

**Investment Corporation of Dubai  
and its subsidiaries**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

# Investment Corporation of Dubai and its subsidiaries

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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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 2025, 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 statement of profit or loss for the year ended 31 December 2025;
- the consolidated statement of comprehensive income for the year ended 31 December 2025;
- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of cash flows for the year ended 31 December 2025;
- the consolidated statement of changes in equity for the year ended 31 December 2025; 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) as applicable to audits of financial statements of public interest entities 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

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**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.

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**Key audit matters**

- Expected credit loss allowance against loans and receivables
- Concentration of related party balances
- Passenger and cargo revenue recognition
- Valuation of aircraft held for lease (as lessor)

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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 with component auditors throughout the audit process. 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
<p><i>Expected credit loss allowance against loans and receivables</i></p> <p>Loans and receivables of the Group's banking component, Emirates NBD Bank PJSC and its subsidiaries (the "Bank"), amounts to AED 609,741 million and represents a significant portion of the total assets of the Group.</p> <p>The assessment of the Bank's determination of impairment allowances for loans and receivables requires management to make judgments over the staging of loans and receivables and measurement of ECL. The audit 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. The key areas of judgements, estimates and assumptions include:</p>	<ul style="list-style-type: none"><li>- Obtained an understanding of the credit risk governance and management process with a particular focus on ECL framework, policies and methodologies applied to determine the ECL allowance against the portfolio of loans and receivables, including the key controls embedded in the ECL estimation process.</li><li>- Assessed the appropriateness of the Group's accounting policies and methodologies for determining the ECL allowance against loans and receivables in accordance with the requirements of IFRS Accounting Standards.</li><li>- Evaluated the key controls over the following areas in terms of their design, implementation and operating effectiveness during the year:<ul style="list-style-type: none"><li>- the classification of credit exposures into Stages 1, 2 and 3 and timely identification of SICR;</li><li>- the ECL computations performed including the statistical models used to estimate various underlying ECL assumptions and the governance over such models; and</li><li>- the IT systems and applications underpinning the ECL computations including key inputs and sources of information used.</li></ul></li></ul>



## 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
<p><i>Expected credit loss allowance against loans and receivables (continued)</i></p> <p>Staging: the determination of what constitutes significant increase in credit risk ('SICR') and consequent timely allocation of loans and receivable to the appropriate stage in accordance with IFRS 9;</p> <p>ECL models and related outputs: Modelling assumptions and data used to develop, monitor and run the models that calculate the ECL, including the appropriateness, completeness and valuation of post-model adjustments applied to model output to address identified model limitations or risks not fully captured by the models;</p> <p>Individually assessed ECL allowances: Measurement of individual provisions including the assessment of probability weighted recovery scenarios, exit strategies, collateral valuations, expected future cashflows and the timing of these cashflows.</p> <p>Overall, the level of judgement and estimation remains elevated as a result of the above factors and consequently the material misstatement of ECL is considered to be a significant risk.</p>	<ul style="list-style-type: none"><li>- On a sample basis of new / renewed corporate credit facilities, checked that reported exceptions to limits and to policies and procedures, if any, as set out in the Bank's Board approved delegation of authority matrix, were approved by the Bank's Board / Board Credit Committee or its approved delegate and the approval process was formally documented.</li><li>- Performed an independent credit assessment on a sample basis of staging of loan customers by assessing the quantitative and qualitative factors including assessments of the financial performance, the sources of repayments and its history and other relevant risk factors with the key objective of reviewing the appropriateness of staging of such credit exposures for ECL purposes based on the Group's staging classification policy, knowledge of corresponding customers and analysis of related financial information.</li><li>- Assessed the output from ECL models including reasonableness of underlying assumptions used by the Group in the ECL computations. As part of this assessment, evaluated the appropriateness of model design, model implementation and validation, sensitivity testing and recalculations.</li><li>- On a sample basis tested the completeness and accuracy of key data elements, assessed to be material to the modelled ECL output, back to source evidence to evaluate the quality of data used in ECL models.</li><li>- Involved auditor's specialists to assist in reviewing model calculations, evaluating outputs and assessing reasonableness of assumptions used in the ECL models applicable.</li><li>- Assessed reasonableness of material post-model adjustments that were applied as a response to risks not considered to be fully captured by the ECL models.</li></ul>



## 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
<p><i>Expected credit loss allowance against loans and receivables (continued)</i></p> <p>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 21 and 36.1 for the credit risk related disclosures.</p>	<ul style="list-style-type: none"><li>- On a sample basis, checked that new / renewed corporate credit facilities reported exceptions to limits, if any, as set out in the Bank's Board approved delegation of authority matrix, were approved by the Bank's Board / Board Credit Committee or its approved delegate and the approval process was formally documented for a sample of new / renewed corporate credit facilities.</li><li>- For a sample of individually assessed ECL allowances, performed recalculation procedures which included challenging the Bank's forward looking economic assumptions for the recovery outcomes identified and underlying methods or criteria used to calculate the ECL allowance.</li><li>- On a sample basis assessed the adequacy of credit impairment provisions of stage 3 credit exposures by considering the underlying expected cashflows of the borrowers, where applicable and in cases where collateral is expected to be realised in respect of the credit exposure, evaluated the appropriateness of the basis used for such collateral valuation.</li><li>- Assessed the adequacy of disclosures in the consolidated financial statements against the requirements of IFRS Accounting Standards</li></ul>



## 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
<p><i>Concentration of related party balances</i></p> <p>Concentration of related party balances as at 31 December 2025 is disclosed in note 35 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’.</p> <p>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’.</p>	<ul style="list-style-type: none"><li>- Obtained an understanding of the Bank’s processes and controls in relation to identifying and reporting related party relationships, transactions and balances.</li><li>- Reviewed minutes of board and management meetings of the Bank to determine if there were any related party transactions not previously identified.</li><li>- Vouched individual related party transactions of the Bank on a sample basis to supporting documentation.</li><li>- Checked the approval of material related party transactions on a sample basis as per the Bank’s policies and governance protocols.</li><li>- Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate in accordance with the requirements of IFRS Accounting Standards. We also sighted the confirmation of the balance due from the Government as at 31 December 2025.</li></ul>



## 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
<p><i>Passenger and cargo revenue recognition</i></p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"><li>– 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.</li><li>– Tested the operating effectiveness of these key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended.</li><li>– 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.</li><li>– 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.</li><li>– Substantively tested a sample of revenue transactions from passenger and cargo sales to validate occurrence and cut-off of revenue.</li><li>– Tested manual journal entries posted into relevant revenue accounts.</li><li>– 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 recognised from unused revenue documents, to assess reasonableness.</li><li>– Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate and consistent with the requirements of IFRS Accounting Standards.</li></ul>



## 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
<p><i>Passenger and cargo revenue recognition (continued)</i></p> <p>The timing of revenue recognition for unused revenue documents requires judgment due to the timeframe over which unused 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.</p> <p>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.</p> <p>Refer to note 3.4 to the consolidated financial statements for the summary of material accounting policies 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.</p>	



## 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
<p><i>Valuation of aircraft held for lease (as lessor)</i></p> <p>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.</p> <p>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 2025 (31 December 2024: nil).</p> <p>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.</p> <p>The fair value is determined by reference to independent aircraft valuation reports provided by external appraisers.</p> <p>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:</p> <ul style="list-style-type: none"> <li>- Continuation of existing contracted lease rates for the period of the lease;</li> <li>- Assumed future non-contracted lease rates with reference to independent appraiser data;</li> <li>- Estimates relating to lease transition periods and related costs;</li> </ul>	<ul style="list-style-type: none"> <li>- Obtained an understanding of DAG management’s impairment model and key assumptions.</li> <li>- Tested the impairment model, in particular with regard to the appropriateness of key assumptions within the model, as follows: <ul style="list-style-type: none"> <li>- Agreed the carrying values of aircraft held for lease within the impairment model to the register of aircraft held for lease;</li> <li>- 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;</li> <li>- With respect to the value in use calculation, agreed on a sample basis; <ul style="list-style-type: none"> <li>- existing contracted lease rates to signed lease contracts;</li> <li>- the future non-contracted lease rentals to independent aircraft valuation reports provided by external appraisers and other supporting evidence; and</li> <li>- the future value of the aircraft at the end of its useful life to independent aircraft valuation reports provided by external appraisers.</li> </ul> </li> </ul> </li> <li>- Utilised our internal valuation specialists to perform an independent computation of the discount rate, with particular reference to comparable companies and compared this calculation to the rate used by DAG’s management; and</li> <li>- Confirmed with senior operational personnel that the estimates relating to the lease transition periods and related costs were reasonable across the lease portfolio.</li> </ul>



## 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
<p><i>Valuation of aircraft held for lease (as lessor) (continued)</i></p> <ul style="list-style-type: none"><li>- Assumed future aircraft fair values at the end of the aircraft's life with reference to external independent appraiser data; and</li><li>- The discount rate applied to the cash flows within the value in use model.</li></ul> <p>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.</p> <p>Refer to note 3.4 to the consolidated financial statements for the summary of material accounting policies 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 12 which contains the details of property, plant and equipment (which includes aircraft held for lease).</p>	<ul style="list-style-type: none"><li>- Evaluated the competence, capabilities and objectivity of the external appraisers as independent aircraft appraisers.</li><li>- Tested the mathematical accuracy of the impairment model.</li><li>- Tested sensitivity analyses over the discount rates and the ranges of valuations obtained from the independent appraisers.</li><li>- Assessed whether the related disclosures in the notes to the consolidated financial statements are consistent with the requirements of IFRS Accounting Standards.</li></ul>



## **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 2025 (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 2025, 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  
31 March 2026



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

# Investment Corporation of Dubai and its subsidiaries

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Revenue	37	<b>358,974</b>	349,636
Cost of revenue	4	<b>(263,719)</b>	(262,641)
General and administrative expenses	4	<b>(28,672)</b>	(26,966)
Net Impairment reversals on non-financial assets	5	<b>1,270</b>	273
Net impairment (losses) / reversals on financial assets	6	<b>(1,576)</b>	53
Net other operating income	7	<b>14,605</b>	10,409
<b>OPERATING PROFIT</b>		<b>80,882</b>	70,764
Other finance income	8	<b>4,157</b>	4,171
Other finance costs	9	<b>(7,192)</b>	(8,686)
Share of results of associates and joint ventures	16	<b>9,254</b>	8,273
Net other income	16.1	<b>3</b>	3,684
Hyperinflation adjustment on net monetary position	3.3	<b>(2,966)</b>	(3,124)
<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>	37	<b>84,138</b>	75,082
Income tax expense – net	10	<b>(10,768)</b>	(7,543)
<b>PROFIT FOR THE YEAR</b>		<b>73,370</b>	67,539
<b>Attributable to:</b>			
The equity holder of Investment Corporation of Dubai ("ICD")		<b>58,291</b>	53,229
Non-controlling interests		<b>15,079</b>	14,310
		<b>73,370</b>	67,539

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

# Investment Corporation of Dubai and its subsidiaries

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 AED million	2024 AED million
<b>PROFIT FOR THE YEAR</b>		<b>73,370</b>	67,539
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to consolidated statement of profit or loss in subsequent periods (net of tax):</i>			
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI"):			
- Net change in fair value		889	283
- Net amount transferred to consolidated statement of profit or loss		(98)	(442)
Net movement in fair value of cash flow hedges:			
- Net change in fair value		(6,626)	1,203
- Net amount transferred to consolidated statement of profit or loss		(47)	(912)
Net change in cost of hedging		(50)	(58)
Foreign currency translation differences:			
- Net exchange differences		(2,499)	(3,591)
- Net amount transferred to consolidated statement of profit or loss		6	354
Group's share in other comprehensive income of equity accounted investees	16	50	(482)
Hyperinflation adjustment	3.3	4,533	4,853
<b>Net other comprehensive income that may be reclassified to consolidated statement of profit or loss in subsequent periods</b>		<b>(3,842)</b>	1,208
<i>Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods (net of tax):</i>			
Net movement in fair value of equity instruments measured at FVOCI			
Actuarial (loss) / gain on defined benefit obligations		1,124	158
Group's share in other comprehensive income of equity accounted investees	16	(13)	2
		28	59
<b>Net other comprehensive income that will not be reclassified to consolidated statement of profit or loss in subsequent periods</b>		<b>1,139</b>	219
<b>Other comprehensive income for the year</b>		<b>(2,703)</b>	1,427
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>70,667</b>	68,966
<b>Attributable to:</b>			
The equity holder of ICD		54,587	53,817
Non-controlling interests		16,080	15,149
		<b>70,667</b>	68,966

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

# Investment Corporation of Dubai and its subsidiaries

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>203,387</b>	177,509
Right-of-use assets	13	<b>34,879</b>	37,138
Intangible assets	14	<b>27,225</b>	27,576
Investment properties	15	<b>29,135</b>	28,020
Development properties		<b>316</b>	672
Investments in associates and joint ventures	16	<b>69,324</b>	66,141
Deferred tax assets	10.3	<b>978</b>	914
Positive fair value of derivatives	29	<b>7,919</b>	10,052
Investment securities	17	<b>152,867</b>	128,474
Other non-current assets	18	<b>4,903</b>	4,091
Loans and receivables	21	<b>325,670</b>	277,258
Cash and deposits with banks	22	<b>28,978</b>	16,334
		<b>885,581</b>	774,179
<b>Current assets</b>			
Customer acceptances		<b>9,350</b>	9,478
Inventories	19	<b>17,874</b>	16,102
Positive fair value of derivatives	29	<b>5,016</b>	4,272
Investment securities	17	<b>88,607</b>	99,458
Trade and other receivables	20	<b>58,123</b>	52,493
Loans and receivables	21	<b>284,071</b>	210,285
Cash and deposits with banks	22	<b>331,143</b>	300,701
		<b>794,184</b>	692,789
Assets held for sale	23	<b>445</b>	1,201
		<b>794,629</b>	693,990
<b>TOTAL ASSETS</b>		<b>1,680,210</b>	1,468,169

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
As at 31 December 2025

		<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital	24	<b>82,702</b>	82,702
Retained earnings		<b>219,088</b>	185,796
Other reserves	26	<b>7,344</b>	10,288
		<hr/>	<hr/>
<b>Equity attributable to the equity holder of ICD</b>		<b>309,134</b>	278,786
Non-controlling interests	33	<b>93,420</b>	81,774
		<hr/>	<hr/>
<b>Total equity</b>		<b>402,554</b>	360,560
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Employees' end of service benefits	27	<b>5,269</b>	4,781
Deferred tax liabilities	10.3	<b>3,714</b>	3,414
Borrowings and lease liabilities	28	<b>204,125</b>	175,556
Negative fair value of derivatives	29	<b>13,190</b>	12,996
Other non-current payables	30	<b>13,920</b>	12,896
Customer deposits	32	<b>25,580</b>	6,593
		<hr/>	<hr/>
		<b>265,798</b>	216,236
		<hr/>	<hr/>
<b>Current liabilities</b>			
Customer acceptances		<b>9,350</b>	9,478
Employees' end of service benefits	27	<b>15</b>	13
Borrowings and lease liabilities	28	<b>107,992</b>	111,694
Negative fair value of derivatives	29	<b>10,909</b>	3,242
Trade and other payables	31	<b>127,488</b>	116,344
Customer deposits	32	<b>747,183</b>	644,490
Current income tax liabilities	10.6	<b>8,793</b>	5,786
		<hr/>	<hr/>
		<b>1,011,730</b>	891,047
Liabilities related to assets held for sale	23	<b>128</b>	326
		<hr/>	<hr/>
		<b>1,011,858</b>	891,373
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>1,277,656</b>	1,107,609
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,680,210</b>	1,468,169
		<hr/> <hr/>	<hr/> <hr/>



.....  
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 39 form an integral part of these consolidated financial statements.

# Investment Corporation of Dubai and its subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the year before income tax		<b>84,138</b>	75,082
<b>Adjustments for:</b>			
Net impairment reversals on non-financial assets	5	<b>(1,270)</b>	(273)
Depreciation and amortisation	4.1	<b>29,925</b>	29,647
Hyperinflation adjustment on net monetary position	3.3	<b>2,966</b>	3,124
Net impairment reversals on financial assets (excluding bad debt recovery – net of other losses)	6	<b>2,896</b>	742
Net gains on disposal and write-off of property, plant and equipment, right-of-use assets, investment properties and intangible assets	7	<b>(2,371)</b>	(377)
Net gain on sale of debt instruments measured at FVOCI	7	<b>(124)</b>	(442)
Net change in fair value of investment securities measured at fair value through profit or loss (“FVTPL”)	7	<b>(3,778)</b>	(1,533)
Other finance income	8	<b>(4,157)</b>	(4,171)
Other finance costs	9	<b>7,192</b>	8,686
Net other income	16.1	<b>(3)</b>	(3,684)
Share of results of associates and joint ventures	16	<b>(9,254)</b>	(8,273)
Provision for employees’ end of service benefits	27	<b>2,115</b>	1,857
Unrealised losses on derivatives		<b>3,769</b>	373
		<b>112,044</b>	100,758
<b>Changes in:</b>			
Inventories		<b>142</b>	1,153
Trade and other receivables		<b>(5,377)</b>	1,736
Trade and other payables		<b>6,222</b>	6,421
Loans and receivables (banking operations)		<b>(124,929)</b>	(51,577)
Interest free statutory deposits (banking operations)		<b>(20,122)</b>	(15,057)
Due from other banks with original maturity of more than three months (banking operations)		<b>(32,805)</b>	(6,797)
Certificate of deposits with Central Banks with original maturity of more than three months (banking operations)		<b>27</b>	(27)
Customer deposits (banking operations)		<b>121,680</b>	76,536
Due to banks with original maturity over three months (banking operations)		<b>22,844</b>	22,468
Fair value of derivatives – net		<b>(105)</b>	505
Other non-current assets		<b>(813)</b>	3
Other non-current payables		<b>(603)</b>	(622)
		<b>78,205</b>	135,500
Employees’ end of service benefits paid	27	<b>(1,642)</b>	(1,500)
Income tax paid	10.6	<b>(6,946)</b>	(3,590)
Other movements		<b>(212)</b>	164
<b>Net cash generated from operating activities</b>		<b>69,405</b>	130,574

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

# Investment Corporation of Dubai and its subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>INVESTING ACTIVITIES</b>			
Payments for addition to property, plant and equipment, intangible assets, investment properties and development properties		<b>(40,648)</b>	(29,600)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		<b>7,879</b>	3,216
Acquisition of subsidiaries – net of cash and cash equivalent acquired	11	<b>(6,969)</b>	(848)
Proceeds from disposal of subsidiaries – net of cash and cash equivalent disposed of		-	61
Proceeds from disposal of investments in associates and joint ventures		<b>54</b>	6,623
Other finance income received (non-banking operations)		<b>4,127</b>	4,003
Net other movement in investment securities		<b>(7,494)</b>	(26,156)
Investments made in associates and joint ventures	16	<b>(359)</b>	(584)
Dividend received from associates and joint ventures	16	<b>6,131</b>	5,211
Return of capital from associates and joint ventures	16	-	221
Net movement in deposits with banks with original maturity of more than three months (non-banking operations)		<b>(15,468)</b>	(929)
<b>Net cash used in investing activities</b>		<b>(52,747)</b>	(38,782)
<b>FINANCING ACTIVITIES</b>			
Capital contribution from the Government of Dubai (the "Government")		-	4
Issuance of Tier 1 capital notes (banking operations)	33.1	<b>3,664</b>	-
Repayment of Tier 1 capital notes (banking operations)	33.1	<b>(3,664)</b>	-
Interest on Tier 1 Capital Notes (banking operations)		<b>(539)</b>	(511)
Distributions paid to the Government	25	<b>(24,780)</b>	(12,599)
Proceeds from borrowings, net of transaction costs	28.6	<b>113,279</b>	68,579
Repayment of principal element of borrowings and lease liabilities		<b>(107,352)</b>	(90,126)
Other finance costs paid (non-banking operations)		<b>(7,395)</b>	(8,441)
Dividend paid to the non-controlling interests		<b>(4,090)</b>	(4,873)
Net proceeds arising from change in ownership in subsidiaries without loss of control	38.2	<b>1,190</b>	-
Contributions from non-controlling interests		<b>1</b>	5
<b>Net cash used in financing activities</b>		<b>(29,686)</b>	(47,962)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(13,028)</b>	43,830
Cash and cash equivalents at the beginning of the year		<b>80,526</b>	36,696
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	22.1	<b>67,498</b>	80,526

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Attributable to the equity holder of ICD</i>					
	<i>Capital</i>	<i>Retained</i>	<i>Other</i>	<i>Total</i>	<i>Non-</i>	<i>Total</i>
	<i>AED million</i>	<i>earnings</i>	<i>Reserves</i>	<i>AED million</i>	<i>controlling</i>	<i>equity</i>
	<i>(note 24)</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>interests</i>	<i>AED million</i>
			<i>(note 26)</i>		<i>AED million</i>	<i>(note 33)</i>
Balance at 1 January 2025	<b>82,702</b>	<b>185,796</b>	<b>10,288</b>	<b>278,786</b>	<b>81,774</b>	<b>360,560</b>
Profit for the year	-	58,291	-	58,291	15,079	73,370
Other comprehensive income for the year	-	13	(3,717)	(3,704)	1,001	(2,703)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>58,304</b>	<b>(3,717)</b>	<b>54,587</b>	<b>16,080</b>	<b>70,667</b>
Distributions to the Government (note 25)	-	(24,780)	-	(24,780)	-	(24,780)
Change in ownership in existing subsidiaries (note 38.2)	-	934	-	934	256	1,190
Dividend paid to non-controlling interests	-	-	-	-	(4,090)	(4,090)
Interest on Tier 1 capital notes (banking operations)	-	-	-	-	(539)	(539)
Tier 1 capital notes issued (banking operations) (note 33.1)	-	-	-	-	3,664	3,664
Tier 1 capital notes redeemed (banking operations) (note 33.1)	-	-	-	-	(3,664)	(3,664)
Transfers upon disposal of equity instruments measured at FVOCI	-	(22)	22	-	-	-
Other transfers	-	(731)	731	-	-	-
Other movements	-	(413)	20	(393)	(61)	(454)
<b>Balance at 31 December 2025</b>	<b>82,702</b>	<b>219,088</b>	<b>7,344</b>	<b>309,134</b>	<b>93,420</b>	<b>402,554</b>

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

	<i>Attributable to the equity holder of ICD</i>					
	<i>Capital</i>	<i>Retained</i>	<i>Other</i>	<i>Total</i>	<i>Non-</i>	<i>Total</i>
	<i>AED million</i>	<i>earnings</i>	<i>Reserves</i>	<i>AED million</i>	<i>controlling</i>	<i>equity</i>
	<i>(note 24)</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>interests</i>	<i>AED million</i>
			<i>(note 26)</i>		<i>AED million</i>	<i>(note 33)</i>
				<i>AED million</i>		<i>AED million</i>
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 25)	-	(12,599)	-	(12,599)	-	(12,599)
Dividend paid to non-controlling interests	-	-	-	-	(4,873)	(4,873)
Interest on Tier 1 capital notes (banking operations)	-	-	-	-	(511)	(511)
Transfers upon disposal of equity instruments measured at FVOCI	-	(321)	321	-	-	-
Other transfers	-	(695)	695	-	-	-
Other movements	-	(648)	257	(391)	(778)	(1,169)
Balance at 31 December 2024	<u>82,702</u>	<u>185,796</u>	<u>10,288</u>	<u>278,786</u>	<u>81,774</u>	<u>360,560</u>

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE 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 31 March 2026.

### 2 BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2025 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 BASIS OF PREPARATION (continued)

#### (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 include 'net (losses) / gains from derivative financial instruments' that have been reclassified and presented within 'net other operating income' in the consolidated statement of profit or loss. These reclassifications had no impact on the total equity as at 31 December 2024 or profit for the year ended 31 December 2024.

### 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 standard effective as of 1 January 2025. The adoption of these amendments to the existing standard had no material impact on these consolidated financial statements for the year ended 31 December 2025. The Group has not early adopted any standards, interpretations and amendments that have been issued but are not yet effective.

#### 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 2025 are listed below:

Description	Effective date
Amendment to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 18 – Presentation and Disclosure in Financial Statements	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 2025, the three-year cumulative inflation rate was 211% (31 December 2024: 291%) based on the Turkish Consumer Pricing Index ("CPI"). The CPI as at 1 January 2025 was 2,685 and it closed at 3,514 as at 31 December 2025, resulting in an increase of 31% during the current year (31 December 2024: 44%).

Accordingly, the non-monetary assets and liabilities of the Group's Turkish subsidiaries, together with their results, have been restated to reflect their current prices using the CPI in their local currency, prior to 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 38.

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.

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

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Basis of consolidation (continued)

If the Group loses control over a subsidiary, it (continued):

- 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 statement of profit or loss.

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.

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 statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### **Business combinations and goodwill (continued)**

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.

##### **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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Investments in joint arrangements and associates (continued)

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 statement of profit or loss 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.

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 statement of profit or loss.

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 statement of profit or loss.

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 statement of profit or loss is calculated as the difference between:

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

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Investments in joint arrangements and associates (continued)

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 statement of profit or loss, if such amount would be required to be reclassified to the consolidated statement of profit or loss 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.

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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Foreign currency translation (continued)

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss; 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 statement of profit or loss. 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 statement of profit or loss, any exchange component of that gain or loss is also recognised in the consolidated statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss.

##### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

*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.

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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

###### *Contract modification (continued)*

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.

###### *Interest income and expense*

Interest income and expense are recognised in the consolidated statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

###### *Interest income and expense (continued)*

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

###### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

##### *Income from Islamic financing and investment products (continued)*

###### *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-UI-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-UI-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-UI-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 statement of profit or loss 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.

###### *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 fees*

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

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

###### *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 statement of profit or loss 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*

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.

###### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

###### *Construction and real estate developer revenue(continued)*

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.

###### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

###### *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 statement of profit or loss in the year in which the expenditure is incurred.

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

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 statement of profit or loss in the expense category consistent with the function of the intangible asset.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Intangible assets (excluding goodwill) (continued)

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 statement of profit or loss.

##### *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 statement of profit or loss 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 statement of profit or loss. 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.

##### **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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Property, plant and equipment (continued)

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 statement of profit or loss 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. Major overhaul and heavy maintenance expenditure is depreciated over the shorter of the period to the next major overhaul and heavy maintenance, the lease term or the useful life of the asset concerned. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

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 statement of profit or loss 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 statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 statement of profit or loss, 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 is 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 statement of profit or loss.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Property, plant and equipment (continued)

###### *Aircraft held for lease (continued)*

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.

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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### **Investment properties (continued)**

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 statement of profit or loss as the expense is incurred.

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 statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 statement of profit or loss.

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 statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 statement of profit or loss; 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 statement of profit or loss.

###### *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 statement of profit or loss.

##### 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 (except a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. A trade receivable without a significant financing component is initially measured at the amount of consideration that is unconditional. 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 statement of profit or loss.

###### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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)*

##### *i) Financial assets measured at amortised cost (continued)*

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 statement of profit or loss.

##### *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 statement of profit or loss. 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 statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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)*

##### *iii) Financial assets measured at FVTPL*

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

##### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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)*

*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 statement of profit or loss.

*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 statement of profit or loss. 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 statement of profit or loss.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

###### *Modifications (continued)*

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 statement of profit or loss.

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 statement of profit or loss.

###### *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 statement of profit or loss.

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 statement of profit or loss. 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 statement of profit or loss.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

###### *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).

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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

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

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

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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

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

##### *Credit-impaired financial assets (continued)*

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.

##### *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 statement of profit or loss.

##### *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 statement of profit or loss.

##### *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 statement of profit or loss.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

###### *Derivative financial instruments and hedging (continued)*

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.

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 statement of profit or loss 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 statement of profit or loss.

The accumulated gains and losses recognised in the other comprehensive income are reclassified to the consolidated statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

###### *Derivative financial instruments and hedging (continued)*

###### *Cash flow hedges (continued)*

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 statement of profit or loss. 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 statement of profit or loss.

###### *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 statement of profit or loss. The amount recognised in other comprehensive income is reclassified to the statement of profit or loss 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.

##### **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 statement of profit or loss 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 statement of profit or loss.

Borrowings are classified as current liabilities unless the Group has a 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### **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 statement of profit or loss.

##### **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 statement of profit or loss 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 statement of profit or loss.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Provisions (continued)

##### *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 statement of profit or loss only when these subsidiaries fulfil their obligations by supplying free or discounted goods or services on redemption of the miles accrued.

##### **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.

##### *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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **3 ACCOUNTING POLICIES (continued)**

#### **3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

##### **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 statement of profit or loss in the period in which they fall due.

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 statement of profit or loss 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 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. Loan commitments are irrevocable commitments to provide credit with pre-specified terms and conditions to the customer.

Financial guarantees issued and 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### 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 statement of profit or loss is recognised either as other comprehensive income or directly in equity in conjunction with the underlying transaction.

##### *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 statement of profit or loss 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### Taxes (continued)

###### *Deferred tax (continued)*

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.

##### **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 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

##### **Non-current assets held for sale and discontinued operations (continued)**

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 statement of profit or loss.

##### **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.

#### 3.5 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 are 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **3 ACCOUNTING POLICIES (continued)**

#### **3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

##### **Calculation of ECL on loans and receivables (continued)**

###### *Assessment of significant increase in credit risk (continued)*

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.

###### *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 estimation and application of forward-looking information require 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.

## Investment Corporation of Dubai and its subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 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 2025 and for the years ending 2026 to 2029:

	Base Scenario					Upside Scenario					Downside Scenario				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
<b><i>UAE</i></b>															
Oil Price – USD	69	65	66	68	69	69	70	70	69	71	69	46	50	64	67
GDP – Change %	4.7	5.4	4.5	4.5	4.0	4.7	7.2	6.0	4.5	4.0	4.7	1.6	(0.03)	5.5	5.6
Imports – AED in Bn	2,005	2,155	2,252	2,337	2,456	2,005	2,175	2,311	2,436	2,582	2,005	1,984	1,952	2,041	2,159
<b><i>Kingdom of Saudi Arabia</i></b>															
Oil GDP – SAR in Trn	1.49	1.55	1.56	1.57	1.58	1.49	1.58	1.60	1.62	1.63	1.49	1.50	1.44	1.47	1.52
Unemployment %	6.65	6.87	7.36	7.44	7.46	6.65	6.62	7.03	7.20	7.38	6.65	8.14	9.21	8.91	8.38
<b><i>Türkiye</i></b>															
Real GDP - Growth%	3.3	5.3	4.6	-	-	4.8	5.1	5.8	-	-	3.1	3.0	3.9	-	-
USD-TL Parity	43.07	53.82	63.27	-	-	42.02	48.93	52.73	-	-	44.15	59.21	75.93	-	-

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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3 ACCOUNTING POLICIES (continued)

#### 3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

##### Revenue from contracts with customers (continued)

###### *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.

###### *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 statement of profit or loss 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.

##### Useful lives and residual values 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.

##### Depletion charge of development and production assets

To determine the carrying value of the Group's development and production assets, significant assumptions have been made in respect of the depletion charge. The costs used in the depletion calculation comprise the net book value of capitalised costs and the estimated future field development costs required to recover the remaining commercial reserves. The key assumptions applied in this calculation include estimates of oil reserves, future oil prices and future development costs, including cost of drilling, infrastructure facilities, and other capital and operating expenditures.

##### 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **3 ACCOUNTING POLICIES (continued)**

#### **3.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

##### **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 presented as 'provision for frequent flyer programme' 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 based on 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.

##### **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.

##### **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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 retains the practical ability to direct the relevant activities of the Bank.

The following key considerations were used in this assessment:

- ICD continues to be the largest shareholder of the Bank with a 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 with 40.92% shareholding has the practical ability to direct the relevant activities unilaterally, has significant exposure to variable returns 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.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**4 TOTAL OPERATING EXPENSES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Interest, profit and similar expenses in banking and financial services*	<b>46,826</b>	46,025
Employee costs**	<b>52,792</b>	45,075
Cost of:		
- Oil products traded in oil and gas operations	<b>24,552</b>	38,208
- Inventory consumed in oil and gas operations	<b>20,029</b>	23,289
- Inventory sold in transportation segment	<b>1,929</b>	2,010
Depreciation and amortisation (note 4.1)	<b>29,925</b>	29,647
Aircraft jet fuel	<b>27,464</b>	28,066
Aircraft handling, overflying, landing and parking	<b>10,157</b>	9,574
Sales and marketing	<b>9,310</b>	8,184
In-flight catering	<b>8,106</b>	6,998
Fees and commissions expenses of the Bank	<b>7,706</b>	6,554
Aircraft maintenance	<b>6,801</b>	5,569
Information technology related costs	<b>3,054</b>	2,602
Tours and travel services	<b>2,662</b>	2,588
Short-term and low value lease rentals	<b>2,721</b>	2,370
Others	<b>38,357</b>	32,848
	<b>292,391</b>	289,607
<b>Disclosed as follows:</b>		
Cost of revenue	<b>263,719</b>	262,641
General and administrative expenses	<b>28,672</b>	26,966
	<b>292,391</b>	289,607

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

\*\* Includes UAE pension costs of AED 432 million (2024: AED 372 million) and other post-employment benefits of AED 2,306 million (2024: AED 2,075 million).

**4.1 Depreciation and amortisation**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Depreciation charge on property, plant and equipment (note 12)	<b>19,458</b>	17,684
Depreciation charge on right-of-use assets (note 13)	<b>9,180</b>	10,705
Amortisation charge on intangible assets (note 14)	<b>1,258</b>	1,346
Depreciation charge on investment properties (note 15)	<b>709</b>	661
	<b>30,605</b>	30,396
Less: Depreciation on right-of-use assets capitalised as an addition to 'property, plant and equipment'	<b>(680)</b>	(749)
	<b>29,925</b>	29,647

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**5 NET IMPAIRMENT REVERSALS ON NON-FINANCIAL ASSETS**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Impairment (reversals) / losses on property, plant and equipment (note 12)	<b>(1,118)</b>	144
Impairment losses on right-of-use assets (note 13)	<b>13</b>	-
Impairment losses on intangible assets (note 14)	<b>110</b>	210
Impairment reversals on investment properties (note 15)	<b>(305)</b>	(627)
Impairment losses on investments in associates and joint ventures (note 16)	<b>30</b>	-
	<b>(1,270)</b>	(273)

**6 NET IMPAIRMENT LOSSES / (REVERSALS) ON FINANCIAL ASSETS**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Impairment losses / (reversals) on loans and receivables – net of recoveries (note 21.2)	<b>2,731</b>	(404)
Impairment losses / (reversals) on trade and other receivables – net of recoveries (note 20.2)	<b>185</b>	(19)
Impairment losses on investment securities – net	<b>141</b>	45
Impairment losses on cash and deposits with banks – net	<b>152</b>	51
Impairment loss on other non-current assets	<b>1</b>	-
Impairment (reversals) / losses on unfunded exposures	<b>(314)</b>	1,069
Bad debt recovery – net of other losses	<b>(1,320)</b>	(795)
	<b>1,576</b>	(53)

**7 NET OTHER OPERATING INCOME**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Net foreign exchange gains (note 7.1)	<b>5,747</b>	2,020
Net change in fair value of investment securities measured at FVTPL (note 7.2)	<b>3,778</b>	1,533
Manufacturers' credits and liquidated damages	<b>863</b>	1,459
Net (losses) / gains from derivative financial instruments (note 7.2)	<b>(2,939)</b>	849
Net gain on sale of debt instruments measured at FVOCI	<b>124</b>	442
Net gains on disposal and write-off of property, plant and equipment, right-of-use assets, investment properties and intangible assets	<b>2,371</b>	377
Writeback on buyouts of leased aircraft (note 30.1)	<b>905</b>	599
Others (note 7.3)	<b>3,756</b>	3,130
	<b>14,605</b>	10,409

7.1 Net foreign exchange gains include the Bank's trading and translation related gains or losses and other gains or losses on the dealings with their customers.

7.2 Net (losses) / gains from derivative financial instruments includes fair value loss on the structured derivatives transactions of the Bank. The underlying assets' fair value gain is presented as net change in fair value of investment securities measured at FVTPL.

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7 NET OTHER OPERATING INCOME (continued)

7.3 Includes AED 1,147 million (2024: AED 737 million) of insurance settlement proceeds received in relation to part of the value of aircraft which were written off in 2022 by a subsidiary engaged in the aircraft leasing business.

### 8 OTHER FINANCE INCOME

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Finance income on bank deposits	<b>2,590</b>	2,863
Finance income from associates and joint ventures (note 35.1)	<b>1,099</b>	927
Finance income from the Government and other related parties (note 35.1)	<b>4</b>	7
Others	<b>464</b>	374
	<b>4,157</b>	4,171

### 9 OTHER FINANCE COSTS

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Finance costs on borrowings	<b>3,857</b>	4,776
Finance charges on lease liabilities (note 28.5)	<b>1,875</b>	2,135
Finance costs on loans from associates and joint ventures (note 35.1)	<b>760</b>	778
Finance costs on loans from Government and other related parties (note 35.1)	<b>43</b>	111
Others	<b>657</b>	886
	<b>7,192</b>	8,686

### 10 INCOME TAX

#### 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

The Base Erosion and Profit Shifting Pillar Two Model Rules ("Pillar Two Model Rules") 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").

The UAE introduced the Pillar Two Legislation through a Qualified Domestic Minimum Top-up Tax ("UAE QDMTT"), which is effective for financial years beginning on or after 1 January 2025.

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, including the UAE QDMTT. During the year, the Group has recognised current tax expense of AED 2,312 million (2024: AED 3 million) in relation to Pillar Two top-up taxes.

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 INCOME TAX (continued)

10.1 The components of income tax expense recognised in the consolidated statement of profit or loss are as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Current tax	<b>10,001</b>	7,008
Deferred tax	<b>767</b>	535
	<b><u>10,768</u></b>	<u>7,543</u>

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Profit for the year before income tax	<b>84,138</b>	75,082
Tax calculated using Corporate Tax of 9% (2024: 9%)	<b>7,572</b>	6,757
Pillar Two income taxes	<b>2,312</b>	3
Effect of higher tax rates in foreign jurisdictions	<b>2,016</b>	2,084
Effect of non-deductible expenses	<b>897</b>	780
Effect of share of results of associates and joint ventures	<b>(833)</b>	(745)
Effect of non-taxable period	<b>-</b>	(348)
Effect of other income exempt from tax	<b>(1,289)</b>	(892)
Effect of other items	<b>93</b>	(96)
Income tax expense – net	<b><u>10,768</u></b>	<u>7,543</u>
Effective tax rate	<b><u>12.80%</u></b>	<u>10.0%</u>

10.3 Net deferred tax position is as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Deferred tax assets	<b>978</b>	914
Deferred tax liabilities	<b>(3,714)</b>	(3,414)
	<b><u>(2,736)</u></b>	<u>(2,500)</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**10 INCOME TAX (continued)**

10.4 Movement in net deferred tax position during the year is as follows:

	<i>Depreciation / amortisation of non- financial assets</i>	<i>Tax losses</i>	<i>Investment securities measured at fair value</i>	<i>Impairment losses on financial assets</i>	<i>Cash flow hedge</i>	<i>Other temporary differences</i>	<i>Total</i>
	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>
Balance at 1 January 2025	(3,889)	1,020	318	503	124	(576)	(2,500)
Recognised in statement of profit or loss	(961)	543	(842)	195	-	298	(767)
Recognised in other comprehensive income	-	-	(170)	-	432	528	790
Arising on business combinations	(98)	-	-	-	-	-	(98)
Translation and other adjustments	10	1	67	(99)	-	(140)	(161)
<b>Balance at 31 December 2025</b>	<b>(4,938)</b>	<b>1,564</b>	<b>(627)</b>	<b>599</b>	<b>556</b>	<b>110</b>	<b>(2,736)</b>
Balance at 1 January 2024	(3,325)	1,090	480	467	(11)	(744)	(2,043)
Recognised in statement of profit or loss	(392)	(126)	(260)	36	-	207	(535)
Recognised in other comprehensive income	-	-	98	-	135	4	237
Business combination	(184)	72	-	-	-	(2)	(114)
Translation and other adjustments	12	(16)	-	-	-	(41)	(45)
Balance at 31 December 2024	(3,889)	1,020	318	503	124	(576)	(2,500)

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**10 INCOME TAX (continued)**

10.5 Unrecognised deferred tax assets are as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Tax losses	<u>819</u>	<u>786</u>

Unrecognised deferred tax assets expire as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Up to one year	1	2
One to five years	27	29
More than five years	54	102
Indefinite period	<u>737</u>	<u>653</u>
	<u>819</u>	<u>786</u>

10.6 Movement in current income tax liabilities during the year is as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	5,786	2,317
Current tax expense recognised in the consolidated statement of profit or loss (note 10.1)	10,001	7,008
Tax paid	(6,946)	(3,590)
Translation and other adjustments	<u>(48)</u>	<u>51</u>
Balance at 31 December	<u>8,793</u>	<u>5,786</u>

**11 BUSINESS COMBINATIONS**

The table below summarises the purchase consideration and net cash outflow for business combinations during the year.

	<i>AED million</i>
Fair value of the net assets acquired	7,257
Goodwill (note 14)	<u>115</u>
<b>Purchase consideration</b>	<u><b>7,372</b></u>
<b>Analysis of cash flow on acquisition:</b>	
Purchase consideration	(7,372)
Deferred and contingent consideration	56
Cash and cash equivalents acquired	<u>347</u>
<b>Net cash outflow on acquisition</b>	<u><b>(6,969)</b></u>

The details of the material business combination are disclosed in note 11.1.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11 BUSINESS COMBINATIONS (continued)

#### 11.1 Acquisition of Nordic Aviation Capital Designated Activity Company ("NAC")

In May 2025, the Group acquired 100% of the shareholding in NAC through one of its subsidiaries operating in the aircraft leasing business. The primary business of NAC is the provision of aircraft leasing services. This acquisition augments the subsidiary's position as a global leader in aircraft leasing and enhances its ability to offer more cost-effective solutions to current and prospective clients. This transaction also offers the opportunity for the subsidiary to deepen relationship with the original equipment manufacturer across a broader range of aircraft types.

The table below summarises the fair value of the net assets of NAC at the date of acquisition:

	<i>AED million</i>
Property, plant and equipment*	7,272
Assets held for sale	2,032
Other assets and liabilities	(2,117)
<b>Fair value of the net assets acquired</b>	<b>7,187</b>
<b>Purchase consideration</b>	<b>7,187</b>
<b>Analysis of cash flow on acquisition:</b>	
Purchase consideration	(7,187)
Cash and cash equivalents acquired	325
<b>Net cash outflow on acquisition</b>	<b>(6,862)</b>

\* Represents aircraft held for lease.

The acquired business contributed revenue of AED 603 million and a profit of AED 306 million from the acquisition date to 31 December 2025. If the acquisition had taken place at the beginning of the period, NAC's contribution to Group's revenue and profit would have been AED 1,038 million and AED 418 million respectively.

11.2 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.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT

	<i>Land, buildings and leasehold improvements AED million</i>	<i>Furniture, fixture and office equipment AED million</i>	<i>Plant, machinery, equipment and vehicles AED million</i>	<i>Oil and gas interests AED million</i>	<i>Aircraft, aircraft engines and parts AED million</i>	<i>Capital work- in-progress AED million</i>	<i>Total AED million</i>
<b>Cost:</b>							
Balance at 1 January 2025	52,315	17,256	35,961	37,505	186,278	16,257	345,572
Transfers from right-of-use assets (note 13)	-	-	8	-	776	-	784
Transfers to intangible assets (note 14)	-	-	-	-	-	(61)	(61)
Transfers (to) / from investment properties (note 15)	(72)	-	-	-	-	136	64
Transfers to assets held for sale	-	-	-	-	(1,673)	-	(1,673)
Transfers to inventories	-	-	-	-	(43)	-	(43)
Transfers to finance lease receivables	-	-	-	-	(130)	-	(130)
Other transfers	1,669	1,438	668	-	14,492	(18,267)	-
Additions	1,587	1,798	3,863	2,982	9,904	19,486	39,620
Arising on business combinations	1	10	56	-	7,032	240	7,339
Disposals / write-off	(196)	(523)	(1,503)	-	(3,933)	(7)	(6,162)
Hyperinflation adjustment (note 3.3)	576	705	8	-	-	(6)	1,283
Translation differences	(34)	(200)	133	-	1	(149)	(249)
<b>Balance at 31 December 2025</b>	<b>55,846</b>	<b>20,484</b>	<b>39,194</b>	<b>40,487</b>	<b>212,704</b>	<b>17,629</b>	<b>386,344</b>
<b>Accumulated depreciation and impairment:</b>							
Balance at 1 January 2025	22,428	13,621	23,112	25,274	83,601	27	168,063
Depreciation charge (note 4.1)	1,879	1,621	2,846	3,016	10,096	-	19,458
Impairment (reversals) / charge (note 5)	(1,127)	4	4	-	-	1	(1,118)
Arising on business combinations	-	9	27	-	-	-	36
Transfers from right-of-use assets (note 13)	-	-	5	-	-	-	5
Transfers to assets held for sale	-	-	-	-	(810)	-	(810)
Transfers to finance lease receivables	-	-	-	-	(57)	-	(57)
Other transfers	12	(4)	-	-	-	(8)	-
Disposals / write-off	(137)	(362)	(1,361)	-	(1,677)	-	(3,537)
Hyperinflation adjustment (note 3.3)	79	613	2	-	-	-	694
Translation differences	74	24	127	-	-	(2)	223
<b>Balance at 31 December 2025</b>	<b>23,208</b>	<b>15,526</b>	<b>24,762</b>	<b>28,290</b>	<b>91,153</b>	<b>18</b>	<b>182,957</b>
<b>Net book value:</b>							
<b>Balance at 31 December 2025</b>	<b>32,638</b>	<b>4,958</b>	<b>14,432</b>	<b>12,197</b>	<b>121,551</b>	<b>17,611</b>	<b>203,387</b>

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Land, buildings and leasehold improvements AED million</i>	<i>Furniture, fixture and office equipment AED million</i>	<i>Plant, machinery, equipment and vehicles AED million</i>	<i>Oil and gas interests AED million</i>	<i>Aircraft, aircraft engines and parts AED million</i>	<i>Capital work- in-progress AED million</i>	<i>Total AED million</i>
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 13)	-	-	-	-	4,694	-	4,694
Transfers to investment properties (note 15)	(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	<u>52,315</u>	<u>17,256</u>	<u>35,961</u>	<u>37,505</u>	<u>186,278</u>	<u>16,257</u>	<u>345,572</u>
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)	1,582	1,445	2,298	2,858	9,501	-	17,684
Impairment charge (note 5)	118	20	-	-	-	6	144
Transfers from right-of-use assets (note 13)	-	-	-	-	569	-	569
Transfers to investment properties (note 15)	(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	<u>22,428</u>	<u>13,621</u>	<u>23,112</u>	<u>25,274</u>	<u>83,601</u>	<u>27</u>	<u>168,063</u>
Net book value:							
Balance at 31 December 2024	<u><u>29,887</u></u>	<u><u>3,635</u></u>	<u><u>12,849</u></u>	<u><u>12,231</u></u>	<u><u>102,677</u></u>	<u><u>16,230</u></u>	<u><u>177,509</u></u>

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Land, buildings and leasehold improvements include:
- (i) land with a total carrying value of AED 5,061 million (2024: AED 3,856 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 508 million (2024: AED 530 million) have been capitalised during the year.
- (c) The net book value of property, plant and equipment includes an amount of AED 58,011 million (2024: AED 61,427 million) in respect of assets provided as security against various borrowings.
- (d) Capital work-in-progress mainly includes pre-delivery payments of AED 11,223 million (2024: AED 10,395 million) in respect of aircraft deliveries.
- (e) Aircraft, aircraft engines and parts include aircraft with a carrying value of AED 54,495 million (2024: AED 41,371 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 1,617 million (2024: AED 1,187 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 2025 (2024: 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 5.9% (2024: 5.7%).

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 to determine the WACC;
- 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 2025.

- (f) The impairment reversals in the current year mainly includes AED 1,187 million reversals relating to certain hospitality assets. The recoverable amount was determined based on value-in-use calculation using cash flow forecasts approved by management covering a five-year period. A discount rate of 9.5% and terminal growth rate of 2% has been applied on the projected cash flows. The key assumptions used in the valuation includes discount rate, average daily rates, occupancy rate and terminal growth rate. A reasonably possible change in any of these key assumptions would not result in a significant change in the impairment reversal.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 RIGHT-OF-USE ASSETS

	<i>Land, buildings and leasehold improvements AED million</i>	<i>Furniture, fixtures and office equipment AED million</i>	<i>Plant, machinery, equipment and vehicles AED million</i>	<i>Oil and gas interests AED million</i>	<i>Aircraft, aircraft engines and parts AED million</i>	<i>Total AED million</i>
<b>31 December 2025</b>						
Balance at 1 January 2025	15,114	70	647	821	20,486	37,138
Transfers to property, plant and equipment – net (note 12)	-	-	(3)	-	(776)	(779)
Other transfers	1	(67)	66	-	-	-
Additions	2,920	4	269	1,085	840	5,118
Arising on business combinations	1	-	-	-	-	1
Depreciation charge (note 4.1)	(2,461)	(3)	(360)	(813)	(5,543)	(9,180)
Impairment charge (note 5)	(13)	-	-	-	-	(13)
Remeasurements	150	-	75	-	2,350	2,575
Disposals	(136)	(1)	(22)	-	-	(159)
Hyperinflation adjustment (note 3.3)	-	-	1	-	-	1
Translation differences	160	-	17	-	-	177
<b>Balance at 31 December 2025</b>	<b>15,736</b>	<b>3</b>	<b>690</b>	<b>1,093</b>	<b>17,357</b>	<b>34,879</b>
<b>31 December 2024</b>						
Balance at 1 January 2024	11,012	81	302	1,102	29,634	42,131
Transfers to property, plant and equipment – net (note 12)	-	-	-	-	(4,125)	(4,125)
Additions	4,855	-	655	642	360	6,512
Depreciation charge (note 4.1)	(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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS

	<i>Licences and exclusive rights</i>	<i>Goodwill</i>	<i>Customer relationships and order backlog</i>	<i>Computer software</i>	<i>Service rights</i>	<i>Brands, trade names and contractual rights</i>	<i>Capital work-in- progress</i>	<i>Total</i>
	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>
<b>Cost:</b>								
Balance at 1 January 2025	11,533	13,572	1,793	5,404	2,223	8,794	388	43,707
Transfers from property, plant and equipment (note 12)	-	-	-	-	61	-	-	61
Additions	-	-	20	61	17	-	488	586
Arising on business combinations	-	115	-	40	-	61	1	217
Disposals / write-off	-	(82)	(138)	(100)	-	(1,043)	(2)	(1,365)
Other transfers	-	-	-	421	-	-	(421)	-
Hyperinflation adjustment (note 3.3)	-	-	(1)	-	-	-	-	(1)
Translation differences	12	259	27	26	-	32	21	377
<b>As at 31 December 2025</b>	<b>11,545</b>	<b>13,864</b>	<b>1,701</b>	<b>5,852</b>	<b>2,301</b>	<b>7,844</b>	<b>475</b>	<b>43,582</b>
<b>Accumulated amortisation and impairment:</b>								
Balance at 1 January 2025	3,622	1,291	1,441	4,031	2,041	3,686	19	16,131
Amortisation charge (note 4.1)	62	-	89	422	9	676	-	1,258
Impairment charge (note 5)	-	72	-	34	-	2	2	110
Arising on business combinations	-	-	-	36	-	-	-	36
Disposal / write-off	-	(82)	(138)	(92)	-	(1,043)	-	(1,355)
Hyperinflation adjustment (note 3.3)	-	-	(1)	-	-	(1)	-	(2)
Translation differences	9	88	26	41	-	18	(3)	179
<b>As at 31 December 2025</b>	<b>3,693</b>	<b>1,369</b>	<b>1,417</b>	<b>4,472</b>	<b>2,050</b>	<b>3,338</b>	<b>18</b>	<b>16,357</b>
<b>Net book value:</b>								
<b>As at 31 December 2025</b>	<b>7,852</b>	<b>12,495</b>	<b>284</b>	<b>1,380</b>	<b>251</b>	<b>4,506</b>	<b>457</b>	<b>27,225</b>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTANGIBLE ASSETS (continued)

	<i>Licences and exclusive rights AED million</i>	<i>Goodwill AED million</i>	<i>Customer relationships and order backlog AED million</i>	<i>Computer software AED million</i>	<i>Service rights AED million</i>	<i>Brands, trade names and contractual rights AED million</i>	<i>Capital work-in- progress AED million</i>	<i>Total AED million</i>
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	<u>11,533</u>	<u>13,572</u>	<u>1,793</u>	<u>5,404</u>	<u>2,223</u>	<u>8,794</u>	<u>388</u>	<u>43,707</u>
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 4.1)	62	-	86	437	9	752	-	1,346
Impairment charge (note 5)	-	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	<u>3,622</u>	<u>1,291</u>	<u>1,441</u>	<u>4,031</u>	<u>2,041</u>	<u>3,686</u>	<u>19</u>	<u>16,131</u>
Net book value:								
As at 31 December 2024	<u><u>7,911</u></u>	<u><u>12,281</u></u>	<u><u>352</u></u>	<u><u>1,373</u></u>	<u><u>182</u></u>	<u><u>5,108</u></u>	<u><u>369</u></u>	<u><u>27,576</u></u>

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 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 2025 arises from entities listed below. The significant assumptions used by management in carrying out the impairment testing on 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>CGUs</b>		
Corporate and institutional banking	<b>3,364</b>	3,364
Retail banking and wealth Management	<b>1,700</b>	1,700
Global markets and treasury	<b>206</b>	206
Emirates NBD Egypt S.A.E.	<b>21</b>	20
	<b>5,291</b>	5,290

#### 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 (8.6% for UAE and 31.01% 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.

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**14 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:

	<i>Recoverable amount AED million</i>	<i>One percentage increase in discount rate AED million</i>	<i>One percentage decrease in terminal growth rate AED million</i>
<b>CGUs</b>			
Corporate and institutional banking	<b>118,303</b>	<b>15,541</b>	<b>12,092</b>
Retail banking and wealth management	<b>137,021</b>	<b>18,000</b>	<b>14,005</b>
Global markets and treasury	<b>72,519</b>	<b>10,481</b>	<b>8,403</b>
Emirates NBD Egypt S.A.E.	<b>2,761</b>	<b>105</b>	<b>42</b>

Based on the impairment assessment, goodwill is not impaired as at 31 December 2025. A reasonably 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 pre-tax discount rate ranging from 8.5% to 12.3% (2024: 9.7% to 12.0%) and EBITDA margins that are expected to grow on average by 2.5% (2024: 1.8%) with revenues growing on average by 4.0% (2024: 4.5%) year-on-year. The long-term terminal growth rates of 1.5% per annum (2024: 1.5% 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:

	<i>2025 AED million</i>	<i>2024 AED million</i>
<b>CGUs</b>		
Catering operations	<b>368</b>	368
Food and beverage	<b>343</b>	343
	<b>711</b>	711

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

**(c) dnata**

For the purpose of testing the goodwill for impairment, the recoverable amount of CGUs or groups of CGUs have been determined on the basis of value-in-use calculations using cash flows 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 6.5% to 14.5% (2024: 8.8% to 16.8%) and EBITDA margins that are expected to grow on average by 1.5% (2024: 3.5%) with revenues growing on average by 7% (2024: 6%) year-on-year. The terminal growth rates of 1.5% to 2.5% per annum (2024: 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>CGUs</b>		
Airport operations	<b>738</b>	633
Inflight catering	<b>461</b>	451
Travel services	<b>375</b>	362
	<b>1,574</b>	1,446

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

##### (d) Dubai Duty Free ("DDF")

Licenses and exclusive rights include AED 5,936 million (2024: AED 5,936 million) of exclusivity rights obtained 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:

	<i>2025</i>	<i>2024</i>
Discount rate	<b>4.9%</b>	5.1%
Forecasted sales growth	<b>3%-11%</b>	2%-7%
Terminal growth rate	<b>1%</b>	1%

The forecasted sales growth is based on DDF's past performance and market development expectations. Based on the impairment assessment, no impairment has been recorded during the year (2024: Nil). Any reasonably possible changes in key assumptions used to determine the recoverable amount would 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 (2024: AED 2,883 million). Management allocates the 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 2025 of AED 1.65/share (2024: AED 1.5/share) and a control premium (net of costs to sell) of 15% (2024: 15%). Based on this assessment, no impairment was required as at 31 December 2025 (2024: Nil).

Any reasonably possible changes in key assumptions used to determine the recoverable amount would not result in any impairment.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**14 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 597 million (2024: AED 555 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 2025 (2024: Nil).

*(g) ALEC Holdings PJSC ("ALEC Holdings")*

The goodwill related to ALEC Holdings is mainly allocated to ALEC Engineering & Contracting LLC – SPC ("ALEC"), a wholly owned subsidiary of ALEC Holdings, and has a carrying value of AED 658 million (2024: AED 658 million). During 2025, ALEC Holdings completed an initial public offering on the Dubai Financial Market (note 38.2).

The recoverable amount of ALEC as at 31 December 2025 is determined based on the fair value less cost to sell, using the closing quoted market price as at 31 December 2025 of AED 1.52/share (2024: income approach, using five-year cash flow projection). Based on this assessment, management concluded that no impairment was required for the year ended 31 December 2025 (2024: Nil).

*(h) Kerzner International Holdings Ltd ("Kerzner")*

Brands include AED 986 million (2024: AED 986 million) in relation to Kerzner which have an indefinite useful life. Kerzner owns and operates various hotels and resorts across many countries (note 38). For the purpose of testing the brands for impairment, the recoverable amounts of the relevant CGUs have been determined using value-in-use calculation based on discounted cash flow analysis of existing resorts and a few resorts that are expected to open in 2026. The key assumptions used to determine the recoverable amount are as follows:

	<i>2025</i>	<i>2024</i>
Growth rate in revenue	<b>2% to 22.5%</b>	2% to 22.5%
Terminal growth rate	<b>1.9% to 4.6%</b>	2% to 4.6%
Pre-tax royalty rate	<b>2%</b>	2%
Tax rate	<b>9% to 23%</b>	9% to 23%
Discount rate	<b>9.4% to 20.4%</b>	9.5% to 19%

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 (2024: Nil). Any reasonably possible change to the key assumptions would not lead to a material impairment charge.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**15 INVESTMENT PROPERTIES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Cost:</b>		
Balance at 1 January	<b>37,353</b>	37,260
Additions	<b>2,167</b>	1,845
Transfers (to) / from property, plant and equipment (note 12)	<b>(64)</b>	280
Transfers to asset held-for-sale	-	(291)
Transfers to inventories	<b>(380)</b>	(718)
Disposals / write-off	<b>(367)</b>	(916)
Hyperinflation adjustment (note 3.3)	<b>28</b>	14
Translation difference	<b>118</b>	(121)
	<hr/>	<hr/>
Balance at 31 December	<b>38,855</b>	37,353
<b>Accumulated depreciation and impairment:</b>		
Balance at 1 January	<b>9,333</b>	9,264
Depreciation charge (note 4.1)	<b>709</b>	661
Impairment reversals (note 5)	<b>(305)</b>	(627)
Transfers from property, plant and equipment (note 12)	-	8
Transfers to inventories	<b>(15)</b>	-
Disposals / write-off	<b>(32)</b>	(55)
Hyperinflation adjustment (note 3.3)	<b>6</b>	6
Translation difference	<b>24</b>	76
	<hr/>	<hr/>
Balance at 31 December	<b>9,720</b>	9,333
<b>Net book value:</b>		
Balance at 31 December	<b>29,135</b>	28,020
<b>Includes:</b>		
Building and infrastructure	<b>18,148</b>	18,191
Land	<b>8,091</b>	8,071
Capital work in progress	<b>2,896</b>	1,758
	<hr/>	<hr/>
	<b>29,135</b>	28,020
	<hr/>	<hr/>

At the year-end, the fair value of investment properties has been determined internally by management 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 level 2 and 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 28,872 million (2024: AED 27,758 million) have a fair value of AED 59,302 million (2024: AED 52,996 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.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Investments in associates	<b>45,103</b>	41,202
Investments in joint ventures	<b>24,221</b>	24,939
	<b>69,324</b>	66,141

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	<b>66,141</b>	65,854
Investments made	<b>359</b>	584
Share of results of associates and joint ventures	<b>9,254</b>	8,273
Dividends received	<b>(6,131)</b>	(5,211)
Disposals and change in ownership (note 16.1)	<b>(185)</b>	(3,100)
Return of capital	-	(221)
Transfer from investment securities	<b>36</b>	158
Conversion to subsidiaries	-	(6)
Amounts recognised directly in equity:		
- <i>Other comprehensive income</i>		
Translation difference	<b>122</b>	(479)
Cumulative changes in fair value	<b>(44)</b>	59
Actuarial loss on defined benefit plans	-	(3)
- <i>Others</i>	<b>(198)</b>	233
Impairment charge (notes 5 and 16.3)	<b>(30)</b>	-
Balance at 31 December	<b>69,324</b>	66,141

16.1 During the prior year, the Group sold some of its shares in Nasdaq, Inc., thereby reducing the Group's shareholding in the associate. The transaction resulted in a net decrease of AED 3,084 million in the Group's carrying value of the investment in the associate. The net resulting gain of AED 3,180 million is recognised under 'net other income' in the consolidated statement of profit or loss. As at 31 December 2025, the group's shareholding interest in Nasdaq, Inc. was 10.24% (2024: 10.15%).

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.

16.2 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:

	<i>Carrying value</i>		<i>Market value</i>	
	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Emaar Properties PJSC	<b>20,998</b>	19,027	<b>27,659</b>	25,297
Dubai Islamic Bank PJSC	<b>11,958</b>	11,164	<b>18,771</b>	14,357
Nasdaq, Inc.	<b>6,424</b>	5,854	<b>20,580</b>	16,574

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)**

16.3 The Group's investments in associates and joint ventures have been tested for impairment on an individual basis whenever indicators of impairment have been identified. Based on this assessment, an impairment charge of AED 30 million was recorded for the year ended 31 December 2025 (2024: Nil).

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

*Emaar Properties PJSC*

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Statement of financial position</b>		
<b>Total assets (A)</b>	<b>186,700</b>	160,222
<i>The assets mainly include:</i>		
Cash and cash equivalents	<b>52,633</b>	38,632
Trade and unbilled receivables	<b>11,137</b>	15,484
Other assets, receivables, deposits and prepayments	<b>12,018</b>	10,052
Other financial assets	<b>20,612</b>	12,932
Development properties	<b>50,235</b>	45,096
Property, plant and equipment	<b>9,267</b>	8,987
Investment properties	<b>21,518</b>	21,340
<b>Total liabilities (B)</b>	<b>(79,024)</b>	(64,152)
<i>The liabilities mainly include:</i>		
Trade and other payables	<b>(20,782)</b>	(17,571)
Advances from customers	<b>(40,724)</b>	(32,495)
Interest-bearing loans, borrowings and sukuk	<b>(9,806)</b>	(9,686)
<b>Non-controlling interests (C)</b>	<b>(13,398)</b>	(10,642)
<b>Net assets attributable to equity holders (A+B+C)</b>	<b>94,278</b>	85,428
<b>Group's share of net assets</b>	<b>20,998</b>	19,027

**Statement of comprehensive income**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Revenue</b>	<b>49,557</b>	35,505
Profit for the year attributable to equity holders	<b>17,599</b>	13,514
Other comprehensive income for the year attributable to equity holders	<b>209</b>	(1,378)
<b>Total comprehensive income for the year attributable to equity holders</b>	<b>17,808</b>	12,136
<b>Group's share of total comprehensive income for the year</b>	<b>3,966</b>	2,703
<b>Dividend paid to the Group during the year</b>	<b>1,969</b>	984

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)**

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

*Dubai Islamic Bank PJSC*

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Statement of financial position</b>		
<b>Total assets (A)</b>	<b>415,681</b>	344,420
<i>The assets mainly include:</i>		
Islamic financing and investing assets, net	<b>262,055</b>	212,427
Investment in Sukuk	<b>90,589</b>	82,161
Cash and balances with central banks	<b>36,870</b>	26,700
Receivables and other assets	<b>9,888</b>	7,082
Due from banks and financial institutions	<b>5,387</b>	5,642
<b>Total liabilities (B)</b>	<b>(362,813)</b>	(291,834)
<i>The liabilities mainly include:</i>		
Customer deposits	<b>(320,184)</b>	(248,546)
Sukuk issued	<b>(25,071)</b>	(24,154)
Payables and other liabilities	<b>(14,909)</b>	(12,698)
<b>Non-controlling interests (C)</b>	<b>(10,574)</b>	(13,129)
<b>Net assets attributable to equity holders (A+B+C)</b>	<b>42,294</b>	39,457
<b>Group's share of net assets</b>	<b>11,830</b>	11,036

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**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Revenue</b>	<b>21,421</b>	21,202
Profit for the year attributable to equity holders	<b>7,086</b>	7,530
Other comprehensive income for the year attributable to equity holders	<b>(295)</b>	(244)
<b>Total comprehensive income for the year attributable to equity holders</b>	<b>6,791</b>	7,286
<b>Group's share of total comprehensive income for the year</b>	<b>1,899</b>	2,038
<b>Dividend paid to the Group during the year</b>	<b>911</b>	911

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)**

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

*Nasdaq, Inc.*

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Statement of financial position</b>		
Non-current assets	<b>84,709</b>	83,996
Current assets	<b>29,411</b>	28,467
<b>Total assets (A)</b>	<b>114,120</b>	112,463
Non-current liabilities	<b>(39,910)</b>	(41,480)
Current liabilities	<b>(29,257)</b>	(28,672)
<b>Total liabilities (B)</b>	<b>(69,167)</b>	(70,152)
<b>Non-controlling interests (C)</b>	<b>(19)</b>	(33)
<b>Net assets attributable to equity holders (A+B+C)</b>	<b>44,934</b>	42,278
<b>Group's share of net assets</b>	<b>4,603</b>	4,294

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**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Revenue</b>	<b>19,290</b>	17,085
Profit for the year attributable to equity holders	<b>6,571</b>	4,105
Other comprehensive income for the year attributable to equity holders	<b>1,198</b>	(643)
<b>Total comprehensive income for the year attributable to equity holders</b>	<b>7,769</b>	3,462
<b>Group's share of total comprehensive income for the year</b>	<b>796</b>	392
<b>Dividend paid to the Group during the year</b>	<b>225</b>	227

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)**

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

*Emirates Global Aluminium PJSC ("EGA")*

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Statement of financial position</b>		
Non-current assets	<b>40,990</b>	49,925
Cash and cash equivalents	<b>3,181</b>	3,994
Other current assets	<b>15,055</b>	9,282
Current assets	<b>18,236</b>	13,276
<b>Total assets (A)</b>	<b>59,226</b>	63,201
Bank borrowings and lease liabilities	<b>(10,622)</b>	(14,676)
Other non-current liabilities	<b>(548)</b>	(473)
Non-current liabilities	<b>(11,170)</b>	(15,149)
Bank borrowings and lease liabilities	<b>(5,123)</b>	(2,853)
Other current liabilities	<b>(6,508)</b>	(6,967)
Current liabilities	<b>(11,631)</b>	(9,820)
<b>Total liabilities (A)</b>	<b>(22,801)</b>	(24,969)
<b>Non-controlling interests (C)</b>	<b>(47)</b>	(56)
<b>Net assets attributable to equity holders (A+B+C)</b>	<b>36,378</b>	38,176
<b>Group's share of net assets</b>	<b>18,189</b>	19,088

The difference between the carrying value of the Group's investment amounting to AED 19,161 million (2024: AED 20,060 million) 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**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Revenue</b>	<b>31,987</b>	30,030
Profit for the year attributable to equity holders	<b>2,128</b>	2,625
Other comprehensive income for the year attributable to equity holders	<b>(253)</b>	12
<b>Total comprehensive income for the year attributable to equity holders</b>	<b>1,875</b>	2,637
<b>Group's share of total comprehensive income for the year</b>	<b>937</b>	1,319
<b>Dividend paid to the Group during the year</b>	<b>1,837</b>	1,837

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**16 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)**

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Profit for the year	<b>1,615</b>	1,387
Other comprehensive income for the year	<b>119</b>	11
Group's share of total comprehensive income for the year	<b>1,734</b>	1,398
Carrying value of these investments	<b>10,783</b>	10,036

**17 INVESTMENT SECURITIES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<i>Measured at amortised cost</i>		
Sovereign bonds and sukuku	<b>124,951</b>	150,686
Corporate bonds and sukuku	<b>13,488</b>	10,970
Others	<b>61</b>	134
	<b>138,500</b>	161,790
<i>Measured at FVOCI</i>		
Equities	<b>5,042</b>	3,884
Sovereign bonds and sukuku	<b>26,093</b>	18,551
Corporate bonds and sukuku	<b>14,584</b>	12,331
Others	<b>34</b>	34
	<b>45,753</b>	34,800
<i>Measured at FVTPL</i>		
Equities	<b>6,786</b>	5,468
Sovereign bonds and sukuku	<b>23,452</b>	7,024
Corporate bonds and sukuku	<b>12,052</b>	6,094
Others	<b>14,931</b>	12,756
	<b>57,221</b>	31,342
<b>Total investment securities</b>	<b>241,474</b>	227,932
<b>Disclosed as follows:</b>		
Non-current assets	<b>152,867</b>	128,474
Current assets	<b>88,607</b>	99,458
	<b>241,474</b>	227,932
<b>Includes investments in bonds (including Sukuk) issued by:</b>		
Associates	<b>2,346</b>	2,276
Government	<b>6,307</b>	6,370
	<b>8,653</b>	8,646

As at 31 December 2025, the fair value of investment securities measured at amortised cost amounted to AED 136,199 million (2024: AED 157,106 million).

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17 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, financial services, healthcare, and education sectors.

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

#### 31 December 2025

	<i>Total</i> <i>AED million</i>	<i>Level 1</i> <i>AED million</i>	<i>Level 2</i> <i>AED million</i>	<i>Level 3</i> <i>AED million</i>
Measured at FVOCI	45,753	45,436	109	208
Measured at FVTPL	57,221	43,803	637	12,781
Derivative financial instruments - net (note 29)	(11,164)	2	(11,166)	-
	<u>91,810</u>	<u>89,241</u>	<u>(10,420)</u>	<u>12,989</u>

#### 31 December 2024

	<i>Total</i> <i>AED million</i>	<i>Level 1</i> <i>AED million</i>	<i>Level 2</i> <i>AED million</i>	<i>Level 3</i> <i>AED million</i>
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 29)	(1,914)	(3)	(1,911)	-
	<u>64,228</u>	<u>54,198</u>	<u>(793)</u>	<u>10,823</u>

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

17.2 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	10,823	9,257
Additions	2,495	2,284
Settlements and disposals	(852)	(608)
Net fair value movement:		
- in profit or loss	557	(109)
- in other comprehensive income	2	(1)
Transfer to investments in associates and joint ventures	(36)	-
Balance at 31 December	<u>12,989</u>	<u>10,823</u>

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**17 INVESTMENT SECURITIES (continued)**

17.3 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Net assets valuation	<b>11,444</b>	8,454
Market comparison technique	<b>419</b>	969
Discounted cash flows	<b>1,126</b>	1,400
	<b>12,989</b>	10,823

<i>Valuation Technique</i>	<i>Description</i>	<i>Significant Unobservable input</i>
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 the performance of the investment 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 generally based on price of recent investment or market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the private equity.	Price of recent investment; adjusted market multiple
Discounted cash flows	Under this technique, the net present value of the investment is determined by discounting expected cash flows using rates based on quoted yields of actively traded securities with similar maturity and credit risk.	Risk-adjusted discount rate

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 discounted cash flows technique and which are not classified as equity instruments, the significant inputs used in the valuation include discount rates ranging from 6.11% - 6.47% (2024: 6.92% - 7.20%). A reasonably possible change in these inputs would not result in significant change in fair value.

A substantial portion of unlisted equities and other investments that are not valued using the discounted cash flows technique are dissimilar in nature. Therefore, quoting a range of key unobservable inputs would not provide a meaningful analysis.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**17 INVESTMENT SECURITIES (continued)**

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

<i>31 December 2025</i>	<i>Measured at amortised cost AED million</i>	<i>Measured at FVOCI AED million</i>	<i>Measured at FVTPL AED million</i>	<i>Total AED million</i>
AAA	2,432	224	171	2,827
AA- to AA+	87,965	10,844	6,344	105,153
A- to A+	17,396	10,067	4,198	31,661
BBB- to BBB+	3,411	3,449	4,207	11,067
Lower than BBB-	20,123	15,741	20,169	56,033
Unrated	7,173	386	15,346	22,905
Total	<u>138,500</u>	<u>40,711</u>	<u>50,435</u>	<u>229,646</u>

<i>31 December 2024</i>	<i>Measured at amortised cost AED million</i>	<i>Measured at FVOCI AED million</i>	<i>Measured at FVTPL AED million</i>	<i>Total AED million</i>
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	<u>161,790</u>	<u>30,916</u>	<u>25,874</u>	<u>218,580</u>

The allowance for impairment on investment securities as at 31 December 2025 amounts to AED 310 million (2024: AED 161 million).

**18 OTHER NON-CURRENT ASSETS**

	<i>2025 AED million</i>	<i>2024 AED million</i>
Lease incentives and acquisition costs	715	500
Finance lease receivables	480	121
Loans to and receivables from associates and joint ventures (non-banking operations) (note 35.2)	427	361
Loans to and receivables from Government and other related parties (non-banking operations) (note 35.2)	22	24
Long-term retentions	203	235
Other loan receivable (non-banking operations)	1,198	997
Other receivables	1,894	1,875
<b>Gross other non-current assets</b>	<b>4,939</b>	<b>4,113</b>
Less: Allowance for impairment	(36)	(22)
<b>Net other non-current assets</b>	<b>4,903</b>	<b>4,091</b>

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**19 INVENTORIES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Finished goods and inventory properties	<b>10,252</b>	7,500
Engineering	<b>1,987</b>	2,030
Raw materials	<b>1,072</b>	1,903
Spare parts and consumables	<b>1,861</b>	1,789
Food and beverages	<b>1,381</b>	1,384
Goods in-transit	<b>1,047</b>	1,159
Development properties	<b>182</b>	158
Others	<b>347</b>	379
	<hr/>	<hr/>
<b>Gross inventories</b>	<b>18,129</b>	16,302
Less: Provision for slow moving and obsolete inventories	<b>(255)</b>	(200)
	<hr/>	<hr/>
<b>Net inventories</b>	<b>17,874</b>	16,102
	<hr/> <hr/>	<hr/> <hr/>

**20 TRADE AND OTHER RECEIVABLES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Trade receivables	<b>22,292</b>	22,233
Trades pending settlements	<b>920</b>	499
Accrued interest receivable	<b>11,016</b>	10,585
Prepayments and deposits	<b>6,835</b>	6,116
Contract receivables	<b>4,577</b>	3,202
Advance to suppliers	<b>2,175</b>	1,412
Amounts receivable from associates and joint ventures (note 35.2)	<b>1,209</b>	1,283
Amounts receivable from Government and other related parties (note 35.2)	<b>85</b>	86
Retention receivables	<b>719</b>	562
Finance lease receivables	<b>69</b>	179
Lease incentives and acquisition costs	<b>203</b>	164
Loan receivables (non-banking operations)	<b>71</b>	71
Other receivables	<b>9,275</b>	7,357
	<hr/>	<hr/>
<b>Gross trade and other receivables</b>	<b>59,446</b>	53,749
Less: Allowance for impairment (note 20.2)	<b>(1,323)</b>	(1,256)
	<hr/>	<hr/>
<b>Net trade and other receivables</b>	<b>58,123</b>	52,493
	<hr/> <hr/>	<hr/> <hr/>

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**20 TRADE AND OTHER RECEIVABLES (continued)**

20.1 The credit quality of trade receivables, trades pending settlements, 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 2025*

	<b>Not past due AED million</b>	<b>1 – 90 Days AED million</b>	<b>91 – 365 days AED million</b>	<b>More than 365 days AED million</b>	<b>Total AED million</b>
Gross carrying value	<b>24,129</b>	<b>3,506</b>	<b>1,242</b>	<b>1,065</b>	<b>29,942</b>
Less: Allowance for impairment	<b>(239)</b>	<b>(106)</b>	<b>(154)</b>	<b>(824)</b>	<b>(1,323)</b>
<b>Net carrying value</b>	<b>23,890</b>	<b>3,400</b>	<b>1,088</b>	<b>241</b>	<b>28,619</b>

*31 December 2024*

	Not past due AED million	1 – 90 Days AED million	91 – 365 days AED million	More than 365 days 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

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.

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

	<i>2025 AED million</i>	<i>2024 AED million</i>
Balance at 1 January	<b>1,256</b>	1,329
Allowance / (reversal) for impairment made - net of recoveries (note 6)	<b>185</b>	(19)
Arising on business combinations	<b>65</b>	-
Amounts written-off	<b>(194)</b>	(40)
Translation and other adjustments	<b>11</b>	(14)
Balance at 31 December	<b>1,323</b>	1,256

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**21 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b><i>Analysis by type:</i></b>		
Time loans	<b>401,778</b>	331,474
Overdrafts	<b>23,371</b>	21,182
Credit card receivables	<b>30,573</b>	26,243
Loans against trust receipts	<b>12,315</b>	9,707
Bills discounted	<b>12,383</b>	9,202
<b>Gross conventional loans</b>	<b>480,420</b>	397,808
Murabaha	<b>115,851</b>	85,897
Ijara	<b>36,117</b>	28,908
Credit card receivables	<b>4,553</b>	3,685
Istisna'a	<b>2,149</b>	1,749
Wakala	<b>1,256</b>	1,820
Others	<b>1,994</b>	603
SLess: Deferred income	<b>(7,675)</b>	(5,375)
<b>Gross Islamic financing receivables</b>	<b>154,245</b>	117,287
Gross loans and receivables	<b>634,665</b>	515,095
Less: Allowance for impairment (note 21.2)	<b>(24,924)</b>	(27,552)
<b>Net loans and receivables</b>	<b>609,741</b>	487,543
<b><i>Analysis by business units:</i></b>		
Corporate and institutional banking	<b>384,057</b>	300,693
Retail banking and wealth management	<b>225,684</b>	186,850
<b>Net loans and receivables</b>	<b>609,741</b>	487,543

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 LOANS AND RECEIVABLES (continued)

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<i>Analysis by economic activity:</i>		
Personal	<b>199,014</b>	161,195
Sovereign	<b>75,624</b>	66,505
Construction and real estate	<b>69,061</b>	55,728
Trade	<b>46,526</b>	34,696
Utilities and services	<b>33,728</b>	26,824
Financial institutions and investment companies	<b>49,015</b>	31,521
Manufacturing	<b>38,695</b>	29,137
Transport and communication	<b>36,349</b>	33,694
Management of companies and enterprises	<b>49,210</b>	36,233
Agriculture	<b>10,730</b>	16,328
Hotels and restaurants	<b>9,566</b>	9,116
Others	<b>24,822</b>	19,493
	<hr/>	<hr/>
<b>Total loans and receivables</b>	<b>642,340</b>	520,470
Less: Deferred income	<b>(7,675)</b>	(5,375)
Less: Allowance for impairment (note 21.2)	<b>(24,924)</b>	(27,552)
	<hr/>	<hr/>
<b>Net loans and receivables</b>	<b>609,741</b>	487,543
	<hr/> <hr/>	<hr/> <hr/>
<b>Disclosed as follows:</b>		
Non-current assets	<b>325,670</b>	277,258
Current assets	<b>284,071</b>	210,285
	<hr/>	<hr/>
<b>Net loans and receivables</b>	<b>609,741</b>	487,543
	<hr/> <hr/>	<hr/> <hr/>
<b>Includes loans and receivable due from:</b>		
Associates and joint ventures (note 35.2)	<b>3,341</b>	1,102
Government and other related parties (note 35.2)	<b>38,732</b>	59,282
	<hr/>	<hr/>
	<b>42,073</b>	60,384
	<hr/> <hr/>	<hr/> <hr/>

Ijara assets of AED 7.3 billion (2024: AED 5.2 billion) held by the Bank were securitised for the purpose of the issuance of Sukuk payable (note 28.1).

Investment Corporation of Dubai and its subsidiaries  
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**21 LOANS AND RECEIVABLES (continued)**

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

	<i>12-month ECL AED million</i>	<i>Lifetime ECL not credit - impaired AED million</i>	<i>Lifetime ECL credit - impaired AED million</i>	<i>Total AED million</i>
<b>31 December 2025</b>				
<i>Gross carrying value</i>				
Balance at 1 January 2025	472,328	25,128	17,639	515,095
Transfers from stage 1	(21,004)	19,310	1,694	-
Transfers from stage 2	8,228	(15,231)	7,003	-
Transfers from stage 3	208	753	(961)	-
New financial assets, net of repayments	133,103	937	(5,051)	128,989
Amounts written off	-	-	(4,542)	(4,542)
Translation and other adjustments	(3,996)	(713)	(168)	(4,877)
<b>Gross loans and receivables</b>	<b>588,867</b>	<b>30,184</b>	<b>15,614</b>	<b>634,665</b>
Less: Allowance for impairment (note 21.2)	(5,758)	(5,591)	(13,575)	(24,924)
<b>Net loans and receivables</b>	<b>583,109</b>	<b>24,593</b>	<b>2,039</b>	<b>609,741</b>
<i>Analysis by business units:</i>				
Corporate and institutional banking	376,107	13,929	9,845	399,881
Retail banking and wealth management	212,760	16,255	5,769	234,784
<b>Gross loans and receivables</b>	<b>588,867</b>	<b>30,184</b>	<b>15,614</b>	<b>634,665</b>
<b>31 December 2024</b>				
<i>Gross carrying value</i>				
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 21.2)	(5,767)	(6,223)	(15,562)	(27,552)
Net loans and receivables	466,561	18,905	2,077	487,543
<i>Analysis by business units:</i>				
Corporate and institutional banking	292,673	15,097	13,221	320,991
Retail banking and wealth management	179,655	10,031	4,418	194,104
Gross loans and receivables	472,328	25,128	17,639	515,095

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**21 LOANS AND RECEIVABLES (continued)**

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

	<i>12-month ECL AED million</i>	<i>Lifetime ECL not credit - impaired AED million</i>	<i>Lifetime ECL credit - impaired AED million</i>	<i>Total AED million</i>
<b>31 December 2025</b>				
Balance at 1 January 2025	5,767	6,223	15,562	27,552
Transfers from stage 1	(548)	532	16	-
Transfers from stage 2	553	(1,864)	1,311	-
Transfers from stage 3	-	207	(207)	-
Allowance for impairment made - net of recoveries (note 6)	32	629	2,070	2,731
Amounts written off*	-	-	(4,542)	(4,542)
Translation and other adjustments	(46)	(136)	(635)	(817)
<b>Balance at 31 December 2025</b>	<b>5,758</b>	<b>5,591</b>	<b>13,575</b>	<b>24,924</b>

	<i>12-month ECL AED million</i>	<i>Lifetime ECL not credit - impaired AED million</i>	<i>Lifetime ECL credit - impaired AED million</i>	<i>Total AED million</i>
<b>31 December 2024</b>				
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 6)	(273)	(962)	831	(404)
Amounts written off*	-	-	(6,451)	(6,451)
Translation and other adjustments	(229)	(42)	(1,102)	(1,373)
<b>Balance at 31 December 2024</b>	<b>5,767</b>	<b>6,223</b>	<b>15,562</b>	<b>27,552</b>

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

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**22 CASH AND DEPOSITS WITH BANKS**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b>Banking operations</b>		
<b>Cash and deposits with Central Banks</b>		
Cash	<b>7,303</b>	6,402
Statutory and other deposits with Central Banks	<b>107,494</b>	87,377
Interest-bearing placements with Central Banks	<b>348</b>	295
Murabahas and interest-bearing certificates of deposits with Central Banks	<b>9,518</b>	10,602
Less: Allowance for impairment	<b>(16)</b>	(11)
<b>Total (A)</b>	<b>124,647</b>	104,665
<b>Due from other banks</b>		
Time loans	<b>125,283</b>	108,639
Overnight, call and short notice	<b>11,233</b>	24,347
Less: Allowance for impairment	<b>(369)</b>	(220)
<b>Total (B)</b>	<b>136,147</b>	132,766
<b>Total (C = A+B)</b>	<b>260,794</b>	237,431
<b>Non-banking operations</b>		
Cash at banks and in hand	<b>23,717</b>	19,353
Deposits and placements	<b>75,610</b>	60,251
<b>Total (D)</b>	<b>99,327</b>	79,604
<b>Total (C+D)</b>	<b>360,121</b>	317,035
<b>Disclosed as follows:</b>		
Non-current assets	<b>28,978</b>	16,334
Current assets	<b>331,143</b>	300,701
	<b>360,121</b>	317,035
<b>Includes cash and deposits placed with:</b>		
Associates (note 35.2)	<b>30,563</b>	20,037

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22 CASH AND DEPOSITS WITH BANKS (continued)

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Cash and deposits with banks – current	<b>331,143</b>	300,701
Less:		
Deposits with Central Banks for regulatory purposes (banking operations)	<b>(107,494)</b>	(87,377)
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)	<b>(75,550)</b>	(54,620)
Deposits with other banks with original maturity of more than three months	<b>(67,477)</b>	(52,925)
Due to banks with original maturity of less than three months (banking operations) (note 28.2)	<b>(12,937)</b>	(24,991)
Bank overdrafts (note 28)	<b>(187)</b>	(235)
<b>Cash and cash equivalents</b>	<b><u>67,498</u></b>	<b><u>80,526</u></b>

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.

### 23 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.

The assets held for sale and their related liabilities as at 31 December 2025 and 31 December 2024 mainly relate to aircraft owned by one of the Group’s subsidiaries engaged in the aircraft leasing business.

### 24 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	<b>82,702</b>	82,698
Capital contribution from the Government	-	4
Balance at 31 December	<b><u>82,702</u></b>	<b><u>82,702</u></b>

### 25 DISTRIBUTIONS TO THE GOVERNMENT

During the year ended 31 December 2025, an amount of AED 24,780 million (2024: AED 12,599 million) was approved for distribution to the Government.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 OTHER RESERVES

	<i>Legal and statutory reserve AED million (note 26.1)</i>	<i>Capital reserve AED million (note 26.2)</i>	<i>Merger reserve AED million (note 26.3)</i>	<i>Cumulative changes in fair value AED million (note 26.4)</i>	<i>Hedge reserve AED million (note 26.6)</i>	<i>General reserve AED million (note 26.2)</i>	<i>Foreign currency translation reserve AED million (note 26.5)</i>	<i>Others AED million</i>	<i>Total AED million</i>
<b>31 December 2025</b>									
Balance at 1 January 2025	3,269	733	9,082	(74)	1,056	1,685	(6,108)	645	10,288
Other comprehensive income for the year	-	-	-	1,445	(6,337)	-	1,175	-	(3,717)
Transfers from retained earnings	81	84	-	-	-	392	-	174	731
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	22	-	-	-	-	22
Other movements	(1)	52	-	(4)	(1)	(1)	(23)	(2)	20
<b>Balance at 31 December 2025</b>	<b>3,349</b>	<b>869</b>	<b>9,082</b>	<b>1,389</b>	<b>(5,282)</b>	<b>2,076</b>	<b>(4,956)</b>	<b>817</b>	<b>7,344</b>
<b>31 December 2024</b>									
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

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26 OTHER RESERVES (continued)

#### 26.1 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.

#### 26.2 Capital and general reserve

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

#### 26.3 Merger reserve

The merger reserve mainly includes amounts relating to:

- Borse Dubai Limited
- Emirates NBD Bank PJSC
- National Bonds Holding LLC

##### *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.

As at 31 December 2025, the merger reserve at the Group level in relation to this transaction amounted to AED 7,140 million (2024: 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 at 31 December 2025, the merger reserve 'attributable to the equity holder of ICD' in relation to this transaction amounted to AED 2,540 million (2024: AED 2,540 million).

##### *National Bonds Holding LLC*

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. During the prior period, the Company's shareholding in National Bonds Corporation Sole Proprietorship P.S.C was transferred to National Bonds Holding LLC, another wholly owned subsidiary of the Group.

#### 26.4 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.

#### 26.5 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.

#### 26.6 Hedge reserve

Hedge reserve comprises of the net effective portion of changes in fair value of cash flow hedges.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**27 EMPLOYEES' END OF SERVICE BENEFITS**

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	<b>4,794</b>	4,480
Provision made	<b>2,115</b>	1,857
End of service benefits paid	<b>(1,642)</b>	(1,500)
Actuarial loss / (gain) on defined benefit obligations	<b>47</b>	(3)
Arising on business combinations	<b>11</b>	-
Other movements	<b>(41)</b>	(40)
	<hr/>	<hr/>
Balance at 31 December	<b>5,284</b>	4,794
	<hr/> <hr/>	<hr/> <hr/>
<b>Disclosed as follows:</b>		
Non-current liabilities	<b>5,269</b>	4,781
Current liabilities	<b>15</b>	13
	<hr/>	<hr/>
	<b>5,284</b>	4,794
	<hr/> <hr/>	<hr/> <hr/>

**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 statement of profit or loss.

**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 24.83% (2024: 24.00%) per annum and a discount rate up to 30.04% (2024: 29.02%) per annum.

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Present value of funded defined benefit obligations	<b>5,287</b>	4,393
Less: Fair value of plan assets (27.1)	<b>(5,154)</b>	(4,252)
	<hr/>	<hr/>
	<b>133</b>	141
Present value of unfunded defined benefit obligations	<b>5,151</b>	4,653
	<hr/>	<hr/>
Employees' end of service benefits provision	<b>5,284</b>	4,794
	<hr/> <hr/>	<hr/> <hr/>

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27 EMPLOYEES' END OF SERVICE BENEFITS (continued)

#### 27.1 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.

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:

	<i>2025</i>	<i>2024</i>
	<i>AED million</i>	<i>AED million</i>
Balance at 1 January	<b>4,252</b>	3,733
Contributions made	<b>548</b>	459
Benefits paid	<b>(200)</b>	(195)
Fair value gain – net	<b>477</b>	276
Other movements	<b>77</b>	(21)
<b>Balance at 31 December</b>	<b>5,154</b>	4,252

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.

#### 27.2 Unfunded schemes

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

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**28 BORROWINGS AND LEASE LIABILITIES**

	<i>Notes</i>	<i>2025 AED million</i>	<i>2024 AED million</i>
<b>Banking operations</b>			
<b>Non-current liabilities</b>			
Debt issued, Sukuk payable and other borrowed funds	28.1	<b>71,655</b>	56,224
Due to banks	28.2	<b>23,056</b>	12,355
Lease liabilities	28.5	<b>432</b>	500
<b>(A)</b>		<b>95,143</b>	69,079
<b>Current liabilities</b>			
Debt issued, Sukuk payable and other borrowed funds	28.1	<b>17,974</b>	23,679
Due to banks	28.2	<b>43,221</b>	43,132
Lease liabilities	28.5	<b>155</b>	168
<b>(B)</b>		<b>61,350</b>	66,979
<b>Total banking operations (C = A + B)</b>		<b>156,493</b>	136,058
<b>Non-banking operations</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	28.3	<b>69,104</b>	61,725
Bonds and Sukuk	28.4	<b>13,380</b>	15,774
Lease liabilities	28.5	<b>26,498</b>	28,978
<b>(D)</b>		<b>108,982</b>	106,477
<b>Current liabilities</b>			
Bank and other borrowings	28.3	<b>16,760</b>	18,652
Bonds and Sukuk	28.4	<b>20,536</b>	16,746
Lease liabilities	28.5	<b>9,159</b>	9,082
Bank overdrafts (note 22.1)		<b>187</b>	235
<b>(E)</b>		<b>46,642</b>	44,715
<b>Total non-banking operations (F = D + E)</b>		<b>155,624</b>	151,192
<b>Total borrowings and lease liabilities (C + F)</b>		<b>312,117</b>	287,250
<b>Disclosed as follows:</b>			
Non-current liabilities (A+D)		<b>204,125</b>	175,556
Current liabilities (B+E)		<b>107,992</b>	111,694
		<b>312,117</b>	287,250
<b>Includes borrowings and lease liabilities due to:</b>			
Associates and joint ventures (note 35.2)		<b>13,851</b>	13,067
Government and other related parties (note 35.2)		-	183
		<b>13,851</b>	13,250

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

As at 31 December 2025, borrowings with a carrying value of AED 275,873 million (2024: AED 248,522 million) had a fair value of AED 276,117 million (2024: AED 247,780 million).

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**28 BORROWINGS AND LEASE LIABILITIES (continued)**

**28.1 Debt issued, Sukuk payable and other borrowed funds**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Medium-term note programme	<b>61,290</b>	56,014
Term loans from banks	<b>15,394</b>	13,884
Sukuk payable	<b>9,523</b>	7,427
Borrowing raised from loan securitisations	<b>3,422</b>	2,578
	<hr/>	<hr/>
Total (note 28.6)	<b>89,629</b>	79,903
	<hr/> <hr/>	<hr/> <hr/>

The repayment profile of these liabilities is as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
2025	-	23,679
2026	<b>17,974</b>	11,926
2027	<b>17,038</b>	12,424
2028	<b>9,797</b>	6,823
2029	<b>9,978</b>	9,494
2030	<b>14,432</b>	3,456
Beyond 2030	<b>20,410</b>	12,101
	<hr/>	<hr/>
	<b>89,629</b>	79,903
	<hr/> <hr/>	<hr/> <hr/>
Average interest rate (per annum)	<b>4.36%</b>	5.42%
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**28.2 Due to banks**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Demand and call deposits	<b>2,255</b>	8,302
Balances with correspondent banks	<b>2,832</b>	2,330
Repurchase agreements with banks	<b>14,883</b>	7,412
Time and other deposits	<b>46,307</b>	37,443
	<hr/>	<hr/>
	<b>66,277</b>	55,487
	<hr/> <hr/>	<hr/> <hr/>
<b>Includes balances with original maturities of:</b>		
More than three months	<b>53,340</b>	30,496
Less than three months (note 22.1)	<b>12,937</b>	24,991
	<hr/>	<hr/>
	<b>66,277</b>	55,487
	<hr/> <hr/>	<hr/> <hr/>
Average interest rate (per annum)	<b>9.10%</b>	10.21%
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Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**28 BORROWINGS AND LEASE LIABILITIES (continued)**

**28.3 Bank and other borrowings (non-banking operations)**

(i) These borrowings carry the following interest rates:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<i>Secured facilities</i>		
Fixed rate	<b>2,983</b>	4,071
EIBOR + Margin	<b>2,634</b>	4,941
SOFR + Margin	<b>37,398</b>	35,729
EURIBOR + Margin	<b>1,283</b>	58
Other IBOR + Margin	<b>1</b>	1
	<b>44,299</b>	44,800
<i>Unsecured facilities</i>		
Fixed rate	<b>46</b>	87
EIBOR + Margin	<b>13,182</b>	9,453
SOFR + Margin	<b>27,679</b>	25,387
EURIBOR + Margin	<b>38</b>	48
Other IBOR + Margin	<b>620</b>	602
	<b>41,565</b>	35,577
Total (note 28.6)	<b>85,864</b>	80,377
Effective interest rate (per annum)	<b>5.09%</b>	5.57%

(ii) These liabilities are repayable as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Up to one year	<b>16,760</b>	18,652
One to five years	<b>50,629</b>	48,142
More than five years	<b>18,475</b>	13,583
	<b>85,864</b>	80,377

**28.4 Bonds and Sukuk (non-banking operations)**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
(i) These instruments are denominated in the following currencies:		
US Dollar	<b>17,148</b>	17,624
UAE Dirham	<b>16,819</b>	14,937
	<b>33,967</b>	32,561
Less: transaction costs	<b>(51)</b>	(41)
Total (note 28.6)	<b>33,916</b>	32,520

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**28 BORROWINGS AND LEASE LIABILITIES (continued)**

**28.4 Bonds and Sukuk (non-banking operations) (continued)**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
(ii) Bonds and Sukuk are repayable as follows:		
Up to one year	<b>20,536</b>	16,746
One to five years	<b>11,461</b>	12,541
More than five years	<b>1,919</b>	3,233
	<b>33,916</b>	32,520
Effective interest rate (per annum)	<b>3.85%</b>	4.29%

**28.5 Lease liabilities**

(i) Lease liabilities are payable as follows:

**31 December 2025**

	<i>Future lease payments</i> <i>AED million</i>	<i>Interest component</i> <i>AED million</i>	<i>Present value of lease payments</i> <i>AED million</i>
Up to one year	<b>11,402</b>	<b>(2,088)</b>	<b>9,314</b>
One to five years	<b>22,086</b>	<b>(3,699)</b>	<b>18,387</b>
More than five years	<b>13,186</b>	<b>(4,643)</b>	<b>8,543</b>
	<b>46,674</b>	<b>(10,430)</b>	<b>36,244</b>

**31 December 2024**

	<i>Future lease payments</i> <i>AED million</i>	<i>Interest component</i> <i>AED million</i>	<i>Present value of lease payments</i> <i>AED million</i>
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

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**28 BORROWINGS AND LEASE LIABILITIES (continued)**

**28.5 Lease liabilities (continued)**

(ii) Movements in lease liabilities during the year are as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	<b>38,728</b>	43,283
Additions	<b>5,078</b>	6,499
Interest expense (note 9)*	<b>2,001</b>	2,228
Remeasurements and terminations	<b>2,526</b>	2,539
Transfer to borrowings (note 28.6)	-	(2,498)
Repayments	<b>(12,497)</b>	(13,006)
Arising on business combinations	<b>23</b>	-
Translation differences	<b>385</b>	(317)
<b>Balance at 31 December</b>	<b>36,244</b>	<b>38,728</b>

\* During the current year, interest expense of AED 126 million (2024: AED 93 million) has been capitalised as part of 'property, plant and equipment'.

**28.6 Movements in bank and other borrowings (note 28.3), debt issued, Sukuk payable and other borrowed funds (note 28.1), and bonds and Sukuk (note 28.4)**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	<b>192,800</b>	201,130
Proceeds from borrowings, net of transaction costs	<b>113,279</b>	68,579
Repayments	<b>(102,153)</b>	(86,041)
Arising on business combinations and asset acquisition	<b>685</b>	1,776
Transfer from lease liabilities (note 28.5)	-	2,498
Translation differences	<b>(1,605)</b>	(1,280)
Interest accrued and other movements	<b>6,403</b>	6,138
<b>Balance at 31 December</b>	<b>209,409</b>	<b>192,800</b>

**28.7 Fair value hedged item**

As at 31 December 2025, borrowings with a carrying value of AED 26,088 million (2024: 22,729 million) have been designated as hedge items in fair value hedge relationships.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **28 BORROWINGS AND LEASE LIABILITIES (continued)**

#### **28.8 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.

### **29 DERIVATIVE FINANCIAL INSTRUMENTS**

The following table 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.

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

31 December 2025

	<i>Fair value</i>		<i>Notional amounts</i>			
	<i>Positive AED million</i>	<i>Negative AED million</i>	<i>Total AED million</i>	<i>&lt;1 year AED million</i>	<i>1 to 5 years AED million</i>	<i>&gt;5 year AED million</i>
<b><i>Banking operations</i></b>						
<b><i>Derivatives held for trading:</i></b>						
Foreign exchange forwards	1,287	(1,098)	418,020	379,777	28,468	9,775
Foreign exchange options	158	(120)	27,032	26,584	448	-
Interest rate swaps and caps	10,034	(12,892)	790,712	281,242	381,269	128,201
Commodity options	128	(280)	5,184	2,858	2,326	-
	<u>11,607</u>	<u>(14,390)</u>	<u>1,240,948</u>	<u>690,461</u>	<u>412,511</u>	<u>137,976</u>
<b><i>Derivatives held as cash flow hedges:</i></b>						
Interest rate swaps	262	(1,189)	35,921	26,372	7,969	1,580
<b><i>Derivatives held as fair value hedges:</i></b>						
Interest rate swaps	317	(3,589)	35,620	5,232	15,578	14,810
<b><i>Derivatives held as hedge of a net investment in foreign operations:</i></b>						
Foreign exchange forwards	11	-	302	302	-	-
<b>(A)</b>	<u>12,197</u>	<u>(19,168)</u>	<u>1,312,791</u>	<u>722,367</u>	<u>436,058</u>	<u>154,366</u>
<b><i>Non-banking operations</i></b>						
<b><i>Derivatives held for trading:</i></b>						
Interest rate swaps	1	-	550	100	450	-
Commodity swaps and futures	2	(1)	268	268	-	-
	<u>3</u>	<u>(1)</u>	<u>818</u>	<u>368</u>	<u>450</u>	<u>-</u>
<b><i>Derivatives held as cash flow hedges:</i></b>						
Foreign exchange forwards	156	(615)	22,375	15,100	7,275	-
Interest rate swaps	176	(31)	12,682	4,477	8,180	25
Commodity forwards	403	(4,284)	50,356	18,394	31,962	-
	<u>735</u>	<u>(4,930)</u>	<u>85,413</u>	<u>37,971</u>	<u>47,417</u>	<u>25</u>
<b>(B)</b>	<u>738</u>	<u>(4,931)</u>	<u>86,231</u>	<u>38,339</u>	<u>47,867</u>	<u>25</u>
<b>Total (A+B)</b>	<u>12,935</u>	<u>(24,099)</u>	<u>1,399,022</u>	<u>760,706</u>	<u>483,925</u>	<u>154,391</u>

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29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

31 December 2024

	<i>Fair value</i>		<i>Notional amounts</i>			
	<i>Positive AED million</i>	<i>Negative AED million</i>	<i>Total AED million</i>	<i>&lt;1 year AED million</i>	<i>1 to 5 years AED million</i>	<i>&gt;5 year AED million</i>
<i>Banking operations</i>						
<i>Derivatives held for trading:</i>						
Foreign exchange forwards	1,076	(853)	253,521	231,978	20,997	546
Foreign exchange options	210	(168)	12,591	11,831	760	-
Interest rate swaps and caps	10,453	(9,591)	710,641	280,241	320,305	110,095
Commodity options	46	(55)	3,775	1,289	2,486	-
	<u>11,785</u>	<u>(10,667)</u>	<u>980,528</u>	<u>525,339</u>	<u>344,548</u>	<u>110,641</u>
<i>Derivatives held as cash flow hedges:</i>						
Interest rate swaps	419	(575)	38,536	16,380	21,727	429
<i>Derivatives held as fair value hedges:</i>						
Interest rate swaps	236	(4,530)	26,367	1,344	12,872	12,151
<i>Derivatives held as hedge of a net investment in foreign operations:</i>						
Foreign exchange forwards	4	-	333	333	-	-
(A)	<u>12,444</u>	<u>(15,772)</u>	<u>1,045,764</u>	<u>543,396</u>	<u>379,147</u>	<u>123,221</u>
<i>Non-banking operations</i>						
<i>Derivatives held for trading:</i>						
Interest rate swaps	-	-	351	351	-	-
Commodity swaps and futures	-	(1)	202	202	-	-
	<u>-</u>	<u>(1)</u>	<u>553</u>	<u>553</u>	<u>-</u>	<u>-</u>
<i>Derivatives held as cash flow hedges:</i>						
Foreign exchange forwards	865	(25)	23,206	16,612	6,594	-
Interest rate swaps	388	(2)	10,771	2,471	7,660	640
Commodity forwards	627	(438)	44,352	14,136	30,216	-
	<u>1,880</u>	<u>(465)</u>	<u>78,329</u>	<u>33,219</u>	<u>44,470</u>	<u>640</u>
(B)	<u>1,880</u>	<u>(466)</u>	<u>78,882</u>	<u>33,772</u>	<u>44,470</u>	<u>640</u>
Total (A+B)	<u>14,324</u>	<u>(16,238)</u>	<u>1,124,646</u>	<u>577,168</u>	<u>423,617</u>	<u>123,861</u>

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**29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

Disclosed as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b><i>Positive fair value of derivatives:</i></b>		
Non-current assets	<b>7,919</b>	10,052
Current assets	<b>5,016</b>	4,272
	<b>12,935</b>	14,324
<b><i>Negative fair value of derivatives:</i></b>		
Non-current liabilities	<b>(13,190)</b>	(12,996)
Current liabilities	<b>(10,909)</b>	(3,242)
	<b>(24,099)</b>	(16,238)
<b>Net fair value of derivatives (note 17.1)</b>	<b>(11,164)</b>	(1,914)

29.1 The following table sets out the movement in the derivatives held as cash flow hedges during the year:

	<i>Amount recycled from the hedge reserve to consolidated statement of profit or loss</i>		<i>Amount recognised in hedge reserve</i>	
	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
<b><u>Banking operations</u></b>				
Interest rate swaps	<b>44</b>	9	<b>(821)</b>	293
<b><u>Non-banking operations</u></b>				
Foreign exchange forward contracts	<b>208</b>	94	<b>(1,479)</b>	782
Interest rate swaps	<b>(135)</b>	(246)	<b>(164)</b>	195
Commodity forward contracts	<b>(73)</b>	(674)	<b>(4,199)</b>	(323)
	<b>-</b>	(826)	<b>(5,842)</b>	654
	<b>44</b>	(817)	<b>(6,663)</b>	947

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

29.2 The following table sets out the hedge rate during the year:

	<i>Weighted Average Hedge Rate</i>	
	<i>2025</i>	<i>2024</i>
<b><i>Banking operations</i></b>		
<b><i>Derivatives held as cash flow hedges:</i></b>		
Interest rate swaps (%)	<b>3.39%</b>	3.90%
<b><i>Derivatives held as fair value hedges:</i></b>		
Interest rate swaps (%)	<b>3.31%</b>	3.70%
<b><i>Non-banking operations</i></b>		
<b><i>Derivatives held as cash flow hedges:</i></b>		
<i>Foreign exchange forwards:</i>		
EURO (against USD)	<b>1.11</b>	1.10
Pound Sterling (against USD)	<b>1.30</b>	1.30
Australian Dollar (against USD)	<b>0.70</b>	0.70
Interest rate swaps (%)	<b>2.72%</b>	2.55%
<i>Commodity forwards:</i>		
Brent (USD per barrel)	<b>68.35</b>	69.94
Crack (USD per barrel)	<b>15.70</b>	15.90

**29.3 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 Annexure. 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.

**30 OTHER NON-CURRENT PAYABLES**

	<i>2025</i>	<i>2024</i>
	<i>AED million</i>	<i>AED million</i>
Provision for aircraft return conditions (note 30.1)	<b>3,223</b>	4,621
Maintenance reserve and security deposits (note 30.2)	<b>5,275</b>	4,155
Deferred revenue and advances from customers	<b>1,775</b>	1,179
Amounts due to Government and other related parties (note 35.2)	<b>949</b>	955
Retention payable	<b>381</b>	253
Others	<b>2,317</b>	1,733
	<b>13,920</b>	12,896

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**30 OTHER NON-CURRENT PAYABLES (continued)**

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	5,767	5,656
Additions	114	48
Unwinding of discount	264	443
Released or utilised	(775)	(789)
Writeback on buyouts of leased aircraft (note 7)	(905)	(599)
Remeasurements	(361)	1,008
<b>Balance at 31 December</b>	<b>4,104</b>	<b>5,767</b>
<b>Disclosed as follows:</b>		
Other non-current payables	3,223	4,621
Trade and other payables (note 31)	881	1,146
	<b>4,104</b>	<b>5,767</b>

30.2 The table below represents the movement in the maintenance reserve and security deposits during the year:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	4,854	4,733
Additions	2,867	1,896
Arising on business combination	1,342	133
Reimbursed	(620)	(624)
Released, repaid or offset	(1,118)	(958)
Transfer to liabilities related to assets held for sale	(309)	(326)
<b>Balance at 31 December</b>	<b>7,016</b>	<b>4,854</b>
<b>Disclosed as follows:</b>		
Other non-current payables	5,275	4,155
Trade and other payables (note 31)	1,741	699
	<b>7,016</b>	<b>4,854</b>

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**31 TRADE AND OTHER PAYABLES**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Trade payables	<b>46,131</b>	43,567
Passenger and cargo sales in advance	<b>19,422</b>	17,859
Trades pending settlements	<b>9,365</b>	3,292
Deferred revenue and other advances from customers	<b>7,451</b>	6,341
Accrued interest / profit payable (banking operations)	<b>7,114</b>	8,743
Managers' cheques (banking operations)	<b>3,458</b>	3,298
ECL on unfunded exposures (banking operations) (note 34.8)	<b>3,326</b>	3,641
Provision for frequent flyer programme (note 31.1)	<b>3,016</b>	3,076
Amounts due to Government and other related parties (note 35.2)	<b>2,071</b>	1,525
Maintenance reserve and security deposits (note 30.2)	<b>1,741</b>	699
Digital wallet related payables	<b>1,639</b>	1,428
Dividend payable (includes payable on behalf of companies listed on the stock exchange)	<b>1,352</b>	1,121
Amounts due to associates and joint ventures (note 35.2)	<b>1,013</b>	1,040
Provision for aircraft return conditions (note 30.1)	<b>881</b>	1,146
Other refundable deposits	<b>717</b>	640
Retention payable	<b>542</b>	517
Excess billings in construction contracts	<b>264</b>	301
Other payables, provisions and accruals	<b>17,985</b>	18,110
	<b>127,488</b>	116,344

31.1 The table below represents the movement in the provision for frequent flyer programme during the year:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balance at 1 January	<b>3,076</b>	2,819
Additions	<b>2,274</b>	2,410
Released or utilised	<b>(2,334)</b>	(2,153)
<b>Balance at 31 December</b>	<b>3,016</b>	3,076

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32 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:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Time	<b>309,976</b>	267,037
Demand, call and short notice	<b>296,541</b>	253,422
Savings	<b>100,229</b>	76,115
Others (including escrows)	<b>66,017</b>	54,509
	<b>772,763</b>	651,083
<b>Disclosed as follows:</b>		
Non-current liabilities	<b>25,580</b>	6,593
Current liabilities	<b>747,183</b>	644,490
	<b>772,763</b>	651,083
Average interest and profit distribution rate (per annum)	<b>5.14%</b>	6.07%
<b>Includes deposits from:</b>		
Associates and joint venture (note 35.2)	<b>5,331</b>	4,408
Government and other related parties (note 35.2)	<b>16,459</b>	8,056
	<b>21,790</b>	12,464

Included in the above customer deposits are Islamic deposits amounting to AED 145,133 million (2024: AED 102,398 million).

### 33 NON-CONTROLLING INTERESTS

#### 33.1 Tier 1 Capital notes

Non-controlling interests as at 31 December 2025 include three series of regulatory Tier 1 capital notes ("Capital Notes") as detailed 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'.

During the year, the Bank has exercised its option to call back the Tier 1 capital notes amounting to AED 3.67 billion issued in March 2019.

<i>Issuance Month / Year</i>	<i>Issued Amount</i>
February 2025	USD 1 billion (AED 3.67 billion)
May 2021	USD 750 million (AED 2.75 billion)
July 2020	USD 750 million (AED 2.75 billion)

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**33 NON-CONTROLLING INTERESTS (continued)**

**33.2 Material partly owned subsidiaries**

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

<i>Name</i>	<i>Country of incorporation</i>	<i>2025</i>	<i>2024</i>
Emirates NBD Bank PJSC	UAE	<u><b>59.08%</b></u>	<u>59.08%</u>

The financial information of the Bank is provided below:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Balances of material non-controlling interests	<u><b>89,728</b></u>	<u>78,728</u>
Profit allocated to material non-controlling interests	<u><b>14,415</b></u>	<u>13,817</u>
Dividend / interest paid to material non-controlling interests	<u><b>4,266</b></u>	<u>4,983</u>

The above analysis includes the Capital Notes and interest thereon (note 33.1).

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

**Summarised statement of comprehensive income for the year ended 31 December**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Profit for the year	<u><b>24,007</b></u>	<u>23,008</u>
Total comprehensive income	<u><b>25,621</b></u>	<u>24,685</u>

**Summarised statement of financial position as at 31 December**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Current assets	<u><b>643,446</b></u>	<u>562,407</u>
Non-current assets	<u><b>520,996</b></u>	<u>434,175</u>
Current liabilities	<u><b>880,922</b></u>	<u>774,054</u>
Non-current liabilities	<u><b>138,701</b></u>	<u>96,314</u>

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**33 NON-CONTROLLING INTERESTS (continued)**

**33.2 Material partly owned subsidiaries (continued)**

**Summarised statement of cash flows information for the year ended 31 December**

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Net cash flows (used in)/ generated from operating activities	<b>(19,058)</b>	57,442
Net cash flows used in investing activities	<b>(2,427)</b>	(25,741)
Net cash flows generated from financing activities	<b>4,155</b>	2,888
Net (decrease) / increase in cash and cash equivalents	<b>(17,330)</b>	34,589

**34 COMMITMENTS AND CONTINGENCIES**

**34.1 Capital commitments**

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Capital commitments in relation to aircraft	<b>465,232</b>	392,034
Capital commitments in relation to other non-financial assets	<b>17,186</b>	11,903
	<b>482,418</b>	403,937

**34.2 Investment commitments**

The investment commitments contracted for and still outstanding at the reporting date is as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Investment securities	<b>5,774</b>	4,892
Other investments	<b>792</b>	195
	<b>6,566</b>	5,087

**34.3 Operating leases – Group as a lessor**

Future minimum annual rentals to be received under operating leases are as follows:

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Up to one year	<b>8,293</b>	6,739
One to five years	<b>17,822</b>	16,657
More than five years	<b>13,735</b>	9,608
	<b>39,850</b>	33,004

Investment Corporation of Dubai and its subsidiaries  
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**34 COMMITMENTS AND CONTINGENCIES (continued)**

**34.4 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.

**34.5 Contingencies**

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

	<i>2025</i> <i>AED million</i>	<i>2024</i> <i>AED million</i>
Letters of credit	<u>21,415</u>	<u>20,167</u>
Financial guarantees	<u>107,800</u>	<u>80,862</u>
Performance bonds	<u>10,572</u>	<u>9,077</u>
Liabilities on risk participation	<u>122</u>	<u>416</u>

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.

**34.6 Irrevocable loan commitments**

The Group's banking operations have irrevocable loan commitments of AED 59,559 million outstanding at 31 December 2025 (2024: AED 95,414 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.

**34.7 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.

**34.8 ECL on unfunded exposures (Banking operations)**

	<i>2025</i> <i>AED million</i>			<i>2024</i> <i>AED million</i>		
	<i>12 - month</i> <i>ECL</i>	<i>Lifetime</i> <i>ECL not</i> <i>credit-</i> <i>impaired</i>	<i>Lifetime</i> <i>ECL</i> <i>credit-</i> <i>impaired</i>	<i>12 - month</i> <i>ECL</i>	<i>Lifetime</i> <i>ECL not</i> <i>credit-</i> <i>impaired</i>	<i>Lifetime</i> <i>ECL</i> <i>credit-</i> <i>impaired</i>
Exposure	186,014	6,443	2,277	193,362	5,967	3,125
Expected credit losses (note 31)	(951)	(176)	(2,199)	(903)	(177)	(2,561)
	<u>185,063</u>	<u>6,267</u>	<u>78</u>	<u>192,459</u>	<u>5,790</u>	<u>564</u>

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 COMMITMENTS AND CONTINGENCIES (continued)

#### 34.8 ECL on unfunded exposures (Banking operations) (continued)

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

#### 34.9 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 72,610 million at 31 December 2025 (2024: AED 60,117 million).

### 35 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:

- ICD's 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.

35.1 Significant transactions with related parties during the year are as follows:

	<i>Purchase of goods and services (including cost of revenue) AED million</i>	<i>Sale of goods and services (including revenue) AED million</i>	<i>Other finance income AED million (note 8)</i>	<i>Other finance costs AED million (note 9)</i>
<b>2025</b>				
Associates and joint ventures	<b>1,725</b>	<b>503</b>	<b>1,099</b>	<b>760</b>
Government and other related parties	<b>2</b>	<b>1,481</b>	<b>4</b>	<b>43</b>
<b>2024</b>				
Associates and joint ventures	4,422	3,824	927	778
Government and other related parties	17	1,470	7	111

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**35 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

35.2 Significant amounts due from and due to related parties as at 31 December are as follows, further details of which are disclosed in notes 18, 20, 21, 22, 28, 30, 31 and 32:

	<i>2025</i>		<i>2024</i>	
	<i>Receivables AED million</i>	<i>Payables AED million</i>	<i>Receivables AED million</i>	<i>Payables AED million</i>
Associates and joint ventures*	<b>35,540</b>	<b>20,195</b>	22,783	18,515
Government and other related parties**	<b>2,335</b>	<b>3,020</b>	2,059	2,663

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

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

	<i>2025 AED million</i>	<i>2024 AED million</i>
Loans and receivables	<b>36,504</b>	57,333
Customer deposits	<b>16,459</b>	8,056

35.3 Compensation to key management personnel

The remuneration to key management personnel included in the consolidated statement of profit or loss are as follows:

	<i>2025 AED million</i>	<i>2024 AED million</i>
Short-term benefits	<b>1,094</b>	1,083
End of service benefits	<b>51</b>	68
Directors' fees	<b>54</b>	55
Management fees charged by managers	<b>34</b>	50
	<b>1,233</b>	1,256

35.4 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 16 of these consolidated financial statements.

35.5 The contribution from and distributions to the Government have been disclosed in the consolidated statement of changes in equity, note 24 and note 25 to these consolidated financial statements. Subsequent to the year end, the Board of Directors of ICD approved the distribution of AED 6,804 million.

35.6 The Group's investments in the bonds (including Sukuk) issued by associates and the Government are disclosed in the note 17 to these consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 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 2025*

	<i>Measured at FVTPL AED million</i>	<i>Measured at FVOCI AED million</i>	<i>Measured at amortised cost AED million</i>	<i>Hedging instruments AED million</i>	<i>Total carrying value AED million</i>
<b>Financial assets</b>					
<b>Non-derivative financial assets</b>					
Investment securities (note 17)	57,221	45,753	138,500	-	241,474
Other non-current assets	47	-	3,677	-	3,724
Loans and receivables (note 21)	-	-	609,741	-	609,741
Customer acceptances	-	-	9,350	-	9,350
Trade and other receivables	-	-	44,972	-	44,972
Cash and deposits with banks (note 22)	-	-	360,121	-	360,121
<b>Derivative financial assets</b>					
Positive fair value of derivatives (note 29)	11,610	-	-	1,325	12,935
	<u>68,878</u>	<u>45,753</u>	<u>1,166,361</u>	<u>1,325</u>	<u>1,282,317</u>
<b>Financial liabilities</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings and lease liabilities (note 28)	-	-	312,117	-	312,117
Other non-current payables	12	-	8,675	-	8,687
Customer deposits (note 32)	-	-	772,763	-	772,763
Customer acceptances	-	-	9,350	-	9,350
Trade and other payables	150	-	93,490	-	93,640
<b>Derivative financial liabilities</b>					
Negative fair value of derivatives (note 29)	14,391	-	-	9,708	24,099
	<u>14,553</u>	<u>-</u>	<u>1,196,395</u>	<u>9,708</u>	<u>1,220,656</u>

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 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 2024

	<i>Measured at FVTPL AED million</i>	<i>Measured at FVOCI AED million</i>	<i>Measured at amortised cost AED million</i>	<i>Hedging instruments AED million</i>	<i>Total carrying value AED million</i>
<i>Financial assets</i>					
Non-derivative financial assets					
Investment securities (note 17)	31,342	34,800	161,790	-	227,932
Other non-current assets	78	-	3,333	-	3,411
Loans and receivables (note 21)	-	-	487,543	-	487,543
Customer acceptances	-	-	9,478	-	9,478
Trade and other receivables	-	-	42,499	-	42,499
Cash and deposits with banks (note 22)	-	-	317,035	-	317,035
Derivative financial assets					
Positive fair value of derivatives (note 29)	11,785	-	-	2,539	14,324
	<u>43,205</u>	<u>34,800</u>	<u>1,021,678</u>	<u>2,539</u>	<u>1,102,222</u>
<i>Financial liabilities</i>					
Non-derivative financial liabilities					
Borrowings and lease liabilities (note 28)	-	-	287,250	-	287,250
Other non-current payables	136	-	6,950	-	7,086
Customer deposits (note 32)	-	-	651,083	-	651,083
Customer acceptances	-	-	9,478	-	9,478
Trade and other payables	79	-	85,168	-	85,247
Derivative financial liabilities					
Negative fair value of derivatives (note 29)	10,668	-	-	5,570	16,238
	<u>10,883</u>	<u>-</u>	<u>1,039,929</u>	<u>5,570</u>	<u>1,056,382</u>

The fair value of investment securities measured at amortised cost and borrowings are disclosed in notes 17 and 28 respectively. The fair value of other financial assets and liabilities mentioned in the table above (that are not stated at fair value) is not materially different from their carrying value.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 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.

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.1 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, 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.

***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' creditworthiness 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 FINANCIAL RISK MANAGEMENT (continued)

#### 36.1 Credit risk (continued)

##### *Credit risk management and structure (continued)*

##### **Credit risk management and structure specific to the Bank (continued)**

##### *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.

##### **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 tickets 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 FINANCIAL RISK MANAGEMENT (continued)

#### 36.1 Credit risk (continued)

##### *Credit risk measurement (continued)*

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.

###### *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.

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.1 Credit risk (continued)**

*Credit risk measurement (continued)*

**Credit risk measurement specific to the Bank (continued)**

*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 considering the regulatory requirement and IFRS 9. 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.

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.

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.1 Credit risk (continued)**

*Credit risk measurement (continued)*

**Credit risk measurement specific to the Bank (continued)**

*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 of 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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **36 FINANCIAL RISK MANAGEMENT (continued)**

#### **36.1 Credit risk (continued)**

##### *Credit risk measurement (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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 FINANCIAL RISK MANAGEMENT (continued)

#### 36.1 Credit risk (continued)

##### *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 36, excluding cash balances of AED 7,511 million (2024: AED 6,544 million) and equity investments of AED 11,828 million (2024: AED 9,352 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 34.5 and 34.6.

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, trades pending settlements, due from related parties, loan receivables (non-banking), retention receivables, contract receivables, finance lease receivables, and loans and receivables (banking operations) as at year-end / during the year (respectively) are disclosed in notes 20 and 21.

#### 36.2 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, the 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.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.2 Liquidity risk (continued)**

The following are the maturities of financial liabilities and certain off-balance sheet commitments based on contractual undiscounted repayment obligations at the reporting date:

	<i>Carrying Amount AED million</i>	<i>Contractual cash flows AED million</i>	<i>Up to one year AED million</i>	<i>One to five years AED million</i>	<i>More than five years AED million</i>
<b>31 December 2025</b>					
<i>Financial liabilities</i>					
Borrowings and lease liabilities	312,117	361,130	120,782	174,974	65,374
Other non-current payables	8,687	9,415	-	5,897	3,518
Customer deposits	772,763	783,252	754,544	26,271	2,437
Customer acceptances	9,350	9,350	9,350	-	-
Trade and other payables	93,640	93,640	93,640	-	-
Negative fair value of derivatives	24,099	24,099	10,909	7,904	5,286
<b>Total financial liabilities</b>	<b>1,220,656</b>	<b>1,280,886</b>	<b>989,225</b>	<b>215,046</b>	<b>76,615</b>
<i>Off-balance sheet commitments</i>					
Irrevocable loan commitments	59,559	59,559	50,657	8,773	129
<b>31 December 2024</b>					
<i>Financial liabilities</i>					
Borrowings and lease liabilities	287,250	330,920	123,102	157,601	50,217
Other non-current payables	7,086	7,856	-	4,831	3,025
Customer deposits	651,083	662,559	653,807	8,040	712
Customer acceptances	9,478	9,478	9,478	-	-
Trade and other payables	85,247	85,247	85,247	-	-
Negative fair value of derivatives	16,238	16,238	3,242	6,157	6,839
<b>Total financial liabilities</b>	<b>1,056,382</b>	<b>1,112,298</b>	<b>874,876</b>	<b>176,629</b>	<b>60,793</b>
<i>Off-balance sheet commitments</i>					
Irrevocable loan commitments	95,414	95,414	83,248	11,995	171

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.2 Liquidity risk (continued)**

The following are the maturities of letter of credit and financial guarantees at the reporting date:

	<i>Carrying Amount AED million</i>	<i>Contractual cash flows AED million</i>	<i>Less than 3 months AED million</i>	<i>3 months to one year AED million</i>	<i>One to five years AED million</i>	<i>More than five years AED million</i>
<i>31 December 2025</i>						
Letters of credit and financial guarantees	<u>129,215</u>	<u>129,215</u>	<u>45,087</u>	<u>51,385</u>	<u>28,799</u>	<u>3,944</u>
<i>31 December 2024</i>						
Letters of credit and financial guarantees	<u>101,029</u>	<u>101,029</u>	<u>38,589</u>	<u>38,491</u>	<u>20,328</u>	<u>3,621</u>

The Group is also exposed to liquidity risk in respect of the commitments disclosed in notes 34.1 and 34.2.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.2 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 eliminations and other Group level adjustments.

	<i>Up to three months AED million</i>	<i>Three months to one year AED million</i>	<i>One year to three years AED million</i>	<i>Three years to five years AED million</i>	<i>Undated and more than five years AED million</i>	<i>Total AED million</i>
<b>31 December 2025</b>						
<b>Assets</b>						
Property, plant and equipment	-	-	-	-	8,742	8,742
Intangible assets	-	-	-	-	5,620	5,620
Customer acceptances	9,350	-	-	-	-	9,350
Positive fair value of derivatives	1,743	2,744	2,641	2,127	3,158	12,413
Investment securities	48,875	36,063	35,799	33,683	52,188	206,608
Loans and receivables	163,322	120,979	185,813	78,785	83,948	632,847
Cash and deposits with banks	176,294	56,451	27,600	305	144	260,794
Other assets	17,612	-	-	-	10,456	28,068
	<u>417,196</u>	<u>216,237</u>	<u>251,853</u>	<u>114,900</u>	<u>164,256</u>	<u>1,164,442</u>
<b>Equity and liabilities</b>						
Total equity	-	-	-	-	144,819	144,819
Customer acceptances	9,350	-	-	-	-	9,350
Borrowings*	35,331	25,996	35,140	33,968	26,129	156,564
Negative fair value of derivatives	3,347	5,203	2,932	2,440	5,286	19,208
Customer deposits	642,259	113,127	22,000	6,471	2,167	786,024
Other liabilities	13,452	14,064	-	-	20,961	48,477
	<u>703,739</u>	<u>158,390</u>	<u>60,072</u>	<u>42,879</u>	<u>199,362</u>	<u>1,164,442</u>
<b>Off-balance sheet</b>						
Letters of credit and guarantees	<u>44,298</u>	<u>49,521</u>	<u>19,529</u>	<u>8,764</u>	<u>3,591</u>	<u>125,703</u>

\* Borrowings include debt issued, Sukuk payable and other borrowed funds, and due to banks.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.2 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 eliminations and other Group level adjustments (continued).

	<i>Up to three months AED million</i>	<i>Three months to one year AED million</i>	<i>One year to three years AED million</i>	<i>Three years to five years AED million</i>	<i>Undated and more than five years AED million</i>	<i>Total AED million</i>
<i>31 December 2024</i>						
Assets	<u>376,826</u>	<u>178,861</u>	<u>189,282</u>	<u>98,825</u>	<u>152,788</u>	<u>996,582</u>
Equity and liabilities	<u>607,890</u>	<u>152,192</u>	<u>39,852</u>	<u>29,238</u>	<u>167,410</u>	<u>996,582</u>
Off-balance sheet	<u>37,199</u>	<u>37,027</u>	<u>15,378</u>	<u>4,396</u>	<u>3,146</u>	<u>97,146</u>

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 FINANCIAL RISK MANAGEMENT (continued)

#### 36.3 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.

##### 36.3.1 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.

##### Value-at-Risk

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

	<i>Average</i> <i>AED million</i>	<i>Maximum</i> <i>AED million</i>	<i>Minimum</i> <i>AED million</i>	<i>Actual</i> <i>AED million</i>
<b>By Trading Desk</b>				
<i>31 December 2025</i>				
Interest rate risk	62	117	11	57
Foreign exchange risk	4	11	1	2
Credit trading risk	11	37	4	23
<b>Total *</b>	<b>69</b>	<b>142</b>	<b>14</b>	<b>82</b>
<i>31 December 2024</i>				
Interest rate risk	25	44	11	13
Foreign exchange risk	4	12	1	7
Credit trading risk	7	16	3	5
<b>Total *</b>	<b>23</b>	<b>41</b>	<b>11</b>	<b>15</b>

\* The sum of asset class VaR metrics does not add up to the reported total VaR metric due to diversification and cross-correlation effects.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.3 Market risk (continued)**

**36.3.1 Market risk specific to the Bank (continued)**

**Value-at-Risk (continued)**

The major foreign currency open positions of the Bank are as follows:

	<i>2025</i>	<i>2024</i>
	<b>Long / (Short)</b>	Long / (Short)
	<i>AED million</i>	<i>AED million</i>
U.S. Dollar (USD)	<b>7,263</b>	6,778
Omani Rial (OMR)	<b>(6)</b>	12
Euro (EUR)	<b>(198)</b>	(990)
Saudi Riyal (SAR)	<b>150</b>	(106)
Turkish Lira (TRY)	<b>163</b>	704
Egyptian Pound (EGP)	<b>(278)</b>	(15)
Bahraini Dinar (BHD)	<b>20</b>	(3)
Indian Rupee (INR)	<b>119</b>	(86)

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.

**36.3.2 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 591 million (2024: AED 468 million); an equal change in the opposite direction would have decreased the fair value of securities by AED 591 million (2024: AED 468 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.

	<i>Effect on</i>	<i>Effect on</i>
	<i>profit</i>	<i>equity</i>
	<i>AED million</i>	<i>AED million</i>
<b><i>31 December 2025</i></b>		
Effect of changes in equity portfolio of the Group	<b>339</b>	<b>591</b>
	<u>          </u>	<u>          </u>
<b><i>31 December 2024</i></b>		
Effect of changes in equity portfolio of the Group	273	468
	<u>          </u>	<u>          </u>

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 36 FINANCIAL RISK MANAGEMENT (continued)

#### 36.3 Market risk (continued)

##### 36.3.3 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.

	<i>Effect on profit AED million</i>	<i>Effect on equity AED million</i>
<b>31 December 2025</b>		
Effect of changes in oil prices	<u>(1)</u>	<u>2,635</u>
<b>31 December 2024</b>		
Effect of changes in oil prices	<u>(8)</u>	<u>2,287</u>

At the reporting date, if the market price of crude oil had been USD 10 per barrel higher or lower, the crude oil underlifts would have been higher or lower by AED 10 million (2024: AED 74 million).

##### 36.3.4 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 29.

##### *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.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.3 Market risk (continued)**

**36.3.4 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 ("bps") and assessing the corresponding impact on its net interest income.

	<i>As at 31 December 2025 AED million</i>	<i>As at 31 December 2024 AED million</i>
Rates up 200 bps	<u><u>3,416</u></u>	<u><u>1,631</u></u>
Rates down 200 bps	<u><u>(3,854)</u></u>	<u><u>(3,594)</u></u>

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 quantum 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 sheet scenario, considering behavioural assumptions on non-maturity products and also based on the assumption that all positions run to maturity. New models for behavioural assumptions have been developed and implemented in the year 2025 and the above sensitivity numbers are not directly comparable with the previous year. 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.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.3 Market risk (continued)**

**36.3.4 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 eliminations and other Group level adjustments.

*31 December 2025*

	<i>Up to one month AED million</i>	<i>One month to three months AED million</i>	<i>Three months to six months AED million</i>	<i>Six months to one year AED million</i>	<i>More than one year AED million</i>	<i>Non-interest bearing AED million</i>	<i>Total AED million</i>
<b>Assets</b>							
Property, plant and equipment	-	-	-	-	-	8,742	8,742
Intangible assets	-	-	-	-	-	5,620	5,620
Positive fair value of derivatives	-	-	-	-	-	12,413	12,413
Investment securities	15,791	40,035	27,870	12,693	108,504	1,715	206,608
Loans and receivables	213,116	215,401	61,425	39,929	102,976	-	632,847
Cash and deposits with banks	47,177	47,655	14,526	23,870	1,601	125,965	260,794
Customer acceptances	-	-	-	-	-	9,350	9,350
Other assets	-	-	-	-	-	28,068	28,068
	<u>276,084</u>	<u>303,091</u>	<u>103,821</u>	<u>76,492</u>	<u>213,081</u>	<u>191,873</u>	<u>1,164,442</u>
<b>Equity and liabilities</b>							
Total equity	-	-	-	-	-	144,819	144,819
Borrowings*	40,535	36,536	10,222	15,326	46,269	7,676	156,564
Negative fair value of derivatives	-	-	-	-	-	19,208	19,208
Customer deposits	309,570	72,106	53,410	57,742	9,812	283,384	786,024
Customer acceptances	-	-	-	-	-	9,350	9,350
Other liabilities	-	-	-	-	-	48,477	48,477
	<u>350,105</u>	<u>108,642</u>	<u>63,632</u>	<u>73,068</u>	<u>56,081</u>	<u>512,914</u>	<u>1,164,442</u>

\* Borrowings include debt issued, Sukuk payable and other borrowed funds, and due to banks.

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.3 Market risk (continued)**

**36.3.4 Interest and profit rate risk (continued)**

*Banking operations (continued)*

Interest rate repricing analysis (continued)

	<i>Up to one month AED million</i>	<i>One month to three months AED million</i>	<i>Three months to six months AED million</i>	<i>Six months to one year AED million</i>	<i>More than one year AED million</i>	<i>Non-interest bearing AED million</i>	<i>Total AED million</i>
On balance sheet gap	<u>(74,021)</u>	<u>194,449</u>	<u>40,189</u>	<u>3,424</u>	<u>157,000</u>	<u>(321,041)</u>	<u>-</u>
Off balance sheet gap	<u>(16,197)</u>	<u>(15,544)</u>	<u>9,165</u>	<u>1,055</u>	<u>19,918</u>	<u>-</u>	<u>(1,603)</u>
Interest rate sensitivity gap – 2025	<u>(90,218)</u>	<u>178,905</u>	<u>49,354</u>	<u>4,479</u>	<u>176,918</u>	<u>(321,041)</u>	<u>(1,603)</u>
Cumulative interest rate sensitivity gap – 2025	<u>(90,218)</u>	<u>88,687</u>	<u>138,041</u>	<u>142,520</u>	<u>319,438</u>	<u>(1,603)</u>	<u>(1,603)</u>
Cumulative interest rate sensitivity gap – 2024	<u>(25,045)</u>	<u>92,182</u>	<u>127,578</u>	<u>132,378</u>	<u>283,038</u>	<u>(1,347)</u>	<u>(1,347)</u>

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.3 Market risk (continued)**

**36.3.4 Interest and profit rate risk (continued)**

*Non-banking operations*

The table below shows the effect on the consolidated statement of profit or loss 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.

	<i>31 December 2025</i>		<i>31 December 2024</i>	
	<i>Effect on</i>		<i>Effect on</i>	
	<i>profit</i>	<i>equity</i>	<i>profit</i>	<i>equity</i>
	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>	<i>AED million</i>
Rates up 100 bps	<b>(419)</b>	<b>(330)</b>	(505)	(376)

**36.3.5 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 36.3.1).

*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 Pound Sterling ("GBP") and EUR. A 5% strengthening of the AED against these currencies would have increased/(decreased) profit and equity by the amounts shown below.

	<i>Effect on</i>	<i>Effect on</i>
	<i>profit</i>	<i>equity</i>
	<i>AED million</i>	<i>AED million</i>
<b>31 December 2025</b>		
GBP	<b>(44)</b>	<b>241</b>
EUR	<b>(25)</b>	<b>403</b>
<i>31 December 2024</i>		
GBP	(34)	279
EUR	(29)	477

**36 FINANCIAL RISK MANAGEMENT (continued)**

**36.4 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 309,134 million as at 31 December 2025 (2024: AED 278,786 million).

The Group has certain bank borrowing arrangements that require the Group 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.

**36.5 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 Environmental, Social and Governance ("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.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37 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, other travel related services and aircraft leasing and engineering services; and
- Oil and gas products/services: this segment comprises of upstream exploration and 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 Meetings, Incentives, Conferences and exhibition ("MICE") events;
- 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, cable and metal products manufacturing activities; and
- Others: primarily comprises of investment operations.

The transactions between the operating segments are carried out at mutually agreed terms.

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**37 OPERATING SEGMENTS (continued)**

The following table presents certain consolidated statement of profit or loss related information of the Group's operating segments for the year:

**2025**

	<i>Banking and other financial services AED million</i>	<i>Transportation and related services AED million</i>	<i>Oil and gas products / services AED million</i>	<i>Other AED million</i>	<i>Total AED million</i>
Total revenue	<b>99,661</b>	<b>174,601</b>	<b>56,763</b>	<b>42,684</b>	<b>373,709</b>
Intra-segment revenue	<b>(15)</b>	<b>(5,138)</b>	<b>-</b>	<b>(734)</b>	<b>(5,887)</b>
Inter-segment revenue	<b>(1,074)</b>	<b>(101)</b>	<b>(7,552)</b>	<b>(121)</b>	<b>(8,848)</b>
Total revenue from external customers	<b>98,572</b>	<b>169,362</b>	<b>49,211</b>	<b>41,829</b>	<b>358,974</b>
Interest, profit and similar income	<b>81,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,398</b>
Lease revenue	<b>88</b>	<b>5,627</b>	<b>392</b>	<b>2,796</b>	<b>8,903</b>
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	<b>159</b>	<b>149,812</b>	<b>-</b>	<b>19,971</b>	<b>169,942</b>
- Single point in time	<b>16,890</b>	<b>13,923</b>	<b>48,819</b>	<b>18,874</b>	<b>98,506</b>
Other revenue	<b>37</b>	<b>-</b>	<b>-</b>	<b>188</b>	<b>225</b>
Total revenue from external customers	<b>98,572</b>	<b>169,362</b>	<b>49,211</b>	<b>41,829</b>	<b>358,974</b>
Depreciation and amortisation	<b>1,365</b>	<b>21,514</b>	<b>4,581</b>	<b>2,465</b>	<b>29,925</b>
Net impairment (reversals) / losses on non-financial assets	<b>(30)</b>	<b>84</b>	<b>71</b>	<b>(1,395)</b>	<b>(1,270)</b>
Net impairment losses on financial assets	<b>1,413</b>	<b>116</b>	<b>1</b>	<b>46</b>	<b>1,576</b>
Other finance costs	<b>297</b>	<b>4,971</b>	<b>502</b>	<b>1,422</b>	<b>7,192</b>
Other finance income	<b>198</b>	<b>2,636</b>	<b>136</b>	<b>1,187</b>	<b>4,157</b>
Share of results of equity accounted investees	<b>3,442</b>	<b>365</b>	<b>203</b>	<b>5,244</b>	<b>9,254</b>
Profit for the year before income tax	<b>34,334</b>	<b>30,370</b>	<b>2,396</b>	<b>17,038</b>	<b>84,138</b>

Investment Corporation of Dubai and its subsidiaries  
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**37 OPERATING SEGMENTS (continued)**

The following table presents certain consolidated statement of profit or loss related information of the Group's operating segments for the year (continued):

2024

	<i>Banking and other financial services AED million</i>	<i>Transportation and related services AED million</i>	<i>Oil and gas products / services AED million</i>	<i>Other AED million</i>	<i>Total AED million</i>
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	<u>92,942</u>	<u>157,555</u>	<u>65,991</u>	<u>33,148</u>	<u>349,636</u>
Interest, profit 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	<u>92,942</u>	<u>157,555</u>	<u>65,991</u>	<u>33,148</u>	<u>349,636</u>
Depreciation and amortisation	<u>1,269</u>	<u>21,730</u>	<u>4,383</u>	<u>2,265</u>	<u>29,647</u>
Net impairment losses / (reversals) on non-financial assets	<u>5</u>	<u>203</u>	<u>(2)</u>	<u>(479)</u>	<u>(273)</u>
Net impairment (reversals) / losses on financial assets	<u>(29)</u>	<u>29</u>	<u>3</u>	<u>(56)</u>	<u>(53)</u>
Other finance costs	<u>416</u>	<u>5,642</u>	<u>644</u>	<u>1,984</u>	<u>8,686</u>
Other finance income	<u>235</u>	<u>2,634</u>	<u>188</u>	<u>1,114</u>	<u>4,171</u>
Share of results of equity accounted investees	<u>3,220</u>	<u>333</u>	<u>232</u>	<u>4,488</u>	<u>8,273</u>
Profit for the year before income tax	<u>34,058</u>	<u>26,952</u>	<u>2,879</u>	<u>11,193</u>	<u>75,082</u>

Investment Corporation of Dubai and its subsidiaries  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**37 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 2025 and 31 December 2024:

	<i>Banking and other financial services AED million</i>	<i>Transportation and related services AED million</i>	<i>Oil and gas products / services AED million</i>	<i>Others AED million</i>	<i>Total AED million</i>
<b>31 December 2025</b>					
Total assets*	<b>1,191,930</b>	<b>277,567</b>	<b>44,997</b>	<b>165,271</b>	<b>1,679,765</b>
Total liabilities*	<b>1,029,664</b>	<b>177,540</b>	<b>23,236</b>	<b>47,088</b>	<b>1,277,528</b>
Investments in associates and joint ventures	<b>23,094</b>	<b>1,395</b>	<b>983</b>	<b>43,852</b>	<b>69,324</b>
<b>31 December 2024</b>					
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

\* Assets held for sale and liabilities related to such assets have not been considered for IFRS 8 – Operating Segments disclosures.

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

List of significant subsidiaries, associates and joint ventures along with their principal activities is as follows:

#### SUBSIDIARIES

	<i>Ownership interest 2025</i>	<i>Ownership interest 2024</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
<b>List of significant subsidiaries of ICD</b>				
Emirates NBD Bank PJSC (note 38.1)	<b>40.92%</b>	40.92%	UAE	The bank's services encompass retail banking, corporate and institutional banking, Islamic banking, investment banking, private banking, asset management, global markets and treasury, and brokerage services.
Emirates National Oil Company Limited (ENOC) LLC	<b>100.00%</b>	100.00%	UAE	Operates across the oil and gas value chain with upstream, midstream and downstream activities.
Dubai World Trade Centre Authority	<b>100.00%</b>	100.00%	UAE	Operates MICE events primarily through its venues at the Dubai Exhibition Centre (DEC) and the Dubai International Convention & Exhibition Centre (DICEC), a designated free zone. It also owns a portfolio of commercial real estate.
Emirates	<b>100.00%</b>	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	<b>100.00%</b>	100.00%	UAE	Airport (ground and cargo handling), travel and catering services.
Dubal Holding LLC	<b>100.00%</b>	100.00%	UAE	Investment in commercial and industrial enterprises, including 50% shareholding in EGA which operates as integrated aluminium producer.
Borse Dubai Limited	<b>100.00%</b>	100.00%	UAE	Investments in financial exchanges, including controlling stakes in the Dubai Financial Market and Nasdaq Dubai, as well as a significant stake in Nasdaq Inc. (note 16.1).

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

#### SUBSIDIARIES (continued)

	<i>Ownership interest 2025</i>	<i>Ownership interest 2024</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
<b>List of significant subsidiaries of ICD (continued)</b>				
Dubai Duty Free Establishment	<b>100.00%</b>	100.00%	UAE	Duty free operations at Dubai airports.
Dubai Integrated Economic Zones Authority	<b>100.00%</b>	100.00%	UAE	Development and management of Free Zones in Dubai Silicon Oasis, Dubai Airport Free Zone and Dubai CommerCity.
National Bonds Holding LLC	<b>100.00%</b>	100.00%	UAE	Provides Sharia-compliant savings and investment products.
DAE Aviation Group Limited	<b>100.00%</b>	100.00%	UAE	Operates as an integrated aviation services provider through two divisions: DAE Capital, specialising in aircraft leasing, and DAE Engineering, providing comprehensive aircraft maintenance, repair, and overhaul ("MRO") services.
Kerzner International Holdings Ltd	<b>99.99%</b>	99.99%	Bahamas	Developer and operator of destination resorts, ultra-luxury hotels and branded residences under Atlantis, One & Only, SIRO and Rare Finds brands.
Emaratech Group FZ LLC (previously known as "emaratech (Emarat Technology Solutions) FZ LLC")	<b>100.00%</b>	100.00%	UAE	Information Technology software solutions provider.
Smartstream Technologies Holding Investments Limited	<b>100.00%</b>	100.00%	UAE	Develops and distributes Transaction Lifecycle Management software and data services primarily for financial institutions.
Deira Waterfront Development Holdings LLC	<b>100.00%</b>	100.00%	UAE	Owns and operates Dubai Gold District and Waterfront Market in Dubai.
Dynamic Imdaad Holding LLC	<b>100.00%</b>	100.00%	UAE	Integrated facilities management services.
Dubai Aviation Corporation (trading as "flydubai")	<b>100.00%</b>	100.00%	UAE	Commercial air transportation services including passengers and cargo services.

# Investment Corporation of Dubai and its subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

#### SUBSIDIARIES (continued)

	<i>Ownership interest 2025</i>	<i>Ownership interest 2024</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
<b>List of significant subsidiaries of ICD (continued)</b>				
Ithra Dubai LLC	<b>100.00%</b>	100.00%	UAE	Property development and management services.
ISS Global Forwarding Company LLC	<b>100.00%</b>	100.00%	UAE	Global freight forwarding services.
ICD Hospitality & Leisure LLC	<b>100.00%</b>	100.00%	UAE	Engaged in hospitality and real estate investments, with flagship assets including Atlantis the Palm, Atlantis the Royal, and One Za'abeel.
Ithra Europe LLC	<b>100.00%</b>	100.00%	UAE	Through its key investment in Porto Montenegro, it operates a luxury marina and waterfront development offering berthing, residential, hospitality, retail, and leisure services for yacht owners and visitors.
ICD Funding Limited	<b>100.00%</b>	100.00%	Cayman Islands	Vehicle to issue bonds.
ALEC Holdings PJSC (note 38.2)	<b>81.63%</b>	100.00%	UAE	Provides engineering and construction services to clients across the full project lifecycle.
Dubai Multi Commodities Centre Authority	<b>100.00%</b>	100.00%	UAE	Operates and regulates DMCC Free Zone, providing licensing, infrastructure, and industry ecosystems to facilitate global trade and business growth.

#### ASSOCIATES:

##### List of significant associates of ICD

Emaar Properties PJSC	<b>22.27%</b>	22.27%	UAE	Property investment and development, property management services, retail, hospitality, and investments in providers of financial services.
Dubai Islamic Bank PJSC	<b>27.97%</b>	27.97%	UAE	Provides Sharia-compliant retail, corporate, and investment banking services, including financing, deposits, trade finance, treasury, and wealth management solutions.

# Investment Corporation of Dubai and its subsidiaries

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 38 SIGNIFICANT SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

#### ASSOCIATES (continued):

##### List of significant associates of ICD (continued)

	<i>Ownership interest 2025</i>	<i>Ownership interest 2024</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Commercial Bank of Dubai PSC	<b>20.00%</b>	20.00%	UAE	Provides conventional and Islamic retail, corporate, and institutional banking services, including lending, deposits, trade finance, treasury, and digital banking solutions.

#### JOINT VENTURES

##### List of significant joint ventures of ICD

Dubai Cable Company (Private) Limited	<b>50.00%</b>	50.00%	UAE	Manufactures and sells power cables, control cables, building wires, lead cables, copper rods and aluminium rods.
ICD Brookfield Place Dubai Limited ("ICD Brookfield")	<b>50.00%</b>	50.00%	Bermuda	Owns and leases ICD Brookfield Place tower in Dubai International Financial Centre ("DIFC") (note 38.3).

- 38.1 During the year, the Bank entered into a share subscription agreement with RBL Bank Limited ("RBL") in India to acquire a 60% stake. As a part of the transaction, the Bank will be required to launch a mandatory tender offer to existing shareholders, which could further increase its shareholding in RBL. The transaction is subject to regulatory approvals.
- 38.2 During the year, ALEC Holdings completed a partial listing of its shares on the Dubai Financial Market. Accordingly, AED 351 million was reclassified from equity attributable to the equity holder of ICD to non-controlling interests. This transaction resulted in net proceeds of AED 1.3 billion. As at 31 December 2025, the Group retained 81.63% equity interest in ALEC Holdings.
- 38.3 During the prior 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.

### 39 SUBSEQUENT EVENTS

- 39.1 Subsequent to the year end, the Group entered into a definitive agreement to acquire 100% of Macquarie AirFinance Limited, a global aviation lessor. The transaction is subject to customary closing conditions and regulatory approvals.

**39 SUBSEQUENT EVENTS (continued)**

- 39.2 Subsequent to the year end, a regional conflict broke out in the Middle East on 28 February 2026. The Group considers this event to be a non-adjusting post balance sheet event in accordance with the IFRS Accounting Standards.

Businesses across the Group's operating segments are expected to be impacted to various degrees. The management teams of ICD and its investee companies are monitoring the situation closely and assessing the potential implications on their operations and financial performance. In this regard, ICD's management has been made aware that an incident took place on 28 March 2026, causing material damage at EGA's Al Taweelah site. The impact of the damage is currently being assessed.

Management is focused on assessing the liquidity needs of the Group and potential support, if required, to protect the businesses during the period of potential disruption in Group's operation. Given how recent and fluid the situation is, its financial impact over the Group's performance cannot be reliably estimated at the time of the issuance of these consolidated financial statements.

Management will continue to take protective measures and to adapt plans in response to changing circumstances.