



**ANNUAL REPORT 2024**





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## Invitation to the Annual General Assembly Meeting of Tamweel PSC

Dear Shareholder,

The Board of Directors of Tamweel P.S.C. (the “Company”) are pleased to inform the Company’s Shareholders that the annual meeting of the Company’s General Assembly will be held remotely/online at **11:00 am on Thursday, 17 April 2025**, and in case the quorum for the meeting is not met on that date, then the second meeting shall be held on **Thursday, 24 April 2025** in the same manner and at the same time to discuss the following agenda:

- 1** Review and ratification of the report of the Board of Directors on the Company’s activities and its financial position during the financial year ended 31/12/2024.
- 2** Review and ratification of the Report from the Internal Sharia Supervision Committee for the financial year ended 31/12/2024.
- 3** Review and ratification of the Auditors’ Report for the financial year ended 31/12/2024.
- 4** Discussion and approval of the Balance Sheet and the Profit and Loss Statement for the financial year ended 31/12/2024.
- 5** Absolve the Board of Directors from liability for the financial year ended 31/12/2024.
- 6** Absolve the Auditors from liability for the financial year ended 31/12/2024.
- 7** Appointment / Reappointment of members of the Internal Sharia Supervision Committee for the year 2025.
- 8** Appointment / Reappointment of External Auditors for the year 2025 and determine their remuneration.
- 9** Proposal from the Board of Directors for not distributing the dividends for the financial year 2024.
- 10** Considering no remuneration of the members of the Board of Directors for the financial year 2024.



## Board of Directors' Report

The Board of Directors of Tamweel P.S.C. has pleasure in submitting the statement of financial position of Tamweel P.S.C. (the “Company”) as of 31 December 2024, and the related statements of income, cash flows and changes in equity for the year ended 31 December 2024.

### *Principal activities*

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in Islamic Sharia’a compliant financing and investment activities predominantly in the area of residential mortgages. The activities of the Company are conducted in accordance with Islamic Sharia’a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association. Additionally, the Company also generates leasing income from its investment properties. The Company is a subsidiary of Dubai Islamic Bank PJSC (DIB) which holds 92% of the equity of the Company.

### *Directors*

The current Board of Directors consists of:

Abdulla Ali AlHamli	(Chairman)
Nasser Al Suwaidi	(Vice Chairman)
Mohammad Tahlak	(Director)
Mohammed Al Falasi	(Director)
Musabbah Al Qaizi	(Director)

### *Financial results*

The Company has recorded a net profit of AED 212 million in 2024 as compared to a profit of AED 73 million in 2023. The operating income for year 2024 is AED 253 million compared to AED 161 million in 2023.

Islamic financing and investing assets in 2024 decreased to AED 465 million compared to AED 683 million in 2023. Total equity as at 31 December 2024 amounts to AED 3,130 million (December 2023: 2,907 million).

***Financial results - continued***

In accordance with the Articles of Association of the Company and the UAE Commercial Companies Law, an appropriation of AED 21 million is made to statutory reserve. Further, no transfer is proposed to general reserve as the reserve is in excess of 50% of the paid up capital of the Company. In accordance with Articles of Association of the Company, this is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company.

***Proposed dividend***

The Board of Directors has proposed not to pay any dividend for year 2024 (2023: Nil), which is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company.

On behalf of the Board



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**Abdullah Ali Al Hamli**  
**Chairman**



# Internal Shari'ah Supervision Committee's Report of Tamweel PJSC Submitted to the General Assembly for the Financial Year 2024

**Issued on:** 17 February 2025

To: Shareholders of Tamweel PSC ("Company")

After greetings,

In accordance with the exception obtained from the Central Bank of the United Arab Emirates ("CBUAE"), the Internal Sharia Supervisory Committee of Dubai Islamic Bank ("DIB") (Parent Company of Tamweel) ("ISSC") is responsible for internal Sharia control related matters of Company. Therefore, and pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the ISSC presents its Annual Report for the financial year ending on 31 December 2024 ("Financial Year").

## 1 Responsibility of the ISSC

In accordance with the Regulatory Requirements, the ISSC's charter and the Sharia Governance Standard ("SGS"); the ISSC is responsible to undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and charters of Company; as well as Company's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profit & loss between holders of investment accounts and shareholders ("Company's Activities") and issue Shari'ah resolutions in this regard, and determine the Shari'ah controls necessary for Company's Activities, and Company's compliance with Shari'ah within the context of the rules, principles, and standards set by the Higher Sharia Authority ("HSA") to ascertain compliance of Company with Shari'ah.

The Senior Management will be responsible for ensuring that all business conducted by Company is compliant with Sharia in accordance with the HSA's decisions, fatwas, guidance, and the resolutions issued by the ISSC, in line with the standards, resolutions and principles stipulated by the HSA ("Sharia Compliance"). The Board will hold the ultimate responsibility in this regard.

## 2 Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), the ISSC has adhered to the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to Company's Activities for the financial year 2021 without exception.

## 3 ISSC's output during the Financial Year

The ISSC conducted Shari'ah supervision of Company's activities by reviewing those activities, and monitoring them through the internal Shari'ah Control Department and Internal Shari'ah Audit Department of DIB (the Parent Company), in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's output included the following:

- a. Convening (17) meetings during the financial year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to Company's Activities.
- c. Reviewing policies, procedures, accounting standards, product structures, contracts, documentation, charters, and other documentation submitted by Company to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- e. Supervision, through the Internal Shari'ah Control Department and the Internal Shari'ah Audit Department of DIB, on Company's Activities including supervision of executed transactions and implemented procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing guidance to relevant departments in Company – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah Control Department and Internal Shari'ah Audit Department of DIB – and issuing resolutions with regard to forfeited income, from transactions where instances of non-compliance were identified, to be applied in charitable purposes.

- g. Approving corrective and preventive measures related to identified incidents to preclude their recurrence in the future.
- h. In line with the Company's Articles of Association, the ISSC reviewed the Zakat calculation to be paid against shareholders' funds retained with the Bank, in accordance with Islamic Shari'ah guidance. Payment of Zakat on the remaining net Zakat-able assets, shall be the Shareholders' responsibility. The ISSC also calculated the value of Zakat per share of the Company, in order to convey it to the shareholders.
- i. Communicating and meeting with the Board and its subcommittees, and the Senior Management of Company, as and when needed, concerning Company's compliance with Shari'ah.

The ISSC obtained all information and clarifications it deemed necessary in order to reach a reasonable degree of certainty that Company is compliant with Shari'ah.

#### **4 Independence of the ISSC**

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

#### **5 The ISSC's Opinion on the Shari'ah Compliance Status of Company**

Based on information and explanations provided to us for the purpose of ascertaining compliance with Shari'ah, the ISSC has concluded with a reasonable level of confidence, that Company's Activities during the Financial Year, are compliant with Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

The ISSC formed its opinion, as outlined above, exclusively, based on information and explanations provided to us for the purpose of ascertaining compliance with Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Company's activities during the Financial Year, are in compliance with Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

We pray to Allah, to bless you all with wisdom and righteousness

#### **Signatures of members of the Internal Shari'ah Supervision Committee**

**Dr. Mohammad AbdulRahim Sultan Al Olama**      **Chairman**



**Dr. Mohamed Ali Ibrahim ElGari BinEid**      **Vice Chairman**



**Dr. Mohamed Akram Bin Laldin**      **Member**



**Dr. Muhammad Qaseem Muhammad Ismail**      **Executive Member**



## Zakat due on Tamweel Shares for the Year 2024

Zakat on shares is calculated as follows:

- 1 The Zakat due on shares, purchased for the purpose of trading (i.e. for selling them when their prices increase), is:**

**Zakat pool per share** = the market value of the share at the end of the Hijri year.

**Zakat per share** = [Zakat pool per share x 2.5775\*] – AED 0.00447\*\*

**Total Zakat due on your shares** = Zakat per share x number of shares

- 2 Zakat payable per share, purchased for the purpose of benefiting from its annual return and not for the purpose of trading, is calculated as follows:**

**Zakat per share for the Gregorian year** = AED 0.0016\*\*\*

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\* Amount of Zakat for Hijri year is 2.5% and for Gregorian year is 2.5775%

\*\* Represents portion of a share's Zakat that Tamweel has paid on behalf of the minority shareholders. Therefore, it should be deducted to determine Zakah per share payable by each shareholder.

\*\*\* This represents the amount payable directly by shareholders, with the Zakat already adjusted for the amount paid by Tamweel on their behalf.



# **Tamweel P.S.C.**

**Reports and financial statements  
for the year ended 31 December 2024**



**Report and financial statements**  
for the year ended 31 December 2024

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders  
Tamweel P.S.C.  
Dubai  
United Arab Emirates**

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying financial statements of **Tamweel P.S.C** (the “Company”), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (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 (“ISA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together with the other ethical requirements that are relevant to our audit of the Company’s financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information, which comprises the Board of Directors’ report. The other information does not include the financial statements and our auditor’s report thereon.

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

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

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Tamweel P.S.C. (continued)

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tamweel P.S.C. (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

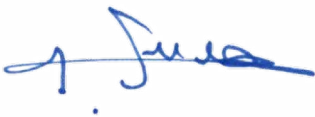
### Report on Other Legal and Regulatory Requirements

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

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- the Company has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the Company's books of account;
- note 8 to the financial statements of the Company discloses its investments in shares during the financial year ended 31 December 2024;
- note 27 to the financial statements of the Company discloses material related party transactions, the terms under which they 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 Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- note 12 to the financial statements discloses social contributions made during the financial year ended 31 December 2024.

Further, as required by Article (114) of the Decretal 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)



Firas Anabtawi  
Registration No: 5482  
14 February 2025  
Dubai  
United Arab Emirates

**Statement of financial position**  
as at 31 December 2024

	Note	2024 AED'000	2023 AED'000
<b>ASSETS</b>			
Bank balances	6	2,146,291	1,620,012
Islamic financing and investing assets, net	7	465,327	683,272
Other investments carried at FVTOCI	8	84,811	68,423
Investment properties	9	345,304	525,729
Advances, prepayments and other receivables	10	173,786	84,516
Property and equipment	11	475	495
<b>Total assets</b>		<b>3,215,994</b>	<b>2,982,447</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Zakat payable	12	8,397	3,967
Accounts payable, accruals and other liabilities	13	77,228	71,909
<b>Total liabilities</b>		<b>85,625</b>	<b>75,876</b>
<b>EQUITY</b>			
Share capital	14	1,000,000	1,000,000
Statutory reserve	15	315,470	294,286
General reserve	16	538,980	538,980
Special reserve	17	102,951	102,951
Investment fair value reserve		56,850	40,462
Retained earnings		1,116,118	929,892
<b>Total equity</b>		<b>3,130,369</b>	<b>2,906,571</b>
<b>Total liabilities and equity</b>		<b>3,215,994</b>	<b>2,982,447</b>



**Varun Sood**  
Acting Chief Executive Officer



**Abdullah Ali Al Hamli**  
Chairman

The notes on pages 9 to 43 form an integral part of these financial statements.

**Statement of profit or loss**  
for the year ended 31 December 2024

	Note	2024 AED'000	2023 AED'000
<b>NET INCOME</b>			
Income from Islamic financing and investing assets	18	<b>36,511</b>	61,864
Other income	19	<b>216,347</b>	98,757
<b>Total income</b>		<b>252,858</b>	160,621
<b>OPERATING EXPENSES</b>			
Personnel expenses		<b>(55,090)</b>	(52,069)
General and administrative expenses		<b>(15,143)</b>	(26,058)
Depreciation of investment properties	9	<b>(12,279)</b>	(16,551)
Depreciation of property and equipment	11	<b>(20)</b>	(20)
<b>Total operating expenses</b>		<b>(82,532)</b>	(94,698)
<b>Net operating income before impairment charges</b>		<b>170,326</b>	65,923
Impairment reversals, net	20	<b>57,426</b>	7,525
<b>Profit before tax</b>		<b>227,752</b>	73,448
Income tax expense	21	<b>(15,912)</b>	-
<b>Net profit for the year</b>		<b>211,840</b>	73,448

The notes on pages 9 to 43 form an integral part of these financial statements.

Statement of comprehensive income  
for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Profit for the year	211,840	73,448
Other comprehensive income items		
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain on other investments carried at FVTOCI	16,388	239
Total comprehensive income for the year	228,228	73,687

The notes on pages 9 to 43 form an integral part of these financial statements.

**Statement of changes in equity**  
for the year ended 31 December 2024

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Investment fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2023	1,000,000	286,941	538,980	102,951	40,223	867,747	2,836,842
Profit for the year	-	-	-	-	-	73,448	73,448
Other comprehensive income for the year	-	-	-	-	239	-	239
Total comprehensive income for the year	-	-	-	-	239	73,448	73,687
Transfer to statutory reserve	-	7,345	-	-	-	(7,345)	-
Zakat (Note 12)	-	-	-	-	-	(3,958)	(3,958)
Balance at 31 December 2023	1,000,000	294,286	538,980	102,951	40,462	929,892	2,906,571
Balance at 1 January 2024	1,000,000	294,286	538,980	102,951	40,462	929,892	2,906,571
Profit for the year	-	-	-	-	-	211,840	211,840
Other comprehensive income for the year	-	-	-	-	16,388	-	16,388
Total comprehensive income for the year	-	-	-	-	16,388	211,840	228,228
Transfer to statutory reserve	-	21,184	-	-	-	(21,184)	-
Zakat (Note 12)	-	-	-	-	-	(4,430)	(4,430)
Balance at 31 December 2024	1,000,000	315,470	538,980	102,951	56,850	1,116,118	3,130,369

The notes on pages 9 to 43 form an integral part of these financial statements.

**Statement of cash flows**

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
<b>Operating activities</b>		
Profit for the year	227,752	73,448
Adjustments for:		
Depreciation of property and equipment	20	20
Depreciation of investment properties	12,279	16,551
Provision for employees' end of service benefits	2,203	2,460
Income on Mudaraba deposits and Wakala investments	(4,876)	(3,208)
Dividend income	(5,383)	(3,589)
Impairment reversal for the year, net	(57,426)	(7,525)
Gain on disposal of property, equipment and investment property	(140,835)	(37,607)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>33,734</b>	<b>40,550</b>
Decrease in Islamic financing and investing assets, net	167,490	273,274
(Increase)/decrease in advances, prepayments and other receivables	(88,766)	56,998
(Decrease)/increase in accounts payable, accruals and other liabilities	(11,219)	532
<b>Cash generated from operations</b>	<b>101,239</b>	<b>371,354</b>
Employees' end of service benefits paid	(1,577)	(1,147)
Zakat paid	-	(3,818)
<b>Net cash generated from operating activities</b>	<b>99,662</b>	<b>366,389</b>
<b>Investing activities</b>		
Dividend income	5,383	3,589
Income received on Mudaraba deposits and Wakala investments	4,372	3,059
Proceeds from sale of investment property	416,862	118,207
<b>Net cash generated from investing activities</b>	<b>426,617</b>	<b>124,855</b>
<b>Net increase in cash and cash equivalents</b>	<b>526,279</b>	<b>491,244</b>
Cash and cash equivalents at beginning of the year	1,553,898	1,062,654
<b>Cash and cash equivalents at end of the year (note 6)</b>	<b>2,080,177</b>	<b>1,553,898</b>

The notes on pages 9 to 43 form an integral part of these financial statements.



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

### 1. General information

Tamweel P.S.C. (the “Company”) was registered on 3 June 2006 as a Public Joint Stock Company and converted from Public to Private Joint Stock Company with effect from 27 August 2014. The parent and ultimate holding Company is Dubai Islamic Bank P.J.S.C. (“DIB” or the “Parent Company”). The share capital of the Company comprises 1,000,000,000 shares of AED 1 each.

The Company is licensed by the U.A.E. Central Bank as a finance company and is primarily engaged in Sharia compliant financing and investment activities such as Ijara, Murabaha, Istisna’a etc. The activities of the Company are conducted in accordance with Sharia, which prohibits Riba in all its forms, and within the provisions of its Articles and Memorandum of Association. The Company also generates leasing income from its investment properties.

The registered head office of the Company is at P.O. Box: 1080, Dubai, United Arab Emirates (“U.A.E.”).

The Parent Company owns 92% of the Company and since 2015 has been operating on a run off basis and not writing any new business in accordance with guidance from CBUAE.

#### 2.1 New and revised IFRSs applied on the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements. The application of these revised IFRS 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.

- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current;
- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback transaction;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate Related Disclosures.

#### 2.2 New and revised IFRSs in issue but not yet effective

The Company has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

<b><u>New and revised IFRS</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability	1 January 2025
IFRS 18 Presentation and Disclosures in Financial Statements	01 January 2027
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

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

**Notes to the financial statements**

for the year ended 31 December 2024

**3. Definitions of significant terms**

The following terms are used in these financial statements with the meaning specified hereunder:

**Sharia**

Sharia is the body of Islamic law and is essentially derived from The Quran, Sunna'h, Ijma'a and Qiyas. The Company, being an Islamic Financial Institution, complies with the principles of Sharia in all its activities, as set out in the Sharia Standards issued by Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI), Internal Sharia Supervision Committee and Higher Sharia Authority of UAECA.

**Ijarah**

An agreement whereby the Group (the "Lessor") leases a specific asset to its customer (the "Lessee") (after purchasing/acquiring the specified asset, either from a third party seller or from the customer itself, according to the customer's request and based on his promise to lease), against certain rental payments for specific lease term/periods, payable on fixed and variable rental basis.

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

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

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

**Istisna'a**

A sale contract between two parties whereby the Sani (Seller) undertakes to construct or manufacture, for the Mustasni (Purchaser), a described asset or property (being "Al-Masnoo") according to certain pre-agreed specifications and deliver the same at a pre-agreed time against a pre-determined price. The work undertaken is not required to be carried out by the Seller alone and the whole or part of the construction/development or manufacturing can be undertaken by third parties but it would be the responsibility of the Seller to deliver the asset at the agreed time. Under an Istisna' contract the Group could be the Seller or the Purchaser. Istisna' profit (difference between the sale price of Al-Masnoo to the customer and the Group total Istisna' cost) is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding.

**Murabaha**

A contract whereby the Seller sells an asset to the Purchaser, on a deferred payment basis, after purchasing the asset and gaining possession thereof and title thereto. This sale is based on a promise received from the Purchaser to buy the asset from the Seller according to specific Murabaha terms and conditions. The Murabaha sale price comprises the cost of the asset and a pre-agreed profit amount. Murabaha profit is internally accounted for on a time-apportioned basis over the period of the contract based on the outstanding Murabaha cost price. The Murabaha sale price is paid by the Purchaser to the Seller either through installments over the period of the Murabaha contract or as a lump sum payment, as stated in the contract.

## Notes to the financial statements

for the year ended 31 December 2024

### 3. Definitions of significant terms (continued)

#### Istisna' & Forward Ijarah

Under this structure, the Bank and the customer will enter into an Istisna' Agreement for the construction/manufacturing of a fully described asset against an agreed price which is normally paid through an agreed payment schedule corresponding with different milestones of the manufacturing/construction process.

Under the Istisna' Agreement, the Customer is responsible for constructing/manufacturing the Istisna' Asset and delivering it to the Bank on a specified future date.

In parallel, the Bank (as Lessor) and the Customer (as Lessee) will enter into a Forward Lease Agreement (Ijarah Mausoofoa Fiz Zimma). Under this agreement, the Bank will lease a fully described asset to be manufactured and delivered to the Customer (Ijara Asset) on a specified future date.

The Forward Ijarah agreement sets out the full description of the leased asset, duration of the lease term, and the basis for rental calculation and the timing of rental payment.

During the construction period under Istisna, the Group pays the purchase price of the Istisna' asset to the Seller either as a lumpsum in a single payment or through multiple payments throughout the construction period. Pursuant to Forward Lease Agreement, the Customer normally pays certain instalments on account of rental to the Bank before the asset is delivered by the Bank to the Customer. Once the Ijara Asset is delivered to the Customer, the amounts paid on account of rental will be adjusted against the additional rental element and treated as income of the Bank.

The lease rental under Forward Ijarah commences only upon the Lessee having received possession of the leased asset from the Lessor. The Lessee undertakes under the Forward Ijarah agreement to renew the lease periods and pay the relevant rental payment amounts as per the agreed schedule and applicable formula throughout the lease term.

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

In case the Group fails to give possession of the asset under Forward Ijarah to the lessee, the Forward Ijarah will be cancelled and the Group will refund all on account rentals collected during the construction period to the lessee.

#### Mudaraba

A contract between two parties whereby one party is a fund provider (the "Rabb-ul-Maal") who would provide a certain amount of funds (the "Mudaraba Capital"), to the other party (the "Mudarib"). Mudarib would then invest the Mudaraba Capital in a specific enterprise or activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit, if any. The Rabb-ul-Maal is not involved in the management of the Mudaraba activity. In principle Mudaraba profit is distributed on liquidation of the Mudaraba and declaration/distribution by the Mudarib. However, since the actual liquidation is not possible, Sharia allows constructive liquidation of the Mudaraba and distribution of profit based upon it. The Mudarib shall bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Mudaraba contract; otherwise the loss would be borne by the Rabb-ul-Maal, provided the Rabb-ul-Maal receives satisfactory evidence that such loss was due to force majeure and that the Mudarib neither was able to predict the same nor could have prevented the negative consequences of the same on the Mudaraba. Under the Mudaraba contract the Group may act either as Mudarib or as Rabb-ul-Maal, as the case may be. The Mudarib with the consent of the Rabb-ul-Maal can commingle his own funds with the Mudaraba capital, and thus establish a common Mudaraba pool.

**Notes to the financial statements**

for the year ended 31 December 2024

**3. Definitions of significant terms (continued)****Investment Wakala**

An agreement between two parties whereby one party is a fund provider (the “Muwakkil”) who provides a certain amount of money (the “Wakala Capital”) to an agent (the “Wakeel”), who invests the Wakala Capital in a Sharia compliant manner and according to the feasibility study/investment plan submitted to the Muwakkil by the Wakeel. The Wakeel is entitled to a fixed fee (the “Wakala Fee”) as a lump sum amount or a percentage of the Wakala Capital and Muwakkil is entitled to the entire profit generated from the Wakala. The Wakeel may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. In principle, Wakala profit is distributed on liquidation of Wakala Capital and declaration/distribution by the Wakeel. However, since actual liquidation is not possible, Sharia allows constructive liquidation of the Wakala and distribution of profit based upon it. The Wakeel would bear the loss in case of its default, negligence or violation of any of the terms and conditions of the Wakala Agreement; otherwise, the loss would be borne by the Muwakkil, provided the Muwakkil receives satisfactory evidence that such loss was due to force majeure and that the Wakeel neither was able to predict the same nor could have prevented the negative consequences of the same on the Wakala. Under the Wakala agreement the Group may act either as Muwakkil or as Wakeel, as the case may be.

**Sukuk**

Sukuk is defined as "investment certificates of equal denomination representing undivided ownership interests in a portfolio of eligible assets. Sukuk commonly refers to the Islamic alternative of bonds. Sukuk represents ownership of the underlying assets by the holder with all the rights and obligations of ownership.

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

**4. Significant accounting policies**

**4.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the U.A.E., including the UAE Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) which was issued on 20 September 2021 and has come into effect on 02 January 2022 and the Decretal Federal Law No. (14) of 2018.

**4.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for other investments at FVTOCI, which are measured at fair value.

The financial statements are presented in Arab Emirates Dirham (AED) which is also the functional currency of the Company and all values are rounded to the nearest thousands dirham, except when otherwise indicated.

The principal accounting policies are set out below.

**4.3 Revenue recognition**

Revenue is recognised in the statement of profit or loss as follows:

**Ijarah income**

Ijarah income is recognised on an effective variable rent element basis over the lease term based on the fixed rental amount outstanding.

**Murabaha income**

Murabaha income is recognised on an effective profit rate basis over the period of the contract based on the net Murabaha amount outstanding.

**Istisna’a income**

Istisna’a associated profit margin (difference between the cash price of al-masnoo to the customer and the Company’s total Istisna’a cost) is accounted for on an effective profit rate basis over the construction period.

**Forward Ijarah income**

Forward Ijarah income during the construction period of the properties is accounted for on an effective variable rent element basis over the construction period on account of rentals. Upon completion of the properties, income is recognised on an effective variable rent element basis over the period of the contract based on the fixed rental amount outstanding.

**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.3 Revenue recognition (continued)**

Processing fees

Processing fees are recognised when the related services are provided.

Other income

Income earned on Mudaraba deposits and Wakala investments is recognised on an effective profit rate basis. Dividend income is recognised when the right to receive the income is established.

**4.4 Financial instruments**

Financial assets and liabilities are recognised when a Company's entity becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

**4.4.1 Financial assets**

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for those financial assets measured subsequently at fair value through profit or loss, which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification of financial assets

An instrument is classified as an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are classified as 'financial instruments'.

**Financial assets measured at amortised cost**

The Company's financial assets measured at amortised cost include Bank balances and cash, Islamic financing and investing assets and advances and other receivables. Financial assets (other than equity instruments) are measured at amortised cost if both of 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 instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Financial assets (other than equity instruments) meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at fair value through profit or loss - FVTPL). They are subsequently measured at amortised cost using the effective profit method less any impairment, with profit revenue recognised on an effective profit method in the statement of profit or loss.

**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.4 Financial instruments (continued)****4.4.1 Financial assets (continued)**Financial assets measured at amortised cost (continued)

Subsequent to initial recognition, the Company is required to reclassify financial instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria is no longer met.

The Company may irrevocably elect at initial recognition to classify a financial instrument that meets the amortised cost criteria above as FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchases financial assets going forward.

Financial assets that are held for sale or managed and whose performance is evaluated on a fair value basis are measured at FVTOCI because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic financing arrangement. Contractual cash flows are consistent with a basic financing arrangement if they represent cash flows that are solely payments of principal and profit on the principal amount outstanding.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit rate margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.



**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.4 Financial instruments (continued)****4.4.1 Financial assets (continued)**Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in sharia compliant equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

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

Investments in sharia compliant equity instruments at FVTOCI 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 other comprehensive income and accumulated in the cumulative changes in fair value reserve, within equity. Where the asset is disposed of, the cumulative gain or loss previously accumulated is not transferred to the statement of profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in the statement of profit or loss when the Company's right to receive the dividend is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Effective profit method

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that is used to calculate the present value of estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective profit rate basis for financial instruments other than those financial assets designated as at FVTPL.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

Islamic financing and investing assets

Islamic financing and investing assets include outstanding Ijarah fixed rentals, Murabaha sales receivables net of deferred profits, Istisna'a costs incurred to date measured at cash equivalent value and forward Ijarah at costs incurred to date. Also included in the Islamic financing and investing assets are Ijarah and Forward Ijarah variable rental (profit) accruals in addition to Istisna'a and Murabaha amortised profits. These assets are stated at amortised cost net of provisions for impairment and profit suspension, if any.



**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.4 Financial instruments (continued)****4.4.1 Financial assets (continued)**Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised financing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve in equity is not reclassified to the statement of profit or loss, but is transferred to retained earnings within equity.

**4.4.2 Financial liabilities and equity instruments**Classification as liability or equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective profit rate method. The Company's financial liabilities at amortised cost include the wakala financing and payable and other liabilities.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.5 Impairment of financial assets**

Financial assets that are measured at amortised cost are assessed for impairment at each reporting date.

The Company applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are not measured at FVTPL:

- Financial assets that are financing instruments and balances dues from banks;
- Other assets; and
- Off-balance sheet instruments issued.

Financial assets migrate through three stages based on the change in credit risk since initial recognition.

No impairment loss is recognised on equity investments.

**Excepted credit loss impairment model**

The Expected Credit Loss (ECL) model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded. The 12 months ECL is calculated as the portion of life time ECL that represents the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective profit rate.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded. The PD and LGD are estimated over the lifetime of the instrument and the expected cash shortfalls are discounted by an approximation to the original effective profit rate.
- 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, with the PD set at 100%.

When estimating ECL for undrawn commitments, the Company estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financing is drawn down. The expected cash shortfalls are discounted at an approximation to the expected effective profit rate on the financing.

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.

**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.5 Impairment of financial assets (continued)****Excepted credit loss impairment model (continued)****Measurement of ECL**

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective profit rate. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive. IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Company has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios.

These parameters are generally derived from internally developed statistical models and other historical data and are adjusted to reflect forward-looking information.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date; and

The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

**Macroeconomic factors, forward looking information and multiple scenarios**

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and a downside) with a weightage of 40%, 30% and 30% respectively. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as real government consumption, real imports of goods and services, house price index, residential properties – Abu Dhabi and Dubai, consumer price index, real gross domestic product, general government finance expenditure and national accounts: real export of goods and services

Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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

**4. Significant accounting policies (continued)**

**4.5 Impairment of financial assets (continued)**

**Measurement of ECL (continued)**

**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 Company compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk rating and risk management processes. At each reporting date, the assessment of a change in credit risk is assessed individually for those considered individually significant and at the segment level for retail exposures.

The Company assets are moved from stage 1 to stage 2 if:

- the probability of default changes beyond the Company's established threshold related to the initial recognition;
- an instrument is past due beyond 30 days; and
- an instrument's credit risk is considered higher based on qualitative criteria of the Company.

The instruments moved to stage 2 from stage 1 remain in the stage until they perform for a sustained period as per the Company's policy.

Movement from stage 2 to stage 3 are based on whether the financial assets are credit impaired at the reporting date.

**Experienced credit judgement**

The Company's ECL allowance methodology requires the use of experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

When measuring ECL, the Company considers the maximum contractual period over which the Company is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Default definition followed by the Company for impairment assessment remains in line with the guidelines of IFRS 9, without any recourse to the assumptions, and consistent with regulatory requirements. The policy on the write-off of financing transactions remains unchanged.

**Expected life**

When measuring expected credit loss, the Company considers the maximum contractual period over which the Company is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options.

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

**4. Significant accounting policies (continued)**

**4.5 Impairment of financial assets (continued)**

**Measurement of ECL (continued)**

**Definition of default**

The Company considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the customer is unlikely to pay its credit obligations to the Company in full without recourse by the Company to actions such as realising security (if any is held); or
- the customer is past due 90 days or more on any material credit obligation to the Company.
- In assessing whether a customer is in default, the Company considers indicators that are:
  - (i) qualitative - e.g. material breaches of covenant;
  - (ii) quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
  - (iii) based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

**Renegotiated financing facilities**

The Company sometimes makes concessions or modifications to the original terms of financing as a response to the customer's difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a financing forborne when such concessions or modifications are provided as a result of the customer's present or expected financial difficulties and the Company would not have agreed to them if the customer had been financially healthy. Indicators of financial difficulties include defaults on covenants or that the finance may not be in a position to honour contractual commitments. Forbearance may involve extending the payment arrangements and the agreement of new financing conditions. Once the terms have been renegotiated, any impairment is measured using the original effective profit rate as calculated before the modification of terms. It is the Company's policy to monitor forborne financing to help ensure that future payments continue to be likely to occur. Classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a financing, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the financing has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the financing to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing;
- The probation period of one year has passed from the date the forborne contract was considered performing; and
- Regular payments of more than an insignificant amount of principal or profit have been made during the probation period.

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

**4. Significant accounting policies (continued)**

**4.6 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 accumulated depreciation and any accumulated impairment losses. Depreciation on investment in buildings is charged on a straight-line basis over 40 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in used evidenced by commencement of owner-occupation or commencement of development with a view to sale.

**4.7 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation is calculated on a straight line basis over the estimated useful life of 40 years for the building. The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset is written down to its recoverable amount, being the higher of its fair value less costs to sell and its value in use.

Expenditure incurred to replace a component of an item of fixed assets that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of fixed assets. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

**4.8 Repossessed properties**

In certain circumstances, property is repossessed following the foreclosure on financing that are in default. Repossessed properties are initially recognised at fair value and included within 'Investment properties'.

**4.9 Impairment of tangible and intangible assets**

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are calculated to their present value using a profit rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

**4. Significant accounting policies (continued)**

**4.9 Impairment of tangible and intangible assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

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

**4.10 Zakat**

Zakat is computed as per the Articles and Memorandum of Association of the Company and its subsidiaries and is approved by the Internal Sharia Supervision Committee of the respective entities on the following basis:

- The portion of zakat payable by the Company on its shareholders' behalf is computed at 2.5775% of the aggregate of general and legal reserves, retained earnings, other reserves and provision for staff gratuity. The parent company computes and pays Zakat on its financial position including its equity in Tamweel P.S.C. Accordingly no Zakat is considered in these financial statements in respect of shareholders' equity pertaining to parent company.
- Zakat is disbursed by a committee appointed by the Board of Directors and operating as per the by-law set by the Board and the policy approved by the Internal Sharia Supervisory Committee.
- Zakat on the paid up capital is not included in the Zakat computations and is payable by the shareholders personally.

**4.11 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.



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

**4. Significant accounting policies (continued)**

**4.12 Employees' end-of-service benefits**

Pension and national insurance contributions for the U.A.E. citizens are made by the Company in accordance with Federal Law No. 2 of 2000.

The Company provides end of service benefits for its expatriate employees. Provision for employees' end of service indemnity is made in accordance with the Company's policy which meets the requirements of U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date.

**4.13 Taxation**

Provision is made for current and deferred taxes arising from operating results of overseas subsidiaries in accordance with the fiscal regulations of the respective countries in which the subsidiaries operate.

**4.13.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

**4.13.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.14 Foreign currencies**

Transactions in foreign currencies are recorded at rates of exchange prevailing at the dates of the transactions.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets measured at FVTPL, the foreign exchange component is recognised in the statement of profit or loss. For financial assets measured at FVTOCI any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated financial instruments measured at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in other income in the statement of profit or loss.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into Arab Emirates Dirhams at the rate of exchange ruling at the statement of financial position date and, their statement of comprehensive incomes are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular entity is recognised in the statement of profit or loss.

**4.15 Leases**

The Company initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The Company initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for profit and lease payments, as well as the impact of lease modifications, amongst others.

The Company has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

**4.16 Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For investments actively traded in organised financial markets, fair value is determined by reference to quoted market prices at the close of business on the statement of financial position date. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted securities fair value is determined by reference to brokers' quotes, recent transaction(s), the market value of similar securities, or based on the expected cash flows calculated at current rates applicable for items with similar terms and risk characteristics.

For investments in properties, fair value is determined periodically on the basis of independent professional valuations.

**Notes to the financial statements**

for the year ended 31 December 2024

**4. Significant accounting policies (continued)****4.16 Fair values (continued)**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumption are required to reflect differences between the instruments.

**4.17 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to settle on a net basis.

**5. Critical accounting judgments and key sources of estimation of uncertainty**

In the application of the Company's accounting policies, which are described in Note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

**5.1 Significant increase in credit risk**

As explained in note 4.6, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

**5.2 Models and assumptions used**

The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 4.6 for more details on ECL.

**5.3 Valuation of investment properties**

The Company determines the fair value of its investment properties on the basis of market valuations prepared by independent professional valuers. The valuations are carried out on assumptions which are based on the market conditions existing at the reporting date. Therefore, any future change in the market conditions can have an impact on the fair values.

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

**6. Bank balances**

	<b>31 December 2024 AED'000</b>	31 December 2023 AED'000
Cash at bank	<b>2,080,177</b>	1,553,898
Deposit with bank	<b>66,114</b>	66,114
<b>Total</b>	<b>2,146,291</b>	1,620,012

Bank balances are held with banks within the U.A.E. and are profit generating at an average profit rate of 0.26% (31 December 2023: 0.23%).

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

	<b>31 December 2024 AED'000</b>	31 December 2023 AED'000
Bank balances	<b>2,146,291</b>	1,620,012
Less: Deposits with original maturity over three months	<b>(66,114)</b>	(66,114)
<b>Cash and cash equivalents</b>	<b>2,080,177</b>	1,553,898

**7. Islamic financing and investing assets, net**

	<b>31 December 2024 AED'000</b>	31 December 2023 AED'000
Ijarah	<b>519,257</b>	762,101
Istina'a and forward Ijarah	<b>203,206</b>	203,040
<b>Total Islamic financing and investing assets</b>	<b>722,463</b>	965,141
Less: provisions for impairment	<b>(257,136)</b>	(281,869)
<b>Total Islamic financing and investing assets, net</b>	<b>465,327</b>	683,272

All Islamic financing and investing assets financed by the Company are within the United Arab Emirates.

**7.1 Carrying value of exposure and expected credit loss by stage**

	<b>As at 31 December 2024</b>		<b>As at 31 December 2023</b>	
	<b>Gross book value AED '000</b>	<b>Expected credit loss AED '000</b>	<b>Gross book value AED '000</b>	<b>Expected credit loss AED '000</b>
Stage 1	<b>202,294</b>	<b>113,525</b>	410,096	100,613
Stage 2	<b>248,575</b>	<b>75,664</b>	388,131	88,577
Stage 3	<b>271,594</b>	<b>67,947</b>	166,914	92,679
<b>Total</b>	<b>722,463</b>	<b>257,136</b>	965,141	281,869

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

**7. Islamic financing and investing assets, net (continued)**

**7.2 Provision for impairment**

	Note	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
<b>Balance at 1 January 2024</b>		<b>100,613</b>	<b>88,577</b>	<b>92,679</b>	<b>281,869</b>
Impairment charge during the year	20	-	-	18,574	18,574
Transfer to other stage		12,912	(12,912)	-	-
Write off		-	-	(43,307)	(43,307)
<b>Balance at 31 December 2024</b>		<b>113,525</b>	<b>75,665</b>	<b>67,946</b>	<b>257,136</b>
<b>Balance at 1 January 2023</b>		<b>111,923</b>	<b>77,267</b>	<b>132,472</b>	<b>321,662</b>
Impairment reversal during the year	20	-	-	(7,525)	(7,525)
Transfer to other stage		(11,310)	11,310	-	-
Write off		-	-	(32,268)	(32,268)
<b>Balance at 31 December 2023</b>		<b>100,613</b>	<b>88,577</b>	<b>92,679</b>	<b>281,869</b>

The impairment allowance as per IFRS 9 for all financial assets of the Company meets the regulatory provision requirements of the Central Bank of the UAE. Therefore, no regulatory credit risk reserve has been accounted for.

**7.3 Collateral**

The Company enters into collateral arrangements with counter parties in appropriate circumstances to limit credit exposure. Under Ijarah financing structure, the legal ownership of the finance property is maintained with the Company until the customer (lessee) has fulfilled all his obligations under the relevant Ijarah agreement.

The fair value of the collaterals that the Company holds relating to facilities individually determined to be impaired at 31 December 2024 amounts to AED 639 million (2023: AED 232 million).

**8. Other investments carried at FVTOCI**

	31 December 2024 AED'000	31 December 2023 AED'000
<b>Investments measured at FVTOCI</b>		
Balance at the beginning of the year	68,423	68,184
Change in fair value	16,388	239
<b>Balance at the end of the year</b>	<b>84,811</b>	<b>68,423</b>

Other investments represent primarily the investment in shares of the parent company and are included in level 1 of the fair value hierarchy.

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

**9. Investment properties**

	<b>Land</b> <b>AED'000</b>	<b>Other</b> <b>real estate</b> <b>AED'000</b>	<b>Total</b> <b>AED'000</b>
<b>Cost</b>			
<b>At 1 January 2024</b>	<b>190,585</b>	<b>644,812</b>	<b>835,397</b>
Additions	-	31,881	31,881
Disposal	(44,618)	(340,429)	(385,047)
<b>At 31 December 2024</b>	<b>145,967</b>	<b>336,264</b>	<b>482,231</b>
<b>Accumulated depreciation and impairment</b>			
<b>At 1 January 2024</b>	<b>96,483</b>	<b>213,185</b>	<b>309,668</b>
Charge for the year	-	12,279	12,279
Disposal	-	(62,090)	(62,090)
Impairment	-	(122,930)	(122,930)
<b>At 31 December 2024</b>	<b>96,483</b>	<b>40,444</b>	<b>136,927</b>
<b>Carrying amount</b>			
<b>At 31 December 2024</b>	<b>49,484</b>	<b>295,820</b>	<b>345,304</b>
<b>Cost</b>			
<b>At 1 January 2023</b>	<b>190,585</b>	<b>701,022</b>	<b>891,607</b>
Additions	-	39,196	39,196
Disposal	-	(95,406)	(95,406)
<b>At 31 December 2023</b>	<b>190,585</b>	<b>644,812</b>	<b>835,397</b>
<b>Accumulated depreciation and impairment</b>			
<b>At 1 January 2023</b>	<b>96,483</b>	<b>211,449</b>	<b>307,932</b>
Charge for the year	-	16,551	16,551
Disposal	-	(14,815)	(14,815)
<b>At 31 December 2023</b>	<b>96,483</b>	<b>213,185</b>	<b>309,668</b>
<b>Carrying amount</b>			
<b>At 31 December 2023</b>	<b>94,102</b>	<b>431,627</b>	<b>525,729</b>

All the investment properties held by the Company are located within the United Arab Emirates. During the year ended 31 December 2024, the Company repossessed properties of AED 31.2 million (2023: AED 39.2 million) through foreclosure.

The valuations are carried out by professional valuers not related to the Company who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The valuations were based on comparable transaction method that is made on the principle that the value of one property may be derived by comparing it with the prices achieved from transactions in similar properties.

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

**9. Investment properties (continued)**

The fair value of the Company's investment properties as at 31 December 2024 is AED 442 million (2023: AED 1,233 million). The fair value is mainly based on unobservable market inputs (i.e. level 3).

**10. Advances, prepayments and other receivables**

	2024 AED'000	2023 AED'000
Administration fee receivable	13,334	14,066
Portfolio management fee receivable	5,400	5,400
Other	155,052	65,050
	<u>173,786</u>	<u>84,516</u>

The receivables are stated net of provision of AED 3.3 million (2023: AED 3.3 million).

**11. Property and equipment**

	2024 AED'000	2023 AED'000
<b>Cost</b>		
Balance at 1 January	906	906
<b>Balance at 31 December</b>	<u>906</u>	<u>906</u>
<b>Accumulated depreciation</b>		
Balance at 1 January	411	391
Charge for the year	20	22
<b>Balance at 31 December</b>	<u>431</u>	<u>411</u>
<b>Carrying value at 31 December</b>	<u>475</u>	<u>495</u>

**12. Zakat payable**

As at 31 December 2024 an amount of AED 4.4 million (2023: AED 4.0 million) has been accrued as zakat liability.

**13. Accounts payable, accruals and other liabilities**

	Note	2024 AED'000	2023 AED'000
Accounts payable		8,308	7,135
Unclaimed dividends		15,298	15,298
Employees' end of service benefits	13.1	13,372	12,746
Accrual and other liabilities		40,250	36,730
		<u>77,228</u>	<u>71,909</u>

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

**13.1 Employees' end of service benefits**

	2024 AED'000	2023 AED'000
Balance at beginning of the year	12,746	11,433
Charge for the year	2,203	2,460
Paid during the year	(1,577)	(1,147)
	<u>13,372</u>	<u>12,746</u>

**14. Share capital**

As at 31 December 2024, 1,000,000,000 authorised ordinary shares of AED 1 each (31 December 2023: 1,000,000,000 ordinary shares of AED 1 each) were fully issued and paid up.

**15. Statutory reserve**

As required by the Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital. This reserve is not available for distribution except in the circumstances as stipulated by U.A.E. Commercial Companies Law.

**16. General reserve**

As per the Company's Articles of Association, deductions for the general reserve shall stop by resolution of an Ordinary General Assembly upon the recommendation of the Board of Directors when this reserve reaches 50% of the paid up capital of the Company. The Board of Directors have not proposed any transfer to General Reserve as the reserve is in excess of the 50% of the paid up capital of the Company. This reserve shall be utilised for the purpose determined by the General Assembly at an ordinary meeting upon the recommendation of the Board of Directors.

**17. Special reserve**

The special reserve, which was created in accordance with the recommendations of the U.A.E. Central Bank, is not available for distribution.

**18. Income from Islamic financing and investing assets**

	2024 AED'000	2023 AED'000
Income from Islamic financing and investing assets	33,580	54,112
Processing and other fee income	2,931	7,752
	<u>36,511</u>	<u>61,864</u>

**19. Other income**

	2024 AED'000	2023 AED'000
Portfolio management fee	21,600	21,600
Rental income from investment properties	24,650	26,639
Gain on disposal of investment properties	135,684	37,226
Others	34,413	13,292
	<u>216,347</u>	<u>98,757</u>

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

**20. Impairment reversals, net**

	Note	2024 AED'000	2023 AED'000
Charge/(reversal) for Islamic financing and investing assets, net	7.2	18,574	(7,525)
Reversal on investment properties		(76,000)	-
		<u>(57,426)</u>	<u>(7,525)</u>

**21. Taxation**

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 became effective for accounting periods beginning on or after 1 June 2023.

As the Company's accounting year ends on 31 December, the first tax year for the Group for UAE Tax purposes is from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The taxable income of the Company will be subject to the rate of 9% corporate tax. The new CT Law provides certain transitional rules and gives choices for irrevocable elections regarding the treatment to be followed for calculation of taxable income.

The effective tax rate ("ETR") for the period ended 31 December 2024 is 6.99% (31 December 2023: Nil). The deviation from the statutory tax rate is primarily due exemption on dividend income.

**21.1. Income tax expense**

	2024 AED'000	2023 AED'000
Current taxation	15,912	-
Deferred taxation	-	-
<b>Total</b>	<u>15,912</u>	<u>-</u>

**21.2. Provision for taxation**

	2024 AED'000	2023 AED'000
Balance at 1 January	-	-
Charged during the period	15,912	-
<b>Balance at 31 December</b>	<u>15,912</u>	<u>-</u>



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

### 22. Commitments

Irrevocable commitment to extend credit as of 31 December 2024 is AED 122.8 million (31 December 2023: AED 125.9 million).

### 23. Contingencies

At the reporting date, the Company is in legal proceedings against certain customers in the UAE to recover AED Nil (31 December 2023: AED 4.3 million). These proceedings are in various stages in the courts and based on legal advice, the management of the Company is contesting the legal cases and is pursuing the full recovery of the outstanding balances. Accordingly, no provision for litigation has been made in these financial statements.

### 24. Risk management

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement, mitigation and monitoring and by subjecting risk to limits and other controls. As the Company is a critical component of its parent's home finance department, overall risk management activities are carried out at parent level through its own corporate governance and risk management structure. This process of risk management is critical to Company's continuing profitability and sustainability. The Company is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. Those risks are monitored through the Company's strategic planning process.

The major risks to which the Company is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in its attempt to build stakeholder's value are outlined below.

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and policies.

As detailed below, the Board of Directors of the Company is supported by the Board Risk Management Committee, Risk Management Committee, Risk Management Department, Assets and Liabilities Management Committee and Internal Audit department of its parent, for identifying, monitoring and managing risks.

#### Board Risk Management Committee

The Board Risk Management Committee has the overall responsibility for the development of the risk strategies, frameworks, policies and limits, and for recommending these strategies and policies to the Board of Directors. It is responsible for the fundamental risk issues, and manages and monitors relevant risk decisions.

#### Risk Management Committee

The day-to-day management of risk has been delegated to Risk Management Committee.

The Risk Management Committee has the overall responsibility to support the Board Risk Management Committee for the development and formulation of the risk strategy, frameworks, policies and limits. It is responsible for ensuring the compliance with all risk limits, monitoring risk exposures and implementing the regulatory guidelines issued by the regulatory bodies (e.g. The Central Bank of the U.A.E.).

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

**24. Risk management (continued)**

**Risk Management Department**

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure risk remains within the acceptable range as approved by the Board Risk Management Committee and the Board of Directors. The department is responsible for credit approval, credit administration, portfolio management, credit risk, market risk, operational risk and overall risk control.

**Internal Audit Department**

Risk management processes throughout the Company are audited periodically by the Company Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit Department comments on the results of their assessments with management, and reports its findings and recommendations to the Board Audit Committee.

**Internal Sharia Audit Department**

Compliance to Sharia and the Fatawa issued by the ISSC of the Company in all the matters of the Company including the execution of the transactions are audited periodically by the Internal Sharia Audit Department which examines the adequacy of the procedures and the Company's compliance with the Fatawa and guidance of the ISSC. Internal Sharia Audit Department discusses the findings of its assessments with the management and submits the findings along with responses of the relevant departments and its recommendations to the ISSC for its guidance and then to the Board Audit Committee.

**Sharia Compliance Function**

The Sharia Compliance function of Internal Sharia Control Department is responsible to continuously monitor the compliance of the Company's businesses and activities with resolutions, fatwas, regulations and standards which are issued by the HAS as well as ISSC.

Since UAE's Central Bank has exempted Tamweel from the regulations applicable to finance companies, Sharia Compliance and Audit functions are being observed by DIB's Internal Sharia Control Department and Group Internal Sharia Audit respectively.

**Asset and Liability Committee**

Asset and Liability Management Committee ("ALCO") is responsible for managing the Company's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The ALCO monitors the asset performance and financial position of the Company. The ALCO is also responsible for establishing risk management standards and methodologies, monitoring liquidity and alternative funding sources, reviewing market rate risk and regulatory capital levels and determining pricing parameters and Tamweel's base profit rate.

**Internal Sharia Supervisory Committee**

In compliance with Tamweel's memorandum and Articles of Association, Tamweel has an Internal Sharia Supervision Committee which oversees all areas of operation in order to ensure that Tamweel's business activities are conducted in accordance with Sharia principles. The Internal Sharia Supervision Committee is responsible to review the operational, financing and investing activities of the Company ensuring their compliance with the principles of Sharia as set out in the Sharia Standards issued by Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and Higher Sharia Authority of UAECB and interpreted by Internal Sharia Supervision Committee. Being a supervisory committee they are also required to audit the business activities undertaken through the Internal Sharia Audit Department and present an independent report to the shareholders with regard to the implementation of the principles of Sharia in the Company's overall activities.

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

**24. Risk management (continued)**

**Internal Sharia Supervisory Committee (continued)**

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive and up-to-date information necessary for their proper management and monitoring of risks inherent in the activities.

**Types of Risk the Company is subject to:**

**Concentration risk**

Concentration risk arises when a number of counterparties are engaged in similar business activities, or 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. Concentration risk indicates the relative sensitivity of the Company's performance to developments affecting a particular nationality, industry or geographical location.

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to maintain a diversified portfolio. This is further enforced by the Credit Committee's oversight. Identified concentration of credit risks are controlled and managed accordingly.

**Credit risk**

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Company. Such risk stems mainly from day to day Islamic financing activities undertaken by the Company. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated financing authorities, credit standards and procedures.

The Company attempts to control credit risk by monitoring credit exposures, maintaining credit limits and limiting transactions with specific counterparties. The Company has built and maintains a sound credit portfolio within the guidelines of the Board approved credit policy. The Company has an established risk management process encompassing of credit approvals, control of exposures, credit policy direction to business unit, well-designed credit appraisals, review of exposures both on an individual and a portfolio basis, and incorporation of robust problem credit management procedures. Special attention is directed towards the management of past-due financing assets through a dedicated Collection Team.

The Company enters in collateral arrangements with counterparties in appropriate circumstances to limit credit exposure. With a relatively dominant Ijarah financing structure, the ownership of the financed property is maintained with the Company until the customer (lessee) has fulfilled all his obligations under the relevant Ijarah.

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

**24. Risk management (continued)**

**Credit risk (continued)**

**Maximum exposure to credit risk without taking account of any collateral and other credit enhancements**

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross.

	<b>Gross maximum exposure 2024 AED'000</b>	<b>Gross maximum exposure 2023 AED'000</b>
Bank balances	<b>2,146,291</b>	1,620,012
Islamic financing and investing assets	<b>722,054</b>	965,141
Advances and other receivables	<b>176,476</b>	87,206
<b>Total</b>	<b>3,044,821</b>	2,672,359
Irrevocable commitments to extend credit	<b>122,824</b>	125,923

The Company's financial assets, before taking into account any collateral held or other credit enhancements are analysed by business segment in Note 24.

The table below shows the credit quality by class of financial asset.

<b>At 31 December 2024</b>	<b>Stage 1 AED'000</b>	<b>Stage 2 AED'000</b>	<b>Stage 3 AED'000</b>	<b>Total AED'000</b>
Bank balances	<b>2,146,291</b>	-	-	<b>2,146,291</b>
Islamic financing and investing assets	<b>202,294</b>	<b>248,575</b>	<b>271,594</b>	<b>722,463</b>
Advances and other receivables	<b>173,179</b>	-	<b>3,297</b>	<b>176,476</b>
	<b>2,521,764</b>	<b>248,575</b>	<b>274,891</b>	<b>3,045,230</b>
<b>At 31 December 2023</b>				
Bank balances	1,620,012	-	-	1,620,012
Islamic financing and investing assets	410,096	388,131	166,914	965,141
Advances and other receivables	83,909	-	3,297	87,206
	2,114,017	388,131	170,211	2,672,359

It is the Company'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 analytics, 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 Company's rating policy. The attributable risk ratings are assessed and updated regularly.

## Notes to the financial statements

for the year ended 31 December 2024

### 24. Risk management (continued)

#### Collateral and other credit enhancements

The finance provided by the Company is asset backed in accordance with the principles of Sharia. Properties are funded based on “Company’s Appraised Value”. In the case of new properties, the appraised value is similar to the developers’ per square footage rate further assessed by independent valuers. However, in some cases the Company might have lower rates than the developers based on the Company’s view of the property. In case of older properties the appraised value is determined by the Credit Department. These valuations are based on the valuation report from valuers, whenever required, and the property prices witnessed in the Company past funding transactions.

The fair value of the asset collaterals is estimated to be approximately AED 2.7 billion as at 31 December 2024 (2023: AED 2.3 billion).

Property takaful / Islamic insurance is mandatory and the property is insured against all normal risks for the value stated in the sale agreement, or the valuation amount given by the surveyor, as the case maybe. The insured value is maintained at the original property value through the life of the finance.

#### 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. In the Company’s financial statements, mainly two line items can lead to such exposure i.e. Islamic financing assets and Islamic financing obligations, as shown on the assets and liability sides respectively. The profit rate risk for the Company is minimal in the short term period.

The profit rate for financing assets is a composition of EIBOR and internal spread which cannot be expected to fluctuate frequently based on EIBOR movement. The Company reviews the profit rate on a monthly basis during its ALCO meeting and, if required, recommends rate change based on market conditions and competition.

The profit rate on Islamic financing obligations is contractually determined on contract initiation.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Company’s statement of comprehensive income.

	<b>Increase in basis points</b>	<b>2024 AED’000</b>	<b>2023 AED’000</b>
Sensitivity of net profit income	<b>50 bps</b>	<b>1,992</b>	<b>3,122</b>

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All assets and liabilities as at 31 December 2024 are denominated in the U.A.E, therefore, the Company is not exposed to any currency risk.

#### 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 non-trading equity price risk exposure arises from the Company’s investment portfolio.

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

**24. Risk management (continued)**

**Equity price risk (continued)**

The effect (as a result of a change in the fair value of equity instruments held at 31 December 2024 and 31 December 2023) due to a reasonably possible change in equity indices, with all other variable held constant, is as follows:

	Change in market indices	Effect on other comprehensive income	
	%	2024 AED'000	2023 AED'000
Sensitivity of fair value	± 5%	4,241	3,421

**Settlement risk**

Early settlement risk is the risk that the Company will incur a financial loss because its counterparties settle earlier or later than expected.

The Company does not have any significant early settlement risk as the amount recovered in case of early settlement is more than the fair value of the asset on settlement date, by adding a margin, and to recover amount on time and to avoid any delays. The collection team, supervised by the Credit committee monitors the customer receivable position on a daily basis.

**Operational risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

**Liquidity risk**

Liquidity risk is the risk that the Company may be unable to meet its funding requirements. This can be caused by political uncertainty, market disruptions or deterioration in the Company's credit ratings.

The Company monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis.

The Company reviews the maturity gap analysis in its monthly ALCO meetings to identify potential liquidity risks in advance. The gap measures liquidity in five time buckets for each type of asset and liability for each period, as well as cumulatively.

**Non-Sharia Compliance Risk**

In compliance with the Sharia Governance Standard for Islamic Financial Institutions issued by the Higher Sharia Authority of the Central Bank of UAE ("HSA") on 21 April 2020 (the "Standard"), the Company's Board of Directors ("Board") is ultimately responsible for the Company's compliance with Sharia principles. The ISSC is the highest authority in the Company from a Sharia governance perspective.

The Board is expected to be aware of Sharia non-compliance risk and its potential impact on the Company. The Board Risk, Compliance and Governance Committee ("BRCGC") shall supervise and monitor management of Sharia non-compliance risk, and set controls in relation to this type of risk, in consultation with ISSC and through the Internal Sharia control Department of the Company. ("ISCD"). The BRCGC shall ensure the availability of an information system that enables the Company to measure, assess and report Sharia non-compliance risk. Reports shall be provided in a timely manner to the Board and Senior Management, in formats suitable for their use and understanding.

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

**24. Risk management (continued)**

**Maturity analysis of assets and liabilities**

The maturity analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

<b>At 31 December 2024</b>	<b>Less than 3 months AED'000</b>	<b>3 months to 1 year AED'000</b>	<b>1 to 5 years AED'000</b>	<b>Over 5 years AED'000</b>	<b>No maturity AED'000</b>	<b>Total AED'000</b>
<b>Assets</b>						
Bank balances	2,146,291	-	-	-	-	2,146,291
Islamic financing and investing assets, net	30,117	38,314	124,473	272,423	-	465,327
Other investments carried at FV/TOCI	-	-	-	-	84,811	84,811
Investment properties	-	-	-	-	345,304	345,304
Advances, prepayments and other receivables	164,662	417	8,707	-	-	173,786
Property and equipment	-	-	-	-	475	475
	<u>2,341,070</u>	<u>38,731</u>	<u>133,180</u>	<u>272,423</u>	<u>430,590</u>	<u>3,215,994</u>
<b>Liabilities</b>						
Zakat payable	8,397	-	-	-	-	8,397
Accounts payable, accruals and other liabilities	13,914	34,644	28,670	-	-	77,228
	<u>22,311</u>	<u>34,644</u>	<u>28,670</u>	<u>-</u>	<u>-</u>	<u>85,625</u>

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

24. Risk management (continued)

Maturity analysis of assets and liabilities (continued)

At 31 December 2023	Less than 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity AED'000	Total AED'000
Bank balances	1,620,012	-	-	-	-	1,620,012
Islamic financing and investing assets, net	14,777	43,958	214,592	409,945	-	683,272
Other investments carried at FV/TOCI	-	-	-	-	68,423	68,423
Investment properties	-	-	-	-	525,729	525,729
Advances, prepayments and other receivables	64,199	11,401	8,916	-	-	84,516
Property and equipment	-	-	-	-	495	495
	<u>1,698,988</u>	<u>55,359</u>	<u>223,508</u>	<u>409,945</u>	<u>594,647</u>	<u>2,982,447</u>
Liabilities						
Zakat payable	3,967	-	-	-	-	3,967
Accounts payable, accruals and other liabilities	15,143	28,722	28,044	-	-	71,909
	<u>19,110</u>	<u>28,722</u>	<u>28,044</u>	<u>-</u>	<u>-</u>	<u>75,876</u>



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

**25. Segment information**

For management purposes the Company is organised into two major business segments:

- Islamic financing and investing activities - Principally handling Islamic financing and investing activities.
- Property investment activities - Principally involved in the purchase and sale of investment properties and related activities including commissions.

These segments are the basis on which the Company reports its segments information. Segment information for the year ended 31 December 2024 and 2023:

	31 December 2024		31 December 2023	
	Islamic financing and investing activities AED'000	Property investment activities AED'000	Islamic financing and investing activities AED'000	Property investment activities AED'000
				Total AED'000
Gross income	89,877	162,981	96,068	160,621
Operating and other expenses	(56,445)	(26,087)	(59,794)	(94,698)
<b>Segment result</b>	<b>33,432</b>	<b>136,894</b>	<b>36,274</b>	<b>65,923</b>
Impairment (loss) / gain	(18,574)	76,000	7,525	7,525
<b>Profit before tax</b>	<b>14,858</b>	<b>212,894</b>	<b>43,799</b>	<b>73,448</b>
Income tax expense				-
<b>Net profit for the year</b>				<b>73,448</b>
<b>Segment assets</b>	<b>2,750,595</b>	<b>465,399</b>	<b>2,359,707</b>	<b>2,982,447</b>
<b>Segment liabilities</b>	<b>71,384</b>	<b>14,241</b>	<b>56,551</b>	<b>75,876</b>

No secondary segment information has been provided as currently the operations of the Company are concentrated primarily in the U.A.E.

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

**26. Capital management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023. Capital comprises share capital, statutory reserve, general reserve, special reserve and retained earnings.

**27. Related party transactions**

Parties are considered to be related if one party has the ability to control or influence over the other party in making financial or operating decisions.

The Company enters into transactions with shareholders, directors, key management personnel and their related concerns in the ordinary course of business at terms agreed between both parties.

The significant balances and transactions of related parties included in the financial statements are as follows:

<b>2024</b>	<b>Major shareholders AED'000</b>	<b>Companies under common control AED'000</b>	<b>Total AED'000</b>
Bank balances	2,146,291	-	2,146,291
Other investments carried at FVTOCI	84,811	-	84,811
Advances, prepayments and other receivables	19,622	100	19,722
Income on Mudaraba deposits and Wakala investments	4,876	-	4,876
Other income	39,922	-	39,922
General and administrative expenses	-	18,928	18,928

<b>2023</b>	<b>Major shareholders AED'000</b>	<b>Companies under common control AED'000</b>	<b>Total AED'000</b>
Bank balances	1,620,012	-	1,620,012
Other investments carried at FVTOCI	68,423	-	68,423
Advances, prepayments and other receivables	6,180	100	6,280
Income on Mudaraba deposits and Wakala investments	3,208	-	3,208
Other income	25,189	-	25,189
General and administrative expenses	-	15,341	15,341

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

**27. Related party transactions (continued)**

The compensation paid to key management personnel of the Company is as follows:

	2024 AED'000	2023 AED'000
Short term employee benefits	7,394	5,913
Termination and other benefits	177	198
	<u>7,571</u>	<u>6,111</u>

**28. Fair values of financial instruments**

**(1) Fair value of financial instruments measured at amortized cost**

The fair values of financial instruments measured at amortized cost are not materially different from their carrying values.

**(2) Fair value of financial instruments measured at fair value**

Fair value of other investment measured at fair value through other comprehensive income are based on quoted price in an active market and are included in the Level 1 of fair value hierarchy.

**29. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on 14 February 2025.





