Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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Independent auditor's report to the owner of Investment Corporation of Dubai

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investment Corporation of Dubai ("ICD" or the "Corporation") and its subsidiaries (together, the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2024;
- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated cash flow statement for the year ended 31 December 2024;
- the consolidated statement of changes in equity for the year ended 31 December 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach

Overview

Group scoping	Based on size, complexity and risk, we considered the Corporation's standalone operations and certain subsidiaries, associates and joint ventures, which mainly operate in the transportation and related services, banking and other financial services and oil and gas products/services segments besides companies in real estate, construction, industrial and retail industries, as significant components to be in scope for our audit of the Group. In determining the significant components, we considered the financial significance besides the qualitative risk profiles of the individual components. We also determined a number of other components to be in scope for the Group audit, in respect of which appropriate audit procedures were performed.
Key audit matters	• Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables • Concentration of related party balances • Passenger and cargo revenue recognition • Valuation of aircraft held for lease (as lessor)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

In addition to the Corporation's standalone operations, the Group has certain subsidiaries, associates and joint ventures which mainly operate in the transportation and related services, banking and other financial services and oil and gas products/services segments besides companies in real estate, construction, industrial and retail industries, that are significant to the Group's consolidated financial statements. The diversity of industries and decentralised structure of the Group increases the complexity of the Group's control environment as well as the complexity around our assessment of risk of material misstatement.

We obtained an understanding of management's consolidation process and performed audit procedures on the consolidation process. Through our risk assessment, we scoped significant components based on their financial significance to the consolidated financial statements and the individual component's risk profile. We obtained full scope audit opinions from component auditors for the significant components. We also requested certain other component auditors to perform audit procedures on components based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

How we tailored our group audit scope (continued)

We were in regular communication throughout the audit process with component auditors. The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included providing detailed formal instructions including the materiality levels to be used by each component. We obtained regular updates on progress and results of procedures through review of deliverables and the underlying work papers of the component auditors, as appropriate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables Loans and receivables of the Group's banking component, Emirates NBD Bank PJSC and its subsidiaries (the "Bank"), amount to AED 487,543 million and represents a significant part of the total assets of the Group. The assessment of the Bank's determination of impairment allowances for loans and receivables requires management to make judgments over the staging of financial assets and measurement of ECL. The audit was focused on this matter due to the materiality of the loans and receivables and the complexity of the judgments, assumptions and estimates used in the ECL models.	- An understanding was gained of the loan origination process, credit risk management process and the estimation process of determining impairment allowance for loans and receivables. The operating effectiveness of relevant controls within these processes was tested. - On a sample basis, a detailed credit review was performed on the selected individual loans including challenging the Bank's identification of SICR (Stage 2), the assessment of credit-impaired classifications (Stage 3) and whether relevant impairment events had been identified in a timely manner. Challenged the assumptions underlying the impairment allowance calculation, such as credit risk mitigation through estimated future discounted cash flows, collateral valuations and estimates of recovery. Evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls that form part of the approval process for loan impairment allowances. - On a sample basis, the Group's application of the staging criteria was assessed, including the basis for movement between stages. - Evaluated key assumptions such as criteria used to determine SICR and forward-looking macroeconomic scenarios including the related weightings.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables (continued) The material portion of the non-retail portfolio of loans and receivables is assessed individually for the significant increase in credit risk (SICR). This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR. Management judgment may also be involved in manual staging movements in accordance with the Bank's policies and the requirements of IFRS 9 Financial Instruments. The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the ECL models with limited manual intervention. Refer to note 3.4 of the consolidated financial statements for the summary of material accounting policies, note 3.5 for significant accounting judgments, estimates and assumptions and notes 23 and 38.1 for the credit risk disclosures.	- For loans tested collectively, evaluated controls over the ECL modelling process, including model inputs, monitoring, validation and approval. Challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. - Tested the relevant IT applications used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. Evaluated system-based and manual controls over the recognition and measurement of impairment allowances. - Evaluated other post model adjustments and management overlays in order to assess the reasonableness of these adjustments. Assessed the reasonableness of forward-looking information incorporated into the impairment calculations by involving auditor's specialists to challenge the multiple economic scenarios chosen and weightings applied to capture non-linear losses. - The Bank performed an independent validation / monitoring of the probability of default (PD) and loss given default (LGD) models including the macroeconomic model during the reporting period, as well as an external validation for some of the newly implemented PD and LGD models. Considered the process of this independent and external validation of the models and its impact on the results of the impairment estimate. - Updated our assessment of the methodology and framework designed and implemented by the Bank as to whether the impairment models' outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Bank to determine future economic conditions at the reporting date. - Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate and consistent with the requirements of IFRS Accounting Standards.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Concentration of related party balances Concentration of related party balances as at 31 December 2024 is disclosed in note 37 to the consolidated financial statements, which discloses the Bank's exposure to the Government of Dubai (the "Government"). We focused on this area due to the materiality and the concentration of this balance within the related party balances. Further, significant management judgment is required to determine the extent of disclosures under IFRS 7 'Financial Instruments: Disclosures' and IAS 24 'Related Party Disclosures'. IFRS 7 requires that specific information be disclosed for each type of risk arising from financial instruments. These include qualitative disclosures around how exposures arise and how they are measured and managed, summary quantitative data about an entity's exposure to each type of risk, and information about an entity's credit risk exposure, including significant credit risk concentrations. In addition, for government-controlled entities such as ICD, a qualitative or quantitative indication of the extent of transactions with government entities is a required disclosure under IAS 24 'Related Party Disclosures'.	- Obtained from those charged with governance and management of the Bank, information identifying all known related parties. - Evaluated and tested key controls of the Bank over the identification and monitoring of related party transactions. - Evaluated and tested key controls of the Bank over the initial recording and monitoring of related party loans. - Reviewed minutes of board and management meetings of the Bank to determine if there were any related party transactions not previously identified. - Vouched individual related party transactions of the Bank on a sample basis to supporting documentation. - Evaluated the adequacy of the disclosures by assessing whether a reasonable user of the consolidated financial statements could understand the exposure of the Group to concentration and related risks, and by considering the ability of such a user to reasonably estimate the extent of transactions with the Government, including the income arising from the material balance due from the Government, based on the disclosures provided in note 37. We also sighted the original written confirmation of this balance as at 31 December 2024.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Passenger and cargo revenue recognition Emirates, one of the Group's components operating in the aviation sector, provides commercial air transportation services, which include passenger and cargo services. Emirates contributes a significant portion of the total consolidated revenue of the Group. When a flight booking is made, passenger and cargo revenue is measured based on the sales price to the customer and allocated to each performance obligation under the contract. Revenue is initially deferred in the consolidated statement of financial position and subsequently recognised in the consolidated income statement when the related performance obligation has been fulfilled (typically when a passenger or the cargo has flown). The determination of the amount of revenue to be recognised for each flight requires complex IT systems and involves the exchange of information with industry systems and other airlines for a high volume of transactions. The accounting for passenger and cargo revenue is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents.	- Performed end-to-end walkthroughs of the finance and operational processes surrounding the revenue systems, to assess the design effectiveness of the related key internal controls and identify changes, if any, that have occurred during the current year. - Tested the operating effectiveness of these key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. - Tested key IT systems, including interfaces that impact the recognition of revenue from passenger and cargo sales, along with the IT change control procedures and related application controls. - Applied computer assisted audit techniques over passenger and cargo revenue to identify and test unexpected entries and correlate revenue movements during the year to accounts receivable and cash. - Substantively tested a sample of revenue from passenger and cargo sales to validate occurrence and cut-off of revenue. - Tested manual journal entries posted into relevant revenue accounts. - Obtained data supporting Emirates' historical expiry trend in respect of unused revenue documents. In addition to performing controls based testing as described above, the accuracy of historical expiry data was tested and compared to that used in the calculation of the amount of revenue to recognise from unused revenue documents, to assess reasonableness. - Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate and consistent with the requirements of IFRS Accounting Standards.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Passenger and cargo revenue recognition (continued) The timing of revenue recognition for unused revenue documents requires judgment due to the timeframe over which revenue documents can be utilised and the large number of fare types sold by Emirates. Management of Emirates has determined the value of unused revenue documents that will not be utilised based on their terms and conditions and historical expiry trends. We focused on this area as a result of the complexity of the related IT systems, the potential for management override of controls and the level of judgment required by management in determining the timing of recognition of unused revenue documents, in addition to the significance of the revenue from Emirates to the Group. Refer to note 3.4 to the consolidated financial statements for the summary of material accounting policy relating to revenue recognition of airlines and note 3.5, which contains the disclosure of significant accounting judgments, estimates and assumptions relating to passenger and cargo revenue recognition.	

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter

Valuation of aircraft held for lease (as lessor)
 	
The Group's component, DAE Aviation Group Ltd ("DAG") is engaged in providing aircraft leases. Aircraft held for lease are included within property, plant and equipment under the category aircraft, aircraft engines and parts.
 	
DAG's management has performed an impairment test over the aircraft held for lease. No impairment charge was recognised in the current year ended 31 December 2024 (31 December 2023: nil).
 	
The recoverable amount attributable to each aircraft is determined as being the higher of the fair value and the value in use of the aircraft. The recoverable amount is compared to the carrying value of the aircraft in order to determine whether an impairment exists.
 	
The fair value is determined by reference to independent aircraft valuation reports provided by external appraisers.
 	
The value in use is determined by calculating the discounted cash flows expected to be generated by the aircraft. The calculation of value in use incorporates key assumptions including:
 	
- Continuation of existing contracted lease rates for the period of the lease;
 	
- Assumed future non-contracted lease rates with reference to independent appraiser data;
 	
- Estimates relating to lease transition periods and related costs;
	- Obtained an understanding of DAG management's impairment model and key assumptions.
	
	- Tested this impairment model, in particular with regard to the appropriateness of key assumptions within the model, as follows:
	
	  - Agreed the carrying values of aircraft held for lease within the impairment model to the register of aircraft held for lease;
	
	  - With respect to the fair value of aircraft held for lease, agreed on a sample basis, the fair value of aircraft held for lease to independent aircraft valuation reports provided by external appraisers and other supporting evidence;
	
	  - With respect to the value in use calculation, agreed on a sample basis;
	
	    - existing contracted lease rates to signed lease contracts;
	
	    - the future non-contracted lease rentals to independent aircraft valuation reports provided by external appraisers and other supporting evidence; and
	
	    - the future value of the aircraft at the end of its useful life to independent aircraft valuation reports provided by external appraisers.
	
	  - Utilised our internal valuation specialists to perform an independent calculation of the discount rate, with particular reference to comparable companies and compared this calculation to the rate used by DAG's management; and
	
	  - Confirmed with senior operational personnel that the estimates relating to the lease transition periods and related costs were reasonable across the lease portfolio.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of aircraft held for lease (as lessor) (continued) - Assumed future aircraft fair values at the end of the aircraft's life with reference to external independent appraiser data; and - The discount rate applied to the cash flows within the value in use model. We focused on this area because the determination of whether an impairment loss should be recognised is inherently complex and requires management to exercise significant judgment over the calculation of the fair value and value in use of aircraft held for lease. Refer to note 3.4 to the consolidated financial statements for the summary of material accounting policy relating to property, plant and equipment (which includes aircraft held for lease) and impairment of non-financial assets, note 3.5 which contains the disclosure of significant accounting judgments, estimates and assumptions relating to aircraft held for lease and note 13 which contains the details of property, plant and equipment (which includes aircraft held for lease).	- Evaluated the competence, capabilities and objectivity of the external appraisers as independent aircraft appraisers. - Tested the mathematical accuracy of the impairment model. - Tested sensitivity analyses over the discount rates and the ranges of valuations obtained from the independent appraisers. - Assessed whether the related disclosures in the notes to the consolidated financial statements are consistent with the requirements of IFRS Accounting Standards.

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Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report 2024 (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Limited Partnership Dubai Branch
11 April 2025

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	***2024*** ***AED million***	*2023* *AED million*
Revenue	39	**349,636**	310,228
Cost of revenue	4	**(262,641)**	(228,963)
Net gains from derivative financial instruments	5	**849**	3,553
General and administrative expenses	4	**(26,966)**	(25,085)
Net impairment reversals on non-financial assets	6	**273**	6
Net impairment reversals / (losses) on financial assets	7	**53**	(3,375)
Net other operating income	8	**9,560**	8,316
OPERATING PROFIT		**70,764**	64,680
Other finance income	9	**4,171**	3,457
Other finance costs	10	**(8,686)**	(9,641)
Share of results of associates and joint ventures	18	**8,273**	7,944
Net other income	12(a), 12(b), 18(a) & 25	**3,684**	1,872
Hyperinflation adjustment on net monetary position	3.3	**(3,124)**	(4,237)
PROFIT FOR THE YEAR BEFORE INCOME TAX	39	**75,082**	64,075
Income tax expense – net	11	**(7,543)**	(3,303)
PROFIT FOR THE YEAR		**67,539**	60,772
Attributable to:			
The equity holder of Investment Corporation of Dubai (“ICD”)		**53,229**	50,340
Non-controlling interests		**14,310**	10,432
		67,539	60,772

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024 AED million***	*2023 AED million*
PROFIT FOR THE YEAR		**67,539**	60,772
Other comprehensive income			
Items that may be reclassified to consolidated income statement in subsequent periods (net of tax):			
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI"):			
- Net change in fair value		**283**	(467)
- Net amount transferred to consolidated income statement	8	**(442)**	(380)
Net movement in fair value of cash flow hedges:			
- Net change in fair value		**1,203**	2,202
- Net amount transferred to consolidated income statement		**(912)**	(1,004)
Net movement in cost of hedging		**(58)**	105
Foreign currency translation differences:			
- Net exchange differences		**(3,591)**	(4,960)
- Net amount transferred to consolidated income statement		**354**	186
Group's share in other comprehensive income of equity accounted investees	18	**(482)**	(247)
Hyperinflation adjustment	3.3	**4,853**	4,868
Net other comprehensive income that may be reclassified to consolidated income statement in subsequent periods		**1,208**	303
Items that will not be reclassified to consolidated income statement in subsequent periods (net of tax):			
Net movement in fair value of equity instruments measured at FVOCI		**158**	397
Actuarial gain / (loss) on defined benefit obligations		**2**	(459)
Group's share in other comprehensive income of equity accounted investees	18	**59**	(31)
Net other comprehensive income that will not be reclassified to consolidated income statement in subsequent periods		**219**	(93)
Other comprehensive income for the year		**1,427**	210
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**68,966**	60,982
Attributable to:			
The equity holder of ICD		**53,817**	50,781
Non-controlling interests		**15,149**	10,201
		68,966	60,982

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024 AED million**	2023 AED million
ASSETS			
Non-current assets			
Property, plant and equipment	13	**177,509**	163,361
Right-of-use assets	14	**37,138**	42,131
Intangible assets	15	**27,576**	28,601
Investment properties	16	**28,020**	27,996
Development properties	17	**672**	602
Investments in associates and joint ventures	18	**66,141**	65,854
Deferred tax assets	11	**914**	888
Positive fair value of derivatives	31	**10,052**	12,126
Investment securities	19	**128,474**	121,073
Other non-current assets	20	**4,091**	4,094
Loans and receivables	23	**277,258**	228,097
Cash and deposits with banks	24	**16,334**	6,131
		774,179	700,954
Current assets			
Customer acceptances		**9,478**	8,468
Inventories	21	**16,102**	15,783
Positive fair value of derivatives	31	**4,272**	5,107
Investment securities	19	**99,458**	79,030
Trade and other receivables	22	**52,493**	53,664
Loans and receivables	23	**210,285**	207,465
Cash and deposits with banks	24	**300,701**	251,612
		692,789	621,129
Assets held for sale	25	**1,201**	9
		693,990	621,138
TOTAL ASSETS		**1,468,169**	1,322,092

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2024

	Notes	**2024 AED million**	2023 AED million
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	26	**82,702**	82,698
Retained earnings		**185,796**	146,742
Other reserves	28	**10,288**	8,515
		278,786	237,955
Non-controlling interests	35	**81,774**	72,787
Total equity		**360,560**	310,742
Non-current liabilities			
Employees' end of service benefits	29	**4,781**	4,468
Deferred tax liabilities	11	**3,414**	2,931
Borrowings and lease liabilities	30	**175,556**	181,882
Negative fair value of derivatives	31	**12,996**	13,820
Other non-current payables	32	**12,896**	11,866
Customer deposits	34	**6,593**	21,549
		216,236	236,516
Current liabilities			
Customer acceptances		**9,478**	8,468
Employees' end of service benefits	29	**13**	12
Borrowings and lease liabilities	30	**111,694**	103,082
Negative fair value of derivatives	31	**3,242**	3,688
Trade and other payables	33	**116,344**	104,269
Customer deposits	34	**644,490**	552,998
Current income tax liabilities	11.6	**5,786**	2,317
		891,047	774,834
Liabilities related to assets held for sale	25	**326**	-
		891,373	774,834
Total liabilities		**1,107,609**	1,011,350
TOTAL EQUITY AND LIABILITIES		**1,468,169**	1,322,092

....
H.E. Mohammed Ibrahim Al Shaibani
Board Member and Managing Director

....
H.H. Sheikh Ahmed bin Saeed Al Maktoum
Board Member

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2024

	Notes	*2024* *AED million*	*2023* *AED million*
OPERATING ACTIVITIES			
Profit for the year before income tax		**75,082**	64,075
Adjustments for:			
Net impairment reversals on non-financial assets	6	**(273)**	(6)
Depreciation and amortisation	4.1	**29,647**	29,742
Hyperinflation adjustment on net monetary position	3.3	**3,124**	4,237
Net impairment reversals on financial assets (excluding bad debt recovery – net of other losses)	7	**742**	5,540
Net gains on disposal and write-off of property, plant and equipment, right-of-use assets, investment properties and intangible assets	8	**(377)**	(1,000)
Net gain on sale of debt instruments measured at FVOCI	8	**(442)**	(380)
Net change in fair value of investment securities measured at fair value through profit or loss (“FVTPL”)	8	**(1,533)**	(882)
Other finance income	9	**(4,171)**	(3,457)
Other finance costs	10	**8,686**	9,641
Net other income		**(3,684)**	(1,872)
Share of results of associates and joint ventures	18	**(8,273)**	(7,944)
Provision for employees’ end of service benefits	29	**1,857**	1,643
Unrealised losses / (gains) on derivatives		**373**	(796)
		100,758	98,541
Changes in:			
Inventories		**1,153**	2,676
Trade and other receivables		**1,736**	(9,479)
Trade and other payables		**6,421**	11,123
Loans and receivables (banking operations)		**(51,577)**	(33,194)
Interest free statutory deposits (banking operations)		**(15,057)**	(20,759)
Due from other banks with original maturity of more than three months (banking operations)		**(6,797)**	(21,869)
Certificate of deposits with Central Banks with original maturity of more than three months (banking operations)		**(27)**	1,000
Customer deposits (banking operations)		**76,536**	84,012
Due to banks with original maturity over three months (banking operations)		**22,468**	(12,534)
Fair value of derivatives – net		**505**	365
Other non-current assets		**3**	(1,457)
Other non-current payables		**(622)**	(1,468)
		135,500	96,957
Employees’ end of service benefits paid	29	**(1,500)**	(1,403)
Income tax paid	11.6	**(3,590)**	(2,448)
Other movements		**164**	(38)
Net cash generated from operating activities		**130,574**	93,068

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 December 2024

	Notes	***2024 AED million***	*2023 AED million*
INVESTING ACTIVITIES			
Payments for addition to property, plant and equipment, right-of-use assets, intangible assets, investment properties and development properties		**(29,600)**	(27,147)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		**3,216**	6,844
Acquisition of subsidiaries – net of cash and cash equivalent acquired		**(848)**	(96)
Proceeds from disposal of subsidiaries – net of cash and cash equivalent disposed of		**61**	808
Proceeds from disposal of investments in associates and joint ventures		**6,623**	210
Acquisition of additional stake in subsidiaries from non-controlling interests		**-**	(2,620)
Other finance income received (non-banking operations)		**4,003**	2,868
Net other movement in investment securities		**(26,156)**	(51,490)
Investments made in associates and joint ventures	18	**(584)**	(277)
Dividend received from associates and joint ventures	18	**5,211**	4,659
Return of capital from associates and joint ventures	18	**221**	-
Net movement in deposits with banks with original maturity of more than three months (non-banking operations)		**(929)**	(9,820)
Net cash used in investing activities		**(38,782)**	(76,061)
FINANCING ACTIVITIES			
Capital contribution from the Government of Dubai (the “Government”)		**4**	4
Interest on Tier 1 Capital Notes		**(511)**	(511)
Distributions paid to the Government		**(12,599)**	(13,618)
Proceeds from borrowings, net of transaction cost	30(f)	**68,579**	62,463
Repayment of principal element of borrowings and lease liabilities		**(90,126)**	(68,817)
Other finance costs paid (non-banking operations)		**(8,441)**	(9,264)
Dividend paid to the non-controlling interests		**(4,873)**	(1,905)
Contributions from non-controlling interests		**5**	10
Net cash used in financing activities		**(47,962)**	(31,638)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**43,830**	(14,631)
Cash and cash equivalents at the beginning of the year		**36,696**	51,327
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24.1	**80,526**	36,696

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2024

	Attributable to the equity holder of ICD					
	Capital AED million (note 26)	***Retained earnings AED million***	***Other Reserves AED million (note 28)***	***Total AED million***	***Non-controlling interests AED million (note 35)***	***Total equity AED million***
Balance at 1 January 2024	**82,698**	**146,742**	**8,515**	**237,955**	**72,787**	**310,742**
Profit for the year	**-**	**53,229**	**-**	**53,229**	**14,310**	**67,539**
Other comprehensive income for the year	**-**	**88**	**500**	**588**	**839**	**1,427**
Total comprehensive income for the year	**-**	**53,317**	**500**	**53,817**	**15,149**	**68,966**
Contribution from the Government	**4**	**-**	**-**	**4**	**-**	**4**
Distributions to the Government (note 27)	**-**	**(12,599)**	**-**	**(12,599)**	**-**	**(12,599)**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**(4,873)**	**(4,873)**
Interest on Tier 1 capital notes	**-**	**-**	**-**	**-**	**(511)**	**(511)**
Transfers	**-**	**(695)**	**695**	**-**	**-**	**-**
Transfers upon disposal of equity instruments measured at FVOCI	**-**	**(321)**	**321**	**-**	**-**	**-**
Other movements	**-**	**(648)**	**257**	**(391)**	**(778)**	**(1,169)**
Balance at 31 December 2024	**82,702**	**185,796**	**10,288**	**278,786**	**81,774**	**360,560**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2024

	Attributable to the equity holder of ICD					
	Capital AED million (note 26)	*Retained earnings AED million*	*Other Reserves AED million (note 28)*	*Total AED million*	*Non-controlling interests AED million (note 35)*	*Total equity AED million*
Balance at 1 January 2023	85,915	123,864	6,758	216,537	52,181	268,718
Profit for the year	-	50,340	-	50,340	10,432	60,772
Other comprehensive income for the year	-	(425)	866	441	(231)	210
Total comprehensive income for the year	-	49,915	866	50,781	10,201	60,982
Contribution from the Government	4	-	-	4	-	4
Distributions to the Government (note 27)	-	(13,618)	-	(13,618)	-	(13,618)
On transfer of 14.84% shareholding in Emirates NBD Bank PJSC (notes 3.5 and 35(b))	(3,221)	(10,812)	(471)	(14,504)	14,504	-
Change in Group's ownership in other subsidiaries (note 28.3)	-	(1,563)	596	(967)	(1,653)	(2,620)
Dividend paid to non-controlling interests	-	-	-	-	(1,905)	(1,905)
Interest on Tier 1 capital notes	-	-	-	-	(511)	(511)
Transfers	-	(622)	622	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI	-	(276)	276	-	-	-
Other movements	-	(146)	(132)	(278)	(30)	(308)
Balance at 31 December 2023	82,698	146,742	8,515	237,955	72,787	310,742

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

1 ACTIVITIES

Investment Corporation of Dubai, an entity wholly owned by the Government of Dubai (the "Government"), was established in Dubai on 3 May 2006 under Law No. 11 of 2006 issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates ("UAE") and The Ruler of Dubai.

ICD is the principal investment arm of the Government and was capitalised with the transfer of certain investments under the Government's portfolio from the Department of Finance - Investments Division. ICD's mandate is to:

- consolidate and manage the Government's portfolio of commercial companies and investments; and
- provide financial and strategic oversight to the portfolio companies in order to maximise value for the long-term benefit of the Emirate of Dubai.

As part of its mandate, ICD invests in attractive opportunities in order to achieve appropriate risk-adjusted returns over the long-term across a range of asset classes, sectors and geographies.

ICD's office is located in One Za'abeel Tower A, The Offices, Za'abeel First, PO Box 333888, Dubai, UAE.

The consolidated financial statements of ICD and its subsidiaries (together referred to as the "Group") have been approved by the Board of Directors on 11 April 2025.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except for the measurement of:

- financial assets and liabilities measured at FVTPL;
- financial assets measured at FVOCI;
- derivative financial instruments measured at fair value;
- recognised assets and liabilities that are hedged and measured at fair value in respect of the risk that is hedged;
- assets held for sale measured at the lower of their carrying amount and fair value less costs to sell in accordance with International Financial Reporting Standard ("IFRS") 5; and
- plan assets related to employees' end of service benefits measured at fair value.

(c) Functional and presentation currency

The consolidated financial statements are presented in UAE Dirham ("AED"). The functional currency of ICD and a majority of its subsidiaries is AED. Certain subsidiaries have a functional currency other than AED. The balances of these subsidiaries have been translated into AED for the purpose of these consolidated financial statements.

Numbers have been rounded to the nearest million AED ("AED million") except when otherwise indicated.

(d) Comparative information

Certain comparative figures have been reclassified either to conform to the current year's classification for a better presentation of the consolidated financial statements, where certain items of similar nature are aggregated, or in accordance with the relevant requirements of IFRS Accounting Standards. These reclassifications had no impact on the total equity as at 31 December 2023 or profit for the year ended 31 December 2023.

3 ACCOUNTING POLICIES

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the previous year, except for the adoption of amendments to the existing standards and interpretations effective as of 1 January 2024. The adoption of these amendments to the existing standards and interpretations had no material impact on the consolidated financial statements for the year ended 31 December 2024, as described below. The Group has not early adopted any standards, interpretations and amendments that have been issued but are not yet effective.

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

3.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards, amendments and interpretations relevant to the Group that have been issued as at the date of approval of these consolidated financial statements, but not yet effective for the year ended 31 December 2024 and have not been early adopted by the Group are listed below:

Description	**Effective date**
Amendment to IAS 21 – Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group is currently evaluating the impact of these new standards and amendments.

3.3 IAS 29 – FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

Türkiye continued to be a hyperinflationary economy under IAS 29 as its three-year accumulated inflation exceeded 100%. As at 31 December 2024, the three-year cumulative inflation rate was 291% (31 December 2023: 268%) based on the Turkish Consumer Pricing Index ("CPI"). The CPI as at 1 January 2024 was 1,859 and it closed at 2,685 as at 31 December 2024, resulting in an increase of 44% during the current year (31 December 2023: 65%).

Accordingly, the financial position and results of the Group's Turkish subsidiaries have been restated to reflect their current prices using the CPI in their local currency, before translation into the Group's functional currency. The hyperinflation adjustments for the Group arise mainly from DenizBank A.S., a Turkish banking subsidiary of Emirates NBD Bank PJSC.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of ICD and its subsidiaries. Subsidiaries are entities controlled by the Group. The list of the Group's significant subsidiaries, associates and joint ventures is provided in note 40.

The Group controls an investee if and only if the Group has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Special Purpose Entities ("SPEs") are entities that are created to accomplish a well-defined objective; for instance, the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. These circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- contractual arrangements with other vote holders of the investee;
- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- rights arising from other contractual arrangements; and
- the Group's existing and potential voting rights.

Certain of the Group's subsidiaries manage and administer funds on behalf of investors. The financial statements of these funds are not included in these consolidated financial statements.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holder of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction in the consolidated statement of changes in equity.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business combinations and goodwill

In determining whether the acquired set of activities and assets is a business, the Group may elect to apply a concentration test to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this test is met, the Group recognises the transaction as an asset acquisition. If the test is not met or if the Group considers it would be inefficient to perform the test, the Group assesses whether the set of assets and activities meets the definition of a business given in IFRS 3. The Group performs this test on an acquisition-by-acquisition basis.

Business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If the aggregate of the consideration transferred and the amount recognised for non-controlling interests is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the consolidated income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, and that, if known, would have affected the amounts recognised at that date.

The measurement period ends as soon as the Group receives the necessary information about facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Transactions involving entities under common control

Transactions involving entities under common control where the transaction has substance are accounted for using the acquisition method. For transactions involving entities under common control where the transaction does not have substance, the Group adopts the pooling of interests method. Under the pooling of interests method, the carrying value of assets and liabilities in the books of the transferor (as adjusted to comply with Group accounting policies) is used to account for these transactions. No goodwill is recognised as a result of the transfer. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the net assets acquired is reflected as 'merger reserve' within equity.

A number of factors are considered in assessing whether the transaction has substance, including the following:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not the transaction brings entities together into a 'reporting entity' that did not exist before.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investments in joint arrangements and associates

A joint arrangement is an arrangement in which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group classifies its investments in joint arrangements into one of two types – joint operations and joint ventures.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Where it undertakes its activities under a joint operation, the Group as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for under the equity method.

Under the equity method, an investment in a joint venture or an associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture or associate since the acquisition date. The goodwill relating to a joint venture or an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's net share of results of operations of joint ventures and associates. This represents the net results attributable to the equity holders of the joint ventures and associates. Where there has been a change recognised directly in the equity of joint ventures and associates, the Group recognises its share of any changes in the consolidated statement of changes in equity. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. If the joint venture or associate subsequently reports profits, the Group resumes the recognition of its share of those profits only after its share of the profits equals the share of losses not recognised.

To ensure consistency with the accounting policies adopted by the Group, adjustments are made to the numbers reported by joint ventures and associates, where necessary.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investments in joint arrangements and associates (continued)

Upon loss of joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture whose joint control has been lost and the sum of the fair value of the retained investment and the proceeds from disposal is recognised in the consolidated income statement.

When the Group retains significant influence over the remaining investment in the joint venture, the investment is accounted for as an investment in an associate.

Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of such an associate and the sum of the fair value of the retained investment and the proceeds from disposal is recognised in the consolidated income statement.

If the Group's ownership in an associate or joint venture is partially disposed of or diluted but the Group retains significant influence or joint control, the related gain or loss recognised in the consolidated income statement is calculated as the difference between:

- the net disposal proceeds; and
- the proportionate carrying value of the associate that is disposed of or diluted, adjusted for the share of the movement in the associate's net assets as a result of the dilution.

The Group also reclassifies a proportionate share of the amounts previously recognised in other comprehensive income relating to the reduction in the ownership interest to the consolidated income statement, if such amount would be required to be reclassified to the consolidated income statement on the disposal of the related assets or liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value; in doing so, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are classified within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels of the hierarchy by reassessing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign currency translation

The consolidated financial statements are presented in AED, which is ICD's functional currency. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate of the functional currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured using the exchange rate of the functional currency at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement; this excludes monetary items that are designated as part of a hedge of a Group's net investment in a foreign operation; the differences on such monetary items are recognised in other comprehensive income until the disposal of the net investment, at which time their cumulative amount is reclassified to the consolidated income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised directly in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustment to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where the functional currency of a foreign operation is different from AED, the assets and liabilities of this subsidiary are translated into AED at the rate of exchange at the reporting date and its income statement is translated at the average exchange rate for the period. Exchange differences arising from this translation are taken directly to a separate component of other comprehensive income. Upon disposal of a foreign operation, the cumulative amount of such exchange differences recognised in equity relating to this foreign operation is recognised in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Hyperinflation

The statement of financial position and the results of the subsidiaries operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using the official indices at the year-end, before translation into AED and, as a result, are stated in terms of the measuring unit current at the year-end.

Revenue recognition

For contracts determined to be within the scope of IFRS 15, the Group is required to apply a five-step model to determine when to recognise revenue from contracts with customers, and the amount of revenue to be recognised:

Step 1: Identify the contract(s) with a customer
A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations to be met.

Step 2: Identify the performance obligations in the contract
A performance obligation is a promise in a contract with a customer to transfer a good or provide a service to the customer.

Step 3: Determine the transaction price
The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract
For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
The Group satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time when the performance obligation is satisfied.

Principal versus agent
When more than one party is involved in a transaction for providing goods or services to a customer, the Group is required to determine whether it acts as a principal or an agent.

The Group acts as a principal if it controls a promised good or service before transferring it to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services. The factors considered in making this assessment are most notably whether the Group has discretion in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Principal versus agent (continued)

Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent revenue is recorded as a net amount reflecting the margin earned.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. The variable consideration is estimated at the inception of the contract using either the expected value or the most likely amount, and this is included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Group is required to assess whether a contract with a customer contains a significant financing component if the period between the customer payment date and the date of transfer of goods or services (both for advance payments or payments in arrears) is greater than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk associated with the customer.

Contract modification

A contract modification occurs when the Group and the customer approve a change in a contract that either creates new enforceable rights and obligations, or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, verbal, or implied by customary business practices. The Group treats a contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Fees and commission income in banking operations

Fee income is measured by the Group based on the consideration specified in contracts with customers and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as an arrangement for the acquisition of shares or other securities);
- Income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- Other fees and commission income and expense are recognised as the related services are performed or received.

If a fee income forms an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and included in interest income.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income and expense

Interest income and expense are recognised in the consolidated income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset (as defined below); or
- the amortised cost of the financial liability (as defined below).

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Group estimates future cash flows excluding ECL, considering all contractual terms of the financial instrument. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Gross carrying amount

The 'gross carrying amount' of a financial asset is the amortised cost of the financial asset before adjusting for any loss allowance.

Amortised cost

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of the difference between the initial amount and the maturity amount using the effective interest method and, for financial assets, adjusted for any loss allowance.

Calculation of interest income and expense

For the purpose of calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to their initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross carrying amount.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross carrying amount, even if the credit risk of the asset improves.

Interest income and expense arising from banking operations are presented within 'revenue' and 'cost of revenue', respectively, in the consolidated income statement. Interest income and expense arising from non-banking operations are presented within 'other finance income' and 'other finance cost', respectively, in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Income from Islamic financing and investment products

Islamic financing and investment products are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These products are carried at amortised cost less impairment. The main classes of Islamic investment assets are:

Murabaha
A Murabaha is an agreement under which the Group sells to a customer an asset, which the Group has purchased and acquired, based on a promise received from the customer to buy the asset purchased at a deferred selling price comprised of the cost of the asset and an agreed profit margin.

The profit is quantifiable and contractually determined at the commencement of the contract. The profit is recognised on a time proportion basis over the life of the contract using an effective profit method on the outstanding balance.

Istissna'a
An Istissna'a is an agreement under which the Group sells to a customer a fully described property according to the agreed upon specifications. The Group constructs or develops the property either on its own or through a subcontractor and then hands it over to the customer on a fixed date for a deferred agreed price.

Istissna'a revenue and the associated profit margin (the difference between the cash price to the customer and the Group's total Istissna'a cost) are accounted for on a time proportion basis.

Ijara
An Ijara is an agreement under which the Group (lessor) leases an asset to a customer (lessee) for a specific period of time against the payment of certain rent instalments. An Ijara ends by transferring the ownership of the asset to the lessee at the end of the Ijara agreement pursuant to a sale undertaking granted by the Group.

Ijara income is recognised on a time proportion basis over the period of the contract.

Mudaraba
A Mudaraba is an agreement between two parties under which the Rab-Ul-Mal, provides the funds and the other party, the Mudarib, provides efforts and expertise. The Mudarib is responsible for investing such funds in an enterprise or activity in return for a pre-agreed percentage of the Mudaraba profit. In the event of a loss not attributable to any misconduct or negligence by the Mudarib, the Rab-Ul-Mal bears the loss of his funds while the Mudarib bears the loss of his efforts. However, in an event of misconduct, negligence or violation of any of the terms and conditions of the Mudaraba agreement by the Mudarib, the Mudarib shall be responsible to make good the losses. The Group acts as Mudarib when accepting Mudaraba funds from depositors and as Rab-Ul-Mal when investing such funds on a Mudaraba basis.

Income on Mudaraba financing is recognised on distribution of profits by the Mudarib, whereas losses are charged to the consolidated income statement on their declaration by the Mudarib.

Wakala
A Wakala is an agreement under which the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in the event of misconduct, negligence or violation of any of the terms and conditions of the Wakala.

The estimated income from the Wakala is recognised on time proportion basis over the period and adjusted for any differences with the actual income when received. Losses are accounted for on the date of declaration by the agent.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Income from Islamic financing and investment products (continued)

Sukuk
Investment in Sukuk is a certificate of equal value, representing undivided shares in the ownership of tangible assets, usufruct and services or assets of particular projects or special investment activities. Sukuk investment represents a common share in the ownership of the assets made available for investment.

Income is accounted for on a time proportion basis over the terms of the Sukuk.

Exchange house trading

Trading commission fees are recognised at the time when the underlying trade has been executed.

Airline revenue

The Group's airline subsidiaries principally generate revenue from commercial air transportation, which includes passengers, baggage, cargo, in-flight services and other services such as fast check-in, airport shuttle service, etc.

Passenger and cargo sales are recognised as revenue when (or as) the performance obligation for transportation service is fulfilled, and is presented net of discounts and taxes. The transaction price is allocated to each performance obligation based on the relative stand-alone selling price method. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under trade and other payables as 'passenger and cargo sales in advance'. Revenue related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of services to the customer. In case of no refunds, revenue is recognised when the Group fulfils its performance obligations for the respective transportation services.

Revenue from the sale of consumer goods, food and beverages and catering operations is recognised when the control of goods is transferred or services are rendered to the customer and is stated net of discounts, taxes and returns.

Airport operations and travel services

Revenue from airport operations includes ground and cargo handling services, while the revenue from travel services includes the sale of travel holiday packages and individual travel component bookings. Revenue from these services is recognised upon the performance of the related service obligation.

Where the Group acts as a principal, the total consideration received is allocated to the separate performance obligations based on relative stand-alone selling prices and revenue is recognised upon satisfaction of each performance obligation. Where the Group acts as an agent between the service provider and the end customer, the net commission is recognised as revenue upon satisfaction of the performance obligation.

Revenue from oil and gas products and services

A sale of goods is recognised when the Group has delivered products to the customers. Sales of crude oil arising from upstream operations exclude the share of crude oil attributable to abandonment and decommissioning barrels under the terms of Production Sharing Agreements ("PSA"). Revenue from services is recognised over time as services are provided.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Lease income

Lease income from assets under operating leases is recognised as income on a straight-line basis over the term of the lease. When the Group provides incentives to its customers, the cost of incentives is recognised on a straight-line basis over the lease, as a reduction of lease income.

Construction and real estate developer revenue

Where the outcome of a performance obligation can be estimated reliably, and when one of the criteria for recognising revenue over time is met in accordance with IFRS 15, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured using input method i.e. as a proportion of contract costs incurred for work performed to date over the estimated total contract costs. In determining the contract cost incurred, the Group excludes the effect of any inputs that do not depict its performance in transferring control of goods and services to the customer. If the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

Revenue related to variation orders is recognised when it is probable that the customer will approve the variation and the amount of revenue arising from the variation can be reliably measured. Claims and incentive payments are recognised as contract revenue when settled or when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be reliably measured.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately and the contract is treated as an onerous contract.

Contract asset is created based on the amount of consideration earned related to the satisfied performance obligation and the right to consideration is conditional on factors other than passage of time. The contract assets are reclassified to trade receivables when the rights to consideration are unconditional, usually at a point when the Group has issued the invoice to the customer. Where the amount of consideration received from the customer exceeds the amount of revenue recognised, a contract liability is recognised. The contract liabilities primarily include passenger and cargo sales in advance, deferred revenue, advance from customers and excess billings from construction contracts that are disclosed under ‘non-current payable’ and ‘trade and other payable’.

If none of the criteria to recognise revenue over time are met, then the Group recognises revenue when it transfers control of goods or services to the customer, which may be the date of the handover.

Revenue from hospitality operations

Hotel revenue includes all the revenue received from hotel guests. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to guests are representative of their stand-alone selling prices and are recognised when they have been delivered or rendered.

Revenue from room rentals of and provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented and the services are rendered. Revenue from sale of food and beverage is recognised when they are sold.

When the Group acts as a hotel operator, it earns management fees from management contracts with third-party hotel owners. These fees are typically earned based on hotel revenue (e.g. base fees). They may also include an incentive fee subject to certain performance criteria. Base fees are typically billed and collected monthly, and revenue is recognised as services are provided. Incentive management fees are billed and recognised monthly based on each property's financial results, as long as the Group does not expect a significant reversal due to projected future hotel performance or cash flows in future periods.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from organisation of exhibitions and the provision of event services

Revenue derived from the organisation of exhibitions and the provision of event services is recognised immediately once the exhibition or event is held or the services rendered. If multiple services are rendered under a single arrangement, then the consideration is allocated based on their relative standalone selling prices determined based on the list price at which the Group would sell these services in separate transactions.

Licensing Fees

The Group earns revenue from the sale of licenses, which provide the customers with the right to use the underlying assets.

To determine whether the performance obligation is satisfied at a point in time or over time, the Group evaluates whether the nature of the promise is to provide the customer with a right to:

- access the intellectual property throughout the license period; or
- use the intellectual property as it exists at the point in time when the license is granted.

License fees earned by certain subsidiaries that operate free zones are recognised at the time when the license is issued. This license fee is a fixed and non-refundable fee that permits the licensee to operate freely under the terms of the license with no remaining obligation.

Revenue from retail operations

Revenue is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Dividend income

Dividend income is recognised when the Group’s right to receive the corresponding payment is established.

Government grant

A government grant is recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives a grant of a non-monetary asset, the asset and the grant are recorded at a nominal amount.

Intangible assets (excluding goodwill)

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value of intangible assets as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recorded in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill) (continued)

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates, i.e. adjusted prospectively. The amortisation expense of intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives as follows:

Licenses	up to 50 years
Customer relationships and order backlog	up to 15 years
Computer software	up to 10 years
Service rights	up to 15 years
Trade names	up to 20 years
Contractual rights	Over the term of rights or based on the usage pattern of the underlying contract

Intangible assets include goodwill, brands and exclusive rights that have an indefinite life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Capital work-in-progress is stated at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised but instead tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the assessment that its life is indefinite continues to be supportable. If as a result of this assessment, it can no longer be supported, a change in the useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement.

Exploration and evaluation ("E&E") assets

E&E costs in respect of Group's oil and gas operations are initially capitalised within 'intangible assets'. Such E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Pre-license costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the consolidated income statement as they are incurred.

E&E assets related to each exploration license/prospect are not amortised; they are carried forward until the existence (or otherwise) of commercial reserves has been established or the determination process has been completed. If commercial reserves have been discovered, the related E&E assets are tested for impairment and any loss is recognised in the consolidated income statement. The carrying value, net of any impairment loss, of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment and is amortised as per the Group's depletion (depreciation) policy. No depletion is charged during the exploration and evaluation phase.

Tangible assets acquired for use in E&E activities are classified as property, plant and equipment. The depreciation of such tangible assets is recorded as part of the cost of E&E assets.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. This excludes the costs of day-to-day servicing. An item of property, plant and equipment should be recognised only if it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing, such as repair and maintenance of property, plant and equipment and which largely comprise labour costs and minor parts, are recognised in the consolidated income statement as incurred. However, when expenditure involves replacing a significant part of an asset, this part should be capitalised as part of the property, plant and equipment, if the recognition criteria are met.

Land is not depreciated and is stated at cost less impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of property, plant and equipment as follows:

Buildings and leasehold improvements	up to 60 years
Furniture, fixtures, and office equipment	up to 20 years
Plant, machinery, equipment and vehicles	up to 40 years
Aircraft, aircraft engines and parts (other than aircraft held for lease)	up to 23 years
Aircraft held for lease (given on operating leases to various operators)	up to 30 years from the date of manufacture

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

When significant parts of items of property, plant and equipment are required to be replaced at regular intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Similarly, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a separate part if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Major overhaul expenditure is depreciated over the shorter of the period to the next major overhaul, the lease term or the useful life of the asset concerned.

In the case where the original lease contract did not have a purchase option and the Group purchases a leased aircraft at the end of the lease term, the asset is recognised in 'Property, plant and equipment' at fair value. Any difference between fair value and purchase consideration is recorded in the consolidated income statement after offsetting the corresponding right-of-use assets, lease liabilities and aircraft return condition obligations.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year when the asset is derecognised.

The asset's residual values, useful lives, and depreciation methods are reviewed at each reporting date and adjusted as necessary.

Development and production assets

Development and production assets represent the cost of developing the commercial oil and gas reserves discovered and of bringing them into production, in addition to the E&E expenditure incurred in finding commercial reserves and transferred from intangible E&E assets. Costs of development and production assets also include the costs of license acquisition, drilling, infrastructure projects and a proportion of directly attributable administrative and overhead costs.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Development and production assets (continued)

Inventory of drilling spares is classified under property, plant and equipment and is not depleted until it is put to use as development and production assets.

Depletion of development and production assets is computed using the unit-of-production method, with reference to the ratio of the production during the period and the estimated quantities of commercial reserves of oil and gas taking into account future development expenditure necessary to bring those reserves into production. Gas reserves are converted into barrels of oil equivalent based on the energy conversion rate for the purpose of determining the depletion charges. Changes in estimates of commercial reserves or future field development costs affecting the unit-of-production calculations for depletion are accounted for prospectively.

Commercial reserves
Commercial reserves are estimated quantities of proven and probable oil and gas reserves that available data demonstrates, with a specified degree of certainty, to be recoverable in the future from known reservoirs that are considered commercially producible. The working interest of the proven and probable commercial reserves are based on a reserves report produced by an independent engineer. Reserves estimates are reviewed by the independent engineer based on significant new data or a material change with a review of the field undertaken generally every year.

Capital work-in-progress

Assets in the course of construction are carried at cost less accumulated impairment losses. It also includes aircraft purchase deposits which represent the progress payment made to aircraft manufacturers for future aircraft deliveries.

Manufacturers' credits and liquidated damages

Group's airline subsidiaries receive credits from manufacturers in connection with the acquisition of certain aircraft and related assets, or as an overall business consideration.

When credits from manufacturers relate to a consideration received for incremental operating costs, it is recognised in the period to which costs pertain in the consolidated income statement, provided a contractual entitlement exists, amounts can be reliably measured and the receipt is virtually certain. These credits are recorded as a reduction of the cost of the aircraft and related assets when such credits do not relate to incremental operating costs.

Aircraft held for lease

Aircraft held for lease are stated at cost less accumulated depreciation and impairment losses, if any.

The maintenance right asset, a component of aircraft held for lease, it represents the value of the difference between the contractual right under the acquired lease to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition.

The maintenance right asset are amortised over the remaining useful life of the aircraft. Once the related maintenance work is performed, the unamortised amount will then be capitalised on to the aircraft. If the work is not performed during the term of the lease, the amount will be derecognised and any related maintenance reserves will be released, and the net impact is recorded in the consolidated income statement.

Major improvements to be performed by the Group pursuant to a lease agreement are accounted for as lease incentives and are amortised against revenue over the term of the lease, assuming there are no lease renewals. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to comply with return conditions of the flight equipment at the lease termination.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Aircraft held for lease (continued)

Major improvements and modifications incurred for an aircraft that is yet to be leased or those transitioning to a new lease are capitalised and depreciated over the remaining life of the aircraft held for lease when these increase the future economic benefit of related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition, the Group evaluates whether the lease acquired with the aircraft is at fair value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognised when it is determined that the acquired lease's terms are above fair value; lease discounts are recognised when it is determined that the acquired lease's terms are below fair value. Lease premiums and discounts are capitalised as a portion of the aircraft held-for-lease value and are amortised on a straight-line basis over the lease term and included in revenue.

Expenditure incurred to transition an aircraft from one lessee to another, due to either a lease termination or a bankruptcy, is expensed.

Investment properties

Properties held for rental income or for capital appreciation, or land held with an undetermined future use, that are not occupied by the Group companies are classified as investment properties. The properties occupied by the Group are classified as 'property, plant and equipment'. For leased properties, the Group considers proportion of ancillary services to rental income and assesses whether the revenue from ancillary services are significant. When the revenue from ancillary services is considered significant, the Group classifies such properties as 'property, plant and equipment'.

The Group has adopted the cost model for accounting for its investment properties. Accordingly, investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Land is not depreciated and is stated at cost less impairment.

Properties under construction are carried at cost less accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of each investment property. These useful lives are estimated by management up to 50 years.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any amendment to the above is accounted for prospectively.

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

For a transfer from investment properties to owner-occupied properties or vice versa, the deemed cost of property for subsequent accounting is its cost less accumulated depreciation and impairment at the date of change in use. Expenditure incurred to replace a component of an investment property 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 the future economic benefits of the related item of investment properties. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gain or loss arising on the derecognition of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated income statement in the year when the asset is derecognised.

Development properties

Properties in the course of construction for sale are classified as development properties and are stated at the lower of cost and estimated net realisable value.

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Management reviews the carrying value of development properties on an annual basis. No depreciation is charged during the development period.

Development properties expected to be completed within twelve months are disclosed under 'inventories'.

Leases

Identification of leases

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset. The asset may be identified by being explicitly or implicitly specified in the contract, and should be physically distinct or represent substantially all of the capacity of an asset. If the supplier has a substantive substitution right, the Group does not have the right to use an identified asset;

(b) the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and

(c) the Group has the right to direct the use of the identified asset throughout the period of use. The Group has this right when either:

    - it has the right to direct how and for what purpose the asset is used; or
    - where the decision about how and for what purpose the asset is used is predetermined, the Group:

        - has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
        - designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose it will be used.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Identification of leases (continued)

The Group acquires the right to purchase certain assets that are manufactured as per bespoke specifications and design, and are delivered through various financing arrangements. These are 'in-substance purchases' as it is certain that the title of these assets will eventually be transferred to the Group at the end of the financing term, and hence these assets are accounted for as property, plant and equipment under IAS 16. The related liabilities are treated as term loans under IFRS 9.

Group acting as a lessee

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for contracts that meet the definition of lease under IFRS 16.

Right-of-use-assets

For qualifying leases, a right-of-use asset is initially recognised and measured at cost, comprising of the initial measurement of lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or restore the underlying asset or the site on which it is located to the condition required by the terms of the lease. For contracts that contain one or more additional lease components, the consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component, estimated by maximising the use of observable information, if an observable standalone price is not readily available.

The right-of-use asset is subsequently depreciated over the shorter of the useful life or lease term of the right-of-use asset, except where the lessee has the option to purchase the leased asset at the end of the lease term and it is reasonably certain that it will do so; in this event, the right-of-use asset is depreciated over the useful life of the underlying asset. The estimated useful life of a right-of-use asset is determined on the same basis as that of property, plant and equipment. In addition, the right-of-use asset is periodically assessed for impairment and, if necessary, adjusted for remeasurements of the lease liability.

Lease liabilities

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments to be made for an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group acting as a lessee (continued)

A lease liability is measured at amortised cost using the effective interest method. A lease liability is remeasured if there is a change in the lease term, in future lease payments arising from a change in an index or rate, in the amount expected to be payable under a residual value guarantee, or in the assessment of whether the Group will exercise an option to purchase the underlying asset. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the Group recognises the remaining amount of such remeasurement in the consolidated income statement.

The Group presents lease liabilities in 'borrowings and lease liabilities' in the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any adjustments to that stand-alone price reflect the circumstances of the particular contract.

For lease modifications that are not accounted for as a separate lease, at the effective date of the lease modification, the Group:

- allocates the consideration in the modified contract;
- determines the lease term of the modified lease; and
- remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term or, if that rate cannot be readily determined, the Group uses the incremental borrowing rate at the effective date of the modification.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

Group acting as a lessor

Leases where the Group transfers substantially all the risks and rewards incidental to the ownership of an underlying asset are classified as finance leases. All other leases are classified as operating leases. The classification is carried out at the lease inception date and is reassessed only if there is a lease modification.

Amounts due from lessees under finance leases are recognised as receivables from an amount equal to the net investment in the lease. Finance lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the Group's outstanding net investment in respect of the lease.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term or by using another systematic basis if it is more representative of the time pattern in which the benefit of the underlying asset is diminished.

If an arrangement contains both lease and non-lease components, the Group applies guidance provided in IFRS 15 to allocate the consideration in the contract.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Sale and leaseback transactions

In order to determine whether the transfer of an asset is accounted for as a sale, the Group applies the requirements to determine when a performance obligation is satisfied under IFRS 15. If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset:

(a) the Group (as seller-lessee) derecognises the underlying asset and recognises a right-of-use asset with a corresponding liability equal to the retained interest in the asset. Accordingly, the Group (as seller-lessee) recognises a gain or a loss that relates to the rights transferred to the buyer-lessor in the consolidated income statement; and
(b) the Group (as buyer-lessor) accounts for the purchase of the asset under the relevant IFRS Accounting Standards, and for the lease applies the lessor accounting requirements of IFRS 16.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market term is accounted for as a prepayment of lease payments; and
(b) any above-market term is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

If the transaction does not qualify as a sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements as ‘bank and other borrowings’ under 'borrowings and lease liabilities'.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. To assess its value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. To determine its fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Goodwill

Goodwill is reviewed for impairment test purposes annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount plus the carrying amount of the goodwill allocated to the CGU, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are tested for impairment at each reporting period either individually or at the CGU level, as appropriate.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Investments in associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss against the carrying value of the Group's investments in its associates or joint ventures. The Group determines at each reporting date whether there is any objective evidence that an investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate or joint venture and its carrying value, and recognises the resulting impairment in the consolidated income statement.

Reversal of impairment losses on non-financial assets

For impaired non-financial assets other than goodwill, an assessment is made at each reporting date to ascertain whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the consolidated income statement.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument. Regular-way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

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

Classification and measurement of financial assets and liabilities

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. Derivatives embedded in contracts where the host is a financial asset are never bifurcated. Instead, the whole hybrid instrument is assessed for classification purposes.

i) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses related to these assets are recognised in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Financial assets (continued)

ii) Financial assets measured at FVOCI

(a) Debt instruments

Debt instruments are measured at FVOCI where they meet both of the following conditions and are not designated as measured at FVTPL:

- the contractual cash flows are solely payments of principal and interest on the outstanding principal; and
- the objective of the Group's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method. Foreign exchange gains and losses and impairment losses (including reversals) are recognised in the consolidated income statement. Other net gains and losses are recognised in the consolidated statement of comprehensive income.

(b) Equity instruments

Equity instruments are normally measured at FVTPL. However, upon initial recognition of an equity instrument that is not held for trading, the Group may elect to designate it as measured at FVOCI and accordingly present subsequent changes in the fair value of the instrument in the consolidated statement of comprehensive income. This election is irrevocable and made on an instrument-by-instrument basis. The Group has elected to measure certain equity instruments at FVOCI as these investments were primarily made for strategic purposes rather than with a view to profit on the disposal of these investments in the short or medium term.

Foreign exchange gains or losses arising on these assets are recognised in the consolidated statement of comprehensive income. Dividends are recognised as income in the consolidated income statement unless the dividend represents a recovery of part of the cost of the investment, in which case it is recognised in the consolidated statement of comprehensive income.

iii) Financial assets measured at FVTPL

On initial recognition, the Group may irrevocably designate as measured at FVTPL a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL. This includes derivatives and financial assets held for trading.

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

These assets are subsequently measured at fair value and net gains or losses are recognised in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Financial assets (continued)

Business model assessment

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

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to management;
- 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;
- 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; and
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.

Assessment whether contractual cash flows of a financial instrument are solely payments of principal and interest
For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and the credit risk associated with the outstanding principal.

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

i) Financial liability measured at amortised cost

After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Financial liabilities (continued)

ii) Financial liability measured at FVTPL

A financial liability is classified as measured at FVTPL if it is held for trading, it is a derivative or it is designated as FVTPL on initial recognition.

Financial liabilities are classified as held for trading if they are incurred with the intention to repurchase them in the near term or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities may be designated at FVTPL on initial recognition, if the following criteria are met:

(a) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
(b) they are managed within a group of financial liabilities or of financial assets and financial liabilities whose performance is evaluated on a fair value basis; or
(c) The financial liability contains an embedded derivative that significantly modifies the cash flows of the contract or it is clear with little or no analysis when a similar hybrid instrument is first considered that the separation of the embedded derivative is not prohibited.

Financial liabilities at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest expense, are recognised in the consolidated income statement. Any gains and losses arising from changes in the entity’s own credit risk are recognised in the consolidated statement of comprehensive income.

Reclassification

The Group reclassifies financial assets other than equity instruments measured at FVOCI if, and only if, the objective of the business model for managing those financial assets is changed.

The Group determines the classification of financial liabilities on initial recognition. Their subsequent reclassification is not permitted.

Modifications

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. The difference on derecognition of the original financial asset is recognised as gain or loss in the consolidated income statement.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement.

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different, then a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and that of the new financial liability with modified terms is recognised in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) the rights to receive cash flows from the asset have expired; or
(b) the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
(c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Any gain or loss arising on the derecognition of financial assets measured at amortised cost is recognised in the consolidated income statement.

Upon derecognition of debt instruments measured at FVOCI, cumulative gains or losses recognised in the consolidated statement of comprehensive income are reclassified to the consolidated income statement. Any cumulative gain or loss recognised in the consolidated statement of comprehensive income in respect of an equity instrument designated as FVOCI is reclassified to retained earnings upon derecognition.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. Any gain or loss arising on the derecognition of a financial liability is recognised in the consolidated income statement.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on the following instruments that are not measured at FVTPL:

- financial assets measured at amortised cost and debt instruments measured at FVOCI;
- lease receivables;
- financial guarantee contracts issued;
- loan commitments issued; and
- contract assets (as defined in IFRS 15).

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

No impairment loss is recognised on equity instruments that are financial assets.

The Group measures impairment allowances either using the general or simplified approach, as considered appropriate.

Under the general approach, impairment allowances are measured at an amount equal to 12-month ECL except when there has been a significant increase in credit risk ("SICR") since inception. In such cases, the Group measures impairment allowances at an amount equal to the credit loss expected over the life of the financial asset.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is a SICR since inception.

12-month ECL: These losses are the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL.

The Group uses simplified approach to measure the ECL mainly on trade receivables, retention receivables, contract receivables, loan receivables (non-banking operations) and finance lease receivables. The estimation of ECL is based on the historical credit loss experience adjusted for forward-looking information, primarily using provision matrix approach.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired: measured as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: measured as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive upon such drawdown; and
- financial guarantee contracts: measured as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Credit losses are measured using a 'three-stage' approach based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a SICR since initial recognition is identified, the financial instrument is moved to stage 2 but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to stage 3.
- Financial instruments in stage 1 have their ECL measured as an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on all possible default events that can take place over the lifetime of the instrument.
- ECL is measured after factoring in forward-looking information.
- ECL on purchased or originated credit-impaired financial assets is measured on a lifetime basis by the Group.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default ("PD")
- Loss Given Default ("LGD")
- Exposure at Default ("EAD")

Restructured or modified financial assets

If the terms of a financial asset are modified, or an existing financial asset is replaced with a new one due to the financial difficulties of the borrower, then an assessment is made to ascertain whether the financial asset should be derecognised and ECLs are measured as follows:

- if the expected restructuring or modification does not result in the derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in the calculation of cash shortfalls arising from the existing asset.
- if the expected restructuring results in the derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow arising from the existing financial asset at the time of its derecognition. This amount is included in the calculation of cash shortfalls arising from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties or other economic factors.

Revolving facilities

The Group's banking operations have a product offering that includes a variety of corporate and retail overdraft and credit card facilities, for which Emirates NBD Bank PJSC and its subsidiaries (together defined as the "Bank") have the right to cancel or reduce the facilities at a short notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Reversals of impairment

If the amount of an impairment loss decreases in subsequent periods, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the impairment allowance account accordingly. The write-back is recognised in the consolidated income statement.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no reasonable prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ECL, including those arising from banking operations, are presented as 'net impairment losses on financial assets' in the consolidated income statement.

Derivative financial instruments and hedging

The Group uses derivative financial instruments as trading investments as well as to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. Derivative financial instruments are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the consolidated income statement.

For the purpose of hedge accounting, a hedging relationship is categorised as either:

- hedge of an exposure to changes in the fair value of a recognised asset or liability or firm commitment (fair value hedge);
- hedge of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge); or
- hedge of a net investment in a foreign operation (net investment hedge).

Hedge accounting rules are governed by IFRS 9 and apply to financial instruments that qualify as hedging instruments and are designated in a hedging relationship such as one of the three categories listed above.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Hedge effectiveness is measured by the Group on a prospective basis at inception and prospectively over the term of the hedging relationship. Sources of ineffectiveness in hedge accounting include the impact of derivatives related credit risk on the valuation of the hedging derivative and hedged item.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedging (continued)

Hedges that meet the criteria for hedge accounting as defined by IFRS 9 are accounted for as follows:

Fair value hedges

When a derivative is designated as the hedging instrument in a fair value hedge of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in the consolidated income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the 'hedge reserve' within equity. Any gain or loss in fair value relating to an ineffective portion of the hedge is recognised immediately in the consolidated income statement.

The accumulated gains and losses recognised in the other comprehensive income are reclassified to the consolidated income statement in the periods in which the hedged item will affect the profit or loss. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are removed from equity and included in the initial measurement of the cost of the asset or liability.

When the hedging instrument expires or is sold, or when it no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively, and any cumulative gain or loss recognised in other comprehensive income at that time remains in equity until the forecast transaction is eventually recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately reclassified to the consolidated income statement.

Net investment hedges

Hedging instruments of a net investment in a foreign operation often consist of derivatives such as forward contracts that are accounted for in a similar manner as cash flow hedges. The effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and presented in the 'foreign currency translation reserve' within equity. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the consolidated income statement. The amount recognised in other comprehensive income is reclassified to the income statement upon disposal of the foreign operation.

Hedge rebalancing

When the Group performs a rebalancing of a hedging relationship, if the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for this designated hedging relationship remains unchanged, the Group may adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the consolidated income statement over the period of the borrowing using the effective interest method.

Interest or profit is payable on various facilities, bank borrowings and bank loans at normal commercial rates. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of this asset. The capitalisation of borrowing costs commences from the date of incurring the expenditure related to the qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Borrowing costs relating to the period after acquisition or construction are expensed.

Gains and losses arising from the derecognition of liabilities are recognised in the consolidated income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of liabilities for at least 12 months after the reporting date.

Sale and repurchase agreements

Liability arising from securities sold subject to repurchase agreements ("repos") is included as a separate deposit when the transferee has the right by contract or custom to sell or repledge the collateral. Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and receivables from other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost of materials comprises of expenditure incurred in bringing each product to its present location and condition. The cost of finished goods and work in progress comprises of the cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but it excludes borrowing costs, and is mainly determined as below:

Petroleum products	weighted average
Airline consumer goods	weighted average
Other consumable goods	weighted average

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Properties held with the intention to be sold in the future are classified as inventory properties under inventory.

Crude oil overlifts and underlifts

Crude oil overlifts and underlifts arise on differences in quantities between the Group's entitlement production and the production either sold or held as inventory by the Group at the reporting date. Underlifts and overlifts of entitlement to crude oil production are measured at market value and recorded as a receivable and payable, respectively. The movement within an accounting period is adjusted through 'cost of revenue' in the consolidated income statement.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted balances held with Central Banks, cash and deposits with banks and due from banks with an original maturity of three months or less, net of bank overdrafts and due to banks with an original maturity of three months or less.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expenses relating to provisions are presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for aircraft return conditions

The provision for aircraft return conditions (restoration obligation) arises from the Group’s airline subsidiaries and it represents the estimate of the cost required to meet the contractual lease-end obligations on certain aircraft and engines at the time of re-delivery. At lease commencement, the present value of the expected cost considering the existing fleet plan and long-term maintenance schedules is recognised as a provision and capitalised as part of the right-of-use asset and depreciated over the lease term.

Subsequent changes to the estimated cost for each restoration obligation are accounted for as a remeasurement to the provision for aircraft return conditions with a corresponding impact to the related right-of-use asset, if available, and depreciated over the remaining lease term. Otherwise, the remeasurement is recognised in the consolidated income statement.

Maintenance reserves

One of the Group’s subsidiaries engaged in an aircraft leasing business holds maintenance reserves. A maintenance reserve comprises of maintenance advances, lessor contributions, repossession provisions, re-lease provisions and heavy maintenance provisions. In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease (supplemental amounts). In these contracts, upon presentation by the lessee of the invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

The Group also recognises maintenance reserves that are not expected to be reimbursed to lessees, as lease revenue, when the Group is certain that such reserves are not required to be reimbursed to the lessee.

When an aircraft is sold, the portion of the accrued liability not specifically assigned to the buyer is derecognised from the consolidated statement of financial position as part of the gain or loss on disposal of the aircraft.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Maintenance reserves (continued)

Lessor contributions

At the beginning of each new lease subsequent to the first lease on a new aircraft, lessor contributions are established. They represent contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease. The Group regularly reviews the level of lessor contributions required to cover its contractual obligations under current lease contracts and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease.

Lessor contributions in respect of end of lease adjustments are recognised when the Group believes it is probable that it will be required to reimburse amounts to a lessee and the amount can be reasonably estimated.

Frequent flyer programme ("Skywards")

The Group's airline subsidiaries have a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on their airlines and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

These subsidiaries account for Skywards miles (predominantly accrued through the sale of flight tickets or purchase of miles by programme partners) as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Skywards miles based on their stand-alone selling price, adjusted for expected expiry and the extent to which the demand for an award cannot be met, and is accounted for as deferred revenue under 'trade and other payables' in the consolidated statement of financial position. The standalone selling price is determined using the adjusted market assessment approach, using estimation techniques and taking into consideration the various redemption options available to Skywards members. Marketing income earned from partners associated with the programme is recognised when the miles are issued.

Revenue from redemption of miles is recognised in the consolidated income statement only when these subsidiaries fulfil their obligations by supplying free or discounted goods or services on redemption of the miles accrued.

Abandonment and decommissioning costs

A PSA provides for a fixed proportion of the proceeds of the Group's oil production to be set aside in an escrow bank account to meet abandonment and decommissioning costs of wells, platforms and other facilities and is not therefore available for other purposes. In accordance with the terms of a PSA, abandonment and decommissioning obligations are limited to the accumulated abandonment and decommissioning funds set aside in an escrow account.

Employees' end of service benefits

The Group operates or participates in various end-of-service benefit plans that are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which the relevant subsidiary pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employee's service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Employees' end of service benefits (continued)

A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at this date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the reporting date of high-quality bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses for defined benefit plans are fully recognised in retained earnings through consolidated statement of comprehensive income in the period in which they arise.

UAE national employees participate in the UAE government's pension fund to which the employee and the Group contribute a specified percentage of salary. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

End-of-service benefits for other employees are provided for as per UAE labour law or in accordance with other relevant local regulations.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but is disclosed when an inflow of economic benefits is probable.

Financial guarantees and undrawn loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantee liability is carried at amortised cost when a payment under the contract has become probable. Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide financing with pre-specified terms to the customer.

Financial guarantees issued and undrawn loan commitments are initially measured at fair value (which is the charges received on issuance). The received charges are amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

Taxes

Income tax expense comprises current and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income. Current tax relating to items recognised outside of consolidated income statement is recognised either as other comprehensive income or directly in equity in conjunction with the underlying transaction.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, that affects neither accounting nor taxable profit or loss; and
- in respect of temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which they can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside of consolidated income statement is recognised either as other comprehensive income or directly in equity in conjunction with the underlying transaction.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

International Tax Reform - Pillar Two Model Rules

The Group has applied the mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules.

3 ACCOUNTING POLICIES (continued)

3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale rather than through their continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to sell, and the sale transaction should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as a discontinued operation if it is a component of the Group that is a CGU or a group of CGUs, that either has been disposed of, or is classified as held for sale or distribution, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the consolidated statement of financial position. The results of the discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the senior management of ICD, who makes strategic decisions and is responsible for the overall allocation of resources and assessment of performance of the operating segments.

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The following are information about the key sources of estimation uncertainty where management of the relevant entities exercised judgments and made assumptions that may have a material impact over the carrying value of assets and liabilities.

Classification of financial assets

When the Group classifies financial assets, it makes judgments and estimates to:

- assess the business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amounts outstanding;
- determine the classification of certain financial assets as measured at FVTPL or at FVOCI; and
- determine fair value at the time of reclassification i.e. on initial adoption of IFRS 9.

Calculation of ECL on loans and receivables

Assessment of significant increase in credit risk

While estimating ECL, the Bank assumes that the credit risk on a financial asset has significantly increased since initial recognition when there is objective evidence or early warning and other indicators to support it.

The Bank performs the following analysis to find objective evidence or other indicators of increased credit risk for each individual exposure based on various factors. If any of the factors indicate that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2. These factors include but are not limited to:

- The Bank has established thresholds for significant increase in credit risk based on movement in Probability of Default relative to initial recognition. The Bank performs additional qualitative reviews to assess the SICR and make adjustments, as necessary, to better reflect the positions that have significantly increased in risk.
- IFRS 9 contains a rebuttable presumption that instruments that are 30 days past due have experienced a SICR.

The movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit impairment is based on an individual assessment of financial assets for objective evidence of impairment.

The Bank reviews its loans and receivables portfolio to assess whether they are impaired on a regular basis. Whilst performing this impairment testing, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or a homogenous group of loans and receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce differences between loss estimates and actual loss.

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL on loans and receivables (continued)

Macroeconomic factors and forward-looking information

The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The estimation and application of forward-looking information requires judgment based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio and represent the underlying causal effects of changes in these economic conditions. Each macroeconomic scenario used in the Bank's ECL calculation will have projected forecasts of the relevant macroeconomic variables.

The Bank estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. These scenarios are based on macroeconomic forecasts published by external experts. If conditions warrant, additional downside scenarios may also be considered.

Probability weights attached to these scenarios are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. In some instances, the inputs and models used for calculating ECL may not always capture all characteristics of the market at the reporting date. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Bank's governance process for oversight.

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL on loans and receivables (continued)

Macroeconomic factors and forward-looking information (continued)

A sensitivity assessment due to movements in each macroeconomic variable and the respective weights under the three scenarios is periodically performed by the Bank.

The table below summarises key macroeconomic indicators included in the economic scenarios for the respective operating regions relevant to their markets during Q4 2024 and for the years ending 2025 to 2028:

	Base Scenario					**Upside Scenario**					**Downside Scenario**				
	2024	**2025**	**2026**	**2027**	**2028**	**2024**	**2025**	**2026**	**2027**	**2028**	**2024**	**2025**	**2026**	**2027**	**2028**
UAE															
Oil Price – USD	81	78	76	75	75	81	84	80	76	76	81	60	60	71	73
GDP – Change %	3.7	4.0	3.6	3.8	3.9	3.7	5.8	5.1	3.8	3.8	3.7	0.2	(0.9)	4.8	5.6
Imports – AED in Bn	1,919	2,039	2,160	2,268	2,379	1,919	2,058	2,216	2,362	2,500	1,919	1,865	1,882	1,995	2,098
Kingdom of Saudi Arabia															
Oil GDP – SAR in Trn	1.17	1.20	1.21	1.22	1.23	1.17	1.22	1.25	1.26	1.27	1.17	1.16	1.12	1.15	1.18
Unemployment %	7.47	7.70	7.72	7.73	7.74	7.47	7.45	7.39	7.49	7.67	7.47	8.97	9.57	9.20	8.66
Türkiye															
Real GDP - Growth%	3.0	2.5	4.0	4.5	-	3.0	3.0	4.3	4.7	-	2.8	1.9	3.4	4.1	-
Unemployment - %	9.2	9.6	9.1	8.6	-	9.0	9.3	8.7	8.1	-	9.4	10.3	10.1	9.6	-

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to inherent uncertainty and therefore the actual outcomes may be different to those projected.

Definition of default

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

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL on loans and receivables (continued)

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

Fair value of financial instruments

The fair value of investments that are actively traded on an organised financial market is determined by reference to quoted market bid prices available at the close of business of the reporting date. Where the fair value of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, it is determined using a variety of valuation techniques and valuation models, depending on the financial instrument type and available market data, and are classified as level 2 or level 3 within the fair value hierarchy. The input to these models is taken from observable market data where possible, and where not possible, a degree of judgment is required in establishing fair values. For example, in the absence of an active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors; and for derivative instruments, industry standard valuation models are used to calculate the fair value of derivatives, for example, forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

Revenue from contracts with customers

Satisfaction of performance obligations
The Group assesses its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of revenue recognition.

Determination of transaction prices
The Group determines the transaction price of each of its contracts with customers. In doing so, the Group assesses the existence in the contract of variable considerations, significant financing components and non-cash considerations, and their impact.

Allocation of transaction price to performance obligation in contracts with customers
A transaction price is allocated to each performance obligation on the basis of their stand-alone selling price. The Group estimates the standalone selling price as a price at which a promised good or service is sold separately to a customer in the market. Where an observable market price is not available, 'the adjusted market assessment approach', 'the expected cost-plus margin approach' or 'the residual method', as relevant, may be used to estimate the stand-alone selling price.

Method to recognise revenue over time
The Group exercises significant judgment to evaluate whether to apply the input method or output method in allocating the transaction price to performance obligations when revenue is recognised over a period of time. The Group may select an appropriate output or input method based on the business segment or products or services in such business segment. However, the Group applies the method consistently to similar performance obligations and in similar circumstances.

In applying the input method, the Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognised. The Group uses the output method, where performance is measured based on the direct value of goods or services transferred to date to customers, in comparison to the remaining goods or services to be provided under the contract.

Transfer of control in a contract with a customer
Where the Group determines that performance obligations are satisfied at a single point in time, revenue is recognised when the control over the asset is transferred to the customer. Significant judgment is required to evaluate when the control is transferred to the customer.

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Revenue from contracts with customers (continued)

Passenger and cargo revenue recognition
The Group's subsidiaries recognise passenger and cargo sales as revenue when each performance obligation for the transportation service is fulfilled. The value of unused revenue documents is held in the consolidated statement of financial position under 'trade and other payables' as 'passenger and cargo sales in advance'. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of service to the customer.

Impairment losses on non-financial assets
At each reporting date, the Group reviews its non-financial assets and their carrying value to assess whether there are any indications of impairment. Where an impairment indicator is identified, management estimates the recoverable value of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. To compute the value-in-use, management estimates the present value of future cash flows using a reasonable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where fair value is used to determine the recoverable amount, management uses valuation techniques and may appoint external independent valuers, as deemed appropriate. Publicly listed companies that the Group invests in often operate under restrictions due to the applicable listing regulations on the disclosure of information to a selective group of equity holders. Therefore, for such investments, the Group may determine the recoverable value using publicly available data or analysts' forecasts, as appropriate.

Depreciation of property, plant and equipment and investment properties
The Group determines the useful life and residual value of property, plant and equipment and investment properties based on the intended use and the economic lives of these assets. Subsequent changes in circumstances due to factors such as technological advancements or a change in the prospective utilisation of these assets could result in the actual useful life or residual value differing from initial estimates.

Aircraft held for lease
To determine the carrying value of aircraft held for lease, the Group estimates the useful lives and residual values of aircraft. In doing so, the Group relies upon relevant management's industry experience, supported by estimates received from independent appraisers, for the same or similar aircraft types along with the Group's anticipated utilisation of the aircraft. For the purpose of assessing the impairment of aircraft held for lease, the key assumptions used while calculating value in use for aircraft held for lease include estimates of future lease rates, discount rates, residual value, economic conditions, technology advancements and airline demand for particular aircraft types. A significant level of judgment is exercised by management given the long-term nature and diversity of inputs that go into determining these estimates.

Development and production assets – depletion
To determine the carrying value of the Group's development and production assets, significant assumptions have been made in respect of the depletion charge. These significant assumptions include estimates of oil reserves, future oil prices, discount rate and future development costs, including the cost of drilling, infrastructure facilities and other capital and operating costs. The depletion charge computation assumes the continued development of the field to extract the assessed oil reserves and the underlying capital expenditure required for this purpose.

Frequent flyer programme
The Group's airline subsidiaries account for Skyward miles (predominantly accrued through sales of flight tickets or purchases of miles by programme partners) as a separately identifiable component of the sale transaction in which they are granted. The consideration in respect of the initial sale is allocated to Skyward miles based on their stand-alone selling price and is accounted for as deferred revenue under 'trade and other payables' in the consolidated statement of financial position. The stand-alone selling price is determined using an adjusted market assessment approach. The adjusted market assessment approach involves the use of estimation techniques to determine the standalone value of Skyward miles and reflects the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards using historical trends. Adjustments to the stand-alone selling price of miles are also made in consideration of those miles not expected to be redeemed by programme members and the extent to which the demand for an award cannot be met. A level of judgment is exercised by management due to the diversity of inputs that go into determining the stand-alone selling price of miles. A reasonably possible change to any single assumption will not result in a material change to the deferred revenue.

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Provision for aircraft return conditions
The measurement of the contractual provision for aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by the Group's airline subsidiaries. A significant level of judgment is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. A reasonably possible change in any single assumption will not result in a material change to the provision.

Determination of lease term under IFRS 16
To determine the term of a lease, the Group considers all relevant factors that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by an option to terminate the lease) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). To ascertain whether it is reasonably certain that the Group exercises these options, the Group takes into consideration lease termination penalties that would be incurred, leasehold improvements that are estimated to have significant remaining value, historical lease durations and the cost associated with the business disruption caused by replacing the leased asset.

Amortisation of intangible assets
The Group assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and historical experience. Subsequent changes in circumstances due to factors such as technological advancement, changes in the terms of the underlying contracts or prospective utilisation of these assets result in the useful lives or residual values differing from initial estimates. The Group reviews the residual values and useful lives of major intangible assets and makes adjustments where necessary.

Provision for obsolete inventory
The Group reviews its inventory on a regular basis to assess losses due to obsolescence. In determining whether a provision for obsolescence should be recognised in the consolidated income statement, the Group assesses whether there is any observable data indicating that there are future adverse factors affecting the saleability of a product and the net realisable value for such product. Accordingly, a provision for impairment is recognised where the net realisable value is less than its cost based on management's best estimates. The provision for obsolescence of inventory is based on past movement, future expected consumption and age analysis.

Contingent liability arising from litigations
Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. A provision for litigation is recorded only if an outflow of economic resources is probable to settle the obligation and a sufficiently reliable estimate of the amount of the obligation can be made. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In doing so, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. In some instances, part of a property may be held to earn rentals or for capital appreciation purposes and the remaining part of the same property may be held for use in the production or supply of goods or services or for administrative purposes. If these parts can be sold separately (or leased out separately under a finance lease), the Group accounts for these parts separately. If these parts cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Management applies judgment to determine whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its assessment.

Valuation of defined benefit obligations
The present value of defined benefit obligations is determined on an actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, such estimates are subject to significant uncertainty.

3 ACCOUNTING POLICIES (continued)

3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Control over the Emirates NBD Bank PJSC
On 24 November 2023, ICD transferred through the Government 14.84% of its shareholding in Emirates NBD Bank PJSC to another wholly Government-owned entity (the "Transfer").

Following the Transfer, ICD's shareholding in the Bank reduced from 55.76% to 40.92%. Given this shareholding level, ICD has, in connection with assessing its ability to continue to consolidate the Bank, considered whether it has:

- the practical ability to direct the relevant activities of the Bank unilaterally;
- sufficient exposure to the variable returns; and
- the ability to use its power to affect the variable returns.

Ordinarily, the relevant activities of a listed entity are directed by its Board of Directors and as such, the investor who has the ability to appoint and remove the majority of the directors would have the power over the entity.

Management has performed a detailed assessment of ICD's shareholding in the Bank and has, based on various relevant factors, determined that ICD has retained the practical ability to direct the relevant activities of the Bank.

The following were key considerations:

- ICD continues to be the largest shareholder of the Bank with 40.92% shareholding;
- the second largest shareholder of the Bank (the transferee of the shares in the Transfer) holds 14.84% shares and is also wholly owned by the Government;
- the disparate nature of the remaining non-Government owned shareholders makes it unlikely that they could, even if acting in concert, vote successfully against ICD; and
- historic voting patterns of the Bank's general meetings indicate that ICD (even if it had held 40.92%, rather than the 55.76% it held before) would have had more than 50% of the votes in the majority of previous general meetings.

Based on the above assessment, management believes that ICD has the practical ability to direct the relevant activities unilaterally, has significant exposure to variable returns with a 40.92% shareholding and has the ability to use its power to affect such variable returns. Accordingly, it was concluded that it is appropriate for the Group to continue to consolidate the Bank.

4 TOTAL OPERATING EXPENSES

	2024 *AED million*	*2023* *AED million*
Interest and similar expenses in banking and financial services*	**46,025**	27,547
Employee costs**	**45,075**	40,026
Cost of:		
- Oil products traded in oil and gas operations	**38,208**	33,682
- Inventory consumed in oil and gas operations	**23,289**	22,660
- Inventory sold in transportation segment	**2,010**	1,900
Depreciation and amortisation (note 4.1)	**29,647**	29,742
Aircraft jet fuel	**28,066**	28,044
Aircraft handling, overflying, landing and parking	**9,574**	8,882
Sales and marketing	**8,184**	7,993
In-flight catering	**6,998**	6,367
Fees and commissions expenses of the Bank	**6,554**	4,086
Aircraft maintenance	**5,569**	4,036
Information technology related cost	**2,602**	2,394
Tours and travel services	**2,588**	1,733
Short-term and low value lease rentals	**2,370**	1,739
Others	**32,848**	33,217
	289,607	254,048
Disclosed as follows:		
Cost of revenue	**262,641**	228,963
General and administrative expenses	**26,966**	25,085
	289,607	254,048

* Includes distribution on Islamic deposits and profit paid to Sukuk holders.

** Includes UAE pension costs of AED 372 million (2023: AED 301 million) and other post-employment benefits of AED 2,075 million (2023: AED 1,834 million).

4.1 Depreciation and amortisation

	2024 *AED million*	*2023* *AED million*
Depreciation charge on property, plant and equipment (note 13)	**17,684**	17,947
Depreciation charge on right-of-use assets (note 14)	**10,705**	10,503
Amortisation charge on intangible assets (note 15)	**1,346**	1,357
Depreciation charge on investment properties (note 16)	**661**	580
	30,396	30,387
Less: Depreciation on right-of-use assets capitalised as an addition to ‘property, plant and equipment’	**(749)**	(645)
	29,647	29,742

5 NET GAINS FROM DERIVATIVE FINANCIAL INSTRUMENTS

	2024	*2023*
	AED million	*AED million*
Net gains on interest rate derivatives	**579**	1,795
Net gains on currency derivatives	**274**	1,713
Net (losses) / gains on commodity oil derivatives	**(40)**	11
Net gains on other derivatives	**36**	34
	849	3,553

6 NET IMPAIRMENT REVERSALS ON NON-FINANCIAL ASSETS

	2024	*2023*
	AED million	*AED million*
Impairment losses on property, plant and equipment (note 13)	**144**	553
Impairment losses on intangible assets (note 15)	**210**	190
Impairment reversals on investment properties (note 16)	**(627)**	(761)
Impairment losses on development properties (note 17)	**-**	12
	(273)	(6)

7 NET IMPAIRMENT (REVERSALS) / LOSSES ON FINANCIAL ASSETS

	2024	*2023*
	AED million	*AED million*
Impairment (reversals) / losses on loans and receivables – net of recoveries (note 23.2)	**(404)**	4,466
Impairment (reversals) / losses on trade and other receivables – net of recoveries (note 22.2)	**(19)**	40
Impairment losses on investment securities – net	**45**	39
Impairment losses on cash and deposits with banks – net	**51**	73
Impairment losses on unfunded exposures	**1,069**	922
Bad debt recovery – net of other losses	**(795)**	(2,165)
	(53)	3,375

8 NET OTHER OPERATING INCOME

	2024 *AED million*	*2023* *AED million*
Net foreign exchange gains	**2,020**	1,801
Net change in fair value of investment securities measured at FVTPL	**1,533**	882
Manufacturers' credits and liquidated damages	**1,459**	792
Net gain on sale of debt instruments measured at FVOCI	**442**	380
Net gains on disposal and write-off of property, plant and equipment, right-of-use assets, investment properties and intangible assets	**377**	1,000
Site rentals	**220**	218
Others *	**3,509**	3,243
	9,560	8,316

* In 2022, one of the Group's subsidiaries operating in the aircraft leasing business wrote-off its net exposure of AED 2,119 million in respect of the 19 aircraft that were previously leased to airlines based in Russia.

During the current year, the subsidiary received settlement proceeds AED 737 million (2023: AED 435 million) in relation to part of the value of the aircraft which were written off in 2022. The Group has recognised this income within 'others' in the table above.

The subsidiary has insurance cover in respect of the 19 aircraft under a number of insurance policies and has filed insurance and litigation claims to recover the amounts due under such policies.

9 OTHER FINANCE INCOME

	2024 *AED million*	*2023* *AED million*
Finance income on bank deposits	**2,863**	2,063
Finance income from associates and joint ventures (note 37(a))	**927**	1,083
Finance income from the Government, Ministry of Finance of the UAE ("MOF") and other related parties (note 37(a))	**7**	28
Others	**374**	283
	4,171	3,457

10 OTHER FINANCE COSTS

	2024 *AED million*	*2023* *AED million*
Finance costs on borrowings	**4,776**	5,438
Finance charges on lease liabilities (note 30(e))	**2,135**	2,297
Finance costs on loans from associates and joint ventures (note 37(a))	**778**	723
Finance costs on loans from Government, MOF and other related parties (note 37(a))	**111**	532
Others	**886**	651
	8,686	9,641

11 INCOME TAX EXPENSE - NET

UAE Corporate Tax

The Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Corporate Tax Law") introduced a federal tax in the UAE (the "Corporate Tax") of 9%. The Corporate Tax Law also provides exemptions or a lower tax rate in certain cases.

The Group is subject to Corporate Tax in the UAE from the financial year beginning on or after 1 January 2024.

Pillar Two Model Rules

In December 2021, the Organisation for Economic Cooperation and Development released the Base Erosion and Profit Shifting Pillar Two Model Rules ("Pillar Two Model Rules"). The Pillar Two Model Rules aim to impose an additional level of taxation of up to 15% on qualifying Multinational Enterprises. Countries introducing the Pillar Two Model Rules are required to incorporate them into their domestic laws ("Pillar Two Legislation").

In December 2024, the UAE Ministry of Finance announced the introduction of Pillar Two Legislation through a Qualified Domestic Minimum Top-up Tax ("QDMTT"), which is effective for financial years beginning on or after 1 January 2025. The QDMTT is considered to be enacted in the UAE subsequent to the year end. However, Pillar Two Legislation has been enacted and is effective in certain jurisdictions where the Group operates as at reporting date.

ICD is not subject to Pillar Two Legislation as it is a sovereign wealth fund. The Group's subsidiaries that meet the required conditions are subject to Pillar Two Legislation. These subsidiaries have applied the mandatory temporary exception as per the Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules and have, therefore, not recognised the deferred tax assets and liabilities that arise from the enactment of Pillar Two Legislation. There is no material current tax impact from the enactment of Pillar Two Legislation in the consolidated financial statements for the year ended 31 December 2024.

Due to the underlying complexities and uncertainties, the quantitative exposure to the Pillar Two Legislations that have been enacted or substantively enacted but are not yet in effect cannot be reasonably estimated.

11.1 The components of income tax expense are as follows:

	***2024* AED million**	*2023* AED million*
Current tax	**7,008**	1,957
Deferred tax	**535**	1,346
	7,543	3,303

11.2 The relationship between the tax expenses and the accounting profit can be explained as follows:

	***2024* AED million**	*2023 AED million*
Profit for the year before income tax	**75,082**	64,075
Tax calculated using Corporate Tax of 9% (2023: 0%)	**6,757**	-
Effect of higher / (lower) tax rates in foreign jurisdictions – net	**2,084**	3,209
Effect of non-deductible expenses	**780**	-
Effect of share of results of associates and joint ventures	**(745)**	-
Effect of non-taxable period	**(348)**	-
Effect of other income exempt from tax	**(892)**	-
Effect of other items – net	**(93)**	94
Income tax expense – net	**7,543**	3,303
Effective tax rate	**10.0%**	5.2%

11 INCOME TAX EXPENSE – NET (continued)

11.3 Net deferred tax position is as follows:

	2024 ***AED million***	*2023* *AED million*
Deferred tax assets	**914**	888
Deferred tax liabilities	**(3,414)**	(2,931)
	(2,500)	(2,043)

11.4 Movement in net deferred tax positions is as follows:

	Depreciation / amortisation of non-financial assets AED million	***Tax losses AED million***	***Investment securities measured at fair value AED million***	***Impairment losses on financial assets AED million***	***Other temporary differences AED million***	***Total AED million***
Balance at 1 January 2023	**(3,325)**	**1,090**	**480**	**467**	**(755)**	**(2,043)**
Recognised in income statement	**(392)**	**(126)**	**(260)**	**36**	**207**	**(535)**
Recognised in other comprehensive income	**-**	**-**	**98**	**-**	**139**	**237**
Arising on business combination	**(184)**	**72**	**-**	**-**	**(2)**	**(114)**
Others	**12**	**(16)**	**-**	**-**	**(41)**	**(45)**
Balance at 31 December 2024	**(3,889)**	**1,020**	**318**	**503**	**(452)**	**(2,500)**
Balance at 1 January 2023	(3,246)	1145	38	560	743	(760)
Recognised in income statement	(14)	(85)	87	(92)	(1,242)	(1,346)
Recognised in other comprehensive income	-	-	355	-	2	357
Business combination	(60)	26	-	-	-	(34)
Others	(5)	4	-	(1)	(258)	(260)
Balance at 31 December 2023	(3,325)	1,090	480	467	(755)	(2,043)

11 INCOME TAX EXPENSE - NET (continued)

11.5 Unrecognised deferred tax assets is as follows:

	2024 AED million	*2023 AED million*
Tax losses	**786**	760

Unrecognised deferred tax assets expire as follows:

	2024 AED million	*2023 AED million*
Up to one year	**2**	6
One to five years	**29**	13
More than five years	**102**	54
Indefinite period	**653**	687
	786	760

11.6 Movement in current income tax liabilities is as follows:

	2024 AED million	*2023 AED million*
Balance at 1 January	**2,317**	2,718
Current tax expense (note 11.1)	**7,008**	1,957
Tax paid	**(3,590)**	(2,448)
Translation differences	**51**	90
Balance at 31 December	**5,786**	2,317

12 BUSINESS COMBINATIONS

During the current year and prior year, the Group acquired or incorporated a number of subsidiaries. Individually these had no significant impact on the Group’s consolidated financial statements.

13 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements AED million	*Furniture, fixture and office equipment AED million*	*Plant, machinery, equipment and vehicles AED million*	*Oil and gas interests AED million*	*Aircraft, aircraft engines and parts AED million*	*Capital work-in-progress AED million*	*Total AED million*
Cost:							
Balance at 1 January 2024	**49,664**	**15,202**	**34,438**	**33,984**	**172,222**	**12,040**	**317,550**
Transfers from right-of-use assets (note 14)	**-**	**-**	**-**	**-**	**4,694**	**-**	**4,694**
Transfers to investment properties (note 16)	**(233)**	**-**	**-**	**-**	**-**	**(47)**	**(280)**
Transfers to assets held for sale	**-**	**-**	**-**	**-**	**(1,866)**	**-**	**(1,866)**
Other transfers	**512**	**(26)**	**316**	**-**	**6,116**	**(6,918)**	**-**
Additions	**2,406**	**1,617**	**2,728**	**3,521**	**6,399**	**11,177**	**27,848**
Arising on business combinations	**72**	**-**	**-**	**-**	**3,214**	**168**	**3,454**
Disposals / write-off	**(427)**	**(228)**	**(1,297)**	**-**	**(4,501)**	**(144)**	**(6,597)**
Hyperinflation adjustment (note 3.3)	**549**	**1,227**	**47**	**-**	**-**	**-**	**1,823**
Translation differences	**(228)**	**(536)**	**(271)**	**-**	**-**	**(19)**	**(1,054)**
Balance at 31 December 2024	**52,315**	**17,256**	**35,961**	**37,505**	**186,278**	**16,257**	**345,572**
Accumulated depreciation and impairment:							
Balance at 1 January 2024	**21,127**	**11,726**	**22,091**	**22,417**	**76,698**	**130**	**154,189**
Depreciation charge (note 4)	**1,582**	**1,445**	**2,298**	**2,858**	**9,501**	**-**	**17,684**
Impairment charge (note 6)	**118**	**20**	**-**	**-**	**-**	**6**	**144**
Transfers from right-of-use assets (note 14)	**-**	**-**	**-**	**-**	**569**	**-**	**569**
Transfers to investment properties (note 16)	**(8)**	**-**	**-**	**-**	**-**	**-**	**(8)**
Transfers to assets held for sale	**-**	**-**	**-**	**-**	**(950)**	**-**	**(950)**
Other transfers	**(32)**	**32**	**-**	**-**	**-**	**-**	**-**
Disposals / write-off	**(253)**	**(196)**	**(1,099)**	**-**	**(2,218)**	**(110)**	**(3,876)**
Hyperinflation adjustment (note 3.3)	**90**	**765**	**(2)**	**-**	**-**	**-**	**853**
Translation differences	**(196)**	**(171)**	**(176)**	**(1)**	**1**	**1**	**(542)**
Balance at 31 December 2024	**22,428**	**13,621**	**23,112**	**25,274**	**83,601**	**27**	**168,063**
Net book value:							
Balance at 31 December 2024	**29,887**	**3,635**	**12,849**	**12,231**	**102,677**	**16,230**	**177,509**

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and leasehold improvements AED million	*Furniture, fixture and office equipment AED million*	*Plant, machinery, equipment and vehicles AED million*	*Oil and gas interests AED million*	*Aircraft, aircraft engines and parts AED million*	*Capital work-in-progress AED million*	*Total AED million*
Cost:							
Balance at 1 January 2023	40,833	12,424	34,121	30,714	170,820	13,015	301,927
Transfers from right-of-use assets (note 14)	-	-	-	-	182	-	182
Transfers from investment properties (note 16)	150	-	-	-	-	161	311
Transfers from development properties (note 17)	1	-	-	-	-	-	1
Transfers from inventories	30	-	-	-	-	-	30
Transfers to assets held for sale	(9)	-	(1)	-	-	-	(10)
Other transfers	8,452	1,309	1,934	-	3,392	(15,087)	-
Additions	584	1,371	1,831	3,270	3,014	14,079	24,149
Arising on business combinations	108	18	377	-	-	5	508
Disposals / write-off	(409)	(338)	(3,716)	-	(5,186)	(135)	(9,784)
Hyperinflation adjustment (note 3.3)	167	1,232	10	-	-	-	1,409
Translation differences	(243)	(814)	(118)	-	-	2	(1,173)
Balance at 31 December 2023	49,664	15,202	34,438	33,984	172,222	12,040	317,550
Accumulated depreciation and impairment:							
Balance at 1 January 2023	16,974	10,416	21,788	19,803	68,813	2,373	140,167
Depreciation charge (note 4)	1,576	986	3,740	2,614	9,031	-	17,947
Impairment charge / (reversals) (note 6)	298	221	(1)	-	-	35	553
Transfers from right-of-use assets (note 14)	-	-	-	-	37	-	37
Transfers from investment properties (note 16)	133	-	-	-	-	-	133
Other transfers	2,253	48	(46)	-	-	(2,255)	-
Arising on business combinations	69	12	259	-	-	-	340
Disposals / write-off	(186)	(311)	(3,611)	-	(1,183)	(23)	(5,314)
Hyperinflation adjustment (note 3.3)	135	582	7	-	-	-	724
Translation differences	(125)	(228)	(45)	-	-	-	(398)
Balance at 31 December 2023	21,127	11,726	22,091	22,417	76,698	130	154,189
Net book value:							
Balance at 31 December 2023	28,537	3,476	12,347	11,567	95,524	11,910	163,361

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Land, buildings and leasehold improvements include:

(i) land with a total carrying value of AED 3,856 million (2023: AED 4,060 million);

(ii) certain buildings and leasehold improvements that are constructed on plots of land granted by the Government. The Group accounted for these non-monetary government grants at nominal value; and

(iii) certain business premises that are erected on plots of land obtained on a leasehold basis from government related entities and third parties. These leases are long-term in nature and carry an option to renew.

(b) Borrowing costs of AED 530 million (2023: AED 189 million) have been capitalised during the year.

(c) The net book value of property, plant and equipment includes an amount of AED 61,427 million (2023: AED 63,920 million) in respect of assets provided as security against various borrowings.

(d) Capital work-in-progress mainly includes pre-delivery payments of AED 10,395 million (2023: AED 9,398 million) in respect of aircraft deliveries.

(e) Aircraft, aircraft engines and parts include aircraft with carrying value of AED 41,371 million (2023: AED 36,121 million) representing those given on operating leases to various operators by one of the Group's subsidiaries operating in the aircraft leasing business. It also includes a carrying value of AED 1,187 million (2023: AED 744 million) representing maintenance right assets.

An impairment assessment of these aircraft held for lease was carried out. Based on the analysis, no impairment charge was recognised for the year ended 31 December 2024 (2023: Nil). The key assumptions and judgments associated with the impairment review are:

- current market values of aircraft based on independent appraiser data;
- estimates relating to lease transition periods and related costs;
- assumed future aircraft values and residual values at the end of the aircraft's life based on independent appraiser data and management estimates (where appropriate);
- assumed future non contracted lease rates assessed against appraiser rates for each aircraft; and
- the discount rate applied to forecasted cash flows based on the underlying subsidiary's weighted average cost of capital ("WACC") of 5.7% (2023: 5.5%).

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

- 0.5% increase / decrease in the discount rate;
- 10% increase / decrease in the current market values of aircraft;
- 10% increase / decrease in the future non contracted rental income of each aircraft; and
- 10% increase / decrease in the residual value of aircraft at the end of its useful life.

None of the above movements in risk variables would have led to a material impairment charge on these assets for the year ended 31 December 2024.

(f) The impairment charge during the prior year includes AED 865 million relating to certain hospitality assets. The recoverable amount was determined based on a value-in-use calculation.

(g) During the prior year, the Group reversed an impairment charge of AED 467 million that was previously recognised on certain hospitality assets, following the progressive improvement seen by the hospitality industry, and the opening of the hotel during 2023. The recoverable amount was determined based on a value-in-use calculation.

14 RIGHT-OF-USE ASSETS

	Land, buildings and leasehold improvements AED million	*Furniture, fixtures and office equipment AED million*	*Plant, machinery, equipment and vehicles AED million*	*Oil and gas interests AED million*	*Aircraft, aircraft engines and parts AED million*	*Total AED million*
31 December 2024						
Balance at 1 January 2024	**11,012**	**81**	**302**	**1,102**	**29,634**	**42,131**
Transfers to property, plant and equipment – net (note 13)	-	-	-	-	**(4,125)**	**(4,125)**
Additions	**4,855**	-	**655**	**642**	**360**	**6,512**
Depreciation charge (note 4)	**(2,247)**	**(11)**	**(307)**	**(923)**	**(7,217)**	**(10,705)**
Remeasurements	**1,710**	-	**14**	-	**1,835**	**3,559**
Disposals	**(115)**	-	**(4)**	-	-	**(119)**
Hyperinflation adjustment (note 3.3)	**(9)**	-	**(3)**	-	-	**(12)**
Translation differences	**(92)**	-	**(10)**	-	**(1)**	**(103)**
Balance at 31 December 2024	**15,114**	**70**	**647**	**821**	**20,486**	**37,138**
31 December 2023						
Balance at 1 January 2023	10,365	12	384	1,037	32,667	44,465
Transfers to property, plant and equipment – net (note 13)	-	-	-	-	(145)	(145)
Additions	3,183	82	120	929	1,876	6,190
Arising on business combinations	13	-	-	-	-	13
Depreciation charge (note 4)	(2,164)	(12)	(193)	(864)	(7,270)	(10,503)
Remeasurements	41	-	(1)	-	2,505	2,545
Disposals	(445)	-	(15)	-	-	(460)
Hyperinflation adjustment (note 3.3)	32	-	1	-	-	33
Translation differences	(13)	(1)	6	-	1	(7)
Balance at 31 December 2023	11,012	81	302	1,102	29,634	42,131

15 INTANGIBLE ASSETS

	Licences and exclusive rights AED million	*Goodwill AED million*	*Customer relationships and order backlog AED million*	*Computer software AED million*	*Service rights AED million*	*Brands, trade names and contractual rights AED million*	*Capital work-in-progress AED million*	*Total AED million*
Cost:								
Balance at 1 January 2024	**11,569**	**13,762**	**1,789**	**5,003**	**2,220**	**9,667**	**330**	**44,340**
Additions	**-**	**-**	**19**	**259**	**2**	**1**	**404**	**685**
Disposals / write-off	**-**	**(72)**	**(4)**	**(162)**	**-**	**(836)**	**(25)**	**(1,099)**
Other transfers	**-**	**-**	**-**	**318**	**-**	**-**	**(318)**	**-**
Hyperinflation adjustment (note 3.3)	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**2**
Translation differences	**(36)**	**(118)**	**(13)**	**(14)**	**1**	**(38)**	**(3)**	**(221)**
As at 31 December 2024	**11,533**	**13,572**	**1,793**	**5,404**	**2,223**	**8,794**	**388**	**43,707**
Accumulated amortisation and impairment:								
Balance at 1 January 2024	**3,562**	**1,168**	**1,375**	**3,769**	**2,033**	**3,803**	**29**	**15,739**
Amortisation charge (note 4)	**62**	**-**	**86**	**437**	**9**	**752**	**-**	**1,346**
Impairment charge (note 6)	**-**	**210**	**-**	**-**	**-**	**-**	**-**	**210**
Disposal / write-off	**-**	**(54)**	**(4)**	**(163)**	**(1)**	**(836)**	**(10)**	**(1,068)**
Translation differences	**(2)**	**(33)**	**(16)**	**(12)**	**-**	**(33)**	**-**	**(96)**
As at 31 December 2024	**3,622**	**1,291**	**1,441**	**4,031**	**2,041**	**3,686**	**19**	**16,131**
Net book value:								
As at 31 December 2024	**7,911**	**12,281**	**352**	**1,373**	**182**	**5,108**	**369**	**27,576**

15 INTANGIBLE ASSETS (continued)

	Licences and exclusive rights AED million	*Goodwill AED million*	*Customer relationships and order backlog AED million*	*Computer software AED million*	*Service rights AED million*	*Brands, trade names and contractual rights AED million*	*Capital work-in-progress AED million*	*Total AED million*
Cost:								
Balance at 1 January 2023	11,578	13,368	1,618	4,699	2,106	8,604	261	42,234
Additions	-	-	22	112	115	961	261	1,471
Arising on business combinations	5	306	132	7	-	113	-	563
Disposals / write-off	-	-	(3)	(32)	-	(25)	(11)	(71)
Other transfers	-	-	-	184	-	-	(184)	-
Hyperinflation adjustment (note 3.3)	-	-	4	-	-	1	-	5
Translation differences	(14)	88	16	33	(1)	13	3	138
As at 31 December 2023	11,569	13,762	1,789	5,003	2,220	9,667	330	44,340
Accumulated amortisation and impairment:								
Balance at 1 January 2023	3,495	974	1,257	3,340	2,011	3,022	-	14,099
Amortisation charge (note 4)	61	-	101	428	21	746	-	1,357
Impairment charge (note 6)	-	149	3	7	-	3	28	190
Arising on business combinations	-	-	-	2	-	-	-	2
Disposal / write-off	-	-	(1)	(24)	-	(24)	-	(49)
Hyperinflation adjustment (note 3.3)	-	-	2	-	-	2	-	4
Translation differences	6	45	13	16	1	54	1	136
As at 31 December 2023	3,562	1,168	1,375	3,769	2,033	3,803	29	15,739
Net book value:								
As at 31 December 2023	8,007	12,594	414	1,234	187	5,864	301	28,601

15 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets

A significant proportion of goodwill and other intangible assets with indefinite useful lives as at 31 December 2024 arises from Emirates NBD Bank PJSC, Emirates, dnata, Dubai Duty Free, Borse Dubai Limited, Smartstream Technologies Holding Investments Limited and ALEC Holdings LLC. The significant assumptions used by management in carrying out the impairment testing of these intangible assets are as follows:

(a) Emirates NBD Bank PJSC

The goodwill arising on business combinations is reviewed annually for impairment by comparing the recoverable amount of the CGUs to which goodwill has been allocated, to their carrying value.

The goodwill allocated to the CGUs or group of CGUs is as follows:

	2024 AED million	*2023 AED million*
CGUs		
Corporate and Institutional banking	**3,364**	3,364
Retail banking and Wealth Management	**1,700**	1,700
Global Markets and Treasury	**206**	206
Emirates NBD Egypt S.A.E.	**20**	32
	5,290	5,302

Key assumptions used in the impairment test of goodwill
The recoverable amount of the CGUs has been determined based on a value-in-use calculation, using cash flow projections covering a five-year period and applying a terminal growth rate thereafter. The forecasted cash flows have been discounted using the WACC in the jurisdiction where the CGUs operate (7.5% for UAE and 37.36% for Egypt).

The calculation of the value-in-use in the CGUs is most sensitive to the following assumptions:

- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product (“GDP”); and
- Local inflation rates.

Interest margins
Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates
Discount rates reflect management’s estimate of the return on capital employed required in each business. This is the benchmark used by management to assess operating performance and evaluate future investment proposals. Discount rates are calculated by using the relevant WACC.

Projected growth rate, GDP and local inflation rates
Assumptions are based on published industry research.

15 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(a) Emirates NBD Bank PJSC (continued)

A one percentage point change in the discount rate or the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

	Recoverable amount AED million	***One percentage increase in discount rate AED million***	***One percentage decrease in Terminal growth rate AED million***
CGUs			
Corporate and Institutional banking	**103,175**	**15,851**	**12,846**
Retail banking and Wealth Management	**124,491**	**19,126**	**15,500**
Global Markets and Treasury	**70,767**	**11,813**	**9,787**
Emirates NBD Egypt S.A.E.	**2,102**	**66**	**22**

Based on the impairment assessment, goodwill is not impaired as at 31 December 2024. A reasonable possible change in discount rates and terminal growth rate would not lead to impairment.

(b) Emirates

For the purpose of testing the goodwill for impairment, the recoverable amount of CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three-year period. Cash flows beyond the three-year period have been extrapolated using long-term terminal growth rates. The key assumptions used in the value in-use calculations include a risk adjusted pre-tax discount rate ranging from 9.7% to 12.0% (2023: 11.2% to 19%) and EBITDA margins consistent with historical trends and growth rates based on management's expectations for market development. The long-term terminal growth rates of 1.5% per annum (2023: 1.5% to 4.5% per annum) do not exceed the long-term average growth rate for the markets in which the CGUs operate.

The goodwill allocated to the CGUs or group of CGUs are as follows:

	2024 AED million	*2023 AED million*
CGUs		
Catering operations	**368**	368
Food and beverage	**343**	354
	711	722

Any reasonably possible change to the assumptions will not lead to a material impairment charge.

(c) dnata

For the purpose of testing the goodwill for impairment, the recoverable amount of CGUs or group of CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three-year period. Cash flows beyond such period have been extrapolated using the terminal growth rates. The key assumptions used in the value-in-use calculations include a discount rate in a range of 8.8% to 16.8% (2023: 8.9% to 16.9%) and EBITDA margins that are expected to grow on average by 3.5% with revenue growing on average by 6% year-on-year. The terminal growth rates of 1.5% to 2% per annum (2023: 1.5% to 2% per annum) do not exceed the long-term average growth rate for the markets in which the CGUs or group of CGUs operate.

15 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(c) dnata (continued)

The goodwill allocated to CGUs or group of CGUs are as follows:

	2024 ***AED million***	*2023* *AED million*
CGUs		
Airport operations	**602**	618
In-flight catering and retail	**388**	421
Travel services	**362**	519
Others	**94**	113
	1,446	1,671

The recoverable value of CGUs or group of CGUs would not fall materially below their carrying amount with a 1% reduction in the terminal growth rate or a 1% increase in the discount rate.

(d) Dubai Duty Free ("DDF")

Licenses and exclusive rights include AED 5,936 million (2023: AED 5,936 million) of exclusivity rights acquired by DDF from Dubai Aviation City Corporation relating to operations of retail duty free shops at the airports in Dubai. The impairment testing on these exclusivity rights is based on a value-in-use model calculated using the discounted cash flow approach covering a five-year period. The key assumptions used to determine the values are as follows:

	2024	*2023*
Discount rate	**5.1%**	5.1%
Forecasted annual sales growth	**2%-7%**	4%-5%

The recoverable amount calculated based on the above stated assumptions is higher than the carrying value of the intangible asset. Accordingly, no impairment has been recorded during the year (2023: Nil). Any reasonable possible changes in key assumptions used to determine the recoverable amount will not result in any impairment.

(e) Borse Dubai Limited ("Borse Dubai")

The goodwill relating to Borse Dubai has a carrying value of AED 2,883 million (2023: AED 2,883 million). Management allocates this entire goodwill to Dubai Financial Market PJSC ("DFM"), a listed entity and a subsidiary of Borse Dubai.

For the purpose of testing the goodwill for impairment, the recoverable amount of the CGU was assessed using both a value-in-use model and the fair value less cost to sell; the exercise concluded that the latter was higher than the value-in-use.

To arrive at the fair value less costs to sell for the CGU to which goodwill is allocated, management used the closing quoted market price as at 31 December 2024 of AED 1.5/share (2023: AED 1.39/share) and a control premium (net of costs to sell) of 15% (2023: 15%). Based on this assessment, no impairment was required as at 31 December 2024 (2023: Nil).

A reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

15 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(f) Smartstream Technologies Holding Investments Limited ("SSTHIL")

The goodwill relating to SSTHIL has a carrying value of AED 555 million (2023: AED 565 million) and has been mainly allocated to Smartstream Technologies Group Limited, a subsidiary of SSTHIL.

For the purpose of testing the goodwill for impairment, the recoverable amount of the CGU has been based on fair value less costs to sell using relevant observable market multiples derived from comparable businesses. Based on this assessment, management concluded that no impairment was required for the year ended 31 December 2024 (2023: Nil).

(g) ALEC Holdings LLC ("ALEC Holdings")

The goodwill related to ALEC Holdings is mainly allocated to ALEC Engineering & Contracting LLC – SPC ("ALEC"), a wholly owned subsidiary of the ALEC Holdings, with carrying value of AED 658 million (2023: AED 658 million)

During the current year, Binaa Dubai LLC, a wholly owned subsidiary of ICD, transferred its shareholding in ALEC to ALEC Holdings. The recoverable amount of ALEC as at 31 December 2024 is determined based on income approach, using cash flow projections covering a five-year period. Based on this assessment, management concluded that no impairment was required for the year ended 31 December 2024 (2023: Nil).

Any reasonably possible change to the assumptions would not lead to a material impairment charge.

16 INVESTMENT PROPERTIES

	2024	*2023*
	AED million	*AED million*
Cost:		
Balance at 1 January	**37,260**	36,839
Additions	**1,845**	2,669
Transfers from / (to) property, plant and equipment (note 13)	**280**	(311)
Transfers from development properties (note 17)	**-**	47
Transfers to asset held-for-sale	**(291)**	-
Transfers to inventories	**(718)**	(747)
Disposals / write-off	**(916)**	(1,234)
Hyperinflation adjustment (note 3.3)	**14**	11
Translation difference	**(121)**	(14)
Balance at 31 December	**37,353**	37,260
Accumulated depreciation and impairment:		
Balance at 1 January	**9,264**	10,145
Depreciation charge (note 4)	**661**	580
Impairment reversals* (note 6)	**(627)**	(761)
Transfers from / (to) property, plant and equipment (note 13)	**8**	(133)
Transfers to inventories	**-**	(133)
Disposals / write-off	**(55)**	(430)
Hyperinflation adjustment (note 3.3)	**6**	1
Translation difference	**76**	(5)
Balance at 31 December	**9,333**	9,264
Net book value:		
Balance at 31 December	**28,020**	27,996
Includes:		
Building and infrastructure	**18,191**	17,298
Land	**8,071**	8,970
Capital work in progress	**1,758**	1,728
	28,020	27,996

* The impairment reversal for the year ended 31 December 2024 includes AED 395 million relating to certain real estate assets (reported under 'other' segment in note 39). The recoverable amount was determined using the income approach on the underlying assets. The significant assumptions used for the valuations are the discount rate, average lease rate and average occupancy rate. The discount rate used for estimating the recoverable value ranges from 9.7% to 10.5%. A significant movement in any of the key assumptions used in the valuations would result in a significantly lower or higher impairment charge.

At the year-end, the fair value of investment properties has been determined internally by management and / or through third party valuers. Third party valuations are carried out by external independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement of investment properties has been categorised as a level 3 fair value based on the inputs used in the valuation. Any significant movement in the assumptions used for these fair valuations such as discount rates, yield, rental growth and vacancy / occupancy rate and sale price of comparable properties, is expected to result in a significantly lower or higher fair value of those assets.

Investment properties with a carrying value of AED 27,758 million (2023: AED 27,733 million) have a fair value of AED 52,996 million (2023: AED 48,758 million). The balance represents investment properties for which the fair value cannot be determined reliably, as key valuation inputs can often be subjective and may not be supported by third party comparable transactions.

17 DEVELOPMENT PROPERTIES

	2024	*2023*
	AED million	*AED million*
Cost:		
Balance at 1 January	**620**	397
Additions	**168**	251
Transfers to property, plant and equipment (note 13)	**-**	(1)
Transfers to investment properties (note 16)	**-**	(47)
Disposals	**(77)**	-
Translation difference	**(39)**	20
Balance at 31 December	**672**	620
Accumulated impairment:		
Balance at 1 January	**18**	6
Impairment charge (note 6)	**-**	12
Disposals	**(18)**	-
Balance at 31 December	**-**	18
Net book value:		
Balance at 31 December	**672**	602

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2024	*2023*
	AED million	*AED million*
Investments in associates	**41,202**	40,902
Investments in joint ventures	**24,939**	24,952
	66,141	65,854

The movement in investments in associates and joint ventures during the year is as follows:

	2024	*2023*
	AED million	*AED million*
Balance at 1 January	**65,854**	60,760
Investments made	**584**	277
Share of results of associates and joint ventures	**8,273**	7,944
Dividends received	**(5,211)**	(4,659)
Disposals or change in ownership - net (note 18(a))	**(3,100)**	1,155
Return of capital	**(221)**	-
Transfer from investment securities	**158**	897
Conversion to subsidiaries	**(6)**	(83)
Amounts recognised directly in equity – net:		
- *Other comprehensive income*		
Translation difference	**(479)**	(225)
Cumulative changes in fair value	**59**	(40)
Actuarial loss on defined benefit plans	**(3)**	(13)
- *Others*	**233**	(159)
Balance at 31 December	**66,141**	65,854

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) During the prior year, Nasdaq, Inc., an associate of the Group, acquired Adenza Holdings, Inc., a provider of mission-critical risk management and regulatory software to the financial services industry. The acquisition was completed through issuance of Nasdaq, Inc.'s shares and cash. Consequently, the Group's shareholding in Nasdaq, Inc. was diluted. The Group’s shareholding in Nasdaq, Inc. was 15.53% as at 31 December 2023, compared to 18.17% as at 31 December 2022.

The transaction resulted in a net increase of AED 1,276 million in the Group's share of Nasdaq, Inc.'s equity. The resulting net gain of AED 1,086 million is recognised under ‘net other income’ in the consolidated income statement.

During the current year, the Group sold some of its shares in Nasdaq, Inc., thereby further reducing the Group’s shareholding in the associate. As at 31 December 2024, the shareholding of the Group in Nasdaq, Inc. stood at 10.15% (note 40). The transaction resulted in a net decrease of AED 3,084 million in the Group’s carrying value of investments in the associate. The net resultant gain of AED 3,180 million is recognised under ‘net other income’ in the consolidated income statement.

Although the Group holds less than 20% of the equity shares of Nasdaq, Inc., the Group exercises significant influence through having a direct representation on the Board of Directors of Nasdaq, Inc. and accordingly, has continued to apply the equity method of accounting for this investment.

(b) The carrying value and market value as at 31 December of the Group’s interest held in various associates whose shares are listed, are as follows:

	Carrying value		***Market value***	
	2024 AED million	*2023 AED million*	***2024 AED million***	*2023 AED million*
Emaar Properties PJSC	**19,027**	17,311	**25,297**	15,591
Dubai Islamic Bank PJSC	**11,164**	10,204	**14,357**	11,583
Commercial Bank of Dubai PSC	**3,045**	2,710	**4,287**	3,051
Nasdaq, Inc.	**5,854**	9,103	**16,574**	19,073

(c) The Group’s investments in associates and joint ventures have been tested for impairment on an individual basis whenever indicators of impairment are identified. Based on this assessment, no impairment charge was recorded for the year ended 31 December 2024 or 31 December 2023.

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture:

Emaar Properties PJSC

	2024 ***AED million***	*2023* *AED million*
Statement of financial position		
Total assets	**160,222**	139,397
The assets mainly include:		
Bank balances and cash	**50,056**	33,855
Trade and unbilled receivables	**15,484**	17,255
Other assets, receivables, deposits and prepayments	**10,052**	6,765
Development properties	**45,096**	40,998
Property, plant and equipment	**8,987**	9,491
Investment properties	**21,340**	21,494
Total liabilities	**(64,152)**	(52,566)
The liabilities mainly include:		
Trade and other payables	**(17,571)**	(14,976)
Advances from customers	**(32,495)**	(22,858)
Interest-bearing loans, borrowings and sukuk	**(9,686)**	(12,271)
Net assets (including non-controlling interest)	**96,070**	86,831
Group's share of net assets	**19,027**	17,311

Statement of comprehensive income

	2024 ***AED million***	*2023* *AED million*
Revenue	**35,505**	26,750
Profit for the year attributable to the equity holders	**13,514**	11,629
Other comprehensive income for the year attributable to the equity holders	**(1,378)**	(633)
Total comprehensive income for the year attributable to the equity holders	**12,136**	10,996
Group's share of total comprehensive income for the year	**2,703**	2,449
Dividend paid to the Group during the year	**984**	492

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Dubai Islamic Bank PJSC

	2024 ***AED million***	*2023* *AED million*
Statement of financial position		
Non-current assets	**247,963**	222,565
Current assets	**96,457**	91,459
Total assets	**344,420**	314,024
Non-current liabilities	**(50,400)**	(23,938)
Current liabilities	**(241,434)**	(242,919)
Total liabilities	**(291,834)**	(266,857)
Net assets (including non-controlling interest)	**52,586**	47,167
Group's share of net assets	**11,036**	10,076

The difference between the carrying value of the Group's investment and the Group's share of net assets of this associate predominantly relates to goodwill included in the carrying value.

Statement of comprehensive income

	2024 ***AED million***	*2023* *AED million*
Revenue	**21,202**	19,021
Profit for the year attributable to the equity holders	**7,530**	6,394
Other comprehensive income for the year attributable to the equity holders	**(244)**	(459)
Total comprehensive income for the year attributable to the equity holders	**7,286**	5,935
Group's share of total comprehensive income for the year	**2,038**	1,660
Dividend paid to the Group during the year	**911**	607

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Nasdaq, Inc.

	2024	*2023*
	AED million	*AED million*
Statement of financial position		
Non-current assets	**83,996**	86,160
Current assets	**28,467**	33,277
Total assets	**112,463**	119,437
Non-current liabilities	**(41,480)**	(45,702)
Current liabilities	**(28,672)**	(32,803)
Total liabilities	**(70,152)**	(78,505)
Net assets (including non-controlling interest)	**42,311**	40,932
Group's share of net assets	**4,294**	6,357

The difference between the carrying value of the Group's investment and the Group's share of net assets of this associate predominantly relates to goodwill and other intangible assets included in the carrying value.

Statement of comprehensive income

	2024	*2023*
	AED million	*AED million*
Revenue	**17,085**	14,314
Profit for the year attributable to the equity holders	**4,105**	3,892
Other comprehensive income for the year attributable to the equity holders	**(643)**	246
Total comprehensive income for the year attributable to the equity holders	**3,462**	4,138
Group's share of total comprehensive income for the year	**392**	722
Dividend paid to the Group during the year	**227**	282

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Emirates Global Aluminium PJSC

	2024 ***AED million***	*2023* *AED million*
Statement of financial position		
Non-current assets	**49,925**	51,360
Cash and cash equivalents	**3,994**	4,353
Other current assets	**9,282**	7,367
Current assets	**13,276**	11,720
Total assets	**63,201**	63,080
Bank borrowings and lease liabilities	**(14,676)**	(16,279)
Other non-current liabilities	**(473)**	(441)
Non-current liabilities	**(15,149)**	(16,720)
Bank borrowings and lease liabilities	**(2,853)**	(1,532)
Other current liabilities	**(6,967)**	(5,616)
Current liabilities	**(9,820)**	(7,148)
Total liabilities	**(24,969)**	(23,868)
Net assets (including non-controlling interest)	**38,232**	39,212
Group's share of net assets	**19,088**	19,606

The difference between the carrying value of the Group's investment and the Group's share of net assets of the joint venture predominantly relates to the difference between the carrying value of net assets and its fair value at the time of acquisition of this joint venture.

Statement of comprehensive income

	2024 ***AED million***	*2023* *AED million*
Revenue	**30,030**	29,531
Profit for the year attributable to the equity holders	**2,625**	3,444
Other comprehensive income for the year attributable to the equity holders	**12**	(24)
Total comprehensive income for the year attributable to the equity holders	**2,637**	3,420
Group's share of total comprehensive income for the year	**1,319**	1,710
Dividend paid to the Group during the year	**1,837**	2,571

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(e) The following table summarises the Group's share of results in individually immaterial associates and joint ventures for the year:

	2024 ***AED million***	*2023* *AED million*
Profit for the year	**1,387**	1,149
Other comprehensive income for the year	**11**	(24)
Group's share of total comprehensive income for the year	**1,398**	1,125
Carrying value of the investments	**10,036**	8,987

19 INVESTMENT SECURITIES

	2024 ***AED million***	*2023* *AED million*
Measured at amortised cost		
Sovereign bonds and sukuks	**150,686**	129,142
Corporate bonds and sukuks	**10,970**	12,706
Others	**134**	129
	161,790	141,977
Measured at FVOCI		
Equities	**3,884**	4,292
Sovereign bonds and sukuks	**18,551**	15,745
Corporate bonds and sukuks	**12,331**	7,802
Others	**34**	229
	34,800	28,068
Measured at FVTPL		
Equities	**5,468**	5,143
Sovereign bonds and sukuks	**7,024**	9,043
Corporate bonds and sukuks	**6,094**	4,840
Others	**12,756**	11,032
	31,342	30,058
Total investment securities	**227,932**	200,103
Disclosed as follows:		
Non-current assets	**128,474**	121,073
Current assets	**99,458**	79,030
	227,932	200,103
Includes investments in bonds (including Sukuk) issued by:		
Associates and joint ventures	**424**	571
Government	**6,370**	7,194
	6,794	7,765

As at 31 December 2024, the fair value of investment securities measured at amortised cost amounted to AED 157,106 million (31 December 2023: AED 138,452 million).

19 INVESTMENT SECURITIES (continued)

The equities measured at FVOCI mainly represent investments in a regional bank, a utility provider in Dubai, and a holding company with key investments in real estate, industrial, finance, healthcare, and education sectors.

19.1 As at year-end, investment securities and derivative financial instruments measured at fair value are categorised as follows:

31 December 2024

	Total AED million	***Level 1 AED million***	***Level 2 AED million***	***Level 3 AED million***
Measured at FVOCI	**34,800**	**34,491**	**103**	**206**
Measured at FVTPL	**31,342**	**19,710**	**1,015**	**10,617**
Derivative financial instruments - net (note 31)	**(1,914)**	**(3)**	**(1,911)**	**-**
	64,228	**54,198**	**(793)**	**10,823**

31 December 2023

	Total AED million	*Level 1 AED million*	*Level 2 AED million*	*Level 3 AED million*
Measured at FVOCI	28,068	27,654	299	115
Measured at FVTPL	30,058	19,065	1,845	9,148
Derivative financial instruments - net (note 31)	(275)	(11)	(258)	(6)
	57,851	46,708	1,886	9,257

During the current and prior year, there were no transfers between level 1 and level 2 of the fair value hierarchy.

19.2 The following table shows a reconciliation of the opening and closing amounts of investment securities and derivative financial instruments classified within level 3 of the fair value hierarchy:

	2024 AED million	*2023 AED million*
Balance at 1 January	**9,257**	7,831
Additions	**2,284**	2,287
Settlements and disposals	**(608)**	(657)
Net fair value movement:		
- in income statement	**(109)**	(205)
- in other comprehensive income	**(1)**	1
Balance at 31 December	**10,823**	9,257

19.3 The following table summarises the valuation techniques adopted for the measurement of investment securities and derivative financial instruments classified within level 3 of the fair value hierarchy:

	2024 AED million	*2023 AED million*
Net assets valuation	**8,454**	6,457
Market comparison technique	**969**	951
Discounted cash flows	**1,400**	1,849
	10,823	9,257

19 INVESTMENT SECURITIES (continued)

19.3 The following table summarises the valuation techniques adopted for the measurement of investment securities and derivative financial instruments classified within level 3 of the fair value hierarchy (continued):

Valuation Technique	*Description*	*Significant Unobservable input*
Net assets valuation	Net assets values are determined based on the latest available audited / historical financial information or net asset values provided by investment or fund managers. These are adjusted for factors affecting their performance and the existence of any contractual or legal restrictions, where deemed appropriate.	Net asset value, adjusted with market risk where necessary
Market comparison technique	The valuation is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the private equity, and the revenue and EBITDA of the investee, where deemed appropriate.	Adjusted market Multiple
Discounted cash flows	A net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, other cash flows within the structure.	Earnings growth factor; Risk-adjusted discount Rate

The fair values are subject to the control framework of the respective investing entities, which are designed to ensure that they are either determined or reviewed by a function independent of the investing function.

In respect of investment securities classified under level 3 that are valued using the income approach and which are not classified as equity instruments, the significant inputs used in the valuations include discount rate ranging from 6.92% - 7.20% (2023: 6.94% - 7.48%). A reasonable possible change in these inputs will not result in significant change in fair value.

Substantial portion of unlisted equity and other investments that are not valued at income approach are dissimilar in nature. Therefore, quoting a range of key unobservable inputs may not provide a meaningful analysis.

19.4 The table below shows the classification of investment securities (excluding equity instruments) as per their external ratings:

31 December 2024	*Measured at amortised cost AED million*	*Measured at FVOCI AED million*	*Measured at FVTPL AED million*	*Total AED million*
AAA	**2,283**	**75**	**38**	**2,396**
AA- to AA+	**116,091**	**6,247**	**4,151**	**126,489**
A- to A+	**19,810**	**7,354**	**1,716**	**28,880**
BBB- to BBB+	**1,863**	**1,585**	**1,574**	**5,022**
Lower than BBB-	**14,823**	**13,448**	**5,723**	**33,994**
Unrated	**6,920**	**2,207**	**12,672**	**21,799**
Total	**161,790**	**30,916**	**25,874**	**218,580**

19 INVESTMENT SECURITIES (continued)

19.4 The table below shows the classification of investment securities (excluding equity instruments) as per their external ratings (continued):

31 December 2023	*Measured at amortised cost AED million*	*Measured at FVOCI AED million*	*Measured at FVTPL AED million*	*Total AED million*
AAA	2,713	-	2	2,715
AA- to AA+	95,252	2,845	6,382	104,479
A- to A+	21,040	4,734	1,907	27,681
BBB- to BBB+	2,012	1,651	1,814	5,477
Lower than BBB-	12,865	14,232	4,315	31,412
Unrated	8,095	314	10,495	18,904
Total	141,977	23,776	24,915	190,668

The allowance for impairment on investment securities as at 31 December 2024 amounts to AED 161 million (2023: AED 117 million).

20 OTHER NON-CURRENT ASSETS

	2024 AED million	*2023 AED million*
Finance lease receivables	**720**	613
Lease incentives and acquisition costs	**500**	415
Loans to and receivables from associates and joint ventures (non-banking operations) (note 37(b))	**361**	238
Loans to and receivables from Government, MOF and other related parties (non-banking operations) (note 37(b))	**24**	27
Long term retentions	**235**	77
Other loan receivable (non-banking operations)	**997**	1,024
Other receivables	**1,276**	1,722
Gross other non-current assets	**4,113**	4,116
Less: Allowance for impairment	**(22)**	(22)
Net other non-current assets	**4,091**	4,094

21 INVENTORIES

	2024 AED million	*2023 AED million*
Finished goods and inventory properties	**7,500**	7,987
Engineering	**2,030**	1,326
Raw materials	**1,903**	1,260
Spare parts and consumables	**1,789**	1,760
Food and beverages	**1,384**	1,138
Goods in-transit	**1,159**	1,890
Development properties	**158**	259
Others	**379**	379
Gross inventories	**16,302**	15,999
Less: Provision for slow moving and obsolete inventories	**(200)**	(216)
Net inventories	**16,102**	15,783

22 TRADE AND OTHER RECEIVABLES

	2024 AED million	*2023 AED million*
Trade receivables	**22,732**	25,511
Accrued interest receivable	**10,585**	7,774
Prepayments and deposits	**6,116**	5,513
Contract receivables	**3,202**	3,063
Advance to suppliers	**1,412**	1,424
Amounts receivable from associates and joint ventures (note 37(b))	**1,283**	1,240
Amounts receivable from Government, MOF and other related parties (note 37(b))	**86**	143
Retention receivables	**562**	423
Finance lease receivables	**179**	186
Lease incentives and acquisition costs	**164**	167
Loan receivables (non-banking operations)	**71**	63
Other receivables	**7,357**	9,486
Gross trade and other receivables	**53,749**	54,993
Less: Allowance for impairment (note 22.2)	**(1,256)**	(1,329)
Net trade and other receivables	**52,493**	53,664

22.1 The credit quality of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables as at the reporting date is as follows:

31 December 2024

		Past due but not credit-impaired			
	Neither past due nor credit-impaired ***AED million***	**Past due 1 – 90 Days** ***AED million***	**Past due 91 – 365 days** ***AED million***	**More than 365 days or credit-impaired** ***AED million***	**Total** ***AED million***
Gross carrying value	**21,435**	**3,793**	**1,607**	**1,280**	**28,115**
Less: Allowance for impairment	**(169)**	**(88)**	**(176)**	**(823)**	**(1,256)**
Net carrying value	**21,266**	**3,705**	**1,431**	**457**	**26,859**

31 December 2023

		Past due but not credit-impaired			
	Neither past due nor credit-impaired *AED million*	Past due 1 – 90 Days *AED million*	Past due 91 – 365 days *AED million*	More than 365 days or credit-impaired *AED million*	Total *AED million*
Gross carrying value	22,245	3,804	1,825	2,755	30,629
Less: Allowance for impairment	(147)	(40)	(201)	(941)	(1,329)
Net carrying value	22,098	3,764	1,624	1,814	29,300

The Group does not have significant credit risk concentration on its trade and other receivables, since they arise from diversified businesses that have a large customer base.

22 TRADE AND OTHER RECEIVABLES (continued)

22.2 Movements in allowance for impairment of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables during the year are as follows:

	2024 ***AED million***	*2023* *AED million*
Balance at 1 January	**1,329**	1,410
(Reversal) / Allowance for impairment made - net of recoveries (note 7)	**(19)**	40
Amounts written-off	**(40)**	(123)
Translation differences	**(14)**	2
Balance at 31 December	**1,256**	1,329

23 LOANS AND RECEIVABLES

Loans and receivables represent the receivables arising from the banking operations of the Group carried out through the Bank. The analysis of loans and receivables are as follows:

	2024 ***AED million***	*2023* *AED million*
Analysis by type:		
Time loans	**331,474**	317,696
Overdrafts	**21,182**	22,926
Credit card receivables	**26,243**	24,472
Loans against trust receipts	**9,707**	8,216
Bills discounted	**9,202**	8,001
Gross conventional loans	**397,808**	381,311
Murabaha	**85,897**	62,566
Ijara	**28,908**	24,621
Credit card receivables	**3,685**	2,877
Istisna’a	**1,749**	1,688
Wakala	**1,820**	935
Others	**603**	537
Less: Deferred income	**(5,375)**	(3,193)
Gross Islamic financing receivables	**117,287**	90,031
Gross loans and receivables	**515,095**	471,342
Less: Allowance for impairment (note 23.2)	**(27,552)**	(35,780)
Net loans and receivables	**487,543**	435,562
Analysis by business units:		
Corporate and Institutional banking	**300,693**	293,850
Retail banking	**186,850**	141,712
Net loans and receivables	**487,543**	435,562

23 LOANS AND RECEIVABLES (continued)

	2024	*2023*
	AED million	*AED million*
Analysis by economic activity:		
Personal	**161,195**	132,727
Sovereign	**66,505**	81,432
Construction and real estate	**55,728**	55,528
Trade	**34,696**	31,760
Utilities and services	**26,824**	27,711
Financial institutions and investment companies	**31,521**	23,220
Manufacturing	**29,137**	28,305
Transport and communication	**33,694**	27,998
Management of companies and enterprises	**36,233**	37,694
Agriculture	**16,328**	4,359
Hotels and restaurants	**9,116**	9,306
Others	**19,493**	14,495
Total loans and receivables	**520,470**	474,535
Less: Deferred income	**(5,375)**	(3,193)
Less: Allowance for impairment (note 23.2)	**(27,552)**	(35,780)
Net loans and receivables	**487,543**	435,562
Disclosed as follows:		
Non-current assets	**277,258**	228,097
Current assets	**210,285**	207,465
Net loans and receivables	**487,543**	435,562
Includes loans and receivable due from:		
Associates and joint ventures (note 37(b))	**1,102**	1,155
Government and other related parties (note 37(b))	**59,282**	77,686
	60,384	78,841

Ijara assets of AED 5.2 billion (2023: AED 2.9 billion) held by the Bank were securitised for the purpose of the issuance of Sukuk payable (note 30(d)).

23 LOANS AND RECEIVABLES (continued)

23.1 The following table sets out information about the credit quality of loans and receivables:

	12-month ECL AED million	*Lifetime ECL not credit - impaired AED million*	*Lifetime ECL credit - impaired AED million*	*Total AED million*
31 December 2024				
Gross carrying value				
Balance at 1 January 2024	**423,676**	**25,644**	**22,022**	**471,342**
Transfers from stage 1	**(14,749)**	**14,749**	**-**	**-**
Transfers from stage 2	**4,194**	**(10,627)**	**6,433**	**-**
Transfers from stage 3	**-**	**626**	**(626)**	**-**
New financial assets, net of repayments	**60,563**	**(4,387)**	**(3,172)**	**53,004**
Amounts written off	**-**	**-**	**(6,451)**	**(6,451)**
Translation and other adjustments	**(1,356)**	**(877)**	**(567)**	**(2,800)**
Gross loans and receivables	**472,328**	**25,128**	**17,639**	**515,095**
Less: Allowance for impairment (note 23.2)	**(5,767)**	**(6,223)**	**(15,562)**	**(27,552)**
Net loans and receivables	**466,561**	**18,905**	**2,077**	**487,543**
Analysis by business units:				
Corporate and Institutional banking	**292,673**	**15,097**	**13,221**	**320,991**
Retail banking	**179,655**	**10,031**	**4,418**	**194,104**
Gross loans and receivables	**472,328**	**25,128**	**17,639**	**515,095**
31 December 2023				
Gross carrying value				
Balance at 1 January 2023	389,927	29,057	27,254	446,238
Transfers from stage 1	(10,056)	8,040	2,016	-
Transfers from stage 2	3,994	(10,230)	6,236	-
Transfers from stage 3	33	81	(114)	-
New financial assets, net of repayments	44,161	(1,923)	(6,810)	35,428
Amounts written off	-	-	(8,059)	(8,059)
Translation and other adjustments	(4,383)	619	1,499	(2,265)
Gross loans and receivables	423,676	25,644	22,022	471,342
Less: Allowance for impairment (note 23.2)	(6,266)	(7,596)	(21,918)	(35,780)
Net loans and receivables	417,410	18,048	104	435,562
Analysis by business units:				
Corporate and Institutional banking	286,375	18,144	18,336	322,855
Retail banking	137,301	7,500	3,686	148,487
Gross loans and receivables	423,676	25,644	22,022	471,342

23 LOANS AND RECEIVABLES (continued)

23.2 The following table sets out the movement in the allowance for impairment during the year:

	12-month ECL AED million	*Lifetime ECL not credit - impaired AED million*	*Lifetime ECL credit - impaired AED million*	*Total AED million*
31 December 2024				
Balance at 1 January 2024	**6,266**	**7,596**	**21,918**	**35,780**
Transfers from stage 1	**(522)**	**522**	**-**	**-**
Transfers from stage 2	**525**	**(1,187)**	**662**	**-**
Transfers from stage 3	**-**	**296**	**(296)**	**-**
Allowance for impairment made - net of recoveries (note 7)	**(273)**	**(962)**	**831**	**(404)**
Amounts written off *	**-**	**-**	**(6,451)**	**(6,451)**
Translation and other adjustments	**(229)**	**(42)**	**(1,102)**	**(1,373)**
Balance at 31 December 2024	**5,767**	**6,223**	**15,562**	**27,552**
31 December 2023				
Balance at 1 January 2023	4,819	7,786	26,800	39,405
Transfers from stage 1	(452)	361	91	-
Transfers from stage 2	390	(2,360)	1,970	-
Transfers from stage 3	16	71	(87)	-
Allowance for impairment made - net of recoveries (note 7)	1,549	881	2,036	4,466
Amounts written off *	-	-	(8,059)	(8,059)
Translation and other adjustments	(56)	857	(833)	(32)
Balance at 31 December 2023	6,266	7,596	21,918	35,780

* The contractual amount outstanding on loans and receivables that were written off during the year are still subject to enforcement activity.

24 CASH AND DEPOSITS WITH BANKS

	2024 *AED million*	*2023* *AED million*
Banking operations		
Cash and deposits with Central Banks		
Cash	**6,402**	5,950
Statutory and other deposits with Central Banks	**87,377**	72,320
Interest-bearing placements with Central Banks	**295**	487
Murabahas and interest-bearing certificates of deposits with Central Banks	**10,602**	17,285
Less: Allowance for impairment	**(11)**	(11)
Total (A)	**104,665**	96,031
Due from other banks		
Time loans	**108,639**	76,843
Overnight, call and short notice	**24,347**	15,613
Less: Allowance for impairment	**(220)**	(154)
Total (B)	**132,766**	92,302
Total (C = A+B)	**237,431**	188,333
Non-banking operations		
Cash at banks and in hand	**19,353**	13,877
Deposits and placements	**60,251**	55,589
Less: Allowance for impairment	**-**	(56)
Total (D)	**79,604**	69,410
Total (C+D)	**317,035**	257,743
Disclosed as follows:		
Non-current assets	**16,334**	6,131
Current assets	**300,701**	251,612
	317,035	257,743
Includes cash and deposits placed with:		
Associates (note 37(b))	**20,037**	24,871

24.1 For the purpose of the consolidated cash flow statement, cash and cash equivalents have been computed as follows:

	2024 *AED million*	*2023* *AED million*
Cash and deposits with banks – current	**300,701**	251,612
Less:		
Deposits with Central Banks for regulatory purpose (banking operations)	**(87,377)**	(72,320)
Certificates of deposits / placements with Central Banks with original maturity of more than three months (banking operations)	**(27)**	-
Due from other banks with original maturity of more than three months (banking operations)	**(54,620)**	(58,419)
Deposits with other banks with original maturity of more than three months	**(52,925)**	(51,654)
Due to banks with original maturity of less than three months (banking operations) (note 30(b))	**(24,991)**	(32,293)
Bank overdrafts (note 30)	**(235)**	(230)
Cash and cash equivalents	**80,526**	36,696

24 CASH AND DEPOSITS WITH BANKS (continued)

The Bank is required to maintain certain reserves with the central banks of countries in which the Bank operates (collectively the "Central Banks"). The reserves placed with the Central Banks are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the relevant Central Bank. The level of required reserves changes periodically in accordance with the directives of the Central Banks.

25 ASSETS HELD FOR SALE

The Group follows the guidance of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations to assess whether an asset or disposal group satisfies the requirements to be classified as held for sale. During this assessment, the Group exercises certain judgments and considers whether any significant changes will be made to the plan to sell such asset or disposal group or whether the plan will be withdrawn.

As at 31 December 2024, the assets held for sale and their related liabilities mainly pertain to twelve aircraft owned by one of the Group's subsidiaries engaged in the aircraft leasing business and a plot of land with a partly built structure thereon, held by another subsidiary of the Group.

During the prior year, the Group sold Aswaaq LLC and Columbus Centre Corporation (Cayman) that were classified as held for sale as at 31 December 2022. These were previously subsidiaries of the Group and 'net other income' in the consolidated income statement included gain realised on these disposals.

26 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government, less returns made by ICD in cash or in kind to the Government. The movement in the capital of ICD during the year is as follows:

	2024	*2023*
	AED million	*AED million*
Balance at 1 January	**82,698**	85,915
Capital contributions from the Government	**4**	4
Return of capital to the Government (note 35(b))	**-**	(3,221)
Balance at 31 December	**82,702**	82,698

27 DISTRIBUTIONS TO THE GOVERNMENT

During the year ended 31 December 2024, an amount of AED 12,599 million (2023: AED 13,618 million) was approved for distribution to the Government.

28 OTHER RESERVES

	Legal and statutory reserve AED million (note 28.1)	*Capital reserve AED million (note 28.2)*	*Merger reserve AED million (note 28.3)*	*Cumulative changes in fair value AED million (note 28.4)*	*Hedge reserve AED million*	*General reserve AED million (note 28.2)*	*Foreign currency translation reserve AED million (note 28.5)*	*Others AED million*	*Total AED million*
31 December 2024									
Balance at 1 January 2024	**3,228**	**672**	**9,082**	**(495)**	**982**	**1,383**	**(6,610)**	**273**	**8,515**
Other comprehensive income for the year	**-**	**-**	**-**	**100**	**72**	**-**	**328**	**-**	**500**
Transfers from retained earnings	**27**	**60**	**-**	**-**	**-**	**301**	**-**	**307**	**695**
Transfers upon disposal of equity instruments measured at FVOCI	**-**	**-**	**-**	**321**	**-**	**-**	**-**	**-**	**321**
Other movements	**14**	**1**	**-**	**-**	**2**	**1**	**174**	**65**	**257**
Balance at 31 December 2024	**3,269**	**733**	**9,082**	**(74)**	**1,056**	**1,685**	**(6,108)**	**645**	**10,288**
31 December 2023									
Balance at 1 January 2023	3,263	914	9,177	(400)	(147)	1,218	(7,527)	260	6,758
Other comprehensive income for the year	-	-	-	(145)	1,070	-	(59)	-	866
On transfer of 14.84% shareholding in Emirates NBD Bank PJSC (notes 3.5 and 35(b))	(323)	(119)	(921)	(179)	59	(94)	1,108	(2)	(471)
Change in Group's ownership in other subsidiaries (note 28.3)	42	-	734	(47)	-	-	(131)	(2)	596
Transfers from / (to) retained earnings	246	(1)	92	-	-	259	-	26	622
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	276	-	-	-	-	276
Other movements	-	(122)	-	-	-	-	(1)	(9)	(132)
Balance at 31 December 2023	3,228	672	9,082	(495)	982	1,383	(6,610)	273	8,515

28 OTHER RESERVES (continued)

28.1 Legal and statutory reserve
This mainly includes the transfer of a certain percentage of annual profit for the year to a non-distributable legal reserve, in various entities of the Group in accordance with their articles of association and in compliance with the UAE Federal Law No. (32) of 2021 or Decretal Federal Law No. (14) of 2018, as applicable. These transfers may be discontinued when the reserve equals 50% of the paid up capital of the respective entities.

28.2 Capital and general reserve
This represents the Group's share of reserves capitalised by various entities in the Group. This reserve is non-distributable.

28.3 Merger reserve
The merger reserve mainly includes amounts relating to:

- Borse Dubai Limited
- Emirates NBD Bank PJSC
- National Bonds Corporation Sole Proprietorship P.S.C

Borse Dubai Limited
In 2007, the Government transferred the ownership of DFM (80% shareholding) and Nasdaq Dubai Limited ("Nasdaq Dubai") (100% shareholding) to Borse Dubai, without any consideration. This transaction was a common control transaction and was accounted for under the pooling of interests method. Since no consideration was paid by Borse Dubai for the acquisition of DFM and Nasdaq Dubai, the issued and paid-up share capital amount of the two entities were recognised as a merger reserve.

During the prior year, Borse Dubai repurchased its shares held by a non-controlling shareholder, thereby increasing the Group's ownership in Borse Dubai from 89.72% to 100%. As a result, AED 1,715 million was transferred from 'non-controlling interests' to 'equity attributable to the equity holder of ICD' and disclosed as 'change in Group's ownership in other existing subsidiaries' in the consolidated statement of changes in equity. The amount transferred included AED 734 million of merger reserve arising from the aforementioned transaction.

As at 31 December 2024, the merger reserve at the Group level in relation to this transaction amounted to AED 7,140 million (2023: AED 7,140 million).

Emirates NBD Bank PJSC
In 2007, the merger of Emirates Bank International PJSC and National Bank of Dubai PJSC into Emirates NBD Bank PJSC resulted in the recognition of a merger reserve. As a result of the change in the Group's ownership in the Bank during the prior year (note 3.5), AED 921 million was transferred from merger reserve 'attributable to the equity holder of ICD' to 'non-controlling interests'.

As at 31 December 2024, the merger reserve 'attributable to the equity holder of ICD' in relation to this transaction amounted to AED 2,540 million (2023: AED 2,540 million).

National Bonds Corporation Sole Proprietorship P.S.C
During prior years, the shareholders of National Bonds Corporation Sole Proprietorship P.S.C other than the Group, transferred their entire shareholding in National Bonds Corporation Sole Proprietorship P.S.C to the Group. This transaction was a common control transaction and was accounted for under the pooling of interests method. Accordingly, the excess of consideration paid over the book value of net assets amounting to AED 596 million was recognised as merger reserve.

28.4 Cumulative changes in fair value
Cumulative changes in fair value comprise the cumulative net changes in the fair value of investment securities measured at FVOCI until the investments are derecognised.

28.5 Foreign currency translation reserve
The foreign currency translation reserve mainly comprises of foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

29 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits recognised in the consolidated statement of financial position are as follows:

	2024	*2023*
	AED million	*AED million*
Balance at 1 January	**4,480**	3,816
Provision made	**1,857**	1,643
End of service benefits paid	**(1,500)**	(1,403)
Actuarial (gain) / loss on defined benefit obligations	**(3)**	459
Arising on business combinations	**-**	2
Other movements	**(40)**	(37)
Balance at 31 December	**4,794**	4,480
Disclosed as follows:		
Non-current liabilities	**4,781**	4,468
Current liabilities	**13**	12
	4,794	4,480

Employees' Pension Scheme

Eligible UAE National employees of the Group are entitled to join the pension scheme operated for UAE National employees by the UAE General Pension and Social Security Authority (the "Pension Authority"). Contributions for the period for eligible UAE National employees made to the Pension Authority, in accordance with the provisions of UAE Federal Law on Pension and Social Security, are charged to the consolidated income statement.

Defined benefit obligations

In accordance with the provisions of IAS 19, an exercise to assess the present value of the defined benefit obligations as at 31 December was carried out, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases up to 24.00% (2023: 17.90%) per annum and a discount rate up to 29.02% (2023: 24.18%) per annum.

The liabilities recognised in the consolidated statement of financial position are:

	2024	*2023*
	AED million	*AED million*
Present value of funded defined benefit obligations	**4,393**	4,004
Less: Fair value of plan assets (note (i) below)	**(4,252)**	(3,733)
	141	271
Present value of unfunded defined benefit obligations	**4,653**	4,209
Employees' end of service benefits provision	**4,794**	4,480

(i) Funded schemes

Senior employees of certain subsidiaries based mainly in the UAE participate in a defined benefit provident scheme (the "Fund") to which these subsidiaries contribute a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a regular basis irrespective of the Fund's performance and are not pooled, but are separately identifiable and attributable to each participant. The Fund comprises of a diverse mix of funds, and investment decisions are controlled directly by the participating employees.

29 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(i) Funded schemes (continued)

Benefits receivable under the provident scheme are subject to vesting rules that are dependent upon the participating employee's length of service. If at the time when an employee leaves employment, the accumulated vested amount including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, the Group pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives a defined percentage of their fund balance depending upon their length of service. Vested assets of the scheme are not available to the Group or its creditors in any circumstances.

Movements in the fair value of the plan assets in respect of the funded schemes are as follows:

	2024 AED million	*2023 AED million*
Balance at 1 January	**3,733**	2,948
Contributions made	**459**	489
Benefits paid	**(195)**	(229)
Fair value gain – net	**276**	484
Other movements	**(21)**	41
Balance at 31 December	**4,252**	3,733

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or defined contribution plans follow relevant local regulations and are mainly based on the period of cumulative service and the employees' final basic salary level.

30 BORROWINGS AND LEASE LIABILITIES

	Notes	***2024 AED million***	*2023 AED million*
<u>Banking operations</u>			
Non-current liabilities			
Debt issued and other borrowed funds	30(a)	**50,633**	46,838
Due to banks	30(b)	**12,355**	3,748
Sukuk payable	30(d)	**5,591**	4,673
Lease liabilities	30(e)	**500**	312
(A)		**69,079**	55,571
Current liabilities			
Debt issued and other borrowed funds	30(a)	**21,843**	19,278
Due to banks	30(b)	**43,132**	36,573
Sukuk payable	30(d)	**1,836**	-
Lease liabilities	30(e)	**168**	106
(B)		**66,979**	55,957
Total banking operations (C = A + B)		**136,058**	111,528

30 BORROWINGS AND LEASE LIABILITIES (continued)

	Notes	***2024 AED million***	*2023 AED million*
Non-banking operations			
Non-current liabilities			
Bank and other borrowings	30(c)	**61,725**	76,969
Bonds (including Sukuk)	30(d)	**15,774**	16,697
Lease liabilities	30(e)	**28,978**	32,645
(D)		**106,477**	126,311
Current liabilities			
Bank and other borrowings	30(c)	**18,652**	19,198
Bonds (including Sukuk)	30(d)	**16,746**	17,477
Lease liabilities	30(e)	**9,082**	10,220
Bank overdrafts (note 24.1)		**235**	230
(E)		**44,715**	47,125
Total non-banking operations (F = D + E)		**151,192**	173,436
Total borrowings and lease liabilities (C + F)		**287,250**	284,964
Disclosed as follows:			
Non-current liabilities (A+D)		**175,556**	181,882
Current liabilities (B+E)		**111,694**	103,082
		287,250	284,964
Includes borrowings and lease liabilities due to:			
Associates and joint ventures (note 37(b))		**13,067**	14,076
Government, MOF and other related parties (note 37(b))		**183**	4,661
		13,250	18,737

The above borrowings and lease liabilities are denominated in various currencies.

As at 31 December 2024, the fair value of borrowings and lease liabilities amounted to AED 286,491 million (31 December 2023: AED 284,638 million).

(a) Debt issued and other borrowed funds

	2024 AED million	*2023 AED million*
Medium-term note programme	**56,014**	51,233
Term loans from banks	**13,884**	11,909
Borrowing raised from loan securitisations	**2,578**	2,974
Total (note 30(f))	**72,476**	66,116

30 BORROWINGS AND LEASE LIABILITIES (continued)

(a) Debt issued and other borrowed funds (continued)

The repayment profile of these liabilities is as follows:

	2024 AED million	*2023 AED million*
2024	**-**	19,278
2025	**21,843**	11,063
2026	**9,089**	7,639
2027	**12,424**	4,660
2028	**6,823**	7,010
2029	**6,740**	576
Beyond 2029	**15,557**	15,890
	72,476	66,116
Average interest rate (per annum)	**5.42%**	5.06%

(b) Due to banks

	2024 AED million	*2023 AED million*
Demand and call deposits	**8,302**	3,297
Balances with correspondent banks	**2,330**	2,702
Repurchase agreements with banks	**7,412**	7,294
Time and other deposits	**37,443**	27,028
	55,487	40,321
Includes balances with original maturities of:		
More than three months	**30,496**	8,028
Less than three months (note 24.1)	**24,991**	32,293
	55,487	40,321
Average interest rate (per annum)	**5.40%**	4.29%

30 BORROWINGS AND LEASE LIABILITIES (continued)

(c) Bank and other borrowings (non-banking operations)

(i) These borrowings carry the following interest rates:

	2024 AED million	*2023 AED million*
Secured facilities		
Fixed rate	**4,071**	3,988
EIBOR + Margin	**4,941**	7,407
SOFR + Margin	**35,729**	44,188
Other IBOR + Margin	**59**	162
	44,800	55,745
Unsecured facilities		
Fixed rate	**87**	1,827
EIBOR + Margin	**9,453**	13,628
SOFR + Margin	**25,387**	24,215
Other IBOR + Margin	**650**	752
	35,577	40,422
Total (note 30(f))	**80,377**	96,167
Effective interest rate (per annum)	**5.57%**	5.73%

(ii) These liabilities are repayable as follows:

	2024 AED million	*2023 AED million*
Up to one year	**18,652**	19,198
One to five years	**48,142**	57,825
More than five years	**13,583**	19,144
	80,377	96,167

(d) Bonds (including Sukuk)

	2024 AED million	*2023 AED million*
These instruments are denominated in the following currencies:		
US Dollar	**24,059**	25,235
UAE Dirham	**15,937**	13,619
	39,996	38,854
Less: transaction costs	**(49)**	(7)
Total (note 30(f))	**39,947**	38,847

These bonds (including Sukuk) carry interest / profit rate varying from 1.83% to 6.13% per annum (2023: 1.55% to 6.71% per annum) and are repayable either on demand to bond holders, periodically or as a bullet payment upon their relevant maturities over the period up to 2046 (2023: period up to 2046).

30 BORROWINGS AND LEASE LIABILITIES (continued)

(e) Lease liabilities

Lease liabilities are payable as follows:

31 December 2024

	Future lease payments AED million	***Interest component AED million***	***Present value of lease payments AED million***
Up to one year	11,040	(1,790)	9,250
One to five years	25,295	(3,506)	21,789
More than five years	11,361	(3,672)	7,689
	47,696	**(8,968)**	**38,728**

31 December 2023

	Future lease payments AED million	*Interest component AED million*	*Present value of lease payments AED million*
Up to one year	12,332	(2,006)	10,326
One to five years	30,109	(4,101)	26,008
More than five years	9,470	(2,521)	6,949
	51,911	(8,628)	43,283

Movements in lease liabilities during the year are as follows:

	2024 AED million	*2023 AED million*
Balance at 1 January	**43,283**	45,527
Additions	**6,499**	6,112
Interest expense (note 10)*	**2,228**	2,323
Remeasurements and terminations	**2,539**	1,766
Transfer to borrowings (note 30(f))	**(2,498)**	-
Repayments	**(13,006)**	(12,550)
Arising on business combinations	**-**	14
Translation differences	**(317)**	91
Balance at 31 December	**38,728**	43,283

* During the current year, interest expense of AED 93 million (2023: AED 26 million) has been capitalised as part of ‘property, plant and equipment’.

30 BORROWINGS AND LEASE LIABILITIES (continued)

(f) Movements in bank and other borrowings, debt issued and other borrowed funds, and bonds (including Sukuk)

	2024	*2023*
	AED million	*AED million*
Balance at 1 January	**201,130**	198,022
Proceeds from borrowings, net of transaction cost	**68,579**	62,463
Repayments	**(86,041)**	(65,977)
Arising on business combinations	**1,776**	71
Transfer from lease liabilities (note 30(e))	**2,498**	-
Translation differences	**(1,280)**	(1,778)
Interest accrued and other movements	**6,138**	8,329
Balance at 31 December	**192,800**	201,130

(g) Securities

The significant securities provided against borrowings are as follows:

- Collateral over certain assets of the Group including property, plant and equipment, investment properties and an associate of one of the Group's subsidiaries;
- Assignment of insurance policies and earnings from applicable property, plant and equipment;
- Negative pledge whereby the relevant subsidiaries of the Group shall not create or permit to subsist any security on any of the applicable property, plant and equipment to third parties;
- Confirmation from a Group entity that it shall not merge or amalgamate or sell its assets, except in the ordinary course of business, without prior approval of the concerned banks;
- Confirmation from a Group entity that prior consent of the lenders will be obtained before effecting any change in its ownership and/or sale of significant assets; and
- Certain real estate assets of the Group have been designated to support the issuance of borrowings in the form of Ijara.

31 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair value of derivative financial instruments together with notional amounts analysed by term to maturity. The notional amount is the amount of a derivative's underlying asset or liability, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor of the credit risk.

31 December 2024

			Notional amounts		
	Positive fair value AED million	*Negative fair value AED million*	*Total AED million*	*<1 year AED million*	*>1 year AED million*
Banking operations					
Derivatives held for trading:					
Foreign exchange forwards	**1,076**	**(853)**	**253,521**	**231,978**	**21,543**
Foreign exchange options	**210**	**(168)**	**12,591**	**11,831**	**760**
Interest rate swaps / caps	**10,453**	**(9,591)**	**710,641**	**280,241**	**430,400**
Commodity options	**46**	**(55)**	**3,775**	**1,289**	**2,486**
	11,785	**(10,667)**	**980,528**	**525,339**	**455,189**
Derivatives held as cash flow hedges:					
Interest rate swaps	**419**	**(575)**	**38,536**	**16,380**	**22,156**
Derivatives held as fair value hedges:					
Interest rate swaps	**236**	**(4,530)**	**26,367**	**1,344**	**25,023**
Derivatives held as hedge of a net investment in foreign operations:					
Foreign exchange forwards	**4**	**-**	**333**	**333**	**-**
(A)	**12,444**	**(15,772)**	**1,045,764**	**543,396**	**502,368**
Non-banking operations					
Derivatives held for trading:					
Interest rate swaps	**-**	**-**	**351**	**351**	**-**
Commodity swaps and futures	**-**	**(1)**	**202**	**202**	**-**
	-	**(1)**	**553**	**553**	**-**
Derivatives held as cash flow hedges:					
Foreign exchange forwards	**865**	**(25)**	**23,206**	**16,612**	**6,594**
Interest rate swaps	**388**	**(2)**	**10,771**	**2,471**	**8,300**
Commodity forwards	**627**	**(438)**	**44,352**	**14,136**	**30,216**
	1,880	**(465)**	**78,329**	**33,219**	**45,110**
(B)	**1,880**	**(466)**	**78,882**	**33,772**	**45,110**
Total (A+B)	**14,324**	**(16,238)**	**1,124,646**	**577,168**	**547,478**

31 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

31 December 2023

	Positive fair value AED million	Negative fair value AED million	Notional amounts Total AED million	<1 year AED million	>1 year AED million
Banking operations					
Derivatives held for trading:					
Foreign exchange forwards	1,234	(931)	226,260	211,311	14,949
Foreign exchange options	40	(24)	6,632	5,817	815
Interest rate swaps / caps	13,268	(11,692)	630,612	204,506	426,106
Commodity options	36	(3)	1,915	762	1,153
	14,578	(12,650)	865,419	422,396	443,023
Derivatives held as cash flow hedges:					
Interest rate swaps	350	(786)	31,815	6,467	25,348
Derivatives held as fair value hedges:					
Interest rate swaps	340	(3,808)	30,170	3,183	26,987
Derivatives held as hedge of a net investment in foreign operations:					
Foreign exchange forwards	-	(5)	623	623	-
(A)	15,268	(17,249)	928,027	432,669	495,358
Non-banking operations					
Derivatives held for trading:					
Commodity swaps and futures	5	(22)	2,329	2,329	-
Derivatives held as cash flow hedges:					
Foreign exchange forwards	67	(232)	10,214	9,462	752
Interest rate swaps	444	(1)	11,858	3,315	8,543
Commodity forwards	1,449	(4)	26,986	7,536	19,450
	1,960	(237)	49,058	20,313	28,745
(B)	1,965	(259)	51,387	22,642	28,745
Total (A+B)	17,233	(17,508)	979,414	455,311	524,103

31 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Disclosed as follows:

	2024 *AED million*	*2023* *AED million*
Positive fair value of derivatives:		
Non-current assets	**10,052**	12,126
Current assets	**4,272**	5,107
	14,324	17,233
Negative fair value of derivatives:		
Non-current liabilities	**(12,996)**	(13,820)
Current liabilities	**(3,242)**	(3,688)
	(16,238)	(17,508)
Net fair value of derivatives (note 19.1)	**(1,914)**	(275)

Derivative related credit risk - banking operations

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Bank and potential future fluctuations. The majority of the fair value of favourable contracts (and therefore credit risk) represents an exposure to financial institutions. All credit exposure is managed under approved facilities, and in many cases, is collateralised under a Credit Support Annex. The Bank takes a Credit Value Adjustment (“CVA”) on outstanding derivative transactions. The methodology for CVA calculation relies on three components: the probability of default of the counterparty, the expected positive exposure and the recovery rate. CVA is computed on all asset classes including foreign exchange, interest rates and commodities.

32 OTHER NON-CURRENT PAYABLES

	2024 *AED million*	*2023* *AED million*
Provision for aircraft return conditions (note 32.1)	**4,621**	4,128
Maintenance reserve and security deposits (note 32.2)	**4,155**	3,748
Deferred revenue and advances from customers	**1,179**	895
Amounts due to Government, MOF and other related parties (note 37(b))	**955**	920
Retention payable	**253**	170
Other provisions	**415**	467
Others	**1,318**	1,538
	12,896	11,866

32 OTHER NON-CURRENT PAYABLES (continued)

32.1 The table below represents the movement in the provision for aircraft return conditions during the year:

	2024 ***AED million***	*2023* *AED million*
Balance at 1 January	**5,656**	6,187
Additions	**48**	135
Unwinding of discount	**443**	324
Released or utilised	**(1,388)**	(1,050)
Remeasurements	**1,008**	60
Balance at 31 December	**5,767**	5,656
Disclosed as follows:		
Other non-current payables	**4,621**	4,128
Trade and other payables (note 33)	**1,146**	1,528
	5,767	5,656

32.2 The table below represents the movement in the maintenance reserve and security deposits:

	2024 ***AED million***	*2023* *AED million*
Balance at 1 January	**4,733**	4,657
Additions	**1,896**	1,253
Arising on business combination	**133**	-
Reimbursed	**(624)**	(813)
Released, repaid or offset	**(958)**	(364)
Transfer to liabilities related to assets held for sale	**(326)**	-
Balance at 31 December	**4,854**	4,733
Disclosed as follows:		
Other non-current payables	**4,155**	3,748
Trade and other payables (note 33)	**699**	985
	4,854	4,733

33 TRADE AND OTHER PAYABLES

	2024 AED million	*2023 AED million*
Trade payables	**50,151**	44,301
Passenger and cargo sales in advance	**17,859**	16,250
Deferred revenue and other advances from customers	**10,349**	9,113
Accrued interest / profit payable (banking operations)	**8,743**	6,647
ECL on unfunded exposures (banking operations) (note 36(g))	**3,641**	2,535
Managers' cheques (banking operations)	**3,298**	2,690
Amounts due to Government, MOF and other related parties (note 37(b))	**1,525**	1,412
Provision for aircraft return conditions (note 32.1)	**1,146**	1,528
Dividend payable (includes payable on behalf of companies listed on the stock exchange)	**1,121**	971
Amounts due to associates and joint ventures (note 37(b))	**1,040**	958
Maintenance reserve and security deposits (note 32.2)	**699**	985
Other refundable deposits	**640**	555
Retention payable	**517**	624
iVESTOR cards payable	**496**	438
Excess billings in construction contracts	**301**	176
Abandonment and decommissioning liability	**276**	333
Other provisions	**4,803**	3,407
Other payables and accruals	**9,739**	11,346
	116,344	104,269

34 CUSTOMER DEPOSITS

Customer deposits represent the payables arising from the banking operations of the Group carried out through the Bank. The details of customer deposits are as follows:

	2024 AED million	*2023 AED million*
Time	**267,037**	232,211
Demand, call and short notice	**253,422**	239,383
Savings	**76,115**	67,181
Others (including escrows)	**54,509**	35,772
	651,083	574,547
Disclosed as follows:		
Non-current liabilities	**6,593**	21,549
Current liabilities	**644,490**	552,998
	651,083	574,547
Average interest and profit distribution rate per annum	**6.07%**	4.10%
Includes deposits from:		
Associates and joint venture (note 37(b))	**4,408**	2,268
Government, MOF and other related parties (note 37(b))	**8,056**	8,297
	12,464	10,565

Included in the above customer deposits of AED 107,193 million are Islamic deposits (2023: AED 83,035 million).

35 NON-CONTROLLING INTERESTS

(a) Tier 1 Capital notes

Non-controlling interests as at 31 December 2024 include three series of regulatory Tier 1 capital notes ("Capital Notes") with details mentioned in the table below. These Capital Notes were issued at a fixed interest rate with a reset after six years and are perpetual, subordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion. Noteholders will not have a right to claim the coupon and such event will not be considered an event of default. These Capital Notes carry no maturity date and have been classified under equity as 'non-controlling interests'.

Issuance Month / Year	*Issued Amount*
May 2021	USD 750 million (AED 2.75 billion)
July 2020	USD 750 million (AED 2.75 billion)
March 2019	USD 1 billion (AED 3.67 billion)

(b) Material partly owned subsidiaries

Proportion of equity interest held by non-controlling interests as at 31 December:

Name	*Country of incorporation*	***2024***	*2023*
Emirates NBD Bank PJSC	UAE	**59.08%**	59.08%

As explained in note 3.5, during the prior year the Group's ownership in the Bank reduced, which resulted in the increase of related non-controlling interests from 44.24% to 59.08%. The Transfer was accounted for as a disposal of ownership interest without change in control and is disclosed in the consolidated statement of changes in equity as 'On transfer of 14.84% shareholding in Emirates NBD Bank PJSC.'

The financial information of the Bank is provided below:

	2024 AED million	*2023 AED million*
Balances of material non-controlling interests	**78,728**	69,109
Profit allocated to material non-controlling interests	**13,817**	10,067
Dividend / interest paid to material non-controlling interests	**4,983**	2,184

The above analysis includes the Capital Notes and interest thereon.

The summarised financial information of the Bank is provided below. This information is based on amounts before any Group elimination and other Group level adjustments.

Summarised statement of comprehensive income for the year ended 31 December is set out below:

	2024 AED million	*2023 AED million*
Profit for the year	**23,008**	21,521
Total comprehensive income	**24,685**	20,990

35 NON-CONTROLLING INTERESTS (continued)

Summarised statement of financial position as at 31 December is set out below:

	2024 AED million	*2023 AED million*
Current assets	**562,407**	497,474
Non-current assets	**434,175**	365,299
Current liabilities	**774,054**	656,683
Non-current liabilities	**96,314**	96,118

Summarised cash flow statement information for the year ended 31 December is set out below:

	2024 AED million	*2023 AED million*
Net cash flows from operating activities	**57,442**	19,327
Net cash flows used in investing activities	**(25,741)**	(47,227)
Net cash flows generated from financing activities	**2,888**	11,039
Net increase / (decrease) in cash and cash equivalents	**34,589**	(16,861)

36 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for and still outstanding at the reporting date is as follows:

	2024 AED million	*2023 AED million*
Capital commitments in relation to aircraft	**392,034**	384,930
Capital commitments in relation to other non-financial assets	**11,903**	10,222
	403,937	395,152

(b) Investment commitments

The Group has contractual commitments of AED 4,892 million as at 31 December 2024 (2023: AED 4,704 million) in relation to investment securities.

(c) Assets held in a fiduciary capacity

The Group’s financial services subsidiaries hold assets in a fiduciary capacity and provide custodian services to some of their customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group’s consolidated financial statements.

36 COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingencies

The Group has the following contingent liabilities at the reporting date:

	2024 AED million	*2023 AED million*
Letters of credit	**20,167**	19,111
Financial guarantees	**80,862**	66,625
Performance bonds	**9,077**	5,775
Liabilities on risk participation	**416**	379

There are various claims against the subsidiaries of the Group initiated by their respective contractors, customers and other counterparties in respect of alleged delays in work or non-fulfilment of contractual obligations. Once the relevant assessments of these claims are completed by the relevant subsidiaries of the Group, and the amount of potential loss is reasonably estimated, an appropriate adjustment is made to account for any adverse effect on their financial standing. Proper controls and policies to manage such claims are in place. Consequently, at the reporting date, it is believed that any adverse outcome from these claims is remote and no liability is recognised in respect of these contingencies.

(e) Irrevocable loan commitments

The Group's banking operations have irrevocable loan commitments of AED 95,414 million outstanding at 31 December 2024 (2023: AED 66,018 million). This represents a contractual commitment to permit drawdowns on a facility within a defined period, subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to drawdown have to be fulfilled, the total contract amounts do not necessarily represent the exact future cash requirements.

(f) Customer acceptances

Customer acceptances are recognised on the balance sheet with a corresponding liability. Accordingly, the Bank has no off-balance sheet commitment for customer acceptances.

(g) ECL on unfunded exposures (Banking operations)

	2024 AED million			*2023 AED million*		
	12 - month ECL	***Lifetime ECL not credit-impaired***	***Lifetime ECL credit-impaired***	*12 - month ECL*	*Lifetime ECL not credit-impaired*	*Lifetime ECL credit-impaired*
Exposure	**193,362**	**5,967**	**3,125**	149,333	4,013	3,127
Expected credit losses (note 33)	**(903)**	**(177)**	**(2,561)**	(972)	(572)	(991)
	192,459	**5,790**	**564**	148,361	3,441	2,136

Unfunded exposures include financial guarantees, letters of credit, liability on risk participations, customer acceptances and irrevocable loan commitments of the Bank.

(h) Fund Management

The Bank manages a number of funds which are not consolidated in these financial statements. These funds have no recourse to the general assets of the Bank and the Bank has no recourse to the assets of these funds. Third party funds managed by the Bank were AED 76,283 million at 31 December 2024 (2023: AED 39,756 million).

37 RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into transactions with entities and individuals that fall within the definition of a related party as set out in IAS 24 - Related Parties Disclosures. Related parties mainly represent:

- the owner and entities controlled, jointly controlled or significantly influenced by the owner;
- associates and joint ventures of the Group; and
- key management personnel of the Group and entities controlled or jointly controlled by them.

Transactions between the related parties are carried out at mutually agreed terms.

The Group enters into transactions with entities related to Government other than those that are already disclosed in these consolidated financial statements. These transactions mainly include investments in publicly traded instruments issued by such entities, utility supply, regulatory and airport services, and banking activities undertaken by the Bank. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions that are entered with these entities in the normal course of business and the resulting balances.

(a) Significant transactions with related parties during the year are as follows:

	Purchase of goods and services (including cost of revenue) AED million	***Sale of goods and services (including revenue) AED million***	***Other finance income AED million (note 9)***	***Other finance costs AED million (note 10)***
2024				
Associates and joint ventures	**4,422**	**3,824**	**927**	**778**
Government, MOF and other related parties	**17**	**1,470**	**7**	**111**
2023				
Associates and joint ventures	4,029	3,428	1,083	723
Government, MOF and other related parties	21	1,187	28	532

(b) Significant amounts due from and due to related parties as at 31 December are as follows, further details of which are disclosed in notes 20, 22, 23, 24, 30, 32, 33 and 34:

	2024 AED million		*2023 AED million*	
	Receivables	***Payables***	*Receivables*	*Payables*
Associates and joint ventures*	**22,783**	**18,515**	27,504	17,302
Government, MOF and other related parties**	**2,059**	**2,663**	1,828	6,993
	24,842	**21,178**	29,332	24,295

* A significant portion of these receivables and payables represents balances due from or due to associates.

37 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Significant amounts due from and due to related parties as at 31 December are as follows, further details of which are disclosed in notes 20, 22, 23, 24, 30, 32, 33 and 34 (continued):

** In addition, the Bank has the following balances with the Government on normal commercial terms:

	2024	*2023*
	AED million	*AED million*
Loans and receivables	**57,333**	76,028
Customer deposits	**8,056**	8,297

(c) Compensation to key managerial personnel:

The remuneration of directors and other key members of management included in the consolidated income statement are as follows:

	2024	*2023*
	AED million	*AED million*
Short-term benefits	**1,083**	907
End of service benefits	**68**	49
Directors' fees	**55**	43
Management fees charged by managers	**50**	17
	1,256	1,016

(d) The investments made in, disposals or changes in ownership of associates and joint ventures, the Group's share of results of associates and joint ventures and the dividends received from them during the current and prior year are disclosed in note 18 of these consolidated financial statements.

Further, during the prior year, the transfer of 14.84% shareholding in the Bank by ICD to another wholly Government-owned entity is disclosed in notes 3.5 and 35. This transfer did not result in any cash movement and hence was not reflected in the consolidated cash flow statement.

(e) The contribution from and distributions to the Government have been disclosed in the consolidated statement of changes in equity, note 26 and note 27 to these consolidated financial statements. Subsequent to the year end, the Board of Directors of ICD approved the distribution of AED 8,104 million.

(f) The Group's investments in the bonds (including Sukuk) issued by associates, joint ventures and the Government are disclosed in the note 19 to these consolidated financial statements.

(g) During the prior year, one of the subsidiaries of the Group purchased certain assets from a Government related entity for a consideration of AED 1,495 million, with the payment deferred over the period of 15 years.

38 FINANCIAL RISK MANAGEMENT

The tables below set out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position:

31 December 2024

	Measured at FVTPL AED million	*Measured at FVOCI AED million*	*Measured at amortised cost AED million*	*Derivative Financial Instruments AED million*	*Total carrying value AED million*
Financial assets					
Non-derivative financial assets					
Investment securities (note 19)	**31,342**	**34,800**	**161,790**	**-**	**227,932**
Other non-current assets	**78**	**-**	**3,333**	**-**	**3,411**
Loans and receivables (note 23)	**-**	**-**	**487,543**	**-**	**487,543**
Customer acceptances	**-**	**-**	**9,478**	**-**	**9,478**
Trade and other receivables	**-**	**-**	**45,237**	**-**	**45,237**
Cash and deposits with banks (note 24)	**-**	**-**	**317,035**	**-**	**317,035**
Derivative financial assets					
Positive fair value of derivatives (note 31)	**-**	**-**	**-**	**14,324**	**14,324**
	31,420	**34,800**	**1,024,416**	**14,324**	**1,104,960**
Financial liabilities					
Non-derivative financial liabilities					
Borrowings and lease liabilities (note 30)	**-**	**-**	**287,250**	**-**	**287,250**
Other non-current payables	**136**	**-**	**11,571**	**-**	**11,707**
Customer deposits (note 34)	**-**	**-**	**651,083**	**-**	**651,083**
Customer acceptances	**-**	**-**	**9,478**	**-**	**9,478**
Trade and other payables	**79**	**-**	**87,898**	**-**	**87,977**
Derivative financial liabilities					
Negative fair value of derivatives (note 31)	**-**	**-**	**-**	**16,238**	**16,238**
	215	**-**	**1,047,280**	**16,238**	**1,063,733**

38 FINANCIAL RISK MANAGEMENT (continued)

The tables below set out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position (continued):

31 December 2023

	Measured at FVTPL AED million	*Measured at FVOCI AED million*	*Measured at Amortised Cost AED million*	*Derivative Financial Instruments AED million*	*Total carrying value AED million*
Financial assets					
Non-derivative financial assets					
Investment securities (note 19)	30,058	28,068	141,977	-	200,103
Other non-current assets	-	-	3,665	-	3,665
Loans and receivables (note 23)	-	-	435,562	-	435,562
Customer acceptances	-	-	8,468	-	8,468
Trade and other receivables	-	-	46,982	-	46,982
Cash and deposits with banks (note 24)	-	-	257,743	-	257,743
Derivative financial assets					
Positive fair value of derivatives (note 31)	-	-	-	17,233	17,233
	30,058	28,068	894,397	17,233	969,756
Financial liabilities					
Non-derivative financial liabilities					
Borrowings and lease liabilities (note 30)	-	-	284,964	-	284,964
Other non-current payables	135	-	10,833	-	10,968
Customer deposits (note 34)	-	-	574,547	-	574,547
Customer acceptances	-	-	8,468	-	8,468
Trade and other payables	77	-	78,437	-	78,514
Derivative financial liabilities					
Negative fair value of derivatives (note 31)	-	-	-	17,508	17,508
	212	-	957,249	17,508	974,969

The fair value of investment securities measured at amortised cost and borrowings and lease liabilities are disclosed in notes 19 and 30 respectively. The fair value of other financial assets and liabilities (that are not stated at fair value) mentioned in the table above is not materially different from their carrying value.

38 FINANCIAL RISK MANAGEMENT (continued)

Overview
As a result of using financial instruments, the Group is exposed to the following main risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included in these consolidated financial statements.

Risk Management Framework and Process
The Board of Directors of ICD and of the respective entities are responsible for:

- the establishment and oversight of risk management frameworks including the determination and approval of risk appetite; and
- the formation of appropriate risk management committees responsible for developing and monitoring risk management policies and the identification, analysis and management of the risks in the operations of the respective businesses.

The Group's risk management framework takes into account the complexity of the Group's business operations and diversity of geographical locations. The Group's risk management framework is not intended to prescribe a specific process for risk management but rather to integrate risk management as a practice into each Group entity's processes and according to each Group entity's specific needs.

The key features of the Group's risk management framework are:

- risk management policies designed to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits;
- design and implementation of appropriate controls with adequate reporting in place to monitor their ongoing effectiveness to safeguard the Group's interests;
- timely escalation to management of exceptions and deviations from authorised limits and other relevant risk guidelines and policies;
- regular review of risk management policies and processes to reflect changes in market conditions and the Group's operations;
- training of employees to develop a disciplined control environment in which all employees understand their roles and responsibilities; and
- risk taking within approved authorities and compliance with applicable regulatory requirements.

The risk management functions of Group entities assist their senior management in controlling and actively managing the Group's overall risk. These functions also ensure that:

- policies, procedures and methodologies are consistent with the risk appetite;
- the overall business strategy is consistent with its risk appetite; and
- appropriate risk management processes are developed and implemented.

38.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to investment securities (primarily bonds and sukuks), loans and receivables, trade and other receivables (including amounts due from related parties), derivative financial instruments, cash at bank, reverse repurchase agreements, customer acceptances, letters of credit, financial guarantees and irrevocable loan commitments. The Group's exposure to such credit risk is monitored on an ongoing basis by management. The Group's cash is placed with commercial financial institutions of good reputation and the creditworthiness of the counterparties are regularly monitored by the management of the respective entities on an ongoing basis.

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Credit risk management and structure
The approach to credit risk management is based on the foundation to preserve the independence and integrity of the credit risk assessment, management and reporting processes, combined with clear policies, limits and approval structures in the respective business segments. Standard procedures specific to businesses are set up to manage various risks across different business segments, products and portfolios.

Credit risk management and structure specific to the Bank
The Bank's credit policy focuses on the core credit principles, lending guidelines and parameters, control and monitoring requirements, problem loan identification, management of high-risk counterparties, provisioning and write-offs. The relevant Credit Management and Investment Committee retain the ultimate authority to approve larger credits. Independent functions within the Bank manage credit risks on the corporate and retail portfolios.

Corporate and Institutional Banking, Business Banking and Private Banking credit risk management
Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment is undertaken in accordance with the Bank's policies and procedures and considers the risk profile and characteristics of the obligor along with drivers of their credit performance. The assessment also considers, amongst other things, the purpose of the facility, sources of repayment, prevailing and potential macroeconomic factors, industry trends, customers' credit-worthiness and standing within the industry.

The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

Management of Early Alert ("EA"), Watch List ("WL") and Impaired Non-Performing Loans ("NPL")
The Bank has a well-defined process for the identification of EA, WL & NPL accounts and dealing with them effectively. There are policies which govern credit grading of these accounts and their impairment, in line with IFRS and regulatory guidelines. Once an account has been classified as NPL, it is assessed for recoverability by an independent Group Financial Restructuring and Remedial ("FRR") unit reporting directly to Group Chief Risk Officer ("GCRO") to ascertain commensurate levels of provisions.

Retail banking credit risk management
The Bank has a structured management framework for Retail banking risk management. The framework enables the Bank to identify and evaluate the significance of all credit risks that the Bank faces, which may have an adverse material impact on its financial position.

In the Retail banking portfolio, losses stem from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending transactions.

The Bank's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Bank to prudently recognise impairment on its retail portfolios.

Credit approving authorities
The Board of the Bank has delegated credit approving authorities to the Board Credit & Investment Committee ("BCIC"), Management Credit Committee ("MCC"), Management Investment Committee ("MIC") and members of senior management to facilitate and effectively manage the business. However, in line with regulatory standards, the Board of the Bank retains the ultimate authority to approve credits beyond BCIC's authority.

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Credit risk management and structure (continued)

Trade and other receivables

Sales are made to customers on mutually agreed terms. The credit committees set up by the respective subsidiaries are responsible for determining:

- The creditworthiness of their customers;
- The credit exposure and the credit ratings of the customers; and
- The required appropriate collateral to be held as security and financial guarantees.

In addition to the above, the sale of passenger and cargo transportation of the airline businesses is largely achieved through International Air Transport Association (“IATA”) approved sales agents, area offices, retail stores and through online channels. All IATA agents have to meet a minimum financial criterion applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an ongoing basis by IATA through its Agency Program. The credit risk associated with such sales agents and the related balances within trade receivables is therefore low. Sales through area offices, retail stores and through online channels are required to be settled in cash or using major credit cards, thus mitigating credit risk.

Credit risk measurement

The Group uses a combination of general approach and simplified approach to measure credit risk and compute expected credit losses.

For instruments where the general approach is used, the estimation of credit risk for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk entails making further estimations on the likelihood of defaults occurring and the associated loss ratios. The Group quantifies credit risk using the PD, EAD and LGD. These parameters are generally derived from internally developed statistical models and other historical data, and are adjusted to reflect forward-looking information.

For instruments where the simplified approach is followed (this mainly includes trade receivables, due from related parties, loan receivables (non-banking operations) retention receivables, contract receivables and finance lease receivables), credit risk is assessed using a provision matrix approach. Under the provision matrix approach, a historical credit loss experience adjusted for forward-looking information is used in estimating ECL. The Group carries out periodic reviews of its counterparties to update their creditworthiness in light of all actual market available information and historical observed defaults.

Credit risk measurement specific to the Bank

Credit risk grading

The Bank uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Bank uses internal rating models tailored to various categories of counterparty to capture borrower and loan specific information collected at the time of facility application (such as disposable income, level of collateral for retail exposure, turnover and industry type considerations.

The credit grades are calibrated to historical default data, such that the risk of default increases exponentially at each higher risk grade. For example, the difference in the PD between a 1A and 2A rating grade is lower than the difference in the PD between a 3A and 4A rating grade.

The following are additional considerations for each type of portfolio held by the Bank:

Retail

After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts its creditworthiness, such as unemployment and previous delinquency history, is also incorporated into the behaviour score. This score is mapped to a PD.

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Credit risk grading (grading) (continued)

Corporate and Institutional Banking, Business Banking and Private Banking
Ratings are determined at the borrower level for these segments. A relationship or portfolio manager incorporates any updated or new information/credit assessment into the credit system on an ongoing basis. In addition, the relationship manager also updates information about the creditworthiness of the borrower every year from sources such as but not limited to, publicly available financial statements. This will determine the updated internal credit rating and PD.

Treasury
For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency. The Bank's rating method comprises 25 rating levels for instruments not in default (1 to 25) and 3 default classes (26 to 28). The Bank's internal rating scale is mapped to external ratings. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating models are reviewed for recalibration so that they reflect the latest projections in light of all actually observed defaults.

Significant increase in credit risk (SICR)
The Bank considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Retail:
Thresholds have been set for each portfolio based on historical default rates. Facilities exceeding the threshold are considered for SICR.

Corporate and Institutional Banking, Business Banking and Private Banking
SICR is measured by comparing the risk of default estimated at origination with the risk of default at the reporting date, in addition to assessing qualitative factors.

Qualitative criteria:
In its assessment of SICR, the Bank also considers various qualitative factors like significant adverse changes in business, deterioration in financial performance, other available public information from external parties such as rating agencies or credit bureau, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flow and liquidity problems.

Backstop:
A backstop is applied and the financial instrument is considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments. The IFRS 9 Governance Forum of the Bank is the committee responsible for the oversight of provisions. The committee has reviewed the calculation process, methodology, and the results of provisions as presented by the GCRO. Further, the Board of the Bank approved the provisioning process and associated provisions as presented by the GCRO.

Definition of default and credit-impaired assets
The Bank defines a financial instrument as in default, in line with the definition of credit-impaired assets, when it meets one or more of the following criteria:

Quantitative:
The borrower is more than 90 days past due on its contractual payments.

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Definition of default and credit-impaired assets (continued)

Qualitative:
The borrower meets an unlikeliness-to-pay criteria, which indicates the borrower is in significant financial difficulty. Indicators of unlikeliness-to-pay may include, but are not limited to, sector crisis, repeated restructurings, significant deterioration in operating assets, and high likelihood of bankruptcy.

Curing
The Bank continues to monitor such financial instruments for a minimum probationary period up to 24 months, depending on the repayment frequency, to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1).

The Bank is observing a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading the exposure from Stage 3 to 2.

Forward-looking information incorporated in the ECL model
The forward-looking information is incorporated through macro-adjusted PD and LGD parameters, which thereby affect the stage and ECL. The Bank has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables, namely the base, upside and downside economic scenario along with scenario weighting, are obtained externally on a quarterly basis. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore actual outcomes may be significantly different than those projected.

Credit risk monitoring
Corporate and Institutional Banking, Business Banking and Private Banking:
The Bank's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts.

Early Alert accounts are identified based on oversight, vigilance and risk triggers. Account strategy and action plans on these accounts are regularly monitored and discussed in the Early Alert Committee meetings.

Additionally, for IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 and regulatory requirements. Stage migrations, any exceptions to SICR criteria, and other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

Retail banking:
Risks of the Bank's loan portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Credit risk (continued)

Credit risk measurement specific to the Bank (continued)

Credit risk mitigation strategy
The Bank operates within prudential exposure ceilings set by its Board in line with the UAE Central Bank guidelines. There are well laid out processes for exception management and escalation. The Bank has adopted measures to diversify the exposures to various sectors. Diversification is achieved by limiting concentration through setting customer, industry and geographical limits.

The risk transfer in the form of syndicated loans, risk participation agreements with other banks, credit default swaps and sale of loans are globally accepted practices followed by the Bank, where appropriate, to limit its exposure.

Collateral management
Collaterals and guarantees are effectively used as mitigating tools by the Bank. The quality of collateral is monitored and assessed periodically. Major categories of collaterals held by the Bank include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables, gold and vehicles.

Where credit facilities are secured by collateral, the Bank seeks to ensure the enforceability of the collateral.

Collateral is revalued regularly as per the Bank's credit policy and applicable regulations. In addition, ad-hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Bank to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

When eligible collaterals are used in calculating provisions for stage 3 accounts, the Bank employs haircuts which are conservative vis-à-vis regulatory requirements.

Write offs

Loans and debt securities in corporate and institutional banking are written off (either partially or in full) when there is no reasonable prospect of recovery, typically more than 5 years past due, broadly aligned with regulatory requirements. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Non-performing consumer loans and credit cards, except for mortgage facilities and overdrafts, are written off at 181 days past due.

All receivables remain active on the loan management system for recovery and any legal strategy the Bank may deem fit to use.

Exposure to credit risk

As at the reporting date, the Group's maximum exposure to credit risk arising from:

(a) financial assets are limited to their carrying value disclosed in note 38, excluding cash balances of AED 6,544 million (2023: AED 6,053 million) and equity investments of AED 9,352 million (2023: AED 9,435 million); and
(b) commitments and contingencies are limited to the value of the letters of credit, financial guarantees, liabilities on risk participation and irrevocable loan commitments as disclosed in notes 36(d) and 36(e).

The maximum exposure to credit risk relating to a financial guarantee and a letter of credit is the maximum amount the Group might have to pay if these are called on.

The credit quality and movement in allowance for impairment of trade receivables, due from related parties, loan receivables (non-banking), retention receivables, contract receivables, finance lease receivables, and loans and receivables as at year-end / during the year (respectively) are disclosed in notes 22 and 23.

38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due, or that it can only do so at excessive cost. Liquidity risk mainly relates to trade and other payables (including amounts due to related parties), borrowings and lease liabilities, and customer deposits. The objective of liquidity risk management is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. Each subsidiary is also responsible for managing its liquidity risk. The Group manages its liquidity by:

- setting appropriate liquidity risk management frameworks for short, medium and long-term funding and liquidity management requirements;
- monitoring future cash flows to ensure that requirements can be met;
- maintaining a portfolio of assets that can be easily liquidated; and
- maintaining adequate cash reserves and banking facilities.

Banking operations

Specifically, liquidity and funding management process of the Bank includes:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- mis-match analysis between assets and liabilities for different periods with a focus on shorter time frames. These gap reports are based on contractual cash flow, retention and decay assumptions for non-maturing assets and liabilities and potential liquidity demand through undrawn commitments;
- monitoring balance sheet liquidity and advances to deposits ratios against internal and regulatory requirements;
- maintaining a diverse range of funding sources with back-up facilities;
- managing the concentration and profile of debt maturities;
- maintaining debt financing plans;
- monitoring customer depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- maintaining liquidity and funding contingency plans. These plans identify early indicators of distress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crisis, while minimising adverse long-term implications for the business.

38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk (continued)

The following are the maturities of financial liabilities, including interest payments, and certain off-balance sheet commitments and contingencies based on contractual undiscounted repayment obligations, at the reporting date:

31 December 2024

	Carrying Amount AED million	*Contractual cash flows AED million*	*Up to one year AED million*	*One to five years AED million*	*More than five years AED million*
Financial liabilities					
Borrowings and lease liabilities	**287,250**	**330,920**	**123,102**	**157,601**	**50,217**
Other non-current payables	**11,707**	**13,330**	**-**	**9,399**	**3,931**
Customer deposits	**651,083**	**662,559**	**653,807**	**8,040**	**712**
Customer acceptances	**9,478**	**9,478**	**9,478**	**-**	**-**
Trade and other payables	**87,977**	**87,977**	**87,977**	**-**	**-**
Negative fair value of derivatives	**16,238**	**16,238**	**3,242**	**6,157**	**6,839**
Total financial liabilities	**1,063,733**	**1,120,502**	**877,606**	**181,197**	**61,699**
Off-balance sheet commitments and contingencies					
Letters of credit and financial guarantees	**101,029**	**101,029**	**77,080**	**20,328**	**3,621**
Irrevocable loan commitments	**95,414**	**95,414**	**83,248**	**11,995**	**171**
Total off-balance sheet items	**196,443**	**196,443**	**160,328**	**32,323**	**3,792**

31 December 2023

	Carrying Amount AED million	*Contractual cash flows AED million*	*Up to one year AED million*	*One to five years AED million*	*More than five years AED million*
Financial liabilities					
Borrowings and lease liabilities	284,964	328,901	116,024	163,401	49,476
Other non-current payables	10,968	12,226	-	9,115	3,111
Customer deposits	574,547	583,982	561,011	17,936	5,035
Customer acceptances	8,468	8,468	8,468	-	-
Trade and other payables	78,514	78,514	78,514	-	-
Negative fair value of derivatives	17,508	17,508	3,688	7,739	6,081
Total financial liabilities	974,969	1,029,599	767,705	198,191	63,703
Off-balance sheet commitments and contingencies					
Letters of credit and financial guarantees	85,736	85,736	61,017	15,289	9,430
Irrevocable loan commitments	66,018	66,018	54,113	11,888	17
Total off-balance sheet items	151,754	151,754	115,130	27,177	9,447

The Group is also exposed to liquidity risk in respect of the commitments and contingencies disclosed in notes 36 (a) and (b).

38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk (continued)

Banking operations

The table below summarises the maturity profile of the Bank's assets and liabilities based on their carrying value. This information is based on amounts before any Group elimination and other Group level adjustments.

	Up to three months AED million	*Three months to one year AED million*	*One year to three years AED million*	*Three years to five years AED million*	*Undated and more than five years AED million*	*Total AED million*
31 December 2024						
Assets						
Property, plant and equipment	**-**	**-**	**-**	**-**	**7,941**	**7,941**
Intangible assets	**-**	**-**	**-**	**-**	**5,626**	**5,626**
Customer acceptances	**9,478**	**-**	**-**	**-**	**-**	**9,478**
Positive fair value of derivatives	**1,570**	**1,365**	**3,900**	**2,040**	**3,593**	**12,468**
Investment securities	**36,183**	**60,056**	**34,438**	**26,460**	**42,086**	**199,223**
Loans and receivables	**132,916**	**77,710**	**134,622**	**70,325**	**86,054**	**501,627**
Cash and deposits with banks	**181,379**	**39,730**	**16,322**	**-**	**-**	**237,431**
Other assets	**15,300**	**-**	**-**	**-**	**7,488**	**22,788**
	376,826	**178,861**	**189,282**	**98,825**	**152,788**	**996,582**
Equity and liabilities						
Total equity	**-**	**-**	**-**	**-**	**126,214**	**126,214**
Customer acceptances	**9,478**	**-**	**-**	**-**	**-**	**9,478**
Borrowings*	**31,408**	**35,403**	**29,419**	**21,497**	**17,663**	**135,390**
Negative fair value of derivatives	**1,507**	**1,576**	**3,700**	**2,275**	**6,839**	**15,897**
Customer deposits	**551,794**	**102,132**	**6,733**	**5,466**	**652**	**666,777**
Other liabilities	**13,703**	**13,081**	**-**	**-**	**16,042**	**42,826**
	607,890	**152,192**	**39,852**	**29,238**	**167,410**	**996,582**
Off-balance sheet						
Letters of credit and guarantees	**37,199**	**37,027**	**15,378**	**4,396**	**3,146**	**97,146**

* Borrowings include debt issued and other borrowed funds, due to banks and Sukuk payable.

38 FINANCIAL RISK MANAGEMENT (continued)

38.2 Liquidity risk (continued)

Banking operation (continued)

The table below summarises the maturity profile of the Bank's assets and liabilities based on their carrying value. This information is based on amounts before any Group elimination and other Group level adjustments.

	Up to three months AED million	*Three months to one year AED million*	*One year to three years AED million*	*Three years to five years AED million*	*Undated and more than five years AED million*	*Total AED million*
31 December 2023						
Assets	339,929	149,682	133,226	82,444	157,492	862,773
Equity and liabilities	504,445	142,119	47,166	17,789	151,254	862,773
Off-balance sheet	29,285	28,919	11,037	3,502	8,865	81,608

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk

Market risk is the risk that changes in market factors, such as equity prices, commodity prices, credit spreads, interest or profit rates and foreign currency rates will affect the value of financial instruments and the Group's income and equity. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The diverse activities of entities within the Group create exposures to specific market risks that are managed through risk management frameworks appropriate for the inherent business risks. Certain subsidiaries buy and sell derivatives and incur financial liabilities to manage market risk. All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity. Relevant aspects of the Bank's market risk framework are described below.

38.3.1 Market risk specific to the Bank

The Bank uses following metrics to measure market risk on an ongoing basis:

- Non statistical metrics; and
- Statistical metrics.

<u>Value-at-Risk</u>

To better capture the multi-dimensional aspects of market risk, the Bank's primary market risk metric is a statistical measure, Value-at-Risk ("VaR"), used for short-term risk holding periods. VaR metrics are calculated daily for the specific Trading Desk such as:

- Interest Rate Desk VaR;
- Foreign Exchange Desk VaR; and
- Overall Trading Book VaR.

The year-end VaR numbers reported below have been derived using the following parameters:

- Statistical level of confidence: 99%
- Holding period: 1 business day
- Methodology: full revaluation, historical simulation using over 2 years of historical market data

	Average AED million	***Maximum AED million***	***Minimum AED million***	***Actual AED million***
By Trading Desk				
31 December 2024				
Interest rate risk	25	44	11	13
Foreign exchange risk	4	12	1	7
Credit trading risk	7	16	3	5
Total*	23	41	11	15
31 December 2023				
Interest rate risk	14	28	5	14
Foreign exchange risk	2	12	-	1
Credit trading risk	5	8	2	4
Total*	14	26	7	14

* The sum of asset class VaR metrics does not add up to the reported Total VaR metric due to diversification and cross-correlation effects.

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

38.3.1 Market risk specific to the Bank (continued)

Value-at-Risk (continued)

The major foreign currency open positions of the Bank are as follows:

	2024	*2023*
	Long / (Short)	Long / (Short)
	AED million	*AED million*
U.S. Dollar (USD)	**6,778**	11,482
Oman Riyal (OMR)	**12**	21
Euro (EUR)	**(990)**	(496)
Saudi Riyal (SAR)	**(106)**	(1,095)
Turkish Lira (TRY)	**704**	(8)
Egyptian Pound (EGP)	**(15)**	(218)
Bahraini Dinar (BHD)	**(3)**	(44)
Indian Rupee (INR)	**(86)**	111

The Bank is not significantly exposed to structural foreign currency risk since the majority of the assets and liabilities of the Bank are denominated predominantly in either AED or in USD-pegged currencies from other GCC countries.

38.3.2 Equity price risk

Equity price risk arises from investments in equity instruments measured at FVTPL and FVOCI at the reporting date. Group entities are responsible for monitoring their investment portfolios. Material investments within portfolios are managed on an individual basis. All such investments are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity.

Equity price risk – sensitivity analysis

A 5% increase in equity prices would have increased the fair value of securities by AED 468 million (2023: AED 472 million); an equal change in the opposite direction would have decreased the fair value of securities by AED 468 million (2023: AED 472 million). The following table demonstrates the sensitivity of the Group’s equity and profit to a 5% change in the price of its equity holdings, assuming all other variables, in particular foreign currency rates, remain constant.

	Effect on profit AED million	***Effect on equity AED million***
31 December 2024		
Effect of changes in equity portfolio of the Group	**273**	**468**
31 December 2023		
Effect of changes in equity portfolio of the Group	257	472

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

38.3.3 Commodity price risk

The Group is exposed to commodity price risk mainly from the price volatility of crude oil and oil derived products. The Group manages its exposure to changes in oil prices, and, in doing so, may use commodity derivative instruments including commodity futures, swaps and options. All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity.

Commodity price risk – sensitivity analysis

An increase of 5% in oil prices relating to commodity derivative contracts would have increased / (decreased) profit and equity respectively by the amounts shown below. This analysis assumes that all other variables remain constant. An equivalent decrease of the same magnitude would have an equal but opposite effect.

	Effect on profit AED million	***Effect on equity AED million***
31 December 2024		
Effect of changes in oil prices	**(8)**	**2,287**
31 December 2023		
Effect of changes in oil prices	24	1,401

At the reporting date, if the market price of crude oil had been USD 10 per barrel higher/lower, the crude oil underlifts would have been higher/lower by AED 74 million (2023: AED 37 million).

38.3.4 Interest and profit rate risk

The Group is exposed to interest or profit rate risk due to interest rate or profit fluctuations with respect to investment in securities (primarily bonds and sukuks), loans and receivables, derivatives, cash and deposits with banks, customer deposits, and borrowings and lease liabilities.

Certain subsidiaries manage their interest or profit rate risk by entering into interest rate swap contracts. Such interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate or conversely. For details on the fair value, notional amount and maturity analysis of interest rate swap contracts, please see note 31.

Banking operations

Interest Rate Risk in the Banking Book (“IRRBB”) is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank’s retail and corporate and institutional banking assets and liabilities, and debt instruments measured at FVOCI and amortised cost. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes.

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to the Bank’s treasury under the supervision of the Bank’s Asset and Liability Committee (“ALCO”), through Funds Transfer Pricing Systems. The Bank’s ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

38.3.4 Interest and profit rate risk (continued)

Banking operations (continued)
In order to measure the overall interest sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points ("bp"), and assessing the corresponding impact on its net interest income.

	As at 31 December 2024 AED million	*As at 31 December 2023 AED million*
Rates Up 200 bp	**1,631**	2,441
Rates Down 200 bp	**(3,594)**	(4,113)

The interest rate sensitivities set out in the table above are based on a set of scenarios i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections are based on constant balance scenario, consider behavioural assumptions on non-maturity products and also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by the Bank's treasury or in the business units to mitigate the impact of this interest rate risk. In practice, the Bank's treasury seeks proactively to change the interest rate risk profile to minimise losses and optimise net revenue.

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

38.3.4 Interest and profit rate risk (continued)

Banking operations (continued)

Interest rate repricing analysis
The below analysis represents when the interest rate will be repriced for each class of assets and liabilities of the Bank, at their carrying value. This information is based on amounts before any Group elimination and other Group level adjustments.

31 December 2024

	Up to one month AED million	*One month to three months AED million*	*Three months to six months AED million*	*Six months to one year AED million*	*More than one year AED million*	*Non-interest bearing AED million*	*Total AED million*
Assets							
Property, plant and equipment	-	-	-	-	-	**7,941**	**7,941**
Intangible assets	-	-	-	-	-	**5,626**	**5,626**
Positive fair value of derivatives	-	-	-	-	-	**12,468**	**12,468**
Investment securities	**16,916**	**26,081**	**40,515**	**22,653**	**91,611**	**1,447**	**199,223**
Loans and receivables	**200,204**	**156,438**	**44,931**	**26,073**	**73,981**	-	**501,627**
Cash and deposits with banks	**77,984**	**33,072**	**13,012**	**10,360**	**1,362**	**101,641**	**237,431**
Customer acceptances	-	-	-	-	-	**9,478**	**9,478**
Other assets	-	-	-	-	-	**22,788**	**22,788**
	295,104	**215,591**	**98,458**	**59,086**	**166,954**	**161,389**	**996,582**
Equity and liabilities							
Total equity	-	-	-	-	-	**126,214**	**126,214**
Borrowings*	**40,321**	**20,646**	**11,348**	**15,239**	**41,012**	**6,824**	**135,390**
Negative fair value of derivatives	-	-	-	-	-	**15,897**	**15,897**
Customer deposits	**249,874**	**66,403**	**51,747**	**46,710**	**7,508**	**244,535**	**666,777**
Customer acceptances	-	-	-	-	-	**9,478**	**9,478**
Other liabilities	-	-	-	-	-	**42,826**	**42,826**
	290,195	**87,049**	**63,095**	**61,949**	**48,520**	**445,774**	**996,582**

* Borrowings include debt issued and other borrowed funds, due to banks and Sukuk payable.

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

38.3.4 Interest and profit rate risk (continued)

***Banking operations* (continued)**

Interest rate repricing analysis (continued)

	Up to one month AED million	*One month to three months AED million*	*Three months to six months AED million*	*Six months to one year AED million*	*More than one year AED million*	*Non-interest bearing AED million*	*Total AED million*
On balance sheet gap	**4,909**	**128,542**	**35,363**	**(2,863)**	**118,434**	**(284,385)**	**-**
Off balance sheet gap	**(29,954)**	**(11,315)**	**33**	**7,663**	**32,226**	**-**	**(1,347)**
Interest rate sensitivity gap – 2024	**(25,045)**	**117,227**	**35,396**	**4,800**	**150,660**	**(284,385)**	**(1,347)**
Cumulative interest rate sensitivity gap – 2024	**(25,045)**	**92,182**	**127,578**	**132,378**	**283,038**	**(1,347)**	**(1,347)**
Cumulative interest rate sensitivity gap – 2023	1,804	88,268	132,025	128,759	248,685	-	-

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Market risk (continued)

38.3.4 Interest and profit rate risk (continued)

Non-banking operations
The table below shows the effect on the consolidated income statement and consolidated statement of changes in equity of an increase of 100 basis points in interest/profit rate relating to the net interest/profit bearing financial assets and liabilities of non-banking operations of the Group. The analysis below excludes interest capitalised and assumes that all other variables remain constant. An equivalent decrease would have an equal but opposite effect accordingly.

	31 December 2024 Effect on		*31 December 2023 Effect on*	
	profit AED million	***equity AED million***	*profit AED million*	*equity AED million*
100 bp increase in rates	**(505)**	**(376)**	(644)	(477)

38.3.5 Currency risk

Banking operations
The foreign currency open positions of the Group's banking operations are disclosed in the market risk section specific to banking operations (note 38.3.1).

Non-banking operations
The Group's non-banking operations are exposed to foreign exchange risk on transactions denominated in currencies other than the functional currencies of the Group entities. These transactions give rise to foreign currency exposures. In practice, there is no foreign exchange risk involved in respect of monetary assets and liabilities denominated in USD since AED is currently pegged to USD. Certain Group entities operate in countries where exchange controls and other foreign exchange restrictions apply. Group entities monitor exchange rate movements and the related impact on their financial assets and financial liabilities and manage their foreign currency exposure in accordance with their risk management framework.

The Group's exposure to foreign currencies other than USD mainly arises from Great British Pound (GBP) and Euro (EUR). A 5% strengthening of the AED against these currencies would have increased/(decreased) profit and equity by the amounts shown below.

	Effect on profit AED million	***Effect on equity AED million***
31 December 2024		
Great British Pound (GBP)	**(34)**	**279**
Euro (EUR)	**(29)**	**477**
31 December 2023		
Great British Pound (GBP)	(19)	109
Euro (EUR)	(30)	232

38 FINANCIAL RISK MANAGEMENT (continued)

38.4 Capital management

The objective of the Group's capital management is to ensure that it maintains strong capital ratios to enable it to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in economic and market conditions. The total equity attributable to the equity holder of ICD comprises capital, other distributable and non-distributable reserves and retained earnings adding up to AED 278,786 million as at 31 December 2024 (2023: AED 237,955 million).

The Group has certain bank borrowing arrangements that require to maintain certain ratios and shareholding structures. Apart from these requirements, certain Group entities, such as the Bank, operate in a highly regulated environment and accordingly their capital management is subject to specific regulatory requirements. The Bank's financial statements may be referred for further details on its capital management.

38.5 Climate related risks

Climate change may potentially impact the Group through the following two main types of climate change risks:

- Transition risks – These arise from the economic and societal transition towards a low-carbon economy. These risks can be triggered by shifts in policies, advancements in technology, and evolving consumer behaviour.

- Physical risks – These arise from the tangible effects of climate change, involving temperature rises or associated changes in weather patterns, sea-level changes, ecosystem changes, ecological shifts, and impacts on human habitats.

ICD considers climate related risks as part of its risk management and ESG frameworks and is engaging with its subsidiaries to further understand the potential impact at the Group level. ICD has established an ESG network at the Group level which acts as a forum to discuss and learn from the participating members' ESG strategies, including those pertaining to climate related risks.

39 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities that is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised in three major reportable operating segments:

- Banking and other financial services: this segment comprises of banking operations, non-bank financial institutions, holding and administering of interests in financial exchanges and financial transaction management advisory services;
- Transportation and related services: this segment comprises primarily of passenger and commercial air transportation (including retail of consumer goods and in-flight catering), airport handling operations, aircraft handling and engineering services, other travel related services and aircraft leasing and engineering services; and
- Oil and gas products/services: this segment comprises of upstream oil and gas production, midstream refinery, downstream marketing, retailing of oil and gas, and terminal and storage functions.

A brief description of the businesses included in the 'Other' operating segment is as follows:

- Retail trade: primarily comprises of duty-free retail services at Dubai's airports;
- Hospitality and leisure: primarily comprises of the hotels owned or managed by the Group and income from exhibition and convention centres;
- Real estate and construction: comprises of activities such as real estate development, construction contracting, management of free zones and leasing of buildings;
- Industrial: comprises of aluminium, energy, cables and metals manufacturing rods activities; and
- Others: primarily comprises of investment operations.

The transactions between the operating segments are carried out at mutually agreed terms.

39 OPERATING SEGMENTS (continued)

The following table presents certain consolidated income statement related information of the Group's operating segments for the year:

2024

	Banking and other financial services AED million	*Transportation and related services AED million*	*Oil and gas products / services AED million*	*Other AED million*	*Total AED million*
Total revenue	**93,656**	**162,527**	**74,072**	**33,950**	**364,205**
Intra-segment revenue	**(10)**	**(4,825)**	**-**	**(667)**	**(5,502)**
Inter-segment revenue	**(704)**	**(147)**	**(8,081)**	**(135)**	**(9,067)**
Total revenue from external customers	**92,942**	**157,555**	**65,991**	**33,148**	**349,636**
Interest and similar income	**78,017**	**-**	**-**	**-**	**78,017**
Lease revenue	**78**	**3,901**	**336**	**2,307**	**6,622**
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	**329**	**141,186**	**-**	**14,876**	**156,391**
- Single point in time	**14,501**	**12,468**	**65,655**	**15,829**	**108,453**
Other revenue	**17**	**-**	**-**	**136**	**153**
Total revenue from external customers	**92,942**	**157,555**	**65,991**	**33,148**	**349,636**
Depreciation and amortisation	**1,269**	**21,730**	**4,383**	**2,265**	**29,647**
Net impairment losses / (reversals) on non-financial assets	**5**	**203**	**(2)**	**(479)**	**(273)**
Net impairment (reversals) / losses on financial assets	**(29)**	**29**	**3**	**(56)**	**(53)**
Other finance costs	**416**	**5,642**	**644**	**1,984**	**8,686**
Other finance income	**235**	**2,634**	**188**	**1,114**	**4,171**
Share of results of equity accounted investees	**3,220**	**333**	**232**	**4,488**	**8,273**
Profit for the year before income tax	**34,058**	**26,952**	**2,879**	**11,193**	**75,082**

39 OPERATING SEGMENTS (continued)

The following table presents certain consolidated income statement related information of the Group's operating segments for the year (continued):

2023

	Banking and other financial services AED million	*Transportation and related services AED million*	*Oil and gas products / services AED million*	*Other AED million*	*Total AED million*
Total revenue	67,551	151,300	70,392	36,203	325,446
Intra-segment revenue	(7)	(4,131)	-	(1,380)	(5,518)
Inter-segment revenue	(688)	(189)	(8,727)	(96)	(9,700)
Total revenue from external customers	66,856	146,980	61,665	34,727	310,228
Interest and similar income	57,475	-	-	-	57,475
Lease revenue	65	3,548	305	2,007	5,925
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	11	132,473	-	13,305	145,789
- Single point in time	9,290	10,959	61,360	19,283	100,892
Other revenue	15	-	-	132	147
Total revenue from external customers	66,856	146,980	61,665	34,727	310,228
Depreciation and amortisation	972	22,645	4,020	2,105	29,742
Net impairment losses / (reversals) on non-financial assets	96	26	35	(163)	(6)
Net impairment losses / (reversals) on financial assets	3,342	(51)	(15)	99	3,375
Other finance costs	417	6,153	675	2,396	9,641
Other finance income	174	2,224	145	914	3,457
Share of results of equity accounted investees	3,006	376	278	4,284	7,944
Profit for the year before income tax	28,087	20,600	4,923	10,465	64,075

39 OPERATING SEGMENTS (continued)

The following table presents certain consolidated statement of financial position related information of the Group's operating segments as at 31 December 2024 and 31 December 2023:

	Banking and other financial services AED million	*Transportation and related services AED million*	*Oil and gas products / services AED million*	*Others AED million*	*Total AED million*
31 December 2024*					
Total assets	**1,028,710**	**240,040**	**48,390**	**149,828**	**1,466,968**
Total liabilities	**876,301**	**157,754**	**26,084**	**47,144**	**1,107,283**
Investments in associates and joint ventures	**21,242**	**1,449**	**1,010**	**42,440**	**66,141**
*31 December 2023**					
Total assets	897,708	228,803	52,335	143,237	1,322,083
Total liabilities	766,385	164,054	30,058	50,853	1,011,350
Investments in associates and joint ventures	22,680	1,333	1,000	40,841	65,854

* Assets held for sale and liabilities related to such assets have not been considered for IFRS 8 – Operating Segments disclosures.

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

List of significant subsidiaries, associates and joint ventures along with their principal activities is as follows:

SUBSIDIARIES

	Beneficial interest 2024	*Beneficial interest 2023*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD				
Emirates NBD Bank PJSC	**40.92%**	40.92%	UAE	Banking
Emirates National Oil Company Limited (ENOC) LLC	**100.00%**	100.00%	UAE	Upstream oil and gas production, midstream refinery, downstream marketing, retailing of oil and gas, and terminal and storage functions
Dubai World Trade Centre Authority	**100.00%**	100.00%	UAE	Development and management of a free zone at Dubai World Trade Centre
Emirates	**100.00%**	100.00%	UAE	Commercial air transportation including passenger, cargo and postal carriage services, wholesale and retail of consumer goods, in-flight and institutional catering and hotel operations
Dnata/dnata World Travel	**100.00%**	100.00%	UAE	Airport services (Ground and cargo handling services), travel and catering services
Dubal Holding LLC	**100.00%**	100.00%	UAE	Investment in commercial and industrial enterprises
Borse Dubai Limited	**100.00%**	100.00%	UAE	Hold and manage interests in financial exchanges
Dubai Duty Free Establishment	**100.00%**	100.00%	UAE	Duty free operations at Dubai airports
Dubai Integrated Economic Zones Authority	**100.00%**	100.00%	UAE	Development and management of Free Zones in Dubai Silicon Oasis, Dubai Airport Free Zone and Dubai CommerCity
National Bonds Holding LLC	**100.00%**	-	UAE	Holding company of an entity engaged as a fund manager for a Shari'ah compliant open-ended investment fund
DAE Aviation Group Limited	**100.00%**	100.00%	UAE	Aircraft leasing and engineering services to the aviation industry including its maintenance, repair and overhaul

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued)

	Beneficial interest 2024	*Beneficial interest 2023*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD (continued)				
Kerzner International Holdings Ltd	**99.99%**	99.99%	Bahamas	Developer and operator of destination resorts, ultra-luxury hotels and residences. It operates resorts under Atlantis, One & Only, SIRO and Rare Finds brands.
Emaratech (Emarat Technology Solutions) FZ LLC	**100.00%**	100.00%	UAE	Information Technology software solutions provider.
Smartstream Technologies Holding Investments Limited	**100.00%**	100.00%	UAE	Development, distribution and service of its transaction lifecycle management software products and data management services, primarily to the financial services industry
Deira Waterfront Development Holdings LLC	**100.00%**	100.00%	UAE	Investment in real estate, hospitality and leisure
Imdaad LLC	**100.00%**	100.00%	UAE	Facility and waste management services
Dubai Aviation Corporation (trading as “flydubai”)	**100.00%**	100.00%	UAE	Commercial air transportation services including passengers and cargo services
Ithra Dubai LLC	**100.00%**	100.00%	UAE	Property development and management services
ISS Global Forwarding Company LLC	**100.00%**	100.00%	UAE	Global freight forwarding services
ICD Hospitality & Leisure LLC	**100.00%**	100.00%	UAE	Holding company of entities primarily engaged in real estate, leisure and hospitality activities
Ithra Europe LLC	**100.00%**	100.00%	UAE	Investment in Porto Montenegro project in Montenegro, with operations in real estate, hospitality and leisure

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued)

	Beneficial interest 2024	*Beneficial interest 2023*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD (continued)				
ICD Funding Limited	**100.00%**	100.00%	Cayman Islands	Vehicle to issue bonds
Binaa Dubai LLC (note 15(g))	**100.00%**	100.00%	UAE	Formerly a holding company of an entity engaged in construction and contracting activities
ALEC Holdings LLC (note 15(g))	**100.00%**	-	UAE	Holding company of an entity engaged in construction and contracting activities
Dubai Multi Commodities Centre Authority	**100.00%**	100.00%	UAE	Development and management of DMCC Free Zone
List of significant subsidiaries of DAE Aviation Group Limited				
Dubai Aerospace Enterprise (DAE) Limited	**100.00%**	100.00%	UAE	A provider of aircraft leasing and engineering services to the aviation industry through its DAE capital division and commercial aircraft maintenance, repair and overhaul services through its DAE Engineering division, which operates under the brand name Joramco.
DAE Holding KFT	**100.00%**	100.00%	Hungary	Acquire, lease, and sell commercial jet and associated aircraft disposals
DAE Funding LLC	**100.00%**	100.00%	USA	Vehicle to issue bonds
List of significant subsidiaries of Emirates NBD Bank PJSC				
Emirates Islamic Bank PJSC	**99.90%**	99.90%	UAE	Islamic banking
DenizBank Anonim Sirketi	**100.00%**	100.00%	Türkiye	Banking
Emirates NBD Egypt S.A.E	**100.00%**	100.00%	Egypt	Banking

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued)

	Beneficial interest 2024	*Beneficial interest 2023*	***Country of Incorporation***	***Principal activities***
List of significant subsidiaries of ALEC Holdings LLC				
ALEC Engineering & Contracting LLC – SPC*	**100.00%**	-	UAE	Engineering and construction contracting
ALEC Saudi Arabia Engineering and Contracting LLC*	**100.00%**	-	Kingdom of Saudi Arabia	Engineering and construction contracting
Target Engineering Construction Company LLC*	**100.00%**	-	UAE	Engineering, procurement and construction contractor primarily in oil and gas sector

* As at 31 December 2023, these entities were owned by Binaa Dubai LLC (note 15(g)).

List of significant subsidiaries of Emirates National Oil Company Limited (ENOC) LLC

Dubai Natural Gas Company Limited	**100.00%**	100.00%	UAE	Gas processing
Emirates Gas LLC	**100.00%**	100.00%	UAE	Bottling and sale of LPG
Emirates National Oil Company (Singapore) Private Limited	**100.00%**	100.00%	Singapore	Petroleum supply & trading
ENOC Processing Company LLC	**100.00%**	100.00%	UAE	Petroleum refining
Dragon Oil (Holdings) Limited	**100.00%**	100.00%	UAE	Upstream oil and gas exploration, development and production
Horizon Terminals Limited	**100.00%**	100.00%	Bahamas	Bulk liquid terminal
Horizon Emirates Terminals LLC	**100.00%**	100.00%	UAE	Petroleum terminal
ENOC Marketing L.L.C.	**100.00%**	100.00%	UAE	Petroleum sales and marketing
ENOC Retail L.L.C.	**100.00%**	100.00%	UAE	Service stations, retail, and marketing
ENOC Supply and Trading LLC	**100.00%**	100.00%	UAE	Petroleum supply & trading
Horizon Jebel Ali Terminals Limited	**100.00%**	100.00%	Bahamas	Petroleum terminal
Horizon Singapore Terminals Private Limited	**52.00%**	52.00%	Singapore	Petroleum terminal

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued)

	Beneficial interest 2024	*Beneficial interest 2023*	***Country of Incorporation***	***Principal activities***
List of significant subsidiaries of Borse Dubai Limited				
Dubai Financial Market (DFM) PJSC	**80.72%**	80.72%	UAE	Electronic financial exchange
Nasdaq Dubai Limited	**87.14%**	87.14%	UAE	Electronic financial exchange
List of significant subsidiaries of Emirates				
Maritime & Mercantile International L.L.C.	**68.70%**	68.70%	UAE	Wholesale and retail of consumer goods
Emirates Leisure Retail L.L.C.	**68.82%**	68.82%	UAE	Food and beverage operations
Emirates Flight Catering Company L.L.C.	**90.00%**	90.00%	UAE	In-flight and institutional catering
List of significant subsidiaries of dnata / dnata World Travel				
dnata Catering Australia Subsidiary 1 Pty Ltd	**100.00%**	100.00%	Australia	Catering services
dnata Catering UK Limited	**100.00%**	100.00%	United Kingdom	In-flight catering services
Ground Services International Incorporated	**100.00%**	100.00%	USA	Aircraft handling services
Gold Medal Travel Group Limited	**100.00%**	100.00%	United Kingdom	Travel agency
dnata Limited	**100.00%**	100.00%	United Kingdom	Aircraft handling services
List of significant subsidiaries of ICD Hospitality and Leisure LLC				
Atlantis the Palm Limited	**100.00%**	100.00%	UAE	Owner of Atlantis The Palm resort at The Palm Jumeirah
Atlantis the Palm 2 Holding LLC	**100.00%**	100.00%	UAE	Owner, manager and developer of Atlantis The Royal resort and residences
One Zaabeel Holdings LLC	**100.00%**	100.00%	UAE	Owner of a mixed-use development called One Za'abeel, which includes residences, a One&Only urban resort, SIRO hotel, offices, restaurants, retail, and a panoramic sky concourse (The Link)

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued)

	Beneficial interest 2024	*Beneficial interest 2023*	***Country of Incorporation***	***Principal activities***
List of significant subsidiaries of Dubai Multi Commodities Centre Authority				
Dubai Community Management DMCC	**100.00%**	100.00%	UAE	Management of master communities
Dubai Gold and Commodities Exchange DMCC	**100.00%**	100.00%	UAE	Derivative exchange and clearing corporation
Concordia DMCC	**51.00%**	51.00%	UAE	Facilities management services
Dubai Agri Commodities Centre DMCC	**100.00%**	100.00%	UAE	Trading in tea, blending and packaging services
List of significant subsidiaries of National Bonds Holding LLC				
National Bonds Corporation Sole Proprietorship P.S.C*	**100.00%**	**-**	UAE	Fund manager for a Shari'ah compliant open-ended investment fund

* As at 31 December 2023, this entity was directly owned by ICD.

ASSOCIATES:

List of significant associates of ICD				
Emaar Properties PJSC	**22.27%**	22.27%	UAE	Property investment and development, property management services, retail, hospitality, and investments in providers of financial services
Dubai Islamic Bank PJSC	**27.97%**	27.97%	UAE	Islamic banking
Commercial Bank of Dubai PSC	**20.00%**	20.00%	UAE	Banking
List of significant associate of Borse Dubai Limited				
Nasdaq, Inc. (note 18(a))	**10.15%**	15.53%	USA	Stock Exchange
List of significant associates of Emirates National Oil Company Limited (ENOC) LLC				
Vopak Horizon Fujairah Holding Limited	**33.33%**	33.33%	Gibraltar	Rental of storage tanks and provision of related downstream activities
Arabtank Terminals Limited	**36.50%**	36.50%	Kingdom of Saudi Arabia	Rental of storage tanks and provision of related downstream activities
Horizon Djibouti Holding Limited	**44.44%**	44.44%	Djibouti	Rental of storage tanks and provision of related downstream activities
Horizon Tangiers Terminals S.A.	**34.00%**	34.00%	Morocco	Rental of storage tanks and provision of related downstream activities

40 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES

List of significant joint ventures of ICD

Dubai Cable Company (Private) Limited	**50.00%**	50.00%	UAE	Manufacture and sell of power cables, control cables, building wires, lead cables, copper rods and aluminium rods
ICD Brookfield Place Dubai Limited ("ICD Brookfield")	**50.00%**	50.00%	Bermuda	Own and lease ICD Brookfield Place tower in Dubai International Financial Centre ("DIFC") (note 40.1)

List of significant joint ventures of Emirates National Oil Company Limited (ENOC) LLC

EPPCO International Limited	**50.00%**	50.00%	Bahamas	Petroleum terminal
EPPCO Projects LLC	**51.00%**	51.00%	UAE	Aviation and lubricants marketing

List of significant joint venture of Dubal Holding LLC

Emirates Global Aluminium PJSC	**50.00%**	50.00%	UAE	Develop, operate and maintain aluminium smelters, alumina refineries and bauxite mines

In a number of cases, the Group owns more than a 50% ownership interest in an entity and yet has classified them as an associate or a joint venture, as management believes that the Group does not control these entities. In certain cases, the Group has joint control on these entities with other owners and a unanimous owners' consent is required for strategic financial and operating decision making.

40.1 During the current year, ICD Brookfield, a joint venture of the Group, sold a 49% shareholding in its wholly-owned subsidiary, through which it owns ICD Brookfield Place Tower. ICD Brookfield continued to retain control over the subsidiary.

41 SUBSEQUENT EVENTS

Subsequent to the year end, the Group:

a) signed a definitive agreement to acquire 100% of the Nordic Aviation Capital group of companies, an aircraft leasing company. The transaction is subject to regulatory approvals; and

b) acquired 100% stake in A&T Holding FZCO that owns the MENA distribution business of Axiom Telecom.