Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2023

Emirates Investment Bank P.J.S.C.

Review report and condensed consolidated interim financial information for the six month period ended 30 June 2023

Contents	**Pages**

Review report on the condensed consolidated interim financial information to the Board of Directors of Emirates Investment Bank P.J.S.C

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates Investment Bank P.J.S.C. (the "Bank") and its subsidiary (together referred to as the "Group") as at 30 June 2023 and the related condensed consolidated interim statements of profit and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of cash flows and changes in equity for the six-month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers Limited Partnership Dubai Branch
8 August 2023

Murad Alnsour
Registered Auditor Number: 1301
Place: Dubai, United Arab Emirates

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
ASSETS			
Cash and balances with Central Bank of the UAE		1,313,960	402,248
Due from banks, net	3	893,176	912,420
Loans and advances, net	4	494,398	990,998
Investments, net	5	1,726,384	1,538,584
Other assets		42,902	37,904
Property and equipment		3,365	2,505
Intangible assets		1,045	1,246
TOTAL ASSETS		4,475,230	3,885,905
LIABILITIES AND EQUITY			
LIABILITIES			
Customer deposits		3,238,533	3,379,162
Other liabilities		96,911	79,829
TOTAL LIABILITIES		3,335,444	3,458,991
EQUITY			
Share capital	7	1,000,000	70,000
Legal reserve		35,000	35,000
Special reserve	7	-	44,251
Credit impairment reserve		24,411	21,844
Cumulative changes in fair value		(10,743)	(20,281)
Retained earnings	7	90,890	275,872
Equity attributable to equity holders of the parent		1,139,558	426,686
Non-controlling interests		228	228
TOTAL EQUITY		1,139,786	426,914
TOTAL LIABILITIES AND EQUITY		4,475,230	3,885,905

The condensed consolidated interim financial information was approved by the Board of Directors on 8 August 2023 and signed on its behalf by:

Omar Abdullah Al Futtaim (Chairman)	Edward Quinlan (Director)	Gaurav Shah (Chief Executive Officer)

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six month period ended 30 June 2023 (Unaudited)

		Three month ended 30 June		*Six month ended 30 June*	
	Notes	***2023 AED'000***	*2022 AED'000*	***2023 AED'000***	*2022 AED'000*
Interest income	8	**26,175**	10,276	**48,881**	19,058
Net income from investments	9	**13,008**	14,921	**23,044**	25,961
		39,183	25,197	**71,925**	45,019
Interest expense		**(13,727)**	(7,759)	**(27,435)**	(15,261)
INTEREST AND INVESTMENT INCOME, NET		**25,456**	17,438	**44,490**	29,758
Fee, commission and other income		**7,195**	5,926	**14,442**	11,598
Exchange gain, net		**6,738**	954	**9,653**	1,448
OPERATING INCOME		**39,389**	24,318	**68,585**	42,804
General and administrative expenses		**(20,047)**	(15,033)	**(37,854)**	(29,864)
Net impairment reversal/(loss) on financial assets	6.1	**1,228**	(6,043)	**23,878**	(53,331)
OPERATING EXPENSES		**(18,819)**	(21,076)	**(13,976)**	(83,195)
PROFIT/(LOSS) FOR THE PERIOD		**20,570**	3,242	**54,609**	(40,391)
Attributable to:					
Equity holders of the parent		**20,570**	3,242	**54,609**	(40,391)
Non-controlling interests		**-**	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		**20,570**	3,242	**54,609**	(40,391)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (in AED)	10	**3.56**	0.89	**11.59**	(11.05)

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

	Three month ended 30 June		Six month ended 30 June	
	2023	*2022*	***2023***	*2022*
	AED'000	*AED'000*	***AED'000***	*AED'000*
PROFIT/(LOSS) FOR THE PERIOD	**20,570**	3,242	**54,609**	(40,391)
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss				
Changes in the fair value of equity instruments at fair value through other comprehensive income	**1,290**	687	**5,068**	11,452
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of debt instruments at fair value through other comprehensive income	**837**	(20,977)	**4,470**	(40,603)
Other comprehensive income/(loss) for the period	**2,127**	(20,290)	**9,538**	(29,151)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**22,697**	(17,048)	**64,147**	(69,542)
Attributable to:				
Equity holders of the parent	**22,697**	(17,048)	**64,147**	(69,542)
Non-controlling interests	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**22,697**	(17,048)	**64,147**	(69,542)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2023 (Unaudited)

	Notes	*Six-month period ended 30 June* 2023 AED'000	2022 AED'000
OPERATING ACTIVITIES			
Profit/(loss) for the period		**54,609**	(40,391)
Adjustments for:			
Depreciation on property and equipment		**433**	515
Amortization of intangible assets		**201**	63
Depreciation on right-of-use assets		**1,755**	1,755
Net impairment (reversal)/loss on financial assets	6.1	**(23,878)**	53,331
Operating profit before changes in operating assets and liabilities		**33,120**	15,273
Change in Central Bank of the UAE statutory deposits		**(117,801)**	(72,282)
Change in loans and advances, net		**496,799**	49,990
Change in investments, net		**(154,461)**	(243,120)
Change in other assets		**(6,753)**	690
Change in due to bank		**-**	(284,967)
Change in customers' deposits		**(140,629)**	493,798
Change in other liabilities		**17,082**	(2,305)
Net cash generated from/(used in) operating activities		**127,357**	(42,923)
INVESTING ACTIVITY			
Purchase of property and equipment		**(1,293)**	(596)
Net cash used in investing activity		**(1,293)**	(596)
FINANCING ACTIVITIES			
Proceeds from rights issue		**650,000**	-
Right shares issuance cost		**(1,275)**	-
Net cash generated from financing activities		**648,725**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**774,789**	(43,519)
Cash and cash equivalents at 1 January		**1,107,653**	521,940
CASH AND CASH EQUIVALENTS AT 30 JUNE		**1,882,442**	478,421
Cash and cash equivalents comprise the following amounts in the condensed consolidated interim statement of financial position with original maturities of three months or less:			
Cash and balances with the Central Bank of the UAE (excluding statutory deposits)		**1,082,313**	180,416
Due from banks	3	**800,129**	298,005
		1,882,442	478,421
Operational cash flows from interest and dividends			
Interest paid		**60,598**	9,664
Interest received (including interest from investments)		**70,879**	39,660
Dividends received		**5,576**	5,839

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2023 (Unaudited)

	Share capital AED'000 (Unaudited)	*Legal reserve AED'000 (Unaudited)*	*Special reserve AED'000 (Unaudited)*	*Credit impairment reserve* AED'000 (Unaudited)*	*Cumulative changes in fair values AED'000 (Unaudited)*	*Retained earnings AED'000 (Unaudited)*	*Total AED'000 (Unaudited)*	*Non-controlling interests AED'000 (Unaudited)*	*Total AED'000 (Unaudited)*
At 1 January 2023	**70,000**	**35,000**	**44,251**	**21,844**	**(20,281)**	**275,872**	**426,686**	**228**	**426,914**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**54,609**	**54,609**	**-**	**54,609**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**9,538**	**-**	**9,538**	**-**	**9,538**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**9,538**	**54,609**	**64,147**	**-**	**64,147**
Transfer to credit impairment reserve	**-**	**-**	**-**	**2,567**	**-**	**(2,567)**	**-**	**-**	**-**
Issuance of bonus shares (note 7)	**280,000**	**-**	**(44,251)**	**-**	**-**	**(235,749)**	**-**	**-**	**-**
Issuance of right shares (note 7)	**650,000**	**-**	**-**	**-**	**-**	**-**	**650,000**	**-**	**650,000**
Cost on issuance of right shares	**-**	**-**	**-**	**-**	**-**	**(1,275)**	**(1,275)**	**-**	**(1,275)**
Balance at 30 June 2023	**1,000,000**	**35,000**	**-**	**24,411**	**(10,743)**	**90,890**	**1,139,558**	**228**	**1,139,786**

** In accordance with the requirements of Central Bank of the UAE ("CBUAE"), the excess of the credit impairment provisions calculated in accordance with CBUAE requirements over the ECL allowance calculated under IFRS 9 is transferred to 'credit impairment reserve' as an appropriation from retained earnings. This reserve is not available for payment of dividends.*

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the six month period ended 30 June 2023 (Unaudited)

	Share capital AED'000 (Unaudited)	*Legal reserve AED'000 (Unaudited)*	*Special reserve AED'000 (Unaudited)*	*Credit impairment reserve* AED'000 (Unaudited)*	*Cumulative changes in fair values AED'000 (Unaudited)*	*Retained earnings AED'000 (Unaudited)*	*Total AED'000 (Unaudited)*	*Non-controlling interests AED'000 (Unaudited)*	*Total AED'000 (Unaudited)*
At 1 January 2022	70,000	35,000	44,251	13,412	10,241	307,977	480,881	228	481,109
Loss for the period	-	-	-	-	-	(40,391)	(40,391)	-	(40,391)
Other comprehensive loss for the period	-	-	-	-	(29,151)	-	(29,151)	-	(29,151)
Total comprehensive loss for the period	-	-	-	-	(29,151)	(40,391)	(69,542)	-	(69,542)
Transfer to credit impairment reserve	-	-	-	5,637	-	(5,637)	-	-	-
Balance at 30 June 2022	70,000	35,000	44,251	19,049	(18,910)	261,949	411,339	228	411,567

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

1 GENERAL INFORMATION

Emirates Investment Bank P.J.S.C. (the "Bank") was incorporated on 17 February 1976 in Dubai, United Arab Emirates by a decree of HH The Ruler of Dubai. In 1999, the Bank was registered under the UAE Commercial Companies Law No. (8) Of 1984 (as amended) as a Public Joint Stock Company. UAE Federal Law No. 32 of 2021 ("Company law") on Commercial Companies came into effect from 2 January 2022, replacing the existing Federal Law No. 2 of 2015 and the Bank has complied with the requirements of the law.

The Bank is engaged in the business of investment advisory and wealth management. The address of the Bank's registered office is P. O. Box 5503, Dubai, United Arab Emirates.

The condensed consolidated interim financial information for the six month period ended 30 June 2023 comprise the financial information of the Bank and its subsidiary (together referred to as the "Group").

The Bank is a subsidiary of Al Futtaim Private Company LLC which holds 83.25% (2022: 52.85%) of the shares in the Bank (refer note 7).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated interim financial information of the Group is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting,* issued by the International Accounting Standards Board ('IASB') and comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

In addition, results for the six month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in the preparation of annual audited consolidated financial statements for the year ended 31 December 2022, unless otherwise stated.

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes

On December 9, 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

For the Group, CT will apply on and from 1 January 2024. A rate of 9% will apply to taxable income exceeding AED 375,000. Management acknowledges that number of regulations with regards to the application of tax legislation are published and as such management will continue to monitor developments in order to assess the impact of corporate tax including any deferred tax implications on the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

This condensed consolidated interim financial information incorporates the financial information of the Bank and its subsidiary as at 30 June 2023. Control is achieved where the Bank has the power over 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 the amount of the investor's returns.

The condensed consolidated interim financial information comprises the financial information of the Bank and of its subsidiary. The financial information of the subsidiary is prepared for the same reporting period as that of the Bank, using consistent accounting policies.

The following subsidiary in which the Bank exercises control is consolidated in this interim condensed consolidated financial information:

Name of subsidiary	*Country*	*% Holding*		*Principal activities*
		30 June 2023	31 December 2022	
EIB Investment Co. LLC*	U.A.E	24%	24%	Investment in commercial, industrial and agricultural enterprises and their respective management.

* The Bank has the ability to exercise control over EIB Investment Co. LLC (the entity) as it has rights to variable returns and has the ability to affect the returns. As the Bank has control over the entity, it has been consolidated in this condensed consolidated interim financial information.

2.3 Significant management judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements for the year ended 31 December 2022.

2.4 New and revised IFRS applied on the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8- The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction- These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences.

Amendment to IAS 12 - International tax reform - pillar two model rules- These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Group has not yet early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback- These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendment to IAS 1 – Non current liabilities with covenants - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements - These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

3 DUE FROM BANKS, NET

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Domestic	**551,934**	376,154
Regional	**48,709**	127,381
International	**292,768**	408,998
	893,411	912,533
Less: allowance for impairment (note 6)	**(235)**	(113)
	893,176	912,420

4 LOANS AND ADVANCES, NET

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Gross loans and advances	**523,026**	1,019,058
Less: allowance for impairment (note 6)	**(23,242)**	(23,441)
Less: interest and fees in suspense	**(5,386)**	(4,619)
Loans and advances, net	**494,398**	990,998

4 LOANS AND ADVANCES, NET (continued)

Management considers that the carrying amounts of loans and advances approximate their fair values as these are substantially short term in nature and carry market rates of interest.

5 INVESTMENTS, NET

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Investment at fair value through profit or loss		
Debt instruments		
Quoted	**-**	5,041
Equity instruments		
Quoted	**26,286**	26,311
Unquoted	**73,510**	75,795
	99,796	102,106
Total investments measured at fair value through profit or loss	**99,796**	107,147
Investments at fair value through other comprehensive income		
Debt instruments		
Quoted	**1,130,680**	837,364
Equity instruments		
Quoted	**73,397**	68,230
Unquoted	**6,352**	6,352
	79,749	74,582
Total investments measured at fair value through other comprehensive income	**1,210,429**	911,946
Investments at amortised cost		
Debt instruments		
Quoted	**450,385**	576,422
Total investments measured at amortised cost	**450,385**	576,422
Gross investments	**1,760,610**	1,595,515
Less: allowance for impairment (note 6)	**(34,226)**	(56,931)
Investments, net	**1,726,384**	1,538,584

The Group has not purchased equity shares during the six months period ended 30 June 2023 (six months period ended 30 June 2022: purchased equity shares amounting to AED 794 thousand).

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

5 INVESTMENTS, NET (continued)

As at 30 June 2023, the Group held the following investments measured as follows:

			Investments carried at fair value		***Investments carried at amortized cost***
	AED'000 (Unaudited)	***Level 1 AED'000 (Unaudited)***	***Level 2 AED'000 (Unaudited)***	***Level 3* AED'000 (Unaudited)***	***AED'000 (Unaudited)***
Debt instruments:					
Domestic	**179,448**	**82,533**	**-**	**-**	**96,915**
Regional	**158,932**	**100,125**	**-**	**-**	**58,807**
International	**1,242,685**	**948,022**	**-**	**-**	**294,663**
Equity instruments:					
Domestic	**79,202**	**40,705**	**-**	**38,497**	**-**
Regional	**525**	**525**	**-**	**-**	**-**
International	**99,818**	**26,286**	**73,532**	**-**	**-**
Gross investments	**1,760,610**	**1,198,196**	**73,532**	**38,497**	**450,385**
Less: allowance for impairment (note 6)	**(34,226)**				
Investments, net	**1,726,384**				

The fair value of debt investments carried at amortised cost as at 30 June 2023 amounted to AED 397,067 thousand (31 December 2022: AED 493,859 thousand) and these investments would be classified as level 1 within the fair value hierarchy. During the six month period ended 30 June 2023, the Group reviewed its portfolio in certain geographies owing to increased credit risk based on heightened geo-political uncertainties and sold certain investments measured at amortised cost amounting to AED 65,649 thousand (30 June 2022: Nil) and recognized a loss of AED 6,418 thousand (30 June 2022: Nil). These disposals were part of credit risk management activities of the Bank that were aimed at minimising potential credit losses due to further credit deterioration.

* Key inputs used in the valuation techniques for these investments are comparable sales transaction with appropriate haircut, Discounted cash flows (DCF) which included significant unobservable inputs of - hair cut for comparable transactions and interest rate and in term of relationship of unobservable inputs to fair value, any changes in comparable sale transaction and interest rate change in DCF will directly impact the fair value.

As at 31 December 2022, the Group held the following investments measured as follows:

			Investments carried at fair value		*Investments carried at amortized cost*
	31 December 2022 AED'000 (Audited)	*Level 1 AED'000 (Audited)*	*Level 2 AED'000 (Audited)*	*Level 3* AED'000 (Audited)*	*AED'000 (Audited)*
Debt instruments:					
Domestic	175,612	70,816	-	-	104,796
Regional	167,696	95,234	-	-	72,462
International	1,075,519	676,355	-	-	399,164
Equity instruments:					
Domestic	74,029	39,658	-	34,371	-
Regional	532	532	-	-	-
International	102,127	26,311	75,816	-	-
Gross investments	1,595,515	908,906	75,816	34,371	576,422
Less: allowance for impairment (note 6)	(56,931)				
Investments, net	1,538,584				

5 INVESTMENTS, NET (continued)

The following table shows a reconciliation of the opening and closing amounts of level 3 investments recorded at fair value:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
At the beginning of the period/year	**34,371**	22,467
Net unrealised gain recognised in other comprehensive income	**4,126**	11,904
At the end of the period/year	**38,497**	34,371

The Group has assessed the sensitivity of the fair value measurement of investments under level 3 due to changes in inputs used. Based on the assessment, no major changes in the fair value of investments within level 3 are noted as at 30 June 2023. Such an assessment is performed on a quarterly basis by reviewing the changes in unobservable inputs which might result in higher or lower fair value measurement.

6 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Movement in allowances for impairment losses

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Due from banks		
At 1 January	**113**	508
Charge/(reversal) for the period/year	**122**	(395)
	235	113
Loans and advances		
At 1 January	**23,441**	23,970
(Reversal)/charge for the period/year	**(199)**	18
Loans and advances written off	**-**	(547)
	23,242	23,441
Investments		
At 1 January	**56,931**	8,895
(Reversal)/charge for the period/year	**(22,705)**	48,036
	34,226	56,931

6 ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

Expected credit losses

The analysis of expected credit losses by stage for loans and advances, investment in debt instruments measured at amortised cost and due from banks is as follows:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Expected credit losses- Lifetime ECL (Stage 3)	**54,866**	75,589
Expected credit losses- 12-months ECL (Stage 1)	**2,813**	3,214
Expected credit losses- Lifetime ECL (Stage 2)	**24**	1,682
Expected credit losses (Stage 1 and 2)	**2,837**	4,896
Total expected credit losses	**57,703**	80,485

6.1 Net impairment reversal/(loss) on financial assets

	Three month ended 30 June		*Six month ended 30 June*	
	2023 AED'000 (Unaudited)	*2022 AED'000 (Unaudited)*	***2023 AED'000 (Unaudited)***	*2022 AED'000 (Unaudited)*
Impairment reversal/(loss) on investments measured at amortized cost	**180**	(5,786)	**22,705**	(47,777)
Impairment reversal/(loss) on investments measured at FVOCI	**974**	(32)	**1,096**	(5,440)
Impairment reversal on loans and advances	**186**	135	**199**	115
Impairment loss on due from banks	**(112)**	(360)	**(122)**	(229)
	1,228	(6,043)	**23,878**	(53,331)

7 SHARE CAPITAL AND RESERVES

The Central Bank of the UAE issued a regulation by Circular No. 23/2022 date 6 April 2022, mandating all investment banks and wholesale banks to convert their existing license to a Restricted Bank License (the "Regulation") with, among other requirements, the obligation to maintain a minimum issued and paid-up share capital of AED 1,000 million.

To comply with the Regulation, the Bank filed an application to the Central Bank on 23 June 2022 for a license as a Restricted Licensed Bank, supported by a business plan detailing the proposed scope of activities and the capital increase plan to take place in two stages as follows:

Stage 1: Distribute the Bank's distributable reserves (including retained earnings) amounting AED 280 million as bonus shares by issuing 2,800,000 new bonus shares at a nominal value to AED 100 per share to the existing shareholders of the Bank (the "Distribution").

Stage 2: Raise additional capital amounting to AED 650 million by way of a rights issue ("Rights Issue"), issuing 6,500,000 new shares at a nominal value of AED 100 per share. Upon completion of the Rights Issue, the Bank will have an issued share capital of AED 1,000 million divided into 10,000,000 shares with a nominal value of AED 100 per share.

7 SHARE CAPITAL AND RESERVES (continued)

At the General Assembly held on 27 December 2022, the shareholders of the Bank approved to distribute the Bank's distributable reserves (Special reserve amounting to AED 44,251 thousand and retained earnings amounting to AED 235,749 thousand) amounting AED 280 million as bonus shares by issuing 2,800,000 new shares at a nominal value of AED 100 per share to the existing shareholders of the Bank, subject to regulatory approval.

Further, at General Assembly held on 24 March 2023, the shareholders of the Bank approved by way of special resolution to increase the Bank's issued share capital up to an amount not exceeding AED 1,000 million by way of right issue in an amount of up to AED 650 million issuing 6,500,000 new shares at a nominal value of AED 100 per share. The Bank completed the process of issuing 6,500,000 new shares for AED 650 million.

During the period ended 30 June 2023, the Bank received the relevant regulatory approval and the share capital of the Bank was increased to AED 1,000 million.

At 30 June 2023, the issued and fully paid share capital of the Bank comprises 10,000,000 ordinary shares of AED 100 each (31 December 2022: 700,000 ordinary shares of AED 100 each).

8 INTEREST INCOME

	Three month ended 30 June		*Six month ended 30 June*	
	2023	*2022*	***2023***	*2022*
	AED'000 (Unaudited)	*AED'000 (Unaudited)*	***AED'000 (Unaudited)***	*AED'000 (Unaudited)*
Loans and advances	**11,070**	9,726	**24,639**	18,412
Bank placements	**15,105**	550	**24,242**	646
	26,175	10,276	**48,881**	19,058

9 NET INCOME FROM INVESTMENTS

	Three month ended 30 June		*Six month ended 30 June*	
	2023	*2022*	***2023***	*2022*
	AED'000 (Unaudited)	*AED'000 (Unaudited)*	***AED'000 (Unaudited)***	*AED'000 (Unaudited)*
Interest income on investments in debt instruments	**13,829**	11,302	**27,280**	22,138
Dividend income	**2,400**	4,023	**5,576**	5,839
Net realised loss on investments measured at amortised cost and FVOCI	**(1,665)**	380	**(7,784)**	345
Net loss from investments measured as fair value through profit or loss	**(1,431)**	(521)	**(1,770)**	(1,922)
Portfolio management fees paid to other financial institutions	**(125)**	(263)	**(258)**	(439)
	13,008	14,921	**23,044**	25,961

10 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Basic earning per share of AED 11.59 (30 June 2022: Basic loss per share of AED 11.05) is calculated by dividing the profit attributable to the equity holders of the parent of AED 54,609 thousand for the six month period ended 30 June 2023 (30 June 2022: loss of AED 40,391 thousand) by the weighted average number of shares outstanding during the period of 4,712,868 (30 June 2022: 3,655,442). In accordance with IAS 33 "Earnings Per Share", the impact of bonus shares and right shares issued have been considered retrospectively while computing the weighted average number of ordinary shares during all periods presented.

The figure for basic and diluted earnings per share is the same as the Group has not issued any instruments which would have an impact on earnings per share.

11 SEGMENTAL ANALYSIS

For operating purposes, the Group is organised into two major business segments: (a) Investments, which is principally involved in managing the Group's own investment portfolio and provides treasury services; and (b) Banking Services, which principally manages clients' investment portfolios, provides credit facilities, accepts deposits from corporate and individual customers. These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds and an equitable allocation of expenses and the Group operations are primarily within the UAE.

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

	Investments		***Banking Services***		***Total***	
	Six month ended 30 June		***Six month ended 30 June***		***Six month ended 30 June***	
	2023 AED'000 (Unaudited)	*2022 AED'000 (Unaudited)*	***2023 AED'000 (Unaudited)***	*2022 AED'000 (Unaudited)*	***2023 AED'000 (Unaudited)***	*2022 AED'000 (Unaudited)*
Revenue *	**72,699**	(24,832)	**47,199**	29,566	**119,898**	4,734
Expenses	**(65,538)**	(15,198)	**249**	(29,927)	**(65,289)**	(45,125)
Profit/(loss) for the period	**7,161**	(40,030)	**47,448**	(361)	**54,609**	(40,391)

* Revenue comprises of interest income, net income from investments, fee commission and other income and exchange gain/ (loss) less net impairment loss/(reversal) on financial assets.

	Investments		***Banking Services***		***Total***	
	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*	***30 June 2023 AED'000 (Unaudited)***	*31 December 2022 AED'000 (Audited)*	***30 June 2023 AED'000 (Unaudited)***	*31 December 2022 AED'000 (Audited)*
Segment assets	**3,955,290**	2,870,694	**519,940**	1,015,211	**4,475,230**	3,885,905
Segment liabilities and equity	**965,082**	288,497	**3,510,148**	3,597,408	**4,475,230**	3,885,905

12 COMMITMENTS AND CONTINGENT LIABILITIES

Credit-related commitments and contingent liabilities

Credit-related commitments include commitments to extend credit, guarantees and acceptances which are designed to meet the requirements of the Group's customers.

Guarantees and acceptances commit the Group to make payments on behalf of customers, contingent upon the failure of the customers to perform under the terms of the contract.

The Group has the following credit related contingent liabilities and commitments:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Guarantees	**6,337**	6,776
Unutilised committed credit facilities*	**63,928**	59,814
	70,265	66,590

The Group has commitments of AED 21,840 thousand on account of investment in equity instruments (31 December 2022: AED 21,645 thousand).

* Unutilized committed credit facilities represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. As commitments may expire without being drawn down and since conditions precedent to draw down have to be fulfilled, the total contract amounts do not necessarily represent exact future cash requirements.

The Group is a defendant in respect of a secured facility granted to a client. The Dubai court of cassation has issued a final judgment upholding the judgment of the Dubai court of appeal that was against the Group. The Group had earlier obtained a final judgment in its favour against the same client by the Federal Supreme Court in Abu Dhabi and this judgment is in execution stage. Accordingly, the Group (i) has filed an application with the Dubai Courts to offset the execution amount of the Dubai judgment against the execution amount of the first judgment in Abu Dhabi (awaiting the court ruling); (ii) has filed a petition with the Federal Supreme Court in Abu Dhabi (under the Federal Supreme Court Law No. 33 of 2022) to rule on which final judgment is the executable one, and to order a stay of execution of the two conflicting judgments until a decision is made on the request (awaiting the court ruling); and (iii) has obtained a decision of the execution court of Abu Dhabi that any amounts received in Dubai in execution of the Dubai courts decisions must be transferred to the execution court of Abu Dhabi to offset the amounts owed by the client.

The Group has performed an assessment and has concluded that it has no legal obligation to the client in respect of this matter. Accordingly, no provision has been maintained by the Group as at 30 June 2023.

The Group, on a continuous basis, identifies and assesses such risks and recognizes provisions, in accordance with the accounting policy for provisions as disclosed in these annual consolidated financial statements.

13 RELATED PARTY TRANSACTIONS

The Group enters into transactions in the ordinary course of business with related parties, defined as major shareholders, directors, key management personnel and their related companies. Transactions with such related parties are done on an arm's length basis, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties. Pricing policies and terms of related parties' transactions are approved by the Group's management and the Board of Directors where appropriate.

13 RELATED PARTY TRANSACTIONS (continued)

The significant balances outstanding in respect of related parties included in the condensed consolidated interim financial information are as follows:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Balances with shareholders and their related companies:		
Customers' deposits	**186,584**	1,132,500
Loans and advances	**-**	422,000
Other liabilities	**1,958**	38,731
Other assets	**689**	1,305
Commitments and contingencies	**2,585**	3,024

The income and expenses in respect of related parties included in the condensed consolidated interim financial information are as follows:

	Three month ended 30 June		*Six month ended 30 June*	
	2023 AED'000 (Unaudited)	*2022 AED'000 (Unaudited)*	***2023 AED'000 (Unaudited)***	*2022 AED'000 (Unaudited)*
Shareholders and their group companies:				
Interest income	**-**	3,734	**2,339**	7,427
Interest expense	**(4,440)**	(5,118)	**(9,782)**	(10,221)
Fee, commission and other income	**1,030**	1,164	**2,077**	2,268
General and administrative expenses	**(1,678)**	(1,725)	**(3,352)**	(3,414)

Outstanding balances at the period end arise in the normal course of business. For the period ended 30 June 2023, the Group has not recorded any impairment on amounts owed by related parties (31 December 2022: Nil).

	Three month ended 30 June		*Six month ended 30 June*	
	2023 AED'000 (Unaudited)	*2022 AED'000 (Unaudited)*	***2023 AED'000 (Unaudited)***	*2022 AED'000 (Unaudited)*
Salaries and other benefits to key management personnel	**3,599**	3,430	**7,176**	6,863

14 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business, the Group enters into transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. The purpose of derivative financial instruments in the Group's business is to mitigate the risks arising from default, currency and interest fluctuations and other market variables. The Group uses forward foreign exchange contracts and options to mitigate the currency risk on certain investments.

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with the notional amounts. The notional amount, recorded gross is the amount of a derivative's underlying asset, 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 the period end and are neither indicative of the market risk nor credit risk.

14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

30 June 2023

				Notional amount by term to maturity
	Positive fair value AED'000	***Negative fair value AED'000***	***Notional amount AED'000***	***Less than 1 year AED'000***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
Derivatives:				
Foreign exchange contracts	**-**	**46**	**60,218**	**60,218**

There were no derivative instruments held by the Group as of 31 December 2022.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have an impact on the profit or loss of the Group. The Group's exposure under derivative contracts is closely monitored as part of the overall management of the Group's market risk.

Derivative product type
Forwards
Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are recognized contracts transacted in over-the-counter markets.

Options
Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified year.

Swaps
Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments in a single currency without exchanging principal.

Derivative related credit risk
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 favorable to the Group. With gross–settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honors its obligation, but the counterparty fails to deliver the counter value.

Changes in counterparty credit risk have no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

15 RISK MANAGEMENT

Credit risk
Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk arises from lending, trade finance, treasury and other activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated lending authorities, policies and procedures. The management of credit risk also involves the monitoring of risk concentrations by industrial sector as well as by geographic location.

Impact of current economic and geopolitical situation on credit risk
On 24 February 2022, the military conflict between Russia and Ukraine started. As a result, a number of countries have and continue to impose new sanctions against Russian government entities, state-owned enterprises and certain specified entities and individuals linked to Russia anywhere in the world. The situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources directly impacted entities that have significant operations or exposures in, or with Russia and Ukraine. The situation is fluid and may also have significant consequences for other entities that could be exposed to fluctuations in commodity prices and foreign exchange rates, as well as the possibility of a protracted economic downturn.

As of 30 June 2023, the Group's investment in Russian bonds (before provision for ECL) was as below:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Investments at amortised cost	**9,304**	30,027
Investments at fair value through other comprehensive income	**5,485**	5,485
	14,789	35,512

Detailed portfolio reviews are conducted on an ongoing basis and the Group is applying increased scrutiny when onboarding clients in sensitive industries and is ensuring compliance with sanctions requirements. The Group continues to monitor the current Russia–Ukraine geopolitical situation and its impact on the economy and will mitigate its exposures and risks as appropriate.

Impact of current economic and geopolitical situation on measurement of ECL
IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilizes a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes.

The Group has reviewed the potential impact of economic and geopolitical unrest outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. In light of the current economic situation and ongoing sanctions, the Group has utilized stressed / punitive credit ratings and haircuts on securities, where relevant, within the ECL framework, thereby ensuring a pragmatic view and sufficient coverage from a provision standpoint. The Group is monitoring the day-to-day situation of the crisis and is actively managing down any direct exposure.

In respect of the loans and advances portfolio, the Group is conducting frequent reviews of the Loan to Value ("LTV") ratios on the collateral held against loans given to customers. Accordingly, all staging and grouping decisions are subject to regular review to ensure these reflect an accurate view of the Group's assessment of the customers' creditworthiness, staging and grouping as of the reporting date. The Group has reassessed its portfolio of Stage 1, Stage 2 and Stage 3 customers as at 30 June 2023.

For its investment portfolio, the Group has evaluated whether the investment portfolio has suffered a significant deterioration in credit quality. Based on ratings from external rating agencies and assessment of any increase in probability of default, the Group has assessed whether there has been a significant increase in credit risk for investments and whether these investments are credit impaired and assessed the impact on ECL as at 30 June 2023.

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Impact on measurement of ECL (continued)

Based on the assessment performed, the Group had transferred its investments in Russian bonds to stage 3. To reflect the credit impairment on these investments, the Group has recognised an ECL on these stage 3 instruments as below:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Investments at amortised cost	**9,304**	30,027
Investments at fair value through other comprehensive income	**5,485**	5,485
	14,789	35,512

During the period ended 30 June 2023, the Group has sold a Russian investment measured at amortised cost amounting to AED 20,723 thousand (2022: Nil) and recognized a loss of AED 4,835 thousand (2022: Nil). The Group has reversed the corresponding ECL on this investment amounting to AED 20,723 thousand.

Movement in gross carrying amount

The following table explains the changes in the gross carrying amount from 1 January 2023 to 30 June 2023 and 1 January 2022 to 31 December 2022:

	30 June 2023 (Unaudited)			
	Stage 1 12-month ECL AED'000	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Due from banks				
As at 1 January 2023	**912,533**	**-**	**-**	**912,533**
New financial assets originated	**446,547**	**-**	**-**	**446,547**
Repayment and other movements	**(465,669)**	**-**	**-**	**(465,669)**
As at 30 June 2023	**893,411**	**-**	**-**	**893,411**
Loans and advances				
As at 1 January 2023	**987,484**	**4,512**	**27,062**	**1,019,058**
New financial assets originated	**76,808**	**-**	**-**	**76,808**
Repayments and other movements	**(569,095)**	**(4,512)**	**767**	**(572,840)**
As at 30 June 2023	**495,197**	**-**	**27,829**	**523,026**
Investments – measured at amortised cost				
As at 1 January 2023	**506,148**	**17,128**	**53,146**	**576,422**
Repayment and other movements	**(91,859)**	**(13,455)**	**(20,723)**	**(126,037)**
As at 30 June 2023	**414,289**	**3,673**	**32,423**	**450,385**

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in gross carrying amount (continued)

	31 December 2022 (Audited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Due from banks				
As at 1 January 2022	271,654	-	-	271,654
New financial assets originated	662,520	-	-	662,520
Repayment and other movements	(21,641)	-	-	(21,641)
As at 31 December 2022	912,533	-	-	912,533
Loans and advances				
As at 1 January 2022	913,734	1,720	26,155	941,609
Transfers				
Transfer from Stage 1 to Stage 2	(4,434)	4,434	-	-
New financial assets originated	228,183	-	-	228,183
Repayment and other movements	(149,999)	(1,642)	907	(150,734)
As at 31 December 2022	987,484	4,512	27,062	1,019,058
Investments – measured at amortised cost				
As at 1 January 2022	620,969	63,590	1,660	686,219
Transfers				
Transfer from Stage 1 to Stage 3	(9,316)	-	9,316	-
Transfer from Stage 1 to Stage 2	(13,656)	13,656	-	-
Transfer from Stage 2 to Stage 1	11,978	(11,978)	-	-
Transfer from Stage 2 to Stage 3	-	(42,375)	42,375	-
Repayment and other movements	(103,827)	(5,765)	(205)	(109,797)
As at 31 December 2022	506,148	17,128	53,146	576,422

Movement in loss allowance

The following table explains the changes in the loss allowance from 1 January 2023 to 30 June 2023 and 1 January 2022 to 31 December 2022:

	30 June 2023 (Unaudited)			
	Stage 1 12-month ECL AED'000	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Due from banks				
As at 1 January 2023	**113**	**-**	**-**	**113**
New financial assets originated	**13**	**-**	**-**	**13**
Changes in PDs/LGDs/EADs	**109**	**-**	**-**	**109**
As at 30 June 2023	**235**	**-**	**-**	**235**

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance (continued)

	30 June 2023 (Unaudited)			
	Stage 1 12-month ECL AED'000	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loans and advances				
As at 1 January 2023	**975**	**24**	**22,443**	**23,442**
New financial assets originated	**151**	**-**	**-**	**151**
Changes in PDs/LGDs/EADs	**(327)**	**(24)**	**-**	**(351)**
As at 30 June 2023	**799**	**-**	**22,443**	**23,242**
Investments – measured at amortised cost				
As at 1 January 2023	**2,127**	**1,658**	**53,146**	**56,931**
Changes in PDs/LGDs/EADs	**(348)**	**(1,634)**	**(20,723)**	**(22,705)**
As at 30 June 2023	**1,779**	**24**	**32,423**	**34,226**

All guarantees issued by the Group are collateralised by cash and classified as stage 1 within the ECL model as at 30 June 2023 and 31 December 2022.

	31 December 2022 (Audited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Due from banks				
As at 1 January 2022	508	-	-	508
New financial assets originated	30	-	-	30
Changes in PDs/LGDs/EADs	(425)	-	-	(425)
As at 31 December 2022	113	-	-	113
Loans and advances				
As at 1 January 2022	972	9	22,989	23,970
Transfers				
Transfer from Stage 1 to Stage 2	(9)	9	-	-
New financial assets originated	310	-	-	310
Changes in PDs/LGDs/EADs	(298)	6	(546)	(838)
As at 31 December 2022	975	24	22,443	23,442
Investments – measured at amortised cost				
As at 1 January 2022	3,592	3,643	1,660	8,895
Transfers				
Transfer from Stage 1 to Stage 3	(2)	-	2	-
Transfer from Stage 1 to Stage 2	(23)	23	-	-
Transfer from Stage 2 to Stage 1	92	(92)	-	-
Transfer from Stage 2 to Stage 3	-	(3,387)	3,387	-
Changes in PDs/LGDs/EADs	(1,532)	1,471	48,097	48,036
As at 31 December 2022	2,127	1,658	53,146	56,931

15 RISK MANAGEMENT (continued)

Libor transition

The Group's transition program commenced in the previous year and was completed during the period ended 30 June 2023. The Group had established a project to manage the transition for any of its contracts that could be affected.

At 30 June 2023, there were no financial instruments which were referenced to significant IBORs (31 December 2022: Loans and advances amounting to AED 67,341 were exposed to USD LIBOR**).** All the Group's exposure at the period-end have been transitioned to RFRs.

Hedge accounting
As at 30 June 2023 and 31 December 2022 the Group did not hold any hedged instruments which reference USD LIBOR and have not yet transitioned to an alternative interest rate.

16 CAPITAL ADEQUACY

The Central Bank of UAE ('CBUAE') supervises the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision ('Basel Committee'), after applying the amendments advised by the CBUAE, within national discretion.

The capital adequacy ratio as per Basel III framework is given below:

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Common Equity Tier 1 capital		
Issued capital	**1,000,000**	70,000
Legal reserve	**35,000**	35,000
Special reserve	**-**	44,251
Retained earnings	**90,890**	275,873
Fair value reserve	**(30,240)**	(37,848)
Regulatory deductions	**(1,045)**	(1,580)
Total CET I capital	**1,094,605**	385,696
Tier II capital		
Eligible general provisions	**22,707**	22,283
Total tier II capital	**22,707**	22,283
Total eligible capital	**1,117,312**	407,979
Risk weighted exposure		
Credit risk	**1,816,594**	1,782,666
Market risk	**1,069**	8,416
Operational risk	**159,180**	159,180
Total	**1,976,843**	1,950,262

Capital Ratio	**Minimum capital requirement**		
Total capital ratio	13%	**56.52%**	20.92%
Tier I ratio	11%	**55.37%**	19.78%
CET I ratio	9.5%	**55.37%**	19.78%

17 FIDUCIARY ASSETS

	30 June 2023 AED'000 (Unaudited)	*31 December 2022 AED'000 (Audited)*
Balance of fiduciary assets	**3,585,945**	3,764,440

The Group provides custody services for its customers' assets. These assets are held by the Group in a fiduciary capacity and are, accordingly, not included in this condensed consolidated interim financial information as assets of the Group.

18 SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the six-month period ended 30 June 2023.