

ABU DHABI ISLAMIC BANK PJSC

**Condensed consolidated interim
financial statements
30 June 2024 (unaudited)**

ABU DHABI ISLAMIC BANK PJSC

Condensed consolidated interim financial statements 30 June 2024 (Unaudited)

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI ISLAMIC BANK PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Islamic Bank PJSC (the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 June 2024, and the related income statement for the three and six-month period then ended, and the related statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Obada Alkowitzly
Registration No. 1056
24 July 2024
Abu Dhabi
United Arab Emirates

Condensed consolidated interim income statement
Three months and six months ended 30 June 2024 (Unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Operating income					
Income from murabaha, mudaraba and wakala with financial institutions		510,209	385,097	1,094,458	685,999
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	5	2,178,306	1,838,885	4,259,649	3,552,010
Income from sukuk measured at amortised cost		208,168	146,682	425,595	264,477
Income from investments measured at fair value	6	63,831	63,697	132,671	131,402
Share of results of associates and joint ventures		20,622	21,164	50,657	39,802
Fees and commission income, net	7	436,943	368,805	855,144	668,417
Foreign exchange income		130,136	110,871	197,823	199,182
Income from investment properties		9,595	9,302	19,062	18,407
Other income		331,487	3,002	346,897	12,938
		3,889,297	2,947,505	7,381,956	5,572,634
Operating expenses					
Employees' costs	8	(465,790)	(441,195)	(921,383)	(887,131)
General and administrative expenses	9	(214,489)	(196,317)	(439,249)	(393,337)
Depreciation		(80,324)	(78,167)	(161,994)	(157,661)
Amortisation of intangibles	25	(2,415)	(3,720)	(5,782)	(7,432)
Provision for impairment, net	10	(292,557)	(222,714)	(401,704)	(369,065)
		(1,055,575)	(942,113)	(1,930,112)	(1,814,626)
Profit from operations, before distribution to depositors and sukuk holders					
Distribution to depositors and sukuk holders	11	(1,057,204)	(719,753)	(2,032,561)	(1,308,369)
Profit for the period before zakat and tax					
Zakat and tax	12	(198,248)	(61,706)	(389,877)	(123,593)
Profit for the period after zakat and tax					
<i>Attributable to:</i>					
Equity holders of the Bank		1,493,042	1,168,384	2,849,979	2,227,140
Non-controlling interest		85,228	55,549	179,427	98,906
		1,578,270	1,223,933	3,029,406	2,326,046
Basic and diluted earnings per share attributable to ordinary shares (AED)					
	13	0.390	0.304	0.736	0.568

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

Condensed consolidated interim statement of comprehensive income
Three months and six months ended 30 June 2024 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Profit for the period after zakat and tax	1,578,270	1,223,933	3,029,406	2,326,046
Other comprehensive loss				
<i>Items that will not be reclassified to consolidated income statement</i>				
Net movement on valuation of equity investments carried at fair value through other comprehensive income	31	579	12,451	(3,086)
Other movement in reserves	31	9	9	3,839
Directors' remuneration paid	35	-	-	(16,100)
<i>Items that may be subsequently reclassified to consolidated income statement</i>				
Net movement in valuation of investments in sukuk carried at fair value through other comprehensive income	31	(7,316)	(28,414)	(25,475)
Exchange differences arising on translation of foreign operations	31	(14,159)	2,786	(540,756)
Gain (loss) on hedge of foreign operations	31	522	(704)	2,012
Fair value gain on cash flow hedge	31	2,491	2,952	3,444
Other comprehensive loss for the period	(17,874)	(10,920)	(576,122)	(244,732)
Total comprehensive income for the period	1,560,396	1,213,013	2,453,284	2,081,314
<i>Attributable to:</i>				
Equity holders of the Bank	1,475,168	1,157,464	2,273,857	1,982,408
Non-controlling interest	85,228	55,549	179,427	98,906
	1,560,396	1,213,013	2,453,284	2,081,314

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

**Condensed consolidated interim statement of financial position
At 30 June 2024 (Unaudited)**

	Notes	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
ASSETS			
Cash and balances with central banks	14	35,136,767	31,498,312
Balances and wakala deposits with			
Islamic banks and other financial institutions	15	6,308,930	7,373,806
Murabaha and mudaraba with financial institutions	16	2,275,487	3,930,130
Murabaha and other Islamic financing	17	78,876,802	67,044,317
Ijara financing	18	53,189,445	47,958,087
Investment in sukuk measured at amortised cost	19	21,634,357	18,881,549
Investments measured at fair value	20	5,518,558	5,601,452
Investment in associates and joint ventures	21	857,011	834,334
Investment properties	22	1,253,327	1,262,770
Development properties	23	722,940	722,940
Other assets	24	4,558,910	4,286,167
Property and equipment		2,635,707	2,797,990
Goodwill and intangibles	25	434,360	635,338
TOTAL ASSETS		213,402,601	192,827,192
LIABILITIES			
Due to financial institutions	26	7,418,251	2,555,004
Depositors' accounts	27	172,243,669	157,066,994
Other liabilities	28	6,418,177	5,126,576
Sukuk financing instrument	29	1,836,250	1,836,250
Total liabilities		187,916,347	166,584,824
EQUITY			
Share capital	30	3,632,000	3,632,000
Legal reserve		2,654,083	2,647,420
General reserve		3,431,547	3,431,547
Credit risk reserve		400,000	400,000
Retained earnings		11,253,877	11,358,406
Other reserves	31	(1,516,167)	(1,094,992)
Tier 1 sukuk	32	4,754,375	4,754,375
Equity attributable to the equity and Tier 1 sukuk holders of the Bank		24,609,715	25,128,756
Non-controlling interest		876,539	1,113,612
Total equity		25,486,254	26,242,368
Total liabilities and equity		213,402,601	192,827,192

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


H.E. Jawaan Awaidha Suhail Al Khaili
Chairman


Mohamed Abdelbary
Acting Group Chief Executive Officer

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

**Condensed consolidated interim statement of changes in equity
Six months ended 30 June 2024 (Unaudited)**

<i>Attributable to the equity and Tier 1 sukuk holders of the Bank</i>											
	Notes	Share capital AED '000	Legal reserve AED '000	General reserve AED '000	Credit risk reserve AED '000	Retained earnings AED '000	Other reserves AED '000	Tier 1 sukuk AED '000	Total AED '000	Non- controlling interest AED '000	Total equity AED '000
Balance at 1 January 2024 – audited		3,632,000	2,647,420	3,431,547	400,000	11,358,406	(1,094,992)	4,754,375	25,128,756	1,113,612	26,242,368
Profit for the period		-	-	-	-	2,849,979	-	-	2,849,979	179,427	3,029,406
Other comprehensive loss		-	-	-	-	(16,100)	(560,022)	-	(576,122)	-	(576,122)
Profit paid on Tier 1 sukuk – Listed (third issue)	32	-	-	-	-	(99,846)	-	-	(99,846)	-	(99,846)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi	32	-	-	-	-	(77,583)	-	-	(77,583)	-	(77,583)
Dividends paid	39	-	-	-	-	(2,595,469)	-	-	(2,595,469)	-	(2,595,469)
Dividends paid to charity		-	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Loss on disposal of FVTOCI investment		-	-	-	-	-	-	-	-	-	-
Transfer to Impairment reserve – General	31	-	-	-	-	(121,262)	121,262	-	-	-	-
Transfer from Impairment reserve – Specific	31	-	-	-	-	12,855	(12,855)	-	-	-	-
Transfer to reserves		-	6,663	-	-	(37,103)	30,440	-	-	-	-
Other movement in non-controlling Interest		-	-	-	-	-	-	-	-	(416,500)	(416,500)
Balance at 30 June 2024 – unaudited		3,632,000	2,654,083	3,431,547	400,000	11,253,877	(1,516,167)	4,754,375	24,609,715	876,539	25,486,254
Balance at 1 January 2023 – audited		3,632,000	2,640,705	2,975,819	400,000	8,642,250	(564,647)	4,754,375	22,480,502	980,168	23,460,670
Profit for the period		-	-	-	-	2,227,140	-	-	2,227,140	98,906	2,326,046
Other comprehensive loss		-	-	-	-	(16,100)	(228,632)	-	(244,732)	-	(244,732)
Profit paid on Tier 1 sukuk – Listed (second issue)	32	-	-	-	-	(98,125)	-	-	(98,125)	-	(98,125)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi	32	-	-	-	-	(65,837)	-	-	(65,837)	-	(65,837)
Dividends paid	39	-	-	-	-	(1,779,312)	-	-	(1,779,312)	(1,350)	(1,780,662)
Dividends paid to charity		-	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Loss on disposal of FVTOCI investment		-	-	-	-	(5,215)	5,215	-	-	-	-
Transfer to Impairment reserve – General	31	-	-	-	-	115,787	(115,787)	-	-	-	-
Transfer to Impairment reserve – Specific	31	-	-	-	-	(3,965)	3,965	-	-	-	-
Transfer to reserves		-	6,721	227	-	(6,948)	-	-	-	-	-
Other movement in non-controlling Interest		-	-	-	-	-	-	-	-	(128,726)	(128,726)
Balance at 30 June 2023 – unaudited		3,632,000	2,647,426	2,976,046	400,000	8,989,675	(899,886)	4,754,375	22,499,636	948,998	23,448,634

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

Condensed consolidated interim statement of cash flows
Six months ended 30 June 2024 (Unaudited)

	Notes	Six months ended 30 June	
		2024 AED '000	2023 AED '000
Operating activities			
Profit for the period		3,029,406	2,326,046
Adjustments for:			
Depreciation on investment properties	22	7,285	7,283
Depreciation on property and equipment		126,110	116,924
Depreciation on right-of-use assets		28,599	33,454
Amortisation of intangibles	25	5,782	7,432
Share of results of associates and joint ventures		(50,657)	(39,802)
Realised gain on investments carried at fair value through profit or loss	6	(15,358)	(18,906)
Unrealised gain on investments carried at fair value through profit or loss	6	(343)	(6,647)
Dividend income	6	(576)	(5,775)
Finance cost on lease liabilities	9	3,356	3,928
Provision for impairment, net	10	401,704	369,065
Gain on disposal of investment properties		(326)	-
Changes in operating assets and liabilities		3,534,982	2,793,002
Increase in balances with central banks		(4,133,523)	(7,268,909)
(Increase) decrease in balances and wakala deposits with Islamic banks and other financial institutions		(2,905,861)	1,638,832
Decrease in murabaha and mudaraba with financial institutions		475,239	402,978
Increase in murabaha and other Islamic financing		(15,456,436)	(2,756,576)
Increase in ijara financing		(5,575,449)	(797,549)
Net movement in investments carried at fair value through profit or loss		80,014	(466,868)
Increase in other assets		(728,067)	(1,000,630)
Increase in due to financial institutions		4,642,596	309,001
Increase in depositors' accounts		22,076,212	15,142,635
Increase in other liabilities		2,015,892	1,208,602
Cash from operations		4,025,599	9,204,518
Directors' remuneration paid		(16,100)	(16,100)
Net cash from operating activities		4,009,499	9,188,418
Investing activities			
Net movement in investments carried at fair value through other comprehensive income		(40,389)	139,958
Net movement in investments carried at amortised cost		(2,773,756)	(2,848,389)
Dividend received	6	576	5,775
Dividend received from associates		13,124	16,250
Additions in associates		-	(4,141)
Sale proceeds from disposal of investment properties		1,450	-
Purchase of property and equipment		(153,521)	(130,345)
Net cash used in investing activities		(2,952,516)	(2,820,892)
Financing activities			
Profit paid on Tier 1 sukuk – Listed (third issue)	32	(99,846)	-
Profit paid on Tier 1 sukuk – Government	32	(77,583)	(65,837)
Profit paid on Tier 1 sukuk – Listed (second issue)		-	(98,125)
Finance cost on lease liability	9	(3,356)	(3,928)
Dividends paid		(2,595,469)	(1,870,841)
Net cash used in financing activities		(2,776,254)	(2,038,731)
(Decrease)/ increase in cash and cash equivalents		(1,719,271)	4,328,795
Cash and cash equivalents at 1 January		12,727,308	5,106,695
Cash and cash equivalents at 30 June	34	11,008,037	9,435,490
Operating cash flows from profit on balances and wakala deposits with Islamic banks and other financial institutions, murabaha and mudaraba with financial institutions, customer financing, sukuk and customer deposits are as follows:			
Profit received		5,363,606	4,171,231
Profit paid to depositors		1,645,761	1,124,090

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

Notes to the condensed consolidated interim financial statements 30 June 2024 (Unaudited)

1 Legal status and principal activities

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

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

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

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

The condensed consolidated interim financial statements of the Group were authorised for issue by the Board of Directors on 24 July 2024.

2 Definitions

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

Murabaha

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

Istisna’a

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

Ijara

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

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)****2 Definitions (continued)****Qard Hasan**

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

Musharaka

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

Mudaraba

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

Wakalah

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

Sukuk

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

3 Basis of preparation**3.1 (a) Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in compliance with general principles of the Shari'a as determined by the Group's Internal Shari'a Supervisory Committee and applicable requirements of the laws of the UAE.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

3 Basis of preparation (continued)

3.1 (b) Accounting convention

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

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

3.1 (c) Basis of consolidation

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

	Activity	Country of incorporation	Percentage of holding	
			30 June 2024	31 December 2023
Abu Dhabi Islamic Bank – Egypt (S.A.E)	Islamic banking	Egypt	53%	53%
Abu Dhabi Islamic Securities Company LLC	Equity brokerage services	United Arab Emirates	95%	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%	100%
MPM Properties LLC	Real estate services	United Arab Emirates	100%	100%
ADIB Invest 1	Equity brokerage services	BVI	100%	100%
Kawader Services LLC	Manpower supply	United Arab Emirates	100%	100%
ADIB (UK) Limited	Other services	United Kingdom	100%	100%
ADIB Capital Ltd	Funds services	United Arab Emirates	100%	100%
ADIB Sukuk Company II Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 2 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 3 Ltd*	Special purpose vehicle	Cayman Island	-	-

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

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

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

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

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)****3 Basis of preparation (continued)****3.2 Significant judgements and estimates**

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2023.

4 Significant accounting policies

The condensed consolidated interim financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. In addition, results for the six months ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

Changes in accounting policies after the adoption of IFRSs

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these interim condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

4 Significant accounting policies (continued)

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
IFRS 18 Presentation and Disclosure Financial Statements Issued	1 January 2027

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

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

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

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

	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	AED '000	AED '000	AED '000	AED '000
Vehicle murabaha	192,758	132,789	368,278	247,954
Goods murabaha	384,222	287,548	693,137	521,941
Share murabaha	219,224	214,363	441,080	426,965
Commodities murabaha – Al Khair	126,597	102,400	245,599	201,761
Islamic covered cards (murabaha)	109,686	91,912	218,031	187,294
Other murabaha	185,762	169,492	369,451	311,439
Total murabaha	1,218,249	998,504	2,335,576	1,897,354
Mudaraba	197,636	172,483	384,447	335,102
Wakala	72,324	26,630	152,798	94,682
Ijara	688,877	641,267	1,385,296	1,224,870
Istisna'a	1,220	1	1,532	2
	2,178,306	1,838,885	4,259,649	3,552,010

6 Income from investments measured at fair value

	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	AED '000	AED '000	AED '000	AED '000
Income from sukuk measured at fair value through profit or loss	26,086	18,043	53,794	36,505
Income from sukuk measured at fair value through other comprehensive income	28,607	31,684	57,432	63,543
Realised gain on sale of investments carried at fair value through profit or loss	4,968	12,834	15,358	18,906
Unrealised gain on investments carried at fair value through profit or loss	1,079	2,080	343	6,647
Gain (loss) from other investment assets	2,515	(944)	5,168	26
Dividend income	576	-	576	5,775
	63,831	63,697	132,671	131,402

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

7 Fees and commission income, net

	Three months ended 30 June		Six months ended 30 June	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Fees and commission income				
Fees and commission income on cards	424,420	366,118	831,038	677,714
Trade related fees and commission	37,042	35,049	73,832	74,964
Accounts services fees	34,147	30,386	68,645	61,018
Projects and property management fees	10,011	10,892	22,818	22,239
Risk participation and arrangement fees	48,959	25,414	87,643	45,760
Brokerage fees and commission	8,899	11,588	17,534	19,427
Other fees and commissions	154,585	127,632	316,727	251,367
Total fees and commission income	718,063	607,079	1,418,237	1,152,489
Fees and commission expenses				
Card related fees and commission expenses	(241,456)	(215,534)	(490,106)	(438,034)
Other fees and commission expenses	(39,664)	(22,740)	(72,987)	(46,038)
Total fees and commission expenses	(281,120)	(238,274)	(563,093)	(484,072)
Fees and commission income, net	436,943	368,805	855,144	668,417

8 Employees' costs

	Three months ended 30 June		Six months ended 30 June	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Salaries and wages	408,002	394,057	807,522	780,488
End of service benefits	25,002	18,892	42,960	47,174
Other staff expenses	32,786	28,246	70,901	59,469
	465,790	441,195	921,383	887,131

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

9 General and administrative expenses

	Three months ended 30 June		Six months ended 30 June	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Legal and professional expenses	30,560	29,521	66,793	59,044
Premises expenses	26,281	27,342	52,024	54,100
Marketing and advertising expenses	22,023	19,243	40,522	38,593
Communication expenses	26,163	25,342	52,103	52,822
Technology related expenses	67,596	52,099	129,991	102,067
Finance cost on lease liabilities	1,649	1,916	3,356	3,928
Other operating expenses	40,217	40,854	94,460	82,783
	214,489	196,317	439,249	393,337

10 Provision for impairment, net

	Three months ended 30 June		Six months ended 30 June	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Murabaha and other Islamic financing	40,364	79,932	124,155	(18,171)
Ijara financing	215,265	113,135	243,556	296,836
Direct write-off, net of recoveries	4,573	2,622	7,463	(514)
Others	32,355	27,025	26,530	90,914
	292,557	222,714	401,704	369,065

11 Distribution to depositors

	Three months ended 30 June		Six months ended 30 June	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Saving accounts	62,555	48,795	113,580	91,691
Investment accounts	968,653	670,958	1,866,841	1,216,678
Sukuk holders	25,996	-	52,140	-
	1,057,204	719,753	2,032,561	1,308,369

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)****12 Zakat and tax****Zakat**

In a few jurisdictions, Zakat of the Bank's branches and subsidiaries is mandatory by laws to be paid to governmental entities responsible for Zakat, therefore, the Bank acts accordingly to these laws and pays the Zakat to these entities.

As the Bank is not required to dispose Zakat by UAE laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, each shareholder is responsible of his or her own Zakat.

Tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The tax charge for period ended 30 June 2024 is AED 389,877 thousand (30 June 2023: AED 122,991 thousand), representing an Effective Tax Rate ("ETR") of 11.4% (30 June 2023: 5.0%) with corporate tax rate of 9% for UAE and other international jurisdictions mainly Egypt at 22.5%.

Furthermore, Bank pays taxes on its international branches and subsidiary in accordance with the tax laws prevailing in those countries.

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

13 Basic and diluted earnings per share

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

Diluted earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of any financial instruments with dilutive effects.

The following reflects the income and shares data used in the earnings per share computations:

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2024	2023	2024	2023
Profit for the period attributable to equity holders - (AED '000)		1,493,042	1,168,384	2,849,979	2,227,140
Less: profit attributable to Tier 1 sukuk:					
- Listed (third issue) - (AED '000)	32	-	-	(99,846)	-
- Listed (second issue) - (AED '000)		-	-	-	(98,125)
- Government of Abu Dhabi - (AED '000)	32	(77,583)	(65,837)	(77,583)	(65,837)
Profit for the period attributable to ordinary shareholders after deducting profit relating to Tier 1 sukuk (AED '000)		1,415,459	1,102,547	2,672,550	2,063,178
Weighted average number of ordinary shares in issue (000's)		3,632,000	3,632,000	3,632,000	3,632,000
Basic and diluted earnings per share (AED)		0.390	0.304	0.736	0.568

The Bank does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised. Profit on Tier 1 sukuk is reflected in the EPS computation on the payment of such profit.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

14 Cash and balances with central banks

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Cash on hand	2,157,456	2,022,259
Balances with central banks:		
- Current accounts	2,530,552	1,739,360
- Statutory reserve	18,029,967	14,127,177
- Islamic certificate of deposits	12,419,701	13,610,743
	35,137,676	31,499,539
Less: provision for impairment	(909)	(1,227)
	35,136,767	31,498,312

The Bank is required to maintain statutory reserves with the Central Bank of the UAE, Egypt, Iraq and Sudan on demand, time and other deposits. The statutory reserves are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the Central Bank. Cash on hand and current accounts are not profit-bearing. Islamic certificate of deposits are profit bearing, which is based on entering into international commodities Murabaha transaction in which Central Bank of the UAE and Central Bank of Iraq are the buyers and the Bank is the seller.

The distribution of the cash and balances with central banks by geographic region is as follows:

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
UAE	30,536,820	27,831,678
Rest of the Middle East	3,055,930	2,416,442
Others	1,544,926	1,251,419
	35,137,676	31,499,539

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Current accounts	531,497	205,301
Wakala deposits	5,787,764	7,186,958
	<hr/>	<hr/>
	6,319,261	7,392,259
Less: provision for impairment	(10,331)	(18,453)
	<hr/>	<hr/>
	6,308,930	7,373,806
	<hr/> <hr/>	<hr/> <hr/>

In accordance with Shari'a principles, deposits are invested only with Islamic financial institutions. The Bank does not earn profits on current accounts with banks and financial institutions.

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
UAE	509,455	1,433,787
Rest of the Middle East	5,215,945	5,749,171
Europe	200,755	134,677
Others	393,106	74,624
	<hr/>	<hr/>
	6,319,261	7,392,259
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

16 Murabaha and Mudaraba with financial institutions

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Murabaha	2,315,687	3,994,920
Less: provision for impairment	(40,200)	(64,790)
	<hr/> 2,275,487 <hr/>	<hr/> 3,930,130 <hr/>

In accordance with Shari'a principles, Mudaraba are with Islamic financial institutions or provided for the activities that are entirely Sharia' compliant.

The distribution of the gross murabaha and mudaraba with financial institutions by geographic region is as follows:

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
UAE	29,617	25,989
Rest of the Middle East	84,004	49,389
Others	2,202,066	3,919,542
	<hr/> 2,315,687 <hr/>	<hr/> 3,994,920 <hr/>

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

17 Murabaha and other Islamic financing

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Vehicle murabaha	10,774,612	9,696,136
Goods murabaha	32,673,452	22,852,342
Share murabaha	11,905,042	12,494,133
Commodities murabaha – Al Khair	9,561,778	8,677,902
Islamic covered cards (Murabaha)	9,669,773	7,694,314
Other murabaha	10,445,801	9,551,973
	<hr/>	<hr/>
Total murabaha	85,030,458	70,966,800
Mudaraba	4,698,288	5,111,209
Wakala	3,492,214	3,819,872
Istisna'a	84,727	92,419
Other financing receivables	165,973	190,189
	<hr/>	<hr/>
Total murabaha and other Islamic financing	93,471,660	80,180,489
Less: deferred income on murabaha	(12,913,526)	(10,753,070)
	<hr/>	<hr/>
	80,558,134	69,427,419
Less: provision for impairment	(1,681,332)	(2,383,102)
	<hr/>	<hr/>
	78,876,802	67,044,317
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

17 Murabaha and other Islamic financing (continued)

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Industry sector		
Government	7,680,301	2,627,253
Public sector	13,363,640	9,901,507
Corporates	7,730,892	7,824,923
Financial institutions	5,566,837	5,480,880
Individuals	44,966,464	42,402,600
Small and medium enterprises	1,250,000	1,190,256
	<hr/> 80,558,134 <hr/>	<hr/> 69,427,419 <hr/>
Geographic region		
UAE	63,951,310	52,172,504
Rest of the Middle East	5,902,841	6,184,559
Europe	3,406,879	2,956,416
Others	7,297,104	8,113,940
	<hr/> 80,558,134 <hr/>	<hr/> 69,427,419 <hr/>

18 Ijara financing

This represents net investment in assets leased for periods which either approximate or cover major parts of the estimated useful lives of such assets. The documentation includes a separate undertaking from the Bank to sell the leased assets to the lessee upon the maturity of the lease.

The aggregate future lease receivables are as follows:

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Ijara Financing	56,055,116	50,741,625
Less: provision for impairment	(2,865,671)	(2,783,538)
	<hr/> 53,189,445 <hr/>	<hr/> 47,958,087 <hr/>

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

18 Ijara financing

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Industry sector		
Government	1,647,740	1,772,125
Public sector	5,944,993	6,384,383
Corporates	17,131,506	17,332,086
Individuals	30,957,823	24,856,186
Small and medium enterprises	210,989	203,505
Non-profit organisations	162,065	193,340
	<hr/> 56,055,116 <hr/>	<hr/> 50,741,625 <hr/>
Geographic region		
UAE	54,646,610	49,190,106
Rest of the Middle East	929,609	971,771
Europe	6,312	6,357
Others	472,585	573,391
	<hr/> 56,055,116 <hr/>	<hr/> 50,741,625 <hr/>

19 Investment in sukuk measured at amortised cost

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Sukuk – Quoted	21,777,856	19,004,100
Less: provision for impairment	(143,499)	(122,551)
	<hr/> 21,634,357 <hr/>	<hr/> 18,881,549 <hr/>

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

UAE	11,681,642	10,573,633
Rest of the Middle East	7,915,619	6,371,362
Others	2,180,595	2,059,105
	<hr/> 21,777,856 <hr/>	<hr/> 19,004,100 <hr/>

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

20 Investments measured at fair value

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
<i>Investments carried at fair value through profit or loss</i>		
Quoted investments		
Equities	26,297	33,956
Sukuk	1,926,104	1,982,758
	1,952,401	2,016,714
Unquoted sukuk	307,182	307,182
	2,259,583	2,323,896
<i>Investments carried at fair value through other comprehensive income</i>		
Quoted investments		
Equities	27,070	27,063
Sukuk	3,029,718	3,119,326
	3,056,788	3,146,389
Unquoted investments		
Sukuk	67,686	67,726
Funds	133,066	27,581
Private equities	105,158	110,787
	305,910	206,094
	3,362,698	3,352,483
Less: provision for impairment	5,622,281 (103,723)	5,676,379 (74,927)
	5,518,558	5,601,452

Unquoted sukuk carried at fair value through profit or loss includes financial assets acquired as part of settlement of an existing financing exposure that has been transferred to a new entity controlled by the financiers. The instrument is expected to be settled through sale of operating assets transferred to the new entity.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

20 Investments measured at fair value (continued)

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Geography region		
UAE	2,708,676	2,407,816
Rest of the Middle East	1,828,155	1,945,593
Europe	810	832
Others	1,084,640	1,322,138
	<hr/>	<hr/>
	5,622,281	5,676,379
	<hr/> <hr/>	<hr/> <hr/>

21 Investment in associates and joint ventures

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
At the beginning of the period	849,490	791,240
Share of results	50,657	76,121
Dividends received	(13,124)	(16,250)
Foreign currency translation	(14,856)	(1,621)
	<hr/>	<hr/>
At the end of the period	872,167	849,490
Less: provision for impairment	(15,156)	(15,156)
	<hr/>	<hr/>
Net balance at the end of the period	857,011	834,334
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

21 Investment in associates and joint ventures (continued)

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
At the beginning / end of the period	15,156	15,156

Details of the Bank's investment in associates and joint ventures at 30 June is as follows:

	Place of incorporation	Proportion of ownership interest		Principal activity
		2024 %	2023 %	
<i>Associates</i>				
Abu Dhabi National Takaful PJSC	UAE	42	42	Islamic insurance
Bosna Bank International D.D	Bosnia	27	27	Islamic banking
The Residential REIT (IC) Limited	UAE	29	29	Real estate fund
<i>Joint ventures</i>				
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	51	51	Islamic Retail Finance
Arab Link Money Transfer PSC (under liquidation)	UAE	51	51	Currency Exchange
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	51	51	Merchant acquiring

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

22 Investment properties

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Cost		
Balance at the beginning of the period	1,499,533	1,500,054
Foreign currency translation	(612)	(521)
Disposals during the period	(2,116)	-
	<hr/>	<hr/>
Gross balance at the end of the period	1,496,805	1,499,533
Less: provision for impairment	(119,119)	(119,247)
	<hr/>	<hr/>
Net balance at the end of the period	1,377,686	1,380,286
	<hr/>	<hr/>
Accumulated depreciation		
Balance at the beginning of the period	117,516	102,859
Charge for the period	7,285	14,657
Disposals during the period	(442)	-
	<hr/>	<hr/>
Balance at the end of the period	124,359	117,516
	<hr/>	<hr/>
Net book value at the end of the period	1,253,327	1,262,770
	<hr/>	<hr/>

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 18,736 thousand (30 June 2023: AED 18,407 thousand) for the six months period ended 30 June 2024.

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
At the beginning of the period	119,247	119,252
Foreign currency translation	-	(5)
Disposals during the period	(128)	-
	<hr/>	<hr/>
At the end of the period	119,119	119,247
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

22 Investment properties (continued)

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
UAE	1,363,393	1,371,881
Rest of the Middle East	8,214	8,214
Others	839	1,922
	<hr/> 1,372,446 <hr/>	<hr/> 1,382,017 <hr/>

23 Development properties

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Development properties	846,620	846,620
Less: provision for impairment	(123,680)	(123,680)
	<hr/> 722,940 <hr/>	<hr/> 722,940 <hr/>

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

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

Development properties include land with a carrying value of AED 676,320 thousand (2023: AED 676,320 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in the UAE.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

24 Other assets

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Acceptances	749,385	655,161
Assets acquired in satisfaction of claims	87,135	94,594
Trade receivables	498,935	574,110
Prepaid expenses	1,049,282	1,039,018
Accrued profit	654,911	603,036
Positive fair value of Shari'a compliant alternatives of derivative financial instruments	10,947	6,415
Others, net	1,508,315	1,313,833
	<hr/> 4,558,910 <hr/>	<hr/> 4,286,167 <hr/>

Assets acquired in exchange for claims in order to achieve an orderly realization are recorded as "Assets acquired in satisfaction of claims". The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the claim (net of provision for impairment) at the date of exchange.

25 Goodwill and intangibles

	Other intangible assets			
	Goodwill AED '000	Core deposit AED '000	License AED '000	Total AED '000
At 1 January 2023 – audited	280,866	215,920	289,234	786,020
Exchange translation differences	(33,988)	(44,325)	(57,496)	(135,809)
Amortisation during the period	-	(14,873)	-	(14,873)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2024 – audited	246,878	156,722	231,738	635,338
Exchange translation differences	(48,851)	(63,707)	(82,638)	(195,196)
Amortisation during the period	-	(5,782)	-	(5,782)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2024 - unaudited	198,027	87,233	149,100	434,360
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

26 Due to financial institutions

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Current accounts	2,089,218	1,513,821
Investment deposits	5,248,007	1,009,634
	<hr/>	<hr/>
	7,337,225	2,523,455
Current account – Central Bank of UAE	81,026	31,549
	<hr/>	<hr/>
	7,418,251	2,555,004
	<hr/> <hr/>	<hr/> <hr/>

27 Depositors' accounts

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Current accounts	49,453,821	47,179,358
Savings accounts	58,607,337	55,402,458
Investment accounts	63,444,842	53,725,866
Investment risk reserve	737,669	759,312
	<hr/>	<hr/>
	172,243,669	157,066,994
	<hr/> <hr/>	<hr/> <hr/>

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

At the beginning of the period	759,312	713,007
Share of profit and payments made during the period / year	(21,643)	46,305
	<hr/>	<hr/>
At the end of the period	737,669	759,312
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

27 Depositors' accounts (continued)

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Government	29,694,484	26,239,028
Public sector	11,662,340	6,217,852
Corporates	13,477,311	14,900,280
Financial institutions	3,097,901	2,053,840
Individuals	92,748,245	88,298,701
Small and medium enterprises	18,281,796	16,590,630
Non-profit organisations	3,281,592	2,766,663
	<hr/> 172,243,669 <hr/>	<hr/> 157,066,994 <hr/>

The Bank invests all of its investment accounts including saving accounts, adjusted for UAE, Egypt, Iraq and Sudan Central Bank reserve requirements and the Group's liquidity requirements.

With respect to investment deposits, the Bank is liable only in case of misconduct, negligence or breach of contract otherwise it is on the account of the fund's provider (Rab Al Mal) or the principal (the Muwakkil).

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

28 Other liabilities

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Accounts payable	501,824	398,318
Acceptances	749,385	655,161
Lease liabilities	159,913	180,637
Accrued profit for distribution to depositors and sukuk holders	786,849	408,310
Bankers' cheques	1,489,157	856,609
Provision for staff benefits and other expenses	438,470	586,367
Retentions payable	49,946	29,198
Advances from customers	53,723	58,362
Accrued expenses	324,099	314,905
Deferred income	301,114	278,359
Charity account	4,698	7,014
Donation account	8,163	11,720
Others	1,550,836	1,341,616
	<hr/>	<hr/>
	6,418,177	5,126,576
	<hr/> <hr/>	<hr/> <hr/>

29 Sukuk financing instrument

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Sukuk financing instrument	1,836,250	1,836,250
	<hr/>	<hr/>
	1,836,250	1,836,250
	<hr/> <hr/>	<hr/> <hr/>

In November 2023, the Bank through a AAOIFI Shari'a compliant sukuk arrangement, raised medium term green sukuk amounting to AED 1,836,250 thousand (USD 500 million) under a USD 5 billion programme. The sukuk are listed on the London Stock Exchange's International Securities Market (ISM) and the Abu Dhabi Securities Exchange (ADX). The sukuk will mature in November 2028. The sukuk deserved rental proceeds are distributed in accordance with expected profit rate.

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

29 Sukuk financing instrument (continued)

Terms of arrangement

The terms of the arrangement include transfer of the ownership of certain assets (the "Ijarah Assets"), from identified ijara financing assets in the portfolio of the Bank, to a sukuk company, ADIB Sukuk Company II Ltd - the Issuer, a subsidiary of the Bank, specially formed for the sukuk transaction. The assets are owned by the Sukuk holders, however the assets are controlled by the Bank and shall continue to be serviced by the Bank as the Servicing agent.

The issuer will pay the quarterly distribution amount from rental proceeds generated and received from the Ijarah Assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to the sukuk holders on the quarterly distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the Ijarah Assets at an exercise price, specified in the relevant Purchase Undertaking.

30 Share capital

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
<i>Authorised share capital</i>		
4,000,000 thousand (2023: 4,000,000 thousand) ordinary shares of AED 1 each (2023: AED 1 each)	4,000,000	4,000,000
<i>Issued and fully paid share capital</i>		
3,632,000 thousand (2023: 3,632,000 thousand) ordinary shares of AED 1 each (2023: AED 1 each)	3,632,000	3,632,000

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

31 Other reserves

	Cumulative changes in fair values AED '000	Land revaluation reserve AED '000	Foreign currency translation reserve AED '000	Hedging reserve AED '000	Impairment reserve – Specific AED '000	Impairment reserve – General AED '000	Others AED '000	Total AED '000
At 1 January 2024 – audited	(389,983)	137,400	(1,085,422)	2,064	207,673	43,696	(10,420)	(1,094,992)
Net movement in valuation of equity investment carried at FVTOCI	(3,086)	-	-	-	-	-	-	(3,086)
Net movement in valuation of investment in sukuk carried at FVTOCI	4,965	-	-	-	-	-	-	4,965
Exchange differences arising on translation of foreign operations	-	-	(540,756)	-	-	-	-	(540,756)
Gain on hedge of foreign operations	-	-	2,012	-	-	-	-	2,012
Fair value gain on cash flow hedges	-	-	-	3,444	-	-	-	3,444
Net movement in impairment reserve – Specific	-	-	-	-	(12,855)	-	-	(12,855)
Net movement in impairment reserve – General	-	-	-	-	-	121,262	-	121,262
Net movement in other reserves	-	-	-	-	-	-	3,839	3,839
At 30 June 2024 - unaudited	(388,104)	137,400	(1,624,166)	5,508	194,818	164,958	(6,581)	(1,516,167)
At 1 January 2023 - audited	(463,494)	137,400	(837,980)	-	320,100	279,327	-	(564,647)
Net movement in valuation of equity investment carried at FVTOCI	12,014	-	-	-	-	-	-	12,014
Net movement in valuation of investment in sukuk carried at FVTOCI	13,390	-	-	-	-	-	-	13,390
Loss on disposal of investments carried at FVTOCI	5,215	-	-	-	-	-	-	5,215
Exchange differences arising on translation of foreign operations	-	-	(228,831)	-	-	-	-	(228,831)
Loss on hedge of foreign operations	-	-	(2,059)	-	-	-	-	(2,059)
Fair value gain on cash flow hedges	-	-	-	5,585	-	-	-	5,585
Net movement in impairment reserve – Specific	-	-	-	-	3,965	-	-	3,965
Net movement in impairment reserve – General	-	-	-	-	-	(115,787)	-	(115,787)
Net movement in other reserves	-	-	-	-	-	-	(28,731)	(28,731)
At 30 June 2023 - unaudited	(432,875)	137,400	(1,068,870)	5,585	324,065	163,540	(28,731)	(899,886)

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

32 Tier 1 sukuk

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
Tier 1 sukuk – Listed (third issue)	2,754,375	2,754,375
Tier 1 sukuk – Government of Abu Dhabi	2,000,000	2,000,000
	<hr/> 4,754,375 <hr/>	<hr/> 4,754,375 <hr/>

Tier 1 sukuk – Listed (third issue)

On 18 July 2023, the Bank through a Shari'a compliant sukuk arrangement has issued Tier 1 sukuk – Listed (third issue) (the "Sukuk") amounting to AED 2,754,375 thousand (USD 750 million). This Sukuk was issued under the authorities approved by the shareholders of the Bank in the Annual General Meeting held on 06 March 2023. Issuance costs amounting to AED 12,305 thousand were incurred at the time of issuance.

This Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank upon its conclusion subject to the terms and conditions of the modaraba. The sukuk is listed on the London Stock Exchange's International Securities Market (ISM) and is callable by the Bank after period ending on 18 January 2029 (the "First Call Date") or any achieved profit payment date thereafter subject to certain conditions. The Sukuk bear an expected mudaraba profit rate of 7.25%, such achieved profit is payable during the initial period of five and half years semi-annually in arrears. After the initial period, and for every 5th year thereafter, resets to a new expected mudaraba profit rate based on the then 5.5-year US treasury rate plus an expected margin of 3.059%. Profit distributions will be reported in the consolidated statement of changes in equity.

The Bank may, at its sole discretion, elect not to make any mudaraba profit distributions as expected and the event is not considered an event of default. If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of the next following payment of expected mudaraba profit distribution.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)****32 Tier 1 sukuk (continued)****Tier 1 sukuk – Government of Abu Dhabi (continued)**

On 16 April 2009, under the Government of Abu Dhabi Bank capitalisation programme, the Bank has issued Tier 1 sukuk (the "Sukuk-Gov") to the Department of Finance of the Government of Abu Dhabi, with a principal amount of AED 2,000,000 thousand. Issuance of this Sukuk-Gov was approved by the shareholders of the Bank in the Extraordinary General Meeting held on 22 March 2009.

On 15 December 2021, amended and restated Mudaraba Agreement was signed to make the Sukuk-Gov compliant with Basel 3.

This Sukuk-Gov is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank subject to the terms and conditions of the Mudaraba. Based on the amended and restated Mudaraba Agreement dated 15 December 2021, the Sukuk-Gov is callable by the Bank after period ending on 16 April 2027 (the "Call Date") or any achieved profit payment date thereafter subject to certain conditions.

The Sukuk-Gov had an expected mudaraba profit rate of 6% payable during the initial period of five years semi-annually in arrears. The initial period of five years ended on 16 April 2014. After the initial period, Sukuk-Gov bear an expected variable mudaraba profit rate payable of 6 months EIBOR plus an expected margin of 2.3%. Profit distributions will be reported in the consolidated statement of changes in equity. No changes were made to expected mudaraba profit rates under the amended and restated Mudaraba Agreement dated 15 December 2021.

The Bank may, at its sole discretion, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of two consecutive expected mudaraba profit distribution.

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

33 Contingent liabilities and commitments

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

	30 June 2024	31 December 2023
	AED '000	AED '000 (audited)
<i>Contingent liabilities</i>		
Letters of credit	2,739,085	3,374,592
Letters of guarantee	9,208,043	9,295,832
	<hr/>	<hr/>
	11,947,128	12,670,424
	<hr/> <hr/>	<hr/> <hr/>
<i>Commitments</i>		
Undrawn facilities commitments	2,673,628	1,466,162
Future capital expenditure	202,242	191,484
	<hr/>	<hr/>
	2,875,870	1,657,646
	<hr/>	<hr/>
	14,822,998	14,328,070
	<hr/> <hr/>	<hr/> <hr/>

34 Cash and cash equivalents

	Six months ended 30 June	
	2024	2023
	AED '000	AED '000
Cash and balances with central banks, short term	8,190,778	7,163,635
Balances and wakala deposits with Islamic banks and other financial institutions, short term	6,315,539	5,462,536
Murabaha and mudaraba with financial institutions	29,618	-
Due to financial institutions, short term	(3,527,898)	(3,190,691)
	<hr/>	<hr/>
	11,008,037	9,435,490
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

35 Related party transactions

In the ordinary course of its activities, the Bank enters into transactions with related parties, comprising major shareholders, directors, associates and joint ventures, key management and their related concerns. The Bank obtains collateral, including charges over real estate properties and securities, the extent of which is dependent on the Bank's assessment of the credit risk of the related party. During 2021, related party financing were renegotiated based on the terms approved by the Board of Directors and are free of any specific provision for impairment. Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the period, significant transactions with related parties included in the condensed consolidated interim income statement were as follows:

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
<i>30 June 2024 - unaudited</i>					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	2,338	-	2,338
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	20,936	-	-	45,497	66,433
Fees and commission income, net	1	9	26	433	469
Operating expenses	-	378	-	-	378
Distribution to depositors and sukuk holders	1,252	362	925	615	3,154
<i>30 June 2023 - unaudited</i>					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	198	-	198
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	20,821	-	5,452	48,335	74,608
Fees and commission income, net	1	-	24	774	799
Operating expenses	-	270	-	-	270
Distribution to depositors and sukuk holders	255	142	555	3	955

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

35 Related party transactions

The related party balances included in the condensed consolidated interim statement of financial position were as follows:

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
30 June 2024 - unaudited					
Murabaha and mudaraba with financial institutions	-	-	84,689	-	84,689
Murabaha, mudaraba, ijara and other Islamic financing	2,039,539	-	-	4,028,550	6,068,089
Other assets	-	-	265,668	-	265,668
	<u>2,039,539</u>	<u>-</u>	<u>350,357</u>	<u>4,028,550</u>	<u>6,418,446</u>
Due to financial institutions	-	-	317	-	317
Depositors' accounts	369	24,838	63,457	28,159	116,823
Other liabilities	-	-	101	54	155
	<u>369</u>	<u>24,838</u>	<u>63,875</u>	<u>28,213</u>	<u>117,295</u>
Contingencies	-	-	10,000	61,126	71,126
31 December 2023 – audited					
Murabaha and mudaraba with financial institutions	-	-	50,146	-	50,146
Murabaha, mudaraba, ijara and other Islamic financing	2,046,100	-	-	4,155,645	6,201,745
Other assets	-	-	227,288	-	227,288
	<u>2,046,100</u>	<u>-</u>	<u>277,434</u>	<u>4,155,645</u>	<u>6,479,179</u>
Due to financial institutions	-	-	742	-	742
Depositors' accounts	918,302	16,649	337,717	22,836	1,295,504
Other liabilities	3,415	-	146	4	3,565
	<u>921,717</u>	<u>16,649</u>	<u>338,605</u>	<u>22,840</u>	<u>1,299,811</u>
Contingencies	-	-	10,000	62,825	72,825

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

35 Related party transactions (continued)

Compensation of key management personnel

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

	Six months ended 30 June	
	2024	2023
	AED '000	AED '000
Salaries and other benefits	14,829	15,123
Employees' end of service benefits	1,372	1,383
	16,201	16,506

During 2024, AED 16,100 thousand was paid to Board of Directors pertaining to the year ended 31 December 2023 after the approval by the shareholders at the Annual General Assembly held on 29 February 2024.

36 Segment information

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision makers of the Bank in order to allocate resources to the segment and to assess its performance. Information reported to the chief operating decision makers for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to the different markets.

Global Retail banking - Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahat, Ijara, Islamic covered card and funds transfer facilities and trade finance facilities.

Global Wholesale banking – Principally handling financing and other credit facilities and deposits and current accounts for corporate and institutional customers.

Private banking - Principally handling financing and other credit facilities, deposits and current accounts for high net worth individual customers.

Treasury – Principally handling money market, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Real estate – Subsidiaries of the Bank handling the acquisition, selling, development and leasing including both land and buildings, management and resale of properties and all associated activities.

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

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

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

36 Segment information (continued)

	Global retail banking AED '000	Global wholesale banking AED '000	Private banking AED '000	Treasury AED '000	Real estate AED '000	Other operations AED '000	Associates & subsidiaries AED '000	Total AED '000
30 June 2024 – unaudited								
Revenue and results								
Segment revenues, net	3,023,998	802,638	120,937	77,018	43,045	477,029	804,730	5,349,395
Operating expenses excluding provision for impairment, net	(1,044,071)	(138,343)	(44,130)	(23,765)	(26,619)	(45,691)	(205,789)	(1,528,408)
Operating profit	1,979,927	664,295	76,807	53,253	16,426	431,338	598,941	3,820,987
Provision for impairment, net	(282,970)	3,207	938	(32,948)	-	(27,070)	(62,861)	(401,704)
Profit for the period before zakat and tax	1,696,957	667,502	77,745	20,305	16,426	404,268	536,080	3,419,283
Zakat and tax	-	(17,147)	(1,213)	-	(1,453)	(220,345)	(149,719)	(389,877)
Profit for the period after zakat and tax	1,696,957	650,355	76,532	20,305	14,973	183,923	386,361	3,029,406
Non-controlling interest	-	-	-	-	-	-	(179,427)	(179,427)
Profit for the period attributable to equity holders of the Bank	1,696,957	650,355	76,532	20,305	14,973	183,923	206,934	2,849,979
Assets								
Segmental assets	83,872,174	61,545,097	4,932,467	37,855,730	1,977,664	4,518,123	18,701,346	213,402,601
Liabilities								
Segmental liabilities	100,429,122	43,912,746	13,933,323	10,371,389	82,523	3,986,448	15,200,796	187,916,347
30 June 2023 - unaudited								
Revenue and results								
Segment revenues, net	2,379,262	611,606	121,425	180,622	33,192	284,658	653,500	4,264,265
Operating expenses excluding provision for impairment, net	(989,962)	(137,890)	(42,349)	(22,112)	(28,977)	(37,201)	(187,070)	(1,445,561)
Operating profit	1,389,300	473,716	79,076	158,510	4,215	247,457	466,430	2,818,704
Provision for impairment, net	(96,184)	(136,634)	2,243	(56,376)	-	29,281	(111,395)	(369,065)
Profit for the period before zakat and tax	1,293,116	337,082	81,319	102,134	4,215	276,738	355,035	2,449,639
Zakat and tax	-	(6,273)	(2,597)	-	-	-	(114,723)	(123,593)
Profit for the period after zakat and tax	1,293,116	330,809	78,722	102,134	4,215	276,738	240,312	2,326,046
Non-controlling interest	-	-	-	-	-	-	(98,906)	(98,906)
Profit for the period attributable to equity holders of the Bank	1,293,116	330,809	78,722	102,134	4,215	276,738	141,406	2,227,140
31 December 2023 - audited								
Assets								
Segmental assets	71,215,922	50,977,909	4,915,320	37,762,804	1,969,132	4,031,755	21,954,350	192,827,192
Liabilities								
Segmental liabilities	93,732,304	35,287,280	12,970,872	3,247,988	82,183	3,270,285	17,993,912	166,584,824

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

36 Segment information (continued)

Geographical information

The Group operates in two principal geographic areas that are domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the U.A.E. branches, associates and subsidiaries; and international area represents the operations of the Bank that originates from its branches in Iraq, Qatar and Sudan and through its subsidiaries and associates outside U.A.E.

	30 June 2024			30 June 2023		
	Domestic AED '000	International AED '000	Total AED '000	Domestic AED '000	International AED '000	Total AED '000
Revenue and results						
Segment revenues, net	4,421,402	927,993	5,349,395	3,585,635	678,630	4,264,265
Operating expenses excluding provision for impairment, net	(1,306,675)	(221,733)	(1,528,408)	(1,243,476)	(202,085)	(1,445,561)
Operating profit	3,114,727	706,260	3,820,987	2,342,159	476,545	2,818,704
Provision for impairment, net	(324,691)	(77,013)	(401,704)	(259,582)	(109,483)	(369,065)
Profit for the period before zakat and tax	2,790,036	629,247	3,419,283	2,082,577	367,062	2,449,639
Zakat and tax	(224,241)	(165,636)	(389,877)	-	(123,593)	(123,593)
Profit for the period after zakat and tax	2,565,795	463,611	3,029,406	2,082,577	243,469	2,326,046
Non-controlling interest	(1,167)	(178,260)	(179,427)	(1,162)	(97,744)	(98,906)
Profit for the period attributable to equity holders of the Bank	2,564,628	285,351	2,849,979	2,081,415	145,725	2,227,140
	30 June 2024			31 December 2023 (Audited)		
	Domestic AED '000	International AED '000	Total AED '000	Domestic AED '000	International AED '000	Total AED '000
Assets						
Segmental assets	189,905,808	23,496,793	213,402,601	166,892,359	25,934,833	192,827,192
Liabilities						
Segmental liabilities	169,407,118	18,509,229	187,916,347	145,854,777	20,730,047	166,584,824

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

37 Risk management

Credit quality per stage for financial assets

The details of gross exposure of financial assets and their expected credit losses per stages was as follows:

	Gross exposure				Expected credit loss (ECL)			
	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
<i>30 June 2024 - unaudited</i>								
Cash and balances with central banks	12,419,701	-	-	12,419,701	909	-	-	909
Balances and wakala deposits with Islamic banks and other financial institutions	6,319,261	-	-	6,319,261	10,331	-	-	10,331
Murabaha and mudaraba with financial institutions	2,315,687	-	-	2,315,687	40,200	-	-	40,200
Murabaha and other Islamic financing	77,211,783	2,181,837	1,164,514	80,558,134	391,702	413,266	876,364	1,681,332
Ijara financing	48,138,500	2,697,477	5,219,139	56,055,116	490,492	179,214	2,195,965	2,865,671
Investment in sukuk measured at amortised cost	21,766,068	-	11,788	21,777,856	131,711	-	11,788	143,499
Investments measured at fair value	3,029,350	-	68,054	3,097,404	52,813	-	50,910	103,723
Other assets	958,553	20,509	-	979,062	20,285	3	-	20,288
	172,158,903	4,899,823	6,463,495	183,522,221	1,138,443	592,483	3,135,027	4,865,953
Contingent liabilities and commitments (unfunded)	13,220,639	874,993	525,124	14,620,756	104,240	16,485	95,483	216,208
	185,379,542	5,774,816	6,988,619	198,142,977	1,242,683	608,968	3,230,510	5,082,161

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

37 Risk management (continued)

Credit quality per stage for financial assets

	Gross exposure				Expected credit loss (ECL)			
	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
<i>31 December 2023 - audited</i>								
Cash and balances with central banks	13,470,743	140,000	-	13,610,743	-	1,227	-	1,227
Balances and wakala deposits with								
Islamic banks and other financial institutions	7,392,259	-	-	7,392,259	18,453	-	-	18,453
Murabaha and mudaraba with financial institutions	3,994,920	-	-	3,994,920	64,790	-	-	64,790
Murabaha and other Islamic financing	65,513,557	2,158,549	1,755,313	69,427,419	429,960	497,862	1,455,280	2,383,102
Ijara financing	41,860,404	3,344,044	5,537,177	50,741,625	343,925	177,827	2,261,786	2,783,538
Investment in sukuk measured at amortised cost	18,992,312	-	11,788	19,004,100	110,763	-	11,788	122,551
Investments measured at fair value	3,113,099	5,856	68,097	3,187,052	40,729	188	34,010	74,927
Other assets	686,085	147,893	-	833,978	15,407	4,162	-	19,569
	<u>155,023,379</u>	<u>5,796,342</u>	<u>7,372,375</u>	<u>168,192,096</u>	<u>1,024,027</u>	<u>681,266</u>	<u>3,762,864</u>	<u>5,468,157</u>
Contingent liabilities and commitments (unfunded)	12,612,841	1,001,588	522,157	14,136,586	117,259	11,128	87,573	215,960
	<u>167,636,220</u>	<u>6,797,930</u>	<u>7,894,532</u>	<u>182,328,682</u>	<u>1,141,286</u>	<u>692,394</u>	<u>3,850,437</u>	<u>5,684,117</u>

Notes to the condensed consolidated interim financial statements
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38 Capital adequacy ratio

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (“CET1”), Additional Tier 1 (“AT1”) and Total Capital.

The additional capital buffers (Capital Conservation Buffer (“CCB”) and Countercyclical Capital Buffer (“CCyB”) maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

For 2024 and onwards, CCB will be required to be maintained at 2.5% (2023: 2.5%) of the Capital base. CCyB is not yet in effect and is not required to be maintained for 2024 (2023: Nil).

As part of the measures adopted by the CBUAE to help banks deal with the COVID-19 crisis, CBUAE has issued guidance on Accounting Provisions and Capital Requirements - Transitional Arrangement dated 22 April 2020. The Prudential Filter allows banks to add back increases in IFRS9 ECL provision, stage 1 and 2, from 31 December 2019 to the regulatory capital and transition over 5 years.

	Basel III	
	30 June 2024	31 December 2023
	AED ‘000	AED ‘000 (audited)
<i>Capital base</i>		
Common Equity Tier 1	19,547,811	16,898,461
Additional Tier 1 capital	4,832,517	4,754,375
	<hr/>	<hr/>
Tier 1 capital	24,380,238	21,652,836
Tier 2 capital	1,730,571	1,564,480
	<hr/>	<hr/>
Total capital base	26,110,899	23,217,316
	<hr/> <hr/>	<hr/> <hr/>
<i>Risk weighted assets</i>		
Credit risk	134,440,622	125,158,385
Market risk	2,810,833	2,370,893
Operational risk	14,793,370	10,681,870
	<hr/>	<hr/>
Total risk weighted assets	152,044,825	138,211,148
	<hr/> <hr/>	<hr/> <hr/>
<i>Capital ratios</i>		
Common Equity Tier 1 ratio	12.86%	12.23%
	<hr/> <hr/>	<hr/> <hr/>
Total Tier 1 capital ratio	16.03%	15.67%
	<hr/> <hr/>	<hr/> <hr/>
Total capital ratio	17.17%	16.80%
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)****39 Dividends**

During 2024, cash dividend of 71.46% of the paid-up capital relating to year ended 31 December 2023 amounting to AED 2,595,469 thousand was paid after the approval by the shareholders at the Annual General Assembly held on 29 February 2024.

During 2023, cash dividend of 49.0% of the paid-up capital relating to year ended 31 December 2022 amounting to AED 1,779,312 thousand was paid after the approval by the shareholders at the Annual General Assembly held on 6 March 2023.

40 Fair value of financial instruments**Fair value measurement recognized in the consolidated statement of financial position**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs – Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as Shari'a compliant alternatives of derivatives and forwards which are valued using market standard pricing techniques and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation techniques using significant unobservable inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

40 Fair value of financial instruments (continued)

Financial instruments under this category mainly include sukuk, private equity instruments and funds measured at FVTPL. The carrying values of these investments are adjusted as follows:

- a) Sukuk – using latest available net book value; and
- b) Private equity instruments and Funds – based on the net asset value assessed internally.

Investment properties are classified as Level 3 as their valuation incorporates significant unobservable inputs. The fair value of the properties has been determined either based on transactions observable in the market or valuation models.

The valuation methodologies considered by valuers include:

- a) Comparison method: This method derives the value by analyzing recent sales transactions of similar properties in a similar location.
- b) Investment method: This method derives the value by converting the future cash flow to a single current capital value.

Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)

40 Fair value of financial instruments (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<i>30 June 2024 - unaudited</i>				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Quoted investments	26,297	-	-	26,297
Sukuk	1,926,104	-	-	1,926,104
	<u>1,952,401</u>	<u>-</u>	<u>-</u>	<u>1,952,401</u>
Unquoted sukuk	-	-	307,182	307,182
	<u>1,952,401</u>	<u>-</u>	<u>307,182</u>	<u>2,259,583</u>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	27,070	-	-	27,070
Sukuk	3,029,718	-	-	3,029,718
	<u>3,056,788</u>	<u>-</u>	<u>-</u>	<u>3,056,788</u>
<i>Unquoted investments</i>				
Sukuk	-	-	67,686	67,686
Funds	-	-	133,066	133,066
Private equities	-	-	105,158	105,158
	<u>-</u>	<u>-</u>	<u>305,910</u>	<u>305,910</u>
	<u>3,056,788</u>	<u>-</u>	<u>305,910</u>	<u>3,362,698</u>
	<u>5,009,189</u>	<u>-</u>	<u>613,092</u>	<u>5,622,281</u>
Shari'a compliant alternatives of swap (note 24)	-	10,947	-	10,947
Assets for which fair values are disclosed:				
Investment properties	-	-	1,548,325	1,548,325
Investment carried at amortised cost - Sukuk	20,834,787	-	-	20,834,787
Assets acquired in satisfaction of claims	-	130,588	-	130,588

Notes to the condensed consolidated interim financial statements
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40 Fair value of financial instruments (continued)

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<i>31 December 2023 - audited</i>				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Quoted investments	33,956	-	-	33,956
Sukuk	1,982,758	-	-	1,982,758
	<hr/>	<hr/>	<hr/>	<hr/>
	2,016,714	-	-	2,016,714
	<hr/>	<hr/>	<hr/>	<hr/>
Unquoted sukuk	-	-	307,182	307,182
	<hr/>	<hr/>	<hr/>	<hr/>
	2,016,714	-	307,182	2,323,896
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	27,063	-	-	27,063
Sukuk	3,119,326	-	-	3,119,326
	<hr/>	<hr/>	<hr/>	<hr/>
	3,146,389	-	-	3,146,389
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Unquoted investments</i>				
Sukuk	-	-	67,726	67,726
Funds	-	-	27,581	27,581
Private equities	-	-	110,787	110,787
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	206,094	206,094
	<hr/>	<hr/>	<hr/>	<hr/>
	3,146,389	-	206,094	3,352,483
	<hr/>	<hr/>	<hr/>	<hr/>
	5,163,103	-	513,276	5,676,379
	<hr/>	<hr/>	<hr/>	<hr/>
Shari'a compliant alternatives of swap (note 24)	-	6,415	-	6,415
	<hr/>	<hr/>	<hr/>	<hr/>
Assets for which fair values are disclosed:				
Investment properties	-	-	1,550,816	1,550,816
	<hr/>	<hr/>	<hr/>	<hr/>
Investment carried at amortised cost - Sukuk	18,138,506	-	-	18,138,506
	<hr/>	<hr/>	<hr/>	<hr/>
Assets acquired in satisfaction of claims	-	138,047	-	138,047
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the condensed consolidated interim financial statements
30 June 2024 (Unaudited)**

40 Fair value of financial instruments (continued)

There were no transfers between level 1, 2 and 3 during the period (2023: Nil).

A significant part of the investments classified under Level 3 are valued using inputs from investment managers and in the opinion of the management it is not practical to disclose the sensitivity of inputs to the valuation techniques used.

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

	30 June 2024 AED '000	31 December 2023 AED '000 (audited)
At the beginning of the period	206,094	203,963
Additions	106,105	-
Gain recorded in equity	9,599	2,929
Foreign currency translation	(15,888)	(798)
	<hr/>	<hr/>
At the end of the period	305,910	206,094
	<hr/> <hr/>	<hr/> <hr/>

41 Seasonality of results

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