Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED FINANCIAL INFORMATION

For the six month period ended 30 June 2024

Emirates Investment Bank P.J.S.C.

Review report and interim condensed financial information for the six month period ended 30 June 2024

Contents **Pages**

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF EMIRATES INVESTMENT BANK P.J.S.C

Introduction

We have reviewed the accompanying interim condensed financial information of Emirates Investment Bank P.J.S.C (the "Bank") as at 30 June 2024 which comprise the interim condensed statement of financial position as at 30 June 2024 and the related interim condensed statement of profit or loss, interim condensed statement of other comprehensive income for the three-month and six-month period then ended, and interim condensed statement of changes in equity and interim condensed statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed 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 condensed 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 condensed financial information are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Other Matter

The interim condensed consolidated financial information of the Bank as of 30 June 2023 were reviewed by another auditor whose report dated 8 August 2023 expressed an unmodified conclusion on those interim condensed consolidated financial information. Also, the consolidated financial statements as of 31 December 2023, were audited by another auditor whose report dated 13 February 2024 expressed an unmodified opinion on those consolidated financial statements.

For Ernst & Young

Sanjay Khiara
Registration No: 5513

13 August 2024

Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	***30 June 2024 AED'000 (Unaudited)***	*31 December 2023 AED'000 (Audited)*
ASSETS			
Cash and balances with Central Bank of the UAE		**709,570**	1,065,963
Due from banks and financial institutions, net	3	**660,171**	653,549
Investments, net	4	**2,667,968**	2,294,006
Loans and advances, net	5	**892,163**	484,949
Investment in associate		**72**	72
Other assets		**47,564**	37,834
Property and equipment		**2,841**	3,190
Intangible assets		**656**	844
TOTAL ASSETS		**4,981,005**	4,540,407
LIABILITIES AND EQUITY			
LIABILITIES			
Customer deposits	7	**3,615,831**	3,195,712
Other liabilities		**79,310**	130,370
TOTAL LIABILITIES		**3,695,141**	3,326,082
EQUITY			
Share capital		**1,000,000**	1,000,000
Legal reserve		**45,754**	45,754
Credit impairment reserve		**27,254**	25,306
Cumulative changes in fair value		**21,596**	11,089
Retained earnings		**191,260**	132,176
TOTAL EQUITY		**1,285,864**	1,214,325
TOTAL LIABILITIES AND EQUITY		**4,981,005**	4,540,407

The interim condensed financial information was approved by the Board of Directors on 13 August 2024 and signed on its behalf by:

Edward B. Quinlan

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

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the six month period ended 30 June 2024 (Unaudited)

		Three month period ended 30 June (Unaudited)		*Six month period ended 30 June (Unaudited)*	
	Notes	***2024 AED'000***	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
Interest income	8	**32,036**	26,175	**62,800**	48,881
Net income from investments	9	**32,168**	13,008	**62,768**	23,044
		64,204	39,183	**125,568**	71,925
Interest expense		**(21,473)**	(13,727)	**(41,460)**	(27,435)
INTEREST AND INVESTMENT INCOME, NET		**42,731**	25,456	**84,108**	44,490
Fee, commission and other income		**9,710**	7,195	**19,522**	14,442
Exchange gain, net		**3,978**	6,738	**8,326**	9,653
OPERATING INCOME		**56,419**	39,389	**111,956**	68,585
General and administrative expenses		**(24,677)**	(20,047)	**(45,661)**	(37,854)
Net impairment (loss)/reversal on financial assets	6.1	**(74)**	1,228	**(413)**	23,878
OPERATING EXPENSES		**(24,751)**	(18,819)	**(46,074)**	(13,976)
PROFIT FOR THE PERIOD BEFORE TAX		**31,668**	20,570	**65,882**	54,609
Income tax expense		**(2,469)**	-	**(5,548)**	-
PROFIT FOR THE PERIOD		**29,199**	20,570	**60,334**	54,609
BASIC AND DILUTED EARNINGS PER SHARE (in AED)		**2.92**	3.56	**6.03**	11.59

The accompanying notes from pages 8 to 23 form an integral part of this interim condensed financial information.

INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six month period ended 30 June 2024 (Unaudited)

	Three month period ended 30 June (Unaudited)		*Six month period ended 30 June (Unaudited)*	
	2024 AED'000	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
PROFIT FOR THE PERIOD	**29,199**	20,570	**60,334**	54,609
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, net of tax	**(2,982)**	1,290	**11,210**	5,068
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	**(101)**	837	**(5)**	4,470
Other comprehensive (loss)/income for the period	**(3,083)**	2,127	**11,205**	9,538
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**26,116**	22,697	**71,539**	64,147

The accompanying notes from pages 8 to 23 form an integral part of this interim condensed financial information.

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2024 (Unaudited)

	Notes	Six-month period ended 30 June 2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before tax		**65,882**	54,609
Adjustments for:			
Depreciation on property and equipment		**399**	433
Amortization of intangible assets		**188**	201
Depreciation on right-of-use assets		**1,755**	1,755
Net impairment loss/(reversal) on financial assets	6.1	**413**	(23,878)
Operating profit before changes in operating assets and liabilities		**68,637**	33,120
Change in statutory reserve deposits with Central Bank of the UAE		**814,444**	(117,801)
Change in loans and advances, net		**(407,990)**	496,799
Change in investments, net		**(362,468)**	(154,461)
Change in other assets		**(11,485)**	(6,753)
Change in customer deposits		**420,119**	(140,629)
Change in other liabilities		**(56,608)**	17,082
Net cash generated from operating activities		**464,649**	127,357
INVESTING ACTIVITY			
Purchase of property and equipment		**(50)**	(1,293)
Net cash used in investing activity		**(50)**	(1,293)
FINANCING ACTIVITIES			
Proceeds from rights issue		**-**	650,000
Right shares issuance cost		**-**	(1,275)
Net cash generated from financing activities		**-**	648,725
NET INCREASE IN CASH AND CASH EQUIVALENTS		**464,599**	774,789
Cash and cash equivalents at 1 January		**648,831**	1,107,653
CASH AND CASH EQUIVALENTS AT 30 JUNE		**1,113,430**	1,882,442
Cash and cash equivalents comprise the following amounts in the condensed 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 reserve deposits)		**458,478**	1,082,313
Due from banks		**654,952**	800,129
		1,113,430	1,882,442
Operational cash flows from interest and dividends			
Interest paid		**(34,355)**	(60,598)
Interest received (including interest from investments)		**112,347**	70,879
Dividends received		**6,067**	5,576

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2024 (Unaudited)

	Share capital AED'000 (Unaudited)	*Legal 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)*
At 1 January 2024	**1,000,000**	**45,754**	**25,306**	**11,089**	**132,176**	**1,214,325**
Profit for the period	**-**	**-**	**-**	**-**	**60,334**	**60,334**
Other comprehensive income for the period	**-**	**-**	**-**	**11,205**	**-**	**11,205**
Total comprehensive income for the period	**-**	**-**	**-**	**11,205**	**60,334**	**71,539**
Transfer to credit impairment reserve	**-**	**-**	**1,948**	**-**	**(1,948)**	**-**
Gain on disposal of equity instruments at fair value through other comprehensive income	**-**	**-**	**-**	**(698)**	**698**	**-**
Balance at 30 June 2024	**1,000,000**	**45,754**	**27,254**	**21,596**	**191,260**	**1,285,864**

** 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.*

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)
For the six month period ended 30 June 2024 (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

The accompanying notes from pages 8 to 23 form an integral part of this interim condensed 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. The Bank is registered under the UAE Federal Law No. (32) of 2021 (the "Companies law") as a Public Joint Stock Company. During 2023, the Bank received a restricted banking license under the Restricted License Bank Regulation (Circular 23/2022), issued by the Central Bank of the UAE ("CBUAE").

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 Bank is a subsidiary of Al Futtaim Private Company LLC which holds 92.39% (31 December 2023: 92.39%) of the shares in the Bank.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial information of the Bank 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 interim condensed 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 Bank's annual consolidated financial statements for the year ended 31 December 2023.

In addition, results for the six month period 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 applied by the Bank in the preparation of the interim condensed financial information are consistent with those applied in the preparation of annual audited consolidated financial statements for the year ended 31 December 2023, unless otherwise stated.

Implementation of UAE Corporation Tax law and application of IAS 12 Income Taxes
On 9 December 2022, the 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. The Cabinet of Ministers Decision No. 116 of 2022 (effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

As the Bank's financial year ends on 31 December, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since no taxes were expected to be paid to or recovered from the tax authorities for the periods ended prior to 31 December 2023, no current tax was accounted for in the financial periods ended before 31 December 2023. Since the Bank is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the consolidated financial statements for the period beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law was 'substantively enacted' as at 31 December 2023 for the purposes of IAS 12, the Bank considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the financial periods ended post 1 June 2023. Based on an assessment conducted by the management, there were no temporary differences identified where any deferred tax should have been accounted for.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

The consolidated financial statements for the year ended 31 December 2023 comprise the financial information of the Bank and its subsidiary (together referred to as the “Group”).

During 2023, the Bank lost its rights to variable returns and the ability to affect the returns of its only subsidiary, EIB Investment Co. L.L.C” (the “Company”). Accordingly, the Bank no longer had control of the Company and accounted for as an investment in associate from 8 November 2023, the date that effective control was lost.

The interim financial information for period ended 30 June 2024 is presented on a standalone basis and investment in Company is accounted for using the equity method of accounting.

The comparative interim financial information for the period ended 30 June 2023 is presented on consolidated basis till the period the Bank had control of the Company.

2.3 Significant management judgments and estimates

In the application of the Bank’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 interim condensed financial information, the significant judgments made by management in applying the Bank’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 2023.

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in this 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.

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.

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.

3 DUE FROM BANKS, NET

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Domestic	**263,409**	210,086
Regional	**3,969**	94,099
International	**393,083**	349,728
	660,461	653,913
Less: allowance for impairment (note 6)	**(290)**	(364)
	660,171	653,549

4 INVESTMENTS, NET

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Investment at fair value through profit or loss		
Equity instruments		
Quoted	**-**	26,859
Unquoted	**24,977**	29,960
Total investments measured at fair value through profit or loss	**24,977**	56,819
Investments at fair value through other comprehensive income		
Debt instruments		
Quoted	**2,267,748**	1,791,096
Equity instruments		
Quoted	**84,496**	74,503
Unquoted	**7,128**	7,151
	91,624	81,654
Total investments measured at fair value through other comprehensive income	**2,359,372**	1,872,750
Investments at amortised cost		
Debt instruments		
Quoted	**316,564**	397,696
Total investments measured at amortised cost	**316,564**	397,696
Gross investments	**2,700,913**	2,327,265
Less: allowance for impairment (note 6)	**(32,945)**	(33,259)
Investments, net	**2,667,968**	2,294,006

The Bank has not purchased any equity shares during the six months period ended 30 June 2024 and 30 June 2023.

4 INVESTMENTS, NET (continued)

The Bank 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.

As at 30 June 2024, the Bank held the following investments measured as follows:

		Investments carried at fair value			*Investments carried at amortized cost*
		Level 1	*Level 2*	*Level 3*	
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Debt instruments:					
Domestic	**1,132,555**	**1,041,416**	**-**	**-**	**91,139**
Regional	**296,633**	**191,875**	**-**	**-**	**104,758**
International	**1,155,124**	**1,034,457**	**-**	**-**	**120,667**
Equity instruments:					
Domestic	**91,624**	**51,525**	**-**	**40,099**	**-**
International	**24,977**	**-**	**24,977**	**-**	**-**
Gross investments	**2,700,913**	**2,319,273**	**24,977**	**40,099**	**316,564**
Less: allowance for impairment (note 6)	**(32,945)**				
Investments, net	**2,667,968**				

The fair value of debt investments carried at amortised cost as at 30 June 2024 amounts to AED 271,030 thousand (31 December 2023: AED 348,898 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 and recognized a loss of AED 6,418 thousand. 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.

4 INVESTMENTS, NET (continued)

As at 31 December 2023, the Bank held the following investments measured as follows:

	Total	*Investments carried at fair value*			*Investments carried at amortised cost*
		Level 1	*Level 2*	*Level 3*	
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*
Debt instruments:					
Domestic	757,112	647,223	-	-	109,889
Regional	334,784	239,459	-	-	95,325
International	1,096,896	904,414	-	-	192,482
Equity instruments:					
Domestic	81,224	44,229	-	36,995	-
Regional	408	408	-	-	-
International	56,841	26,859	29,982	-	-
Gross investments	2,327,265	1,862,592	29,982	36,995	397,696
Less: allowance for impairment (note 6)	(33,259)				
Investments, net	2,294,006				

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

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
At the beginning of the period/year	**36,995**	34,371
Net unrealised gain recognised in other comprehensive income	**3,334**	2,624
Disposal	**(230)**	-
At the end of the period/year	**40,099**	36,995

The Bank 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 under level 3 is noted as at 30 June 2024. 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.

5 LOANS AND ADVANCES, NET

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Gross loans and advances	**901,893**	493,696
Less: allowance for impairment (note 6)	**(9,433)**	(8,657)
Less: interest and fees in suspense	**(297)**	(90)
Loans and advances, net	**892,163**	484,949

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.

6 ALLOWANCES FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Movement in allowances for impairment losses

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Allowance on due from banks		
At 1 January	**364**	113
(Reversal)/charge for the period/year	**(74)**	251
	290	364
Allowance on loans and advances		
At 1 January	**8,657**	23,441
Charge for the period/year	**776**	9
Loans and advances written off	**-**	(14,793)
	9,433	8,657
Allowance on Investments – measured at amortised cost		
At 1 January	**33,259**	56,931
Reversal for the period/year	**(314)**	(23,672)
	32,945	33,259

Expected credit losses by stage

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 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Expected credit losses- Lifetime ECL (Stage 3)	**40,645**	40,074
Expected credit losses- 12-months ECL (Stage 1)	**2,013**	2,191
Expected credit losses- Lifetime ECL (Stage 2)	**10**	15
Expected credit losses (Stage 1 and 2)	**2,023**	2,206
Total expected credit losses	**42,668**	42,280

6.1 Net impairment (loss)/reversal on financial assets

	Three-month period ended 30 June		***Six-month period ended 30 June***	
	2024 AED'000 (Unaudited)	*2023 AED'000 (Unaudited)*	***2024 AED'000 (Unaudited)***	*2023 AED'000 (Unaudited)*
Impairment reversal on investments measured at amortized cost	**203**	180	**314**	22,705
Impairment (loss)/reversal on investments measured at FVOCI	**(88)**	974	**(25)**	1,096
Impairment (loss)/reversal on loans and advances	**(154)**	186	**(776)**	199
Impairment (loss)/reversal on due from banks	**(35)**	(112)	**74**	(122)
	(74)	1,228	**(413)**	23,878

During the period ended 30 June 2023, the Group had sold an investment measured at amortised cost amounting to AED 20,723 thousand and reversed the corresponding ECL on this investment amounting to AED 20,723 thousand.

7 CUSTOMER DEPOSITS

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Time deposits	**1,808,078**	1,947,241
Call accounts	**1,807,753**	1,248,471
	3,615,831	3,195,712

8 INTEREST INCOME

	Three-month period ended 30 June		***Six-month period ended 30 June***	
	2024 AED'000 (Unaudited)	*2023 AED'000 (Unaudited)*	***2024 AED'000 (Unaudited)***	*2023 AED'000 (Unaudited)*
Loans and advances	**18,411**	11,070	**32,730**	24,639
Bank placements	**13,625**	15,105	**30,070**	24,242
	32,036	26,175	**62,800**	48,881

9 NET INCOME FROM INVESTMENTS

	Three-month period ended 30 June		***Six-month period ended 30 June***	
	2024 AED'000 (Unaudited)	*2023 AED'000 (Unaudited)*	***2024 AED'000 (Unaudited)***	*2023 AED'000 (Unaudited)*
Interest income on investments in debt instruments	**30,925**	13,829	**58,498**	27,280
Dividend income	**2,163**	2,400	**6,067**	5,576
Net realised gain/(loss) on investments measured at amortised cost and FVOCI (debt)	**181**	(1,665)	**(532)**	(7,784)
Net loss from investments measured as fair value through profit or loss	**(867)**	(1,431)	**(777)**	(1,770)
Portfolio management fees paid to other financial institutions	**(234)**	(125)	**(488)**	(258)
	32,168	13,008	**62,768**	23,044

10 BASIC AND DILUTED EARNING PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. The calculations are as follows:

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2024 AED'000 (Unaudited)	*2023 AED'000 (Unaudited)*	***2024 AED'000 (Unaudited)***	*2023 AED'000 (Unaudited)*
Profit for the period	**29,199**	20,570	**60,334**	54,609
Weighted average number of shares	**10,000,000**	5,770,294	**10,000,000**	4,712,868
Basic earning per share (AED)	**2.92**	3.56	**6.03**	11.59

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

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.

11 SEGMENTAL ANALYSIS

For operating purposes, the Bank is organised into two major business segments: (a) Investments, which is principally involved in managing the Bank'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 Bank 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 Bank 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***	
	2024 AED'000 (Unaudited)	*2023 AED'000 (Unaudited)*	***2024 AED'000 (Unaudited)***	*2023 AED'000 (Unaudited)*	***2024 AED'000 (Unaudited)***	*2023 AED'000 (Unaudited)*
Operating income	**96,539**	49,317	**15,417**	19,267	**111,956**	68,585
Intersegment adjustment	**(71,758)**	(55,181)	**71,758**	55,181	**-**	-
	24,781	(5,864)	**87,175**	74,448	**111,956**	68,585
General and administrative expenses	**(11,586)**	(10,655)	**(34,075)**	(27,199)	**(45,661)**	(37,854)
Net impairment reversal/ (loss) on financial assets	**363**	23,679	**(776)**	199	**(413)**	23,878
Operating expenses	**(11,223)**	13,024	**(34,851)**	(27,000)	**(46,074)**	(13,976)
Profit for the period before tax	**13,558**	7,160	**52,324**	47,448	**65,882**	54,609
Income tax expense					**(5,548)**	-
Profit for the period					**60,334**	54,609

11 SEGMENTAL ANALYSIS (Continued)

	Investments		***Banking Services***		***Total***	
	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*	***30 June 2024 AED'000 (Unaudited)***	*31 December 2023 AED'000 (Audited)*	***30 June 2024 AED'000 (Unaudited)***	*31 December 2023 AED'000 (Audited)*
Segment assets	**4,059,354**	4,032,898	**921,651**	507,509	**4,981,005**	4,540,407
Segment liabilities and equity	**1,015,746**	1,069,666	**3,965,259**	3,470,741	**4,981,005**	4,540,407

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 Bank's customers.

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

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

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Guarantees	**11,059**	11,074
Unutilised committed credit facilities*	**25,975**	47,266
	37,034	58,340

The Bank has recorded ECL on the guarantees issued by it in line with the requirements of IFRS 9. All guarantees are classified as Stage 1 (31 December 2023: Stage 1). There was no transition in the staging of the guarantees during the period ended 30 June 2024 (2023: no transition).

The Bank has commitments of AED 24,451 thousand on account of investment in equity instruments (31 December 2023: AED 23,094 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.

13 RELATED PARTY TRANSACTIONS

The Bank 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 Bank's management and the Board of Directors where appropriate.

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

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Customer deposits	**561,561**	270,636
Loans and advances*	**402,218**	90,027
Other liabilities	**7,173**	1,793
Other assets	**8,874**	2,633
Guarantees	**1,796**	1,811

* These loans and advances are fully collaterised by customer deposits amounting to AED 402,218 from related party.

Outstanding balances at the period end arise in the normal course of business. For the period ended 30 June 2024, the Bank has recorded ECL on the loans and advances and guarantees provided to related parties in line with the requirements of IFRS 9. All related party balances are classified as Stage 1 (31 December 2023: Stage 1). There was no transition in the staging of the related party balances during the period ended 30 June 2024 (2023: no transition).

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

	Three-month period ended 30 June (Unaudited)		***Six-month period ended 30 June (Unaudited)***	
	2024 AED'000	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
Interest income	**8,425**	1,577	**12,968**	5,257
Interest expense	**(6,805)**	(4,440)	**(10,758)**	(9,782)
Fee, commission and other income	**1,154**	1,030	**4,464**	2,077
General and administrative expenses	**(1,661)**	(1,678)	**(3,299)**	(3,352)

Compensation of key management personnel:

	Three-month period ended 30 June (Unaudited)		***Six-month period ended 30 June (Unaudited)***	
	2024 AED'000	*2023 AED'000*	***2024 AED'000***	*2023 AED'000*
Salaries and other benefits to key management personnel	**3,702**	3,599	**14,486**	12,838

14 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business, the Bank 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 instruments, reference rate or index. The purpose of derivative financial instruments in the Bank's business is to mitigate the risks arising from default, currency and interest fluctuations and other market variables. The Bank 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.

	Positive fair value AED'000	***Negative fair value AED'000***	***Notional amount AED'000***	***Notional amount by term to maturity Less than 1 year AED'000***
30 June 2024 (Unaudited)				
Foreign exchange options	**279**	**(279)**	**1,101,750**	**1,101,750**
31 December 2023 (Audited)				
Foreign exchange forward	1	-	3,916	3,916

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 Bank. The Bank's exposure under derivative contracts is closely monitored as part of the overall management of the Bank'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 customised 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 period.

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 Bank. With gross–settled derivatives, the Bank is also exposed to a settlement risk, being the risk that the Bank 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 recognised 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 Bank. Such risk arises from lending, trade finance, treasury and other activities undertaken by the Bank. 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.

Movement in gross carrying amount

The following table explains the changes in the gross carrying amount of financial assets from 1 January 2024 to 30 June 2024 and 1 January 2023 to 31 December 2023:

	30 June 2024 (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 2024	**653,913**	**-**	**-**	**653,913**
New financial assets originated	**437,206**	**-**	**-**	**437,206**
Maturity and other movements	**(430,658)**	**-**	**-**	**(430,658)**
As at 30 June 2024	**660,461**	**-**	**-**	**660,461**
Loans and advances				
As at 1 January 2024	**485,956**	**-**	**7,740**	**493,696**
Transfers				
Transfer from Stage 1 to Stage 2	**(2,199)**	**2,199**	**-**	**-**
Transfer from Stage 2 to Stage 3		**(357)**	**357**	**-**
New financial assets originated	**517,961**	**5**	**-**	**517,966**
Repayment and other movements	**(110,238)**	**47**	**422**	**(109,769)**
As at 30 June 2024	**891,480**	**1,894**	**8,519**	**901,893**
Investments – measured at amortised cost				
As at 1 January 2024	**361,600**	**3,673**	**32,423**	**397,696**
Transfers				
Transfer from Stage 2 to Stage 1	**3,673**	**(3,673)**	**-**	**-**
New financial assets originated	**16,536**	**-**	**-**	**16,536**
Redemption and other movements	**(97,668)**	**-**	**-**	**(97,668)**
As at 30 June 2024	**284,141**	**-**	**32,423**	**316,564**

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in gross carrying amount (continued)

	31 December 2023 (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 2023	912,533	-	-	912,533
New financial assets originated	402,370	-	-	402,370
Repayment and other movements	(660,990)	-	-	(660,990)
As at 31 December 2023	653,913	-	-	653,913
Loans and advances				
As at 1 January 2023	987,484	4,512	27,062	1,019,058
New financial assets originated	99,045	-	-	99,045
Repayment and other movements	(600,573)	(4,512)	(19,322)	(624,407)
As at 31 December 2023	485,956	-	7,740	493,696
Investments – measured at amortised cost				
As at 1 January 2023	506,148	17,128	53,146	576,422
Redemption and other movements	(144,548)	(13,455)	(20,723)	(178,726)
As at 31 December 2023	361,600	3,673	32,423	397,696

Movement in loss allowance

The following table explain the changes in the loss allowance on financial asset from 1 January 2024 to 30 June 2024 and 1 January 2023 to 31 December 2023:

	30 June 2024 (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 2024	**364**	**-**	**-**	**364**
New financial assets originated	**7**	**-**	**-**	**7**
Changes in PDs/LGDs/EADs	**(81)**	**-**	**-**	**(81)**
As at 30 June 2024	**290**	**-**	**-**	**290**
Loans and advances				
As at 1 January 2024	**1,007**	**-**	**7,650**	**8,657**
Transfers				
Transfer from Stage 1 to Stage 2	**(5)**	**5**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(1)**	**1**	**-**
New financial assets originated	**538**	**-**	**-**	**538**
Changes in PDs/LGDs/EADs	**(340)**	**6**	**572**	**238**
As at 30 June 2024	**1,200**	**10**	**8,223**	**9,433**

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance (continued)

	30 June 2024 (Unaudited)			
	Stage 1 12-month ECL AED'000	***Stage 2 Lifetime ECL AED'000***	***Stage 3 Lifetime ECL AED'000***	***Total AED'000***
Investments – measured at amortised cost				
As at 1 January 2024	**821**	**15**	**32,423**	**33,259**
Transfers				
Transfer from Stage 2 to Stage 1	**15**	**(15)**	**-**	**-**
New financial assets originated	**8**	**-**	**-**	**8**
Changes in PDs/LGDs/EADs	**(322)**	**-**	**-**	**(322)**
As at 30 June 2024	**522**	**-**	**32,423**	**32,945**

	31 December 2023 (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 2023	113	-	-	113
New financial assets originated	24	-	-	24
Changes in PDs/LGDs/EADs	227	-	-	227
As at 31 December 2023	364	-	-	364
Loans and advances				
As at 1 January 2023	974	24	22,443	23,441
New financial assets originated	195	-	-	195
Changes in PDs/LGDs/EADs	(162)	(24)	(14,793)	(14,979)
As at 31 December 2023	1,007	-	7,650	8,657
Investments – measured at amortised cost				
As at 1 January 2023	2,127	1,658	53,146	56,931
Changes in PDs/LGDs/EADs	(1,306)	(1,643)	(20,723)	(23,672)
As at 31 December 2023	821	15	32,423	33,259

All guarantees issued by the Bank are collateralised by cash and classified as stage 1 within the ECL model as at 30 June 2024 and 31 December 2023.

16 CAPITAL ADEQUACY

The Central Bank of UAE ('CBUAE') supervises the Bank and therefore receives information on the capital adequacy of, and sets capital requirements for, the Bank. Effective from 2017, the capital is computed at a Bank 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 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Common Equity Tier 1 capital		
Issued capital	1,000,000	1,000,000
Legal reserve	45,754	45,754
Retained earnings	191,260	132,176
Fair value reserve	(4,990)	(12,157)
Regulatory deductions	(656)	(844)
Total CET I capital	**1,231,368**	1,164,929
Tier II capital		
Eligible general provisions	24,398	22,926
Total tier II capital	24,398	22,926
Total eligible capital	**1,255,766**	1,187,855
Risk weighted exposure		
Credit risk	**1,951,814**	1,834,099
Market risk	**1,870**	10,498
Operational risk	**264,170**	223,233
Total	**2,217,854**	2,067,830

Capital Ratio	**Minimum capital requirement**		
Total capital ratio	13%	**56.62%**	57.44%
Tier I ratio	11%	**55.52%**	56.34%
CET I ratio	9.5%	**55.52%**	56.34%

17 FIDUCIARY ASSETS

	30 June 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Balance of fiduciary assets	**5,430,308**	4,215,836

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

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 interim condensed financial information as at and for the six month period ended 30 June 2024.

19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the presentation adopted in this interim condensed financial information.