices, with due regard to the Group's Stakeholders and its role in the community.
- The Board must ensure to maintain a clear governance framework appropriate to the Group's operational structure and the risk that it poses. The Board must also approve policies for the delegation of authority and the actual delegations to executives, particularly in respect of the financial and administrative affairs of the Group.
- The Board must determine the nature and extent of the significant risks it is willing to undertake to achieve the strategic objectives of the Group. The Board would develop and monitor the Group's risk appetite statement, risk policies, risk limits, and ensure adherence to them.
- The Board of Directors must ensure that the Group is in full compliance with Shari'a rules and must establish a sound and effective Shari'a governance framework with the key mechanisms and functionalities to ensure effective and independent Shari'a oversight as per the requirements set out by the Central Bank and / or the Higher Shari'a Authority. The expected Shari'a governance framework is expected to incorporate a three lines of defence approach comprising the business line, the support and control functions and the internal Shari'a audit function.
- The Board must ensure that adequate resources are dedicated and provided to meet the objectives of Shari'a compliance and Shari'a governance.
- The Board, in coordination with the Internal Shari'a Supervisory Committee, must ensure the development, approval and implementation of internal policies related to the Group's compliance with Islamic Shari'a. Further, the Board shall also develop a performance assessment plan on the Internal Shari'a Supervisory Committee.

- The Board must maintain effective communication with the Internal Shari'a Supervisory Committee and ensure that meetings with the committee are held at least once per financial year.
- The Board must refer to the Internal Shari'a Supervisory Committee for all Shari'a matters related to the Group's activities, operations and code of conduct.
- The Board must ensure that the annual Shari'a report issued by the Internal Shari'a Supervisory Committee is submitted to the Higher Shari'a Authority for review and approval before sharing it with the shareholders at the general assembly.
- The Board is responsible for nominating the members of the Internal Shari'a Supervisory Committee and obtaining the Higher Shari'a Authority's approval on such members prior to presenting the nomination to the general assembly.
- The Board shall be responsible for appointing the Shari'a Controller (Head of the Internal Shari'a Audit Division) as required under the Shari'a Governance Standards as well as the Head of the Internal Shari'a Control Division.
- The Board is responsible for setting out a process to follow up on previous action points and the reporting of any breach or failure to comply. Following up on action points would help prevent any delay and manage the affairs on time.
- **Conduct Risk Oversight:** The Board is responsible overall for defining and setting out strategies, as well as managing and playing an active role in ensuring that relevant committees in general and the Board Risk Committee in particular have developed systems and procedures in place to identify and manage the conduct of the business across the Group. As part of its conduct risk supervision strategy, the Board will oversee the Risk Committee to make sure that the following strategic goals are achieved:

A. To take proactive steps to identify the conduct risks inherent within the business;

B. To encourage the individuals who work in front, middle, back office, control and support functions to feel and be responsible for managing the conduct of the business;

C. To provide the necessary support (broadly defined) to enable the staff to improve the conduct of the business or functions; and

D. To assess whether there are any other activities that should be undertaken and that could undermine strategies put in place to improve conduct.

In addition, the Board shall ensure conduct risk oversight in the following ways:

i. Holding the senior management accountable for conduct risk failings and, accordingly, to encourage the establishment of a strong conduct risk framework as an important tool in protecting senior management from any relevant liability;

ii. The Board Risk Committee to define the conduct risks that the Group is exposed to, such as insider dealing, conflicts of interest, product design or miss-selling, etc.;

iii. The Board Risk Committee shall have controls in place to monitor and mitigate the conduct risk on an on-going basis;

iv. The Board Risk Committee shall ensure that a gap analysis be conducted to assess any additional controls that need to be put in place;

v. The Board Risk Committee shall carry out any changes that need to be made within the Group from a cultural/values perspective and ensure that it is tracked;

vi. Establishing a clear relationship between conduct risk and business strategy;

vii. The Group should be able to demonstrate/evidence how conduct risk matters are driving business strategy and decision making; and

viii. Clear lines of responsibility and accountability for conduct risk should be established including a reporting line to a relevant senior manager if an individual is not a senior manager.

3.2 BOARD MEETINGS:

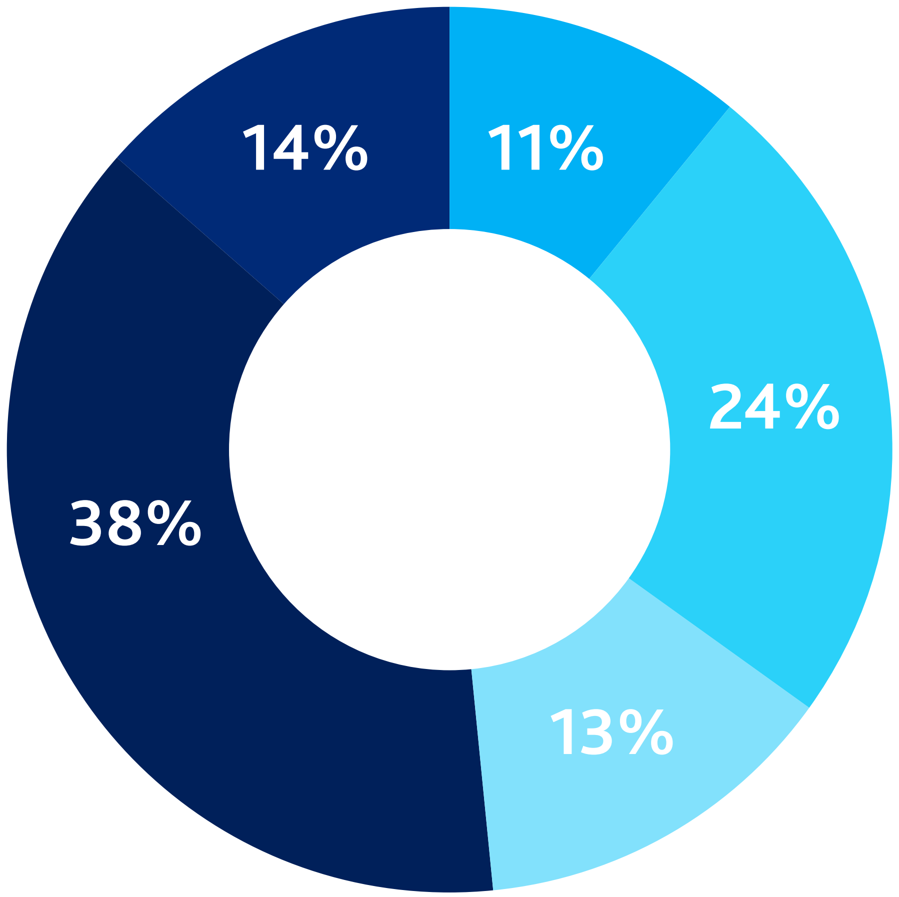
Statement of the Chairman of the Board:
"H.E. Jawaan Awaidha Suhail Al Khaili, Chairman of the Board of Directors, acknowledges his responsibility to discharge the responsibilities of the Board of Directors under its terms of reference and ensure its effectiveness."

During 2024, the Board remained focused on guiding ADIB's strategic direction, and its committees regularly discussed topics that are fundamental to the direction of ADIB, including business performance, long-term planning, strategy, ESG, digital transformation, risk appetite and management, succession planning, and human resources.

In 2024, the Board and its committees dedicated their efforts to a robust calendar of activities reviewed over 70 meetings to address activities across risk governance, business and credit management, strategy, compensation, succession planning and the internal control framework of the Group. The Board and its committees worked assiduously to provide direction to Senior Management and set the tone for a balanced approach to performance in line with strategic objectives. The Board and its committees also invested significant efforts to enhance their effectiveness. This was achieved by way of obtaining the guidance of the CBUAE, subject matter experts and the Group's external auditors. The Board also demonstrated a willingness and capability to be kept fully informed in areas essential to making a significant contribution to overall board governance by attending awareness sessions.

Date of Board Meeting	Number of Director Attendees	Number of Board Resolutions Passed	Number of Circular Resolutions Passed
January 23, 2024	7	6	3
March 5, 2024	7	1	
April 24, 2024	7	-	
July 24, 2024	7	-	
October 30, 2024	7	1	
November 18, 2024	7	-	

TIME ALLOCATION FOR 2024 BOARD MEETINGS



- Credit Facilities
- Updates of BAC & compliance with regulatory requirements
- Shariah Governance & Oversight
- Reviewing the financial performance of the Bank, annual budget plan for the year, and business updates
- Business, operational and strategic updates

3.3 BOARD COMMITTEES DETAILS & MEETINGS

The ADIB Board has established six specialised committees to assist in carrying out its duties and ensuring effective decision-making processes. These Board Committees play a critical role in supporting the Board by distributing its workload and enabling focused oversight of the Group's operations. Through their specialised nature, the committees are able to investigate and analyse complex matters, including technological and operational issues, and recommend actions or changes for final Board approval.

Each committee is chaired by a non-executive director with relevant areas of expertise, in line with best practices and the corporate governance regulations of the CBUAE. The committees operate under clearly defined Terms of Reference (ToR), which set out their scope, responsibilities, and objectives. The committees are required to meet as frequently as necessary to fulfil their mandates, ensuring adequate time for discussions, presentations, deliberations, and decision-making.

By leveraging the expertise and active participation of committee members, ADIB's Board Committees contribute significantly to the effective governance and oversight of the Group's operations, ensuring alignment with the strategic goals and regulatory requirements.

3.3.1 BOARD STRATEGY COMMITTEE (BSC)

"Dr. Faisal Al Shuaibi, Chairman of the Board Strategy Committee, acknowledges his responsibility to discharge the responsibilities of the Strategy Committee under its terms of reference and ensure its effectiveness."

The Strategy Committee guides ADIB's Executive Management in the execution of the Group's strategic objectives and business strategy within the limits of the Board Risk Appetite. The Committee also serves as a conduit between the Board and Senior Management on business issues. The Committee has the following major responsibilities:

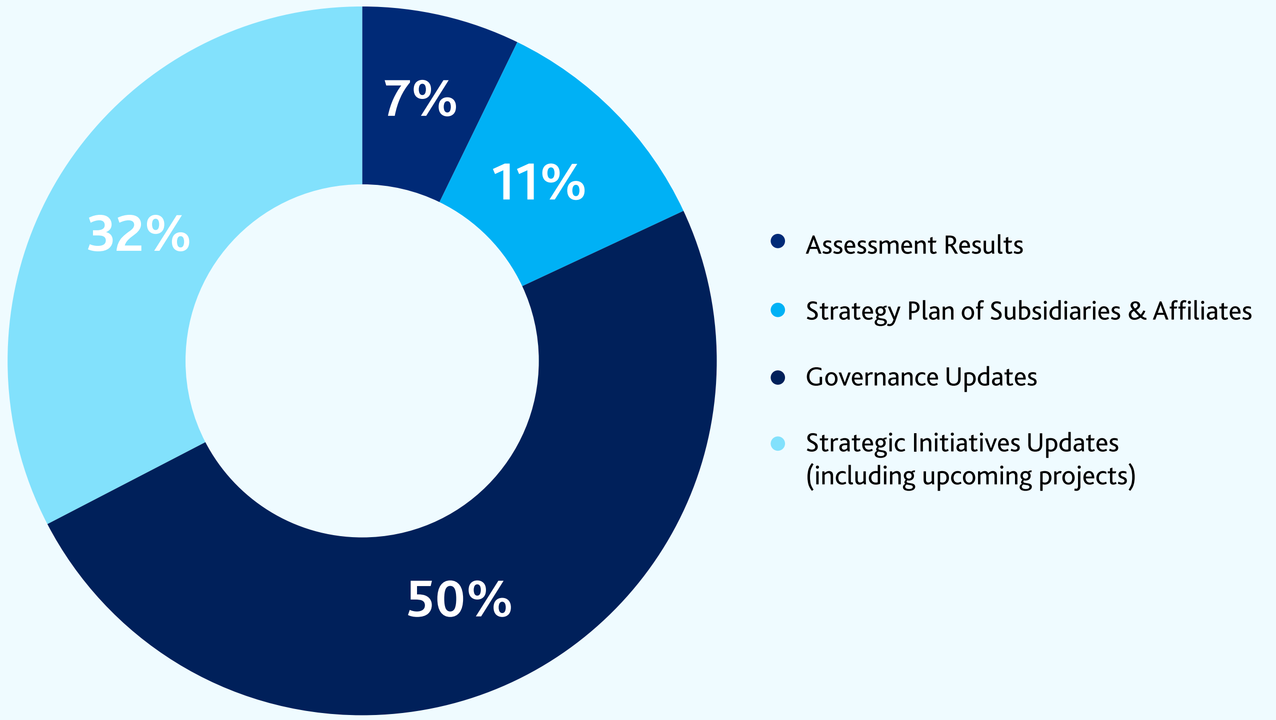
- Guide the Group's Executive Management to develop the Group's strategic objectives and business strategy.
- Conduct periodic reviews on the achievement of strategic objectives and business plans.
- Advise corrective actions wherever required.
- Act as a conduit between the Board and Senior Management on business issues.
- Review, consider, discuss, and challenge the recommendations submitted by the executive management regarding business strategy, budgets and annual plans.
- Work with management to make recommendations to the Board on the business strategy and long-term strategic objectives of ADIB, including all subsidiaries and affiliates.
- Review the financial performance of each business group on a quarterly basis and make recommendations should action be required.
- Review and recommend capital allocation within the ADIB Group to the Board
- Review the organisational structure of ADIB and make recommendations to the Board on any changes deemed necessary; and
- Review proposals from management for the establishment or disposal of branches, subsidiaries and new joint ventures, referring them to the Risk and Investment Approval Committee for final decision.

Members of the Strategy Committee:

- Faisal Al Shuaibi – Chairman
- Najib Fayyad – Vice Chairman
- Abdul Wahab Al Halabi – Member
- Khalifa Al Mheiri – Member
- Maha Al Qattan - Member

The BSC held 5 meetings, during the course of 2024, discussing critical points such as assessment results, governance updates, the strategic direction of upcoming projects, and the strategy plans for subsidiaries and affiliates. A significant focus was placed on prioritising the digital transformation of the bank, ensuring that technological advancements and digital initiatives were at the forefront of their strategic planning to enhance operational efficiency and customer experience.

TIME ALLOCATION FOR 2024 STRATEGY COMMITTEE MEETINGS



Date of Committee Meetings	Number of Member Attendees
January 29, 2024	5
May 6, 2024	3
August 21, 2024	5
October 15, 2024	5
November 20, 2024	5

3.3.2 BOARD AUDIT COMMITTEE (BAC)

"Mr. Abdul Wahab A Halabi, Chairman of the Board Audit Committee, acknowledges his responsibility to discharge the responsibilities of the Audit Committee under its terms of reference and ensure its effectiveness."

The BAC assists the Board in fulfilling its oversight responsibilities with respect to financial reporting and the adequacy of the Internal Controls Framework, which is assessed by External Auditors, Group Internal Audit, Group Compliance, and Internal Shari'a Audit Departments. Its major responsibilities are:

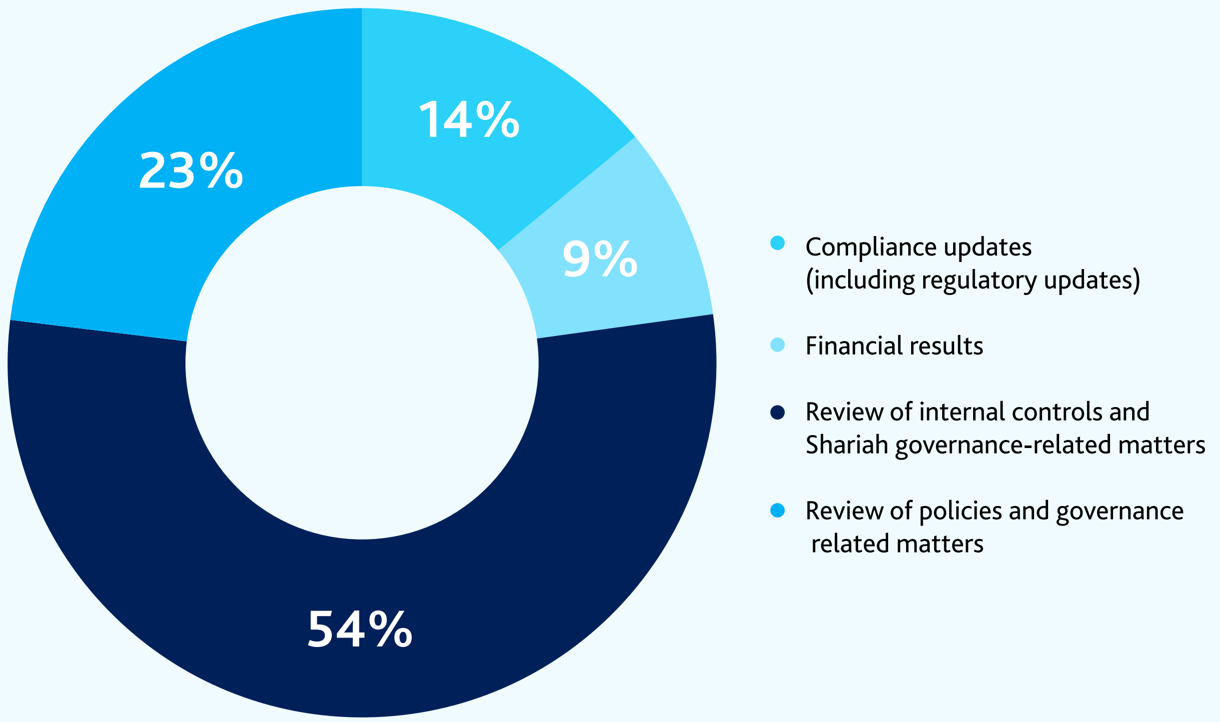
- Adequacy of the consolidated financial statements.
- Compliance with applicable laws and regulations by the Group.
- Effective risk management covering emerging risks in coordination with the Board Risk Committee.
- Competence and independence of the external auditors.
- Performance by Audit and Risk Review (Internal Audit) of its duties and maintenance of its independence.
- Performance review of Compliance function and assuring its independence.
- Adequacy and effectiveness of the internal control system.

Members of the Audit Committee:

- **Abdul Wahab Al Halabi – Chairman**
- **Abdulla Al Ahbabi – Member**
- **Najib Fayyad – Member**

The BAC held six meetings, during the course of 2024, to address several critical areas such as the quality and integrity of the Bank's financial statements, financial reporting, and disclosures, ensuring the effectiveness of the internal control framework. During these meetings, they reviewed and discussed audit committee reports, which included detailed evaluations of the institution's internal controls and risk management processes. Compliance updates were also a key focus, ensuring adherence to regulatory requirements and internal policies. The Committee examined financial results, analysing the bank's financial statements, performance metrics, and overall financial health. Additionally, they reviewed updates from the whistleblowing committee, which involved assessing reports of potential misconduct or unethical behaviour, ensuring that appropriate investigative and corrective actions were taken.

TIME ALLOCATION FOR 2024 AUDIT COMMITTEE MEETINGS



Date of Committee Meetings	Number of Member Attendees
January 23, 2024	3
March 6, 2024	3
April 24, 2024	3
July 24, 2024	3
October 30, 2024	3
December 10, 2024	3

RELATION BETWEEN BOARD AUDIT COMMITTEE AND EXTERNAL AUDITORS

Appointment and Oversight of the External Auditor by the BAC

ADIB has a structured policy governing the selection, engagement, and oversight of its external auditors, with robust assessment and rotation procedures managed by the BAC. The appointment of the external auditor is subject to shareholder approval at the General Assembly Meeting (GAM), with Deloitte appointed as ADIB's external auditor for 2024. In accordance with regulatory requirements, the GAM appoints the external auditor for a one-year term, with a maximum tenure of six consecutive years.

The BAC conducts an annual review of the external auditor's quality, performance, and independence, providing recommendations to the Board regarding reappointment or change. This assessment considers factors such as service quality, institutional knowledge and experience, resource adequacy, communication effectiveness, independence, objectivity, and professional scepticism.

For the financial year ended 31 December 2024, the BAC reviewed and discussed ADIB's audited financial statements with management and the external auditor, including management's assessments and the auditor's evaluation of ADIB's internal control over financial reporting. The BAC confirmed the external auditor's independence, having received all required disclosures and correspondence in line with the International Ethics Standards Board for Accountants (IESBA) Code and other applicable ethical standards.

By adhering to these stringent policies and procedures, ADIB ensures that its external audit process remains transparent, accountable, and aligned with the highest standards of corporate governance.

External Audit Reservations

No reservations were raised by the external auditor in respect to the annual Audit for the year ending on 31st December 2024.

Management of Non-Audit Services

Permitted non-audit services are those allowable under the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and may be performed by ADIB's Statutory Auditor. For such services, the scope and fees are proposed and approved by the BAC. It is ensured that the nature of these services does not create a conflict of interest or compromise the auditor's independence.

External Auditor fees

Annual Audit and Quarterly Review Fees

Charges incurred for the professional services rendered by external auditors in auditing and reviewing the financial statements of ADIB, ensuring compliance with regulatory requirements and accounting standards.

Other fees

Fees for services provided by the external auditors that do not fall under "Annual Audit and Quarterly Review Fees" and required to be performed by auditors according to applicable regulatory requirements.

Fee (AED)	2024
Annual audit and quarterly review fees	AED 1,972,608
All other fees	AED 1,654,180
Total fees	AED 3,626,788

3.3.3 BOARD RISK COMMITTEE (BRC)

"Mr. Khalifa Al Mheiri, Chairman of the Risk Committee, acknowledges his responsibility to discharge the responsibilities of the Risk Committee under its terms of reference and ensure its effectiveness."

The BRC assists the Board in fulfilling its oversight responsibilities including:

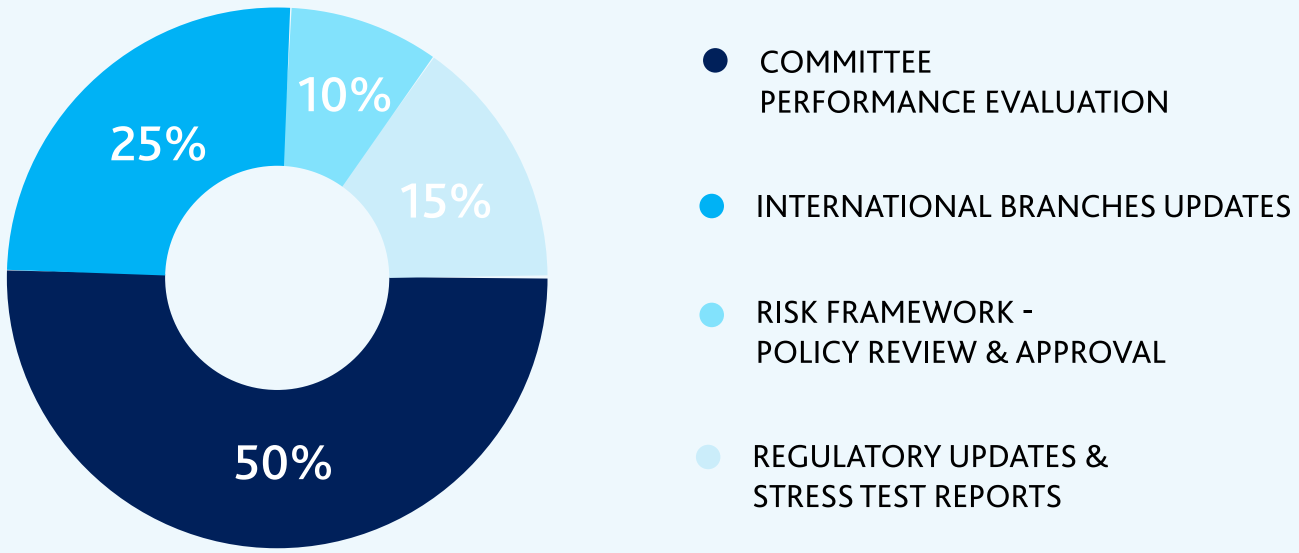
- Review of the risk profile of the Group at the enterprise level and recommendations on appropriate calibration of this profile, in line with the applicable regulatory standards, rating consideration and business strategy.
- Review of the risk management frameworks for the Group and recommendations on the same to the Board, in alignment with the requirements of the Basel Committee on Banking Supervision, and in compliance with all local regulatory requirements.
- Review of the Risk Strategy covering the risk appetite, risk management framework encapsulating risk infrastructure, framework for risk policies and procedures, adequacy of risk staffing and implementation plan. In addition, any major changes in the risk rating approaches followed by the Group will also be reviewed and recommended to the Board.
- Review of portfolio limits relating to the key risk exposures undertaken by the Bank.
- Monitor the alignment of ADIB's risk profile with its approved risk strategy and risk appetite.
- Receive regular reports from the Group Chief Risk Officer (GCRO) on the Group's major risk exposures, monitor significant financial and other risk exposures; and reviewing the steps taken by the management to control such risks within the approved risk appetite of the Group.
- Review annual Internal Capital Adequacy Assessment Process (ICAAP) plan and recommend its approval to the Board.
- Review and recommend key risk policies including credit risk, market risk, trading risk, liquidity risk, and operational risk.
- Review reports from regulatory agencies or internal audit relating to risk issues and monitor management's responses.

Members of the Risk Committee:

- **Khalifa Al Mheiri – Chairman**
- **Abdul Wahab Al Halabi – Member**
- **Faisal Al Shuaibi– Member**
- **Najib Fayyad – Member**

The BRC held five meetings, during the course of 2024, to ensure that the Bank's enterprise risk management framework, related policies, systems and practices are fully aligned with regulatory expectations and the Board approved strategy and risk appetite. During the meetings, the BRC approved the formation of a Profit Equalisation subcommittee to fully comply with the CBUAE Standard Regarding Profit Equalization for Islamic Banks, linked to the Risk Management Regulations, which is significantly relevant to ADIB. The Committee conducted performance evaluations to assess their effectiveness and identify areas for improvement. They examined group risk standard reports and the risk appetite statement, which define the level of risk the bank is willing to accept in pursuit of its objectives. Updates from international branches were discussed to ensure consistent risk management practices across all locations. Regulatory updates were reviewed to ensure compliance with evolving legal and regulatory requirements. The Committee also evaluated risk-related policies to ensure they are up-to-date and effective. Additionally, stress testing reports were analysed to assess the bank's resilience under various adverse scenarios, ensuring preparedness for potential risks.

TIME ALLOCATION FOR 2024 RISK COMMITTEE MEETINGS



Date of Committee Meetings	Number of Member Attendees
February 28, 2024	3
June 12, 2024	4
June 25, 2024	3
September 19, 2024	4
November 26, 2024	4

3.3.3.1 PROFIT EQUALISATION COMMITTEE

The Profit Equalisation Committee is subcommittee to the Board Risk Committee constituted in accordance with the Standard Regarding Profit Equalization for Islamic Banks set by the CBUAE. The primary role of the Committee is to manage and oversee the Profit Equalisation Reserve (PER) and Investment Risk Reserve (IRR). The PER is a reserve set aside from the profits before they are distributed to investment account holders and the bank, ensuring consistent and competitive returns even during periods when the investment pool's profits are below market expectations. The IRR is a reserve created from the income of investment account holders, after allocating the mudarib's share, to cushion the effects of future investment losses. These reserves are instrumental in stabilising returns for investment account holders and mitigating potential future investment losses, thereby significantly enhancing the bank's financial stability and resilience.

The Committee is responsible for:

- Setting aside amounts from the profits before allocation between the Investment Account Holders (IAH) and the bank. This reserve is used to smooth out the returns for IAHs during periods when the investment pool's profits are below market expectations.
- Monitoring the utilisation of reserves like the PER and Investment Risk Reserve (IRR).
- Developing and implementing methodologies to identify, monitor, measure, and report the impact of Displaced Commercial Risk (DCR). This involves ensuring that the bank can voluntarily pay a return that exceeds the rate earned on the assets financed by IAH's funds when necessary.
- Ensuring that the management of the Profit Equalisation Reserve (PER) and Investment Risk Reserve (IRR) complies with regulatory requirements and guidelines set by the CBUAE and the Higher Shari'ah Authority (HSA). This includes developing and updating policies and procedures related to profit equalisation.
- Deciding on the allocation and utilisation of the PER and IRR to balance the interests of the bank, shareholders, and IAHs. This involves making strategic decisions to optimise returns and manage risks.
- Transparent reporting and communication regarding the PER and IRR to stakeholders. This ensures clarity on how the reserve is managed and utilised.

3.3.4 BOARD CREDIT & INVESTMENT COMMITTEE (BCIC)

"H.E. Jawaan Awaidha Suhail Al Khaili, Chairman of the Credit & Investment Committee, acknowledges his responsibility to discharge the responsibilities of the Credit & Investment Committee under its terms of reference and ensure its effectiveness."

The BCIC considers and approves ADIB's risk exposures, high value transactions and major items of capital expenditure. In addition, this Committee is also responsible for monitoring credit portfolio quality and provisions. The Committee has the following major responsibilities:

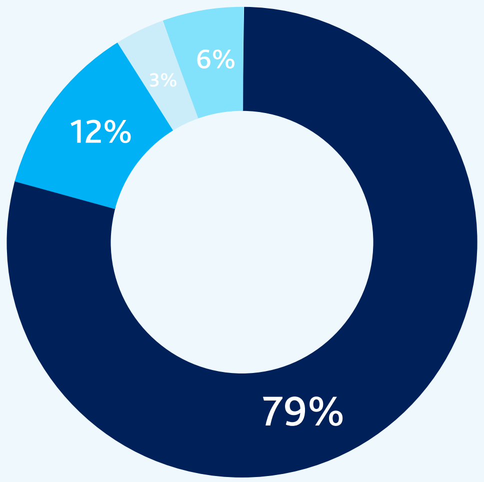
- Review and approve credit and other risk exposures.
- Review the credit portfolio on a periodic basis to assess alignment with the approved credit strategy and risk appetite of the Group.
- Review actions undertaken by management regarding remedial activities.
- Monitor general and specific provisions.
- Approve significant and high value transactions regarding acquisitions and divestures, new business initiatives and proprietary investments, international business, and merger and acquisitions.
- Review and recommend approval to the Board for those investment proposals requiring such approval due to regulations.
- Approve high value transactions in respect of capital expenditure, IT projects and procurement of equipment and materials for the Bank's operations.
- Review and make recommendations to the Board on any material non-credit related party transactions.

Members of the Credit & Investment Committee:

- Jawaan Al Khaili – Chairman
- Khalifa Al Mheiri – Vice Chairman
- Abdulla Al Ahbabi – Member
- Abdul Wahab Al Halabi – Member
- Najib Fayyad – Member

The BCIC, held 38 meetings, during the course of 2024, to discuss several key areas, including the approval of credit and investment-related matters, ensuring that all proposals met the institution's risk and return criteria. They conducted comprehensive portfolio reviews to assess the performance and risk profile of the bank's credit and investment portfolios, adjusting as necessary to optimise returns and manage risks. Quarterly updates were also a significant part of their discussions, providing regular insights into market conditions, economic trends, and the performance of existing investments. Through the Committee, the Bank was able to meet key objectives while reinforcing the tolerances set in the Board-approved risk appetite in line with CBUAE credit risk management requirements for retail and corporate financing. The BCIC also approved significant strategic investments required for ADIB to remain agile and maintain its competitive advantage within a competitive market.

TIME ALLOCATION FOR 2024 BCIC COMMITTEE MEETINGS



- APPROVALS (CREDIT & INVESTMENT RELATED MATTERS)
- CREDIT LIMIT REVIEW & APPROVALS (INCLUDING INVESTMENT RELATED MATTERS)
- QUARTERLY UPDATES (INCLUDING REGULATORY UPDATES) & PORTFOLIO REVIEWS
- GOVERNANCE & BOARD RELATED MATTERS (INCLUDING POLICY REVIEWS)

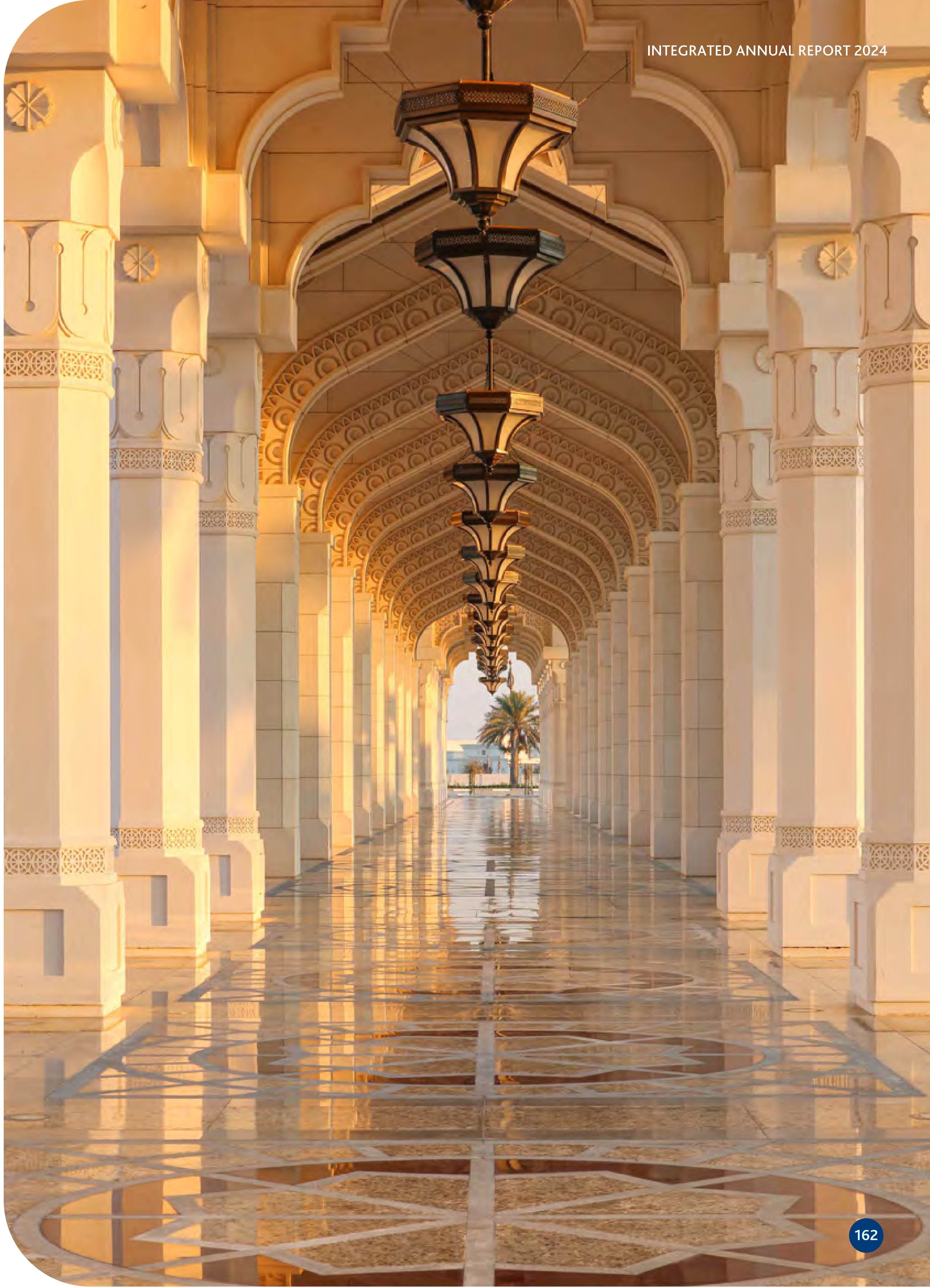
Date of Committee Meetings	Number of Member Attendees
January 18, 2024	4
January 25, 2024	4
January 31, 2024	4
February 9, 2024	4
February 19, 2024	4
February 26, 2024	4
March 7, 2024	4
March 14, 2024	3
March 21, 2024	4
March 26, 2024	4
April 1, 2024	4
April 18, 2024	4
May 1, 2024	4
May 16, 2024	4
May 23, 2024	3
June 6, 2024	4
June 14, 2024	4
June 27, 2024	4
July 11, 2024	4
July 18, 2024	3
July 25, 2024	4
August 2, 2024	4
August 15, 2024	3
August 22, 2024	4
August 29, 2024	3
September 5, 2024	3
September 12, 2024	4
September 19, 2024	4
September 23, 2024	4
October 3, 2024	4
October 10, 2024	3
October 17, 2024	4
October 31, 2024	4
November 15, 2024	4
November 22, 2024	4
November 29, 2024	4
December 12, 2024	4
December 19, 2024	4

3.3.5 BOARD NOMINATION & COMPENSATION COMMITTEE (NCC)

"H.E. Jawaan Awaidha Suhail Al Khaili, Chairman of the Nomination & Compensation Committee, acknowledges his responsibility to discharge the responsibilities of the Nomination & Compensation Committee under its terms of reference and ensure its effectiveness."

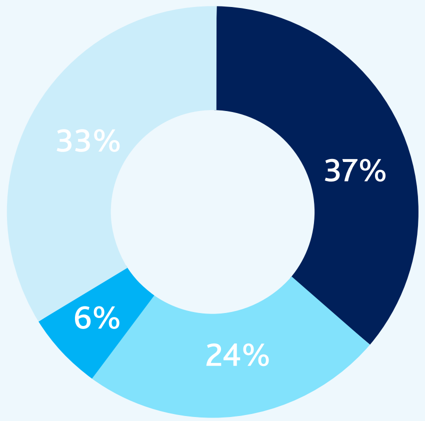
The NCC assists the Board in fulfilling its oversight responsibilities in respect of the following for the Group:

- Review the selection criteria and number of executive and employee positions required by ADIB; approve the overall manpower of ADIB based on reports submitted by the GCEO, taking into consideration the advice of an independent and recognised consulting firm.
- Review the policy for the remuneration, benefits, incentives and salaries of all ADIB employees on an annual basis, including Bank and non-Bank subsidiaries and affiliates, as submitted by the GCEO, taking into consideration the advice of an independent and recognised consulting firm.
- Identify and nominate, for approval of the Board, candidates for appointment to the Board
- Recommend on succession plans for Directors.
- Input on renewal of the terms of office of non-executive Directors.
- Assist with membership of Board committees, in consultation with the Board's Chairman and the Chairmen of such committees.
- Guide on matters relating to the continuation in office of any Director at any time.
- Recommend on appointments and re-appointments to the Boards of major subsidiaries and controlled affiliated companies.
- Ensure the independence of the independent directors and any qualified subject matter expert appointed to a Board committee; and
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations to the Board regarding any changes.



The NCC held ten meetings, during the course of 2024, to address several pivotal areas. They discussed governance and board-related matters, ensuring that the board's composition and operations adhered to best practices and regulatory standards. Compensation discussions included comprehensive reviews of bonus structures and salary adjustments, aiming to maintain competitive and equitable remuneration for employees. Human resources topics covered employee survey results and satisfaction levels. The Committee also emphasized learning and development initiatives, focusing on continuous professional growth and skill enhancement for employees. Policy reviews were conducted to ensure that all HR and compensation policies remained current and effective.

TIME ALLOCATION FOR 2024 NCC COMMITTEE MEETINGS



- COMPENSATION (INCLUDING BONUS & SALARY REVIEW)
- HUMAN RESOURCES
- LEARNING & DEVELOPMENT
- GOVERNANCE & BOARD RELATED MATTERS (INCLUDING POLICY REVIEWS)

Date of Committee Meetings	Number of Member Attendees
January 30, 2024	5
February 8, 2024	5
March 18, 2024	5
May 6, 2024	4
May 29, 2024	4
June 6, 2024	4
August 22, 2024	5
September 10, 2024	4
September 17, 2024	5
November 18, 2024	5

3.3.6 ENVIRONMENTAL, SOCIAL,& GOVERNANCE COMMITTEE (ESG)

"Ms. Maha Mohammad Al Qattan Chairman of the ESG Committee, acknowledges her responsibility to discharge the responsibilities of the ESG Committee under its terms of reference and ensure its effectiveness."

The key objectives of the Committee are:

ESG / Sustainability goals, targets, policies, strategies, initiatives, programmes, and related plans (e.g.: short-term and long-term) proposed by the ESG Department; taking into consideration the following:

- ADIB's ESG / Sustainability targets and annual budget requirements.
- Alignment with ADIB's corporate strategy.
- Actions related to ESG / Sustainability-related risks, opportunities, and material issues.
- Recommendations proposed by the ESG Department to enhance ADIB's ESG Sustainability-related progress.

Members of the ESG Committee:

- Maha Al Qattan - Chairman
- Abdullah Al Ahbabi – Member
- Abdul Wahab Al Halabi - Member

The ESG Committee held two meetings, during the course of 2024, to discuss Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) plans, ensuring that these initiatives align with the bank's strategic objectives and sustainability goals. The committee reviewed ESG ratings and conducted gap assessments to identify areas where the bank needs to improve to meet regulatory requirements. Group ESG updates were provided to ensure consistency and progress across all branches and subsidiaries. Additionally, the committee reviewed and updated ESG policies to ensure they remain relevant and effective.

TIME ALLOCATION FOR 2024 ESG COMMITTEE MEETINGS

Date of Committee Meetings	Number of Member Attendees
March 28, 2024	3
July 11, 2024	3

3.4 MANAGEMENT COMMITTEES

To support the execution of ADIB's objectives and ensure the effective planning, oversight, and monitoring of the Group's operations, several Management Committees have been established. These committees play a critical role in driving decision-making across key areas of the business, including asset management, risk, credit and investment, procurement, and information security.

Each Management Committee operates under a clearly defined Terms of Reference (ToR), which outlines its authority, responsibilities, meeting frequency, and operational practices. The ToR provides a structured framework that ensures each committee can effectively address specific operational and strategic issues. This structured approach facilitates clear communication, accountability, and alignment with the Group's overall goals.

The Group's Management Committees are pivotal in driving decision-making across multiple business areas, including the management of assets, risk, credit and investment, procurement and information security. Below is the list of the Management Committees at ADIB:

- GSAM Management Credit Committee
- Management Executive Committee
- Management Risk Committee
- Management Procurement & Outsourcing Committee
- Management Digital Steering Committee
- Compliance Management Committee
- Management Credit Committee
- Management Projects Investment Committee
- Asset & Liability Committee
- ADIB UAE & ADIB Egypt SteerCo

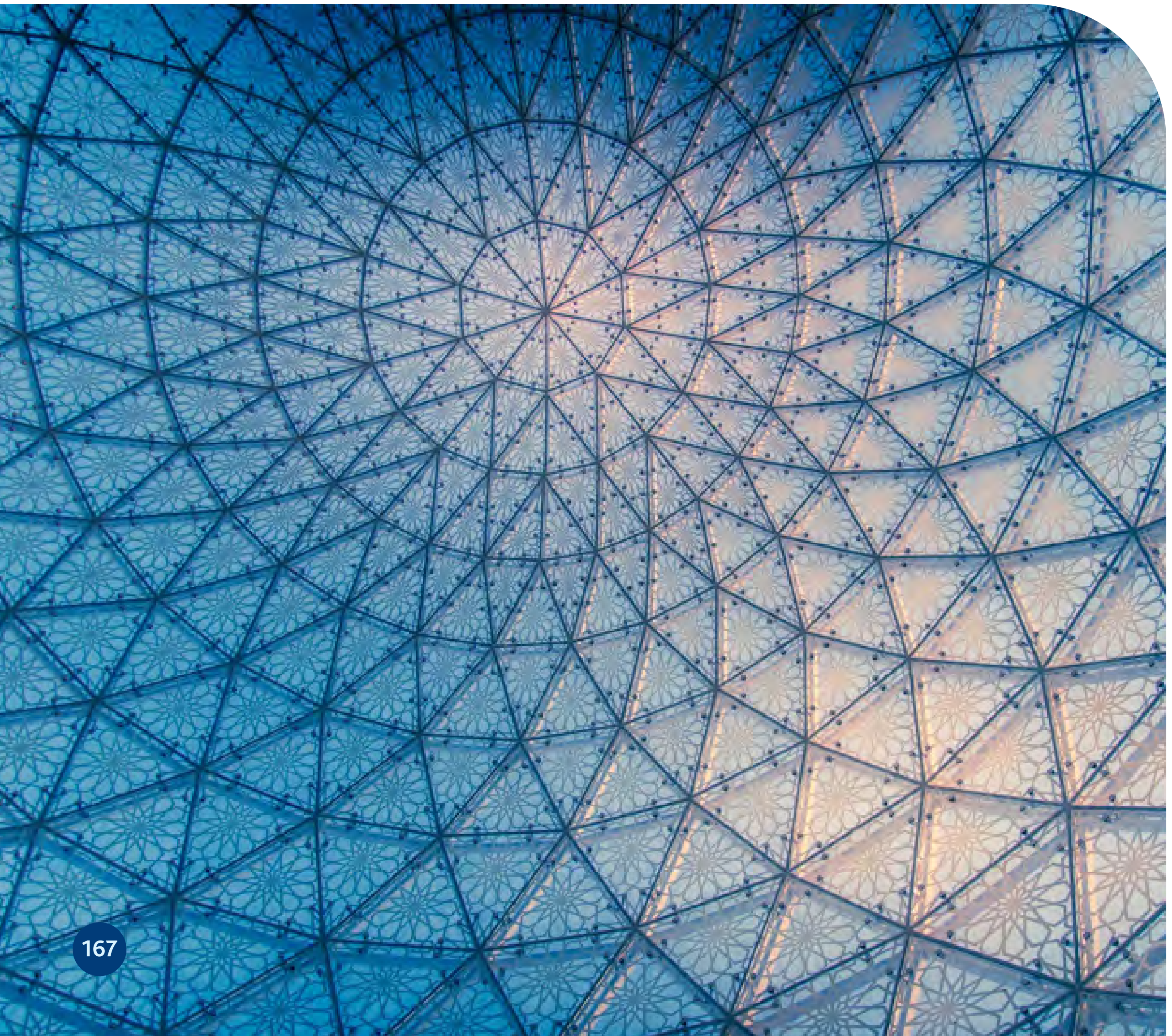
3.5 EXTERNAL AUDITOR

3.5.1 SELECTION OF THE EXTERNAL AUDITOR

ADIB has a policy for the engagement of its external auditors, which includes a robust assessment and rotation procedures. The shareholders approved the appointment of Deloitte as the Group External Auditors of ADIB for 2024 at the GAM.

The ADIB GAM shall appoint the Group External Auditor for one financial year from the date of the general meeting. The appointment of the Group External Auditor may not exceed a total of six consecutive years. The BAC reviews the quality, performance and independence of Group External Auditor annually and recommends reappointment, or otherwise, to the Board. In its evaluation, the BAC considers whether the retention of the external audit firm is in the best interests of ADIB and its shareholders. This evaluation considers the firm's quality of service, the firm's institutional knowledge and experience, the firm's sufficiency of resources, the quality of the communication and interaction with the firm, the firm's independence, objectivity and professional skepticism.

By adhering to these stringent policies and procedures, ADIB ensures that its external audit process remains transparent, accountable, and aligned with the highest standards of corporate governance.



3.5.2 MANAGEMENT OF NON-AUDIT SERVICES

Permitted non-audit services are those allowable under the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and may be performed by ADIB's Statutory Auditor. For such services, the scope and fees are proposed and approved by the BAC. It is ensured that the nature of these services does not create a conflict of interest or compromise the auditor's independence.

3.5.3 EXTERNAL AUDITOR FEES

Audit Fees

Charges incurred for the professional services rendered by external auditors in auditing the financial statements of ADIB, ensuring compliance with regulatory requirements and accounting standards.

Other fees

Fees for services provided by the external auditors that do not fall under audit fees. This category includes various consulting and advisory services.

Fees (AED)	2024
Audit fees	AED 1,972,608
All other fees	AED 1,654,180
Total fees	AED 3,626,788

3.5.4 2024 AUDIT RESERVATIONS

No reservations were raised by the external auditor in respect to the Audit year ending on 31st December 2024.

4. BOARD OVERSIGHT OF INTERNAL CONTROLS

4.1 BOARD OVERSIGHT OF RISK MANAGEMENT

ADIB has established an overarching Risk Management Framework to proactively manage risks across the Group. This framework is built on well-defined principles, policies, organisational structures, approval authorities, and robust processes for risk measurement, monitoring, and control. It ensures that risk management practices are embedded across all areas of the Group's operations.

The BRC has been delegated authority by the Board to oversee the monitoring of principal risks and to provide guidance on risk tolerance during the development and execution of new strategic initiatives across ADIB Group entities. The BRC plays a pivotal role in ensuring that ADIB operates within acceptable risk levels while maintaining compliance with regulatory obligations and strategic commitments.

ADIB faces a broad range of risks, which are outlined in the Group Risk Appetite Statement (RAS). The RAS, approved by the Board, is a critical component of the Risk Management Framework, defining thresholds and boundaries to ensure the Group operates within its risk tolerance levels. This statement provides a foundation for decision-making and helps safeguard the Group's financial and operational integrity.

The Board is further supported by a robust internal control framework, which provides assurance on both financial and non-financial operations, complemented by internal and external audit functions. In 2024, the BRC monitored the consistent application of risk standards to ensure compliance with the CBUAE requirements across the ADIB Group.

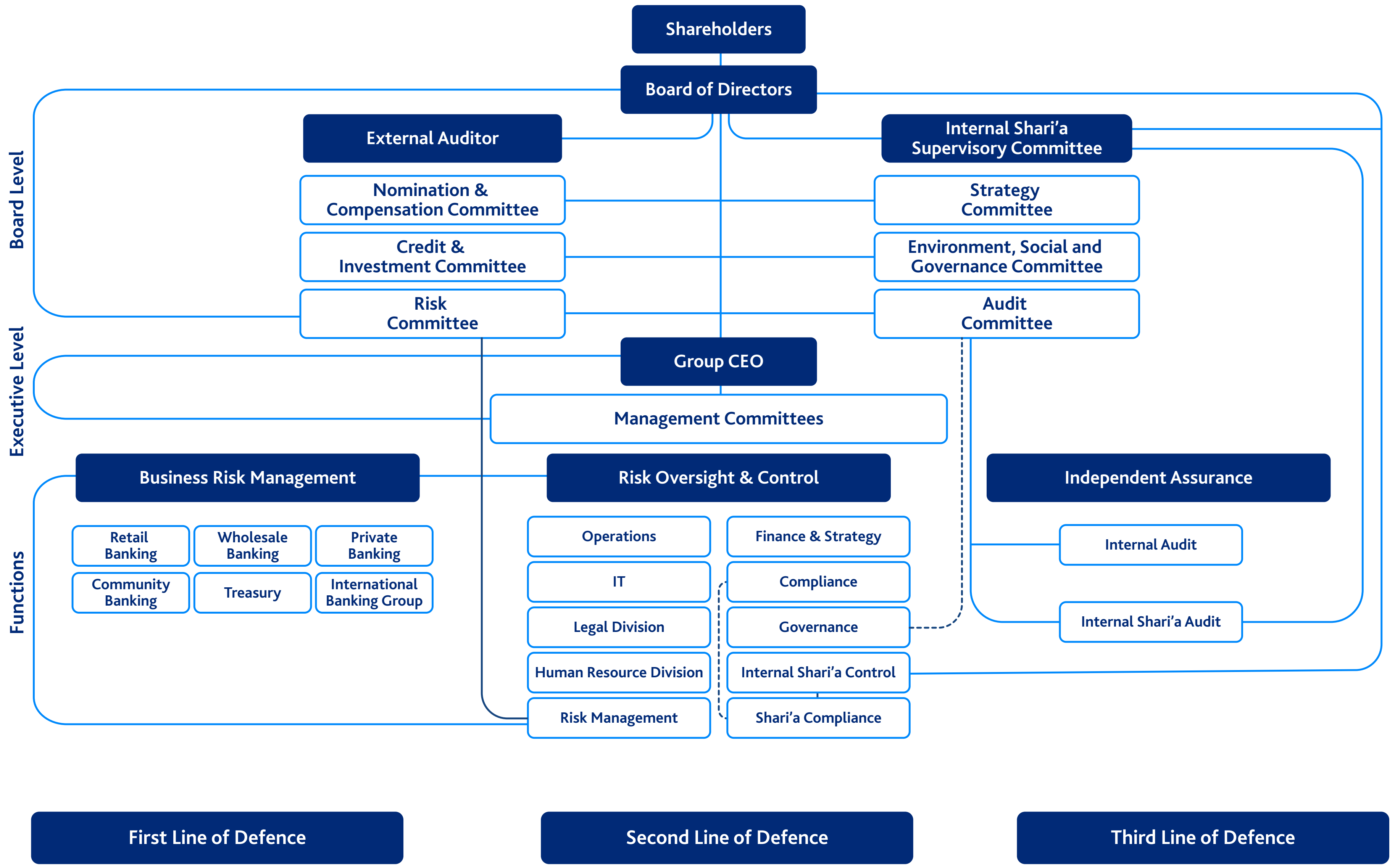
Throughout the year 2024, the BRC received periodic reports on stress testing conducted by the Senior Management Enterprise Risk Committee (ERC). These reports demonstrated ADIB's resilience in various scenarios, confirming alignment with the Group's risk appetite. Additionally, the BRC monitored the effectiveness of risk management systems and the overarching Risk Management Framework to ensure sustainability and scalability as part of ADIB's approved five-year strategy.

The GCRO oversees the implementation of ADIB's Risk Management Framework and reports directly to the BRC. The GCRO is also a member of the ERC and is responsible for the comprehensive management of all risks, including credit, market, and operational risks. This structure ensures effective governance and alignment with ADIB's strategic goals.

4.2 THREE LINES OF DEFENCE

ADIB employs a robust Three Lines of Defence (3LOD) risk management framework, aligning with the CBUAE Corporate Governance Regulations. This framework clarifies roles, responsibilities, and accountabilities for risk management across the Group, ensuring effective governance, oversight, and compliance. Widely adopted by financial institutions globally, the 3LOD model serves as an essential tool to manage risk while promoting collaboration and coordination between business, enablement, and control functions.

The 3LOD framework provides clear segregation of responsibilities, controls, monitoring, and reporting, tailored to the size, nature, and regulatory environment of the Bank. Each line of defence has distinct responsibilities as outlined below:



- First Line of Defence – Business Units

The Bank's business units, including Relationship Management and Product Management, form the first line of defence. These units are responsible for originating risk and remain accountable for the ongoing management of such risks. Their responsibilities include directly assessing, controlling, and mitigating risks to ensure alignment with the Bank's risk appetite and policies.

- Second Line of Defence – Support Functions and Control Functions

The second line of defence comprises the Support Functions and Control Functions (illustrated in the table below). These enablement and control functions independently monitor and oversee the risk-taking activities of the business lines. They are responsible for assessing risks and issues, promoting collaboration, and ensuring Senior Management and business lines document risk ownership during the business activities and processes. The second line of defence ensures that the first line of defence is properly designed, in place, and operating as intended.

- Third Line of Defence– Internal Audit

The third line of defence is the independent Internal Audit function, which provides an objective assessment of the Bank's overall internal control system. This function evaluates the effectiveness of both the first and second lines of defence and ensures the quality and robustness of the Group's risk management and internal controls.

By adopting this comprehensive approach, ADIB ensures that risks are identified, assessed, and managed effectively, while fostering accountability and collaboration across the organisation. The 3LOD framework forms a cornerstone of the Bank's risk governance strategy, supporting its ongoing commitment to regulatory compliance and operational excellence.

4.3 BOARD OVERSIGHT OF FINANCIAL REPORTING, INTERNAL CONTROLS, CORPORATE GOVERNANCE AND COMPLIANCE

The ADIB Board is committed to ensuring the integrity, accuracy, and transparency of the Group's financial reporting and disclosures. This responsibility is carried out through a robust governance framework supported by the BAC. The BAC plays a pivotal role in overseeing the financial reporting process, internal control systems, and the effectiveness of compliance and internal audit functions.

The BAC ensures adherence to the highest standards of financial reporting by monitoring ADIB's accounting policies, principles, and judgments. While the Board retains ultimate responsibility for the Group's financial statements and annual report, the BAC ensures these disclosures meet regulatory and governance standards. The BAC is supported by ADIB's independent external auditors, Deloitte, and has permanent access to subject matter experts to enhance oversight.

ADIB's internal control system operates at multiple governance levels across the Group and is built on a foundation of accountability, delegation, and collaboration. This system ensures alignment of objectives, resources, and mechanisms deployed within the Group. The key contributors to the internal control system include the Internal Audit, External Audit, Risk, Compliance, Finance, Legal, and Corporate Governance functions. Policies and procedures are tailored to the needs of specific departments and business units to promote effective implementation across the organisation.

The Group Internal Audit (GIA) function reports directly to the BAC, maintaining its independence and enabling the committee to monitor the effectiveness of the Group's controls and processes. The BAC is responsible for approving the annual internal audit plan and ensuring that identified deficiencies are addressed in a timely manner. Similarly, the Compliance Function reports to the BAC, providing updates on ADIB's adherence to regulatory guidelines, anti-money laundering (AML) and know-your-customer (KYC) standards, and any suspicious activity reports. The BAC conducts an annual review of the effectiveness of the compliance function, ensuring ADIB meets all applicable regulatory requirements.

Throughout 2024, the BAC conducted regular reviews of financial reporting, IFRS governance, and the progress of the Group Internal Audit Plan. The Committee also evaluated the performance and independence of the Compliance Function, Corporate Governance Department, and the embedding of governance frameworks. Internal Shari'a Audit Department reviews were presented to the BAC as part of its oversight responsibilities.

GIA and External Auditors submitted reports to the BAC during 2024, outlining the effectiveness of internal controls and highlighting any material matters related to financial reporting or internal controls. Additionally, the Compliance and Risk functions provided quarterly updates to the BAC and BRC, further strengthening ADIB's Group risk governance framework.

4.4 DELEGATION OF AUTHORITY

During the year, ADIB's Board approved the Delegation of Authority (DoA) framework which enables effective and accountable decision-making by defining the powers and responsibilities delegated by the Board to the management. This framework ensures clarity, reduces ambiguity, and supports the efficient execution of the Bank's strategic priorities while maintaining robust oversight.

The Board retains ultimate responsibility for setting ADIB's strategic objectives, determining its risk appetite, and overseeing management. Specific powers are then delegated to Board Committees, which provide focused oversight in key areas of governance and operations. The GCEO is entrusted with operational management and the execution of strategic goals, with the authority to sub-delegate specific responsibilities to Senior Management and other designated individuals. This structured approach ensures clarity, accountability, and alignment throughout the organisation.

The delegation of authority is formalized through Powers of Attorney (POAs) issued by the Chairman and the GCEO. In 2024, ADIB revised and renewed POAs for the GCEO and Senior Management, ensuring alignment with regulatory requirements and strategic priorities. These POAs, valid for three years, undergo legal and notary reviews to ensure they are appropriately documented. Additional POAs may be issued to other employees or external representatives, such as legal advisors, as necessary.

Through its well-structured DoA framework, ADIB fosters clear accountability and effective governance, enabling the seamless execution of its strategic objectives.

4.5 VIOLATIONS, CAUSES & AVOIDANCE

ADIB maintains a process to ensure effective compliance with relevant regulations and to report any violations or matters of significance. During 2024, all identified material issues or Matters of Significance were reported to Senior Management and, where applicable, escalated to the Board and/or Board Committees by the Group Head of Audit, Group Chief Compliance Officer (GCCO) and/or GCRO.

4.6 ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG)

Overview of ADIB's ESG performance

Governance

From a governance perspective, ADIB applies best practice by the presence of ESG Committees at both the executive management, and the board levels. Oversight over ESG activities is thus addressed at all relevant governance levels, with periodic, quarterly committee meetings. The responsibility of the ESG management committee is oversight and executive decision making with regard to bank-wide ESG matters, including sustainable finance, regulatory compliance, leading regional and global best practice, strategy, governance, risk management, and all other areas of relevance. The board committee performs a board level oversight function on the same.

Risk Management

ADIB has incorporated ESG and sustainability related risks into its bank-wide risk management. This included policy changes in the bank's Risk Management Policy, as well as a complete ESG Risk Management Policy, which is available here. This covers our approach towards ESG risks, including the screening of deals and transactions with a proprietary ESG risk due diligence toolkit, which leverages global standards and best practice, to ensure transactions are screened and given ESG risk ratings. This combines both ADIB-conducted due diligence, and existing ESG risk ratings by providers such as Sustainalytics, MSCI, S&P, etc. to create a cohesive ESG risk assessment. This due diligence is used to either qualify transactions, implement mitigating measures for flagged ESG risks, require escalation for approval, or to reject deals based on the exclusion list. Further, the ESG Risk Policy outlines restricted activities, which require enhanced due diligence processes to ensure that the transactions do not pose unmitigated ESG risks.

We have also conducted climate related stress testing within our risk management function.

Sustainable Finance & Sustainable Instruments

ADIB has progressed significantly within the realm of sustainable finance. Historically, the bank has financed sustainable finance, covering renewable energy, water desalination and wastewater management, clean transport, energy efficiency, and affordable housing, among others. In 2023, ADIB published a second-party opinion approved Sustainable Finance Framework (read here), that covers the eligible assets and categories for sustainable finance instruments use of proceeds. This framework leverages global standards such as the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond Guidelines issued by the International Capital Market Association (ICMA), as well as the Green Loan Principles and the Social Loan Principles, issued by the Loan Market Association (LMA). It also covers ADIB's exclusion list which expands the Shari'a exclusion list of activities to ESG related exclusions.

Also in 2023, ADIB issued a USD 500 million green sukuk; the world's first dollar denominated green sukuk issued by a bank. The five-year senior sukuk rated A+ by Fitch are priced at a profit rate of 5.695 percent per annum and are payable semi-annually. The issuance was met with exceptional demand with the final orderbook closing at USD 2.6 billion, representing an oversubscription rate of 5.2 times.

Our first Sukuk Impact and Allocation report will be aligned with end of year December 31 reporting and can be expected to be published in early 2025.

Most recently, in 2024, the bank has also finalized its Sustainable Finance Strategy to 2030, with an internal goal of growing the sustainable finance portfolio for 2030, from 2024 numbers. This strategy included a year-by-year plan for sustainable product development, as well as financial targets by segment, with a target of AED 60 Billion in Sustainable Finance mobilized by 2030.

Net Zero Targets

ADIB has also become the first Islamic bank to announce sector specific financed emissions reduction targets for 2030, as part of the bank-wide effort to decarbonise and align itself with the national and agenda of achieving Net Zero by 2050. These financed emissions targets cover our highest impact sectors including home finance, automobile finance, real estate development, utilities, aviation, and oil and gas (petroleum manufacturing). Bank-wide we have also set an interim emission reduction target of 49% by 2030 from compared to our 2022 baseline emissions. We performed these assessments based on leading industry practices, such as the GHG Protocol for our operational emissions and the Partnership for Carbon Accounting Financials (PCAF) for financed emissions baselining. For our operational emissions, we considered those generated from our banking operations in the UAE, the UK, and Egypt.

External Ratings

ADIB has been successful in providing cohesive and detailed disclosures to the public domain, which has contributed to highlighting our strong progress in the ESG space to investors, rating agencies, and other external stakeholders.

Our MSCI rating was upgraded in 2024 to AA, from an A rating in 2023 and our Standard & Poor's CSA score grew to 41 points.

Partnerships

ADIB is currently a signatory to the UN Principles of Responsible Banking, with an expected first report release in mid-2025. Our ESG due diligence toolkit also positions us as aligned with the Equator Principles, and we are planning on becoming signatories of the principles in 2025. We also Chair the GCFC in Abu Dhabi.

Further information

For a full list of our policies and external disclosures please see the below:

- ADIB ESG related policies page
- ADIB ESG reports and disclosures page

Cash and in-kind contributions.

During the year 2024, the bank has made contribution to support social and community related initiatives. For a comprehensive breakdown of said contributions, please refer to the detailed information provided in the ESG report.

4.7 EMPLOYEE REMUNERATION & REWARDS

Guiding Principles, Philosophy and Culture

ADIB's compensation philosophy is performance-oriented, market-aware and aligned with business strategy and stakeholder interests. It encourages a culture that is based on merit, and differentiates and rewards excellent performance, both in the short and long term.

The remuneration framework delivers competitive industry compensation in keeping the principles of fairness, while nurturing a responsible risk-taking culture. ADIB's remuneration packages are carefully structured, commensurate with the key accountabilities, responsibilities and risk-taking profiles of management levels.

A fundamental component of the remuneration structures for Senior Management and Material Risk Takers is the significant portion on variable compensation which includes the retention/deferred bonus component and the option for ADIB to claw back discretionary rewards.

For ADIB senior leaders, who are our top achievers, our goal is to ensure that there is a performance-linked and fair approach to total rewards structures to reflect their top performances relative to their peers. This is a key aspect of attracting, motivating and retaining top talent in ADIB. Our approach to remuneration aims to minimize turnover and ensure continuity of our cadre of senior managers. In line with the Board-approved strategy, total compensation is not intended to be our competitive edge; for more junior levels, ADIB benchmarks to be within market.

Compensation is based on the individual, business unit and the Bank performance. Discretionary rewards are based on the result of a transparent annual performance appraisal process with joint input from line management and direct reports. The rewards structure also embeds effective risk management in line with Basel Principles, CBUAE requirements and industry responsible banking practices around balancing of the interests of our customers, shareholders and other stakeholders.

Total Rewards – Key Components

ADIB aims to attract, motivate and retain the best resources capable of achieving our company strategy and goals in adherence to ADIB values. We see our compensation strategy as a key driver to reinforce employee commitment, engagement and alignment with organisational goals. ADIB's total compensation approach provides a balanced package designed to impact in a specific manner, the motivation and retention of employees. The compensation structure consists of the following:

- Basic salary,
- Benefits, allowances, and,
- Variable compensation awarded for good performance.

Basic Salary plus benefits and allowances combined make up the Fixed Annual Cash ("FAC").

Variable Pay

Variable compensation includes either formulaic incentive plans or the discretionary bonus. Outstanding individual performance is recognised through one or the other depending on the plan which is applicable to the role performed as per the employment contract. Variable pay is based on the following components:

- Individual Annual Performance including Competencies levels and Compliance Risk,
- Link to Business / Function Performance,
- Link to ADIB's overall performance against the Board approved objectives.

Senior Management – Remuneration

Material Risk Takers

ADIB has established a formal framework to identify employees whose professional activities significantly impact the Bank's risk profile, referred to as Material Risk Takers (MRTs). This identification framework and list of MRTs are reviewed annually in accordance with prevailing regulatory requirements which helps ensure alignment with the Bank's governance standards and regulatory obligations.

In line with the policy, ADIB maintains a comprehensive list of Material Risk Takers. The Bank's compensation framework for Senior Management incorporates a balanced scorecard approach, which evaluates performance using financial and non-financial parameters. This holistic evaluation considers factors such as customer-centric outcomes, business-centric achievements, financial metrics, and adherence to non-financial performance objectives. This ensures that all relevant parameters are addressed when assessing overall impact, performance, and remuneration.

For the year 2024, total remuneration awarded to Senior Management amounted to AED 59,114 thousand. Total remunerations comprised of fixed pay (including employer pension contributions) and variable compensation awarded in the year2024.

For further details on the remuneration policy, as well as the design and structure of remuneration processes, please refer to the Pillar 3 Report.

Governance and Continuous Improvement

The NCC periodically reviews the effectiveness of the ADIB approach to remuneration, in particular variable pay components, and has at its disposal available subject matter experts to ensure that the philosophy is benchmarked against its peers and is aligned to CBUAE corporate governance regulations No. 83/ 2019

Key Design Features and Controls of Variable Pay	
ADIB Variable Pay Component	Features
Emiratization and Talent Management	Retention Packages for UAENs
Deferred compensation	Three Years with claw back comprising cash and shares
Correlation to individual Performance	Employee and Manager involvement
Correlation to respective Business/Function Performance	Moderation and approval by NCC
Correlation to ADIB overall performance	Approval by NCC
Control Functions compensation	Compensation outcomes must be symmetric with risk outcomes
Risk Culture	Designed to prevent excessive risk taking in line with appetite
Limits	Board approval is required above key thresholds

Diversity and Inclusion

Diversity and inclusion are integral to ADIB's corporate culture, reflecting the Bank's commitment to fostering an environment that values gender, social, and ethnic diversity. The Board recognises that an inclusive workplace drives innovation, collaboration, and long-term growth. By embracing diverse perspectives, ADIB ensures that its operations align with its strategic goals and core values.

Gender diversity remains a key focus for ADIB, with women consistently comprising a significant portion of the workforce. In 2024, women represented 39% of the workforce, demonstrating the Bank's sustained efforts to empower women across all levels of the organisation. These efforts are aligned with ADIB's broader strategy to champion diversity and provide opportunities for all employees to thrive.

EMIRATIZATION

ADIB is fully committed to supporting the UAE's national agenda through its Emiratization Policy, which focuses on attracting, developing, and retaining UAE Nationals. Over the past three years, Emiratization levels have remained a key priority for the Bank, with UAE Nationals comprising 45% in 2022, and 44% in 2023 and 2024.

To further enhance these efforts, ADIB has implemented targeted initiatives that provide Emirati employees with professional consultancy, tailored career development pathways, and competitive compensation structures. These initiatives aim to create an inclusive and supportive environment that encourages the long-term growth and retention of high-potential UAE Nationals.

Through its commitment to Emiratization, ADIB continues to contribute to the UAE's national development goals while fostering a workplace that values diversity and inclusion. These efforts not only enhance the Bank's competitive edge but also align with its mission to support the communities it serves.

5. STAKEHOLDER MANAGEMENT

5.1 INVESTOR RELATIONS:

KEY INITATIVES

ADIB recognizes that the long-term success and sustainability of the Group depends on strong, transparent, and supportive partnerships with its key stakeholders. To this end, we proactively engage with investors and shareholders through diverse channels and activities, fostering open dialogue, incorporating feedback, and driving continuous improvement to enhance value creation.

Our primary objective is to deliver clear, concise, and consistent messaging to the market, effectively communicating ADIB's investment thesis while ensuring transparency regarding the Group's opportunities and risks. We actively engage with shareholders, investors, and sell-side analysts globally through various platforms to maximize efficiency and ensure clarity in all interactions.

In 2024, ADIB upheld the highest standards of transparency by providing timely disclosures and communicating relevant financial and non-financial information to all stakeholders. Employees were kept well-informed, with Senior Management forming dedicated forums to share updates and address concerns, reinforcing internal engagement.

Key Stakeholder Engagement Initiatives:

- Quarterly Results Calls: Offering updates on financial performance and strategic milestones.
- Annual General Meeting (AGM): Providing shareholders with an opportunity to engage directly with the Board and Senior Management.
- Investor Conferences, In-House Meetings, and Conference Calls: Facilitating in-depth discussions and access to ADIB's leadership.
- Roadshows: During the year the Bank organised roadshows in London, Singapore, New York and Dubai.

Key focus areas for Stakeholder discussions

Engagement with stakeholders includes discussion on the following topics:

- The Group's strategic outlook and its accomplishments.
- Capital allocation and dividend policy.
- Sustainability practice and targets.
- Update on the Group's performance.
- Financial guidance

In addition to these direct engagements, ADIB leverages digital platforms to ensure seamless communication:

• Investor Relations (IR) Email: A dedicated channel for addressing investor inquiries.

• IR Section on the Website and IR Application: Offering real-time access to reports, announcements, and key updates.

Through these initiatives, ADIB underscores its commitment to transparency, accountability, and fostering enduring relationships with its investors and stakeholders, ensuring alignment with the Group's strategic objectives and stakeholder expectations.

Investor Relations Leadership

The Investor Relations (IR) team serves as the primary point of contact for investors, analysts, and rating agencies, aiming to provide a fair understanding of ADIB's financial performance, strategy, and business outlook.

For inquiries, please contact:

Ms. Lamia Hariz
Head of Corporate Communications,
Marketing & Investor Relations

Email:
investor.relations@adib.com
lamia.hariz@adib.com

Investor Relations Website

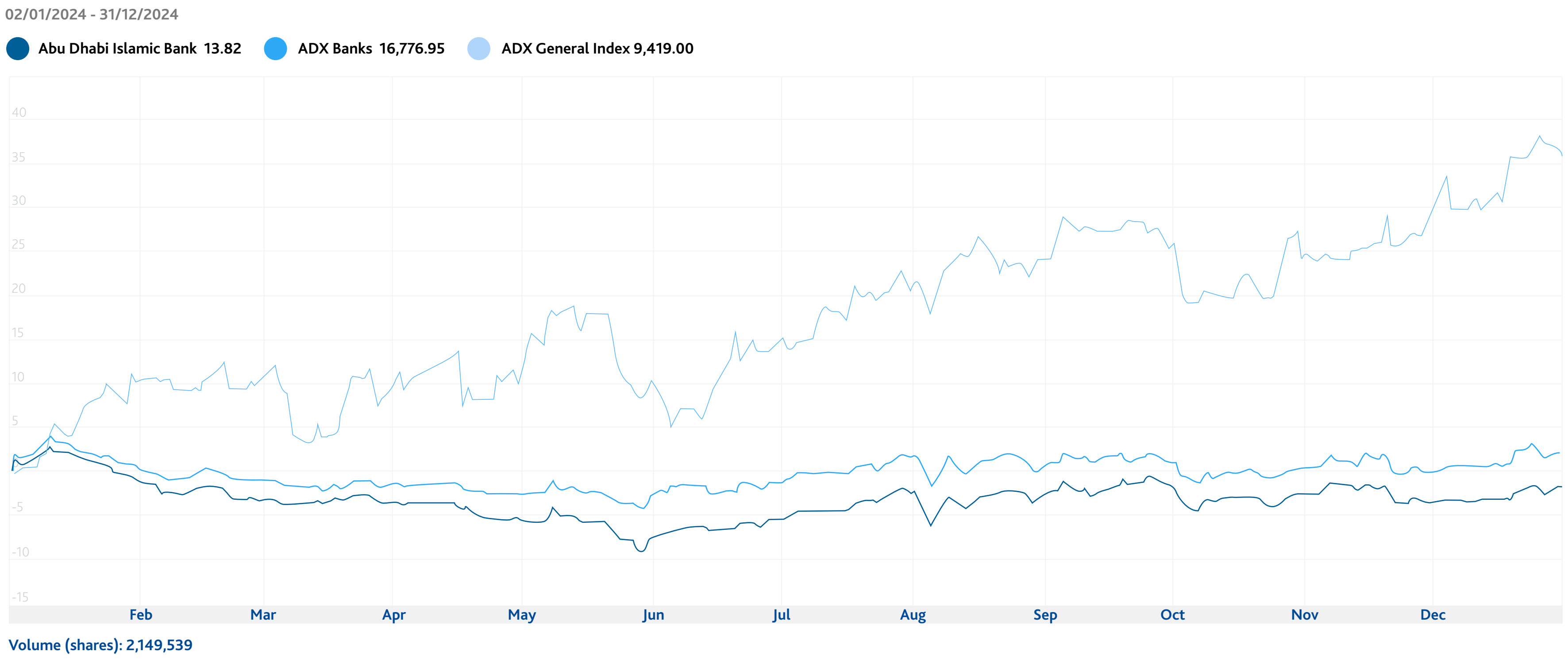
Phone:
+971 02-4977427
+971 0506824207

5.2 COMPANY PERFORMANCE

• Statement of the Bank share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2024.

Month	Monthly High	Monthly Low	Monthly Close
Jan-24	11.44	10.06	11.20
Feb-24	11.48	11.04	11.24
Mar-24	11.42	10.30	11.02
Apr-24	11.88	10.92	11.16
May-24	12.18	10.86	11.22
Jun-24	11.84	10.58	11.58
Jul-24	12.50	11.54	12.26
Aug-24	12.96	11.60	12.62
Sep-24	13.28	12.50	12.72
Oct-24	12.92	12.00	12.60
Nov-24	13.16	12.54	13.06
Dec-24	14.14	13.06	13.82

• Statement of the comparative performance of the Bank Share with the general market index and the sector index to which the company belongs during the year 2024.



Month	Closing Price	ADX Banks	ADX General Index
Jan-24	11.20	16,560.44	9,508.32
Feb-24	11.24	16,233.21	9,254.81
Mar-24	11.02	16,126.64	9,228.09
Apr-24	11.16	16,008.86	9,067.42
May-24	11.22	15,958.67	8,862.58
Jun-24	11.58	16,214.33	9,060.73
Jul-24	12.26	16,689.25	9,338.96
Aug-24	12.62	16,439.37	9,284.93
Sep-24	12.72	16,592.07	9,425.49
Oct-24	12.60	16,452.14	9,327.92
Nov-24	13.06	16,411.42	9,234.80
Dec-24	13.82	16,776.95	9,419.00

• Statement of shareholders who own 5% or more of the company's capital as of 12/31/2024.

ADIB has an authorized share capital of 3,632,000 thousand ordinary shares of AED 1 each, issued and fully paid share capital is AED 3,632,000 thousand ordinary shares of AED 1 each. All of the shares in the company are nominal of which (60%) shall be fully owned by nationals of United Arab Emirates, while non-nationals are permitted to own shares of the company to the extent, but not exceeding (40%). The maximum limit per shareholder is (5%).

As of 31 December 2024, the major owners that directly holdt more than (5%) as published by the Company via the electronic publishing platform of Abu Dhabi Exchange (ADX) and ADIB website and their voting rights were as follows:

Significant Shareholder	Number of Shares	Percentage of Shareholding
Emirates International Investment Company LLC	1,431,110,701	39.40 %
Emirates National Bank of Dubai PJSC	245,621,324	6.76 %
Other Investors	1,955,267,975	53.84 %
Total ADIB share	3,632,000,000	100.00 %

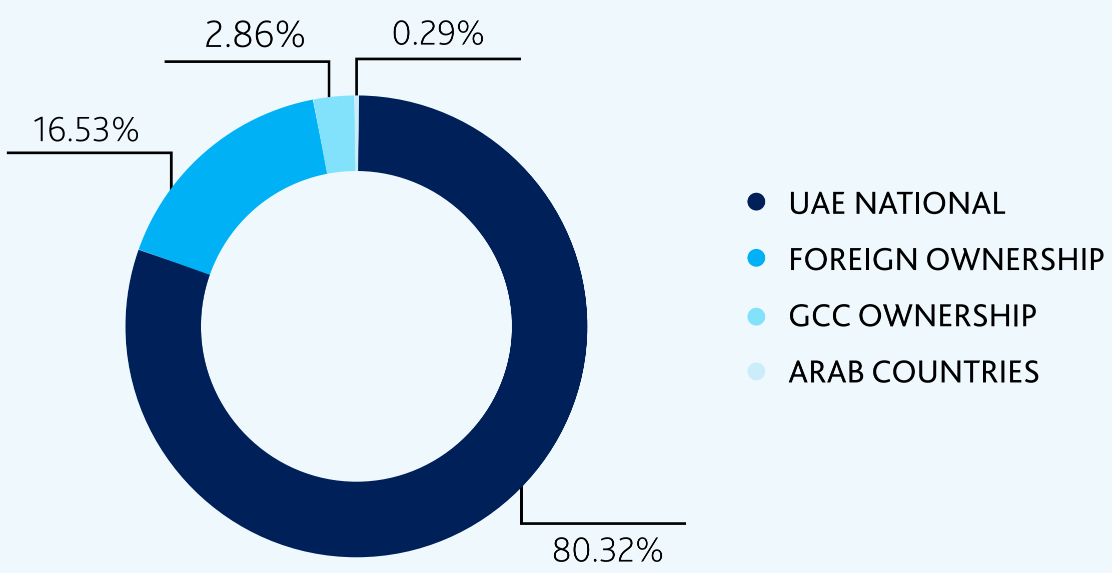
• A statement of ADIBs Ownership Structure as of 12/31/2024.

Shareholder Classification	Percentage of Owned Shares	Number of Owned Shares	Number of Shareholders
Government Agencies	3.14%	113,955,398	13
Companies	69.52%	2,524,852,448	1,016
Individuals	27.35%	993,192,154	42,876
Total	**100%**	**3,632,000,000**	**43,905**

• Statement of the distribution of National vs Foreign Holdings as of 12/31/2024

The breakdown of shareholder types as of 31 December 2024 is set out in the following table:

Shareholder Classification	Percentage of Owned Shared
National Ownership	80.32%
Foreign Ownership	16.53%
GCC Ownership	2.86%
Arab Countries	0.29%



5.3 GENERAL ASSEMBLY

The 2024 GAM was chaired by the Vice Chairman of the ADIB Board. The Directors, the external auditor, a representative of the SCA and shareholders were in attendance (in-person and online).

The meeting minutes were taken by the Board Secretary, and the GAM resolutions were made available to the SCA and shareholders through a market announcement before opening of the next market trading day.

General Assembly Meeting	DATE	Meeting Method	Special Resolution(s)	Attendance Percentage
Annual General Assembly	29 Feb 2024	Hybrid (Virtual and Physical)	2	64.71%

Special resolutions

In 2024, the shareholders approved the following special resolutions:

- Amendments to the Articles of Association as per Federal Decree-Law no. 32 of 2021 on Commercial Companies.
- Issue any senior Sukuk and/or other similar instruments which are not convertible into shares, whether under a programme or otherwise, in an aggregate outstanding face amount not exceeding USD 5 billion (or the equivalent there of in other currencies) at any time and to authorize the Board of Directors to determine and agree on the date of issuance provided that such date does not exceed one year from the date of the GAM, the amount, offering mechanism, transaction structure and other terms and conditions of any such issuance(s), provided that this is undertaken in compliance with the provisions of the Commercial Companies Law and any regulations or guidelines issued by any governmental or regulatory authority pursuant to such law and after obtaining approvals which may be required from the relevant competent regulatory authorities.

6. ISLAMIC BANKING GOVERNANCE

6.1 ADIB SHARI'A GOVERNANCE FRAMEWORK

The Shari'ah Governance Standard comprehensively provides the roles and responsibilities of the Board of Directors of the Islamic Financial Institution ('Board'), senior management and certain committees and departments of an Islamic Financial Institution. Briefly listed below are their main responsibilities.

Board of Directors: Ultimate responsibility for ensuring that a comprehensive Shari'a Governance Framework is put in place and that ADIB is in compliance with Islamic Shari'ah (as per the Shari'a resolutions, regulations and standards issued by the HSA and resolutions and fatwas issued by ADIBs Internal Shari'ah Supervisory Committee ('ISSC'), in relation to licensed activities and businesses of the Islamic Financial Institution) rests with the Board. The Board is required to hold at least one meeting with the ISSC each financial year to discuss issues pertaining to Shari'a compliance.

Board's Risk Committee: The Board's Risk Committee is responsible for supervising and monitoring the management of Shari'ah non-compliance risk (SNC Risk), setting controls in relation to this type of risk and overseeing the implementation of the framework of the management of Shari'a non-compliance risk.

Senior Management: The senior management is generally responsible for executing and managing ADIB's activities and business in compliance with Islamic Shari'a.

Board Audit Committee: The Board's Audit Committee is generally responsible for evaluating the effectiveness of ADIB's policies (approved by ISSC), assessing the effectiveness and adequacy of internal Shari'a audit and external Shari'a audit (if in place) and reviewing and checking compliance with reports prepared by the ISAG and external Shari'ah auditors.

Internal Shari'a Supervisory Committee (ISSC): The members of the ISSC of ADIB ("the Committee") were appointed in the General Assembly Meeting in compliance with the Decretal Federal Law No. (14) of 2018, CBUAE Shari'ah Governance Standard and the Bank's Article of Association. The Committee, whose members are not members of the ADIB Board, has a term of three years and all members are required to form a quorum, whether by principal or by proxy. The role and responsibilities of ADIB ISSC include:

- Undertaking Shari'a supervision of all businesses, activities, products, services, contracts, documents, and code of conducts of ADIB.
- Issuing Shari'a pronouncements and resolutions that are binding upon ADIB.
- Monitoring, through the ISCG and the ISAG, ADIB's compliance with Islamic Shari'a.
- Reviewing and approving corrective measures, and remediation required by Islamic Shari'a regarding the consequences arising from Shari'a non-compliance issues and recommending preventive measures to avoid reoccurrence of any such issues.
- Reviewing and approving, a Shari'a perspective, the method for calculation and distribution of profits, allocation of expenditures and costs and their division between holders of investment accounts and shareholders; and final annual accounts before presenting them to the Central Bank.
- Issuing an annual report stating the extent of ADIB's compliance with Islamic Shari'a that is published within the financial statement in ADIB's disclosures and other available means:

During the year, ISSC held (9) meetings to look after various issues and queries raised by or through the ISCG, the ISAG and other departments of ADIB. Further, (3) meetings were held with the Executive Members of the ISSC. In total (171) Shari'a resolutions were issued and (137) were notified. Resolutions covered a wide area of activities and transactions, including general Sukuk issuances, sovereign Sukuks and syndicated financing, large corporate deals, as well as many queries related to digital finance solutions and compliance with Islamic Shari'a in the transactions carried out by various business segments.

Internal Shari'a Control Group (ISCG) supports the ISSC in its duties. The ISCG carries out the following functions:

- ISSC Secretariat Function
- Shari'a Consultations Function
- Shari'a Research and Development Function
- Shari'a Compliance Function; and
- Shari'ah Training Function,

Each as detailed in ADIB's Shari'a Governance Framework.

Internal Shari'a Audit Group (ISAG): is generally responsible for undertaking Shari'a audits and monitoring ADIB's compliance with Islamic Shari'ah. The ISAG is required to submit reports to the ISSC and to the Board Audit Committee biannually (at minimum).

Name	Position	No. of Meetings Attended
Professor Dr. Mohammad Abdul Rahim Sultan Al Olama	Chairman of the ISSC Member of ISSC Executive Committee Executive Member of the ISSC	(9) - ISSC (3) - Executive Member
Professor Dr. Jassim Ali Salem Al Shamsi	Vice Chairman of the ISSC Member of ISSC Executive Committee Second Executive Member of the ISSC	(9) - ISSC
Professor Dr. Ashraf Md Hashim	Member of the ISSC Member of ISSC Executive Committee	(9) - ISSC
Sheikh Esam Mohamed Ishaq	Member of the ISSC	(9) - ISSC
Dr. Ali Al Junaidi	Member of the ISSC	(9) - ISSC

6.2 PROFILE OF INTERNAL SHARI'A SUPERVISORY COMMITTEE MEMBERS

Prof. Dr. Mohammad Abdulrahim Sultan Al-Olama

Among the learned Shari'a scholars from the UAE. Ex-Professor of Fiqh & Islamic Jurisprudence in the Law Faculty at the UAE University (Al Ain). Chairman and Member of several Shari'a advisory committees in the UAE, Oman and Bahrain. Chairman of the ISSC of Dubai Islamic Bank, Emirates NBD, Emirates Islamic Bank, CBD Al Islami, Dar Al Takaful, National Bonds. PhD. (Comparative Islamic Fiqh) from Umm Al-Qura University (Saudi Arabia).

Prof. Dr. Jassim Ali Al-Shamsi

Among the learned scholars from the UAE specialized in Islamic commercial jurisprudence and civil transactions law. Member of the Higher Shari'ah Authority of the Central Bank of the UAE. Chairman of the ISSC of Sharjah Islamic Bank, Ajman Bank, Al Hilal Bank, ADCB, Arab Bank for Investment & Foreign Trade, and a member of the ISSC of Ajman Bank. PhD. (Civil Law: A Comparative Study with Commercial Fiqh) from Cairo University (Egypt).

Prof. Dr. Ashraf bin Md Hashim

Among learned Shari'a scholars from Malaysia. He was the founding CEO of ISRA Consulting (Malaysia). Chairman of the Shari'ah Advisory Council at Bank Negara Malaysia. Chairman and Member of Shari'a advisory committees in the UAE, Malaysia, Singapore, Nigeria and Australia. PhD. (Islamic Law) from the University of Birmingham (UK).

Sheikh Esam Mohamed Ishaq

Among the learned Shari'a scholars from Bahrain. Member of the Higher Shari'ah Authority of the Central Bank of the UAE. Member of several Shari'a advisory committees in the UAE, Oman, Bahrain, United Kingdom, Guinea, Senegal, Pakistan, Nigeria.

Dr. Ali Al-Junaidi

Among the learned Shari'a scholars from the UAE. Associate Professor (Fiqh & Islamic Jurisprudence) at the UAE University (Al Ain). Member of the ISSC of Sharjah Islamic Bank (UAE), Aafaq Islamic Finance and Arab Bank for Investment & Foreign Trade. PhD. (Fiqh & Islamic Jurisprudence) from Yarmouk University (Jordan).

ESG SUMMARY REPORT

CONTENTS

INTRODUCTION

As the UAE continues its journey in sustainability, extending the Year of Sustainability to 2024 with the "Plan to Action" initiative, the country is spearheading efforts towards a cleaner, greener future. This initiative prioritizes green transportation, responsible consumption, energy reduction, and planting strategies, all aimed at achieving Net Zero emissions by 2050. Abu Dhabi Islamic Bank (ADIB) remains committed to these national goals, aligning its own operations with sustainable practices in its environmental, social, and governance (ESG) strategies.

In 2024, ADIB reached several significant milestones in its ESG journey. The bank became the **first commercial Islamic bank in the region to set sector-specific decarbonization targets for 2030**. These ambitious targets include a 49% reduction in operational emissions by 2030 from its 2022 baseline. This achievement aligns with the UAE's Net Zero by 2050 strategy, marking a strong commitment to decarbonization.

Governance and accountability remain at the core of ADIB's ESG efforts with the Bank successfully streamlining the Corporate Governance framework, **reducing management committees from 19 to 10 and creating two new committees**— the ESG Committee and Profit Equalisation Committee, optimising decision making processes and strengthening the banks commitment to transparency, ethics and accountability.

ADIB's dedication to social responsibility is reflected in its Emiratization efforts, with **43% of its workforce being UAE nationals, of which 72% of whom are women**. These figures reflect our dedication to national talent development and leadership in advancing gender balance, which continues to be a priority in supporting the UAE socio-economic objectives.

In 2024, ADIB embraced digitalization as a key enabler of its ESG goals and growth strategy. The bank invested in enhancing its mobile app, website, and migrating to the Cloud Azure platform, driving both operational efficiency and sustainability. Additionally, ADIB launched **ADIB Ventures**, a platform for collaborating with global

fintech firms and exploring advanced technologies like Generative AI, aiming to redefine the banking experience for its 1.3 million customers and optimise internal processes.

ADIB's ESG achievements are also reflected in its enhanced reputation, with the bank's **MSCI ESG rating rising from A to AA** and its recognition as the World's Safest Islamic Bank by Global Finance for 2024. These accomplishments highlight ADIB's unwavering commitment to sustainable finance, operational efficiency, and social responsibility. As part of its ongoing strategy, ADIB facilitated over AED 17 billion in sustainable finance, contributing significantly to the growth of Abu Dhabi as a global hub for sustainable finance. The bank's success in 2024 is a testament to its dedication to aligning with international best practices, driving impactful ESG initiatives, and positioning itself as a leader in the evolving financial services landscape.

This report showcases ADIB's leadership in integrating ESG principles across its operations, enhancing governance structures, promoting innovation, and driving sustainable growth for a brighter, more resilient future.

DIGITILISATION

ADIB is forging a digital path to prosperity by transforming its digital infrastructure and services. The revamped ADIB banking website offer enhanced customer experiences and future-ready payment options like Aani. A significant milestone was achieved with the migration of ADIB's Cloudera platform to the Azure public cloud, marking a key step in their digital evolution. The bank's mobile app has also seen substantial growth, with registered users reaching over one million since 2021, highlighting the increasing popularity of ADIB's digital services.

As part of its digital transformation strategy, ADIB launched two major initiatives. ADIB Ventures aims to drive innovation by collaborating with global fintech firms and integrating advanced technologies such as Generative AI to refine the banking experience for a round 1.5 million customers. It will also explore new technological advancements through pilot programs to transform Islamic banking services. The ADIB Money Management Tracker, developed in collaboration with Emirati fintech Lune, assists customers in managing their finances through detailed visualizations, aligning with ADIB's 2035 vision for customer-centric innovation.

In 2024, ADIB emphasized digital transformation to enhance operational efficiency, customer engagement, and sustainable growth. By integrating advanced tools and data-driven insights, ADIB has streamlined processes, strengthened risk management, and improved customer experiences, effectively managing increased transaction volumes. The launch of ADIB Ventures underscores the bank's commitment to leading in technological advancements and creating value through collaboration. By focusing on Generative AI, automation, and digital solutions, ADIB aims to drive efficiency, deliver exceptional customer experiences, and seize growth opportunities in the digital era, positioning itself as a forward-thinking institution ready to meet the evolving needs of the financial services sector.

ADIB'S ESG MILESTONE IN 2024

Governance and Oversight:

ADIB exemplifies governance excellence with ESG Committees at both executive and board levels, ensuring comprehensive oversight of ESG activities. These committees meet on regular basis to manage sustainable finance, regulatory compliance, strategy, and risk.

Risk Management:

Integrating ESG risks into its comprehensive risk management framework, ADIB employs a proprietary ESG risk due diligence toolkit. This toolkit, enhanced by global standards and ratings from providers such as Sustainalytics and MSCI, ensures rigorous transaction screening and risk assessment.

Sustainable Finance Initiatives:

ADIB has made significant strides in sustainable finance, supporting sectors like renewable energy and clean transport. In 2023, it issued the world's first USD 500 million green sukuk by a bank, with an impressive oversubscription rate of 5.2 times. Additionally, ADIB launched a Sustainable Finance Framework and aims to grow its sustainable finance portfolio by 2030.

Net Zero and Emission Targets:

As the first Islamic bank to declare sector-specific financed emissions reduction targets for 2030, ADIB is committed to decarbonization. It has set a bank-wide emissions reduction target of 49% by 2030, and sector-specific decarbonisation targets covering over 40% of financed emissions, aligning with national goals to achieve Net Zero by 2050.

Vendors and Suppliers:

ADIB is developing a Sustainable Procurement Policy to ensure all vendors and suppliers meet ESG criteria – impact assessment for all suppliers ADIB is procuring contracts.

Partnerships and Collaborations:

As a signatory to the UN Principles of Responsible Banking, ADIB will release its first report in mid-2025. It is also preparing to align with the Equator Principles by 2025.

External Ratings and Recognition:

ADIB's commitment to ESG transparency and performance has led to an MSCI rating upgrade to AA in 2024 and an increase in its Standard & Poor's CSA score to 41 points.

Driving the UAE Sustainability Agenda with the Green Climate Finance Centre (GCFC)

ADIB is proud to chair the GCFC, a key initiative designed to accelerate the transition to a low-carbon, climate-resilient economy in the UAE. As Chair, ADIB plays a pivotal role in fostering collaboration between government entities, financial institutions, and the private sector to mobilse green finance and drive sustainable investment.

Incorporated double materiality within our materiality approach

We have adopted a double materiality approach, assessing both climate-related risks to the bank and the bank's impact on the climate. This approach enhances our understanding of our societal effects, with stakeholder engagement ensuring diverse interests are considered.

Conducted a IFRS ISSB Sustainability Disclosure Assessment

As part of our commitment to transparent and comprehensive sustainability disclosures and in preparation to alignment with the IFRS ISSB S1 and S2 Standards, we have conducted a gap assessment to evaluate our readiness for the reporting requirements.

HIGHLIGHTS OF 2024

- Became the first Islamic bank in the region to set sector specific financed emission reduction targets for 2030
- Set an interim emission reduction target of 49% by 2030 from compared to our 2022 baseline emissions
- Increased MSCI Rating from A to AA amongst the leading banks in UAE
- Became the first UAE bank to safely test fractional Sukuks offering to retail investors
- Strengthened Emiratisation Efforts at 'Tawdheef x Zaheb' 2024
- Became a signatory to the UN Principles of Responsible Banking
- Concluded a gap analysis for the alignment to IFRS ISSB Reporting Standards
- Completed a double materiality assessment, assessing impact and financial materiality
- Supported the progress of Abu Dhabi as a global sustainable finance hub through our platform in the Global Climate Finance Centre
- Named the World's Safest Islamic Bank for 2024 by Global Finance and recognized as the best Islamic bank in UAE and Egypt
- Named the Best SME Bank in the UAE by Global Finance Awards
- Secured category wins for the Middle East's Best Islamic Bank, the UAE's Best Islamic Digital Bank, and Islamic Card of the Year
- In our UAE operations, 44% of the workforce are UAE nationals, demonstrating our commitment to local employment. Notably, this group includes a strong female representation of 72%

Female board representation	14%
Training hours per Employee	131
Local Emiratisation Talent	44%
Local Emiratisation Talent – Women	72%
Total women in workforce	862
No. of Nationalities	50+
Local Procurement spending	89% of Total Procurement Spending
Lives Impacted/ CSR Impact	140+ community organizations
SME Financing	AED 1.1 billion
Sustainable Finance facilitated	17.3 Billion
Digital Customer Interaction	91%
Data Breaches	0

ESG COMMITMENTS AND GOVERNANCE EXCELLENCE

Rooted in Core Values

As an Islamic bank, ADIB's commitment to Environmental, Social, and Governance (ESG) principles is intrinsically aligned with our core values. Our ESG initiatives are deeply integrated across all business divisions, reflecting a holistic approach to sustainability.

At ADIB, our governance framework emphasizes accountability, transparency, and ethical conduct, aligning with our policies, code of conduct, and business standards. In 2024, ADIB enhanced its CG framework to boost efficiency and meet regulatory standards. Key policies were aligned with global best practices and reserved for Board approval. ADIB streamlined its management committee structure from 19 to 10, improving decision-making and governance. Two new Board committees were created: the ESG Committee for sustainability and the Profit Equalization Committee to meet Islamic Finance regulations, strengthening the bank's strategic priorities.

Strategic ESG Roadmap

We have embarked on a strategic three-year ESG roadmap, developed through extensive stakeholder engagement. This roadmap aligns with market demands and industry best practices, demonstrating our proactive approach to sustainability.

Transparency and Accountability

ADIB remains committed to transparency in its ESG efforts, providing regular updates through sustainability reporting to keep stakeholders informed of our progress and the impacts of our initiatives.

We have also incorporated sustainability targets into the balanced score cards in the Bank, ensuring executives are incentivised to meet ESG objectives. They were updated to include key ESG metrics, aligning performance evaluation with our sustainability goals and reinforcing our commitment to responsible business practices.

Sustainable Finance Strategy

Our 5-year Sustainable Finance Strategy targets AED 60 billion in sustainable finance by 2030, segmented by product and market, highlighting our commitment to expanding sustainable offerings, including green, social, transition, and sustainability-linked products. In mid-2025, we will publish our first Principles for Responsible Banking (PRB) report following our recent signatory status. Our ESG due diligence toolkit aligns us with the Equator Principles, and we plan to become signatories in 2025. We focus on tracking progress in sustainable finance, enhancing the quality, transparency, and availability of sustainability data, and supporting Abu Dhabi's growth as a global sustainable finance hub through our Green Climate Finance Centre (GCFC) platform. Additionally, we are relaunching the Ethical Finance Innovation Challenge and Awards (EFICA) to further strengthen our leadership in sustainable finance.

These ESG commitments are governed by our ESG Committees and executed by the ESG team in collaboration with our ESG champions.

Furthermore, refer to:
Policies, Statements & Disclosures

ESG GOVERNANCE

Aligned with its ESG commitments, ADIB is devoted to ensuring robust governance to safeguard stakeholder interests. To support the Board of Directors in fulfilling their governance responsibilities, management-level committees have been established to incorporate ESG principles into the Bank's operations.

Oversight

ESG Board Committee

- Overseeing ESG policies and procedures that align with the Bank's overall strategy and values.
- Reviewing of ESG-related risks and opportunities within the bank's operations, investments, and financing activities, including risks related to climate change, social responsibility, and governance issues
- Monitoring the Bank's performance and tracking progress against established ESG goals and targets.
- Oversight on regulatory compliance with relevant laws, regulations, and standards.
- Providing guidance and support to the Bank's management team on ESG issues and helping to integrate ESG considerations into business decisions.
- Ensuring that ESG considerations are integrated into the Bank's decision-making processes, including its risk management policies and processes.

Board Risk Committee
Oversight of ESG risks

ESG Management Committee

- Overseeing sustainable finance activities including the development, implementation, and monitoring of
- sustainability related financial instruments and products such Sustainability Sukuk and Islamic financing.
- Implementing and monitoring sustainability initiatives and strategies within business units and departments.
- Ensuring that the Bank's ESG policies and practices are in compliance with relevant laws, regulations, and standards.
- Ensuring the implementation of sustainability related policies across the bank.

Operational

Head of ESG and the ESG team

- Developing and implementing ESG-related programs, initiatives, and projects to achieve the Bank's ESG goals.
- Monitoring and reporting on the Bank's ESG performance and progress towards key ESG objectives.
- Engaging with stakeholders, including investors, customers, employees, and the wider community, on ESG-related matters.
- Keeping up-to-date with developments in ESG regulations, standards, and best practices and making recommendations to the ESG board committee.
- Working with senior management to develop and implement the Bank's ESG policies and strategies, ensuring they align with the Bank's business objectives.
- Identifying emerging trends, and supporting the evaluating the ESG performance of companies and industries to inform the Bank's financing and investment decisions.
- Engaging with a wide range of stakeholders, including clients, investors, NGOs, and regulators, to understand their ESG concerns and expectations and communicate the Bank's ESG commitments.
- Monitoring the Bank's ESG performance, track progress against targets, and report on ESG performance to senior management and stakeholders.
- Collaborating with other teams in the Bank to develop ESG-related products and services, such as green sukuk or sustainable investment funds, that meet the needs of our clients and investors.
- Providing ESG training and education to other employees to raise awareness of ESG issues and the Bank's ESG policies and strategies.

ESG Champions

- Raising awareness on ESG issues across the Bank, engaging with employees at departmental level to ensure they understand the importance of ESG and their role in supporting the Bank's ESG commitments.
- Identify new opportunities for the Bank to innovate and develop new ESG-related products and services that meet the needs of clients and investors.
- Engaging with a range of stakeholders, including clients, investors, NGOs, and regulators, to understand their ESG concerns and expectations and communicate the Bank's ESG commitments.

The ESG team also ensures to engage with the stakeholders to understand our material ESG topics.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

STAKEHOLDERS

ADIB's stakeholders are the ones who are either impacted by ADIB's operations or which, in a variety of ways, have an impact on ADIB's strategy and goal achievement. We engaged with a diverse group of stakeholders to gain insights across the ESG topics. The modes of engagement were primarily interviews and surveys. The table below lists the stakeholders and the respective mode of engagement:

Stakeholder group	Mode of engagement
Leadership (Board)	Interview
Employees	Survey
Customers	Survey
Suppliers	Survey
Investors	Interview
External ESG rating agencies	Interview
Local community	Interview

MATERIALITY ASSESSMENT

ADIB conducts an annual Materiality Analysis to identify and prioritize the most relevant ESG topics, ensuring that our efforts are focused on the issues that matter most to our stakeholders and align with our long-term sustainability goals. In 2024, we enhanced this process by implementing a **Double Materiality Assessment** to evaluate both **financial materiality**—the impact of ESG factors on our financial performance—and **impact materiality**—how our operations affect the environment and society.

This decision was driven by the need to adopt a more holistic approach in our ESG strategy. By incorporating both dimensions of materiality, ADIB is better equipped to identify and address the risks and opportunities that impact our long-term value creation. The Double Materiality Assessment ensures we meet the expectations of all stakeholders, while also aligning with global best practices and regulations, such as the **European Sustainability Reporting Standards (ESRS 1)**.

This comprehensive assessment allows ADIB to make informed decisions that consider both financial outcomes and broader societal and environmental impacts. It is an important step in our commitment to transparency, accountability, and strategic foresight, empowering us to drive sustainable growth while actively contributing to the broader global sustainability agenda.

Our Materiality Analysis takes a four-phase approach, they are as follows:

1. Understanding

Understanding of the business, value chain and related activities

2. Identification

Identification of relevant impacts, risks and opportunities (IROs)

3. Assessment

Assessment of relevant impacts, risks and opportunities (IROs)

4. Determination

Determination of the material matters

ADIB'S MATERIAL TOPICS:

- Climate Change
- Resource use and circular economy
- Business Conduct
- Own Workforce
- Affected communities
- Consumers and end-users

The material topics are managed under environmental, social and governance dimensions.

GREEN HORIZONS

EMISSION PROFILE

OPERATIONAL EMISSIONS PROFILE

No.	Emissions scope	2024	2023	2022
		Emissions in tCO2e		
1	Scope 1 emission*	190.82	523.00	1,479.00
2	Scope 2 emission^	12,905.89	13,310.00	12,367.00
3	Scope 3 emission#	347	100	71

*Scope 1 emissions encompass stationary, mobile, and fugitive emissions, with emission factors sourced from DEFRA for calculation.
^Scope 2 emissions are based on the most recent grid factors provided by DEWA, reflecting the UAE grid emission factor.
#Scope 3 emissions are calculated for business travel and employee commute categories, using a fuel-based methodology for estimation

ADIB has been making efforts to cut down its energy consumption by implementing various energy efficiency programs and initiatives. Although there is a 5% increase in branches and an 11% increase in the number of ADIB staff from the previous year, electricity consumption for the current year has decreased due to various initiatives such as:

1. **LED Lighting Installation:** The transition to LED lighting has resulted in a substantial 43.4% reduction in electricity usage over the past year.
2. **Energy Efficiency Training:** ADIB has implemented an Energy Efficiency Training of Trainers (TOT) program, equipping 549 service providers with the skills necessary to promote energy-saving practices. In total, these trainers have collectively completed 698 hours of training by the end of 2024.

In addition to these energy efficiency measures, ADIB has expanded its sustainability initiatives this year, including:

1. **LEED Certification:** The ADIB branch at Zayed International Airport became the first Islamic bank branch to earn the prestigious LEED v4 Platinum rating, underscoring ADIB's commitment to sustainable building practices.
2. **Electric Vehicle Charging Infrastructure:** The bank has increased the number of electric vehicle charging stations to encourage the use of electric vehicles among its employees.
3. **Sustainable Shipping Partnerships:** ADIB has partnered with DHL, ensuring that 70% of its shipments are made using Sustainable Aviation Fuel (SAF), further reducing its carbon footprint.
4. **Waste Management:** ADIB has implemented a robust waste management program, collecting and recycling 2.455 tons of plastic and aluminum waste from its headquarters and Al Bateen offices in the current year.

These efforts are integral to our strategy to meet the ambitious 2030 decarbonization targets. By integrating sustainability deeply into our operational practices and facilities management, ADIB not only advances its own sustainability agenda but also empowers our clients in their decarbonisation journeys, reaffirming our leadership role in sustainable finance within the region.

FINANCED EMISSIONS

ADIB is committed to advancing sustainable finance and achieving significant decarbonization targets by 2030, in alignment with the national goal of reaching Net Zero by 2050. As the first Islamic bank to announce sector-specific financed emissions reduction targets, ADIB has set ambitious goals across critical sectors such as home finance, automobile finance, real estate development, utilities, aviation, and oil and gas. These targets are part of a broader effort to reduce bank-wide emissions by 49% compared to our 2022 baseline. Our assessments are grounded in leading industry standards, including the GHG Protocol for operational emissions and the Partnership for Carbon Accounting Financials (PCAF) for financed emissions. We performed these assessments based on leading industry practices, such as the GHG Protocol for our operational emissions and the Partnership for Carbon Accounting Financials (PCAF) for financed emissions baselining. For our operational emissions, we considered those generated from our banking operations in the UAE, the UK, and Egypt.

SOCIAL SYNERGY

COMMITMENT TO COMMUNITY AND EMPLOYEE WELLBEING

At ADIB, we prioritise the well-being and engagement of our customers, employees, and the wider community. We strive to provide financial services that are accessible to all demographic groups and also characterised by transparency and fairness in our processes. Highlighting our commitment to sustainable practice, ADIB has proudly released its inaugural green sukuk impact and allocation report this year.

Central to our success is our focus on people - promoting innovation, excellence, and resilience. For 2024, the bank has committed to strategic initiatives such as Emiratisation, enhancing its contribution to UAE's economic growth and national development. Emiratisation talent represents 43% of our workforce, with a remarkable 72% being women, demonstrating our dedication to both national talent development and gender empowerment. Our diverse workforce, represents over 60 nationalities, underscoring our strong commitment to diversity and inclusion. Women constitute 39% of our employees reflecting our dedication to gender balance and empowerment.

Employee engagement remains a priority, with a 2024 survey achieving one of the highest response rates in the region. Insights from the survey are guiding initiatives aimed at improving workplace satisfaction, well-being, and professional development. By fostering a future-ready workforce, ADIB is focusing on talent development, diversity, and engagement to support its strategic ambitions, ensure sustainable growth, and maintain industry excellence.

ADX ESG DATA

ENVIRONMENTAL KPIS

Category	Question/Description	Unit	2022	2023	2024	Remarks
GHG Emissions	Total amount in CO2 equivalents, for Scope 1	Tonnes CO2e	1,479	523	191	
	Total amount, in CO2 equivalents, for Scope 2	Tonnes CO2e	12,367	13,310	12,906	
	Total amount, in CO2 equivalents, for Scope 3	Tonnes CO2e	71	100	347	
Emissions Intensity	Total GHG emissions per output scaling factor	Tonnes CO2e/Employees	6.98	6.45	6.06	
	Total non-GHG emissions per output scaling factor		N/A	N/A	N/A	
Energy Usage	Total amount of energy directly consumed	GJ	3,391	2,991	2,341	
	Total amount of energy indirectly consumed	GJ	101,319	105,226	103,247	
Energy Intensity	Total direct energy usage per output scaling factor	GJ/employee	53.60	49.91	47.56	
Energy Mix	Percentage of energy usage by generation type	%	Electricity= 96.76% Petrol= 2.59% Diesel= 0.64%	Electricity= 97% Petrol= 2.5% Diesel= 0.50%	Electricity = 97.78% Petrol = 1.9% Diesel = 0.3%	
Water Usage	Total amount of water consumed	m^3	93,114	88,434	79,809	
	Total amount of water reclaimed	m^4	N/A	N/A	N/A	
Waste and Paper Reduction	Total Paper recycled	Tonnes	19.116	22.353	24.521	
	Total waste produced	Tonnes	156	195	342	
Environmental Op.	Does your company follow a formal Environmental Policy?	Yes/No	Yes	Yes	Yes	
	Does your company follow specific waste, water, energy, and/or recycling policies?	Yes/No	No	No	Yes	
	Does your company use a recognized energy management system?	Yes/No	Yes	Yes	Yes	
Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues?	Yes/No	Yes	Yes	Yes	
	Does your Board oversee and/or manage sustainability issues?	Yes/No	No	Yes	Yes	Establishment of ESG Board Committee in 2023
Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	AED Billions	N/A	N/A	N/A	

SOCIAL KPIS

Category	Question/Description	Unit	2022	2023	2024	Remarks
CEO Pay	CEO total compensation to median Full Time Equivalent (FTE) total compensation	Ratio	N/A	N/A	N/A	
	Does your company report this metric in regulatory filings?	Yes/No	N/A	N/A	N/A	
Gender pay Ratio	Median male compensation to median female compensation	Ratio	106	99	110	
Employee Turnover	Year-over-year change for full-time employees	%	12	13	10	
	Year-over-year change for part-time employees	%	N/A	N/A	N/A	
	Year-over-year change for contractors/consultants	%	N/A	N/A	N/A	
Gender Diversity	Total enterprise headcount held by men and women	%	2,206	2,168	2,220	All Managerial Levels.
	Entry and mid-level positions held by men and women	%	2,143	2,102	2,158	Non Managerial & Middle Management
	Senior and executive level positions held by women	%	4	4	4	Top Management (SVP+)
Temporary Worker Ratio	Total enterprise headcount held by part-time employees	%	N/A	N/A	N/A	
	Total enterprise headcount held by contractors and/or consultants	%	N/A	N/A	N/A	
Non-Discrimination	Does your company follow non-discrimination policy?	Yes/No	Yes	Yes	Yes	
Injury Rate	Frequency of injury events relative to total workforce time	%	0	0	0	
Global Health and Safety	Does your company follow an occupational health and/or global health & safety policy?	Yes/No	Yes	Yes	Yes	
Child and Forced Labor	Does your company follow a child and/or forced labor policy?	Yes/No	Yes	Yes	Yes	
	If yes, does your child and/or forced labor policy also cover suppliers and vendors?	Yes/No	Yes	Yes	Yes	
Human Rights	Does your company follow a human rights policy?	Yes/No	Yes	Yes	Yes	
	If yes, does your human rights policy also cover suppliers and vendors?	Yes/No	Yes	Yes	Yes	
Learning and Development	Average training per employee in alignment with Islamic principles	Hours	182.4	150.4	130.7	
Nationalisation	Percentage of national employees	%	45	44	44	
Customer Centricity	Mystery Shopper score (%)	%	95	96	97	
Access to Finance	No. of SME Customers	#	28,693	34,514	40,800	
	No. of new youth account opened	#	6,731	6,604	9,766	
Responsible Sourcing	Procurement spending on local suppliers	AED Millions	510.4	696.4	792.1	
Community Investment	Amount invested in the community, as a percentage of company revenues	%	0.3	0.4	0.2	

GOVERNANCE KPIS

Category	Question/Description	Unit	2022	2023	2024	Remarks
Board Diversity	Total board seats occupied by men	%	86	86	86	ADIB appointed Ms. Maha Mohammad Al Qattan as a Director in March 2022. She now constitutes 14% of the Board
	Total board seats occupied by women	%	14	14	14	
	Committee chairs occupied by women	%	0	14	17	
Board Independence	Does company prohibit CEO from serving as board chair?	Yes/No	Yes	Yes	Yes	As per UAE law.
	Total board seats occupied by independent board members	%	71.4	71.4	71.4	All ADIB Board members are non-executive directors, with a majority (5 out of 7) are classified as independent, meeting stringent independence criteria to ensure objectivity and alignment with best governance practices in accordance with the ADIB's Directors' Independence Guideline and relevant governance regulations.
Incentivized Pay	Are executives formally incentivized to perform on sustainability	Yes/No	No	Yes	Yes	Sustainability incorporated into scorecards in 2023 and sustainable finance included in 2024.
Supplier Code of Conduct	Are your vendors or suppliers required to follow a Code of Conduct?	Yes/No	Yes	Yes	Yes	
	If yes, what percentage of your suppliers have formally certified their compliance with the code?	%	100	100	100	
Ethics & Prevention of Corruption	Does your company follow an Ethics and/or Prevention of Corruption policy?	Yes/No	Yes	Yes	Yes	
	If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	100	100	100	
Data Privacy	Does your company follow a Data Privacy policy?	Yes/No	Yes	Yes	Yes	
Sustainable Finance	How much Sustainable Finance Facilitated	AED Billions	N/A	5.6	17.3	
Green Sukuks Issued	Total value of issuance	USD Millions	N/A	500	N/A	
Innovation	No. of digitally active customers	%	73.8	76.4	91	
	No. of customers onboarded digitally	%	40	59.2	65	
Sustainability Reporting	Does your company publish a sustainability report?	Yes/No	Yes	Yes	Yes	
Disclosure Practices	Does your company provide sustainability reporting frameworks?	Yes/No	Yes	Yes	Yes	
	Does your company focus on specific UN Sustainable Development Goals (SDGs)?	Yes/No	Yes	Yes	Yes	
	Does your company set targets and report progress on the UN SDGs?	Yes/No	No	No	No	
External Assurance	Are your sustainability disclosures assured or verified by a third-party audit firm?	Yes/No	No	No	No	

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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ABU DHABI ISLAMIC BANK PJSC

Report of the Board of Directors
for the year ended 31 December 2024

The Board of Directors have pleasure in submitting their report together with the consolidated financial statements of Abu Dhabi Islamic Bank PJSC (the "Bank") and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2024.

Incorporation and registered office
The Bank was incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE), as a public joint stock company with limited liability, in accordance with the provisions and applicable requirements of the laws of the UAE and the Amiri Decree No. 9 of 1997.

Principal activity
The activities of the Bank are conducted in accordance with Islamic Shari'a, which prohibits usury as determined by the Internal Shari'a Supervisory Committee of the Bank, and within the provisions of the Articles and Memorandum of Association of the respective entities within the Group.

Basis of preparation of consolidated financial statements
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), general principles of the Shari'a as determined by the Group's Internal Shari'a Supervisory Committee and applicable requirements of the laws of the UAE.

Financial commentary
The Group net profit reached a record AED 6,101.4 million (2023: AED 5,251.3 million) for 2024 up by 16.2%. The financial highlights of the full year results are as follows:

- Group net revenue (total operating income net of distribution to depositors) for 2024 was AED 10,631.9 million (2023: AED 9,293.6 million) increased by 14.4%.
- Group operating profit ("margin") for 2024 increased by 20.1% to reach at AED 7,487.3 million (2023: AED 6,232.4 million).
- Total provisions for impairment for 2024 were AED 619.7 million (2023: AED 760.3 million).
- Group net profit for 2024 was AED 6,101.4 million (2023: AED 5,251.3 million) up by 16.2%.
- Group earnings per share increased to AED 1.493 compared to AED 1.284 in 2023.
- Total assets as of 31 December 2024 were AED 225.9 billion (2023: AED 192.8 billion).
- Net customer financing (murabaha, ijara and other Islamic financing) as of 31 December 2024 was AED 142.6 billion (2023: AED 115.0 billion).
- Customer deposits as of 31 December 2024 were AED 182.7 billion (2023: AED 157.1 billion).

ABU DHABI ISLAMIC BANK PJSC

Report of the Board of Directors
for the year ended 31 December 2024 (continued)

Board of Directors
The directors during the year were as follows:

1.	H.E. Jawaan Awaidha Suhail Al Khaili	Chairman
2.	Faisal Sultan Naser Salem Al Shuaibi	Vice Chairman
3.	Khalifa Matar Al Mheiri	Board Member
4.	Najib Youssef Fayyad	Board Member
5.	Abdulla Ali Musleh Jumhour Al Ahbabi	Board Member
6.	Abdul Wahab Al Halabi	Board Member
7.	Maha Mohammed Al Qattan	Board Member

On behalf of the Board of Directors
H.E. Jawaan Awaidha Suhail Al Khaili
Chairman

28 January 2025
Abu Dhabi

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI ISLAMIC BANK PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Abu Dhabi Islamic Bank PJSC (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 the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI ISLAMIC BANK PJSC (continued)

Key Audit Matters (continued)

Estimation uncertainty with respect to Expected Credit Losses for Islamic financing to customers measured at amortised cost	
Key audit matter	**How our audit addressed the key audit matter**
The assessment of the Group's determination of impairment allowances for Islamic financing to customers measured at amortised cost requires management to make significant judgements over the staging and measurement of the Expected Credit Loss (ECL). The audit was focused on this matter due to the materiality and the complexity of the judgements applied and assumptions and estimates used in the ECL models. As at 31 December 2024, gross Islamic financing to customers measured at amortised cost amounted to AED 147.1 billion against which an allowance for impairment of AED 4.5 billion was recorded. Refer to Notes 18 and 19 to the consolidated financial statements for Islamic financing to customers, Note 3 for the accounting policy, Note 3.4 for critical judgements and estimations used by management and Note 44 for the credit risk disclosure. ECLs are a probability-weighted estimate of the present value of credit losses. The Group employs statistical models for ECL calculations and the key variables used in these calculations are probability of default (PD), loss given default (LGD) and exposure at default (EAD), which are defined in Note 44.2 to the consolidated financial statements.	We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024: We have obtained a detailed understanding of Islamic financing to customers origination process, credit risk management process and the estimation process of determining expected credit losses for Islamic financing to customers measured at amortised cost and tested the design, implementation and operating effectiveness of relevant controls within these processes, which included testing: • System-based and manual controls over the timely recognition of impaired Islamic financing to customers; • Controls over collateral valuation estimates; and • Controls over governance and approval process related to ECL provisions and ECL Models including continuous reassessment by the management. We understood and evaluated the soundness of the ECL models by involving our internal specialists to determine if they were in compliance with the requirements of IFRS Accounting Standards. We tested the mathematical integrity of the ECL model by performing recalculations on a sample of Islamic financing to customers measured at amortised cost and assessed the consistency of the various inputs and assumptions used by management to determine ECL provisions. On a sample basis, we selected individually assessed Islamic financing to customers and assessed the information for evaluating credit-worthiness and the staging classification. We challenged the assumptions underlying the ECL provision calculations, such as credit risk mitigation through discounted future cash flows including collateral and estimates of recovery. We also assessed the consistency of the Group's application of the requirements of IFRS Accounting Standards relating to this matter.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI ISLAMIC BANK PJSC (continued)

Key Audit Matters (continued)

Estimation uncertainty with respect to Expected Credit Losses for Islamic financing to customers measured at amortised cost (continued)	
Key audit matter	**How our audit addressed the key audit matter**
The material portion of the non-retail portfolio of Islamic financing to customers measured at amortised cost is assessed individually for the significant increase in credit risk (SICR) or credit impairment and the related measurement of ECL. There is the risk that management does not capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management bias may also be involved in manual staging override in accordance with the Group's policies and the requirements of IFRS 9 Financial Instruments. There is also the risk that judgements, assumptions, estimates, proxies and practical expedients implemented previously, are not consistently applied throughout the current reporting period or there are any unjustified movements in management overlays. The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are model-based with limited manual intervention, however, it is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period.	For Islamic financing to customers measured at amortised cost not tested individually, we evaluated controls over the modelling process, including model monitoring, validation and approval. We tested controls over model outputs. We challenged key assumptions such as thresholds used to determine SICR and forward looking macroeconomic scenarios and evaluated management's methodology with the assistance of our internal specialists to determine if it was in compliance with IFRS Accounting Standards. We verified the integrity of data used as input to the models including the transfer of data between source systems and the ECL models. We evaluated post model adjustments and management overlays in order to assess the reasonableness of these adjustments. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Risk of inappropriate access or changes to information technology systems	
Key audit matter	**How our audit addressed the key audit matter**
The Bank is vitally dependent on its complex information technology environment for the reliability and continuity of its operations and financial reporting process due to the extensive volume and variety of transactions which are processed daily across the Bank's businesses; this includes cyber risks.	Our audit approach depends to a large extent on the effectiveness of automated and IT-dependent manual controls and therefore we updated our understanding of the Bank's IT-related control environment and identified IT applications, databases and operating systems that are relevant for the financial reporting process and to our audit.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI ISLAMIC BANK PJSC (continued)

Key Audit Matters (continued)

Risk of inappropriate access or changes to information technology systems (continued)	
Key audit matter	**How our audit addressed the key audit matter**
Inappropriate granting of or ineffective monitoring of access rights to IT systems therefore presents a risk to the accuracy of financial accounting and reporting. Appropriate IT controls are required to protect the Bank's IT infrastructure, data and applications, ensure transactions are processed correctly and limit the potential for fraud and error as a result of change to an application or underlying data. Unauthorised or extensive access rights cause a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of financial statements. Therefore, we considered this area as a key audit matter. For further information on this key audit matter refer to Note 44 of the consolidated financial statements.	For relevant IT-dependent controls within the financial reporting process we identified, with the involvement of our internal IT specialists, supporting general IT controls and evaluated their design, implementation and operating effectiveness. We updated our understanding of applications relevant for financial reporting and tested key controls particularly in the area of access protection, integrity of system interfaces and linkage of such controls to the reliability, completeness and accuracy of financial reporting including computer-generated reports used in financial reporting. Our audit procedures covered, but were not limited to, the following areas relevant for financial reporting: • IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data centre and network operations; • Controls regarding initial access granted to IT systems for new employees or employees changing roles, whether that access was subject to appropriate screening and was approved by authorised persons; • Controls regarding removal of employee or former employee access rights within an appropriate period of time after having changed roles or leaving the Bank; • Controls regarding the appropriateness of system access rights for privileged or administrative authorisations (superuser) being subject to a restrictive authorisation assignment procedure and regular review thereof; • Password protection, security settings regarding modification of applications, databases and operating systems, the segregation of department and IT users and segregation of employees responsible for program development and those responsible for system operations; • Program developers approval rights in the modification process and their capability to carry out any modifications in the productive versions of applications, databases and operating systems; and

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI ISLAMIC BANK PJSC (continued)

Other Information

The Board of Directors and management are responsible for the other information. The other information comprises the annual report of the Group but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI ISLAMIC BANK PJSC (continued)

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OFABU DHABI ISLAMIC BANK PJSC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Bank has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the Bank's books of account;
- Notes 20 and 21 to the consolidated financial statements of the Bank discloses purchased or investment in shares during the financial year ended 31 December 2024;
- Note 42 to the consolidated financial statements discloses material related party transactions, the terms under which these were conducted and principles of managing conflict of interests;
- 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 financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- Note 46 to the consolidated financial statements of the Group discloses social contributions made during the financial year ended 31 December 2024.

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

Deloitte & Touche (M.E.)

Obada Alkowatly
Registration No. 1056
28 January 2025
Abu Dhabi
United Arab Emirates

ANNUAL REPORT OF THE INTERNAL SHARI'A SUPERVISORY COMMITTEE OF ABU DHABI ISLAMIC BANK GROUP

In the name of Allah, the most Beneficent, the most Merciful

All Praises are due to Allah, Lord of all the worlds and may peace and blessings be upon our Messenger Mohammed, his Family and his Companions.

Issued on: 12/02/2025

To Shareholders of Abu Dhabi Islamic Bank (the "Institution")
May the peace, mercy and blessings of Allah be upon you,

Pursuant to the requirements stipulated in the relevant laws, regulations and standards ("Regulatory Requirements"), the Internal Shari'a Supervisory Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report for the financial year ending on 31 December 2024 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to undertake Shari'a supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shari'a resolutions in this regard. The ISSC's other responsibility is to determine Shari'a parameters necessary for the Institution's Activities, and the Institution compliance with Islamic Shari'a within the framework of the rules, principles, and standards set by the Higher Shari'a Authority ("HSA") to ascertain compliance of the Institution with Islamic Shari'a.

The senior management is responsible for assuring compliance of the Institution with Islamic Shari'a in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'a") regarding the Institution's Activities, and the Board of Directors ("Board") bears the ultimate responsibility in this regard.

2. HSA Shari'a Resolutions and Shari'a Standards

The ISSC has abided by the HSA Shari'a Resolutions and Shari'a Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'a requirements in accordance with the HSA's resolution (No. 18/3/2018), in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception within the Financial Year.

3. Works Undertaken by the ISSC during the Financial Year

The ISSC undertook Shari'a supervision of the Institution's Activities, through Internal Shari'a Control Group, Internal Shari'a Audit Group and the Shari'a boards of the subsidiaries that have Shari'a boards, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. Works of the ISSC included the following:

a. Convening 9 meetings during the year for the ISSC and (3) meetings for its Executive Member.

b. Providing fatwas, opinions and resolutions on matters presented to the ISSC (or its Executive Committee or its Executive Member) in relation to the Institution's Activities.

c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.

d. Review and approval of the consolidated financials, notes and disclosures for the Financial Year from a Shari'a perspective.

e. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders and between holders of investment accounts themselves with parameters set by the ISSC.

f. Supervision through Internal Shari'a Control Group and Internal Shari'a Audit Group of the Institution's Activities including executed transactions, adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.

g. Providing directives to relevant parties of the Institution to rectify (where possible) findings cited in the Shari'a audit reports submitted by Internal Shari'a Audit Group, and issuing resolutions to set aside revenue derived from transactions in which non-compliance were identified to be disposed towards charitable purposes.

h. Approving remedial rectification and preventive measures related to identified errors to prevent their reoccurrence in the future.

i. Specifying the amount of Zakat due on each of the Institution's share, the amount of Zakat due on ADIB Tier 1 Sukuk holders and the amount of Zakat due on Investment Risk Reserve to be disposed on behalf of investment accounts' holders in accordance with their authorization that is stipulated in the terms and conditions of opening these accounts.

j. Liaising, as required, with the Board of Directors, its committees and the senior management of the Institution in relation to the Compliance with Islamic Shari'a and the Board of Directors held a meeting with the ISSC in this regard.

k. Monitoring the execution of the Approved Internal Shari'a Audit Plan for the Financial Year and approving the Internal Shari'a Audit Plan for the financial year ending on 31/12/2025.

l. Reviewing of Shari'a Compliance Reports for the periods of the Financial Year, raised by Shari'a Compliance Department of the Internal Shari'a Control Group and issuing the appropriate resolutions.

m. Reviewing of Shari'a training Reports for the Financial Year, raised by Shari'a Training Department of the Internal Shari'a Control Group and approving the Shari'a training plan for the financial year ending on 31/12/2025.

n. Issuing the Shari'a Reports required for the external branches of the Institution, duly signed by the Chairman of the ISSC (the Executive Member of the ISSC).

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'a.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution and the ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'a requirements.

5. The ISSC's Opinion on the Shari'a Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'a, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities in the Financial Year are in compliance with Islamic Shari'a, and the incidents of non-compliance observed were highlighted in the relevant reports, and the ISSC issued the corrective or preventative actions to take appropriate measures in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the Financial Year.

We ask Allah, the Most High and Capable, that He guides the Bank and those responsible for it with that which is right and that which is good.

May the peace, mercy and blessings of Allah be upon you,

Signatures of the members of ADIB's Internal Shari'a Supervisory Committee

Dr Jasem Ali Salem Al Shamsi
Vice Chairman of the Committee, Vice Chairman of its Executive Committee and the 2nd member of its Executive Committee

Esam Mohammed Ishaaq
Member of the Committee

Dr. Mohammed Abdurahim Sultan Al Ulama
Chairman of the Committee,
Chairman of its Executive Committee and the Executive Member of the Committee

Dr. Ashraf Mohammed Hashim
Member of the Committee and its Executive Committee

Dr. Ali Hussain Al Junaidi
Member of the Committee

ABU DHABI ISLAMIC BANK PJSC

Consolidated income statement
for the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
Operating income			
Income from murabaha, mudaraba and wakala with financial institutions		**2,167,743**	1,701,730
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	5	**8,938,947**	7,519,654
Income from sukuk measured at amortised cost		**930,517**	593,537
Income from investments measured at fair value	6	**288,345**	267,092
Income from associates and joint ventures	22	**99,894**	76,121
Fees and commission income, net	7	**1,807,368**	1,615,227
Foreign exchange income		**550,639**	456,319
Income from investment properties	8	**37,920**	38,030
Other income		**351,239**	125,234
		15,172,612	12,392,944
Operating expenses			
Employees' costs	9	**(1,894,632)**	(1,851,336)
General and administrative expenses	10	**(910,358)**	(873,910)
Depreciation	23, 26	**(329,132)**	(321,124)
Amortisation of intangibles	27	**(10,477)**	(14,873)
Provision for impairment, net	11	**(619,694)**	(760,261)
		(3,764,293)	(3,821,504)
Profit from operations, before distribution to depositors and Sukuk holders		**11,408,319**	8,571,440
Distribution to depositors and sukuk holders	12	**(4,540,691)**	(3,099,342)
Profit for the year before zakat and tax		**6,867,628**	5,472,098
Zakat		**(932)**	(1,196)
Tax	13	**(765,279)**	(219,553)
Profit for the year after zakat and tax		**6,101,417**	5,251,349
Attributable to:			
Equity holders of the Bank		**5,776,782**	5,000,261
Non-controlling interest		**324,635**	251,088
		6,101,417	5,251,349
Basic and diluted earnings per share attributable to ordinary shares (AED)	14	**1.493**	1.284

The attached notes 1 to 46 form part of these consolidated financial statements.

ABU DHABI ISLAMIC BANK PJSC

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
Profit for the year after zakat and tax		**6,101,417**	5,251,349
Other comprehensive loss			
Items that will not be reclassified to consolidated income statement			
Net gain on valuation of equity investments carried at fair value through other comprehensive income	**35**	**8,717**	17,769
Directors' remuneration paid	**42**	**(16,100)**	(16,100)
Other movement in reserves		**7,106**	(10,420)
Items that may subsequently be reclassified to consolidated income statement			
Net movement in valuation of investments in sukuk carried at fair value through other comprehensive income	**35**	**50,062**	50,527
Exchange differences arising on translation of foreign operations	**35**	**(609,286)**	(245,193)
Gain (loss) on hedge of foreign operations	**35**	**3,990**	(2,249)
Fair value (loss) gain on cash flow hedges	**35**	**(5,405)**	2,064
Other comprehensive loss for the year		**(560,916)**	(203,602)
Total comprehensive income for the year		**5,540,501**	5,047,747
Attributable to:			
Equity holders of the Bank		**5,215,866**	4,796,659
Non-controlling interest		**324,635**	251,088
		5,540,501	5,047,747

The attached notes 1 to 46 form part of these consolidated financial statements.

ABU DHABI ISLAMIC BANK PJSC

Consolidated statement of financial position
At 31 December 2024

	Notes	2024 AED '000	2023 AED '000
Assets			
Cash and balances with central banks	**15**	**32,039,942**	31,498,312
Balances and wakala deposits with Islamic banks and other financial institutions	**16**	**7,649,939**	7,373,806
Murabaha and mudaraba with financial institutions	**17**	**2,957,529**	3,930,130
Murabaha and other Islamic financing	**18**	**85,344,623**	67,044,317
Ijara financing	**19**	**57,266,216**	47,958,087
Investment in sukuk measured at amortised cost	**20**	**23,758,093**	18,881,549
Investments measured at fair value	**21**	**5,528,404**	5,601,452
Investment in associates and joint ventures	**22**	**895,698**	834,334
Investment properties	**23**	**1,332,988**	1,262,770
Development properties	**24**	**722,940**	722,940
Other assets	**25**	**5,357,886**	4,286,167
Property and equipment	**26**	**2,645,669**	2,797,990
Goodwill and intangibles	**27**	**409,868**	635,338
Total assets		**225,909,795**	192,827,192
Liabilities			
Due to financial institutions	**28**	**5,529,669**	2,555,004
Depositors' accounts	**29**	**182,675,253**	157,066,994
Other liabilities	**30**	**7,551,385**	5,126,576
Sukuk financing instrument	**31**	**1,836,250**	1,836,250
Total liabilities		**197,592,557**	166,584,824
Equity			
Share capital	**32**	**3,632,000**	3,632,000
Legal reserve	**33**	**2,670,774**	2,647,420
General reserve	**33**	**3,947,177**	3,431,547
Credit risk reserve	**33**	**400,000**	400,000
Retained earnings		**13,501,350**	11,358,406
Other reserves	**35**	**(1,559,991)**	(1,094,992)
Tier 1 sukuk	**36**	**4,754,375**	4,754,375
Equity attributable to the equity and Tier 1 sukuk holders of the Bank		**27,345,685**	25,128,756
Non-controlling interest	**37**	**971,553**	1,113,612
Total equity		**28,317,238**	26,242,368
Total liabilities and equity		**225,909,795**	192,827,192

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented therein.

H.E. Jawaan Awaidha Suhail Al Khaili
Chairman

Mohamed Abdelbary
Group Chief Executive Officer

The attached notes 1 to 46 form part of these consolidated financial statements.

ABU DHABI ISLAMIC BANK PJSC

Consolidated statement of changes in equity for the year ended 31 December 2024

		Attributable to the equity and Tier 1 sukuk holders of the Bank									
	Notes	**Share capital AED '000**	**Legal reserve AED '000**	**General reserve AED '000**	**Credit Risk reserve AED '000**	**Retained earnings AED '000**	**Other reserves AED '000**	**Tier 1 sukuk AED '000**	**Total AED '000**	**Non-controlling interest AED '000**	**Total equity AED '000**
Balance at 1 January 2023		3,632,000	2,640,705	2,975,819	400,000	8,642,250	(564,647)	4,754,375	22,480,502	980,168	23,460,670
Profit for the year		-	-	-	-	5,000,261	-	-	5,000,261	251,088	5,251,349
Other comprehensive loss		-	-	-	-	(16,100)	(187,502)	-	(203,602)	-	(203,602)
Profit paid on Tier 1 sukuk – Listed (second issue)		-	-	-	-	(196,250)	-	-	(196,250)	-	(196,250)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi	36	-	-	-	-	(140,538)	-	-	(140,538)	-	(140,538)
Redemption of Tier 1 sukuk – second issue		-	-	-	-	-	-	(2,754,375)	(2,754,375)	-	(2,754,375)
Issuance of Tier 1 sukuk – third issue	36	-	-	-	-	-	-	2,754,375	2,754,375	-	2,754,375
Issuance cost on Tier 1 sukuk – third issue	36	-	-	-	-	(12,305)	-	-	(12,305)	-	(12,305)
Dividends paid		-	-	-	-	(1,779,312)	-	-	(1,779,312)	(1,350)	(1,780,662)
Dividends paid to charity		-	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Transfer to Impairment reserve – General	35	-	-	-	-	235,631	(235,631)	-	-	-	-
Transfer to Impairment reserve – Specific	35	-	-	-	-	112,427	(112,427)	-	-	-	-
Loss on disposal of FVTOCI investment	35	-	-	-	-	(5,215)	5,215	-	-	-	-
Transfer to reserves	33	-	6,715	455,728	-	(462,443)	-	-	-	-	-
Other movement in non-controlling interest		-	-	-	-	-	-	-	-	(116,294)	(116,294)
Balance at 1 January 2024		**3,632,000**	**2,647,420**	**3,431,547**	**400,000**	**11,358,406**	**(1,094,992)**	**4,754,375**	**25,128,756**	**1,113,612**	**26,242,368**
Profit for the year		**-**	**-**	**-**	**-**	**5,776,782**	**-**	**-**	**5,776,782**	**324,635**	**6,101,417**
Other comprehensive loss		**-**	**-**	**-**	**-**	**(16,100)**	**(575,256)**	**-**	**(591,356)**	**-**	**(591,356)**
Profit paid on Tier 1 sukuk – Listed (third issue)	**36**	**-**	**-**	**-**	**-**	**(199,692)**	**-**	**-**	**(199,692)**	**-**	**(199,692)**
Profit paid on Tier 1 sukuk – Government of Abu Dhabi	**36**	**-**	**-**	**-**	**-**	**(153,336)**	**-**	**-**	**(153,336)**	**-**	**(153,336)**
Dividends paid	**34**	**-**	**-**	**-**	**-**	**(2,595,469)**	**-**	**-**	**(2,595,469)**	**-**	**(2,595,469)**
Dividends paid to charity		**-**	**-**	**-**	**-**	**(20,000)**	**-**	**-**	**(20,000)**	**-**	**(20,000)**
Transfer to Impairment reserve – General	**35**	**-**	**-**	**-**	**-**	**(287,490)**	**287,490**	**-**	**-**	**-**	**-**
Transfer to Impairment reserve – Specific	**35**	**-**	**-**	**-**	**-**	**207,673**	**(207,673)**	**-**	**-**	**-**	**-**
Transfer to reserves	**33**	**-**	**23,354**	**515,630**	**-**	**(569,424)**	**30,440**	**-**	**-**	**-**	**-**
Other movement in non-controlling interest		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(466,694)**	**(466,694)**
Balance at 31 December 2024		**3,632,000**	**2,670,774**	**3,947,177**	**400,000**	**13,501,350**	**(1,559,991)**	**4,754,375**	**27,345,685**	**971,553**	**28,317,238**

The attached notes 1 to 46 form part of these consolidated financial statements.

ABU DHABI ISLAMIC BANK PJSC

Consolidated statement of cash flows
for the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
Operating activities			
Profit for the year		**6,101,417**	5,251,349
Adjustments for:			
Depreciation on investment properties	23	**14,587**	14,657
Depreciation on property and equipment	26	**257,061**	241,356
Depreciation on right-of-use assets	26	**57,484**	65,111
Amortisation of intangibles	27	**10,477**	14,873
Share of results of associates and joint ventures		**(99,894)**	(76,121)
Dividend income	6	**(483)**	(5,905)
Realised gain on investments carried at fair value through profit or loss	6	**(43,242)**	(30,947)
Unrealised loss (gain) on investments carried at fair value through profit or loss	6	**2,255**	(13,818)
Realised loss on sukuk carried at fair value through other comprehensive income	6	**-**	3,608
Loss on disposal of property and equipment		**388**	2,388
Finance cost on lease liabilities		**6,359**	7,487
Provision for impairment, net	11	**619,694**	760,261
Provision for end of service benefits		**50,366**	45,550
Gain on disposal of investment properties	8	**(326)**	-
		6,976,143	6,279,849
Changes in operating assets and liabilities			
Increase in balances with central banks		**(1,952,873)**	(6,824,157)
(Increase) decrease in balances and wakala deposits with Islamic banks and other financial institutions		**(4,406,001)**	1,688,480
Increase in murabaha and mudaraba with financial institutions		**(839,244)**	(321,110)
Increase in murabaha and other Islamic financing		**(22,910,135)**	(6,879,755)
Increase in ijara financing		**(9,936,628)**	(2,910,815)
Movement in investments carried at fair value through profit or loss		**113,424**	(323,055)
Increase in other assets		**(1,763,604)**	(1,192,145)
Increase in due to financial institutions		**1,710,321**	43,556
Increase in depositors' accounts		**34,931,438**	21,817,526
Increase in other liabilities		**4,001,463**	1,470,125
Cash from operations		**5,924,304**	12,848,499
End of service benefits paid		**(23,032)**	(35,537)
Directors' remuneration paid	42	**(16,100)**	(16,100)
Net cash from operating activities		**5,885,172**	12,796,862
Investing activities			
Dividend received	6	**483**	5,905
Movement in investments carried at fair value through other comprehensive income		**24,751**	140,773
Movement in investments carried at amortised cost		**(4,858,404)**	(4,644,019)
Dividends received from associates and joint ventures		**18,124**	16,250
Proceeds from disposal of investment properties		**1,450**	-
Additions in development properties		**-**	(9,239)
Purchase of property and equipment	26	**(314,671)**	(294,748)
Net cash used in investing activities		**(5,128,267)**	(4,785,078)
Financing activities			
Issuance of Tier 1 sukuk – Listed (third issue)	36	**-**	2,754,375
Issuance cost on Tier 1 sukuk – Listed (third issue)	36	**-**	(12,305)
Redemption of Tier 1 sukuk – Listed (second issue)		**-**	(2,754,375)
Issuance of Sukuk financing instrument	31	**-**	1,836,250
Finance cost on lease liability	10	**(6,359)**	(7,487)
Profit paid on Tier 1 sukuk – Listed (second issue)		**-**	(196,250)
Profit paid on Tier 1 sukuk – Listed (third issue)	36	**(199,692)**	-
Profit paid on Tier 1 sukuk to Government of Abu Dhabi	36	**(153,336)**	(140,538)
Dividends paid		**(2,595,469)**	(1,870,841)
Net cash used in financing activities		**(2,954,856)**	(391,171)
(Decrease) increase in cash and cash equivalents		**(2,197,951)**	7,620,613
Cash and cash equivalents at 1 January		**12,727,308**	5,106,695
Cash and cash equivalents at 31 December	41	**10,529,357**	12,727,308

Operating cash flows from profit on balances and wakala deposits with Islamic banks and other financial institutions, murabaha and mudaraba with financial institutions, customer financing, sukuk and customer deposits are as follows:

Profit received		**11,764,986**	9,248,577
Profit paid to depositors		**2,967,346**	2,828,445

The attached notes 1 to 46 form part of these consolidated financial statements.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024

1 Legal status and principal activities

Abu Dhabi Islamic Bank PJSC (the "Bank") was incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE), as a public joint stock company with limited liability, in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the Amiri Decree No. 9 of 1997. Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law").

The Bank and its subsidiaries (the "Group") carry out full banking services, financing and investing activities through various Islamic instruments such as Murabaha, Istisna'a, Mudaraba, Musharaka, Ijara, Wakalah, Sukuk etc. The activities of the Bank are conducted in accordance with Islamic Shari'a, which prohibits usury as determined by the Internal Shari'a Supervisory Committee of the Bank, and within the provisions of the Articles and Memorandum of Association of the respective entities within the Group.

In addition to its main office in Abu Dhabi, the Bank operates through its 59 branches in UAE (2023: 58 branches) and 3 overseas branches in Iraq, Qatar and Sudan and subsidiaries in the UAE, Egypt and the United Kingdom. The consolidated financial statements combine the activities of the Bank's head office, its branches and subsidiaries.

The registered office of the Bank is at P O Box 313, Abu Dhabi, UAE.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 28 January 2025.

2 Definitions

The following terms are used in the consolidated financial statements with the meanings specified:

Murabaha
A sale contract, in which the Group sells to a customer a physical asset, goods, or shares already owned and possessed (either physically or constructively) at a selling price that consists of the purchase cost plus a mark-up profit.

Istisna'a
A sale contract, in which the Group (Al Saanee) sells an asset to be developed using its own materials to a customer (Al Mustasnee) according to pre-agreed upon precise specification, at a specific price, installments dates and to be delivered on a specific date. This developed asset can be either developed directly by the Group or through a subcontractor and then it is handed over to the customer on the pre-agreed upon date.

Ijara
A lease contract whereby the Group (the Lessor) leases to a customer (the Lessee) a service or the usufruct of an owned or rented physical asset that either exists currently or to be constructed in future (forward lease) for a specific period of time at specific rental installments. The lease contract could be ended by transferring the ownership of a leased physical asset through an independent mode to the lessee.

Qard Hasan
A non-profit bearing loan that enables the borrower to use the financed amount for a specific period of time, at the end of which the same financed amounts would be repaid free of any charges or profits.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

2 Definitions (continued)

Musharaka
A contract between the Group and a customer to entering into a partnership in an existing project (or to be established), or in the ownership of a specific asset, either on ongoing basis or for a limited time, during which the Group enters in particular arrangements with the customer to sell to him/her its share in this partnership until he/she becomes the sole owner of it (diminishing musharaka). Profits are distributed according to the mutual agreement of the parties as stipulated in the contract; however, losses are borne according to the exact shares in the Musharaka capital on a pro-rata basis.

Mudaraba
A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal) and the other party (the Mudarib) invests the funds in a project or a particular activity and any generated profits are distributed between the parties according to the profit shares that were pre-agreed upon in the contract. The Mudarib is responsible for all losses caused by his misconduct, negligence or violation of the terms and conditions of the Mudaraba; otherwise, losses are borne by Rab Al Mal.

Wakalah
A contract between the Group and a customer whereby one party (the principal: the Muwakkil) appoints the other party (the agent: Wakil) to invest certain funds according to the terms and conditions of the Wakala for a fixed fee in addition to any profit exceeding the expected profit as an incentive for the Wakil for the good performance. Any losses as a result of the misconduct or negligence or violation of the terms and conditions of the Wakala are borne by the Wakil; otherwise, they are borne by the principal.

Sukuk
Certificates which are equal in value and represent common shares in the ownership of a specific physical asset (leased or to be leased either existing or to be constructed in future), or in the ownership of cash receivables of selling an existing-owned asset, or in the ownership of goods receivables, or in the ownership of the assets of Mudaraba or Partnership companies. In all these cases, the Sukuk holders shall be the owners of their common shares in the leased assets, or in the cash receivables, or the goods receivable, or in the assets of the Partnership or the Mudaraba.

3 Basis of preparation

3.1 (a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), general principles of the Shari'a as determined by the Group's Internal Shari'a Supervisory Committee and applicable requirements of the laws of the UAE.

3.1 (b) Accounting convention
The consolidated financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income, Shari'a compliant alternatives of derivative financial instruments which have been measured at fair value and land, held as property and equipment, which has been carried at revalued amount.

The consolidated financial statements have been presented in UAE Dirhams (AED), which is the functional currency of the Bank and all values are rounded to the nearest thousand AED except where otherwise indicated.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Basis of preparation (continued)

3.1 (c) Basis of consolidation
The consolidated financial statements comprise the financial statements of the Bank and those of its following subsidiaries:

	Activity	*Country of incorporation*	*Percentage of holding* *2024*	*2023*
Abu Dhabi Islamic Bank – Egypt (S.A.E.)**	Islamic Banking	Egypt	**53%**	53%
Abu Dhabi Islamic Securities Company LLC	Equity brokerage services	United Arab Emirates	**95%**	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	**100%**	100%
MPM Properties LLC	Real estate services	United Arab Emirates	**100%**	100%
ADIB Invest 1	Equity brokerage services	BVI	**100%**	100%
Kawader Services LLC	Manpower supply	United Arab Emirates	**100%**	100%
ADIB (UK) Limited	Other services	United Kingdom	**100%**	100%
ADIB Capital Ltd	Funds services	United Arab Emirates	**100%**	100%
Fractionalized Sukuk Holding Limited*	Special purpose vehicle	United Arab Emirates	**100%**	-
ADIB Sukuk Company II Ltd*	Special purpose vehicle	Cayman Island	**-**	-
ADIB Capital Invest 2 Ltd*	Special purpose vehicle	Cayman Island	**-**	-
ADIB Capital Invest 3 Ltd*	Special purpose vehicle	Cayman Island	**-**	-

*The Bank does not have any direct holding in these entities and they are considered to be a subsidiary by virtue of control.

** It has been approved by ADIB Internal Shari'a Supervisory Committee to consolidate the financial statements of ADIB Egypt with ADIB Group following the use of an exceptionally acceptable structure in the absence of a permanent structure to invest ADIB Egypt liquidity in a way other than the direct investment of such liquidity in the conventional securities issued by the Central Bank of Egypt and which allowed the recognition of the income accordingly. The Bank continues to recognize the profits that have been purified prior the use of the structured mentioned above.

These consolidated financial statements include the operations of the subsidiaries over which the Bank has control. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. All intra-group balances, transactions, income and expenses and gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represent the portion of the net income or loss and net assets of the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity of the Bank.

3.2 Changes in accounting policies

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2024. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current year but may affect the accounting for the Group's future transactions or arrangements.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Basis of preparation (continued)

3.2 Changes in accounting policies (continued)

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements
- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2024.

3.3 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become 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
IFRS 18 Presentation and Disclosure Financial Statements Issued	1 January 2027

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

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Basis of preparation (continued)

3.4 Significant judgements and estimates

The preparation of the consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors. In order to reduce the element of subjectivity, the Group has laid down clear criteria to enable estimation of future cash flows. As estimates are based on judgments, actual results may differ, resulting in future changes in such provisions.

IFRS 9: Financial instruments:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and profit of the principal amount outstanding.

- Calculation of expected credit loss: changes to the assumptions and estimation uncertainties that have a significant impact on expected credit losses for the year ended 31 December 2024 pertain to the changes introduced as a result of adoption of IFRS 9 (ECL): Financial instruments. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Key Considerations: Some of the key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Group while determining the impact assessment, are:

Assessment of Significant Increase in Credit Risk: The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

The assessment of significant increases in credit risk will be performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

(i) The Group has established thresholds for significant increases in credit risk based on movement in Probability of Default (PD) as determined by the Obligator Risk Rating (ORR) relative to initial recognition as well as PD thresholds.

(ii) Additional qualitative reviews will be performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.

(iii) IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Credit Impairment: Movements between Stage 2 and Stage 3 are based on whether financial assets are credit impaired as at the reporting date. The determination of credit impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3 Basis of preparation (continued)

3.4 Significant judgements and estimates (continued)

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios: The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

PD and Loss Given Default (LGD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the Group's expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability weighted estimate that considers a minimum of three future macroeconomic scenarios.

Base-case, Upside and Downside scenarios, will be based on macroeconomic forecasts received from an external reputable source. These scenarios will be updated on a quarterly basis and more frequently if conditions warrant.

All scenarios considered will be applied to all portfolios subject to expected credit losses with the same probabilities.

Definition of default: The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life: When measuring ECL, the Group considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance: The Group has established an internal Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance and Risk Management and will be responsible for reviewing and approving key inputs and assumptions used in the Group's expected credit loss estimates. It also assesses the appropriateness of the overall allowance results to be included in the Group's financial statements.

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of probability of occurrence of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Operating lease commitments - Group as lessor
The Group has entered into commercial property lease arrangements on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties therefore, accounts for the contracts as operating leases.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3 Basis of preparation (continued)

3.4 Significant judgements and estimates (continued)

Classification and measurement of financial assets
The classification and measurement of the financial assets depend on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial asset assessed. The Group's investments in securities are appropriately classified and measured.

Investment and development properties
The Group hired services of professional real estate valuer to provide reliable estimates of the market value of investment properties for determining the fair values as of the reporting date, for disclosure purposes and assessing the impairment, if any. The basis of estimate and method used by the valuer has been disclosed in the note 22.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position that cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instruments.

Classification of properties
In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, development property or property and equipment. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, development property and property and equipment. In making its judgment, management considers the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management.

Impairment of investments in associates and joint ventures
Management regularly reviews its investment in associates and joint venture for indicators of impairment. This determination of whether investments in associates is impaired, entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. If managements' review results in impairment, the difference between the estimated recoverable amount and the carrying value of investment in associates and joint venture is recognised as an expense in the consolidated income statement.

Impairment review of investment properties, development properties and advances paid against purchase of properties
Investment properties, development properties and advances paid against purchase of properties are assessed for impairment based on assessment of cash flows on individual cash-generating units when there is indication that those assets have suffered an impairment loss. Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessments of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any impairment.

The assessment of current market conditions, including cost of project completion, future rental and occupancy rates and assessment of the projects capital structure and discount rates requires management to exercise its judgment. Management uses internal and external experts to exercise this judgment.

3 Basis of preparation (continued)

3.4 Significant judgements and estimates (continued)

Impairment of goodwill
On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful life of property and equipment and investment properties
The cost of property and equipment and investment properties are depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors.

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires estimation by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of intangibles other assets and market multiples. The Group's management uses all available information to make these fair value determinations. The Group has, if necessary, up to one year after acquisition closing date to complete these fair value determinations and finalise the purchase price allocation.

Valuation of financial instruments
The best evidence of fair value is a quoted price for the instrument being measured in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that include one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs.

Lease accounting under IFRS 16
The following are the critical judgments and estimates in the application of IFRS 16, 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 the consolidated financial statements:

- identifying whether a contract (or part of a contract) includes a lease;
- determining whether it is reasonably certain that an extension or termination option will be exercised;
- classification of lease arrangements (when the entity is a lessor);
- determination of the appropriate rate to discount the lease payments; and
- assessment of whether a right-of-use asset is impaired.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Revenue recognition
Murabaha
Murabaha income is recognised on a time apportioned basis over the period of the contract based on the principal amounts outstanding.

Istisna'a
Istisna'a revenue and the associated profit margin (difference between the cash price of al-masnoo to the customer and the Bank's total Istisna'a cost) is accounted for on a time apportioned basis.

Ijara
Ijara income is recognised on a time apportioned basis over the lease term.

Musharaka
Income is accounted for on the basis of the reducing balance of Musharaka on a time apportioned basis that reflects the effective yield on the asset.

Mudaraba
Income or losses on Mudaraba financing are recognised on an accrual basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas the losses are charged to the Bank's consolidated income statement on their declaration by the Mudarib.

Sukuk
Income is accounted for on a time apportioned basis over the terms of the Sukuk.

Revenue from sale of properties, net
Revenue is recognized when (or as) the Group satisfies the performance obligation at an amount that reflects the consideration to which the Group is entitled in exchange for transferring goods or services to a customer. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

Cost of sale of properties includes the cost of development. Development costs include the cost of infrastructure and construction.

Cost of sale of land represents the carrying amount at which it is recorded in the consolidated financial statements of the Group.

Fee and commission income
Fee income is earned from a diverse range of services provided by the Bank to its customers and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. The Bank recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, Brokerage fees and commission);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, Projects and property management fees, arrangement fees and Accounts services fees); and
- Other fees and commission income and expense are recognised as the related services are performed or received.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Revenue recognition (continued)
Operating lease income
Operating lease income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases.

Gain on sale of investments
Gain or loss on disposal of fair value through profit or loss investments represents the difference between the sale proceeds and the carrying value of such investments on the date of sale less any associated selling costs and is recognised through consolidated income statement.

Gain or loss on disposal of fair value through other comprehensive income investments represents the difference between sale proceeds and their original cost less associated selling costs and is recognised through consolidated statement of comprehensive income and are included within cumulative changes in fair value reserve within equity and not recognised in the consolidated income statement.

Dividends
Dividends from investments in equities are recognised when the right to receive the dividend is established.

Financial instruments
Recognition and measurement
Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group are further analysed as:

- Customer financing.
- Balances and wakala deposits with Islamic banks and other financial institutions;
- Murabaha and mudaraba with financial institutions;
- Investment in sukuk;
- Investment in equity instruments;
- Trade and other receivables; and
- Sharia compliant alternatives of derivatives.

The Group's customer financing comprises the following:
- Murabaha and other Islamic financing; and
- Ijara financing.

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

Classification
Financial assets at amortised cost
Balances and wakala deposits with Islamic banks and other financial institutions, Murabaha and mudaraba with financial institutions, Acceptances, Murahaba and other Islamic financing (excluding Istisna'a) and investment in sukuk, are measured at amortised cost, if both the following conditions are met:

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

All other financial assets are subsequently measured at fair value.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Financial instruments (continued)
Classification (continued)
Financial assets at fair value through profit or loss ("FVTPL")
Investments in equity instruments are classified as FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition.

Other financial assets that do not meet the amortised cost criteria are classified as FVTPL. In addition, certain financial assets that meet the amortised cost criteria but at initial recognition are designated as FVTPL in line with the business model of the Group. As a fair value option, a financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets that are designated as FVTPL on initial recognition as fair value option is not allowed.

Financial assets at fair value through other comprehensive income ("FVTOCI")
At initial recognition, the Group can make an irrevocable election (on instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI.

A financial asset is FVTPL if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is part of identified financial instrument that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a Shari'a compliant alternatives of derivative financial instruments and not designated and effective as a hedging instrument or a financial guarantee.

Measurement
Financial assets or financial liabilities carried at amortised cost
Financial assets are recorded at amortised cost, which includes Balances and wakala deposits with Islamic banks and other financial institutions, Murabaha and mudaraba with financial institutions, Acceptances, Murahaba and other Islamic financing (excluding Istisna'a) and investment in sukuk, less any reduction for impairment. Amortised cost is calculated using the effective profit rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective profit rate of the instrument.

Balances and deposits with banks and other financial institutions, Murabaha and Mudaraba with financial institutions, Murabaha, Ijara, Mudaraba and certain other Islamic financing are financial assets with fixed or expected profit payments. These assets are not quoted in an active market. They arise when the Group provides funds directly to a customer with no intention of trading the receivable. Financial liabilities are liabilities where the Group has a contractual obligation to deliver cash or another financial asset or exchange financial instruments under conditions that are potentially unfavourable to the Group.

Balances and wakala deposits with Islamic banks and other financial institutions are stated at amortised cost less amounts written off and provision for impairment, if any.

Murabaha and mudaraba with financial institutions are stated at amortised cost (which excludes deferred income or expected profits) less provisions for impairment.

Islamic financing consist of murabaha receivables, mudaraba, Istisna'a, Islamic covered cards (murabaha based) and other Islamic financing.

Istisna'a cost is measured and reported in the consolidated financial statements at a value not exceeding the cash equivalent value.

4 Significant accounting policies (continued)

Financial instruments (continued)
Measurement (continued)
Other Islamic financing are stated at amortised cost (which excludes deferred income) less any provisions for impairment.

The Ijara is classified as a finance lease, when the Bank undertakes to sell the leased assets to the lessee using an independent agreement upon the maturity of the lease and the sale results in transferring all the risks and rewards incident to an ownership of the leased assets to the lessee. Leased assets represents finance lease of assets for periods, which either approximate or cover a major part of the estimated useful lives of such assets. Leased assets are stated at amounts equal to the net investment outstanding in the leases including the income earned thereon less impairment provisions.

Financial assets at fair value through profit or loss (“FVTPL”)
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement is included within ‘investment income’ in the consolidated income statement.

Financial assets at fair value through other comprehensive income (“FVTOCI”)
Investments in equity instruments are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of other comprehensive income and accumulated in the cumulative changes in fair values within equity.

Where the assets are disposed off, except for sukuk measured at FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair values is not transferred to the consolidated income statement, but is reclassified to retained earnings. Financial assets (equity instruments) measured at FVTOCI are not required to be tested for impairment.

For sukuk measured at FVTOCI which are disposed off, the cumulative gain or loss previously recognised in the consolidated statement of other comprehensive income is reclassified from equity to consolidated income statement. Financial assets (Sukuk instruments) measured at FVTOCI are tested for impairment.

For investments quoted in active market, fair value is determined by reference to quoted market prices.

For other investments, where there is no active market, fair value is normally based on one of the following:

- the expected cash flows discounted at current profit rates applicable for items with similar terms and risk characteristics
- brokers’ quotes
- recent market transactions

Dividends on investment in equity instruments are recognised in the consolidated income statement when the Group’s right to receive the dividend is established, unless the dividends clearly represent a recovery of part of the cost of investment.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Financial instruments (continued)
Measurement (continued)
Financial assets at fair value through other comprehensive income (“FVTOCI”) (continued)

(i) Recognition / De-recognition
The Group initially recognises financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income on the settlement date at which the Group becomes a party to the contractual provisions of the instrument.

Financing to customers are recognised on the day they are disbursed. A financial liability is recognised on the date the Group becomes a party to contractual provisions of the instrument.

A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset expires or when it transfers the financial asset. A financial liability is de-recognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets designated at fair value through profit or loss, and financial assets at fair value through other comprehensive income that are sold are de-recognised and corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets. The Group uses the specific identification method to determine the gain or loss on de-recognition.

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

Impairment assessment:
The Group assesses whether financial assets carried at amortised cost and carried at FVTOCI are credit-impaired. A financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the finance customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the finance customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of Expected Credit Losses (ECL):
The impairment of financial assets are calculated in accordance with IFRS 9 expected credit loss (ECL) model. The standard introduces a new single model for the measurement of impairment losses on all financial assets including financing and sukuk measured at amortized cost or at fair value through OCI. The ECL model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

Stage 1: 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a factor that represents the Probability of Default (PD) occurring over the next 12 months and Loss Given Default (LGD).

Stage 2: Under Stage 2, where there has been a SICR since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the lifetime ECL will be recorded which is computed using lifetime PD, LGD and Exposure at Default (EAD) measures. Provisions are expected to be higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Financial instruments (continued)

Measurement of Expected Credit Losses (ECL): (continued)

Stage 3: Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition. 12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

ECL is calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), and discounting at the initial effective profit rate. The Group has developed a range of models to estimate these parameters. For the portfolios where sufficient historical data was available, the Group developed a statistical model and for other portfolios judgmental models were developed.

Renegotiated financing facilities

Where possible, the Bank seeks to restructure financing facilities rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new conditions. Management continually reviews renegotiated facilities to ensure that all future payments are highly expected to occur.

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

- If the expected restructuring will not result in derecognition of the exiting asset, then the expected cash flows arising from the modified financial asset are included in calculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified cash flows, that are discounted at the financial asset at the original effective profit rate and shall recognize the modification gain or loss in the profit or loss.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Purchased or originated credit impaired assets (POCI)

POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit income is subsequently recognized based on a credit-adjusted expected profit rate. Life time ECLs are only recognised or released to the extent that there is a subsequent change in the ECL.

Covered card facilities

The Group's product offering includes a variety of covered cards facilities, in which the Group has the right to cancel and/or reduce the facilities at a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Financial instruments (continued)

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's reporting schedule, to the extent it is possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data such as market transactions, rental yields and audited financial statements.

Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs (note 43).

4 Significant accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Bank, liabilities incurred by the Bank to the former owners of the acquiree and the cash and equity interests issued by the Bank in exchange for control of the acquiree. Acquisition related costs are recognised in consolidated income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Bank entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated income statements as gain on acquiring controlling interest.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Bank in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in consolidated income statement.

When a business combination is achieved in stages, the Bank's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Bank obtains control) and the resulting gain or loss, if any, is recognised in consolidated income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to consolidated income statement where such treatment would be appropriate if that interest were disposed of.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date which is regarded as their cost. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses.

Intangibles excluding banking license are amortised using the straight-line basis over their estimated useful lives. The estimated useful life and amortization 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. The rates of amortisation are based upon the following estimated useful lives:

- Core deposit intangible 12 years

The banking license has an indefinite life and will be tested for impairment annually. For impairment testing purposes, the banking license is allocated to the relevant cash generating unit.

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Bank's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in consolidated income statement.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units which are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Investment in associates
The Group's investment in associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The consolidated income statement reflects the share of the results of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Investment in joint ventures
The Group has investment in joint ventures, which are jointly controlled entities, whereby venturers have a contractual arrangement that establishes joint control over the economic activities of the entities. The Group's investment in joint ventures is accounted for using the equity method of accounting.

Under the equity method, the investment in the joint ventures is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The consolidated income statement reflects the share of the results of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated income statement.

Investment properties
Properties held for rental or capital appreciation purposes as well as those held for undetermined future use are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the assets' estimated useful lives. The useful life of buildings is estimated to be 25 - 40 years.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated income statement.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Development properties
Properties in the course of construction for sale or completed properties held for sale are classified as development properties. Completed properties held for sale are stated at the lower of cost or net realizable value. Properties in the course of development for sale are stated at lower of cost or net realizable value. The cost of development properties includes the cost of land and other related expenditure which are capitalized as and when activities that are necessary to get the properties ready for sale are in progress. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The property is considered to be complete when all related activities, including the infrastructure and facilities for the entire project, have been completed.

Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Land is recorded at revalued amount in the consolidated financial statements.

Depreciation is provided on a straight-line basis over the estimated useful lives of property and equipment, other than freehold land which is deemed to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

• Buildings	25 - 40 years
• Furniture and leasehold improvements	3 - 7 years
• Computer and office equipment	4 - 8 years
• Motor vehicles	4 years

The carrying values of properties and equipment are reviewed for impairment when events of changes in circumstances indicate the carrying value may not be recoverable. If any such conditions exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Any subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated income statement as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the year the asset is derecognized.

Capital work-in-progress is initially recorded at cost, and upon completion is transferred to the appropriate category of property and equipment and thereafter depreciated.

When an asset is revalued, any increase in the carrying amount arising on revaluation is recorded through other comprehensive income and credited to the revaluation reserve in equity, except to the extent that a revaluation increase merely restores the carrying value of an asset to its original cost, whereby it is recognized as income i.e., to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense. A decrease resulting from a revaluation is initially charged directly against any related revaluation surplus held in respect of that asset and the remaining portion being charged as an expense. On disposal, the related revaluation surplus is credited directly to retained earnings.

4 Significant accounting policies (continued)

Leases

In cases where Group is a Lessee, all leases and the associated contractual rights and obligations is generally recognize in the Group's financial position, unless the term is 12 months or less or the lease for low value asset. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or lease payments relating to that lease recognised in the consolidated statement of financial position.

The recognised right-of-use assets are related to and included in property and equipment and corresponding lease liabilities under other liabilities the consolidated statement of financial position.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The assumed finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period (the "finance cost on lease liabilities"). The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be determined, the lessee's incremental financing rate is used, being the rate that the lessee would have to pay to obtain financing for the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Group has used weighted average incremental financing rate for calculating the net present value of lease liabilities.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

ABU DHABI ISLAMIC BANK PJSC

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

4 Significant accounting policies (continued)

Income taxes and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profits will be available to utilise the differences.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset 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 current tax liabilities on a net basis.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

Acceptances

Acceptances are recognised as financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

Deposits

Customer deposits and due to banks and other financial institutions are carried at amortised cost.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Sukuk financing instruments
Sukuk financing instruments are initially measured at fair value and then are subsequently measured at amortised cost using the effective profit rate method, with profit distribution recognised on an effective yield basis.

The effective profit rate method is a method of calculating the amortised cost of a financial liability and of allocating profit distribution over the relevant period. The effective profit rate 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 of the financial asset or financial liability.

Employees' pension and end of service benefits
The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment and are included within 'other liabilities' in the consolidated statement of financial position.

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are recognised in the consolidated income statement when due.

Shari'a compliant alternatives of derivative financial instruments
The Bank enters into a Shari'a compliant alternatives of derivative financial instruments to manage the exposure to profit rate risks, including unilateral promise which represents Shari'a compliant alternatives of swap. Those financial instruments are initially measured at cost, being the fair value at contract date, and are subsequently re-measured at fair value. All these Shari'a compliant alternatives of derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and recognized pricing models as appropriate.

The Bank enters into cash flows hedges, which hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecasted transaction that will affect future reported net income.

In order to qualify for hedge accounting, it is required that the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objectives and strategies are documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Bank will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

Cash flow hedges
The effective portion of changes in the fair value of Shari'a compliant alternatives of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The ineffective part of any gain or loss is recognized immediately in the consolidated income statement. Amounts accumulated in equity are transferred to the consolidated income statement in the periods in which the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gains or losses recognised in equity remain in equity until the forecast transaction is recognised, in the case of a non-financial asset or a nonfinancial liability, or until the forecast transaction affects the consolidated income statement. If the forecast transaction is no longer expected to occur, the cumulative gains or losses recognised in equity are immediately transferred to the consolidated income statement.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Net investment hedge
Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. A gain or loss on the effective portion of the hedging instrument is recognised in consolidated statement of comprehensive income within foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement. Gains and losses accumulated in equity are included in the consolidated income statement on the disposal of the foreign operations.

Zakat
As the Bank is not required to dispose Zakat by UAE laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, each shareholder is directly responsible of the payment of the Zakat amount of the shares that he/she owns. In accordance with the Articles and Memorandum of Association of the Bank, Zakat is computed by the Bank and it is approved by the Internal Shari'a Supervisory Committee of the Bank. However, in few jurisdictions, Zakat of the Bank's branches and subsidiaries is mandatory by laws to be paid to a governmental entity responsible of Zakat, therefore, the Bank acts accordingly to these laws and pays the Zakat to these entities on behalf of the Shareholders and deducts the amount paid as Zakat from the total zakat amount and the Zakat amount per each outstanding share.

Zakat per share is calculated in accordance with AAOIFI's Shari'a Standard number 35 on Zakat, and the Group's Internal Shari'a Supervisory Committee Resolutions.

In accordance with the Memorandum of Association, the Group communicates the amount of Zakat per share and it is the responsibility of each shareholder to directly dispose personally his/her own Zakat amount (note 40).

Profit distribution
Profits or losses of Mudaraba based depositors' accounts are calculated and distributed in accordance with the Banking Service Agreement between the Bank and the investment account holders. Investment in subsidiaries is funded from the shareholders' funds, hence profit or losses from the subsidiaries are not distributed to the investment account holders. Investment in associates is funded jointly from the shareholders and investment account holders' funds, therefore, profits and losses of the associates are distributed among the shareholders and investment account holders. A part of the deserved profits relating to the Mudaraba based investment accounts profit can be reserved as "Investment Risk Reserve" and shall be subsequently utilized in order to maintain certain level of profit distribution to the account holders.

The same allocation is applicable to Wakala deposits and any share of profit above the fixed Wakala fee and the initially expected profit agreed with the investment account holder, shall pertain to the Wakil (the Bank).

Cash and cash equivalents
For the purpose of preparation of the consolidated statement of cash flow, cash and cash equivalents are considered to be cash and balances with central banks, due from banks and international murabahat. Cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less.

Trade and settlement date accounting
All "regular way" purchase and sales of financial assets are recognized on the settlement date, i.e., the date the asset is delivered to the counterparty. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Prohibited income
According to the Internal Shari'a Supervisory Committee "ISSC", the Group is required to avoid any transaction or activity deemed to be not acceptable by Shari'a and to identify any income from such source and to set it aside in a separate account (charity account) to be disposed to charity by the Group under the supervision of the ISSC (as purification amount).

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

4 Significant accounting policies (continued)

Fiduciary assets
Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these consolidated financial statements.

Foreign currencies
The Group's consolidated financial statements are presented in AED, which is the Bank's functional currency. That is the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statement is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recorded in the other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

Financial guarantees
In the ordinary course of business, the Bank gives financial guarantees consisting of letters of credit, letters of guarantees and acceptances. Financial guarantees are initially recognized in the consolidated financial statements at fair value. Subsequent to initial recognition, the Group's liabilities under such guarantees are each measured at the higher of the initial fair value less, when appropriate, cumulative amortization calculated to recognize the fee in the consolidated income statement in 'net fees and commission income' over the term of the guarantee, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the consolidated income statement in 'credit loss expense'. Any financial guarantee liability remaining is recognized in the consolidated income statement in 'net fees and commission income' when the guarantee is discharged, cancelled or expires.

Segment reporting
The Bank has presented the segment information in respect of its business and geographical segments in the same way as it is presented internally to the management.

Dividends on ordinary shares
Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Treasury shares and contracts on own equity instruments
Own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Bank's own equity instruments is recognised directly in equity. No gain or loss is recognised in consolidated income statement on the purchase, sale, issue or cancellation of own equity instruments.

Restricted investment accounts
Restricted investment accounts represent special nature assets resulted from funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager (Wakil) based on or (Wakala) agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Group in the consolidated financial statements.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

5 Income from murabaha, mudaraba, ijara and other islamic financing from customers

	2024 AED '000	2023 AED '000
Vehicle murabaha	**789,019**	560,128
Goods murabaha	**1,603,118**	1,146,739
Share murabaha	**878,925**	869,844
Commodities murabaha – Al Khair	**517,875**	422,252
Islamic covered cards (murabaha)	**443,220**	395,401
Other murabaha	**788,668**	669,535
Total murabaha	**5,020,825**	4,063,899
Mudaraba	**780,591**	684,651
Ijara	**2,905,008**	2,575,501
Wakala	**226,468**	195,597
Istisna'a	**6,055**	6
	8,938,947	7,519,654

6 Income from investments measured at fair value

	2024 AED '000	2023 AED '000
Income from sukuk measured at fair value through profit or loss	**130,344**	87,737
Income from sukuk measured at fair value through other comprehensive income	**112,030**	126,615
Realised gain on investments carried at fair value through profit or loss	**43,242**	30,947
Unrealised (loss) gain on investments carried at fair value through profit or loss	**(2,255)**	13,818
Realised loss on sukuk carried at fair value through other comprehensive income	**-**	(3,608)
Gain from other investment assets	**4,501**	5,678
Dividend income	**483**	5,905
	288,345	267,092

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

7 Fees and commission income, net

	2024 AED '000	2023 AED '000
Fees and commission income		
Fees and commission income on cards	**1,896,353**	1,667,747
Trade related fees and commission	**134,725**	143,950
Accounts services fees	**138,754**	123,621
Projects and property management fees	**48,760**	46,682
Risk participation and arrangement fees	**152,769**	121,265
Brokerage fees and commission	**42,993**	41,893
Other fees and commissions	**682,337**	541,391
Total fees and commission income	**3,096,691**	2,686,549
Fees and commission expenses		
Card related fees and commission expenses	**(1,126,549)**	(965,193)
Other fees and commission expenses	**(162,774)**	(106,129)
Total fees and commission expenses	**(1,289,323)**	(1,071,322)
Fees and commission income, net	**1,807,368**	1,615,227

8 Income from investment properties

	2024 AED '000	2023 AED '000
Rental income (note 23)	**37,594**	38,030
Gain on disposal of investment properties	**326**	-
	37,920	38,030

9 Employees' costs

	2024 AED '000	2023 AED '000
Salaries and wages	**1,664,385**	1,644,527
End of service benefits	**94,244**	84,366
Other staff expenses	**136,003**	122,443
	1,894,632	1,851,336

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 General and administrative expenses

	2024 AED '000	2023 AED '000
Legal and professional expenses	**146,787**	126,202
Premises expenses	**108,023**	110,324
Marketing and advertising expenses	**83,902**	70,489
Communication expenses	**106,864**	111,327
Technology related expenses	**262,092**	219,516
Finance cost on lease liabilities	**6,359**	7,487
Other operating expenses	**196,331**	228,565
	910,358	873,910

11 Provision for impairment, net

	2024 AED '000	2023 AED '000
Murabaha and other Islamic financing	**299,793**	168,538
Ijara financing	**458,362**	419,360
Direct write-off, net of recoveries	**15,836**	4,188
Investment in sukuk measured at amortised cost	**(18,140)**	80,962
Others	**(136,157)**	87,213
	619,694	760,261

12 Distribution to depositors and sukuk holders

	2024 AED '000	2023 AED '000
Saving accounts	**241,217**	210,137
Investment accounts	**4,194,825**	2,875,702
Sukuk holders	**104,649**	13,503
	4,540,691	3,099,342

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

13 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. The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

Furthermore, Bank pays taxes on its international branches and subsidiary in accordance with the tax laws prevailing in those countries mainly Egypt where the tax rate is 22.5%.

The current tax charge for year ended 31 December is as follows:

	2024 AED '000	2023 AED '000
As per UAE Corporate Tax Law	**457,391**	-
As per other international tax jurisdiction	**307,888**	219,553
	765,279	219,553
Effective Tax Rate ("ETR")	**11.1%**	4.0%

The reconciliation of tax expense to the accounting profit before tax is as follows:

	2024 AED '000	2023 AED '000
Accounting profit before tax	**6,866,696**	5,470,902
Tax expense at 9% / 0% (UAE Corporate tax rate)	**618,003**	-
Tax effect of difference:		
Tax effect of different tax rate of subsidiaries operating in foreign jurisdictions	**220,882**	219,553
Others	**(73,606)**	-
	765,279	219,553

Pillar 2

The OECD has published GloBE Model Rules, which include a minimum 15% tax rate by jurisdiction ("Pillar Two"). Various countries have enacted or intend to enact tax legislation to comply with Pillar Two rules. As of the reporting date, Pillar Two legislation has not been substantively enacted in the UAE. The Bank has conducted an assessment of the potential exposure to Pillar Two income taxes had the rules been in effect in UAE during the current reporting period. Based on this assessment, the Bank does not expect the top-up tax to be considered material.

The Bank is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance for the remaining jurisdictions in which the Bank operates where Pillar Two legislation has not been substantively enacted as at the reporting date, and which are not impacted by the Pillar Two charging provisions enacted elsewhere in the Group.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

14 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of any financial instruments with dilutive effects.

The following reflects the income and shares data used in the earnings per share computations:

	Notes	2024	2023
Profit for the year attributable to equity holders (AED '000)		**5,776,782**	5,000,261
Less: profit attributable to Tier 1 sukuk holder			
- Listed (third issue) (AED '000)	**36**	**(199,692)**	-
- Listed (second issue) (AED '000)		-	(196,250)
- Government of Abu Dhabi (AED '000)	**36**	**(153,336)**	(140,538)
Profit for the year attributable to equity holders after deducting profit relating to Tier 1 sukuk (AED '000)		**5,423,754**	4,663,473
Weighted average number of ordinary shares at 31 December in issue (000's)		**3,632,000**	3,632,000
Basic and diluted earnings per share (AED)		**1.493**	1.284

The Bank does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised. Profit on Tier 1 sukuk is reflected in the EPS computation on the payment of such profit.

15 Cash and balances with central banks

	2024 AED '000	2023 AED '000
Cash on hand	**2,112,161**	2,022,259
Balances with central banks:		
- Current accounts	**1,143,318**	1,739,360
- Statutory reserve	**19,229,985**	14,127,177
- Islamic certificate of deposits	**9,555,686**	13,610,743
	32,041,150	31,499,539
Less: provision for impairment	**(1,208)**	(1,227)
	32,039,942	31,498,312

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

15 Cash and balances with central banks (continued)

The Bank is required to maintain statutory reserves with the Central Bank of the UAE, Egypt, Iraq and Sudan on demand, time and other deposits. The statutory reserves are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the Central Bank. Cash on hand and current accounts are not profit-bearing. Islamic certificate of deposits are profit bearing, which is based on entering into international commodities Murabaha transaction in which Central Bank of the UAE and Central Bank of Iraq are the buyers and the Bank is the seller.

The distribution of the gross cash and balances with central banks by geographic region is as follows:

	2024 AED '000	2023 AED '000
UAE	**28,183,540**	27,831,678
Rest of the Middle East	**2,394,497**	2,416,442
Others	**1,463,113**	1,251,419
	32,041,150	31,499,539

16 Balances and wakala deposits with islamic banks and other financial institutions

	2024 AED '000	2023 AED '000
Current accounts	**848,985**	205,301
Wakala deposits	**6,808,703**	7,186,958
	7,657,688	7,392,259
Less: provision for impairment	**(7,749)**	(18,453)
	7,649,939	7,373,806

In accordance with Shari'a principles, deposits are invested only with Islamic financial institutions. The Bank does not earn profits on current accounts with banks and financial institutions.

The distribution of the gross balances and wakala deposits with Islamic banks and other financial institutions by geographic region is as follows:

	2024 AED '000	2023 AED '000
UAE	**57,495**	1,433,787
Rest of the Middle East	**6,528,742**	5,749,171
Europe	**313,737**	134,677
Others	**757,714**	74,624
	7,657,688	7,392,259

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

17 Murabaha and mudaraba with financial institutions

	2024 AED '000	2023 AED '000
Murabaha	**2,991,073**	3,994,920
Less: provision for impairment	**(33,544)**	(64,790)
	2,957,529	3,930,130

In accordance with Shari'a principles, Mudaraba are with Islamic financial institutions or provided for the activities that are entirely Sharia' compliant.

The distribution of the gross murabaha and mudaraba with financial institutions by geographic region is as follows:

	2024 AED '000	2023 AED '000
UAE	**23,492**	25,989
Rest of the Middle East	**100,269**	49,389
Others	**2,867,312**	3,919,542
	2,991,073	3,994,920

18 Murabaha and other Islamic financing

	2024 AED '000	2023 AED '000
Vehicle murabaha	**11,654,053**	9,696,136
Goods murabaha	**35,889,499**	22,852,342
Share murabaha	**11,129,377**	12,494,133
Commodities murabaha – Al Khair	**10,475,983**	8,677,902
Islamic covered cards (murabaha)	**12,435,065**	7,694,314
Other murabaha	**12,342,823**	9,551,973
Total murabaha	**93,926,800**	70,966,800
Mudaraba	**4,732,765**	5,111,209
Wakala	**3,692,104**	3,819,872
Istisna'a	**104,910**	92,419
Other financing receivables	**181,366**	190,189
Total murabaha and other Islamic financing	**102,637,945**	80,180,489
Less: deferred income on murabaha	**(15,627,648)**	(10,753,070)
	87,010,297	69,427,419
Less: provision for impairment	**(1,665,674)**	(2,383,102)
	85,344,623	67,044,317

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

18 Murabaha and other Islamic financing (continued)

The distribution of the gross murabaha and other Islamic financing by industry sector and geographic region was as follows:

	2024 AED '000	2023 AED '000
Industry sector:		
Government	**9,497,175**	2,627,253
Public sector	**14,023,427**	9,901,507
Corporates	**7,467,357**	7,824,923
Financial institutions	**6,412,769**	5,480,880
Individuals	**48,216,977**	42,402,600
Small and medium enterprises	**1,392,592**	1,190,256
	87,010,297	69,427,419
Geographic region:		
UAE	**67,892,641**	52,172,504
Rest of the Middle East	**7,832,576**	6,184,559
Europe	**3,700,564**	2,956,416
Others	**7,584,516**	8,113,940
	87,010,297	69,427,419

19 Ijara financing

This represents net investment in assets leased for periods which either approximate or cover major parts of the estimated useful lives of such assets. The documentation includes a separate undertaking from the Bank to sell the leased assets to the lessee upon the maturity of the lease.

The aggregate future lease receivables are as follows:

	2024 AED '000	2023 AED '000
Ijara financing	**60,108,940**	50,741,625
Less: provision for impairment	**(2,842,724)**	(2,783,538)
	57,266,216	47,958,087

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

19 Ijara financing (continued)

The distribution of the gross ijara financing by industry sector and geographic region was as follows:

	2024 AED '000	2023 AED '000
Industry sector:		
Government	**1,538,884**	1,772,125
Public sector	**4,901,628**	6,384,383
Corporates	**17,958,261**	21,498,292
Individuals	**35,376,612**	20,689,980
Small and medium enterprises	**175,441**	203,505
Non-profit organisations	**158,114**	193,340
	60,108,940	50,741,625
Geographic region:		
UAE	**57,501,433**	49,190,106
Rest of the Middle East	**1,579,789**	971,771
Europe	**514,035**	6,357
Others	**513,683**	573,391
	60,108,940	50,741,625

20 Investment in sukuk measured at amortised cost

	2024 AED '000	2023 AED '000
Sukuk - Quoted	**23,862,504**	19,004,100
Less: provision for impairment	**(104,411)**	(122,551)
	23,758,093	18,881,549

The distribution of the gross investments by geographic region was as follows:

	2024 AED '000	2023 AED '000
UAE	**12,095,090**	10,573,633
Rest of the Middle East	**8,925,158**	6,371,362
Europe	**91,232**	-
Others	**2,751,024**	2,059,105
	23,862,504	19,004,100

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

21 Investments measured at fair value

	2024 AED '000	2023 AED '000
Investments carried at fair value through profit or loss		
Quoted investments		
Equities	**24,546**	33,956
Sukuk	**1,899,327**	1,982,758
	1,923,873	2,016,714
Unquoted sukuk	**327,586**	307,182
	2,251,459	2,323,896
Investments carried at fair value through other comprehensive income		
Quoted investments		
Equities	**24,882**	27,063
Sukuk	**2,924,449**	3,119,326
	2,949,331	3,146,389
Unquoted investments		
Sukuk	**68,686**	67,726
Funds	**214,338**	27,581
Private equities	**115,827**	110,787
	398,851	206,094
	3,348,182	3,352,483
	5,599,641	5,676,379
Less: provision for impairment	**(71,237)**	(74,927)
Total investments measured at fair value	**5,528,404**	5,601,452

Unquoted sukuk carried at fair value through profit or loss includes financial assets acquired as part of settlement of an existing financing exposure that has been transferred to a new entity controlled by the financiers. The instrument is expected to be settled through sale of operating assets transferred to the new entity.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

21 Investments measured at fair value (continued)

The distribution of the gross investments by geographic region was as follows:

	2024 AED '000	2023 AED '000
UAE	**2,792,343**	2,407,816
Rest of the Middle East	**1,791,738**	1,945,593
Europe	**11,582**	832
Others	**1,003,978**	1,322,138
	5,599,641	5,676,379

22 Investment in associates and joint ventures

The movement in the carrying amount during the year was as follows:

	2024 AED '000	2023 AED '000
At 1 January	**849,490**	791,240
Share of results	**99,894**	76,121
Dividends received	**(18,124)**	(16,250)
Foreign currency translation	**(20,406)**	(1,621)
	910,854	849,490
Less: provision for impairment	**(15,156)**	(15,156)
At 31 December	**895,698**	834,334

The movement in the provision for impairment during the year was as follows:

	2024 AED '000	2023 AED '000
Balance at 1 January and 31 December	**15,156**	15,156

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

22 Investment in associates and joint ventures (continued)

Details of the Bank's investment in associates and joint ventures at 31 December is as follows:

	Place of incorporation	*Proportion of ownership interest* 2024 %	2023 %	*Principal activity*
Associates				
Abu Dhabi National Takaful PJSC	UAE	**42**	42	Islamic insurance
Bosna Bank International D. D	Bosnia	**27**	27	Islamic banking
The Residential REIT (IC) Limited	UAE	**29**	29	Real estate fund
Joint ventures				
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	**51**	51	Islamic Retail Finance
Arab Link Money Transfer PSC (under liquidation)	UAE	**51**	51	Currency Exchange
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	**51**	51	Merchant acquiring

As of 31 December 2024, the Bank's share of the contingent liabilities and commitments of associates and joint ventures amounted to AED 38,049 thousand (2023: AED 63,558 thousand). The equity instruments of Abu Dhabi National Takaful PJSC are quoted in Abu Dhabi Securities Exchange, UAE and the quoted value of the Banks' share of investment at 31 December 2024 amounted to AED 236,236 thousand (2023: AED 262,485 thousand) and its carrying value as of 31 December 2024 amounted to AED 349,613 thousand (2023: AED 316,043 thousand).

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

23 Investment properties

The movement in investment properties balance during the year was as follows:

	Land AED '000	Other properties AED '000	Total AED '000
2024			
Cost:			
Balance at 1 January	**989,651**	**509,882**	**1,499,533**
Disposals during the year	**(419)**	**(1,694)**	**(2,113)**
Foreign currency translation	**(506)**	**(322)**	**(828)**
Gross balance at 31 December	**988,726**	**507,866**	**1,496,592**
Less: provision for impairment	**(31,943)**	**-**	**(31,943)**
Net balance at 31 December	**956,783**	**507,866**	**1,464,649**
Accumulated depreciation:			
Balance at 1 January	-	**117,516**	**117,516**
Charge for the year	-	**14,587**	**14,587**
Relating to disposals	-	**(442)**	**(442)**
Balance at 31 December	**-**	**131,661**	**131,661**
Net book value at 31 December	**956,783**	**376,205**	**1,332,988**
2023			
Cost:			
Balance at 1 January	989,876	510,178	1,500,054
Foreign currency translation	(225)	(296)	(521)
Gross balance at 31 December	989,651	509,882	1,499,533
Less: provision for impairment	(106,203)	(13,044)	(119,247)
Net balance at 31 December	883,448	496,838	1,380,286
Accumulated depreciation:			
Balance at 1 January	-	102,859	102,859
Charge for the year	-	14,657	14,657
Balance at 31 December	-	117,516	117,516
Net book value at 31 December	883,448	379,322	1,262,770

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 37,594 thousand (2023: AED 38,030 thousand).

The fair values of investment properties at 31 December 2024 amounted to AED 1,639,698 thousand (2023: AED 1,550,816 thousand) are as per valuation conducted by professional valuers employed by a subsidiary of the Bank. The professional valuer is a member of various professional valuers' associations and has appropriate qualifications and experience in the valuation of properties in the UAE. The fair value of the properties has been determined either based on transactions observable in the market or valuation models.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

23 Investment properties (continued)

The valuation methodologies considered by external valuers include:

a) Comparison method: This method derives the value by analyzing recent sales transactions of similar properties in a similar location.
b) Investment method: This method derives the value by converting the future cash flow to a single current capital value.

The movement in provision for impairment during the year was as follows:

	Land AED '000	Other properties AED '000	Total AED '000
At 1 January 2023	106,208	13,044	119,252
Movement due to business combination	(5)	-	(5)
At 1 January 2024	106,203	13,044	119,247
Reversals during the year	(74,092)	(12,908)	(87,000)
Relating to disposals	(168)	(136)	(304)
At 31 December 2024	**31,943**	-	**31,943**

The distribution of investment properties by geographic region was as follows:

	Land AED '000	Other properties AED '000	Total AED '000
2024:			
UAE	**980,358**	**375,783**	**1,356,141**
Rest of the Middle East	**8,214**	-	**8,214**
Others	**154**	**422**	**576**
	988,726	**376,205**	**1,364,931**
2023:			
UAE	980,358	391,523	1,371,881
Rest of the Middle East	8,214	-	8,214
Others	1,079	843	1,922
	989,651	392,366	1,382,017

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

24 Development properties

	2024 AED '000	2023 AED '000
Development properties	**846,620**	846,620
Less: provision for impairment	**(123,680)**	(123,680)
	722,940	722,940

The movement in the provision for impairment during the year was as follows:

	2024 AED '000	2023 AED '000
Balance at 1 January and 31 December	**123,680**	123,680

Development properties include land with a carrying value of AED 676,320 thousand (2023: AED 676,320 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in the UAE.

25 Other assets

	2024 AED '000	2023 AED '000
Acceptances	**1,034,329**	655,161
Assets acquired in satisfaction of claims	**88,425**	94,594
Trade receivables	**475,733**	574,110
Prepaid expenses	**1,274,549**	1,039,018
Accrued profit	**675,554**	603,036
Positive fair value of Shari'a compliant alternatives of derivative financial instruments (note 39)	-	6,415
Others, net	**1,809,296**	1,313,833
	5,357,886	4,286,167

Assets acquired in exchange for claims in order to achieve an orderly realization are recorded as "Assets acquired in satisfaction of claims". The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the claim (net of provision for impairment) at the date of exchange.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

26 Property and equipment

	Land AED '000	Buildings AED '000	Furniture and fixtures AED '000	Computer and office equipment AED '000	Motor vehicles AED '000	Capital work-in-progress AED '000	Right-of-use assets AED '000	Total AED '000
2024								
Cost or revaluation:								
At 1 January	241,776	1,146,138	505,035	2,164,918	6,180	530,396	358,261	4,952,704
Exchange differences / other adjustments	(2,314)	(139,935)	(7,674)	(59,878)	(967)	-	(13,912)	(224,680)
Additions	-	145	6,493	27,378	1,837	278,766	52	314,671
Transfers from capital work-in-progress	-	308	15,548	326,304	-	(342,160)	-	-
Disposals / write-offs	-	(23)	(6,442)	(7,840)	(581)	-	-	(14,886)
	239,462	1,006,633	512,960	2,450,882	6,469	467,002	344,401	5,027,809
Less: provision for impairment	-	(1,487)	-	-	-	-	-	(1,487)
At 31 December	239,462	1,005,146	512,960	2,450,882	6,469	467,002	344,401	5,026,322
Depreciation:								
At 1 January	-	203,538	350,157	1,403,854	5,199	-	190,479	2,153,227
Exchange differences / other adjustments	-	(7,277)	(2,438)	(32,916)	(792)	-	(29,198)	(72,621)
Charge for the year	-	32,363	48,335	176,068	295	-	57,484	314,545
Relating to disposals / write-offs	-	(23)	(6,372)	(7,777)	(326)	-	-	(14,498)
At 31 December	-	228,601	389,682	1,539,229	4,376	-	218,765	2,380,653
Net book value:								
At 31 December	239,462	776,545	123,278	911,653	2,093	467,002	125,636	2,645,669

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

26 Property and equipment (continued)

	Land AED '000	Buildings AED '000	Furniture and fixtures AED '000	Computer and office equipment AED '000	Motor vehicles AED '000	Capital work-in-progress AED '000	Right-of-use assets AED '000	Total AED '000
2023								
Cost or revaluation:								
At 1 January	243,713	1,237,182	460,199	2,027,705	5,754	461,302	440,626	4,876,481
Exchange differences / other adjustments	(1,560)	(90,097)	(1,412)	(35,319)	(361)	-	(82,365)	(211,114)
Additions	-	-	6,617	37,121	742	250,268	-	294,748
Transfers from capital work-in-progress	-	-	40,901	140,140	61	(181,102)	-	-
Disposals / write-offs	(377)	(947)	(1,270)	(4,729)	(16)	(72)	-	(7,411)
	241,776	1,146,138	505,035	2,164,918	6,180	530,396	358,261	4,952,704
Less: provision for impairment	-	(1,487)	-	-	-	-	-	(1,487)
At 31 December	241,776	1,144,651	505,035	2,164,918	6,180	530,396	358,261	4,951,217
Depreciation:								
At 1 January	-	168,039	302,993	1,275,899	4,940	-	218,150	1,970,021
Exchange differences / other adjustments	-	(1,814)	1,396	(24,854)	(184)	-	(92,782)	(118,238)
Charge for the year	-	37,873	47,012	156,012	459	-	65,111	306,467
Relating to disposals / write-offs	-	(560)	(1,244)	(3,203)	(16)	-	-	(5,023)
At 31 December	-	203,538	350,157	1,403,854	5,199	-	190,479	2,153,227
Net book value:								
At 31 December	241,776	941,113	154,878	761,064	981	530,396	167,782	2,797,990

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

27 Goodwill and intangibles

	Goodwill AED '000	Core deposit AED '000	License AED '000	Total AED '000
At 1 January 2023	280,866	215,920	289,234	786,020
Exchange translation differences	(33,988)	(44,325)	(57,496)	(135,809)
Amortisation during the year	-	(14,873)	-	(14,873)
At 1 January 2024	246,878	156,722	231,738	635,338
Exchange translation differences	(53,805)	(70,169)	(91,019)	(214,993)
Amortisation during the year	-	**(10,477)**	-	(10,477)
At 31 December 2024	**193,073**	**76,076**	**140,719**	**409,868**

Goodwill
On 1 October 2022, ADIB Group assumed control over ADIB Egypt. Based on the fair valuation and purchase price allocation exercise performed by external consultant, the Bank recognize AED 648,549 thousands and goodwill of AED 216,488 thousands.

On 6 April 2014, the Bank acquired retail banking business of Barclays Bank in the U.A.E. During the second quarter 2014, the acquisition was approved by the Central Bank of the UAE. Based on the purchase price allocation, the Bank has recognized AED 438,012 thousand as intangible asset which were fully amortized previous years and AED 109,888 as goodwill.

For the purpose of impairment testing, goodwill is allocated to the Bank's operating divisions which represent the lowest level within the Bank at which the goodwill is monitored for internal management purposes.

Other intangible assets

Egypt license	This has been recognised as an intangible asset as Central Bank of Egypt has not issued a new banking license to any entity for the past 20 years and has therefore restricted engagement in banking activities to banks already licensed and operating in Egypt. The license plays a key part in generating revenues for the Bank. Egypt license was valued considering the market approach using comparable transactions.
Core deposit	The value of core deposit intangible asset arises from the fact that the expected profit distribution on these deposits, governed by their contractual terms, are expected to be lower than other wholesale or treasury sukuk instruments' expected profit distributions. The spread between the expected profit distributions on these deposits and sukuk instruments represents the value of the core deposit intangible.

Impairment assessment of goodwill
No impairment losses on goodwill were recognised during the year ended 31 December 2024 (2023: Nil).

The recoverable amounts have been assessed based on their value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of this operating division.

The recoverable amount of goodwill of cash generating unit, determined on the basis of value in use calculation, uses cash flow projections covering a five year period, with a terminal growth rate of 2% (2023: 2%) applied thereafter. The forecast cash flows have been discounted at a rate of 11.4% (2023: 9.8%).

Management conducted a sensitivity analysis which took into account a one percentage point change in the discount rate and terminal growth rate. The carrying value will surpass the recoverable amount with these potential changes in key assumptions.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

28 Due to financial institutions

	2024 AED '000	2023 AED '000
Current accounts	**1,734,019**	1,513,821
Investment deposits	**3,795,650**	1,009,634
	5,529,669	2,523,455
Current account – Central Bank of UAE	**-**	31,549
	5,529,669	2,555,004

The distribution of due to financial institutions by geographic region was as follows:

	2024 AED '000	2023 AED '000
UAE	**2,682,300**	1,028,171
Rest of the Middle East	**1,566,785**	611,007
Europe	**236,528**	54,394
Others	**1,044,056**	861,432
	5,529,669	2,555,004

29 Depositors' accounts

	2024 AED '000	2023 AED '000
Current accounts	**50,819,862**	47,179,358
Saving accounts	**60,533,676**	55,402,458
Investment accounts	**70,584,417**	53,725,866
Investment risk reserve	**737,298**	759,312
	182,675,253	157,066,994

The movement in the investment risk reserve during the year was as follows:

	2024 AED '000	2023 AED '000
At 1 January	**759,312**	713,007
Share of profit / paid during the year	**(22,014)**	46,305
At 31 December	**737,298**	759,312

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

29 Depositors' accounts (continued)

The distribution of the depositors' accounts by industry sector, geographic region and currency was as follows:

	2024 AED '000	2023 AED '000
Industry sector:		
Government	**31,027,886**	26,239,028
Public sector	**12,705,731**	6,217,852
Corporates	**16,442,512**	14,900,280
Financial institutions	**3,633,921**	2,053,840
Individuals	**94,586,219**	88,298,701
Small and medium enterprises	**20,618,189**	16,590,630
Non-profit organisations	**3,660,795**	2,766,663
	182,675,253	157,066,994
Geographic region:		
UAE	**162,377,636**	136,991,930
Rest of the Middle East	**4,223,539**	2,941,776
Europe	**470,666**	496,814
Others	**15,603,412**	16,636,474
	182,675,253	157,066,994
Currencies:		
UAE Dirham	**132,008,876**	118,775,827
US Dollar	**36,823,062**	22,715,161
Euro	**1,300,352**	1,262,177
Sterling Pound	**830,742**	699,711
Others	**11,712,221**	13,614,118
	182,675,253	157,066,994

The Bank invests all of its investment accounts including saving accounts, adjusted for UAE, Egypt, Iraq and Sudan Central Bank reserve requirements and the Group's liquidity requirements.

With respect to investment deposits, the Bank is liable only in case of misconduct, negligence or breach of contract otherwise it is on the account of the fund's provider (Rab Al Mal) or the principal (the Muwakkil).

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

30 Other liabilities

	2024 AED '000	2023 AED '000
Accounts payable	**560,794**	398,318
Acceptances	**1,034,329**	655,161
Lease liabilities	**139,116**	180,637
Accrued profit for distribution to depositors and sukuk holders	**730,810**	408,310
Bankers' cheques	**1,808,080**	856,609
Provision for staff benefits and other expenses	**551,212**	586,367
Retentions payable	**75,598**	29,198
Advances from customers	**44,051**	58,362
Accrued expenses	**309,934**	314,905
Deferred income	**364,931**	278,359
Negative fair value of Shari'a compliant alternatives of derivative financial instruments (note 39)	**11,188**	-
Others	**1,921,342**	1,360,350
	7,551,385	5,126,576

31 Sukuk financing instrument

	2024 AED '000	2023 AED '000
Sukuk financing instrument	**1,836,250**	1,836,250

In November 2023, the Bank through a AAOIFI Shari'a compliant sukuk arrangement, raised medium term green sukuk amounting to AED 1,836,250 thousand (USD 500 million) under a USD 5 billion programme. The sukuk are listed on the London Stock Exchange's International Securities Market (ISM) and the Abu Dhabi Securities Exchange (ADX). The sukuk will mature in November 2028. The sukuk deserved rental proceeds are distributed in accordance with expected profit rate.

Terms of arrangement

The terms of the arrangement include transfer of the ownership of certain assets (the "Ijarah Assets"), from identified ijara financing assets in the portfolio of the Bank, to a sukuk company, ADIB Sukuk Company II Ltd - the Issuer, a subsidiary of the Bank, specially formed for the sukuk transaction. The assets are owned by the Sukuk holders, however the assets are controlled by the Bank and shall continue to be serviced by the Bank as the Servicing agent.

The issuer will pay the quarterly distribution amount from rental proceeds generated and received from the Ijarah Assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to the sukuk holders on the quarterly distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the Ijarah Assets at an exercise price, specified in the relevant Purchase Undertaking.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

32 Share capital

	2024 AED '000	2023 AED '000
Authorised share capital:		
4,000,000 thousand (2023: 4,000,000 thousand) ordinary shares of AED 1 each (2023: AED 1 each)	**4,000,000**	4,000,000
Issued and fully paid share capital:		
3,632,000 thousand (2023: 3,632,000 thousand) ordinary shares of AED 1 each (2023: AED 1 each)	**3,632,000**	3,632,000

33 Reserves

33.1 Legal reserve

As required by the Federal Law No. 32 of 2021, concerning Commercial Companies and the Articles of Association of the Bank and its subsidiaries, 5% of the profit for the year is transferred to the legal reserve. The Bank shall resolve to discontinue such annual transfers as the reserve equals to or more than 50% of the paid up share capital of the Bank. The legal reserve is not available for distribution to the shareholders.

As per Article 203 of UAE Federal Commercial Companies Law No. 8 of 1984, the Bank has transferred the share premium amounting to AED 1,529,412 thousand to the legal reserve. As the balance of the reserve exceeds 50% of the total paid up share capital, no transfer to the legal reserve has been made from the profit during the year for the Bank.

During 2018, the Bank has transferred the share premium amounting to AED 538,240 thousand pertaining to the right share issue of 464,000 to the legal reserve after the shareholders' approval in the General Assembly meeting held on 19 August 2018.

During 2015, the Bank has transferred the share premium amounting to AED 336,000 thousand pertaining to the right share issue of 168,000 to the legal reserve after the shareholders' approval in the Extra Ordinary General meeting held on 28 June 2015.

33.2 General reserve

Under Article 49(2) of the Bank's Articles of Association, the Annual General Assembly of the Bank, upon recommendation of the Board of Directors, have resolved to transfer 10% of the profit for the year to the general reserve. This reserve shall be used in the future for purposes determined by the shareholders' General Assembly upon the recommendation of the Board of Directors.

33.3 Credit risk reserve

Upon the recommendation of the Board of Directors, the Bank has established a special reserve for credit risk which is subject to the approval by the shareholders in the Annual General Assembly. Contributions to the reserve are voluntary.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

34 Dividend

During 2024, cash dividend of 71.46% of the paid up capital relating to year ended 31 December 2023 amounting to AED 2,595,469 thousand, was paid after the approval by the shareholders at the Annual General Assembly held on 29 February 2024.

Cash dividend of 83.43% of the paid up capital relating to year ended 31 December 2024 amounting to AED 3,030,337 thousand has been proposed by the Board of Directors for the approval by the shareholders at the forthcoming Annual General Assembly.

35 Other reserves

	Cumulative changes in fair values AED '000	Land revaluation reserve AED '000	Foreign currency translation reserve AED '000	Hedging reserve AED '000	Impairment reserve - Specific AED '000	Impairment reserve - General AED '000	Others AED '000	Total AED '000
At 1 January 2023	(463,494)	137,400	(837,980)	-	320,100	279,327	-	(564,647)
Net movement in valuation of equity investment carried at FVTOCI	17,769	-	-	-	-	-	-	17,769
Net movement in valuation of investment in sukuk carried at FVTOCI	46,919	-	-	-	-	-	-	46,919
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	3,608	-	-	-	-	-	-	3,608
Loss on disposal of investments carried at FVTOCI	5,215	-	-	-	-	-	-	5,215
Exchange differences arising on translation of foreign operations	-	-	(245,193)	-	-	-	-	(245,193)
Loss on hedge of foreign operations	-	-	(2,249)	-	-	-	-	(2,249)
Fair value gain on cash flow hedges	-	-	-	2,064	-			2,064
Net movement in impairment reserve – Specific	-	-	-	-	(112,427)			(112,427)
Net movement in impairment reserve – General	-	-	-	-	-	(235,631)		(235,631)
Ner movement in other reserves	-	-	-	-	-	-	(10,420)	(10,420)
At 1 January 2024	**(389,983)**	**137,400**	**(1,085,422)**	**2,064**	**207,673**	**43,696**	**(10,420)**	**(1,094,992)**
Net movement in valuation of equity investment carried at FVTOCI	**8,717**	-	-	-	-	-	-	**8,717**
Net movement in valuation of investment in sukuk carried at FVTOCI	**50,062**	-	-	-	-	-	-	**50,062**
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	-	-	-	-	-	-	-	-
Loss on disposal of investments carried at FVTOCI	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations	-	-	**(609,286)**	-	-	-	-	**(609,286)**
Gain on hedge of foreign operations	-	-	**3,990**	-	-	-	-	**3,990**
Fair value loss on cash flow hedges	-	-	-	**(5,405)**	-	-	-	**(5,405)**
Net movement in impairment reserve – Specific	-	-	-	-	**(207,673)**	-	-	**(207,673)**
Net movement in impairment reserve – General	-	-	-	-	-	**287,490**	-	**287,490**
Ner movement in other reserves	-	-	-	-	-	-	**7,106**	**7,106**
At 31 December 2024	**(331,204)**	**137,400**	**(1,690,718)**	**(3,341)**	**-**	**331,186**	**(3,314)**	**(1,559,991)**

36 Tier 1 sukuk

	2024 AED '000	2023 AED '000
Tier 1 sukuk – Listed (third issue)	**2,754,375**	2,754,375
Tier 1 sukuk – Government of Abu Dhabi	**2,000,000**	2,000,000
	4,754,375	4,754,375

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

36 Tier 1 sukuk (continued)

Tier 1 sukuk – Listed (third issue)
On 18 July 2023, the Bank through a Shari'a compliant sukuk arrangement has issued Tier 1 sukuk – Listed (third issue) (the "Sukuk") amounting to AED 2,754,375 thousand (USD 750 million). This Sukuk was issued under the authorities approved by the shareholders of the Bank in the Annual General Meeting held on 06 March 2023. Issuance costs amounting to AED 12,305 thousand were incurred at the time of issuance.

This Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank upon its conclusion subject to the terms and conditions of the mudaraba. The sukuk is listed on the London Stock Exchange's International Securities Market (ISM) and is callable by the Bank after period ending on 18 January 2029 (the "First Call Date") or any achieved profit payment date thereafter subject to certain conditions. The Sukuk bear an expected mudaraba profit rate of 7.25%, such achieved profit is payable during the initial period of five and half years semi-annually in arrears. After the initial period, and for every 5th year thereafter, resets to a new expected mudaraba profit rate based on the then 5.5 year US treasury rate plus an expected margin of 3.059%. Profit distributions will be reported in the consolidated statement of changes in equity.

The Bank may, at its sole discretion, elect not to make any mudaraba profit distributions as expected and the event is not considered an event of default. If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of the next following payment of expected mudaraba profit distribution.

Tier 1 sukuk – Government of Abu Dhabi
On 16 April 2009, under the Government of Abu Dhabi Bank capitalisation programme, the Bank has issued Tier 1 sukuk (the "Sukuk-Gov") to the Department of Finance of the Government of Abu Dhabi, with a principal investment amount of AED 2,000,000 thousand. Issuance of this Sukuk-Gov was approved by the shareholders of the Bank in the Extraordinary General Meeting held on 22 March 2009.

On 15 December 2021, amended and restated Mudaraba Agreement was signed to make the Sukuk-Gov complaint with Basel 3.

This Sukuk-Gov is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank subject to the terms and conditions of the Mudaraba. Based on the amended and restated Mudaraba Agreement dated 15 December 2021, the Sukuk-Gov is callable by the Bank after period ending on 16 April 2027 (the "Call Date") or any achieved profit payment date thereafter subject to certain conditions.

The Sukuk-Gov had an expected mudaraba profit rate of 6% payable during the initial period of five years semi-annually in arrears. The initial period of five years ended on 16 April 2014. After the initial period, Sukuk-Gov bear an expected variable mudaraba profit rate payable of 6 months EIBOR plus an expected margin of 2.3%. Profit distributions will be reported in the consolidated statement of changes in equity. No changes were made to expected mudaraba profit rates under the amended and restated Mudaraba Agreement dated 15 December 2021.

The Bank may, at its sole discretion, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of two consecutive expected mudaraba profit distribution.

37 Non-controlling interest

Non-controlling interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of subsidiaries.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

38 Contingent liabilities and commitments

Credit related commitments include commitments to extend Islamic credit facilities, standby letters of credit, guarantees, which are designed to meet the requirements of the Bank's customers.

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

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of contracts.

The Bank has the following credit related contingencies, commitments and other capital commitments:

	2024 AED '000	2023 AED '000
Contingent liabilities		
Letters of credit	**2,174,348**	3,374,592
Letters of guarantee	**9,624,729**	9,295,832
	11,799,077	12,670,424
Commitments		
Undrawn facilities commitments	**3,542,190**	1,466,162
Future capital expenditure	**239,836**	191,484
	3,782,026	1,657,646
	15,581,103	14,328,070

39 Shari'a compliant alternatives of derivative financial instruments

Shari'a compliant alternatives of swaps are based on a unilateral Wa'ad (promise) structure between two parties to buy a specific Shari'a compliant commodity at an agreed price on an agreed date in future. It is a conditional promise to purchase a commodity through a unilateral purchase undertaking. For Shari'a complaint alternatives of swap, counter parties enter into two separate and independent Murabaha transactions, the results of which are exchanged between them in a manner that enables one of them to receive the equivalent of the fixed reference rate and the other counterparty to receive the equivalent of the reference floating rate, where the profit payments are based on a notional value in a single currency.

The table below shows the fair values of Shari'a compliant alternatives of derivative financial instruments, together with the notional amounts analysed by term of maturity. The notional amount is based on the amount of the underlying transaction, reference rate or index and is the basis upon which changes in the value of transactions are measured. The notional amounts indicate the volume of transactions outstanding at the reporting date and are neither indicative of the market risk nor credit risk.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

39 Shari'a compliant alternatives of derivative financial instruments (continued)

	Positive fair value AED '000	Negative fair value AED '000	Notional amount AED '000	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000
31 December 2024: Notional amount by term to maturity							
Shari'a compliant alternatives of swap (note 25, 30)	-	**11,188**	**17,290,965**	**9,816,877**	**1,983,025**	**4,252,609**	**1,238,454**
31 December 2023: Notional amount by term to maturity							
Shari'a compliant alternatives of swap (note 25, 30)	6,415	-	10,875,926	8,321,480	2,497,596	56,850	-

40 Zakat

As the Bank is not required to pay Zakat by laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, accordingly the responsibility of paying Zakat is that of the shareholders. Based on the management valuation of the Bank's net assets, which are subject to Zakat, the total Zakat amount, for Zakat purposes based on Gregorian year, was estimated at AED 464,351 thousand (2023: AED 414,198 thousand) and accordingly, Zakat amount is estimated at AED 0.1278500 (2023: AED 0.1140414) per outstanding share.

However, in few jurisdictions, Zakat of the Bank's branches and subsidiaries is mandatory by laws to be paid to a governmental entity responsible for Zakat, therefore, the Bank acts accordingly to these laws and pays the Zakat to these entities on behalf of the Shareholders and deducts the amount paid as Zakat from the total Zakat amount above and accordingly adjusted the Zakat amount per each outstanding share.

Non-controlling interest Zakat amount, based on Gregorian year, was estimated at AED 19,564 thousand (2023: AED 22,806 thousand) and accordingly, Zakat amount is estimated at AED 0.0201365 (2023: AED 0.0204796) per each AED dirham invested by Non-controlling interest in the Group.

Tier 1 Sukuk Zakat amount, based on Gregorian year, was estimated at AED 95,737 thousand (2023: AED 97,368 thousand) and accordingly, Zakat amount is estimated at AED 0.0201365 (2023: AED 0.0204796) per each AED dirham invested in Tier 1 Sukuk.

To assist the investors in ADIB Tier 1 Sukuk, the Bank has calculated their above Zakat amount. The payment of such Zakat amount is solely the responsibility of the investors in these Tier 1 Sukuk.

41 Cash and cash equivalents

	2024 AED '000	2023 AED '000
Cash and balances with central banks, short term	**7,358,198**	7,864,883
Balances and wakala deposits with Islamic banks and other financial institutions, short term	**7,656,061**	7,389,066
Murabaha and mudaraba with financial institutions, short term	**23,492**	25,989
Due to financial institutions, short term	**(4,508,394)**	(2,552,630)
	10,529,357	12,727,308

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

42 Related party transactions

In the ordinary course of its activities, the Bank enters into transactions with related parties, comprising major shareholders, directors, associates and joint ventures, key management and their related concerns. The Bank obtains collateral, including charges over real estate properties and securities, the extent of which is dependent on the Bank's assessment of the credit risk of the related party. During 2021, related party financing were renegotiated based on the terms approved by the Board of Directors and are free of any specific provision for impairment. Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the year, significant transactions with related parties included in the consolidated income statement were as follows:

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
31 December 2024					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	**5,795**	-	**5,795**
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	**42,101**	-	**1,723**	**87,192**	**131,016**
Fees and commission income, net	**2**	**31**	**3,116**	**888**	**4,037**
Operating expenses	-	**777**	-	-	**777**
Distribution to depositors and sukuk holders	**1,252**	**742**	**2,084**	**773**	**4,851**
31 December 2023					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	1,346	-	1,346
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	41,986	-	6,423	98,407	146,816
Fees and commission income, net	1	4	103	4,157	4,265
Operating expenses	-	546	-	-	546
Distribution to depositors and sukuk holders	4,899	402	2,960	3	8,264

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

42 Related party transactions (continued)

The related party balances included in the consolidated statement of financial position were as follows:

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
31 December 2024					
Murabaha and mudaraba with financial institutions	**-**	**-**	**101,225**	**-**	**101,225**
Murabaha, mudaraba, ijara and other Islamic financing	**2,060,994**	**-**	**251,723**	**3,981,598**	**6,294,315**
Other assets	**-**	**-**	**39,257**	**-**	**39,257**
	2,060,994	**-**	**392,205**	**3,981,598**	**6,434,797**
Due to financial institutions	**-**	**-**	**177**	**-**	**177**
Depositors' accounts	**9**	**22,312**	**35,996**	**35,178**	**93,495**
Other liabilities	**-**	**-**	**300**	**48**	**348**
	9	**22,312**	**36,473**	**35,226**	**94,020**
Contingencies	**-**	**-**	**10,000**	**52,441**	**62,441**
31 December 2023					
Murabaha and mudaraba with financial institutions	-	-	50,146	-	50,146
Murabaha, mudaraba, ijara and other Islamic financing	2,046,100	-	-	4,155,645	6,201,745
Other assets	-	-	227,288	-	227,288
	2,046,100	-	277,434	4,155,645	6,479,179
Due to financial institutions	-	-	742	-	742
Depositors' accounts	918,302	16,649	337,717	22,836	1,295,504
Other liabilities	3,415	-	146	4	3,565
	921,717	16,649	338,605	22,840	1,299,811
Contingencies	-	-	10,000	62,825	72,825

Compensation of key management personnel

The compensation of key management personnel during the year was as follows:

	2024 AED '000	2023 AED '000
Salaries and other benefits	**29,032**	31,216
Employees' end of service benefits	**2,713**	2,705
	31,745	33,921

During 2024, AED 16,100 thousand was paid to Board of Directors pertaining to the year ended 31 December 2023 after the approval by the shareholders in the Annual General Assembly held on 29 February 2024.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

43 Segment information

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision makers of the Bank in order to allocate resources to the segment and to assess its performance. Information reported to the chief operating decision makers for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to the different markets.

Global Retail banking - Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahat, Ijara, Islamic covered card and funds transfer facilities and trade finance facilities.

Global Wholesale banking – Principally handling financing and other credit facilities and deposits and current accounts for corporate and institutional customers.

Private banking - Principally handling financing and other credit facilities, deposits and current accounts for high net worth individual customers.

Treasury – Principally handling money market, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Real estate – Subsidiaries of the Bank handling the acquisition, selling, development and leasing including both land and buildings, management and resale of properties and all associated activities.

Associates and Subsidiaries – Include Banks subsidiaries (not included above), associates and joint ventures, operating within and outside UAE.

Other operations - Other operations comprises mainly of Head Office including unallocated costs.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

43 Segment information (continued)

Business segments information for the year ended 31 December 2024 were as follows:

	Global retail banking AED '000	Global wholesale banking AED '000	Private banking AED '000	Treasury AED '000	Real estate AED '000	Other operations AED '000	Associates & subsidiaries AED '000	Total AED '000
Revenue and results								
Segment revenues, net	5,732,791	1,654,685	241,443	226,548	79,530	1,089,071	1,607,853	10,631,921
Operating expenses excluding provision for impairment, net	(2,129,515)	(271,705)	(84,414)	(44,967)	(57,333)	(165,538)	(391,127)	(3,144,599)
Operating profit	3,603,276	1,382,980	157,029	181,581	22,197	923,533	1,216,726	7,487,322
Provision for impairment, net	(453,789)	17,430	1,970	(62,748)	87,000	(33,342)	(176,215)	(619,694)
Profit for the year before zakat and tax	3,149,487	1,400,410	158,999	118,833	109,197	890,191	1,040,511	6,867,628
Zakat and tax	-	(39,137)	(1,213)	-	(9,828)	(440,088)	(275,945)	(766,211)
Profit for the year after zakat and tax	3,149,487	1,361,273	157,786	118,833	99,369	450,103	764,566	6,101,417
Non-controlling interest	-	-	-	-	-	-	(324,635)	(324,635)
Profit for the year attributable to equity holders of the Bank	3,149,487	1,361,273	157,786	118,833	99,369	450,103	439,931	5,776,782
Assets								
Segmental assets	91,021,539	64,618,530	5,285,170	36,338,884	2,073,119	5,203,757	21,368,796	225,909,795
Liabilities								
Segmental liabilities	102,835,267	46,882,672	14,735,220	10,518,202	84,231	4,604,021	17,932,944	197,592,557

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

	Global retail banking	Global wholesale banking	Private banking	Treasury	Real estate	Other operations	Associates & subsidiaries	Total
31 December 2024								
Segment revenues, net	4,766,776	2,173,802	(297,611)	2,104,611	79,530	196,960	1,607,853	10,631,921
Inter-segment revenues, net	966,015	(519,117)	539,054	(1,878,063)	-	892,111	-	-
Total Segment revenues, net	5,732,791	1,654,685	241,443	226,548	79,530	1,089,071	1,607,853	10,631,921

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

43 Segment information (continued)

	Global retail banking AED '000	Global wholesale banking AED '000	Private banking AED '000	Treasury AED '000	Real estate AED '000	Other operations AED '000	Associates & subsidiaries AED '000	Total AED '000
Revenue and results								
Segment revenues, net	4,926,468	1,377,757	254,361	331,032	137,546	833,667	1,432,771	9,293,602
Operating expenses excluding provision for impairment, net	(2,029,072)	(281,705)	(85,518)	(46,951)	(66,639)	(156,948)	(394,410)	(3,061,243)
Operating profit	2,897,396	1,096,052	168,843	284,081	70,907	676,719	1,038,361	6,232,359
Provision for impairment, net	(217,501)	(199,417)	(182)	(94,918)	-	(24,044)	(224,199)	(760,261)
Profit for the year before zakat and tax	2,679,895	896,635	168,661	189,163	70,907	652,675	814,162	5,472,098
Zakat and tax	-	(23,613)	(6,214)	-	-	-	(190,922)	(220,749)
Profit for the year after zakat and tax	2,679,895	873,022	162,447	189,163	70,907	652,675	623,240	5,251,349
Non-controlling interest	-	-	-	-	-	-	(251,088)	(251,088)
Profit for the year attributable to equity holders of the Bank	2,679,895	873,022	162,447	189,163	70,907	652,675	372,152	5,000,261
Assets								
Segmental assets	71,215,922	50,977,909	4,915,320	37,762,804	1,969,132	4,031,755	21,954,350	192,827,192
Liabilities								
Segmental liabilities	93,732,304	35,287,280	12,970,872	3,247,988	82,183	3,270,285	17,993,912	166,584,824

Business segments information for the year ended 31 December 2023 were as follows:

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

31 December 2023								
Segment revenues, net	3,889,039	1,987,403	(184,628)	1,830,902	137,546	200,569	1,432,771	9,293,602
Inter-segment revenues, net	1,037,429	(609,646)	438,989	(1,499,870)	-	633,098	-	-
Total Segment revenues, net	4,926,468	1,377,757	254,361	331,032	137,546	833,667	1,432,771	9,293,602

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

43 Segment information (continued)

Geographical information

The Group operates in two principal geographic areas that are domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the U.A.E. branches, associates and subsidiaries; and international area represents the operations of the Bank that originates from its branches in Iraq, Qatar and Sudan and through its subsidiaries and associates outside U.A.E.

	2024			2023		
	Domestic AED '000	**International AED '000**	**Total AED '000**	Domestic AED '000	International AED '000	Total AED '000
Revenue and results						
Segment revenues, net	**8,816,624**	**1,815,297**	**10,631,921**	7,777,556	1,516,046	9,293,602
Operating expenses excluding provision for impairment, net	**(2,727,497)**	**(417,102)**	**(3,144,599)**	(2,633,894)	(427,349)	(3,061,243)
Operating profit	**6,089,127**	**1,398,195**	**7,487,322**	5,143,662	1,088,697	6,232,359
Provision for impairment, net	**(429,668)**	**(190,026)**	**(619,694)**	(546,672)	(213,589)	(760,261)
Profit for the year before zakat and tax	**5,659,459**	**1,208,169**	**6,867,628**	4,596,990	875,108	5,472,098
Zakat and tax	**(456,177)**	**(310,034)**	**(766,211)**	-	(220,749)	(220,749)
Profit for the year after zakat and tax	**5,203,282**	**898,135**	**6,101,417**	4,596,990	654,359	5,251,349
Non-controlling interest	**(2,689)**	**(321,946)**	**(324,635)**	(2,799)	(248,289)	(251,088)
Profit for the year attributable to equity holders of the Bank	**5,200,593**	**576,189**	**5,776,782**	4,594,191	406,070	5,000,261
Assets						
Segmental assets	**199,424,832**	**26,484,963**	**225,909,795**	166,892,359	25,934,833	192,827,192
Liabilities						
Segmental liabilities	**176,651,702**	**20,940,855**	**197,592,557**	145,854,777	20,730,047	166,584,824

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management

44.1 Introduction

The core business of a bank is to manage risk and provide returns to the shareholders in line with the accepted risk profile. Risk is inherent in all of the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls in accordance with regulatory and Board requirements. The Group is exposed principally to credit risk, liquidity risk, market risk and operational risk but other risks such as reputational risk, legal risk and the various risks defined by the Basel accord are also monitored and managed.

44.1.1 Risk management governance structure

The Board of Directors ("Board") continues to have overall responsibility for the establishment and oversight of the Bank's risk management framework, as well as for approving the Bank's overall risk appetite, and ensuring that business is conducted within this framework. The Board is the ultimate sanctioning authority.

Strategy Committee

The Strategy Committee is appointed by the Board and is responsible to guide the Group's Executive Management to develop the Group's strategic objectives and business strategy, conduct periodic review of the achievement of strategic objectives and business plans and direct corrective actions wherever required. In addition, this committee also acts as a conduit between the Board and senior management on business issues.

Credit and Investment Committee

The Credit and Investment Committee is appointed by the Board and is responsible for the approvals of the Group's risk exposures, high value transactions and major items of capital expenditure. In addition, the Committee is also responsible for monitoring credit portfolio quality and provisions.

Risk Committee

The Risk Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities in respect of the following for the Bank and all of its subsidiaries and material affiliates:

- Review the risk profile of the Group keeping in view the requirement pertaining to enterprise risk management and to make recommendations to calibrate the risk profile of the Group in line with the applicable regulatory requirements, rating considerations and business strategy.
- Assist the Board in overseeing the Group's response to the risks it faces through the approval of the Group's risk policies and standards; and
- Review and recommend the corporate governance and risk management frameworks and risk strategy to the Board in alignment with the business growth requirements of the Group.

Audit Committee

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities in respect of the following for the Bank and all its subsidiaries and material affiliates:

- Ensuring the integrity of the Group's consolidated financial statements and financial reporting process;
- To review the financial and internal control systems, quality assurance and risk management framework;
- To review the performance of the internal audit function;
- To review the internal controls over financial reporting and annual independent audit of the Group's consolidated financial statements;
- To recommend to the Board the engagement of the external auditors and evaluation of their qualifications, independence and performance; and
- To ensure compliance by the Group with legal and regulatory requirements as pertaining to its business activities.

Environmental Social Governance (ESG) Committee

The ESG Committee assists the Board in fulfilling its oversight responsibilities regarding the Bank's ESG/sustainability strategies, objectives, and overall performance.

The duties and responsibilities of the committees are governed by formally approved charters.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.1 Introduction (continued)

44.1.2 The Group Risk Management ("GRM")

The Group Risk Management (GRM) is an independent risk organization that works in close partnership with the business units to support their activities, whilst safeguarding the risk profile of the Group as the second line of defense. The GRM is led by the Group Chief Risk Officer (GCRO) and has following main responsibilities:

- Ensure maintenance of an appropriate risk management framework and adherence to risk policies and procedures across the Group
- Ensure compliance with risk-related legal and regulatory guidelines in the UAE and in our overseas markets
- Maintain the primary relationship with local regulators with respect to risk-related issues
- Maintain prudent risk control systems, models and processes, and
- Ensure a robust credit process is maintained in support of all business lines.

Reporting to the GCRO are senior, experienced risk specialists who manage specific areas of risk, including Wholesale Banking, Private Banking, Retail Banking, Operational Risk, Credit Control, Risk Governance and Policy, Enterprise Risk Management and Market Risk. GRM responsibilities extend across all the business units of the Bank in all of the geographies in which the Bank operates.

44.1.3 Risk measurement and reporting systems

In order to effectively monitor and control risks, the GRM maintains a capability that allows it to:

- Prepare portfolio reports across a range of indicators such as portfolio concentrations by geography, industry type, product and risk rating, which are used to analyse and monitor overall portfolio quality;
- Monitor the integrity and consistency of data, including risk ratings, risk migrations, exposures and losses, including the maintenance of a central loss database for the monitoring and analysis of losses;
- Set parameters to be used for the calculation of expected loss and risk capital requirements;
- Consolidate portfolio management data and reports for use by Executive Management and the Board; and
- Establish and maintain a set of early warning indicators to identify emerging risks.

Detailed reporting of industry, customer and geographic risks acquired takes place frequently. These reports are examined and discussed closely in a series of quarterly portfolio reviews held with senior business and risk managers. Decisions on risk appetite, adjustments to financing criteria and other initiatives are taken as a result of these meetings. Risk reports are presented to the Group Chief Executive Officer, the Board Risk Committee and the Board regularly. Senior management assesses the adequacy of the provision for credit losses on a monthly basis.

The Group actively uses collateral to reduce its credit risks.

44.1.4 The Group Credit Management ("GCM")

The Group Credit Management (GCM) is independent of Group Risk Management (GRM). The main function of GCM is to provide an independent view while approving commercial and consumer financing transactions within delegated authorities. The GCM is led by the Group Chief Credit Officer (GCCO).

Credit Committee

All customer related business proposals are reviewed and approved by a credit committee with delegated authority approved by the Board. The credit committee consists of designated credit officers and senior credit officers appointed following a rigorous and extended process of qualification. These appointments are made by the Chief Executive Officer upon the recommendation of the GCCO and GCRO. The credit approval process and the authorities vested with the committee members are laid out in the Bank's Credit Policy & Procedures Manual. The manual is revised periodically.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.1 Introduction (continued)

44.1.5 Risk concentration
The Bank seeks to manage its credit risk exposure through diversification of financing activities to avoid undue concentrations of risks with individuals or groups of customers or in specific locations or businesses. It also obtains security when appropriate.

Details of the composition of the financing portfolio are provided in notes 17 and 18.

44.1.6 Group Internal Audit
Risk management processes throughout the Bank are reviewed periodically by the internal audit function that reviews both the adequacy of the procedures and the Bank's compliance with the procedures. Group Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee. The Head of Group Internal Audit has a direct reporting line to the Audit Committee thus demonstrating his independence and objectivity in all audit engagements undertaken within the Bank.

44.1.7 Basel II / Internal Capital Adequacy Assessment Process ("ICAAP")
The UAE Central Bank, as part of the international Basel II regulatory regime, has required each UAE bank to submit a report on its internal capital adequacy assessment process – this is known as the "ICAAP". The Bank has prepared and submitted its ICAAP report annually. The process aligns the Bank's risk appetite with its risk capacity which, in turn, produces an enterprise-wide set of risk limits within and relevant to the Bank's overall strategy.

44.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group controls credit risk by the use of a focused target market discipline which defines who the Bank is prepared to deal with from a risk profile perspective and the use of risk acceptance criteria, which define what type and volume of risk the Bank is prepared to undertake with each counterparty. These critical tools are used in conjunction with close monitoring of credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of all counterparties. In addition to monitoring credit limits, the Bank manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counter-parties in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Bank may also close out transactions or assign them to other counter-parties to mitigate credit risk.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

All commercial credit risk exposures are risk rated using Moody's Risk Analyst system, recognized as an industry wide standard. This platform supports a number of different rating models for various businesses which are now well embedded. Facility Risk Ratings are also applied. Consumer exposures are rated using application and behavioral scorecards.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

Model risk management
For effective risk measurement, Group uses a range of risk quantification tools and models such as customer risk rating/scoring, loss given default, market risk and stress testing models. These risk models are subject to the Group's model risk governance policy, which prescribes guidelines across the model life cycle and establishes principles and instructions to enable an effective decision process across stakeholders in order to develop and maintain high quality risk models at Group. The governance policy covers the following:

- The roles and responsibilities of stakeholders (Model Developer, Independent Validator, Approval Authority etc.);
- The minimum requirement for each of the model life cycle steps;
- The approval process; and
- The minimum documentation requirement.

A model governance committee is in place, responsible for significant decisions related to models and model risk within the Group. This committee ensures rigorous control and management of development, validation, approval, and use of models along with model risk management through model risk issues and recommendations.

Critical modelling decisions and summary of model risk activities are regularly reported to the Management Risk Committee and Board Risk Committee. This allows oversight at the highest level and aligns model risk management with overall risk management framework.

Credit risk measurement
Group credit risk is measured in terms of expected credit loss (ECL), which is calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default EAD), and discounting at the initial effective profit rate.

The Bank has developed a range of models to estimate these parameters. For the portfolios where sufficient historical data was available, the Group has developed a statistical model and for other portfolios judgmental models were developed.

Credit risk grading
The Group has designed a master rating scale, which has 22 risk grades reflecting assessment of default probability of the customer. The master rating scale comprises 19 performing grades and 3 non-performing grades.

For the Retail portfolios, the Group uses behavior scorecards, which includes recent payment behavior and other relevant relationship information available with the bank, to calculate credit score which is calibrated to PiT (Point-in-Time) PD.

Non Retail customers are rated using segment specific customer risk rating models, which uses financial and non-financial information related to the customer to arrive at a risk rating. The risk ratings are calibrated to PiT (Point-in-Time) PD for IFRS 9 based calculations.

ECL measurement
The assessment of credit risk and the estimation of ECL are unbiased, probability-weighted and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

ECL measurement (continued)
As per the IFRS 9 requirements, Group calculates Expected credit loss (ECL) for a facility as a forward looking probability weighted present value of the expected losses over the next 12 months or effective remaining life of the facility. Expected Loss at any point in time of the life of the facility is calculated using the following formula:

Expected Credit Loss (ECL) = PD*EAD*LGD
For each facility the Group calculates ECL over two forecast periods:

- 12 Month: ECL is calculated using 12-month forward looking PD, LGD and EAD.
- Lifetime: ECL is calculated using Lifetime forward looking PD, LGD and EAD.

12 Month or Lifetime ECL for each facility is used depending on the stage of the facility, as explained below:

- **Stage1:** where no significant increase in credit risk is observed,12 month Expected Credit Loss (ECL) is recorded as impairment provision;
- **Stage2:** where significant increase in credit risk has been observed, Life-time ECL is recorded as impairment provision; and
- **Stage3:** where the exposure is defaulted or impaired, Life-time ECL is recorded as impairment provision.

Significant increase in credit risk ("SICR")
The stage allocation is determined by identifying a significant increase in credit risk since initial origination. The Group assesses when significant increase in credit risk has occurred based on the quantitative and qualitative assessments. The facilities are classified as stage 2 when they meet following criteria:

Quantitative criteria: Thresholds based on absolute PD or relative PD increase compared to origination have been defined for various portfolios, in order to determine the significant increase in credit risk. In addition to this the bank also uses rating migration since origination for non-retail customers.

Qualitative criteria: Independent of PD, the Group also uses qualitative information to assess the significant increase in credit risk. This includes information such as watch list classification and indicators of historic delinquency.

Backstop criteria: For all customer accounts, a backstop is applied and the facility is considered to have experienced a significant increase in credit risk if the finance customer is more than 30 days past due on its contractual payments.

For the cases where Group has experienced limitation on the information available at origination, certain proxy assumptions were made to estimate the rating at origination.

Definition of default and credit-impaired assets
The Group defines a financial instrument as in default, when it meets one or more of the following criteria:

Retail: A customer who is delinquent over 90 days past due will be classified as default or credit impaired.

Corporate: All customers currently classified/rated as below will be considered under default:

- Where classification is Substandard, Doubtful or Loss; or
- Risk Rating is D/8, D/9, and D/10; or
- Where a deal is delinquent over 90 days past due unless an exception is approved.

The customers are classified or downgraded in the above categories, based on a comprehensive assessment of the customer's credit quality. This assessment includes review of payment history, capacity to repay and financial health

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

Curing
Assets can move back to Stage 1 from Stage 2 when they no longer meet the significant increase in credit risk criteria and have completed a probation period of 12 months, defined by the Group. Similarly, for the movement from Stage 3 to Stage 2, for certain portfolios, the Group's policy include probation periods whereby assets remain in Stage 3 for periods of between three to twelve months. The policy also ensures that none of the assets can move back directly to Stage 1 from Stage 3.

Measuring ECL- Explanations of input, assumptions and estimation techniques
As per IFRS 9, the ECL calculated for a facility should incorporate both current and forward-looking economic outlook over 12 months and over the remaining life of the facility.

The Group calculates Expected credit loss (ECL) for a facility as a forward looking probability weighted present value of the expected losses over forecast period (next 12 months or effective remaining life of the facility).

At the reporting date, a monthly ECL is estimated for each individual exposure for each month until the end of the forecast period. This is calculated as a simple multiplication of PD, LGD and EAD at each month. These monthly ECLs are discounted to the reporting date using the effective profit rate and the summation of these discounted monthly ECLs gives the ECL estimate. The lifetime ECL is the sum of the monthly ECLs over the remaining life, while the 12-month ECL is limited to the first 12 months.

The estimation methodology for three main components, PD, LGD and EAD is explained below:

Probability of Default (PD):
Retail: The 12 month PD for each facility is based on behaviour scores which are calibrated to recent portfolio performance in order to reflect the Point in Time PDs. In cases where sufficient performance history is not available to calculate the behaviour score, the Bank has used pool level PDs.

Based on historical data, the Group has developed lifetime default rate evolution curves for various portfolios and segments. To get the macro-economic adjusted lifetime PD term structure, the lifetime curves are multiplied by the macro-economic scalars, derived using the macro-economic overlay models developed by the Group.

Non-Retail: PDs for corporate customers are driven by the risk rating generated from respective rating models. Historical default rates of different segments have been used to develop PD macroeconomic overlay models. The PDs forecasted from the models are then converted to cumulative PD using survival analysis concept and a marginal PD is derived.

Loss Given Default (LGD):
Retail: The LGD models are based on the cash recovery estimates. For secured products recoveries from collateral are also considered.

For unsecured products and segments within, the Group has developed recovery curves over the workout period based on the historical recovery experience. For each facility the LGD is calculated using those recovery curves with an adjustment for macro-economic outlook.

For secured products, the LGD is based on the current/future collateral value adjusted for depreciation or House Price Index (HPI).

Non-Retail: ADIB uses an off-the-shelf model, calibrated on the Group's portfolio, to calculate unsecured LGD. Secured LGD is then calculated after taking the benefit of the assigned collaterals. The LGDs are adjusted for macroeconomic outlook.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

Measuring ECL- Explanations of input, assumptions and estimation techniques (continued)
Exposure at Default (EAD):
The EAD is the amount which the Bank expects a customer to owe in the event of default. The EAD depends on the product type:

- For amortizing products, this is based on the contractual payments over the forecast period; and
- For revolving/off-balance products, this is estimated as a combination of current exposure and credit conversion factor applied on the undrawn portion of the limit.

The Group applies a management overlay for cases where models are unable to capture customer's idiosyncrasies. These overlays are discussed and approved by GCRO or appropriate management committee of the Group.

Forward-looking information incorporated in the ECL model
As per IFRS 9 requirements, forward looking economic outlook has also been incorporated in the loss calculations. The Group has developed a macro-economic overlay models by performing statistical analysis to establish a historical relationship of macro-economic variables with PD and components of LGD. These models depend on various variables such as Oil Price, GDP and Real Estate price etc. The macro-economic models are used to adjust the PD and LGD calculated from the base models. In addition to ECL calculations, the forward looking lifetime PD is used to determine the significant increase in credit risk.

The Group sources the macro-economic scenarios data from an external vendor, which uses scenarios built based on the current market conditions and outlook of their economic team. The Group uses three macro-economic scenarios and a weightage has been assigned to each scenario.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2024 for the years 2024 to 2028, for UAE which is the country where the Group operates and therefore is the country that has a material impact on ECLs.

Macro variables used	Definition	Range
Oil Price, Brent USD	Price per barrel	Between USD 54 and USD 88
Domestic Real GDP Growth	% change	Between -2% and 7%
House Price Index	% change	Between -12% and 14%
Private Consumption	% change	Between -4% and 7%
Real Imports of Goods and Services	% change	Between -8% and 6%
Real Gross Capital Formation	% change	Between -13% and 10%

Credit risk monitoring
For IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by an appropriate management committee.

Risks of the Group's credit portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

Group credit risk mitigation strategy
The Group operates within prudential exposure ceilings set by the Board in line with UAE Central Bank guidelines. There are well laid out processes for exception management and escalation.

The Group has adopted measures to diversify the exposures to various sectors. Diversification is achieved by limiting concentration through setting customer, industry and geographical limits.

Collateral management
Collaterals and guarantees are effectively used as mitigating tools by the Group. The quality of collateral is continuously monitored and assessed and the Bank seeks to ensure enforceability of the collateral. Major categories of collaterals include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables and vehicles.

Collaterals are revalued regularly as per the bank's credit policy. In addition, ad hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Bank to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

Credit-related commitments risks
The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf. Such payments are collected from customers based on the terms of the letters of guarantee. They expose the Bank to similar risks as financing and these are mitigated by the same control processes and policies.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Notes	Gross maximum exposure 2024 AED '000	2023 AED '000
Balances and wakala deposits with Islamic banks and other financial institutions	16	**7,657,688**	7,392,259
Murabaha and mudaraba with financial institutions	17	**2,991,073**	3,994,920
Murabaha and other Islamic financing	18	**87,010,297**	69,427,419
Ijara financing	19	**60,108,940**	50,741,625
Investment in sukuk measured at amortised cost	20	**23,862,504**	19,004,100
Investments measured at fair value		**5,220,048**	5,476,992
Other assets		**3,928,449**	3,163,590
		190,778,999	159,200,905
Contingent liabilities	38	**11,799,077**	12,670,424
Commitments	38	**3,542,190**	1,466,162
Total		**15,341,267**	14,136,586
Total credit risk exposure		**206,120,266**	173,337,491

44.2.2 Credit risk concentration

Concentration of risk is managed by customer/counterparty, by geographical region and by industry sector. The credit exposure to the top 5 customers as of 31 December 2024 was AED 15,130,760 thousand (2023: AED 10,020,242 thousand) before taking account of collateral or other credit enhancements.

The concentration of the Group's assets and liabilities by geographical segment is based primarily upon the location of the counter party.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.2 Credit risk concentration (continued)

The distribution of the Group's financial assets which are subject to credit risk by geographic region is as follows:

	Balances and wakala deposits with Islamic banks and other financial institutions AED '000	Murabaha and mudaraba with financial institutions AED '000	Murabaha and other Islamic financing AED '000	Ijara financing AED '000	Investment in sukuk measured at amortised cost AED '000	Investments measured at fair value AED '000	Other assets AED '000	Total AED' 000
31 December 2024								
UAE	**57,495**	**23,492**	**67,892,641**	**57,501,433**	**12,095,090**	**2,511,672**	**2,769,174**	**142,850,997**
Rest of Middle East	**6,528,742**	**100,269**	**7,832,576**	**1,579,789**	**8,925,158**	**1,762,818**	**64,356**	**26,793,708**
Europe	**313,737**	**-**	**3,700,564**	**514,035**	**91,232**	**10,793**	**-**	**4,630,361**
Others	**757,714**	**2,867,312**	**7,584,516**	**513,683**	**2,751,024**	**934,765**	**1,094,919**	**16,503,933**
Financial assets subject to credit risk	**7,657,688**	**2,991,073**	**87,010,297**	**60,108,940**	**23,862,504**	**5,220,048**	**3,928,449**	**190,778,999**
31 December 2023								
UAE	1,433,787	25,989	52,172,504	49,190,106	10,573,633	2,316,230	2,235,118	117,947,367
Rest of Middle East	5,749,171	49,389	6,184,559	971,771	6,371,362	1,920,673	69,512	21,316,437
Europe	134,677	-	2,956,416	6,357	-	-	-	3,097,450
Others	74,624	3,919,542	8,113,940	573,391	2,059,105	1,240,089	858,960	16,839,651
Financial assets subject to credit risk	7,392,259	3,994,920	69,427,419	50,741,625	19,004,100	5,476,992	3,163,590	159,200,905

The credit risk arising from off-balance sheet items mentioned in note 44.2.1 are mainly relating to the UAE.

The distribution of the Group's financial assets by industry sector is as follows:

	2024 AED '000	2023 AED '000
Government	**21,469,903**	13,581,222
Public sector	**20,086,251**	17,335,846
Financial institutions	**26,367,890**	23,916,344
Trading and manufacturing	**5,960,549**	7,042,224
Construction and real estate	**11,258,029**	10,877,642
Energy	**6,361,947**	3,894,874
Personal	**83,960,252**	67,767,122
Others	**15,314,178**	14,785,631
Financial assets subject to credit risk	**190,778,999**	159,200,905

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.3 Impairment assessment

With the adoption of IFRS 9 the incurred loss approach for impairment has been replaced by a forward looking expected credit loss (ECL) approach. The Bank recognizes an allowance for ECL for all financial instruments other than those held at fair value through profit or loss. Financial instruments are classified into three categories as follows:

Stage 1 (performing): where no Significant Increase in Credit Risk (SICR) since origination has been observed. ECL from default events that are possible within the next 12 months is booked as impairment provision.

Stage 2 (underperforming): where a SICR since origination is observed however a default has not occurred. ECL from default events that are possible over the lifetime of the financial instrument is booked as impairment provision.

Stage 3 (non-performing): where a default has occurred, ECL based on the loss expected over the remaining life of the financial instrument is recognized as an impairment provision.

The criteria for SICR have been defined for both the wholesale and retail book. The primary driver of SICR for the wholesale book is the customer risk rating migration since origination. The customer risk rating in turn is determined by the probability of default. The primary driver of the SICR for the retail book is the past due status and the lifetime probability of default.

The ECL is calculated as a product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) which is present valued using the effective profit rate of each facility. The PDs and LGDs are adjusted based on weighted average of three macroeconomic scenarios sourced from an external industry expert. These scenarios are updated quarterly.

The ECL based provisions are reviewed and approved by the management on a monthly basis.

Write-off of financing assets

Board approved policies are in place covering the timing and amount of provisions and write offs for all the financing portfolios of the Bank. These reflect both the UAE Central bank guidelines and rules, accepted international accounting standards, and market and industry best practice and are stringently adhered to.

44.2.4 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For repurchase and reverse repurchase transactions, cash or securities;
- For commercial financing, charges over real estate properties, inventory, trade receivables and securities; and
- For retail financing, charge over assets, mortgage of properties and vehicles and assignment of salaries in favor of the Bank.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.4 Collateral and other credit enhancements (continued)

The table below shows the lower of the collateral value or the outstanding balance of customer financing as at the reporting date:

	2024 AED '000	2023 AED '000
Against customer financing not impaired		
Property	**51,611,994**	36,622,270
Movable assets	**12,313,141**	10,738,970
Securities	**485,954**	483,192
Cash margin and lien over deposits	**1,604,708**	1,844,004
Others	**842,774**	977,601
	66,858,571	50,666,037
Against individually impaired		
Property	**3,999,425**	4,232,185
Movable assets	**467,351**	463,150
Securities	**21,054**	32,341
Cash margin and lien over deposits	**18,363**	23,375
Others	**4,472**	2,460
	4,510,665	4,753,511
	71,369,236	55,419,548

The Bank also obtains guarantees from parent companies for financing their subsidiaries, but their benefits are not included in the above table.

Management regularly monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and assesses the market value of collateral obtained during its review of the adequacy of the provision for impairment losses.

The Bank also makes use of master netting agreements with counterparties.

44.2.5 Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality for balance and wakala deposits with Islamic banks and other financial institutions, murabaha and mudaraba with financial institutions, murabaha, ijara and other Islamic financing, investments at amortised cost, investment measured at fair value (except equity instruments), certain other assets and Bank's contingent liabilities and commitments based on the Group's credit rating system.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.5 Credit quality per class of financial assets (continued)

Gross Exposure by rating is as follows:

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
31 December 2024				
Financial instruments carried at amortised cost				
Grades 1 – 4	**142,492,121**	**920,158**	**-**	**143,412,279**
Grades 5 – 6	**38,203,242**	**3,704,207**	**-**	**41,907,449**
Grade 7	**197,450**	**888,721**	**-**	**1,086,171**
Grades 8 – 10	**-**	**270,000**	**5,955,112**	**6,225,112**
Gross financial instruments carried at amortised cost	**180,892,813**	**5,783,086**	**5,955,112**	**192,631,011**
Sukuk carried at FVTOCI				
Grades 1 – 4	**2,254,658**	**-**	**-**	**2,254,658**
Grades 5 – 6	**670,423**	**-**	**-**	**670,423**
Grade 7	**-**	**-**	**-**	**-**
Grades 8 – 10	**-**	**-**	**68,054**	**68,054**
Gross Sukuk carried at FVTOCI	**2,925,081**	**-**	**68,054**	**2,993,135**
Contingent liabilities and commitments				
Grades 1 – 4	**12,706,461**	**57,832**	**-**	**12,764,293**
Grades 5 – 6	**1,625,287**	**439,453**	**-**	**2,064,740**
Grade 7	**-**	**8,800**	**-**	**8,800**
Grades 8 – 10	**-**	**-**	**503,434**	**503,434**
Gross Contingent liabilities and commitments	**14,331,748**	**506,085**	**503,434**	**15,341,267**
	198,149,642	**6,289,171**	**6,526,600**	**210,965,413**
31 December 2023				
Financial instruments carried at amortised cost				
Grades 1 – 4	114,070,594	1,266,211	-	115,336,805
Grades 5 – 6	37,737,458	3,297,249	-	41,034,707
Grade 7	102,228	957,026	-	1,059,254
Grades 8 – 10	-	270,000	7,304,278	7,574,278
Gross financial instruments carried at amortised cost	151,910,280	5,790,486	7,304,278	165,005,044
Sukuk carried at FVTOCI				
Grades 1 – 4	2,381,577	-	-	2,381,577
Grades 5 – 6	731,522	5,856	-	737,378
Grade 7	-	-	-	-
Grades 8 – 10	-	-	68,097	68,097
Gross Sukuk carried at FVTOCI	3,113,099	5,856	68,097	3,187,052
Contingent liabilities and commitments				
Grades 1 – 4	11,428,641	593,536	-	12,022,177
Grades 5 – 6	1,183,731	397,100	-	1,580,831
Grade 7	469	10,952	-	11,421
Grades 8 – 10	-	-	522,157	522,157
Gross Contingent liabilities and commitments	12,612,841	1,001,588	522,157	14,136,586
	167,636,220	6,797,930	7,894,532	182,328,682

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.5 Credit quality per class of financial assets (continued)

Expected credit losses (ECL) by rating is as follows:

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
31 December 2024				
Financial instruments carried at amortised cost - ECL				
Grades 1 – 4	**494,485**	**24,043**	**-**	**518,528**
Grades 5 – 6	**583,676**	**333,754**	**-**	**917,430**
Grade 7	**31,522**	**183,272**	**-**	**214,794**
Grades 8 – 10	**-**	**-**	**3,028,260**	**3,028,260**
	1,109,683	**541,069**	**3,028,260**	**4,679,012**
Sukuk carried at FVTOCI - ECL				
Grades 1 – 4	**5,274**	**-**	**-**	**5,274**
Grades 5 – 6	**14,305**	**-**	**-**	**14,305**
Grades 7	**-**	**-**	**-**	**-**
Grades 8 – 10	**-**	**-**	**51,658**	**51,658**
	19,579	**-**	**51,658**	**71,237**
Contingent liabilities and commitments - ECL				
Grades 1 – 4	**83,757**	**14**	**-**	**83,771**
Grades 5 – 6	**28,119**	**17,444**	**-**	**45,563**
Grade 7	**-**	**477**	**-**	**477**
Grades 8 – 10	**-**	**-**	**91,562**	**91,562**
	111,876	**17,935**	**91,562**	**221,373**
	1,241,138	**559,004**	**3,171,480**	**4,971,622**

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.5 Credit quality per class of financial assets (continued)

Expected credit losses (ECL) by rating is as follows: (continued)

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
31 December 2023				
Financial instruments carried at amortised cost - ECL				
Grades 1 – 4	415,650	24,949	3	440,602
Grades 5 – 6	550,855	429,714	-	980,569
Grade 7	16,793	226,415	-	243,208
Grades 8 – 10	-	-	3,728,851	3,728,851
	983,298	681,078	3,728,854	5,393,230
Sukuk carried at FVTOCI - ECL				
Grades 1 – 4	6,551	-	-	6,551
Grades 5 – 6	34,178	188	-	34,366
Grade 7	-	-	-	-
Grades 8 – 10	-	-	34,010	34,010
	40,729	188	34,010	74,927
Contingent liabilities and commitments - ECL				
Grades 1 – 4	107,680	639	1	108,320
Grades 5 – 6	9,564	9,855	-	19,419
Grade 7	15	634	-	649
Grades 8 – 10	-	-	87,572	87,572
	117,259	11,128	87,573	215,960
	1,141,286	692,394	3,850,437	5,684,117

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial and qualitative analysis, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The risk ratings models are assessed and updated regularly. The Moody's equivalent grades are relevant only for certain of the exposures in each risk rating class. A number of new rating models aligned to specific business segments, were introduced during the course of the year.

Renegotiated murabaha, ijara and other Islamic financings
The total carrying amount of financing to non-related parties whose terms have been renegotiated during the year amounted to AED 86,132 thousand (2023: AED 331,391 thousand).

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.6 Credit quality per stage for financial assets

The details of gross exposure of financial assets and their expected credit losses per stages was as follows:

	Gross Exposure				*Expected credit losses - (ECL)*			
	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
31 December 2024								
Cash and balances with central banks	8,852,513	703,173	-	9,555,686	537	671	-	1,208
Balances and wakala deposits with Islamic banks and other financial institutions	7,657,688	-	-	7,657,688	7,749	-	-	7,749
Murabaha and mudaraba with financial institutions	2,991,073	-	-	2,991,073	33,544	-	-	33,544
Murabaha and other Islamic financing	83,693,459	2,300,809	1,016,029	87,010,297	444,350	437,945	783,379	1,665,674
Ijara financing	52,412,079	2,771,830	4,925,031	60,108,940	509,501	102,394	2,230,829	2,842,724
Investment in sukuk measured at amortised cost	23,850,716	-	11,788	23,862,504	92,623	-	11,788	104,411
Investments measured at fair value	2,925,081	-	68,054	2,993,135	19,579	-	51,658	71,237
Other assets	1,435,285	7,274	2,264	1,444,823	21,379	59	2,264	23,702
	183,817,894	5,783,086	6,023,166	195,624,146	1,129,262	541,069	3,079,918	4,750,249
Contingent liabilities and commitments	14,331,748	506,085	503,434	15,341,267	111,876	17,935	91,562	221,373
	198,149,642	6,289,171	6,526,600	210,965,413	1,241,138	559,004	3,171,480	4,971,622

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.6 Credit quality per stage for financial assets (continued)

	Gross Exposure				*Expected credit losses - (ECL)*			
	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
31 December 2023								
Cash and balances with central banks	13,470,743	140,000	-	13,610,743	-	1,227	-	1,227
Balances and wakala deposits with Islamic banks and other financial institutions	7,392,259	-	-	7,392,259	18,453	-	-	18,453
Murabaha and mudaraba with financial institutions	3,994,920	-	-	3,994,920	64,790	-	-	64,790
Murabaha and other Islamic financing	65,513,557	2,158,549	1,755,313	69,427,419	429,960	497,862	1,455,280	2,383,102
Ijara financing	41,860,404	3,344,044	5,537,177	50,741,625	343,925	177,827	2,261,786	2,783,538
Investment in sukuk measured at amortised cost	18,992,312	-	11,788	19,004,100	110,763	-	11,788	122,551
Investments measured at fair value	3,113,099	5,856	68,097	3,187,052	40,729	188	34,010	74,927
Other assets	686,085	147,893	-	833,978	15,407	4,162	-	19,569
	155,023,379	5,796,342	7,372,375	168,192,096	1,024,027	681,266	3,762,864	5,468,157
Contingent liabilities and commitments	12,612,841	1,001,588	522,157	14,136,586	117,259	11,128	87,573	215,960
	167,636,220	6,797,930	7,894,532	182,328,682	1,141,286	692,394	3,850,437	5,684,117

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.6 Credit quality per stage for financial assets (continued)

Movement in gross exposure by stage is as follows:

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
Financial instruments carried at amortised cost				
Balance at 1 January 2024	**151,910,280**	**5,790,486**	**7,304,278**	**165,005,044**
- Transfer from stage 1 to stage 2	**(1,518,328)**	**1,518,328**	**-**	**-**
- Transfer from stage 1 to stage 3	**(150,564)**	**-**	**150,564**	**-**
- Transfer from stage 2 to stage 1	**902,384**	**(902,384)**	**-**	**-**
- Transfer from stage 2 to stage 3	**-**	**(364,106)**	**364,106**	**-**
- Transfer from stage 3 to stage 1	**4,792**	**-**	**(4,792)**	**-**
- Transfer from stage 3 to stage 2	**-**	**150,978**	**(150,978)**	**-**
- Other movements within the same stage	**(37,109,180)**	**(1,841,124)**	**(406,790)**	**(39,357,094)**
- New financial assets originated / purchased	**74,792,592**	**1,617,108**	**140,684**	**76,550,384**
- Write-off, FX and other adjustments	**(7,939,163)**	**(186,200)**	**(1,441,960)**	**(9,567,323)**
Balance at 31 December 2024	**180,892,813**	**5,783,086**	**5,955,112**	**192,631,011**
Sukuk carried at FVTOCI				
Balance at 1 January 2024	**3,113,099**	**5,856**	**68,097**	**3,187,052**
- Other movements within the same stage	**(3,066,875)**	**(5,856)**	**(68,729)**	**(3,141,460)**
- New financial assets originated / purchased	**2,887,214**	**-**	**68,686**	**2,955,900**
- Write-off, FX and other adjustments	**(8,357)**	**-**	**-**	**(8,357)**
Balance at 31 December 2024	**2,925,081**	**-**	**68,054**	**2,993,135**
Contingent liabilities and commitments				
Balance at 1 January 2024	**12,612,841**	**1,001,588**	**522,157**	**14,136,586**
- Transfer from stage 1 to stage 2	**(192,836)**	**192,836**	**-**	**-**
- Transfer from stage 1 to stage 3	**(6,104)**	**-**	**6,104**	**-**
- Transfer from stage 2 to stage 1	**344,351**	**(344,351)**	**-**	**-**
- Transfer from stage 2 to stage 3	**-**	**(2,928)**	**2,928**	**-**
- Transfer from stage 3 to stage 1	**-**	**-**	**-**	**-**
- Transfer from stage 3 to stage 2	**-**	**-**	**-**	**-**
- Other movements within the same stage	**(4,466,334)**	**(458,185)**	**(27,984)**	**(4,952,503)**
- New financial assets originated / purchased	**7,672,274**	**169,034**	**621**	**7,841,929**
- Write-off, FX and other adjustments	**(1,632,444)**	**(51,909)**	**(392)**	**(1,684,745)**
Balance at 31 December 2024	**14,331,748**	**506,085**	**503,434**	**15,341,267**
	198,149,642	**6,289,171**	**6,526,600**	**210,965,413**

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.6 Credit quality per stage for financial assets (continued)

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
Financial instruments carried at amortised cost				
Balance at 1 January 2023	131,712,285	7,531,539	8,830,230	148,074,054
- Transfer from stage 1 to stage 2	(981,342)	981,342	-	-
- Transfer from stage 1 to stage 3	(138,808)	-	138,808	-
- Transfer from stage 2 to stage 1	746,877	(746,877)	-	-
- Transfer from stage 2 to stage 3	-	(503,080)	503,080	-
- Transfer from stage 3 to stage 1	28,351	-	(28,351)	-
- Transfer from stage 3 to stage 2	-	147,966	(147,966)	-
- Other movements within the same stage	(29,868,979)	(2,447,873)	(1,011,196)	(33,328,048)
- New financial assets originated / purchased	53,308,078	940,183	126,608	54,374,869
- Write-off, FX and other adjustments	(2,896,182)	(112,714)	(1,106,935)	(4,115,831)
Balance at 31 December 2023	151,910,280	5,790,486	7,304,278	165,005,044
Sukuk carried at FVTOCI				
Balance at 1 January 2023	3,194,342	78,176	383	3,272,901
- Transfer from stage 2 to stage 3	-	(67,726)	67,726	-
- Other movements within the same stage	(96,639)	(4,594)	(12)	(101,245)
- New financial assets originated / purchased	15,396	-	-	15,396
Balance at 31 December 2023	3,113,099	5,856	68,097	3,187,052
Contingent liabilities and commitments				
Balance at 1 January 2023	10,109,015	1,552,265	652,387	12,313,667
- Transfer from stage 1 to stage 2	(94,130)	94,130	-	-
- Transfer from stage 1 to stage 3	(16,989)	-	16,989	-
- Transfer from stage 2 to stage 1	243,863	(243,863)	-	-
- Transfer from stage 2 to stage 3	-	(123,980)	123,980	-
- Transfer from stage 3 to stage 1	148	-	(148)	-
- Transfer from stage 3 to stage 2	-	168	(168)	-
- Other movements within the same stage	(4,278,389)	(415,219)	(280,331)	(4,973,939)
- New financial assets originated / purchased	6,649,323	138,087	9,448	6,796,858
Balance at 31 December 2023	12,612,841	1,001,588	522,157	14,136,586
	167,636,220	6,797,930	7,894,532	182,328,682

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.6 Credit quality per stage for financial assets (continued)

Movement in Expected credit losses (ECL) by stage is as follows:

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
Financial instruments carried at amortised cost - ECL				
Balance at 1 January 2024	**983,298**	**681,078**	**3,728,854**	**5,393,230**
- Transfer from stage 1 to stage 2	**(175,797)**	**175,797**	**-**	**-**
- Transfer from stage 1 to stage 3	**(86,566)**	**-**	**86,566**	**-**
- Transfer from stage 2 to stage 1	**5,669**	**(5,669)**	**-**	**-**
- Transfer from stage 2 to stage 3	**-**	**(227,261)**	**227,261**	**-**
- Transfer from stage 3 to stage 1	**19**	**-**	**(19)**	**-**
- Transfer from stage 3 to stage 2	**-**	**12,676**	**(12,676)**	**-**
- Other movements within the same stage	**141,825**	**(96,246)**	**271,096**	**316,675**
- New financial assets originated / purchased	**349,648**	**105,997**	**163,383**	**619,028**
- Write-off, FX and other adjustments	**(108,413)**	**(105,303)**	**(1,436,205)**	**(1,649,921)**
Balance at 31 December 2024	**1,109,683**	**541,069**	**3,028,260**	**4,679,012**
Sukuk carried at FVTOCI – ECL				
Balance at 1 January 2024	**40,729**	**188**	**34,010**	**74,927**
- Other movements within the same stage	**(40,729)**	**(188)**	**(33,864)**	**(74,781)**
- New financial assets originated / purchased	**19,579**	**-**	**51,512**	**71,091**
Balance at 31 December 2024	**19,579**	**-**	**51,658**	**71,237**
Contingent liabilities and commitments - ECL				
Balance at 1 January 2024	**117,259**	**11,128**	**87,573**	**215,960**
- Transfer from stage 1 to stage 2	**(10,655)**	**10,655**	**-**	**-**
- Transfer from stage 1 to stage 3	**(1,192)**	**-**	**1,192**	**-**
- Transfer from stage 2 to stage 1	**1,678**	**(1,678)**	**-**	**-**
- Transfer from stage 2 to stage 3	**-**	**(726)**	**726**	**-**
- Other movements within the same stage	**(35,566)**	**(2,019)**	**1,789**	**(35,796)**
- New financial assets originated / purchased	**80,818**	**3,100**	**584**	**84,502**
- Write-off, FX and other adjustments	**(40,466)**	**(2,525)**	**(302)**	**(43,293)**
Balance at 31 December 2024	**111,876**	**17,935**	**91,562**	**221,373**
	1,241,138	**559,004**	**3,171,480**	**4,971,622**

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.6 Credit quality per stage for financial assets (continued)

	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
Financial instruments carried at amortised cost - ECL				
Balance at 1 January 2023	920,040	502,301	4,441,592	5,863,933
- Transfer from stage 1 to stage 2	(80,202)	80,202	-	-
- Transfer from stage 1 to stage 3	(68,068)	-	68,068	-
- Transfer from stage 2 to stage 1	4,480	(4,480)	-	-
- Transfer from stage 2 to stage 3	-	(137,543)	137,543	-
- Transfer from stage 3 to stage 1	94	-	(94)	-
- Transfer from stage 3 to stage 2	-	6,587	(6,587)	-
- Other movements within the same stage	(42,411)	50,190	105,851	113,630
- New financial assets originated / purchased	297,248	202,075	91,158	590,481
- Write-off, FX and other adjustments	(47,883)	(18,254)	(1,108,677)	(1,174,814)
Balance at 31 December 2023	983,298	681,078	3,728,854	5,393,230
Sukuk carried at FVTOCI - ECL				
Balance at 1 January 2023	18,940	14,590	153	33,683
- Transfer from stage 2 to stage 3	-	(33,863)	33,863	-
- Other movements within the same stage	21,789	19,461	(6)	41,244
Balance at 31 December 2023	40,729	188	34,010	74,927
Contingent liabilities and commitments - ECL				
Balance at 1 January 2023	97,960	14,429	103,744	216,133
- Transfer from stage 1 to stage 2	(1,723)	1,723	-	-
- Transfer from stage 1 to stage 3	(1,083)	-	1,083	-
- Transfer from stage 2 to stage 1	1,084	(1,084)	-	-
- Transfer from stage 2 to stage 3	-	(4,272)	4,272	-
- Transfer from stage 3 to stage 1	63	-	(63)	-
- Transfer from stage 3 to stage 2	-	1	(1)	-
- Other movements within the same stage	(44,528)	(1,638)	(21,481)	(67,647)
- New financial assets originated / purchased	65,486	1,969	19	67,474
Balance at 31 December 2023	117,259	11,128	87,573	215,960
	1,141,286	692,394	3,850,437	5,684,117

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.2 Credit risk (continued)

44.2.7 Impairment reserve – General as required by Central Bank of UAE (CBUAE)

As per the new credit risk management regulation/standards issued by CBUAE, the Bank is required to ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the Stage 1 and 2 ECL held are lower, the difference is held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-General'. The amount held in the impairment reserve-general is deducted from the capital base (Tier 1 capital) when computing the regulatory capital.

A comparison between the minimum provision as per the CB UAE requirements and ECL taken under IFRS 9 for stage 1 and 2 is as follows:

	2024 AED '000	2023 AED '000
Non-distributable impairment reserve - General		
Minimum provision for Stage 1 &2 as per CB UAE requirements	**2,131,328**	1,877,376
Less: Stage 1 and Stage 2 ECL under IFRS 9 taken against income	**(1,800,142)**	(1,833,680)
Difference in Stage 1 & 2 provision to meet minimum CB UAE requirements	**331,186**	43,696
Balance of impairment reserve- General as at 1 January	**43,696**	279,327
Add/(less): Non-distributable reserve during the year (impairment reserve – General)	**287,490**	(235,631)
Balance of impairment reserve – General as at 31 December	**331,186**	43,696

For 2023, the impairment reserve - general was maintained as per the CB UAE guidance note issued to banks and finance companies on the implementation of IFRS 9 on 30 April 2018 via notice no. CBUAE/BSD/2018/458.

44.3 Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows, the maintenance and monitoring of the inventory of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly quality and diverse securities that can be easily liquidated and/or used as collateral in the event of an unforeseen stress on of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains statutory deposits with the Central Bank. The liquidity position is assessed and managed under a variety of stress scenarios, given due consideration to severe yet plausible stress conditions relating to both the market in general and specifically to the Group.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.3 Liquidity risk and funding management (continued)

The high quality of the investment portfolio ensures its liquidity and/or eligibility as acceptable collateral and coupled with the Bank's own funds and "evergreen" customer deposits help these forms a stable funding source. Even under adverse conditions, the Bank has access to the funds necessary to cover customer needs and meet its funding requirements.

The primary tool for monitoring liquidity is the maturity mismatch analysis, which is monitored over successive time bands and across functional currencies. Guidelines are established for the cumulative negative cash flow over successive time bands. In addition, the Bank monitors various liquidity risk ratios and maintains an up-to-date contingency funding plan.

44.3.1 Treasury

Treasury is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Bank.

44.3.2 Asset & Liability Committee ("ALCO")

The Asset & Liability Management ("ALM") process focusses on planning, acquiring, and directing the flow of funds through the organization. The ultimate objective of this process is to generate adequate stable earnings and to steadily build equity over time, while taking measured business risk aligned to the overall risk appetite of the Bank. The Bank has a defined ALM policy which describes the objective, role and function of the ALCO. This process revolves around ALCO, the body within the Bank that holds the responsibility to make strategic decisions relating to the management of financial position related risks. The ALCO consists of the Bank's senior management including the CEO and normally meets once a month.

44.3.3 Liquidity risk management process

The Group's liquidity risk management process, as carried out within the Group and monitored by a separate team in Group Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes reenlistment of funds as they mature or when financing are provided to customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquated as protection against any unforeseen interruption to cash flow;
- Managing statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of financing maturities.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.3 Liquidity risk and funding management (continued)

44.3.4 Analysis of financial assets and financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at reporting date based on contractual maturities.

	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
31 December 2024					
ASSETS					
Cash and balances with central banks	**27,507,955**	**3,631,162**	**900,825**	**-**	**32,039,942**
Balances and wakala deposits with Islamic banks and other financial institutions	**6,807,349**	**342,558**	**253,497**	**246,535**	**7,649,939**
Murabaha and mudaraba with financial institutions	**474,078**	**455,129**	**1,742,935**	**285,387**	**2,957,529**
Murabaha and other Islamic financing	**7,975,051**	**18,895,945**	**48,214,284**	**10,259,343**	**85,344,623**
Ijara financing	**1,037,414**	**3,984,452**	**20,074,687**	**32,169,663**	**57,266,216**
Investments in Islamic sukuk measured at amortised cost	**367,663**	**2,331,370**	**15,217,044**	**5,842,016**	**23,758,093**
Investments measured at fair value	**1,919,980**	**999,750**	**1,622,562**	**986,112**	**5,528,404**
Investment in associates and joint ventures	**-**	**-**	**-**	**895,698**	**895,698**
Other assets	**3,249,151**	**228,454**	**411,527**	**12,796**	**3,901,928**
Financial assets	**49,338,641**	**30,868,820**	**88,437,361**	**50,697,550**	**219,342,372**
Non-financial assets					**6,567,423**
Total assets					**225,909,795**
LIABILITIES					
Due to financial institutions	**2,953,759**	**2,037,305**	**292,953**	**245,652**	**5,529,669**
Depositors' accounts	**151,142,136**	**23,689,964**	**7,843,138**	**15**	**182,675,253**
Other liabilities	**5,018,195**	**799,023**	**1,728,668**	**5,499**	**7,551,385**
Sukuk financing instrument	**-**	**-**	**1,836,250**	**-**	**1,836,250**
Total liabilities	**159,114,090**	**26,526,292**	**11,701,009**	**251,166**	**197,592,557**
31 December 2023					
ASSETS					
Cash and balances with central banks	22,777,913	7,629,036	-	1,091,363	31,498,312
Balances and wakala deposits with Islamic banks and other financial institutions	7,120,229	-	110,175	143,402	7,373,806
Murabaha and mudaraba with financial institutions	1,780,816	685,574	1,263,786	199,954	3,930,130
Murabaha and other Islamic financing	6,395,261	11,540,686	39,444,269	9,664,101	67,044,317
Ijara financing	2,165,403	4,140,598	18,938,130	22,713,956	47,958,087
Investments in Islamic sukuk measured at amortised cost	106,858	1,080,963	11,776,546	5,917,182	18,881,549
Investments measured at fair value	2,049,115	620,171	1,488,981	1,443,185	5,601,452
Investment in associates and joint ventures	-	-	-	834,334	834,334
Other assets	2,162,008	107,002	793,845	12,450	3,075,305
Financial assets	44,557,603	25,804,030	73,815,732	42,019,927	186,197,292
Non-financial assets					6,629,900
Total assets					192,827,192
LIABILITIES					
Due to financial institutions	2,488,854	66,150	-	-	2,555,004
Depositors' accounts	133,470,651	14,377,707	9,217,779	857	157,066,994
Other liabilities	2,323,596	201,648	2,588,023	13,309	5,126,576
Sukuk financing instrument	-	-	1,836,250	-	1,836,250
Total liabilities	138,283,101	14,645,505	13,642,052	14,166	166,584,824

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.3 Liquidity risk and funding management (continued)

44.3.4 Analysis of financial assets and financial liabilities by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations, including cash flows pertaining to principal repayment and profit payable to maturity.

	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
31 December 2024					
Liabilities					
Due to financial institutions	**2,966,841**	**2,087,186**	**389,849**	**265,473**	**5,709,349**
Depositors' accounts	**151,532,784**	**24,938,632**	**9,137,973**	**16**	**185,609,405**
Other liabilities	**5,018,195**	**799,023**	**1,728,668**	**5,499**	**7,551,385**
Sukuk payable	**-**	**-**	**2,246,995**	**-**	**2,246,995**
Total liabilities	**159,517,820**	**27,824,841**	**13,503,485**	**270,988**	**201,117,134**
31 December 2023					
Liabilities					
Due to financial institutions	2,490,774	67,934	-	-	2,558,708
Depositors' accounts	133,833,326	15,556,068	10,636,498	1,304	160,027,196
Other liabilities	2,323,596	201,648	2,588,023	13,309	5,126,576
Sukuk payable	-	-	2,353,313	-	2,353,313
Total liabilities	138,647,696	15,825,650	15,577,834	14,613	170,065,793

The disclosed financial instruments in the above table are the gross undiscounted cash flows.

The table below shows the contractual expiry of the Bank's contingent liabilities and commitments. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
31 December 2024					
Contingent liabilities	**4,104,101**	**4,004,810**	**3,644,468**	**45,698**	**11,799,077**
Commitments	**-**	**-**	**239,836**	**-**	**239,836**
Total	**4,104,101**	**4,004,810**	**3,884,304**	**45,698**	**12,038,913**
31 December 2023					
Contingent liabilities	5,611,389	3,063,744	3,946,477	48,814	12,670,424
Commitments	-	-	191,484	-	191,484
Total	5,611,389	3,063,744	4,137,961	48,814	12,861,908

The Bank does not expect that all of the contingent liabilities or commitments will be drawn before expiry.

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.4 Market risk

Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. Market risk management is designed to limit the amount of potential losses on open positions which may arise due to unforeseen changes in profit rates, foreign exchange rates or equity prices. The Group is exposed to diverse the financial instruments including securities, foreign currencies, equities, structured products and commodities.

The Group pays considerable attention to market risk. The Group uses appropriate models, as per standard market practice, for the valuation of its positions and receives regular market information in order to regulate market risk.

The trading market risk framework comprises of the following elements:

- Limits to ensure that risk-takers do not exceed aggregate risk and concentration parameters set by the senior management; and
- Independent mark-to-market valuation, reconciliation of positions and tracking of stop-losses for trading positions on timely basis.

The policies and procedures and the trading limits are set to ensure the implementation of the Group's market risk policy in day-to-day operations. These are viewed periodically to ensure they remain in line with the Group's general market risk policy. The ALCO and ERC ensure that the market risk management process is always adequately and appropriately staffed. In addition to its internal procedures and systems, the Group is required to comply with the guidelines and regulations of the Central Bank.

44.4.1 Profit rate risk
Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. The Group is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-statement of financial position instruments that mature or re-price in a given period. The Group manages this risk through appropriate limits in place and frequent review of the bank's structural position with regard to profit rate risk and its impact on earnings as well as the economic value of its shareholders' equity.

The following table estimates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Group's consolidated income statement. The sensitivity of the consolidated income statement is the effect of the assumed changes in profit rates (whether increase or decrease) on the net profit for one year, based on the variable profit rate non-trading financial assets and financial liabilities held at 31 December.

	Increase in basis points 2024	**Sensitivity of profit on financial assets and liabilities AED '000**	Increase in basis points 2023	Sensitivity of profit on financial assets and liabilities AED '000
Currency				
AED	**25**	**57,647**	25	40,431
USD	**25**	**61,211**	25	70,315
Euro	**25**	**2,501**	25	1,789
Other currencies	**25**	**20,685**	25	22,695

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.4 Market risk (continued)

44.4.2 Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The table below indicates the extent to which the Group was exposed to currency risk at 31 December on its non-trading monetary assets and liabilities and forecast cash flows. The analysis is performed for a reasonable possible movement of the currency rate against AED with all other variable held constant on the consolidated income statement (due to the changes in fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of foreign currency denominated in consolidated income statement on investments carried at fair value through other comprehensive income - equity instruments and investment in associates and joint ventures).

	% Increase currency rates	**Effect on net profit AED '000**	**Effect on equity AED '000**
31 December 2024			
Currency			
USD	**5**	**1,166,444**	**13,759**
Euro	**5**	**(1,345)**	**6,508**
GBP	**5**	**(768)**	**-**
Other currencies	**5**	**98,345**	**11,268**
31 December 2023			
Currency			
USD	5	1,232,253	4,118
Euro	5	(3,403)	5,787
GBP	5	83,741	-
Other currencies	5	96,301	11,707

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.4 Market risk (continued)

44.4.2 Currency risk (continued)

The table below shows the Group's exposure to foreign currencies.

	AED AED '000	USD AED '000	Euro AED '000	GBP AED '000	Others AED '000	Total AED '000
31 December 2024						
Financial assets						
Cash and balances with central banks	**28,197,817**	**1,145,975**	**5,067**	**492**	**2,690,591**	**32,039,942**
Balances and wakala deposits with Islamic banks and other financial institutions	**25,133**	**3,602,466**	**299,564**	**43,523**	**3,679,253**	**7,649,939**
Murabaha and mudaraba with financial institutions	**-**	**1,199,028**	**20,197**	**-**	**1,738,304**	**2,957,529**
Murabaha and other Islamic financing	**53,462,264**	**22,348,991**	**1,352,023**	**2,960,459**	**5,220,886**	**85,344,623**
Ijara financing	**50,244,404**	**6,752,751**	**470**	**7,001**	**261,590**	**57,266,216**
Investments in Islamic sukuk measured at amortised cost	**124,750**	**23,633,343**	**-**	**-**	**-**	**23,758,093**
Investments measured at fair value	**349,866**	**5,153,808**	**475**	**-**	**24,255**	**5,528,404**
Investment in associates and joint ventures	**541,119**	**-**	**129,442**	**-**	**225,137**	**895,698**
Other assets	**1,204,249**	**3,153,946**	**(326,002)**	**(2,017,064)**	**1,886,799**	**3,901,928**
	134,149,602	**66,990,308**	**1,481,236**	**994,411**	**15,726,815**	**219,342,372**
Financial liabilities						
Due to financial institutions	**1,723,080**	**3,536,037**	**52,196**	**106,018**	**112,338**	**5,529,669**
Depositors' accounts	**132,027,403**	**36,804,535**	**1,300,352**	**830,742**	**11,712,221**	**182,675,253**
Other liabilities	**4,533,518**	**1,209,428**	**25,441**	**73,001**	**1,709,997**	**7,551,385**
Sukuk financing instrument	**-**	**1,836,250**	**-**	**-**	**-**	**1,836,250**
	138,284,001	**43,386,250**	**1,377,989**	**1,009,761**	**13,534,556**	**197,592,557**
31 December 2023						
Financial assets						
Cash and balances with central banks	27,853,288	767,334	3,143	183	2,874,364	31,498,312
Balances and wakala deposits with Islamic banks and other financial institutions	407,906	2,278,677	784,029	53,066	3,850,128	7,373,806
Murabaha and mudaraba with financial institutions	-	702,367	20,889	-	3,206,874	3,930,130
Murabaha and other Islamic financing	42,406,598	16,248,465	174,049	2,514,067	5,701,138	67,044,317
Ijara financing	41,020,333	6,573,810	2,077	7,164	354,703	47,958,087
Investments in Islamic sukuk measured at amortised cost	59,750	18,741,692	80,107	-	-	18,881,549
Investments measured at fair value	86,521	5,351,350	118,492	-	45,089	5,601,452
Investment in associates and joint ventures	487,272	-	114,978	-	232,084	834,334
Other assets	1,553,238	596,981	95,377	1,703	828,006	3,075,305
	113,874,906	51,260,676	1,393,141	2,576,183	17,092,386	186,197,292
Financial liabilities						
Due to financial institutions	1,107,684	1,126,384	67,754	153,161	100,021	2,555,004
Depositors' accounts	118,781,251	22,709,737	1,262,177	699,711	13,614,118	157,066,994
Other liabilities	2,983,577	860,877	15,541	48,492	1,218,089	5,126,576
Sukuk financing instrument	-	1,836,250	-	-	-	1,836,250
	122,872,512	26,533,248	1,345,472	901,364	14,932,228	166,584,824

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.4 Market risk (continued)

44.4.3 Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's quoted investments in the investment portfolio.

The following table estimates the sensitivity to a possible change in equity markets on the Bank's consolidated other comprehensive income statement The effect on equity (as a result of a change in the fair value of equity instruments held as investments carried at fair value through other comprehensive income at 31 December) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	% Increase in market indices 2024	**Effect on profit or loss 2024 AED '000**	%Increase in market indices 2023	Effect on profit or loss 2023 AED '000
Investments carried at fair value through profit or loss				
Abu Dhabi Securities Exchange	**10**	**1,130**	10	865
Dubai Financial Market	**10**	**444**	10	-
Other markets	**10**	**881**	10	2,531

	% Increase in market indices 2024	**Effect on Equity 2024 AED '000**	%Increase in market indices 2023	Effect on equity 2023 AED '000
Investments carried at fair value through other comprehensive income				
Abu Dhabi Securities Exchange	**10**	**2,436**	10	2,658
Dubai Financial Market	**10**	**52**	10	49

44.4.4 Operational risk

Operational risk is the risk of negative financial and / or non- financial impacts arising from inadequate or failed internal processes, people, systems or external events.

The Bank has implemented a detailed operational risk framework in accordance with Basel III guidelines. The framework articulates clearly defined roles and responsibilities of individuals / business units and committees across the Group involved in the management of various operational risk elements. The Operational Risk Management Framework ensures that operational risks within the Group are properly identified, assessed, monitored, reported and actively managed. Key elements of the framework include risk reviews, "risk & control self-assessment", loss data management, key risk indicators, controls testing, issues & actions management and reporting. The Framework also fully encompasses and integrates elements of fraud risk prevention and quality assurance.

Unlike other types of risks such as credit and market business units are responsible for managing operational risks within their respective functional areas. They operate within the Bank's operational risk management framework and ensure that risk is being pro-actively identified, monitored, reported and managed within their scope of work. The day-to-day operational risks are also managed through the adoption of a comprehensive system of internal control with multi-layers of defense and dedicated systems and procedures to monitor transactions, positions and documentation, as well as maintenance of key backup procedures and business contingency plan which are regularly assessed and tested.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.5 Capital management

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (“CET1”), Additional Tier 1 (“AT1”) and Total Capital.

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

CCB will be required to be maintained at 2.5% (2023: 2.5%) of the Capital base. CCyB is not required to be maintained for 2024 (2023: Nil). In December 2024, CB UAE has decided to increase the CCyB requirement to 0.50% on the private sector credit exposures in the UAE. The requirement will phase-in over 12 months beginning from 1 January 2025 with CCyB rate of 0.50% becoming effective on 1 January 2026.

The minimum capital adequacy ratio as per Basel III capital regulation is given below:

	Minimum capital requirement 2024	*Minimum capital requirement 2023*
Capital Ratio:		
a. Total for consolidated Group	**13.00%**	**13.00%**
b. Tier 1 ratio for consolidated Group	**11.00%**	**11.00%**
c. CET1 ratio for consolidated Group	**9.50%**	**9.50%**

The Group's regulatory capital is analysed into three tiers:

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

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under ‘CBUAE’ guidelines;
- AT 1 capital comprises an eligible non-common equity capital instrument; and
- T2 capital comprises qualifying subordinated instrument and undisclosed reserve.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

44 Risk management (continued)

44.5 Capital management (continued)

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or to adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

For credit and market risks, the Central Bank of the U.A.E. has issued guidelines for the implementation of Standardised approach. For operational risk, the Central Bank of the U.A.E. has given Banks the option to use either the Basic Indicator approach, or the Standardised approach. The Bank started applying the Standardised approach from 31 December 2024, previously the Bank was applying the Basic Indicator approach.

The below table shows summarises the composition of Basel III regulatory capital and the ratios of the Group for the years ended 31 December 2024 and 2023. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject:

	Basel III	
	2024 AED ‘000	2023 AED ‘000
Capital base		
Common Equity Tier 1	**19,316,205**	16,898,461
Additional Tier 1 capital	**4,843,132**	4,754,375
Tier 1 capital	**24,159,337**	21,652,836
Tier 2 capital	**1,776,107**	1,564,480
Total capital base	**25,935,444**	23,217,316
Risk weighted assets		
Credit risk	**142,088,529**	125,158,385
Market risk	**2,804,211**	2,370,893
Operational risk	**15,090,593**	10,681,870
Total risk weighted assets	**159,983,333**	138,211,148
Capital ratios		
Common Equity Tier 1 ratio	**12.07%**	12.23%
Total Tier 1 capital ratio	**15.10%**	15.67%
Total capital ratio	**16.21%**	16.80%

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Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

45 Fair value of financial instruments

Fair value measurement recognized in the consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs – Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as Shari'a compliant alternatives of derivatives and forwards which are valued using market standard pricing techniques and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation techniques using significant unobservable inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Financial instruments under this category mainly include sukuk, private equity instruments and funds measured at FVTPL. The carrying values of these investments are adjusted as follows:

a) Sukuk – using latest available net book value; and
b) Private equity instruments and Funds – based on the net asset value assessed internally.

Investment properties are classified as Level 3 as their valuation incorporates significant unobservable inputs. The fair value of the properties has been determined either based on transactions observable in the market or valuation models.

The valuation methodologies considered by valuers include:

a) Comparison method: This method derives the value by analyzing recent sales transactions of similar properties in a similar location.
b) Investment method: This method derives the value by converting the future cash flow to a single current capital value.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

45 Fair value of financial instruments (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
31 December 2024				
Assets and liabilities measured at fair value:				
Financial assets				
Investments carried at fair value through profit or loss				
Quoted investments	24,546	-	-	24,546
Sukuk	1,899,327	-	-	1,899,327
	1,923,873	-	-	1,923,873
Unquoted sukuk	-	-	327,586	327,586
	1,923,873	-	327,586	2,251,459
Investments carried at fair value through other comprehensive income				
Quoted investments				
Equities	24,882	-	-	24,882
Sukuk	2,924,449	-	-	2,924,449
	2,949,331	-	-	2,949,331
Unquoted investments				
Sukuk				
Funds	-	-	68,686	68,686
Private equities	-	-	214,338	214,338
	-	-	115,827	115,827
	-	-	398,851	398,851
	2,949,331	-	398,851	3,348,182
	4,873,204	-	726,437	5,599,641
Shari'a compliant alternatives of swap (note 39)	-	-	-	-
Financial liabilities				
Shari'a compliant alternatives of swap (note 39)	-	11,188	-	11,188
Assets for which fair values are disclosed:				
Investment properties (note 23)	-	-	1,639,698	1,639,698
Investment carried at amortised cost - Sukuk	22,925,497	-	-	22,925,497
Assets acquired in satisfaction of claims	-	135,685	-	135,685

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

45 Fair value of financial instruments (continued)

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
31 December 2023				
Assets and liabilities measured at fair value:				
Financial assets				
Investments carried at fair value through profit or loss				
Quoted investments	33,956	-	-	33,956
Sukuk	1,982,758	-	-	1,982,758
	2,016,714	-	-	2,016,714
Unquoted sukuk	-	-	307,182	307,182
	2,016,714	-	307,182	2,323,896
Investments carried at fair value through other comprehensive income				
Quoted investments				
Equities	27,063	-	-	27,063
Sukuk	3,119,326	-	-	3,119,326
	3,146,389	-	-	3,146,389
Unquoted investments				
Sukuk	-	-	67,726	67,726
Funds	-	-	27,581	27,581
Private equities	-	-	110,787	110,787
	-	-	206,094	206,094
	3,146,389	-	206,094	3,352,483
	5,163,103	-	513,276	5,676,379
Shari'a compliant alternatives of swap (note 39)	-	6,415	-	6,415
Financial liabilities				
Shari'a compliant alternatives of swap (note 39)	-	-	-	-
Assets for which fair values are disclosed:				
Investment properties (note 23)	-	-	1,550,816	1,550,816
Investment carried at amortised cost - Sukuk	18,138,506	-	-	18,138,506
Assets acquired in satisfaction of claims	-	138,047	-	138,047

There were no transfers between level 1, 2 and 3 during the year.

A significant part of the investments classified under Level 3 are valued using inputs from investment managers and in the opinion of the management it is not practical to disclose the sensitivity of inputs to the valuation techniques used.

ABU DHABI ISLAMIC BANK PJSC

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

45 Fair value of financial instruments (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 of financial assets which are recorded at fair value:

	2024 AED '000	2023 AED '000
At 1 January	**206,094**	203,963
Net purchases	**183,625**	-
Gain recorded in equity	**29,563**	2,929
Foreign currency translation	**(20,431)**	(798)
At 31 December	**398,851**	206,094

46 Social contributions

The social contributions (including donations and charity) made during the year amount to AED 20,000 thousand.

PILLAR III DISCLOSURES 31 DECEMBER 2024

CONTENTS

Section	#	Tables and templates	Applicable
1. Overview of Risk Management and RWA	KM1	Key Metrics (at consolidated group level)	Yes
	OVA	Bank risk management approach	Yes
	OV1	Overview of RWA	Yes
2. Linkages Between Financial Statements and Regulatory Exposures	LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	Yes
	LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Yes
	LIA	Explanations of differences between accounting and regulatory exposure amounts	Yes
3. Prudential valuation adjustments	PV1	Prudential valuation adjustments	No
4. Composition of Capital	CC1	Composition of regulatory capital	Yes
	CC2	Reconciliation of regulatory capital to balance sheet	Yes
	CCA	Main features of regulatory capital instruments	Yes
5. Macroprudential Supervisory measures	CCyB1	Geographical distribution of credit exposures used in the countercyclical buffer	Yes
6. Leverage Ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure	Yes
	LR2	Leverage ratio common disclosure template	Yes
7. Liquidity	LIQA	Liquidity risk management	Yes
	LIQ1	Liquidity Coverage Ratio	No
	LIQ2	Net Stable Funding Ratio	No
	ELAR	Eligible Liquid Assets Ratio	Yes
	ASRR	Advances to Stable Resources Ratio	Yes
8. Credit Risk	CRA	General qualitative information about credit risk	Yes
	CR1	Credit quality of assets	Yes
	CR2	Changes in stock of defaulted financing and sukuk	Yes
	CRB	Additional disclosure related to the credit quality of assets	Yes
	CRC	Qualitative disclosure requirements related to credit risk mitigation techniques	Yes
	CR3	Credit risk mitigation techniques – overview	Yes
	CRD	Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk	Yes
	CR4	Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	Yes
	CR5	Standardised approach – exposures by asset classes and risk weights	Yes
9. Counterparty Credit Risk	CCRA	Qualitative disclosure related to counterparty credit risk	Yes
	CCR1	Analysis of counterparty credit risk (CCR) exposure by approach	Yes
	CCR2	Credit valuation adjustment capital charge	Yes
	CCR3	Standardised approach of CCR exposures by regulatory portfolio and risk weights	Yes
	CCR5	Composition of collateral for CCR exposure	Yes
	CCR6	Shari'a compliant alternatives of derivative financial instruments exposures	No
	CCR8	Exposures to central counterparties	No
10. Securitisation	SECA	Qualitative disclosure requirements related to securitisation exposures	No
	SEC1	Securitisation exposures in the Banking book	No
	SEC2	Securitisation exposures in the trading book	No
	SEC3	Securitisation exposures in the Banking book and associated regulatory capital requirements – Bank acting as originator or as sponsor	No
	SEC4	Securitisation exposures in the Banking book and associated capital requirements – Bank acting as investor	No
11. Market Risk	MRA	General qualitative disclosure requirements related to market risk	Yes
	MR1	Market risk under standardised approach	Yes
12. Profit Rate Risk in the Banking Book	PRRBBA	PRRBB risk management objective and policies	Yes
	PRRBB1	Quantitative information on PRRBB	Yes
13. Operational Risk Qualitative Disclosure	OR1	Qualitative disclosure on operational risk	Yes
14. Remuneration policy	REMA	Remuneration policy	Yes
	REM1	Remuneration awarded during the 2024	Yes
	REM2	Special payments	Yes
	REM3	Deferred remuneration	Yes

INTRODUCTION

The Central Bank of the UAE ("CB UAE") sets and monitors capital requirements for the Group as a whole. The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ("CET1"), Additional Tier 1 ("AT1") and Total Capital.

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

For 2024 and onwards, CCB will be required to be maintained at 2.5% (2023: 2.5%) of the Capital base. CCyB is not required to be maintained for 2024 (2023: Nil). In December 2024, CB UAE has decided to increase the CCyB requirement to 0.50% on the private sector credit exposures in the UAE. The requirement will phase-in over 12 months beginning from 1 January 2025 with CCyB rate of 0.50% becoming effective on 1 January 2026.

The requirements of the Central Bank of the UAE act as the framework for the implementation of the Basel III Accord in the UAE. In November 2020, CBUAE issued revised standards and guidelines for Capital Adequacy in UAE via Circular 4980/2020. The revised version of the Standards also includes additional Guidance on the topics of Credit Risk, Market Risk, and Operational Risk.

The Basel III framework is based on three pillars:

- Pillar I – Minimum capital requirements: defines rules for the calculation of minimum capital for credit, market and operational risk. The framework allows for different approaches, which can be selected depending on size, sophistication and other considerations. These comprise for Credit Risk: Standardised, Foundation Internal Rating Based (FIRB), Advanced Internal Rating Based (AIRB); for Market Risk: Standardised and Internal Models Approach; and for Operational Risk: Basic Indicator Approach and Standardised Approach.

- Pillar II – Provides the framework for an enhanced supervisory review process with the objective of assessing the adequacy of the Bank's capital to cover not only the three primary risks (Credit, Market and Operational), but in addition a series of other risks that the Bank may be exposed to; for example, concentration risk, residual risk, business risk, liquidity risk etc. It includes the requirement for banks to undertake an Internal Capital Adequacy Assessment Process (ICAAP) on a quarterly basis and submit to CB UAE on annual basis, which is subject to the Central Bank review and inspection.

- Pillar III – Market discipline: requires expanded disclosures, which allow regulators, investors and other market participants to more fully understand the risk profiles of individual banks. The requirements of Pillar III in the case of ADIB are fulfilled in the annual report.

The purpose of Pillar 3 - Market Discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports the enhanced market discipline by developing a set of disclosure requirements which will allow market participants to assess key information on the scope of application, capital, risk exposure, risk assessment process and hence the capital adequacy of the Group. The Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by the Group, and provide a consistent and understandable disclosure framework that enhances transparency and improves comparability and consistency.

In compliance with the CBUAE Basel III standards and guidelines, these disclosures include qualitative and quantitative information on the Group's risk management objectives and policies, risk assessment processes, capital management and capital adequacy. Many of these requirements have already been satisfied in note 44 to the 2024 ADIB Consolidated Financial Statements, which covers in detail the risk and capital management processes of the Bank and its compliance with the Basel III Accord in this regard.

The following Pillar III disclosures provide additional qualitative and quantitative information over and above that contained in note 44 to the 2024 ADIB Consolidated Financial Statements and together with the information contained in note 44, meet the full disclosure requirements of Pillar III.

Verification

The Pillar 3 Disclosures for the year 2024 have been reviewed by the Group's internal and external auditors.

Information on Subsidiaries and Significant Investment as on 31 December 2024

	Country of Incorporation	% Ownership	Description	Treatment - Regulatory	Treatment - Accounting
SUBSIDIARIES					
Abu Dhabi Islamic Bank – Egypt (S.A.E.)	Egypt	53	Islamic banking	Fully consolidated	Fully consolidated
Abu Dhabi Islamic Securities Company LLC	UAE	95	Equity Brokerage Services	Fully consolidated	Fully consolidated
ADIB Invest 1	BVI	100	Equity Brokerage Services	Fully consolidated	Fully consolidated
Burooj Properties LLC **	UAE	100	Real Estate Investments	Not consolidated	Fully consolidated
MPM Properties LLC **	UAE	100	Real Estate Services	Not consolidated	Fully consolidated
Kawader Services LLC **	UAE	100	Manpower Supply	Not consolidated	Fully consolidated
ADIB (UK) Limited	United Kingdom	100	Other services	Fully consolidated	Fully consolidated
ADIB Capital Ltd	UAE	100	Funds Services	Fully consolidated	Fully consolidated
Fractionalized Sukuk Holding Limited*	UAE	100	Special Purpose Vehicle	Fully consolidated	Fully consolidated
ADIB Sukuk Company II Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
ADIB Capital Invest 2 Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
ADIB Capital Invest 3 Ltd.*	Cayman Islands	-	Special Purpose Vehicle	Fully consolidated	Fully consolidated
SIGNIFICANT INVESTMENT					
The Residential REIT (IC) Limited	UAE	29	Real Estate Fund	Deduction treatment	Equity Method
Abu Dhabi National Takaful PJSC	UAE	42	Islamic insurance	Deduction treatment	Equity Method
Bosnia Bank International D.D	Bosnia	27	Islamic banking	Deduction treatment	Equity Method
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	51	Islamic Retail Finance	Deduction treatment	Equity Method
Arab Link Money Transfer PSC (under liquidation)	UAE	51	Currency Exchange	Deduction treatment	Equity Method
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	51	Merchant acquiring	Deduction treatment	Equity Method

* The Bank does not have any direct holding in these entities and they are considered to be a subsidiary by virtue of control.

** In accordance with the Circular No. 52/2017 and the Capital Supply standard, the consolidated entity includes all subsidairies except commercial entities for the purpose of Basel III calculations and is subject to treatment outlined section 5 of "Tier Capital Supply Standard" related to "Significant investment in commercial entities".

1. OVERVIEW OF RISK MANAGEMENT AND RWA

KM1: Key metrics (at consolidated group level): Overview of risk management, key prudential metrics and RWA categories

AED '000s		a	b	c	d	e
		31 Dec 2024	30 Sept 2024	30 June 2024	31 Mar 2024	31 Dec 2023
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	19,316,205	21,159,625	19,547,812	17,953,284	16,898,461
1a	Fully loaded ECL accounting model	19,202,712	21,016,285	19,416,448	17,868,847	16,749,471
2	Tier 1	24,159,336	25,998,511	24,380,329	22,762,036	21,652,836
2a	Fully loaded accounting model Tier 1	24,045,843	25,855,171	24,248,965	22,677,599	21,503,846
3	Total capital	25,935,443	27,796,582	26,110,900	24,406,191	23,217,316
3a	Fully loaded ECL accounting model total capital	25,821,950	27,653,242	25,979,536	24,321,754	23,068,326
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	159,983,334	158,190,058	152,044,825	142,285,823	138,211,147
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	12.07%	13.38%	12.86%	12.62%	12.23%
5a	Fully loaded ECL accounting model CET1 (%)	12.00%	13.29%	12.77%	12.56%	12.12%
6	Tier 1 ratio (%)	15.10%	16.43%	16.03%	16.00%	15.67%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.03%	16.34%	15.95%	15.94%	15.56%
7	Total capital ratio (%)	16.21%	17.57%	17.17%	17.15%	16.80%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.14%	17.48%	17.09%	17.09%	16.69%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.04%	0.04%	0.04%	0.04%	0.04%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.54%	2.54%	2.54%	2.54%	2.54%
12	CET1 available after meeting the bank's minimum capital requirements (%)	5.07%	6.38%	5.86%	5.62%	5.23%
	Leverage Ratio					
13	Total leverage ratio measure	234,036,359	230,823,595	221,241,713	202,125,823	200,485,482
14	Leverage ratio (%) (row 2/row 13)	10.32%	11.26%	11.02%	11.26%	10.80%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	10.27%	11.20%	10.96%	11.22%	10.73%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	10.32%	11.26%	11.02%	11.26%	10.80%
	Liquidity Coverage Ratio					
15	Total HQLA	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflow	N/A	N/A	N/A	N/A	N/A
17	LCR ratio (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR ratio (%)	N/A	N/A	N/A	N/A	N/A
	Eligible Liquidity Asset Ratio (ELAR)					
21	Total HQLA	31,687,902	36,415,709	33,663,047	31,462,610	30,950,231
22	Total liabilities	178,325,135	176,955,669	171,027,495	155,065,059	147,480,198
23	Eligible Liquid Assets Ratio (ELAR) (%)	17.77%	20.58%	19.68%	20.29%	20.99%
	Advances to Stable Resources Ratio (ASRR)					
24	Total available stable funding	184,460,950	182,592,231	174,095,956	160,690,777	158,644,859
25	Total Advances	149,343,742	140,487,946	138,340,043	123,048,524	120,499,222
26	Advances to Stable Resources Ratio (ASRR) (%)	80.96%	76.94%	79.46%	76.57%	75.96%

- Decrease in CET1 ratio for December 2024 vs September 2024 due to adjustment of proposed dividend for 2024 as required by CB UAE regulation, standard and guidance for Basel III.

OVA: BANK RISK MANAGEMENT APPROACH

a) Business model determination and interaction with the overall Risk profile

Abu Dhabi Islamic Bank ("ADIB" or the "Bank") and its subsidiaries create a leading regional Shari'a compliant financial services group (the "Group") to carry out full banking services, financing and investing activities through various Islamic financial instruments such as Murabaha, Istisna'a, Mudaraba, Musharaka, Ijara, Wakalah, Sukuk, etc.

The activities of the Bank are conducted in accordance with Islamic Shari'a, as determined by the Internal Shari'a Supervisory Committee, and supervised by the Board of Directors ("the Board") in line with Central Bank of UAE ("CBUAE") regulations.

The primary objective of Risk Management approach is to protect the Bank's assets from the various risks the Bank is exposed to and maximize shareholders value. The Bank undertakes a wide variety of businesses with risks inherent in such activities. Accordingly, the risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls in accordance with regulatory and Board requirements. The important aspects of the Bank's risk management are risk governance, risk architecture, approval mechanism, processes, guidelines, and an elaborate internal control mechanism.

The key risks that the Bank is exposed to are: credit risk, liquidity risk, market risk and operational risk. Besides these, the Bank is also exposed to other risks such as reputational risk, conduct risk, legal risk, Sharia'h non-compliance risk, etc. These risks are regularly monitored and actively managed.

A well-defined risk governance framework is in place with the overall responsibility of risk management vested with the Board of Directors managed through various Board-level risk committees.

b) The Risk Governance Structure

The summary of ADIB's Risk Governance model is as follows:

Risk Identification → **Risk Measurement** → **Control Mitigation** → **Monitoring Reporting** →

Risk Culture: Principles and Policies

Risk Appetite: Statement and Limits

Risk Governance: Roles and Responsibilities

Risk Management: Risk Organization, Tools, and Processes

The primary goal of risk management approach is to ensure that the outcome of risk-taking activities is consistent with the Bank's strategies and its risk appetite, and that there is an appropriate balance between risk and reward to maximize shareholder returns. The Bank's Risk Governance Framework provides the foundation for achieving these goals and consists of four key elements: Risk Culture, Risk Appetite, Risk Governance, and Risk Management functions. It is a set of principles, processes and organization arrangement to ensure that risks are adequately managed throughout the Bank.

The risk environment in which the Bank operates changes continuously, caused by a range of factors, from the transactional level to macroeconomic events. The risk environment therefore requires continuous monitoring and assessment. The risk governance framework institutionalized across the Bank is subject to constant evaluation to ensure that it meets the challenges and requirements of the markets in which the Bank operates, including regulatory standards and industry best practices.

The Risk Governance Framework is designed to ensure that key risk types are managed in a consistent and efficient way and that decisions to accept or mitigate risks are taken expediently and transparently. This includes ensuring risk tolerance levels are set, exceptions and incidents are monitored, and that decisions and actions are taken where necessary.

The Framework is based on the 'three lines of defence' concept – risk taking business units, risk control units like Risk, Compliance and Internal Audit. The framework identifies the roles and responsibilities of key parties in the risk management process, the policies for how risks are managed, the tools and processes used and the reporting outputs that are generated.

Effective Risk Governance Framework demands active involvement of the Board and senior management in the formulation and oversight of risk management processes. The Board also ensures that senior management is fully capable of managing the activities that ADIB undertakes. Executive management has the responsibility for day-to-day operations as delegated by the Board.

The Board has overall responsibility for the establishment and oversight of the Bank's risk governance framework, as well as for approving the Bank's overall risk appetite, and ensuring that business is conducted within this framework. The Board approves the Bank's risk management policies which define the Bank's risk strategy and is backed by appropriate qualitative and quantitative parameters, delegation of authorities to the Board committees, and Executives to approve financing exposures. The risk governance framework is in line with the international best practices, Basel Committee, and Central Bank of UAE guidelines.

The Group Risk Management (GRM) function is handled by an experienced team of risk professionals, under the leadership of Group Chief Risk Officer. Special units are also established to handle Fraud Prevention & Monitoring and Information Security.

GRM is an independent risk organization that works in close partnership with the business units to support their activities, whilst safeguarding the risk profile of the Bank as the second line of defense. The role of the GRM is to develop and implement the risk policies associated specifically with both quantifiable and non-quantifiable risks arising from the activities of the Bank and manage the day-to-day risks. GRM provides independent assurance that all types of risk are being managed in accordance with the policies set by the Board. Independent review of the Risk Governance Framework is carried out by the Internal Audit and Compliance functions.

The table below summarizes main Board and Management Committees, and key roles that have risk-related responsibilities:

Board of Directors
(having overall responsibility for risk oversight)

Board-level committees with specific risk-related roles and responsibilities:

- Strategy Committee (SC)
- Credit and Investment Committee (CIC)
- Risk Committee (RC)
- Audit Committee (AC)
- Environmental Social Governance (ESG) Committee

Management-level committees with key risk-related roles and responsibilities:

- Management Risk Committee (MRC)
- Asset and Liability Management Committee (ALCO)
- Control and Compliance Committee (CCC)
- Management Credit Committee (MCC)

Business Units:

- The risk-taking units are responsible as the first line of defence for the development and execution of business plans that are aligned with the Bank's Risk Governance Framework and are accountable for the risks inherent in their business activities.

Group Risk Management (GRM):

- Provides risk oversight and advisory to all lines of business for the key risk types.
- Responsible for setting-up the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and testing of risk.
- Ensures that the core risk policies of the Bank are consistent and current and, sets the risk tolerance level through the approved Risk Appetite Statement.
- Responsible for the execution of various risk policies and related business decisions empowered by the Board.
- Responsible for generating and submitting timely and accurate risk reports to senior management for effective monitoring and business decisions.

Internal Audit:

- Independently reviews control design, operations, and effectiveness of risk management process.
- Provide independent assurance to the Board and senior management on effective oversight of and adherence to the risk appetite.

In addition to a functionally and organizationally independent Risk Management at group-level, following functions also have key risk-related roles and responsibilities:

- Global Credit Management (GCM)
- Finance and strategy
- Regulatory Compliance
- Sharia compliance

c) Channels to communicate, decline, and enforce the Risk culture

The Bank seeks to maintain a strong risk culture through the adoption of the following core principles:

- The Board involvement
- Strong Corporate and Risk Governance
- Application and monitoring of a Risk Appetite Statement
- Independent Risk Management with adequate resources, tools and processes
- Risk Awareness across the Group
- Preservation of reputation by ensuring Shari'a and regulatory compliance

The comprehensive Governance structure is divided into following two levels, which provide adequate opportunity to communicate the risk culture:

- Management-level committees
- Board-level committees

d) The scope and main features of Risk measurement systems

The integrity of the risk measurement systems is a key to monitor the risk profile relative to the risk appetite. The Bank has structured various Islamic financial instruments to meet the customers' needs and demand. All these products are classified as financing assets in the Bank's consolidated financial statements.

Credit risk measurement:

The credit risk is measured in terms of expected credit loss (ECL). The Bank has developed a range of statistical and judgmental models to estimate ECL through a proprietary risk methodology.

The Bank has designed a master rating scale, which has 22 risk grades reflecting assessment of default probability of the customer. The master rating scale, based on quantitative and qualitative factors, comprises 19 performing grades and 3 non-performing grades. The risk rating process is intended to advise the various independent approval authorities of the inherent risks associated with the counterparty and assist in determining suitable pricing commensurate with the associated risk.

Market risk measurement:

The Bank uses appropriate models for the valuation of its positions and receives regular market information to manage market risk. Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. The Bank is exposed to diverse financial instruments including securities, foreign currencies, equities, funds, and commodities.

Profit Rate Risk arises from the possibility that the changes in profit rates will affect either the fair values or the future cash flows of the financial instruments. The Bank has established commission rate gap limits for stipulated periods. The Bank monitors its structural daily positions about profit rate risk and its impact on earnings as well as the economic value of its shareholders' equity, and it also uses gap management strategies to ensure maintenance of positions within the established gap limits.

Operational risk measurement:

The Bank has implemented a detailed Operational Risk Framework in accordance with Basel guidelines. The Operational Risk management processes are designed to function in a mutually reinforcing manner, and it encompasses Risk & Control Self-Assessment, Loss Data Management, Key Risk Indicators, Control Testing, Issues & Actions Management and Reporting.

e) Process of Risk information reporting provided to the Board and Senior Management

Detailed reporting of industry, customer and geographic risks acquired takes place frequently. These reports are examined and discussed closely in a series of quarterly portfolio reviews held with senior business and risk managers. Decisions on risk appetite, adjustments to financing criteria and other initiatives are taken as a result of these meetings. Risk reports are presented to the Group Chief Executive Officer, Management Risk Committee, the Board Risk Committee, and the Board regularly.

Reporting to Management Risk Committee (MRC):

The primary objective of the MRC is to ensure the Bank's enterprise Risk Governance Framework, related policies, systems and practices are fully aligned with the Board approved strategy and risk appetite. The MRC also ensures risk governance of the Bank is sufficiently robust to meet the needs of the business.

MRC has membership from Group Heads of all business functions and Risk and is chaired by the Group CEO. The Committee reviews and monitors key enterprise risk profiles, trends, and exceptions on a periodic basis.

Reporting to Board Risk Committee (BRC):

BRC is appointed by the Board to assist it in fulfilling its Risk Management oversight responsibilities across the Bank.

f) Qualitative information on stress testing

The Bank uses various techniques to gauge its vulnerability to exceptional but plausible stress events. The Bank adopts an Integrated Stress Testing approach to evaluate potential effects of different stressed events and/or movement in a set of economic variables on the Bank's financial condition and their impact on the key financial and regulatory ratios. The approach determines the financial impact of both systemic risk and idiosyncratic risk scenarios on Bank's capital adequacy simultaneously across three stress severity levels – Mild, Moderate and Severe.

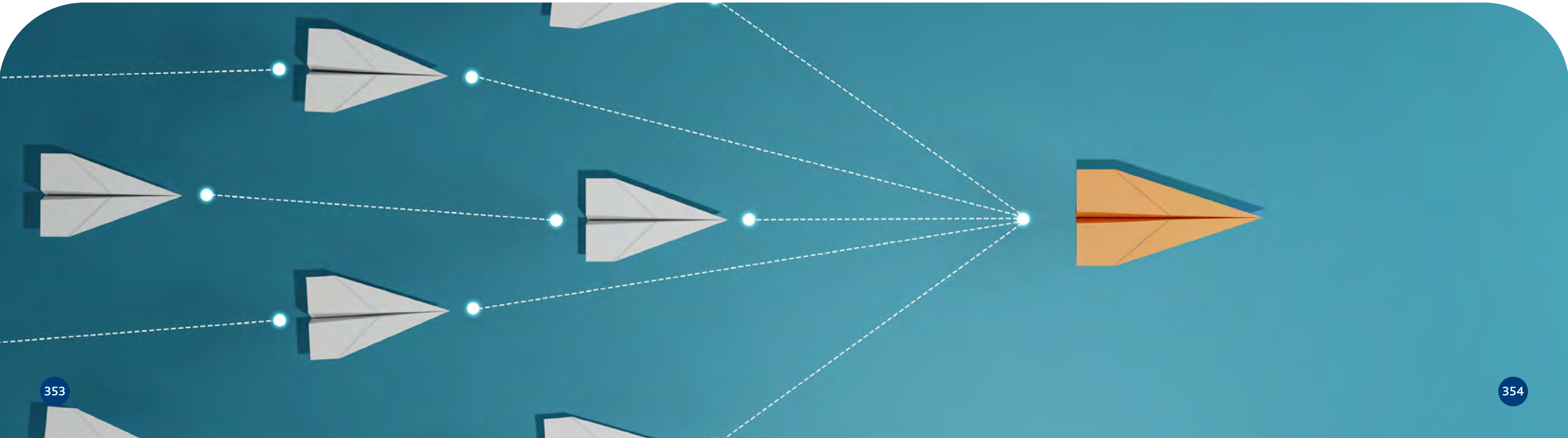
Stress testing is based on the concept of 'proportionality and complexity' and its applicability to the activities of the Bank. Relevant factors include size, sophistication and diversification of activities, materiality of different risk types and the Bank's vulnerability to them, etc. Stress testing is an important part of the risk management function in the Bank.

Besides, the Bank has comprehensive Liquidity Stress Testing in line with the guidelines issued by CBUAE. The Bank has comprehensive and specific Management Action Plans to ensure that capital and leverage ratios are managed well within the Risk Appetite thresholds if the key ratios come under unexpected pressure.

g) The strategies and processes to manage, hedge, and mitigate risks

On an annual basis, the Risk Governance Framework is updated where key risks are identified, and actions are listed out to mitigate those risks. The identification of Key Risks and related mitigation plans are discussed in MRC and presented to BRC, and to the Board of Directors on a regular basis. The mitigation plans are reviewed regularly, and the implementation of the required actions are monitored.

Also refer to "Risk Management-Introduction" Note 44.1 of the audited consolidated financial statements as of 31 December 2024.



OV1: OVERVIEW OF RWA

AED '000s		a	b	c
		RWA		Minimum capital requirements
		31 December 2024	30 September 2024	31 December 2024
1	Credit risk (excluding counterparty credit risk) (CCR)	141,308,374	139,038,699	14,837,379
2	Of which standardised approach (SA)	141,308,374	139,038,699	14,837,379
3				
4				
5				
6	Counterparty credit risk (CCR)	560,260	581,370	58,827
7	Of which standardised approach for counterparty credit risk	560,260	581,370	58,827
8				
9				
10				
11				
12	Equity investments in funds – look-through approach	-	-	-
13	Equity investments in funds – mandate-based approach	-	-	-
14	Equity investments in funds – fallback approach	219,895	220,535	23,089
15	Settlement risk	-	-	-
16	Securitisation exposures in banking book	-	-	-
17				
18	Of which: securitistion external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitistion standarised approach (SEC-SA)	-	-	-
20	Market risk	2,804,211	2,782,593	294,442
21	Of which standardised approach (SA)	2,804,211	2,782,593	294,442
22				
23	Operational risk	15,090,593	15,566,862	1,584,512
24				
25				
26	Total (1+6+10+11+12+13+14+15+16+20+23)	**159,983,334**	**158,190,059**	**16,798,250**

- The minimum capital requirements applied in column C is 10.5%.

2. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

AED '000s	31 December 2024						
	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	Assets						
Cash and balances with central banks	32,039,942	32,039,679	32,039,679	-	-	-	-
Balance and wakala deposits with Islamic banks and other financial institutions	7,649,939	7,624,262	7,624,262	-	-	-	-
Murabaha and mudaraba with financial institution	2,957,529	2,957,529	2,957,529	-	-	-	-
Murabaha, Ijara and other Islamic financing	142,610,839	143,692,744	143,692,744	-	-	-	-
Investment in sukuk at amortised cost	23,758,093	23,758,093	23,758,093	-	-	-	-
Investment measured at fair value	5,528,404	6,299,066	3,861,115	-	-	2,251,459	186,492
Investment in associates and joint ventures	895,698	895,698	895,698	-	-	-	-
Investment properties	1,332,988	305,446	305,446	-	-	-	-
Development properties	722,940	-	-	-	-	-	-
Other assets	5,357,886	5,384,142	5,384,142	-	-	-	-
Property and equipment	2,645,669	2,519,977	2,519,977	-	-	-	-
Goodwill and intangibles	409,868	409,868	-	-	-	-	409,868
Total assets	**225,909,795**	**225,886,504**	**223,038,685**	-	-	**2,251,459**	**596,360**
Liabilities							
Due to financial institutions	5,529,669	-	-	-	-	-	-
Depositors' accounts	182,675,253	-	-	-	-	-	-
Other liabilities	7,551,385	-	-	-	-	-	-
Sukuk financing instrument	1,836,250	-	-	-	-	-	-
Total liabilities	**197,592,557**	-	-	-	-	-	-

- Variance between the financial statements and the regulatory consolidation is due to non-consoldiation of commercial entities of the ADIB Group in regulatory consolidation, i.e., Burooj Properties LLC, MPM Properties LLC, and Kawader Services LLC.

LI2: MAIN SOURCES OF DIFFERENCES BETWEEN REGULATORY EXPOSURE AMOUNTS AND CARRYING VALUES IN FINANCIAL STATEMENTS

AED '000s		31 December 2024				
		a	b	c	d	e
			Items subject to:			
		Total	Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	225,886,504	223,038,685	-	-	2,251,459
2	Liabilities + Shares carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	225,886,504	223,038,685	-	-	**2,251,459**
4	Off-balance sheet amounts	15,489,540	15,489,540	-	-	-
5	Shari'a compliant alternatives of derivative financial instruments	1,287,408	-	-	1,287,408	-
6	Differences in valuations	-	-	-	-	-
7	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
8	Differences due to consideration of provisions	1,670,332	-	-	-	-
9	Differences due to prudential filters	-	-	-	-	-
10	Goodwill, Deferred tax and threshold deductions	(409,868)	-	-	-	-
11	**Exposure amounts considered for regulatory purposes**	**243,923,916**	**238,528,225**	-	**1,287,408**	**2,251,459**

LIA: EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS

a) Explanation of significant differences between the amounts in columns (a) and (b) in LI1

Variance between the financial statements and the regulatory consolidation is due to non-consoldiation of commercial entities of the ADIB Group in regulatory consolidation, i.e, Burooj Properties LLC, MPM Properties LLC, and Kawader Services LLC.

b) Explanation of the origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2

In on-balance sheet and off-balance sheet amounts, there are no differences between carrying values as reported in published financial statements and carrying values under scope of regulatory consolidation. However, Shari'a compliant alternatives of derivative financial instruments amounts have been reported as credit equivalent amounts under both (a) and (d).

c) i. Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.
ii. Description of the independent price verification process.
iii. Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).

Please refer note 4, 23 and 44 of the audited consolidated financial statements as of 31 December 2024.

d) Banks with insurance subsidiaries

ADIB Group does not have any insurance subsidiary.

3. PRUDENTIAL VALUATION ADJUSMENTS

PV1: Prudential valuation adjustments (PVAs)

Not applicable

4. COMPOSITION OF CAPITAL

CC1: Composition of regulatory capital

AED '000s		31 December 2024	
		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	3,632,000	Same as (a) from CC2 template
2	Retained earnings	11,042,140	
3	Accumulated other comprehensive income (and other reserves)	5,055,274	
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	
6	**Common Equity Tier 1 capital before regulatory deductions**	**19,729,414**	
	Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	(193,073)	
9	Other intangibles including mortgage servicing rights (net of related tax liability)	(216,795)	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	3,341	
12	Securitisation gain on sale	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
14	Defined benefit pension fund net assets	-	

15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
20	Amount exceeding 15% threshold	-	
21	Of which: significant investments in the common stock of financials	-	
22	Of which: deferred tax assets arising from temporary differences	-	
23	CBUAE specific regulatory adjustments	-	
24	**Total regulatory adjustments to Common Equity Tier 1**	**(413,209)**	
25	**Common Equity Tier 1 capital (CET1)**	**19,316,205**	
	Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	4,754,375	CC2 (b)
27	OF which: classified as equity under applicable accounting standards	4,754,375	
28	Of which: classified as liabilities under applicable accounting standards	-	
29	Directly issued capital instruments subject to phase-out from additional Tier 1	-	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	
31	Of which: instruments issued by subsidiaries subject to phase-out	-	
32	Additional Tier 1 capital before regulatory adjustments	**4,754,375**	
	Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	-	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
36	CBUAE specific regulatory adjustments	88,756	
37	Total regulatory adjustments to additional Tier 1 capital	-	
38	**Additional Tier 1 capital (AT1)**	**4,843,131**	
39	**Tier 1 capital (T1= CET1 + AT1)**	**24,159,336**	
	Tier 2 capital: instruments and provisions		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
41	Directly issued capital instruments subject to phase-out from Tier 2	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
43	Of which: instruments issued by subsidiaries subject to phase-out	-	

44	Provisions	1,776,107	
45	**Tier 2 capital before regulatory adjustments**	**1,776,107**	
	Tier 2 capital: regulatory adjustments		
46	Investments in own Tier 2 instruments	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
49	CBUAE specific regulatory adjustments	-	
50	**Total regulatory adjustments to Tier 2 capital**	-	
51	**Tier 2 capital (T2)**	**1,776,107**	
52	**Total regulatory capital (TC = T1 + T2)**	**25,935,443**	
53	**Total risk-weighted assets**	**159,983,334**	
	Capital ratios and buffers		
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**12.07%**	
55	**Tier 1 (as a percentage of risk-weighted assets)**	**15.10%**	
56	**Total capital (as a percentage of risk-weighted assets)**	**16.21%**	
57	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	**2.54%**	
58	**Of which: capital conservation buffer requirement**	**2.50%**	
59	**Of which: bank-specific countercyclical buffer requirement**	**0.04%**	
60	**Of which: higher loss absorbency requirement (e.g. DSIB)**	**0.00%**	
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	**5.07%**	
	The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.00%	
63	Tier 1 minimum ratio	8.50%	
64	Total capital minimum ratio	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
66	Significant investments in common stock of financial entities	-	
67	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,776,107	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	-	

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
73	Current cap on CET1 instruments subject to phase-out arrangements	-	
74	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
75	Current cap on AT1 instruments subject to phase-out arrangements	-	
76	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	-	
77	Current cap on T2 instruments subject to phase-out arrangements	-	
78	Amount excluded from T2 due to cap (excess after redemptions and maturities)	-	

CC2: Reconciliation of regulatory capital to balance sheet

	a	b	c
AED '000s	Balance sheet as in published financial statements December 2024	Under regulatory scope of consolidation December 2024	Reference
Assets			
Cash and balances with central banks	32,039,942	32,039,679	
Balance and wakala deposits with Islamic banks and other financial institutions	7,649,939	7,624,262	
Murabaha and mudaraba with financial institution	2,957,529	2,957,529	
Murabaha, Ijara and other Islamic financing	142,610,839	143,692,744	
Investment in sukuk at amortised cost	23,758,093	23,758,093	
Investment measured at fair value	5,528,404	6,299,066	
Investment in associates and joint ventures	895,698	895,698	
Investment properties	1,332,988	305,446	
Development properties	722,940	-	
Other assets	5,357,886	5,384,142	
Property and equipment	2,645,669	2,519,977	
Goodwill and intangibles	409,868	409,868	
Of which: goodwill	193,073	193,073	
Of which: intangibles (excluding MSRs)	216,795	216,795	
Total assets	**225,909,795**	**225,886,504**	
Liabilities			
Due to financial institutions	5,529,669	-	

Depositors’ accounts	182,675,253	-	
Other liabilities	7,551,385	-	
Sukuk financing instrument	1,836,250	-	
Total liabilities	**197,592,557**	-	
Equity			
Share capital	3,632,000	3,632,000	
Of which: amount eligible for CET1	3,632,000	3,632,000	(a)
Of which: amount eligible for AT1	-	-	
Legal reserve	2,670,774	2,654,097	
General reserve	3,947,177	3,925,216	
Credit risk reserve	400,000	400,000	
Retained earnings	13,501,350	10,516,859	
Other reserves	(1,559,991)	(1,927,380)	
Tier 1 sukuk	4,754,375	4,754,375	(b)
Equity attributable to the equity and Tier 1 sukuk holders of the Bank	**27,345,685**	**23,955,167**	
Non-controlling interest	971,553	614,037	
Total equity	**28,317,238**	**24,569,204**	

CCA: Main features of regulatory capital instruments

		Quantitative / Qualitative information		
1	Issuer	Abu Dhabi Islamic Bank	Abu Dhabi Islamic Bank & Subsidiaries	Abu Dhabi Islamic Bank
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	XS2642454271	N/A
3	Governing law(s) of the instrument	UAE Law	English Law	UAE Law
	Regulatory treatment			
4	Transitional arrangement rules (i.e. grandfathering)	Common Equity Tier 1	N/A	N/A
5	Post-transitional arrangement rules (i.e. grandfathering)	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/group/group and solo	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Sukuk	Sukuk
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 3,632 million	USD 750 million	AED 2 billion
9	Nominal amount of instrument	N/A	USD 750 million	AED 2 billion
9a	Issue price	N/A	100%	100%
9b	Redemption price	N/A	Refer point 15 below	Refer point 15 below
10	Accounting classification	Equity	Equity	Equity
11	Original date of issuance	Various	18 July 2023	16 April 2009
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	N/A	N/A	N/A
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	On the First Call Date, 18 July 2028 (at par) and any date thereafter up to and including the First Reset Date, 18 January 2029; following a Tax Event (at par); and following a Capital Event (full or partial disqualification) (at par).	On the Call Date, 16 April 2027 (at par); following a Tax Event (at par) (at any time); and following a Capital Event (at par) (at any time).
16	Subsequent call dates, if applicable	N/A	Any periodic distribution date following the First Reset Date.	Any period distribution date after the call date.
	Coupons / dividends			
17	Fixed or floating dividend/coupon	N/A	Expected mudaraba profit rate for initial period of 5.5 years and for every 5th year thereafter resets to new Expected mudaraba profit rate.	Expected mudaraba profit rate for initial period of 5 years and after the initial period bear an Expected variable mudaraba profit rate.
18	Coupon rate and any related index	N/A	7.25% (expected mudaraba profit rate for initial period of 5.5 years) and resets the then 5 years US treasury rate plus expected margin of 3.059%	6.0% (expected mudaraba profit rate for initial period of 5 years) and after initial period of 5 years bear as expected variable mudaraba profit rate payable of 6month Eibor plus expected margin of 2.3%

19	Existence of a dividend stopper	N/A	Yes	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary	Fully Discretionary	Fully Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary	Fully Discretionary	Fully Discretionary
21	Existence of step-up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible
24	Writedown feature	N/A	Yes	Yes
25	If writedown, writedown trigger(s)	N/A	Contractual Non-Viability Loss Absorption as detailed in the issue prospectus.	Contractual Non-Viability Loss Absorption as detailed in the issue documents.
26	If writedown, full or partial	N/A	Full or partial write down.	Full or partial write down.
27	If writedown, permanent or temporary	N/A	Permanent	Permanent
28	If temporary write-own, description of writeup mechanism	N/A	N/A	N/A
28a	Type of subordination	N/A	Contractual	Contractual
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A	Senior only to share capital	Senior only to share capital
30	Non-compliant transitioned features	N/A	No	No
31	If yes, specify non-compliant features	N/A	N/A	N/A

5. MACROPRUDENTIAL SUPERVISORY MEASURES

CCyB1: Geographical distribution of credit exposures used in the countercyclical capital buffer

AED '000s	31 December 2024				
	a	b	c	d	e
Geographical breakdown	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
Hong Kong	1.00%	775	271		
United Kingdom	2.00%	2,997,024	2,989,123		
Australia	1.00%	1,006	352		
Germany	0.75%	342	120		
Norway	2.50%	131	46		
Netherlands	2.00%	524	236		
Bulgaria	2.00%	166	33		
Sweden	2.00%	835	311		
Ireland	1.50%	102,228	91,303		
Czechia	1.25%	700	245		
Hungary	0.50%	1,838	1,378		
Romania	1.00%	433	152		
Belgium	1.00%	1,090	1,201		
Sum		**3,107,092**	**3,084,771**		
Total		**243,737,424**	**142,088,529**	**0.04%**	**61,195**

6. LEVERAGE RATIO

LR1: Summary comparison of accounting assets vs leverage ratio exposure

		31 December 2024
	Summary comparison of accounting assets versus leverage ratio exposure measure	a
	Item	AED '000s
1	Total consolidated assets as per published financial statements	225,909,795
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(23,291)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for Shari'a compliant alternatives of derivative financial instruments	1,287,408
9	Adjustment for securities financing transactions (i.e. repos and similar secured financing)	-
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	7,603,501
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(331,186)
12	Other adjustments	(409,868)
13	**Leverage ratio exposure measures**	**234,036,359**

LR2: Leverage ratio common disclosure template

	AED '000s	a	b
		31 December 2024	30 September 2024
	On-balance sheet exposures		
1	On-balance sheet exposures (excluding Shari'a compliant alternatives of derivative financial instruments and securities financing transactions (SFTs), but including collateral)	225,886,504	222,532,349
2	Gross-up for Shari'a compliant alternatives of derivative financial instruments collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in Shari'a compliant alternatives of derivative financial instruments transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	(331,186)	(323,624)
6	(Asset amounts deducted in determining Tier 1 capital)	(409,868)	(429,226)
7	**Total on-balance sheet exposures (excluding Shari'a compliant alternatives of derivative financial instruments and SFTs) (sum of rows 1 to 6)**	**225,145,450**	**221,779,499**
	Shari'a compliant alternatives of derivative financial instruments Exposures		
8	Replacement cost associated with all Shari'a compliant alternatives of derivative financial instruments transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	301,447	232,569
9	Add-on amounts for PFE associated with all Shari'a compliant alternatives of derivative financial instruments transactions	985,961	834,525
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written Shari'a compliant alternatives of derivative financial instruments	-	-
12	(Adjusted effective notional offsets and add-on deductions for written Shari'a compliant alternatives of derivative financial instruments)	-	-
13	**Total Shari'a compliant alternatives of derivative financial instruments exposures (sum of rows 8 to 12)**	**1,287,408**	**1,067,094**
	Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Credit Conversion Factor (CCR) exposure for Security Financing Transaction (SFT) assets	-	-
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of lines 14 to 17)**	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet exposure at gross notional amount	15,581,103	16,684,147
20	(Adjustments for conversion to credit equivalent amounts)	(7,977,602)	(8,707,146)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of lines 19 to 21)**	**7,603,501**	**7,977,002**
	Capital and total exposures		
23	Tier 1 capital	24,159,336	25,998,511
24	**Total exposures (sum of lines 7, 13, 18 and 22)**	**234,036,359**	**230,823,595**
	Leverage ratio		
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**10.32%**	**11.26%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.32%	11.26%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	**Applicable leverage buffers**	**0.00%**	**0.00%**

7. LIQUIDITY

LIQA: Liquidity risk management

a) Governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity risk strategy, policies and practices across business lines and with the board of directors.

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal or stress circumstances. This risk arises from the inability of the Bank to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on the Bank's ability to meet its obligations when they fall due.

Under the overall Risk Governance Framework, ALCO is a key component of risk management within ADIB. It is mandated by the Board or its delegate, the BRC (Board Risk Committee), to manage and implement the Assets & Liabilities Management (ALM) policy as approved by the Board and other applicable policies. ALCO is a management decision-making committee for all matters relating to ALM including balance sheet structure, funding, liquidity, pricing, hedging and investment and setting accrual limits.

Treasury is responsible for day-to-day management of the mismatch between the Bank's assets and liabilities and in conjunction with the Group Finance, the overall financial structure of the balance sheet. It is also primarily responsible for managing the funding and liquidity risks of the Bank. Group Finance and Market Risk also monitor liquidity requirements and related ratios.

b) Funding strategy, including policies on diversification in the sources of funding (both products and counterparties)

The Bank, to limit the Liquidity risk, has arranged diversified funding sources in addition to its core retail deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. The Bank also maintains committed lines of credit that it can access to meet liquidity needs. It also mainatains and monitor a sufficient inventory of eligible liquid assets that can be used to raise short term funding through a collateralized Murabaha agreement. The current account deposits are assessed as stable, based on various behavioral analysis conducted by both external consultants and internal teams. The top 20 deposit concentration level is significantly below the market levels.

c) Liquidity risk mitigation techniques.

An ALM framework has been put in place to monitor and mitigate the Liquidity risk. A maturity mismatch analysis, under normal and stressed conditions is, the primary tool for monitoring Liquidity risk, performed to monitor successive time bands across functional currencies. In addition, the Bank monitors various Liquidity risk ratios and maintains an up-to-date contingency funding plan.
The Board approved Risk Appetite Statement (RAS) defines Liquidity risk tolerance thresholds. The key Liquidity risk measures include gaps and ratios such as ELAR and ASRR. All these Liquidity measures are reported to ALCO on a monthly basis and to management and the Board committees (MRC/BRC) at regular intervals.

d) An explanation of how stress testing is used.

The Bank applies various stress scenarios to assess and manage the Liquidity position, considering both the market in general and specifically to the Group. The Bank identifies historical and hypothetical events that can lead to a material impact on its liquidity positions. The impact of stress scenarios is assessed on gap positions and all regulatory ratios. Accordingly, management action plans are devised to enable the Bank plan for its liquidity actions under such stressed liquidity situations.

d) An outline of the bank's contingency funding plans.

In order to manage its liquidity risk, the bank has in place a Contingency Funding Plan, which outlines roles and responsibilities of each concerned department, trigger points and protocols to invoke a liquidity crisis event and initiate deployment of a set of management mitigating actions to counter a potential liquidity squeeze.

The Funding Plan includes various stress scenarios, both of general and idiosyncratic natures, which are discussed and approved at management and Board levels and are meant to simulate various severe but plausible sources of a liquidity crisis.

Also refer to "Risk Management- Liquidity risk and funding management" Note 44.3 of the audited consolidated financial statements as of 31 December 2024.

f) Customized measurement tools or metrics that assess the structure of the Bank's balance sheet or the project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to the Bank.

AED '000s	On Balance Sheet Exposures – 31 December 2024				
	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Cash and balances with central banks	27,507,955	3,631,162	900,825	-	32,039,942
Balance and wakala deposits with Islamic banks and other financial institutions	6,807,349	342,558	253,497	246,535	7,649,939
Murabaha and mudaraba with financial institution	474,078	455,129	1,742,935	285,387	2,957,529
Murabaha, Ijara and other Islamic financing	9,012,465	22,880,397	68,288,971	42,429,006	142,610,839
Investment in sukuk at amortised cost	367,663	2,331,370	15,217,044	5,842,016	23,758,093
Investment measured at fair value	1,919,980	999,750	1,622,562	986,112	5,528,404
Investment in associates and joint ventures	-	-	-	895,698	895,698
Other assets	3,249,151	228,454	411,527	12,796	3,901,928
Financial assets	**49,338,641**	**30,868,820**	**88,437,361**	**50,697,550**	**219,342,372**
Non-financial assets					6,567,423
Total assets					**225,909,795**
Liabilities					
Due to financial institutions	2,953,759	2,037,305	292,953	245,652	5,529,669
Depositors' accounts	151,142,136	23,689,964	7,843,138	15	182,675,253
Other liabilities	5,018,195	799,023	1,728,668	5,499	7,551,385
Sukuk financing instrument	-	-	1,836,250	-	1,836,250
Total Liabilities	**159,114,090**	**26,526,292**	**11,701,009**	**251,166**	**197,592,557**

AED '000s	Off Balance Sheet Exposures – 31 December 2024				
	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Contingent liabilities	4,104,101	4,004,810	3,644,468	45,698	11,799,077
Commitments	-	-	239,836	-	239,836
Total	**4,104,101**	**4,004,810**	**3,884,304**	**45,698**	**12,038,913**

g) Concentration limits on collateral pools and sources of funding (both products and counterparties).

ADIB mainatains a strong liquidity under current market conditions by having a stable source of funding through its sticky customers deposits, therefore Wholesale funding reliance remains minimal. It however, has concentration limit on overall Wholesale funding and maintains limits at the counterparty level.

Given its strong liquidity positions and current local market practice and evolution in terms of Sharia-compliant netting structures, ADIB seldom relies on collateral to raise liquidity aside from available collateralized Murabaha facility with the Central of UAE.

h) Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.

There may be legal and regulatory restrictions on the bank's ability to use liquid assets held at one legal entity to support the liquidity requirements of another legal entity.

i) Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.

Please refer to point f) above for details.

LIQ1: Liquidity Coverage Ratio (LCR) – Not applicable for ADIB Group
LIQ2: Net Stable Funding Ratio (NSFR) – Not applicable for ADIB Group
ELAR: Eligible Liquid Assets Ratio* (UAE operation only)

AED '000s		31 December 2024	
		Nominal amount	Eligible Liquid Asset
1	High Quality Liquid Assets		
1.1	Physical cash in hand at the bank + balances with the CBUAE	28,183,275	
1.2	UAE Federal Government Sukuks	183,690	
	Sub Total (1.1 to 1.2)	28,366,965	28,366,965
1.3	UAE local governments publicly traded Sukuk	3,320,937	
1.4	UAE Public sector publicly traded Sukuk	-	
	Sub Total (1.3 to 1.4)	3,320,937	3,320,937
1.5	Foreign Sovereign Sukuk or instruments issued by their respective central banks	-	-
1.6	Total	31,687,902	31,687,902
2	Total liabilities		178,325,135
3	**Eligible Liquid Assets Ratio (ELAR)**		**17.77%**

ASRR: Advances to Stable Resources Ratio*

AED '000s		31 December 2024
		Amount
1	Computation of Advances	
1.1	Net financing (gross financing – specific and profit in suspense)	141,758,194
1.2	Placement with non-banking financial institutions	701,305
1.3	Net Financial Guarantees & Stand-by LC (issued – received)	622,214
1.4	Interbank Placements	6,262,029
1.5	Total Advances	149,343,742
2	Computation of Net Stable Resources	
2.1	Total capital + general provisions	29,610,429
	Deduct	
2.1.1	Goodwill and other intangible assets	409,868
2.1.2	Fixed Assets	2,593,104
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	321,718
2.1.6	Investment in subsidiaries, associates and affiliates	1,464,491
2.1.7	Total deduction	4,789,181
2.2	Net Free Capital Funds	24,821,248
2.3	Other Stable resources:	
2.3.1	Funds from the head office	-
2.3.2	Interbank deposits with remaining life of more than 6 months	116,592
2.3.3	Refinancing of Housing financing	-
2.3.4	Fincnaing from non-Banking Financial Institutions	2,646,118
2.3.5	Customer Deposits	155,040,742
2.3.6	Capital market funding/ term financing maturing after 6 months from reporting date	1,836,250
2.3.7	Total other stable resources	159,639,702
2.4	Total Stable Resources (2.2+2.3.7)	184,460,950
3	ADVANCES TO STABLE RESOURCES RATIO (1.5/ 2.4*100)	80.96%

*as per BRF 54.

8. CREDIT RISK

CRA: General qualitative information about Credit Risk

a) Business model translation into the components of the Bank's credit risk profile.

Credit risk is the most significant and pervasive risk for the Bank. The Bank is exposed to different types of Credit risk. The most common Credit risk, inherent in a wide range of ADIB's businesses, arise from adverse changes in the credit quality and recoverability of financings (credit facilities provided to customers), advances and amounts due from counterparties, and cash and deposits held with other Banks. Further, there is credit risk in certain off-balance sheet financial instruments, including guarantees, letters of credit, contracts relating to purchase and sale of foreign currencies, acceptances, and commitments to extend credit.

In addition, the Bank also faces Concentration and Cross-Border risks. Concentration risk arises from any single exposure or a group of exposures with common risk factors with potential to produce large losses. Cross-border risk is the risk that the Bank will be unable to obtain as agreed and on time payment from its customers [or party on behalf of the customers] of their obligations or transactions with the Bank often as a result of certain actions taken by foreign governments or government-related entities. Cross-Border Risk is chiefly relating to the availability, convertibility and transferability of such foreign currency at transparent, free & acceptable FX rates. These actions taken by foreign governments may include the imposition of exchange controls and restrictions on remittance of funds or goods and services, often accompanied by debt moratoria or impediments to freely transfer currency.

GRM monitors and control Credit risk through sets of parameters and thresholds for the Bank's financing activities.

The Bank has adopted the Standardized Approach for measuring minimum capital requirement for credit risk.

b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits.

The overall credit process including approval, disbursements, administration, classification, recoveries, and write-offs are governed by the Bank's Credit Risk Policy. It is reviewed by the GRM and approved by the BRC and the Board.

The Credit Risk Policy has been prepared with the broad objective of meeting the following goals:

- Adhere to CBUAE regulations and best practices; and
- Maintain a diversified high credit quality financing portfolio through risk-based financing.

The Bank seeks to manage its credit risk exposure through diversification of financing activities, maintaining limits, to avoid undue concentrations of risks with individuals or groups of customers or in specific locations or businesses. It also obtains security when appropriate, and actively uses collateral to reduce its credit risks. The Bank also follows prudential exposure ceilings set by the Board in line with Central Bank of the UAE (CBUAE) guidelines.

c) Structure and organization of the Credit risk management and control function.

Credit risk management for the financing portfolio begins with initial underwriting and continues throughout an obligor's credit cycle. The Bank monitors credit quality of its financing portfolio based on primary credit quality indicators.

All Corporate credit proposals are independently reviewed and approved by appropriate authority as defined in the Credit Risk Policy, which includes Management-level Credit Committee and Board-level Committee. For Retail, the Bank has in place comprehensive product program manuals highlighting requirements of every aspect of retail financing.

Credit Approval process is independent from GRM and reporting directly to CEO of the Bank.

d) The Credit Operations and disbursements functions

Credit Control function is responsible for controlling, managing the portfolio, and reporting exceptions post the approval process. The function role is to ensure full adherence to the Credit Risk Policy, Banks' and Sharia policies and procedure. Any exceptions are timely reported to the approving authorities as stipulated in the Credit Risk Policy. The Credit Control function is independent from the approval process and directly reporting to the Group Chief Risk Officer.

e) Relationships between the Credit risk management, risk control, compliance, and internal audit functions.

An independent global credit management (GCM) function reviews all Corporate credit proposals before they are approved by the appropriate authority as defined in the Credit Risk Policy. Compliance group ensures that the Bank complies all regulations and guidelines issued by CBUAE. As part of Internal Audit plan, Internal Audit team reviews the Credit Approval Process and submits its findings to Board Audit Committee for its review.

f) Scope and main content of the reporting on Credit risk exposure and management function to the executive management and to the board of directors.

Comprehensive Portfolio reports covering both Wholesale and Retail portfolios are presented to Business units, management and the Board committees (MRC and BRC) on a regular basis. The report highlights the status of the exposure, recoveries, early-warning signals, collaterals details, provisions movements, and the action plan to address issues, if any.

CR1: Credit quality of assets

AED '000s		31 December 2024					
		a	b	c	d	e	f
		Gross carrying values of			Of which ECL accounting provisions for credit losses		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Customer Financing	6,238,748	141,962,394	4,508,398	3,014,208	1,494,190	**143,692,744**
2	Sukuk	80,474	29,002,078	175,502	63,300	112,202	**28,907,050**
3	Off-balance sheet exposures	537,600	16,330,910	221,373	91,562	129,811	**16,647,137**
4	**Total**	**6,856,822**	**187,295,382**	**4,905,273**	**3,169,070**	**1,736,203**	**189,246,931**

Definition of defaulted exposures

Accounts are considered in default for regulatory purposes after failure to meet the obligations by 90 days.

CR2: Changes in stock of defaulted customer financing and sukuk

	AED '000s	a
1	**Defaulted customer financing and sukuk at the end of 31 December 2023**	**7,709,729**
2	Customer financing and sukuk that have defaulted since the last reporting period	627,293
3	Returned to non-defaulted status	(415,665)
4	Amounts written off	(1,276,416)
5	Other changes	(325,719)
6	**Defaulted customer financing and sukuk at the end of 31 December 2024 (1+2-3-4±5)**	**6,319,222**

CRB: Additional disclosure related to the credit quality of assets

Qualitative disclosures

a) The scope and definitions of past due and impaired exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes.

Common definitions are used for both accounting and regulatory purposes. Financing past due for over 90 days is treated as impaired unless an exception is approved by an appropriate authority. The Bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Bank to actions such as releasing collateral (if held).

b) The extent of past-due exposures (>90 days) that are not considered to be impaired and the reasons for this.

Bank considers the past due exposures for more than 90 days as impaired unless approved by the appropriate authority. There should be no such exposures greater than 90 days which are not considered impaired and not approved by the appropriate authority.

c) Description of methods used for determining accounting provisions for credit losses.

ADIB's Expected Credit Loss (ECL) calculation, methodology, and IFRS9 ECL disclosures are available in "Risk Management- Credit risk" Note 44.2 of the audited consolidated financial statements as of 31 December 2024.

d) The Bank's own definition of a restructured approach.

The Bank follows regulatory definition for restructured exposures. A restructured account is one where the Bank, for economic or legal reasons relating to the obligor's financial difficulty, grants to the obligor concessions that the bank would not otherwise consider.

Quantitative disclosures

e) Breakdown of exposures by geographic distribution, industry segment and residual contractual maturity.

AED '000s	31 December 2024								
Residual Contractual Maturity of Gross Credit Exposure	Customer Financings	Balances & placements with Banks & FI	Sukuk	Others	Total Funded	Commitments	Other Off-Balance Sheet exposures	Total Non-Funded	Total
United Arab Emirates	123,690,885	71,074	14,525,214	36,492,136	174,779,309	3,761,372	9,171,706	12,933,078	**187,712,387**
Rest of Middle east	9,338,253	6,629,011	10,706,226	2,710,831	29,384,321	-	178,095	178,095	**29,562,416**
Europe	4,214,599	313,737	102,025	138,458	4,768,819	-	-	-	**4,768,819**
Others	7,943,197	3,609,263	3,685,641	2,976,417	18,214,518	20,654	3,645,122	3,665,776	**21,880,294**
Total	**145,186,934**	**10,623,085**	**29,019,106**	**42,317,842**	**227,146,967**	**3,782,026**	**12,994,923**	**16,776,949**	**243,923,916**

AED '000s	31 December 2024								
Industry Segment of Gross Credit Exposure	Customer Financings	Balances & placements with Banks & FI	Sukuk	Others	Total Funded	Commitments	Other Off-Balance Sheet exposures	Total Non-Funded	Total
Agriculture, Fishing & related activities	94,909	-	-	-	**94,909**	-	436	436	**95,345**
Crude Oil, Gas, Mining & Quarrying	5,303	-	-	15,735	**21,038**	-	14,750	14,750	**35,788**
Manufacturing	5,666,851	-	-	-	**5,666,851**	19,144	994,637	1,013,781	**6,680,632**
Electricity & Water	5,165,453	-	3,096,775	-	**8,262,228**	713,124	16,810	729,934	**8,992,162**
Construction	7,960,040	-	2,455,039	28,316	**10,443,395**	53,796	4,508,919	4,562,715	**15,006,110**
Trade	2,495,033	-	1,163,301	-	**3,658,334**	51,368	862,102	913,470	**4,571,804**
Transport, Storage & Communication	4,471,361	-	-	-	**4,471,361**	582,750	282,744	865,494	**5,336,855**
Financial Institutions	6,412,769	10,623,085	8,598,155	1,855,422	**27,489,431**	-	2,325,268	2,325,268	**29,814,699**
Services	762,426	-	-	-	**762,426**	2,118	1,327,925	1,330,043	**2,092,469**
Government /Public Sector	26,528,946	-	11,493,344	30,030,685	**68,052,975**	-	1,679,756	1,679,756	**69,732,731**
Retail/Consumer banking	82,338,317	-	-	366,663	**82,704,980**	2,119,891	263,088	2,382,979	**85,087,959**
All Others	3,285,526	-	2,212,492	10,021,022	**15,519,040**	239,835	718,488	958,323	**16,477,363**
Total	**145,186,934**	**10,623,085**	**29,019,106**	**42,317,842**	**227,146,967**	**3,782,026**	**12,994,923**	**16,776,949**	**243,923,916**

AED '000s	31 December 2024								
Residual Contractual Maturity of Gross Credit Exposure	Customer Financings	Balances & placements with Banks & FI	Sukuk	Others	Total Funded	Commitments	Other Off-Balance Sheet exposures	Total Non-Funded	Total
Less than 3 months	10,506,655	7,297,044	374,293	34,507,065	**52,685,057**	-	4,743,460	4,743,460	**57,428,517**
3 months to one year	22,880,397	797,687	4,625,099	5,277,254	**33,580,437**	900,443	4,152,457	5,052,900	**38,633,337**
One to five years	69,370,876	1,996,432	17,144,408	1,625,029	**90,136,745**	2,881,583	3,961,098	6,842,681	**96,979,426**
Over five years	42,429,006	531,922	6,875,306	908,494	**50,744,728**	-	137,908	137,908	**50,882,636**
Total	**145,186,934**	**10,623,085**	**29,019,106**	**42,317,842**	**227,146,967**	**3,782,026**	**12,994,923**	**16,776,949**	**243,923,916**

f) Breakdown of impaired exposures, provisions and write-offs by geographic distribution, industry segment and ageing analysis.

AED '000s	31 December 2024							
	Impaired Financing exposures*			ECL		Write-offs & write-backs		
Geographic Distribution of Impaired Financing Assets	Less than 90 Days	90 Days and above	Total	Stage 3	Stage 1 & 2	Write-offs	Write-backs	Net Impaired Financing Assets
United Arab Emirates	626,237	5,006,333	5,632,570	2,785,094	-	-	-	**2,847,476**
Rest of Middle east	-	145,805	145,805	74,112	-	-	-	**71,693**
Europe	-	-	-	-	-	-	-	**-**
Others	-	162,685	162,685	155,002	-	-	-	**7,683**
Total	**626,237**	**5,314,823**	**5,941,060**	**3,014,208**	**1,494,190**	**-**	**-**	**2,926,852**

AED '000s	31 December 2024							
	Impaired Financing exposures*			ECL		Write-offs & write-backs		
Industry Segment of Impaired Financing Assets	Less than 90 Days	90 Days and above	Total	Stage 3	Stage 1 & 2	Write-offs	Write-backs	Net Impaired Financing Assets
Agriculture, Fishing & related activities	-	5	**5**	5	-	-	-	**-**
Crude Oil, Gas, Mining & Quarrying	-	11,781	**11,781**	8,356	-	-	-	**3,425**
Manufacturing	-	307,543	**307,543**	278,320	-	-	-	**29,223**
Electricity & Water	-	57	**57**	57	-	-	-	**-**
Construction	87,742	1,943,106	**2,030,848**	831,161	-	-	-	**1,199,687**
Trade	13,379	173,298	**186,677**	134,135	-	-	-	**52,542**
Transport, Storage & Communication	-	30,753	**30,753**	29,700	-	-	-	**1,053**
Financial Institutions	-	-	**-**	-	-	-	-	**-**
Services	1	710,933	**710,934**	384,322	-	-	-	**326,612**
Government /Public Sector	-	91,705	**91,705**	91,610	-	-	-	**95**
Retail/Consumer banking	525,114	2,044,330	**2,569,444**	1,255,288	-	-	-	**1,314,156**
All Others	-	1,313	**1,313**	1,254	-	-	-	**59**
Total	**626,236**	**5,314,824**	**5,941,060**	**3,014,208**	**1,494,190**	**-**	**-**	**2,926,852**

* 'Impaired financing exposure' as disclosed in the audited consolidated financial statements as of 31 December 2024.

CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

a) Core features of policies and processes for, and an indication of the extent to which the Bank makes use of, on- and off-balance sheet netting.

Not Applicable.

b) Core features of policies and processes for collateral evaluation and management.

The Bank obtains security when appropriate, and actively uses collateral to reduce its Credit risk in financing. This collateral mostly includes customer deposits and other cash deposits, inventories, corporate and bank financial guarantees, local and international equities, real estate and other property and equipment.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management regularly monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and assesses the market value of collateral obtained during its review of the adequacy of the provision for impairment losses. The fair value of collateral is based on valuation performed by the independent experts, quoted prices (wherever available) and the valuation techniques.

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit Shari'a compliant alternatives of derivative financial instruments providers).

Concentration of Credit risk arises from any single exposure or a group of exposures with common risk factors and potential to produce large losses. This risk commonly arises when a number of customers are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Bank seeks to manage its credit risk exposure through diversification of financing activities, maintaining limits, to avoid undue concentrations of risks with individuals or groups of customers or in specific locations or businesses, which is achieved through Risk Appetite thresholds, Target Market Criteria and Risk Acceptance Criteria.

The Bank manages credit risk by placing limits on the amount of risk accepted in relation to individual customers and groups, and to geographic and economic segments. Such risks are monitored on a regular basis and are subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, economic sector and by country are reviewed at least annually by the Board Risk Committee.

CR3: Credit risk mitigation techniques - overview

AED '000s		31 December 2024						
		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by Shari'a compliant alternatives of derivative financial instruments	Exposures secured by Shari'a compliant alternatives of derivative financial instruments, of which: secured amount
1	Customer Financing	104,066,860	40,337,898	1,882,141	3,796,384	3,796,384	-	-
2	Sukuk	29,082,552	-	-	-	-	-	-
3	**Total**	**133,149,412**	**40,337,898**	**1,882,141**	**3,796,384**	**3,796,384**	-	-
4	Of which defaulted	6,319,222	-	-	-	-	-	-

CRD: Qualitative disclosures on Bank's use of external credit ratings under the standardized approach for Credit Risk

a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the Bank, and the reasons for any changes over the reporting period.

The Bank use Central Bank approved ECAIs and ECAs without any changes over the reporting period.

b) The asset classes for which each ECAI or ECA is used.

Externally rated Corporate, Banks and Securities Firms.

c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the Banking book (see paragraphs 99–101 of the Basel framework).

Not Applicable.

d) The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the Bank has to comply).

The Bank master rating scale is mapped to external rating agency alphanumerical scale such as Investment grades (1-4) are mapped to (AAA to BBB-), Sub-investment grades (5-7) mapped to (BB+ to CCC-) and default grades (8-10).

Also refer to "Risk Management- Credit risk" Note 44.2 of the audited consolidated financial statements as of 31 December 2024.

CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

AED '000s		31 December 2024					
		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off- balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	55,219,945	257,483	55,219,945	128,742	12,276,486	22%
2	Public Sector Entities	19,547,257	701,283	19,547,257	359,020	12,778,796	64%
3	Multilateral development banks	184,075	-	184,075	-	36,815	20%
4	Banks	20,399,711	2,240,817	20,399,711	1,645,932	11,708,710	53%
5	Securities firms	-	-	-	-	-	-
6	Corporates	28,505,064	10,427,950	28,505,064	4,816,559	30,091,789	90%
7	Regulatory retail portfolios	45,351,780	649,399	45,351,780	349,625	33,473,315	73%
8	Secured by residential property	29,611,826	2,053,488	29,611,826	1,026,744	14,347,306	47%
9	Secured by commercial real estate	10,450,993	491	10,450,993	245	10,377,243	99%
11	Past-due financing	3,241,714	446,038	3,241,714	446,038	4,175,431	113%
12	Higher-risk categories	155,855	-	155,855	-	233,783	150%
13	Other assets	14,292,255	-	14,292,255	-	11,808,701	83%
10	Equity Investment in Funds (EIF)	186,492	-	186,492	-	219,895	118%
14	CVA	-	-	-	-	560,260	-
15	**Total**	**227,146,967**	**16,776,949**	**227,146,967**	**8,772,905**	**142,088,529**	**60%**

CR5: Standardised approach – exposures by asset classes and risk weights

AED '000s		31 December 2024										
		a	b	c	d	e	f	g	h	i	j	k
Asset classes/ Risk weight		0%	20%	35%	50%	75%	85%	100%	150%	250%	1250%	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	38,385,710	4,605,044	-	2,004,912	-	-	10,353,021	-	-	-	**55,348,687**
2	Public Sector Entities	12,500	7,135,077	-	2,813,839	-	-	9,944,861	-	-	-	**19,906,277**
3	Multilateral development banks	-	184,075	-	-	-	-	-	-	-	-	**184,075**
4	Banks	-	1,428,976	-	18,388,390	-	-	2,227,391	886	-	-	**22,045,643**
5	Securities firms	-	-	-	-	-	-	-	-	-	-	**-**
6	Corporates	582,065	835,832	-	3,790,010	-	560,655	27,553,061	-	-	-	**33,321,623**
7	Regulatory retail portfolios	1,506,585	-	-	-	42,886,019	-	1,308,801	-	-	-	**45,701,405**
8	Secured by residential property	33,906	-	24,714,552	-	771,598	-	5,118,514	-	-	-	**30,638,570**
9	Secured by commercial real estate	73,995	-	-	-	-	-	10,377,243	-	-	-	**10,451,238**
11	Equity Investment in Funds (EIF)	-	-	-	-	-	-	183,625	-	-	2,867	**186,492**
12	Past-due financing	106,246	-	-	-	-	-	2,393,657	1,187,849	-	-	**3,687,752**
13	Higher-risk categories	-	-	-	-	-	-	-	155,855	-	-	**155,855**
10	Other assets	4,113,261	-	-	484,721	-	-	7,924,373	782,783	987,117	-	**14,292,255**
14	**Total**	**44,814,268**	**14,189,004**	**24,714,552**	**27,481,872**	**43,657,617**	**560,655**	**77,384,547**	**2,127,373**	**987,117**	**2,867**	**235,919,872**

9. COUNTERPARTY CREDIT RISK

CCRA: Qualitative disclosure related to counterparty credit risk

Risk management objectives and policies related to counterparty credit risk, including:

Counterparty credit risk (CCR) represents the risk that a counterparty may default before settlement of the transaction. This may result in a loss because the Bank would have to replace the position in the market or revalue the position at the prevailing unfavorable market rates.

As it applies to the bank, Counterparty credit risk (CCR) arises from over-the-counter (OTC) and exchange-traded Shari'a compliant alternatives of derivative financial instruments (ETDs), and long-settlement transactions including collateralized Murabaha facilities and other similar products and activities. The related credit risk exposures depend on the value of underlying market factors (e.g. profit rates, commodities price and foreign exchange rates), which can be volatile and uncertain in nature. The Bank enters into Shari'a compliant alternatives of derivative financial instruments contracts in the normal course of business principally for positioning purposes, as well as for risk management needs and/or on clients' behalf, including mitigation of profit rate, commodity, foreign currency, credit and other risks. The Bank may use several ways to mitigate, reduce or eliminate CCR such as netting agreements, margining agreements, early terminations agreements.

a) The method used to assign operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures;

Counterparty Credit exposures are subject to the credit oversight, limit framework and approval process as outlined above. The Bank establish CCR limits as per the norms on exposure for both funded and non-funded products including Shari'a compliant alternatives of derivative financial instruments. The limits are set as a percentage of the capital funds and are monitored. The utilization against specified limits is reported to the management and board risk committees (MRC & BRC) on a periodic basis.

For calculating the required capital for counterparty credit risk, the Bank uses the Standardised Approach.

b) Policies relating to guarantees and other risk mitigants and assessments concerning counterparty credit risk, including exposures towards CCPs'
Not Applicable.

c) Policies with respect to wrong-way risk exposures

Not Applicable.

d) The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade.

Not Applicable.

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach.

AED '000s		31 December 2024					
		a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for Shari'a compliant alternatives of derivative financial instruments)	215,319	704,258		1.4	1,287,408	560,260
						-	-
2	Simple Approach for			-	-		
3	credit risk mitigation					-	-
	(for SFTs)						
	Comprehensive						
4	Approach for credit					-	-
	risk mitigation (for						
	SFTs)						
5	**Total**						
6							**560,260**

CCR2: Credit valuation adjustment (CVA) capital charge

AED '000s		31 December 2024	
		a	b
		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge	-	-
2	All portfolios subject to the Simple alternative CVA capital charge	1,287,408	560,260

CCR3: Standardised approach - CCR exposures by regulatory portfolio and risk weights

AED '000s		31 December 2024							
		a	b	c	d	e	f	g	h
Regulatory Portfolio / Risk weight		0%	20%	50%	75%	100%	150%	Others	Total credit exposures
1	Sovereigns and their central banks	-	-	-	-	-	-	-	-
2	Public Sector Entities	-	-	-	-	21,535	-	-	21,535
3	Multilateral development banks	-	-	-	-	-	-	-	-
4	Banks	-	711,883	315,283	-	11,498	-	-	1,038,664
5	Securities firms	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	227,209	-	-	227,209
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-
8	Secured by residential property	-	-	-	-	-	-	-	-
9	Secured by commercial real estate	-	-	-	-	-	-	-	-
11	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
12	Past-due financing	-	-	-	-	-	-	-	-
13	Higher-risk categories	-	-	-	-	-	-	-	-
10	Other assets	-	-	-	-	-	-	-	-
14	**Total**	**-**	**711,883**	**315,283**	**-**	**260,242**	**-**	**-**	**1,287,408**

CCR5: Composition of collateral for CCR exposure

AED '000s		31 December 2024					
		a	b	c	d	e	f
		Collateral used in Shari'a compliant alternatives of derivative financial instruments transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash - domestic currency	-	-	-	-	-	-
2	Cash - other currencies	-	224,515	-	-	-	-
3	Domestic sovereign financing	-	-	-	-	-	-
4	Government agency financing	-	-	-	-	-	-
5	Corporate sukuk	-	-	-	-	-	-
6	Equity securities	-	-	-	-	-	-
7	Other collateral	-	-	-	-	-	-
8	**Total**	**-**	**224,515**	**-**	**-**	**-**	**-**

CCR6: Shari'a compliant alternatives of derivative financial instruments exposures - Not applicable

CCR8: Exposures to central counterparties - Not applicable

10. SECURITISATION

SECA: Qualitative disclosure requirements related to securitisation exposures

Not applicable

SEC1: Securitisation exposures in the banking book

Not applicable

SEC2: Securitisation exposures in the trading book

Not applicable

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor

Not applicable

SEC4: Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

Not applicable

11. MARKET RISK

MRA: General qualitative disclosure requirements related to market risk

Banks must describe their risk management objectives and policies for market risk according to the framework below (the granularity of the information should support the provision of meaningful information to users):

a) Strategies and processes of the Bank: this must include an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the Bank's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges.

Market risk arises from changes in market rates such as profit rates, foreign exchange rates and equity prices, as well as in their correlation and implied volatilities. Market risk is inherent in the diverse financial instruments the Bank is exposed to including securities, foreign currencies, equities, and commodities. The Bank is exposed to various types of Market risks such as profit rate risk, currency risk, and equity price risk. Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The Bank is also exposed to these risks in its Asset & Liability Management (ALM) activities.

The Bank uses the Standardized Approach to calculate the regulatory capital requirements relating to Market risks. The scope and charges are applied to Trading book only which includes Sukuk positions, foreign currency positions, equity positions and structured products positions.

ADIB, being an Islamic bank, as part of its regular activities faces Market risks in its investment/trading portfolios, which arises from changes in its underlying risk factors, as well as Profit Rate Risk in Banking Book (PRRBB), which arises on account of mismatches in maturity / re-pricing profile of assets and liabilities. It refers to the risk of changes in market value of assets and liabilities in the Banking book due to changes in the profit rate term structure.

The Bank's overall Market Risk strategy is to adopt a prudent and progressive risk-taking approach, which is expected to supplement its core banking activities profitability within a conservative risk appetite, while maintaining a reasonable liquidity buffer.

Although, as per the scope of Market risk as defined by BCBS, the Bank is also exposed to Foreign Exchange risk, but this is only in a limited way. All Foreign exchange exposures are taken by the Bank for client purposes and/or to facilitate Treasury management of its liquidity position with limited trading/proprietary positions. Besides, for these client-oriented foreign exchange positions limited overnight position limits are given which results in limited foreign exchange risk for the Bank. The major foreign exchange position for the Bank originates from USD which again is a pegged currency, therefore, the risk is minimal.

Additionally, the Bank holds minor proprietary positions in equity and principal-protected structured products.

Market risk is managed through a comprehensive governance framework approved by the Board and mandated to relevant management committees and assigned departments through clear roles and responsibilities. The framework relies on ensuring adequate systems are in place, maintaining appropriate limits, independent mark-to-market valuation, and frequent review of both; (1) the bank's investment portfolios with regard to its risk drivers, and (2) the bank's structural position with regard to profit rate risk and its impact on earnings as well as the economic value of its shareholders' equity. The policies and procedures and the trading limits are set to ensure the implementation of the Bank's market risk policy in day-to-day operations. These are reviewed periodically to ensure they remain in line with the Bank's general market risk policy and in line with the Bank's overall business strategy.

b) Structure and organization of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the Bank discussed in row (a) above.

Market Risk function is part of the Global Risk Management (GRM). It is independently accountable for providing risk oversight to ensure that the market risk profiles of trading and banking portfolios are maintained within the Bank's risk appetite.

The Market Risk function is responsible for provision of various risk-related analytics to the relevant management committees and thereafter the relevant Board committees.

It is also accountable for continuous monitoring of compliance to the approved Treasury Limits and communicates to Senior Management in case of any comments/exceptions.

c) Scope and nature of risk reporting and/or measurement systems.

The Market Risk function assess and monitor a set of approved risk metrics and limits on the Banks's investment portfolios and report to the Management Risk Committee (MRC) on a regular basis. Similarly, it assess/monitor various risk limits on the Bank's structural balance sheet focused on liquidity risk and profit rate risk in the banking book and report to the Asset & Liability Committee (ALCO) on a regular basis.

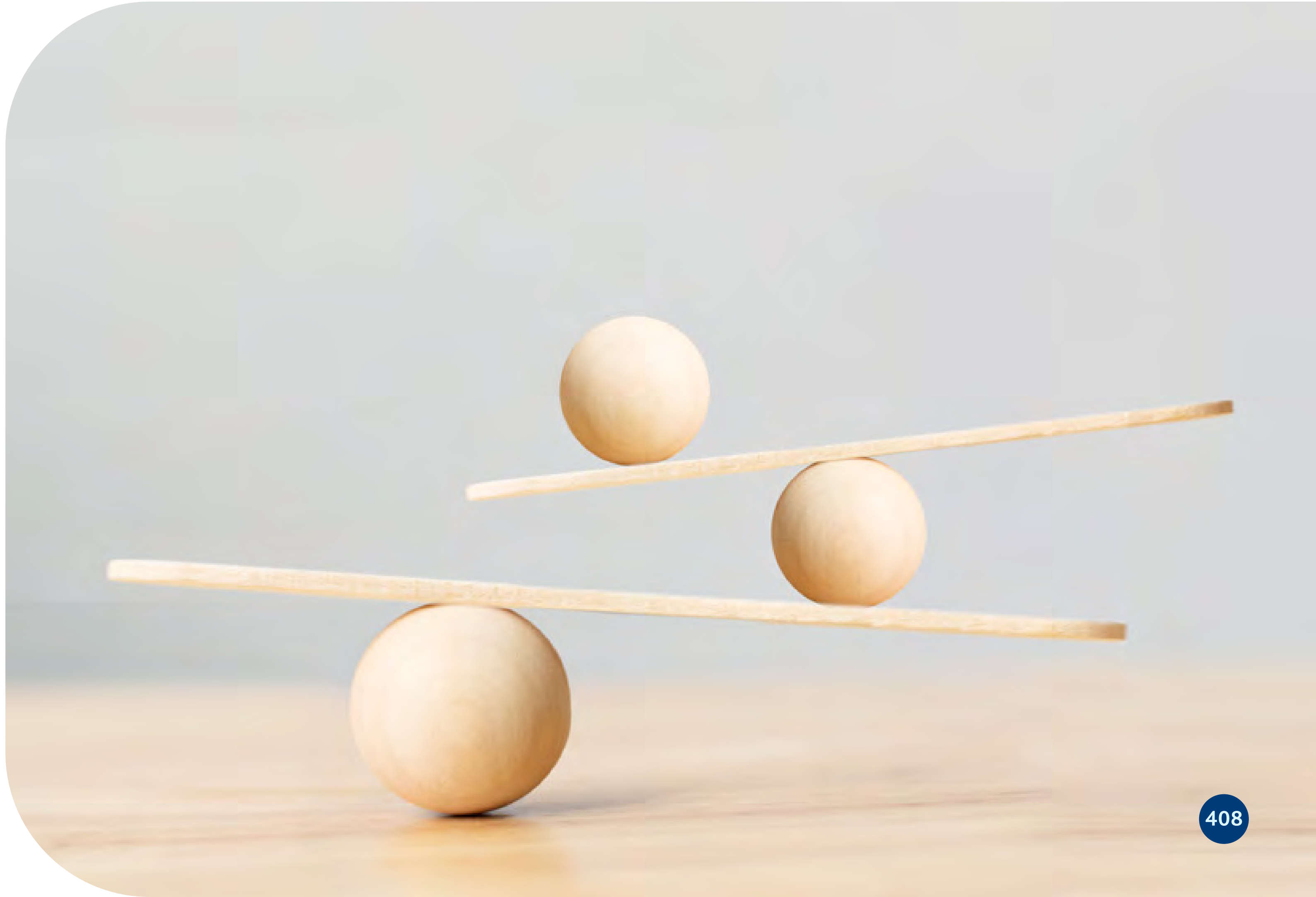
Additionally, a regular update on status of compliance to approved framework and on current and upcoming trends is provided to the Board designated committees such as the Board Risk Committee (BRC).

The Bank uses appropriate approach/models for the valuation and risk measurement of its positions and receives regular market information to manage market risk.

MR1: Market risk under the standardised approach (SA)

AED '000s		31 December 2024
		a
		RWA
1	General profit rate risk (General and Specific)	2,001,935
2	Equity risk (General and Specific)	49,092
3	Foreign exchange risk	753,184
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7		
8	Securitisation	-
9	**Total**	**2,804,211**

- The Bank continues to follow the Standardized approach to compute Market Risk capital charge.



12. PROFIT RATE RISK IN THE BANKING BOOK (PRRBB)

PRRBBA: PRRBB risk management objectives and policies

Qualitative disclosures

a) A description of how the bank defines PRRBB for purposes of risk control and measurement.

Profit Rate Risk in the Banking Book arises when changes in Profit rates affect the market value, the cashflows and earnings of assets and liabilities of ADIB.

The Group is exposed to profit rate risk as a result of mismatches or gaps in the scheduled maturities, repricing dates or reference rates of assets, liabilities and Shari'a compliant alternatives of derivative financial instruments.

b) A description of the bank's overall PRRBB management and mitigation strategies.

The Group manages this risk through appropriate limits in place and frequent review of the bank's structural position with regard to profit rate risk and its impact on earnings as well as the economic value of its shareholders' equity.

The sensitivity of the bank's earnings and shareholders' equity is approved at the Board's level or its designate and mandated to relevant management bodies, including ALCO, Group Treasury and Group Risk Management.

c) The periodicity of the calculation of the bank's PRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to PRRBB.

Profit rate risk is measured using simulations, earnings sensitivity and economic value sensitivity analysis, stress testing and gap analysis, in addition to other PRRBB risk metrics.

Primarily, the level of profit rate risk within ADIB is measured from both an earnings sensitivity and an economic value of equity sensitivity:

- Earning sensitivity involves analyzing the impact of changes in profit rates on net revenue for funds in the following 12 months period.
- Economic Value sensitivity involves analyzing the impact of changes in profit rates on expected cash flows on assets minus the expected cash flows on liabilities plus the net cash flows of off-balance items.

d) A description of the profit rate shock and stress scenarios that the bank uses to estimate changes in the economic value of earnings.

The bank uses various simulations in line with industry/regulatory common practices, and review the shocks and its impact on both earnings and shareholders' equity on a regular basis, in addition to custom built simulations reflecting management expectations with regard to the rate environment.

The risk measures are based however, on a parallel shift in profit rates, in line with industry best practices.

e) Where significant modelling assumptions used in the bank's internal measurement systems (IMS) (i.e., the EVE metric generated by the bank for purposes other than disclosure, eg for internal assessment of capital adequacy) are different from the modelling assumptions prescribed for the disclosure Template IRRBB1, the bank should provide a description of those assumptions and their directional implications and explain its rationale for making those assumptions (for e.g., historical data, published research, management judgment and analysis).

The bank uses a conservative approach while conducting its ICAAP exercise, whereby the assumptions used may differ from those parallel shocks assumptions used for the risk measure (earnings at risk or economic value of equity). Generally, the ICAAP used assumptions are more detrimental to the bank's overall earnings and shareholders' equity. The underlying assumptions are reviewed and updated wherever needed in line with best practices and regulatory expectations.

f) A high-level description of how the bank hedges its PRRBB, as well as the associated accounting treatment.

The bank where appropriate and needed may enter into profit rate swaps to manage its earnings and/or shareholders' equity sensitivity to profit rate risk. Under such circumstances, it will be using the appropriate hedge accounting treatment.

g) The methodology used to estimate the prepayment rates of customer financing, and/or the early withdrawal rates for time deposits, and other significant assumptions.

The bank uses historical behavioral analysis to estimate withdrawal rates on customers deposits.

Quantitative disclosures

	AED '000s	Dec-24
1	Avearge repricing maturity assigned to NMDs	2.09
2	Longest repricing maturity assigned to NMDs	5 years

PRRBB1: Quantitative information on PRRBB

AED '000s	EVE		EVE	
Period	Dec-24	Dec-23	Dec-24	Dec-23
Parallel up	(732,728)	242,847	212,041	467,757
Parallel down	187,682	(605,763)	(254,509)	(539,937)
Steepener	(1,112,104)	(638,345)	(31,097)	(350,420)
Flattener	575,929	452,433	55,623	410,993
Short rate up	425,327	642,417	212,041	591,726
Short rate down	(574,977)	(764,222)	(209,891)	(711,851)
Maximum	**(1,112,104)**	**(764,222)**	**(254,509)**	**(711,851)**
Period	Dec-24		Dec-23	
Tier 1 Capital	**24,159,336**		**21,652,836**	

13. OPERATIONAL RISK

ORA: General qualitative information on a bank's operational risk framework

a) The policies, frameworks and guidelines for the management of Operational Risk.

Operational risk is the risk of negative financial and/or non-financial impacts resulting from inadequate or failed internal processes, people, systems, or external events. The Bank has developed and implemented an operational risk framework supported by a set of standards and operating procedures in accordance with Basel III guidelines. The Operational Risk Management Framework aims to actively manage Operational risk and set the standards of identification, assessment, monitoring, and response. The framework is built around and accounts for the risk impact on a spectrum of assets. Defined risk thresholds and authority matrices are set in line with the Operational risk appetite and lay at the base of decision making and management of the operational risk inherent to ADIB's existing and new offering and their supporting business processes.

The Operational Risk Management Framework requires the use of specific tools including the proactive Risk Assessment of new initiatives, Risk reviews and Advisory, Risk & Control Self-Assessment (RCSA), Control Testing (CT), Key Risk Indicators (KRIs), Loss Data Management (LDM), Training & development, Monitoring & Reporting, Comparative Analysis as well as the management of Issues & Actions (I&A) identified from various sources and lines of defense. The framework also encompasses all the necessary elements of Quality Assurance, Fraud Risk Management.

b) The structure and organisation of their Operational Risk management and control function.

The Operational Risk Management Function is structured in a way to ensure independency and availability of the necessary expertise. A central Group Operational Risk Management function (GORM) reporting to the Group Chief Risk Officer is responsible for setting the standards and providing all risk owners with the tools, systems, training and support which are necessary to manage the operational risk within their functional areas. Dedicated Business Operational Risk Managers (BORMs) are also assigned within each Group and responsible to ensure that the Operational risk management tools and standards are well rooted within their areas of responsibilities. The Operational Risk Governance is ensured via a defined hierarchy of committees represented by the Board Committee “Board Risk Committee” (BRC), a Senior Management Committee “Management Risk Committee” (MRC). In addition to MRC, forums created for dedicated purposes such as the “Business Risk & Control Forum” (BRCF) created within every Business & Functional Group, the Fraud Working Group and the Operational Risk Provisioning Forum (ORPF).

The definition of Operational risk is overarching several types of risk categories such Fraud Risk, Regulatory & Compliance risk, Conduct Risk, Sharia'a non-compliance Risk, Information Security Risk, Technology Risk, Legal Risk and Business Continuity Risk. To that extent several stakeholders work in constant collaboration to ensure that various operational risk aspects are maintained within the appetite and managed as per the highest standards. The Framework and supporting documents articulate the roles and responsibilities of all stakeholders (Individuals, departments & Committees / Forums) involved in the management of operational risk across the Group.

c) The Operational Risk measurement system.

ADIB uses a centralized platform used by all lines of defense for the management and measurement of Operational risk. The platform encompasses all the Operational risk categories, taxonomies and tools and allows for a Comparative analysis across the results and outcome of various tools. The measurement systems show positive trends year on year and adequate risk coverage ratios at individual and aggregate levels. This is emphasized by constant process enhancements, proactive risk assessments, control testing, issues identification and actions completion.

As for the Capital Adequacy Ratio, the Bank started applying the Standardised approach from 31 December 2024 for the purpose of calculating the Operational risk weighted assets, previously the Bank applied the Basic Indicator approach (BIA).

d) The scope and main context of their reporting framework on Operational risk to executive management and to the board of directors.

Operational Risk management reporting structure is governed by and follows a well-defined hierarchy involving the senior management and the Board represented by the BRC and the MRC where the Operational Risk framework implementation, tools performance and results are monitored and reported. Results are escalated on a consolidated basis with the necessary breakdowns provided based on specific appetite thresholds set within the Operational Risk Management Framework.

e) The risk mitigation and risk transfer used in the management of Operational risk.

The Operational Risk Mitigation requirements is dictated by the level of Inherent risk exposure where all exposure deemed to be exceeding the approved risk are covered by the means of the relevant preventive , detective, corrective, directive or limiting controls which are manually and automatically operated such as dual controls, multi factors of authentications, data and system protection, encryption, segregation of duties, reconciliations, reviews, transactions limits, policies and procedures, busines continuity plans which are regularly assessed and tested in addition to a comprehensive insurance coverage and selected outsourcing used as risk transfer/sharing techniques. All residual exposure deemed to be exceeding the approved risk appetite are escalated and closely monitored based on predefined matrices. The day-to-day Operational risk management is also characterized by a comprehensive system of internal control with multi-layers of defense bringing together a team of subject matter experts.

f) ADIB Fraud Risk Management function

ADIB Group Fraud Risk Management Program objective is to develop and establish the basis of fraud risk management and anti-fraud controls required for the deterrence, prevention, and detection of fraud against ADIB and its subsidiaries.

The Fraud Risk Management program applies to all ADIB Group departments, subsidiaries, international locations, and business units including all ADIB employees, shareholders, consultants, vendors, contractors, and/or any other parties maintaining a business relationship with ADIB. The Program prescribes the standards to be adhered to by each Business Unit. It also forms the base policy that must be referred to while drafting all policies and operating procedures within ADIB.

g) Fraud Investigation Function

The objective of the function is to provide ADIB Group with the capacity to investigate fraud incidents and provide the relevant fact findings and recommendations to form the basis of appropriate follow-up actions professionally and objectively. The objective is also to conduct proactive integrity reviews in areas of increased risk and provide lessons learned from reviews and investigations in order to improve the effectiveness and efficiency of ADIB Group's operations and activities.

Also refer to “Risk Management-Operational risk” Note 44.4.4 of the audited consolidated financial statements as of 31 December 2024.

14. REMUNERATION POLICY

REMA: Remuneration Policy

Remuneration and Reward Guiding Principles and Structures

ADIB aims to attract and retain the best talent particularly during the challenging recent times of the pandemic. To achieve this, we have designed a remuneration framework that is within the risk appetite set by the Board to promote the right behaviours and responsible business conduct. Our remuneration schemes are designed to be fair, equitable and linked to mutual employee and Group performance.

Our rewards are based on the result of an annual performance appraisal system with input from line management and employees. The rewards structure also embeds effective risk management by balancing the interests of our customers, shareholders and other stakeholders including the Consumer Protection Standards of the CBUAE.

Total Reward – Key Components

Fixed Pay comprise of basic salary allowances based on market rates which are benchmarked for each role and are subject to review based on the achievement of SMART objectives and market movement. Fixed pay also includes other allowances in line with best practice and this is also benchmarked against ADIB peers.

A Variable Pay component is a discretionary pay which is performance-based dependent on individual, functional and overall ADIB performance. For Senior Management the variable pay, is paid out on a deferred basis with various claw-back clauses.

Retention Scheme and High Potential Emolument scheme is deployed in selected cases to retain key employees and also maintain a cadre of professional UAE Nationals with high potential and in line with CBUAE Emiratisation objectives.

The Nomination and Remuneration Committee (NRC) comprises of Chairman and 2 Directors which assists the Board in fulfilling its oversight responsibilities in respect of the following for the Group:

- Review the selection criteria and number of executive and employee positions required by ADIB; approve the overall manpower of ADIB based on reports submitted by the Group Chief Executive Officer, taking into consideration the advice of an independent and recognized consulting firm
- Review on an annual basis the policy for the remuneration, benefits, incentives and salaries of all ADIB employees, including Bank and non-Bank subsidiaries and affiliates, as submitted by the Group Chief Executive Officer, taking into consideration the advice of an independent and recognized consulting firm
- Identify and nominate, for approval of the Board, candidates for appointment to the Board
- Recommend on succession plans for Directors
- Input on renewal of the terms of office of non-executive Directors
- Assist with membership of Board committees, in consultation with the Board's Chairman and the Chairmen of such committees
- Guide on matters relating to the continuation in office of any Director at any time
- Recommend on appointments and re-appointments to the Boards of major subsidiaries and controlled affiliated companies
- Ensure the independence of the independent directors and any qualified subject matter expert appointed to a Board committee; and
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations to the Board regarding any changes.

Senior Management & Material Risk Takers (MRTs)

Senior Management is the executive management of the Bank, who is responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank.

ADIB have designed an MRT Framework which articulates qualifying criteria including revenue generation, significant influence and other qualitative criteria which are aligned to the Bank's Risk Governance Framework. MRT compensation is accordingly risk-aligned given that their ability to control and influence certain risks that are materially significant to ADIB. The Bank aims to continually assess, in a systematic manner, key positions and associated delegation of authorities for classification as MRTs.

REM1: Remuneration awarded during 2024

AED '000s			a	b
Remuneration Amount			Senior Management	Other Material Risk-takers (MRTs)
1	Fixed Remuneration	**Number of employees**	**18**	**50**
2		**Total fixed remuneration (3 + 5 + 7)**	**35,611**	**57,472**
3		Of which: cash-based	35,611	57,472
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable Remuneration	**Number of employees**	**18**	**50**
10		**Total variable remuneration (11 + 13 + 15)**	**23,503**	**25,935**
11		Of which: cash-based	23,503	25,926
12		Of which: deferred	7,526	7,500
13		Of which: shares or other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	**Total Remuneration (2+10)**		**59,114**	**83,407**

REM2: Special Payments

Special Payments	Guranteed Bonuses		Sign on Awards		Severence Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management	2	1,958	-	-	-	-
Other Material Risk-takers (MRTs)	7	2,870	-	-	-	-

REM3: Deferred remuneration

	a	b	c	d	ev
Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior Management					
Cash	18,250	-	-	-	7,526
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-
Other Material Risk-takers (MRTs)					
Cash	20,190	-	-	-	7,500
Shares	-	-	-	-	-
Cash-linked instruments	-	-	-	-	-
Other	-	-	-	-	-