

ABU DHABI ISLAMIC BANK PJSC

**Condensed consolidated interim
financial statements
31 March 2025 (Unaudited)**

ABU DHABI ISLAMIC BANK PJSC

**Condensed consolidated interim financial statements
31 March 2025 (unaudited)**

Contents	Page
Review report on condensed consolidated interim financial information	1
Condensed consolidated interim statement of profit or loss	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of financial position	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7
Notes to the condensed consolidated interim financial statements	8 – 51



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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors of Abu Dhabi Islamic Bank PJSC

Introduction

We have reviewed the accompanying 31 March 2025 condensed consolidated interim financial statements of Abu Dhabi Islamic Bank PJSC (the "Bank") and its subsidiaries (together the "Group"), consisting of:

- the condensed consolidated interim statement of financial position as at 31 March 2025;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2025;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2025;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2025;
- the condensed consolidated interim statements of cash flows for the three-month period ended 31 March 2025; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 24 April 2024 and the consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 28 January 2025.

KPMG Lower Gulf Limited

Adil Abid
Registration No.: 5541
Abu Dhabi, United Arab Emirates
Date: 23 April 2025

**Condensed consolidated interim statement of profit or loss
For the three-month period ended (unaudited)**

	Notes	31 March 2025 AED '000	31 March 2024 AED '000
Operating income			
Income from murabaha, mudaraba and wakala, with financial institutions		533,041	584,249
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	5	2,463,886	2,081,343
Income from sukuk measured at amortised cost		275,862	217,427
Income from investments measured at fair value	6	79,888	68,840
Share of results of associates and joint ventures		24,447	30,035
Fees and commission income, net	7	544,009	418,201
Foreign exchange income		182,737	67,687
Income from investment properties		10,552	9,467
Other income		2,374	15,410
		<u>4,116,796</u>	<u>3,492,659</u>
Operating expenses			
Employees' costs	8	(491,693)	(455,593)
General and administrative expenses	9	(247,762)	(224,760)
Depreciation		(87,939)	(81,670)
Amortisation of intangibles	25	(2,276)	(3,367)
Provision for impairment, net	10	(105,580)	(109,147)
		<u>(935,250)</u>	<u>(874,537)</u>
Profit from operations, before distribution to depositors and sukuk holders			
		3,181,546	2,618,122
Distribution to depositors and sukuk holders	11	(1,245,321)	(975,357)
Profit for the period before tax			
		1,936,225	1,642,765
Tax	12	(226,012)	(191,629)
Profit for the period after tax			
		<u>1,710,213</u>	<u>1,451,136</u>
<i>Attributable to:</i>			
Equity holders of the Bank		1,615,972	1,356,937
Non-controlling interest		94,241	94,199
		<u>1,710,213</u>	<u>1,451,136</u>
Basic and diluted earnings per share attributable to ordinary shares (AED)	13	<u>0.417</u>	<u>0.346</u>

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

**Condensed consolidated interim statement of comprehensive income
For the three-month period ended (unaudited)**

	Notes	31 March 2025 AED '000	31 March 2024 AED '000
Profit for the period after tax		1,710,213	1,451,136
Other comprehensive income (loss)			
<i>Items that will not be reclassified to consolidated income statement</i>			
Net movement on valuation of equity investments carried at fair value through other comprehensive income	31	1,043	(3,665)
Other movement in reserves	31	7,253	3,830
Directors' remuneration paid	35	(16,100)	(16,100)
<i>Items that may be subsequently reclassified to consolidated income statement</i>			
Net movement in valuation of investments in sukuk carried at fair value through other comprehensive income		30,507	(18,159)
Exchange differences arising on translation of foreign operations	31	1,351	(526,597)
(Loss) gain on hedge of foreign operations	31	(2,726)	1,490
Fair value gain on cash flow hedge	31	3,341	953
		<hr/>	<hr/>
Other comprehensive income (loss) for the period		24,669	(558,248)
		<hr/>	<hr/>
Total comprehensive income for the period		1,734,882	892,888
		<hr/> <hr/>	<hr/> <hr/>
<i>Attributable to:</i>			
Equity holders of the Bank		1,640,641	798,689
Non-controlling interest		94,241	94,199
		<hr/>	<hr/>
		1,734,882	892,888
		<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

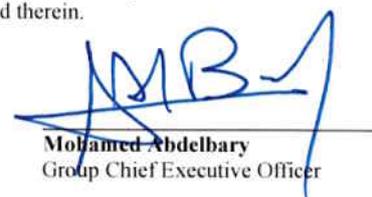
**Condensed consolidated interim statement of financial position
At 31 March 2025 (unaudited)**

	Notes	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
ASSETS			
Cash and balances with central banks	14	33,920,790	32,039,942
Balances and wakala deposits with Islamic banks and other financial institutions	15	11,786,915	7,649,939
Murabaha and mudaraba with financial institutions	16	3,493,234	2,957,529
Murabaha and other Islamic financing	17	90,547,336	85,344,623
Ijara financing	18	59,585,531	57,266,216
Investment in sukuk measured at amortised cost	19	27,088,673	23,758,093
Investments measured at fair value	20	5,067,873	5,528,404
Investment in associates and joint ventures	21	941,339	895,698
Investment properties	22	1,327,934	1,332,988
Development properties	23	722,940	722,940
Other assets	24	5,904,866	5,357,886
Property and equipment		2,693,248	2,645,669
Goodwill and intangibles	25	447,575	409,868
TOTAL ASSETS		243,528,254	225,909,795
LIABILITIES			
Due to financial institutions	26	6,395,795	5,529,669
Depositors' accounts	27	200,095,259	182,675,253
Other liabilities	28	8,273,581	7,551,385
Sukuk financing instrument	29	1,836,250	1,836,250
Total liabilities		216,600,885	197,592,557
EQUITY			
Share capital	30	3,632,000	3,632,000
Legal reserve		2,687,870	2,670,774
General reserve		3,947,177	3,947,177
Credit risk reserve		400,000	400,000
Retained earnings		11,889,561	13,501,350
Other reserves	31	(1,454,840)	(1,559,991)
Tier 1 sukuk	32	4,754,375	4,754,375
Equity attributable to the equity and Tier 1 sukuk holders of the Bank		25,856,143	27,345,685
Non-controlling interest		1,071,226	971,553
Total equity		26,927,369	28,317,238
Total liabilities and equity		243,528,254	225,909,795

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



H.E. Jawaan Awaidha Suhail Al Khaili
Chairman



Mohamed Abdelbary
Group Chief Executive Officer

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

**Condensed consolidated interim statement of changes in equity
For the three-month period ended (unaudited)**

<i>Attributable to the equity and Tier 1 sukuk holders of the Bank</i>											
	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 2025 – audited		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
Profit for the period		-	-	-	-	1,615,972	-	-	1,615,972	94,241	1,710,213
Other comprehensive (loss) income		-	-	-	-	(16,100)	40,769	-	24,669	-	24,669
Profit paid on Tier 1 sukuk – Listed (third issue)	32	-	-	-	-	(99,846)	-	-	(99,846)	-	(99,846)
Dividends paid	39	-	-	-	-	(3,030,337)	-	-	(3,030,337)	-	(3,030,337)
Transfer to Impairment reserve – General	31	-	-	-	-	(64,382)	64,382	-	-	-	-
Movement in reserves		-	17,096	-	-	(17,096)	-	-	-	-	-
Other movement in non-controlling Interest		-	-	-	-	-	-	-	-	5,432	5,432
Balance at 31 March 2025 - unaudited		3,632,000	2,687,870	3,947,177	400,000	11,889,561	(1,454,840)	4,754,375	25,856,143	1,071,226	26,927,369
Balance at 1 January 2024 – audited		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 period		-	-	-	-	1,356,937	-	-	1,356,937	94,199	1,451,136
Other comprehensive loss		-	-	-	-	(16,100)	(542,148)	-	(558,248)	-	(558,248)
Profit paid on Tier 1 sukuk – Listed (third issue)	32	-	-	-	-	(99,846)	-	-	(99,846)	-	(99,846)
Dividends paid	39	-	-	-	-	(2,595,469)	-	-	(2,595,469)	-	(2,595,469)
Dividends paid to charity		-	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Transfer to Impairment reserve – General	31	-	-	-	-	(104,847)	104,847	-	-	-	-
Transfer to Impairment reserve – Specific	31	-	-	-	-	8,101	(8,101)	-	-	-	-
Movement in reserves		-	6,838	-	-	(37,278)	30,440	-	-	-	-
Other movement in non-controlling Interest		-	-	-	-	-	-	-	-	(405,806)	(405,806)
Balance at 31 March 2024 - unaudited		3,632,000	2,654,258	3,431,547	400,000	9,849,904	(1,509,954)	4,754,375	23,212,130	802,005	24,014,135

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

**Condensed consolidated interim statement of cash flows
For the three month period ended (unaudited)**

	Notes	31 March 2025 AED '000	31 March 2024 AED '000
Operating activities			
Profit for the period		1,710,213	1,451,136
Adjustments for:			
Depreciation on investment properties	22	3,591	3,607
Depreciation on property and equipment		67,056	63,502
Depreciation on right-of-use assets		17,292	14,561
Amortisation of intangibles	25	2,276	3,367
Share of results of associates and joint ventures		(24,447)	(30,035)
Realised gain on investments carried at fair value through profit or loss	6	(6,705)	(10,390)
Unrealised (gain) loss on investments carried at fair value through profit or loss	6	(9,218)	736
Realised gain on investments carried at fair value through other comprehensive income	6	(1,931)	-
Finance cost on lease liabilities	9	1,502	1,707
Provision for impairment, net	10	105,580	109,147
Gain on disposal of investment properties		(983)	-
Changes in operating assets and liabilities		1,864,226	1,607,338
Increase in balances with central banks		(932,137)	(6,361,303)
Decrease (increase) in balances and wakala deposits with Islamic banks and other financial institutions		1,287	(2,010,377)
Increase in murabaha and mudaraba with financial institutions		(530,719)	(478,190)
Increase in murabaha and other Islamic financing		(5,288,495)	(3,479,862)
Increase in ijara financing		(2,375,341)	(1,905,166)
Movement in investments carried at fair value through profit or loss		377,940	115,833
Increase in other assets		(541,474)	(645,712)
Increase in due to financial institutions		1,114,958	846,455
Increase in depositors' accounts		17,417,280	9,104,670
Increase in other liabilities		708,118	930,616
Cash from (used in) operations		11,815,643	(2,275,698)
Directors' remuneration paid		(16,100)	(16,100)
Net cash from (used in) operating activities		11,799,543	(2,291,798)
Investing activities			
Movement in investments carried at fair value through other comprehensive income		146,658	70,971
Movement in investments carried at amortised cost		(3,337,254)	(2,006,075)
Proceeds from disposal of investment properties		2,363	-
Purchase of property and equipment		(131,927)	(84,184)
Net cash used in investing activities		(3,320,160)	(2,019,288)
Financing activities			
Profit paid on Tier 1 sukuk – Listed (third issue)	32	(99,846)	(99,846)
Finance cost on lease liability	9	(1,502)	(1,707)
Dividends paid		(3,030,337)	(2,595,469)
Net cash used in financing activities		(3,131,685)	(2,697,022)
Increase (decrease) in cash and cash equivalents		5,347,698	(7,008,108)
Cash and cash equivalents at 1 January		10,529,357	12,727,308
Cash and cash equivalents at 31 March	34	15,877,055	5,719,200
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		3,113,966	2,541,902
Profit paid to depositors		1,038,467	827,094

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements 31 March 2024 (Unaudited)

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 (2024: 59 branches) and 3 overseas branches in Iraq, Qatar and Sudan and subsidiaries in the UAE and the United Kingdom. The condensed consolidated interim 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 condensed consolidated interim financial statements of the Group were authorised for issue by the Board of Directors on 23 April 2025.

2 Definitions

The following terms are used in the condensed consolidated interim 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.

**Notes to the condensed consolidated interim financial statements
31 March 2025 (Unaudited)****2 Definitions (continued)****Qard Hasan**

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

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 of 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 condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in compliance with 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.

Notes to the condensed consolidated interim financial statements 31 March 2025 (unaudited)

3 Basis of preparation (continued)

3.1 (b) Accounting convention

The condensed consolidated interim 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 condensed consolidated interim 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.

3.1 (c) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Bank and those of its following subsidiaries:

	Activity	Country of incorporation	Percentage of holding	
			2025	2024
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 condensed consolidated interim 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.

**Notes to the condensed consolidated interim financial statements
31 March 2024 (unaudited)****3 Basis of preparation (continued)****3.2 Significant judgements and estimates**

The preparation of the condensed consolidated interim financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, 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.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2024.

4 Significant accounting policies

The condensed consolidated interim financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. In addition, results for the three months ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

Changes in accounting policies after the adoption of IFRS

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these interim condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- 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 .

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

4 Significant accounting policies (continued)

New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual improvements to IFRS Accounting Standard – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosure	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Deferred indefinitely

The above stated new standards and amendments are not expected to have any significant impact on the consolidated interim financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated interim financial statements of the Company.

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

5 Income from Murabaha, Mudaraba, Ijara and other Islamic financing from customers

	Three months ended 31 March	
	2025 (unaudited) AED '000	2024 (unaudited) AED '000
Vehicle murabaha	232,400	175,520
Goods murabaha	454,852	308,915
Share murabaha	219,123	221,856
Commodities murabaha – Al Khair	141,667	119,002
Islamic covered cards (murabaha)	130,065	108,345
Other murabaha	240,662	183,689
	<hr/>	<hr/>
Total murabaha	1,418,769	1,117,327
Mudaraba	209,197	186,811
Wakala	47,967	80,474
Ijara	785,410	696,419
Istisna'a	2,543	312
	<hr/>	<hr/>
	2,463,886	2,081,343
	<hr/> <hr/>	<hr/> <hr/>

6 Income from investments measured at fair value

	Three months ended 31 March	
	2025 (unaudited) AED '000	2024 (unaudited) AED '000
Income from sukuk measured at fair value through profit or loss	25,977	27,708
Income from sukuk measured at fair value through other comprehensive income	30,741	28,825
Realised gain on investments carried at fair value through profit or loss	6,705	10,390
Unrealised gain (loss) on investments carried at fair value through profit or loss	9,218	(736)
Realised gain on sale of investments carried at FVTOCI Sukuk	1,931	-
Income from other investment assets	5,316	2,653
	<hr/>	<hr/>
	79,888	68,840
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

7 Fees and commission income, net

	Three months ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
	AED '000	AED '000
Fees and commission income		
Fees and commission income on cards	496,383	406,618
Trade related fees and commission	73,506	36,790
Accounts services fees	39,058	34,498
Projects and property management fees	17,259	12,807
Risk participation and arrangement fees	64,570	38,684
Brokerage fees and commission	9,959	8,635
Other fees and commissions	181,973	162,142
	<hr/>	<hr/>
Total fees and commission income	882,708	700,174
	<hr/>	<hr/>
Fees and commission expenses		
Card related fees and commission expenses	(292,654)	(248,650)
Other fees and commission expenses	(46,045)	(33,323)
	<hr/>	<hr/>
Total fees and commission expenses	(338,699)	(281,973)
	<hr/>	<hr/>
Fees and commission income, net	544,009	418,201
	<hr/> <hr/>	<hr/> <hr/>

8 Employees' costs

	Three months ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
	AED '000	AED '000
Salaries and wages	440,068	399,520
End of service benefits	19,624	17,958
Other staff expenses	32,001	38,115
	<hr/>	<hr/>
	491,693	455,593
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

9 General and administrative expenses

	Three months ended 31 March	
	2025	2024
	(unaudited) AED '000	(unaudited) AED '000
Legal and professional expenses	39,641	36,233
Premises expenses	22,814	25,743
Marketing and advertising expenses	22,898	18,499
Communication expenses	29,720	25,940
Technology related expenses	77,209	62,395
Finance cost on lease liabilities	1,502	1,707
Other operating expenses	53,978	54,243
	<hr/>	<hr/>
	247,762	244,760
	<hr/> <hr/>	<hr/> <hr/>

10 Provision for impairment, net

	Three months ended 31 March	
	2025	2024
	(unaudited) AED '000	(unaudited) AED '000
Murabaha and other Islamic financing	83,073	83,791
Ijara financing	56,026	28,291
Direct write offs, net of recoveries	2,603	2,890
Others	(36,122)	(5,825)
	<hr/>	<hr/>
	105,580	109,147
	<hr/> <hr/>	<hr/> <hr/>

11 Distribution to depositors and sukuk holders

	Three months ended 31 March	
	2025	2024
	(unaudited) AED '000	(unaudited) AED '000
Investment accounts	1,219,322	949,213
Sukuk holders	25,999	26,144
	<hr/>	<hr/>
	1,245,321	975,357
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

12 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 is as follows:

	Three months ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
	AED ‘000	AED ‘000
As per UAE Corporate Tax Law	136,417	101,060
As per other international tax jurisdiction	89,595	90,569
	226,012	191,629
Effective Tax Rate (“ETR”)	11.7%	11.7%

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

12 Tax continued

The reconciliation of tax expense to the accounting profit before tax is as follows:

	Three months ended 31 March	
	2025	2024
	(unaudited)	(unaudited)
	AED '000	AED '000
Accounting profit before tax	1,936,225	1,642,765
Tax expense at 9% (UAE Corporate tax rate)	174,260	147,849
Tax effect of difference:		
Tax effect of different tax rate of subsidiaries operating in foreign jurisdictions	58,079	60,880
Others	(6,327)	(17,100)
	226,012	191,629

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. Aligning with the OECD's Pillar Two rules, the UAE Ministry of Finance ("MoF") has announced certain amendments to the Corporate Tax Law ("CT Law") introducing a Domestic Minimum Top-Up Tax of 15% for Multinational Enterprises (MNEs) with effect from financial years starting on or after 1st January 2025. The Bank is in the process of conducting the Pillar Two assessment based on the rules introduced by the MoF. The Bank is expected to know the potential impact of Pillar Two in the upcoming quarter(s) upon completion of assessment.

The Bank is also 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.

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

13 Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period, 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:

	Three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Profit for the period attributable to equity holders (AED '000)	1,615,972	1,356,937
Less: profit attributable to Tier 1 sukuk holder – Listed (third issue) (AED '000) (note 31)	(99,846)	(99,846)
Profit for the period attributable to equity holders after deducting profit relating to Tier 1 sukuk (AED '000)	1,516,126	1,257,091
Weighted average number of ordinary shares in issue (000's)	3,632,000	3,632,000
Basic and diluted earnings per share (AED)	0.417	0.346

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.

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

14 Cash and balances with central banks

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Cash on hand	3,024,540	2,112,161
Balances with central banks:		
- Current accounts	878,158	1,143,318
- Statutory reserve	20,264,681	19,229,985
- Islamic certificate of deposits	9,755,030	9,555,686
	33,922,409	32,041,150
Less: provision for impairment	(1,619)	(1,208)
	33,920,790	32,039,942

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 cash and balances with central banks by geographic region is as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
UAE	29,942,112	28,183,540
Rest of the Middle East	2,333,818	2,394,497
Others	1,646,479	1,463,113
	33,922,409	32,041,150

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

15 Balances and wakala deposits with Islamic banks and other financial institutions

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Current accounts	1,490,459	848,985
Wakala deposits	10,313,936	6,808,703
	<hr/>	<hr/>
Less: provision for impairment	11,804,395 (17,480)	7,657,688 (7,749)
	<hr/>	<hr/>
	11,786,915	7,649,939
	<hr/> <hr/>	<hr/> <hr/>

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 balances and wakala deposits with Islamic banks and other financial institutions by geographic region is as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
UAE	3,232,352	57,495
Rest of the Middle East	7,066,959	6,528,742
Europe	162,041	313,737
Others	1,343,043	757,714
	<hr/>	<hr/>
	11,804,395	7,657,688
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

16 Murabaha and Mudaraba with financial institutions

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Murabaha	3,515,469	2,991,073
Less: provision for impairment	(22,235)	(33,544)
	<hr/>	<hr/>
	3,493,234	2,957,529
	<hr/> <hr/>	<hr/> <hr/>

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:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
UAE	25,692	23,492
Rest of the Middle East	100,836	100,269
Others	3,388,941	2,867,312
	<hr/>	<hr/>
	3,515,469	2,991,073
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

17 Murabaha and other Islamic financing

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Vehicle murabaha	12,469,896	11,654,053
Goods murabaha	38,893,798	35,889,499
Share murabaha	10,974,528	11,129,377
Commodities murabaha – Al Khair	10,824,097	10,475,983
Islamic covered cards (Murabaha)	13,934,892	12,435,065
Other murabaha	13,106,496	12,342,823
	<hr/>	<hr/>
Total murabaha	100,203,707	93,926,800
Mudaraba	5,621,852	4,732,765
Wakala	3,286,808	3,692,104
Istisna'a	133,322	104,910
Other financing receivables	152,685	181,366
	<hr/>	<hr/>
Total murabaha and other Islamic financing	109,398,374	102,637,945
Less: deferred income on murabaha	(17,288,547)	(15,627,648)
	<hr/>	<hr/>
Less: provision for impairment	92,109,827 (1,562,491)	87,010,297 (1,665,674)
	<hr/>	<hr/>
	90,547,336	85,344,623
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

17 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:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Industry sector		
Government	9,483,838	9,497,175
Public sector	14,401,448	14,023,427
Corporates	10,438,993	7,467,357
Financial institutions	6,066,127	6,412,769
Individuals	50,167,574	48,216,977
Small and medium enterprises	1,551,847	1,392,592
	<hr/>	<hr/>
	92,109,827	87,010,297
	<hr/> <hr/>	<hr/> <hr/>
Geographic region		
UAE	69,556,613	67,892,641
Rest of the Middle East	9,998,697	7,832,576
Europe	3,774,474	3,700,564
Others	8,780,043	7,584,516
	<hr/>	<hr/>
	92,109,827	87,010,297
	<hr/> <hr/>	<hr/> <hr/>

18 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:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Ijara Financing	62,393,245	60,108,940
Less: provision for impairment	(2,807,714)	(2,842,724)
	<hr/>	<hr/>
	59,585,531	57,266,216
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

18 Ijara financing (continued)

The distribution of the gross ijara financing by industry sector and geographic region was as follows:

	31 March 2025 AED ‘000 (unaudited)	31 December 2024 AED ‘000 (audited)
Industry sector		
Government	1,484,202	1,538,884
Public sector	4,941,732	4,901,628
Corporates	17,007,078	17,958,261
Individuals	38,620,272	35,376,612
Small and medium enterprises	184,926	175,441
Non-profit organisations	155,035	158,114
	<hr/> 62,393,245 <hr/>	<hr/> 60,108,940 <hr/>
Geographic region		
UAE	59,714,654	57,501,433
Rest of the Middle East	1,635,100	1,579,789
Europe	511,070	514,035
Others	532,421	513,683
	<hr/> 62,393,245 <hr/>	<hr/> 60,108,940 <hr/>

19 Investment in sukuk measured at amortised cost

	31 March 2025 AED ‘000 (unaudited)	31 December 2024 AED ‘000 (audited)
Sukuk – Quoted	27,200,420	23,862,504
Less: provision for impairment	(111,747)	(104,411)
	<hr/> 27,088,673 <hr/>	<hr/> 23,758,093 <hr/>

The distribution of the gross investments by geographic region was as follows:

UAE	13,458,939	12,095,090
Rest of the Middle East	10,861,284	8,925,158
Europe	91,259	91,232
Others	2,788,938	2,751,024
	<hr/> 27,200,420 <hr/>	<hr/> 23,862,504 <hr/>

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

20 Investments measured at fair value

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
<i>Investments carried at fair value through profit or loss</i>		
Quoted investments		
Equities	22,739	24,546
Sukuk	1,537,070	1,899,327
	<hr/>	<hr/>
	1,559,809	1,923,873
	<hr/>	<hr/>
Unquoted sukuk	329,633	327,586
	<hr/>	<hr/>
	1,889,442	2,251,459
	<hr/>	<hr/>
<i>Investments carried at fair value through other comprehensive income</i>		
Quoted investments		
Equities	25,061	24,882
Sukuk	2,818,834	2,924,449
	<hr/>	<hr/>
	2,843,895	2,949,331
	<hr/>	<hr/>
Unquoted investments		
Sukuk	60,594	68,686
Funds	214,549	214,338
Private equities	115,967	115,827
	<hr/>	<hr/>
	391,110	398,851
	<hr/>	<hr/>
	3,235,005	3,348,182
	<hr/>	<hr/>
	5,124,447	5,599,641
Less: provision for impairment	(56,574)	(71,237)
	<hr/>	<hr/>
	5,067,873	5,528,404
	<hr/> <hr/>	<hr/> <hr/>

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.

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

20 Investments measured at fair value (continued)

The distribution of the gross investments by geographic region was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Geography region		
UAE	2,848,247	2,792,343
Rest of the Middle East	1,594,791	1,791,738
Europe	11,756	11,582
Others	669,653	1,003,978
	<hr/>	<hr/>
	5,124,447	5,599,641
	<hr/> <hr/>	<hr/> <hr/>

21 Investment in associates and joint ventures

The movement in the carrying amount during the period was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
At the beginning of the period	910,854	849,490
Share of results	24,447	99,894
Dividends received	-	(18,124)
Foreign currency translation	21,194	(20,406)
	<hr/>	<hr/>
At the end of the period	956,495	910,854
Less: provision for impairment	(15,156)	(15,156)
	<hr/>	<hr/>
Net balance at the end of the period	941,339	895,698
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

21 Investment in associates and joint ventures (continued)

The movement in the provision for impairment during the period was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
At the beginning / end of the period	15,156	15,156

Details of the Bank's investment in associates and joint ventures at 31 March is as follows:

	Place of incorporation	Proportion of ownership interest		Principal activity
		2025 %	2024 %	
<i>Associates</i>				
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
<i>Joint ventures</i>				
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

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

22 Investment properties

The movement in investment properties balance during the period was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Cost		
Balance at the beginning of the period	1,496,592	1,499,533
Foreign currency translation	3	(2,113)
Disposals during the period	(2,893)	(828)
	<hr/>	<hr/>
Gross balance at the end of the period	1,493,702	1,496,592
Less: provision for impairment	(31,943)	(31,943)
	<hr/>	<hr/>
Net balance at the end of the period	1,461,759	1,464,649
	<hr/>	<hr/>
Accumulated depreciation		
Balance at the beginning of the period	131,661	117,516
Charge for the period	3,591	14,587
Relating to disposals	(1,427)	(442)
	<hr/>	<hr/>
Balance at the end of the period	133,825	131,661
	<hr/>	<hr/>
Net book value at the end of the period	1,327,934	1,332,988
	<hr/> <hr/>	<hr/> <hr/>

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 9,569 thousand (31 March 2024: AED 9,467 thousand) for the three months period ended 31 March 2025.

The movement in the provision for impairment during the period was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
At the beginning of the period	31,943	119,247
Reversals during the year	-	(87,000)
Relating to disposals	-	(304)
	<hr/>	<hr/>
At the end of the period	31,943	31,943
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

22 Investment properties (continued)

The distribution of the investment properties by geographic region was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
UAE	1,351,191	1,356,141
Rest of the Middle East	8,214	8,214
Others	472	576
	<hr/>	<hr/>
	1,359,877	1,364,931
	<hr/> <hr/>	<hr/> <hr/>

23 Development properties

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Development properties	846,620	846,620
Less: provision for impairment	(123,680)	(123,680)
	<hr/>	<hr/>
	722,940	722,940
	<hr/> <hr/>	<hr/> <hr/>

The movement in the provision for impairment during the period was as follows:

At the beginning/end of the period	123,680	123,680
	<hr/> <hr/>	<hr/> <hr/>

Development properties include land with a carrying value of AED 676,320 thousand (2024: AED 676,320 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in the UAE.

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

24 Other assets

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Acceptances	827,178	1,034,329
Assets acquired in satisfaction of claims	90,527	88,425
Trade receivables	478,461	475,733
Prepaid expenses	1,368,410	1,274,549
Accrued profit	791,935	675,554
Positive fair value of Shari'a compliant alternatives of derivative financial instruments	10,536	-
Others, net	2,337,819	1,809,296
	<hr/>	<hr/>
	5,904,866	5,357,886
	<hr/> <hr/>	<hr/> <hr/>

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.

25 Goodwill and intangibles

	Other intangible assets			Total AED '000
	Goodwill AED '000	Core deposit AED '000	License AED '000	
At 1 January 2024 – audited	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)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2025 – audited	193,073	76,076	140,719	409,868
Exchange translation & other differences	38,603	600	780	39,983
Amortisation during the period	-	(2,276)	-	(2,276)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025 - unaudited	231,676	74,400	141,499	447,575
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

26 Due to financial institutions

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Current accounts	2,957,289	1,734,019
Investment deposits	3,438,506	3,795,650
	<hr/>	<hr/>
	6,395,795	5,529,669
	<hr/> <hr/>	<hr/> <hr/>

27 Depositors' accounts

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Current accounts	55,555,812	50,819,862
Investment accounts	143,785,668	131,118,093
Investment risk reserve	753,779	737,298
	<hr/>	<hr/>
	200,095,259	182,675,253
	<hr/> <hr/>	<hr/> <hr/>

The movement in the investment risk reserve during the period was as follows:

At the beginning of the period	737,298	759,312
Share of profit and payments made during the period	16,481	(22,014)
	<hr/>	<hr/>
At the end of the period	753,779	737,298
	<hr/> <hr/>	<hr/> <hr/>

27 Depositors' accounts (continued)

The distribution of the gross depositors' accounts by industry sector was as follows:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Government	30,833,805	31,027,886
Public sector	17,500,964	12,705,731
Corporates	20,396,206	16,442,512
Financial institutions	3,423,194	3,633,921
Individuals	100,380,627	94,586,219
Small and medium enterprises	23,536,031	20,618,189
Non-profit organisations	4,024,432	3,660,795
	200,095,259	182,675,253

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 condensed consolidated interim financial statements
31 March 2025 (unaudited)

33

28 Other liabilities

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Accounts payable	747,995	560,794
Acceptances	827,178	1,034,329
Lease liabilities	181,147	139,116
Accrued profit for distribution to depositors and sukuk holders	921,183	730,810
Bankers' cheques	2,152,616	1,808,080
Provision for staff benefits and other expenses	384,495	551,212
Retentions payable	89,669	75,598
Advances from customers	52,664	44,051
Accrued expenses	269,539	309,934
Deferred income	423,147	364,931
Negative fair value of Shari'a compliant alternatives of derivative financial instruments (note 40)	1,726	11,188
Others	2,222,222	1,921,342
	<u>8,273,581</u>	<u>7,551,385</u>

29 Sukuk financing instrument

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
Sukuk financing instrument	1,836,250	1,836,250
	<u>1,836,250</u>	<u>1,836,250</u>

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.

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

29 Sukuk financing instrument (continued)

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.

30 Share capital

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
<i>Authorised share capital</i>		
4,000,000 thousand (2024: 4,000,000 thousand) ordinary shares of AED 1 each (2024: AED 1 each)	4,000,000	4,000,000
<i>Issued and fully paid share capital</i>		
3,632,000 thousand (2024: 3,632,000 thousand) ordinary shares of AED 1 each (2024: AED 1 each)	3,632,000	3,632,000

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

31 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 2025 - audited	(331,204)	137,400	(1,690,718)	(3,341)	-	331,186	(3,314)	(1,559,991)
Net movement in valuation of equity investment carried at FVTOCI	1,043	-	-	-	-	-	-	1,043
Net movement in valuation of investment in sukuk carried at FVTOCI	30,507	-	-	-	-	-	-	30,507
Exchange differences arising on translation of foreign operations	-	-	1,351	-	-	-	-	1,351
Loss on hedge of foreign operations	-	-	(2,726)	-	-	-	-	(2,726)
Fair value gain on cash flow hedges	-	-	-	3,341	-	-	-	3,341
Net movement in impairment reserve – General	-	-	-	-	-	64,382	-	64,382
Net movement in other reserves	-	-	-	-	-	-	7,253	7,253
At 31 March 2025 - unaudited	(299,654)	137,400	(1,692,093)	-	-	395,568	3,939	(1,454,840)
At 1 January 2024 - audited	(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	(3,665)	-	-	-	-	-	-	(3,665)
Net movement in valuation of investment in sukuk carried at FVTOCI	12,281	-	-	-	-	-	-	12,281
Exchange differences arising on translation of foreign operations	-	-	(526,597)	-	-	-	-	(526,597)
Gain on hedge of foreign operations	-	-	1,490	-	-	-	-	1,490
Fair value gain on cash flow hedges	-	-	-	953	-	-	-	953
Net movement in impairment reserve – Specific	-	-	-	-	(8,101)	-	-	(8,101)
Net movement in impairment reserve – General	-	-	-	-	-	104,847	-	104,847
Net movement in other reserves	-	-	-	-	-	-	3,830	3,830
At 31 March 2024 - unaudited	(381,367)	137,400	(1,610,529)	3,017	199,572	148,543	(6,590)	(1,509,954)

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

32 Tier 1 sukuk

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
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
	<hr/>	<hr/>
	4,754,375	4,754,375
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)****32 Tier 1 sukuk (continued)****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 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 compliant 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.

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

33 Contingent liabilities and commitments

The Bank has the following credit related contingencies, commitments and other capital commitments:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
<i>Contingent liabilities</i>		
Letters of credit	2,827,182	2,174,348
Letters of guarantee	9,843,983	9,624,729
	<hr/> 12,671,165 <hr/>	<hr/> 11,799,077 <hr/>
<i>Commitments</i>		
Undrawn facilities commitments	3,922,954	3,542,190
Future capital expenditure	235,180	239,836
	<hr/> 4,158,134 <hr/>	<hr/> 3,782,026 <hr/>
	<hr/> 16,829,299 <hr/>	<hr/> 15,581,103 <hr/>

34 Cash and cash equivalents

	Three months ended 31 March 2025 (unaudited)	Three months ended 31 March 2024 (unaudited)
Cash and balances with central banks, short term	8,307,320	3,197,082
Balances and wakala deposits with Islamic banks and other financial institutions, short term	11,803,605	5,654,814
Murabaha and mudaraba with financial institutions, short term	25,692	-
Due to financial institutions, short term	(4,259,562)	(3,132,696)
	<hr/> 15,877,055 <hr/>	<hr/> 5,719,200 <hr/>

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

35 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 period, significant transactions with related parties included in the condensed consolidated interim statement of profit or loss were as follows:

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
<i>31 March 2025 - unaudited</i>					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	1,860	-	1,860
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	10,353	1	3,576	20,461	34,391
Fees and commission income, net	-	12	7	1,273	1,292
Operating expenses	-	231	-	-	231
Distribution to depositors and sukuk holders	990	185	496	76	1,747
<i>31 March 2024 - unaudited</i>					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	994	-	994
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	10,468	-	-	23,335	33,803
Fees and commission income, net	1	2	13	208	224
Operating expenses	-	210	-	-	210
Distribution to depositors and sukuk holders	990	163	646	545	2,344

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

35 Related party transactions

The related party balances included in the condensed consolidated interim 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
<i>31 March 2025 - unaudited</i>					
Murabaha and mudaraba with financial Institutions	-	-	101,799	-	101,799
Murabaha, mudaraba, ijara and other Islamic financing	2,071,346	351	251,333	4,012,146	6,335,176
Other assets	-	-	26,674	7,720	34,394
	<u>2,071,346</u>	<u>351</u>	<u>379,806</u>	<u>4,019,866</u>	<u>6,471,369</u>
Due to financial institutions	-	-	183	-	183
Depositors' accounts	281	35,107	44,178	25,463	105,029
Other liabilities	5	-	451	7,844	8,300
	<u>286</u>	<u>35,107</u>	<u>44,812</u>	<u>33,307</u>	<u>113,512</u>
Contingencies	-	-	10,000	121,780	131,780
<i>31 December 2024 – audited</i>					
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
	<u>2,060,994</u>	<u>-</u>	<u>392,205</u>	<u>3,981,598</u>	<u>6,434,797</u>
Due to financial institutions	-	-	177	-	177
Depositors' accounts	9	22,312	35,996	35,178	93,495
Other liabilities	-	-	300	48	348
	<u>9</u>	<u>22,312</u>	<u>36,473</u>	<u>35,226</u>	<u>94,020</u>
Contingencies	-	-	10,000	52,441	62,441

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

35 Related party transactions (continued)

Compensation of key management personnel

The compensation of key management personnel during the period was as follows:

	Three months ended 31 March 2025 (unaudited)	Three months ended 31 March 2024 (unaudited)
Salaries and other benefits	7,474	7,323
Employees' end of service benefits	536	543
	<hr/>	<hr/>
	8,010	7,866
	<hr/> <hr/>	<hr/> <hr/>

During 2025, AED 16,100 thousand was paid to Board of Directors pertaining to the year ended 31 December 2024 after the approval by the shareholders at the Annual General Assembly held on 10 March 2025.

36 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.

Other operations - Other operations comprises mainly of Head Office including unallocated costs.

Associates and Subsidiaries – Include Banks subsidiaries (not included above), associates and joint ventures, operating within and outside UAE.

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.

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

36 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
31 March 2025 – unaudited								
Revenue and results								
Segment revenues, net	1,390,486	491,571	60,956	137,212	24,581	318,248	448,421	2,871,475
Operating expenses excluding provision for impairment, net	(571,666)	(71,151)	(20,548)	(11,161)	(15,263)	(43,167)	(96,714)	(829,670)
Operating profit	818,820	420,420	40,408	126,051	9,318	275,081	351,707	2,041,805
Provision for impairment, net	(110,129)	(9,970)	(414)	1,196	-	51,698	(37,961)	(105,580)
Profit for the period before tax	708,691	410,450	39,994	127,247	9,318	326,779	313,746	1,936,225
Tax	-	(12,190)	-	-	(838)	(140,845)	(72,139)	(226,012)
Profit for the period after tax	708,691	398,260	39,994	127,247	8,480	185,934	241,607	1,710,213
Non-controlling interest	-	-	-	-	-	-	(94,241)	(94,241)
Profit for the period attributable to equity holders of the Bank	708,691	398,260	39,994	127,247	8,480	185,934	147,366	1,615,972
Assets								
Segmental assets	98,348,015	66,438,956	5,424,707	43,002,563	2,080,957	5,042,481	23,190,575	243,528,254
Liabilities								
Segmental liabilities	110,671,680	53,975,527	15,433,590	11,821,118	84,633	5,104,934	19,509,403	216,600,885
31 March 2024 - unaudited								
Revenue and results								
Segment revenues, net	1,334,463	389,515	60,140	61,560	27,675	236,721	407,228	2,517,302
Operating expenses excluding provision for impairment, net	(505,125)	(68,062)	(20,930)	(12,702)	(11,136)	(31,894)	(115,541)	(765,390)
Operating profit	829,338	321,453	39,210	48,858	16,539	204,827	291,687	1,751,912
Provision for impairment, net	(65,937)	(30,326)	627	(17,247)	-	44,209	(40,473)	(109,147)
Profit for the period before tax	763,401	291,127	39,837	31,611	16,539	249,036	251,214	1,642,765
Tax	-	(8,416)	(1,213)	-	(1,462)	(97,144)	(83,394)	(191,629)
Profit for the period after tax	763,401	282,711	38,624	31,611	15,077	151,892	167,820	1,451,136
Non-controlling interest	-	-	-	-	-	-	(94,199)	(94,199)
Profit for the period attributable to equity holders of the Bank	763,401	282,711	38,624	31,611	15,077	151,892	73,621	1,356,937
31 December 2024 - audited								
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

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

36 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.

	Domestic AED '000	International AED '000	Three months ended 31 March 2025 (unaudited) Total AED '000	Domestic AED '000	International AED '000	Three months ended 31 March 2024 (unaudited) Total AED '000
Revenue and results						
Segment revenues, net	2,375,136	496,339	2,871,475	2,014,354	502,948	2,517,302
Operating expenses excluding provision for impairment, net	(724,605)	(105,065)	(829,670)	(642,779)	(122,611)	(765,390)
Operating profit	1,650,531	391,274	2,041,805	1,371,575	380,337	1,751,912
Provision for impairment, net	(105,231)	(349)	(105,580)	(61,162)	(47,985)	(109,147)
Profit for the period before tax	1,545,300	390,925	1,936,225	1,310,413	332,352	1,642,765
Tax	(143,284)	(82,728)	(226,012)	(99,847)	(91,782)	(191,629)
Profit for the period after tax	1,402,016	308,197	1,710,213	1,210,566	240,570	1,451,136
Non-controlling interest	(635)	(93,606)	(94,241)	(572)	(93,627)	(94,199)
Profit for the period attributable to equity holders of the Bank	1,401,381	214,591	1,615,972	1,209,994	146,943	1,356,937
			31 March 2025 (unaudited) Total AED '000	Domestic AED '000	International AED '000	31 December 2024 (audited) Total AED '000
Assets						
Segmental assets	215,272,963	28,255,291	243,528,254	199,424,832	26,484,963	225,909,795
Liabilities						
Segmental liabilities	194,256,495	22,344,390	216,600,885	176,651,702	20,940,855	197,592,557

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

37 Risk management

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 loss (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
<i>31 March 2025 - unaudited</i>								
Cash and balances with central banks	8,781,861	973,169	-	9,755,030	402	1,217	-	1,619
Balances and wakala deposits with Islamic banks and other financial institutions	11,756,653	47,742	-	11,804,395	17,182	298	-	17,480
Murabaha and mudaraba with financial institutions	3,515,469	-	-	3,515,469	22,235	-	-	22,235
Murabaha and other Islamic financing	88,848,830	2,359,056	901,941	92,109,827	477,682	424,674	660,135	1,562,491
Ijara financing	54,853,272	2,688,443	4,851,530	62,393,245	520,134	126,430	2,161,150	2,807,714
Investment in sukuk measured at amortised cost	27,188,632	-	11,788	27,200,420	99,959	-	11,788	111,747
Investments measured at fair value	2,818,466	-	60,962	2,879,428	10,983	-	45,591	56,574
Other assets	1,230,153	11,316	4,676	1,246,145	19,355	245	973	20,573
	198,993,336	6,079,726	5,830,897	210,903,959	1,167,932	552,864	2,879,637	4,600,433
Contingent liabilities and commitments	15,669,395	433,336	491,388	16,594,119	124,079	15,520	58,953	198,552
	214,662,731	6,513,062	6,322,285	227,498,078	1,292,011	568,384	2,938,590	4,798,985

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

37 Risk management (continued)

Credit quality per stage for financial assets

	Gross exposure				Expected credit loss (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
<i>31 December 2024 - audited</i>								
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
	<u>183,817,894</u>	<u>5,783,086</u>	<u>6,023,166</u>	<u>195,624,146</u>	<u>1,129,262</u>	<u>541,069</u>	<u>3,079,918</u>	<u>4,750,249</u>
Contingent liabilities and commitments	<u>14,331,748</u>	<u>506,085</u>	<u>503,434</u>	<u>15,341,267</u>	<u>111,876</u>	<u>17,935</u>	<u>91,562</u>	<u>221,373</u>
	<u><u>198,149,642</u></u>	<u><u>6,289,171</u></u>	<u><u>6,526,600</u></u>	<u><u>210,965,413</u></u>	<u><u>1,241,138</u></u>	<u><u>559,004</u></u>	<u><u>3,171,480</u></u>	<u><u>4,971,622</u></u>

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

38 Capital adequacy ratio

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%.

For 2025 and onwards, CCB will be required to be maintained at 2.5% (2024: 2.5%) of the Capital base. 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.

	Basel III	
	31 March 2025 AED ‘000 (unaudited)	31 December 2024 AED ‘000 (audited)
<i>Capital base</i>		
Common Equity Tier 1	20,703,317	19,316,205
Additional Tier 1 capital	4,847,648	4,843,132
	<hr/>	<hr/>
Tier 1 capital	25,550,965	24,159,337
Tier 2 capital	1,893,032	1,776,107
	<hr/>	<hr/>
Total capital base	27,443,997	25,935,444
	<hr/> <hr/>	<hr/> <hr/>
<i>Risk weighted assets</i>		
Credit risk	150,397,558	142,088,529
Market risk	2,778,299	2,804,211
Operational risk	15,950,386	15,090,593
	<hr/>	<hr/>
Total risk weighted assets	169,126,243	159,983,333
	<hr/> <hr/>	<hr/> <hr/>
<i>Capital ratios</i>		
Common Equity Tier 1 ratio	12.24%	12.07%
	<hr/> <hr/>	<hr/> <hr/>
Total Tier 1 capital ratio	15.11%	15.10%
	<hr/> <hr/>	<hr/> <hr/>
Total capital ratio	16.23%	16.21%
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)****39 Dividends**

During 2025, cash dividend of 83.43% of the paid-up capital relating to year ended 31 December 2024 amounting to AED 3,030,337 thousand was paid after the approval by the shareholders at the Annual General Assembly held on 10 March 2025.

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.

40 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.

**Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)**

40 Fair value of financial instruments (continued)

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.

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

40 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
<i>31 March 2025 - unaudited</i>				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Quoted investments	22,739	-	-	22,739
Sukuk	1,537,070	-	-	1,537,070
	<u>1,559,809</u>	<u>-</u>	<u>-</u>	<u>1,559,809</u>
Unquoted sukuk	-	-	329,633	329,633
	<u>1,559,809</u>	<u>-</u>	<u>329,633</u>	<u>1,889,442</u>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	25,061	-	-	25,061
Sukuk	2,818,834	-	-	2,818,834
	<u>2,843,895</u>	<u>-</u>	<u>-</u>	<u>2,843,895</u>
<i>Unquoted investments</i>				
Sukuk	-	-	60,594	60,594
Funds	-	-	214,549	214,549
Private equities	-	-	115,967	115,967
	<u>-</u>	<u>-</u>	<u>391,110</u>	<u>391,110</u>
	<u>2,843,895</u>	<u>-</u>	<u>391,110</u>	<u>3,235,005</u>
	<u>4,403,704</u>	<u>-</u>	<u>720,743</u>	<u>5,124,447</u>
Shari'a compliant alternatives of swap (note 24)	-	10,536	-	10,536
Financial Liabilities				
Shari'a compliant alternatives of swap (note 28)	-	1,726	-	1,726
Assets for which fair values are disclosed:				
Investment properties	-	-	1,637,444	1,637,444
Investment carried at amortised cost - Sukuk	26,625,146	-	-	26,625,146
Assets acquired in satisfaction of claims	-	135,687	-	135,687

Notes to the condensed consolidated interim financial statements
31 March 2025 (unaudited)

40 Fair value of financial instruments (continued)

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<i>31 December 2024 - audited</i>				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Quoted investments	24,546	-	-	24,546
Sukuk	1,899,327	-	-	1,899,327
	<u>1,923,873</u>	<u>-</u>	<u>-</u>	<u>1,923,873</u>
Unquoted sukuk	-	-	327,586	327,586
	<u>1,923,873</u>	<u>-</u>	<u>327,586</u>	<u>2,251,459</u>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	24,882	-	-	24,882
Sukuk	2,924,449	-	-	2,924,449
	<u>2,949,331</u>	<u>-</u>	<u>-</u>	<u>2,949,331</u>
<i>Unquoted investments</i>				
Sukuk	-	-	68,686	68,686
Funds	-	-	214,338	214,338
Private equities	-	-	115,827	115,827
	<u>-</u>	<u>-</u>	<u>398,851</u>	<u>398,851</u>
	<u>2,949,331</u>	<u>-</u>	<u>398,851</u>	<u>3,348,182</u>
	<u>4,873,204</u>	<u>-</u>	<u>726,437</u>	<u>5,599,641</u>
Shari'a compliant alternatives of swap (note 24)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Shari'a compliant alternatives of swap (note 28)	-	11,188	-	11,188
	<u>-</u>	<u>11,188</u>	<u>-</u>	<u>11,188</u>
Assets for which fair values are disclosed:				
Investment properties	-	-	1,639,698	1,639,698
	<u>-</u>	<u>-</u>	<u>1,639,698</u>	<u>1,639,698</u>
Investment carried at amortised cost - Sukuk	22,925,497	-	-	22,925,497
	<u>22,925,497</u>	<u>-</u>	<u>-</u>	<u>22,925,497</u>
Assets acquired in satisfaction of claims	-	135,685	-	135,685
	<u>-</u>	<u>135,685</u>	<u>-</u>	<u>135,685</u>

40 Fair value of financial instruments (continued)

There were no transfers between level 1, 2 and 3 during the period (2024: Nil).

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.

The following table shows a reconciliation of the opening and closing amount of level 3 of financial assets which are recorded at fair value:

	31 March 2025 AED '000 (unaudited)	31 December 2024 AED '000 (audited)
At the beginning of the period	398,851	206,094
Net (settlements) purchases	(8,049)	183,625
Gain recorded in equity	144	29,563
Foreign currency translation	164	(20,431)
	<hr/>	<hr/>
At the end of the period	391,110	398,851
	<hr/> <hr/>	<hr/> <hr/>

41 Seasonality of results

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.