

Abu Dhabi Commercial Bank PJSC

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

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

Introduction

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

Scope of Review

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

Conclusion

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

Other Matter

The Group’s consolidated financial statements for the year ended 31 December 2023 and interim financial information for the six-month period ended 30 June 2023 were audited and reviewed respectively by another auditor who expressed an unmodified opinion and unmodified conclusion on those statements and that information on 31 January 2024 and 20 July 2023 respectively.

Deloitte & Touche (M.E.)



Muhammad Khamees Al Tah

Registration No. 717

18 July 2024

Abu Dhabi

United Arab Emirates

Condensed consolidated interim statement of financial position

As at June 30, 2024

	Notes	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Assets			
Cash and balances with central banks, net	4	38,963,801	45,375,462
Deposits and balances due from banks, net	5	42,657,799	37,624,694
Financial assets at fair value through profit or loss	6	11,944,358	10,063,020
Derivative financial instruments	7	17,504,385	13,859,086
Investment securities, net	8	132,609,377	128,268,397
Loans and advances to customers, net	9	332,158,291	301,994,599
Investment in associates		374,005	370,622
Investment properties	11	1,699,491	1,741,460
Other assets, net	12	25,487,090	18,960,358
Property and equipment, net		1,843,715	1,887,596
Intangible assets, net		6,999,903	7,049,191
Total assets		612,242,215	567,194,485
Liabilities			
Due to banks	13	10,809,164	8,794,968
Derivative financial instruments	7	20,017,103	16,239,495
Deposits from customers	14	389,960,558	362,905,039
Euro commercial paper	15	5,736,502	7,777,655
Borrowings	16	82,849,138	76,653,334
Other liabilities	17	32,162,293	23,570,527
Total liabilities		541,534,758	495,941,018
Equity			
Share capital	18	7,319,947	7,319,947
Share premium		17,878,882	17,878,882
Other reserves	19	10,477,140	10,591,907
Retained earnings		26,271,817	26,701,111
Capital notes	20	8,754,750	8,754,750
Equity attributable to equity holders of the Bank		70,702,536	71,246,597
Non-controlling interests		4,921	6,870
Total equity		70,707,457	71,253,467
Total liabilities and equity		612,242,215	567,194,485

This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on July 18, 2024 and signed on its behalf by:

Khaldoon Khalifa Al Mubarak
Chairman

Ala'a Eraiqat
Group Chief Executive Officer

Deepak Khullar
Group Chief Financial Officer

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim income statement (unaudited)

For the six month period ended June 30, 2024

	Notes	3 months ended June 30		6 months ended June 30	
		2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Interest income	21	7,467,341	5,994,257	14,829,407	11,381,378
Interest expense	22	(4,736,924)	(3,562,598)	(9,322,604)	(6,627,084)
Net interest income		2,730,417	2,431,659	5,506,803	4,754,294
Income from Islamic financing and investing products		858,329	720,437	1,705,819	1,430,012
Distribution on Islamic deposits and profit paid to sukuk holders		(312,567)	(221,625)	(635,353)	(402,509)
Net income from Islamic financing and investing products		545,762	498,812	1,070,466	1,027,503
Total net interest income and income from Islamic financing and investing products		3,276,179	2,930,471	6,577,269	5,781,797
Net fees and commission income	23	808,864	723,783	1,511,746	1,256,378
Net trading income	24	479,558	382,984	1,003,285	838,428
Other operating income	25	149,414	22,056	207,987	94,701
Operating income		4,714,015	4,059,294	9,300,287	7,971,304
Operating expenses	26	(1,534,446)	(1,319,048)	(2,951,422)	(2,550,235)
Operating profit before impairment charge		3,179,569	2,740,246	6,348,865	5,421,069
Impairment charge	27	(588,143)	(747,669)	(1,328,753)	(1,495,601)
Profit after impairment charge		2,591,426	1,992,577	5,020,112	3,925,468
Share in profit of associates		1,167	201	3,383	1,036
Profit before taxation		2,592,593	1,992,778	5,023,495	3,926,504
Income tax charge		(275,558)	(60,438)	(567,649)	(115,835)
Profit for the period		2,317,035	1,932,340	4,455,846	3,810,669
Attributable to:					
Equity holders of the Bank		2,317,512	1,932,848	4,457,368	3,811,824
Non-controlling interests		(477)	(508)	(1,522)	(1,155)
Profit for the period		2,317,035	1,932,340	4,455,846	3,810,669
Basic and diluted earnings per share (AED)	28	0.30	0.26	0.56	0.50

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (unaudited)

For the six month period ended June 30, 2024

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Profit for the period	2,317,035	1,932,340	4,455,846	3,810,669
Other comprehensive income				
Items that may be re-classified subsequently to the condensed consolidated interim income statement				
Net movement in foreign currency translation reserve (Note 19)	(24,833)	(30,647)	(418,427)	(108,088)
Net movement in cash flow hedge reserve (Note 19)	(264,592)	177,626	(172,809)	280,686
Net movement in revaluation reserve of debt instruments designated at FVTOCI (net of tax) (Note 19)	134,966	(142,929)	33,380	(274,103)
	(154,459)	4,050	(557,856)	(101,505)
Items that may not be re-classified subsequently to the condensed consolidated interim income statement				
Net movement in revaluation reserve of equity instruments designated at FVTOCI (net of tax) (Note 19)	(34,340)	(866)	(15,498)	(13,883)
Other comprehensive (loss)/income for the period	(188,799)	3,184	(573,354)	(115,388)
Total comprehensive income for the period	2,128,236	1,935,524	3,882,492	3,695,281
Attributable to:				
Equity holders of the Bank	2,128,727	1,936,039	3,884,346	3,696,651
Non-controlling interests	(491)	(515)	(1,854)	(1,370)
Total comprehensive income for the period	2,128,236	1,935,524	3,882,492	3,695,281

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity (unaudited)

For the six month period ended June 30, 2024

	Share capital AED'000	Share premium AED'000	Other reserves AED'000	Retained earnings AED'000	Capital notes AED'000	Equity attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total equity AED'000
As at January 1, 2024	7,319,947	17,878,882	10,591,907	26,701,111	8,754,750	71,246,597	6,870	71,253,467
Profit/(loss) for the period	-	-	-	4,457,368	-	4,457,368	(1,522)	4,455,846
Other comprehensive loss for the period (Note 19)	-	-	(573,022)	-	-	(573,022)	(332)	(573,354)
Other movements	-	-	9,945	-	-	9,945	-	9,945
Amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI (Note 19)	-	-	-	13,517	-	13,517	-	13,517
Related tax impact on amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI	-	-	-	(1,588)	-	(1,588)	-	(1,588)
Adjustments arising from changes in non-controlling interests	-	-	(64)	55	-	(9)	(95)	(104)
Dividends paid to equity holders of the Bank (Note 18)	-	-	-	(4,099,170)	-	(4,099,170)	-	(4,099,170)
Amounts transferred within equity upon creation of IFRS 9 reserve – general (Note 19)	-	-	448,374	(448,374)	-	-	-	-
Capital notes coupon paid (Note 28)	-	-	-	(351,102)	-	(351,102)	-	(351,102)
As at June 30, 2024	7,319,947	17,878,882	10,477,140	26,271,817	8,754,750	70,702,536	4,921	70,707,457
As at January 1, 2023	6,957,379	17,878,882	7,546,743	23,035,375	6,000,000	61,418,379	7,758	61,426,137
Profit/(loss) for the period	-	-	-	3,811,824	-	3,811,824	(1,155)	3,810,669
Other comprehensive loss for the period (Note 19)	-	-	(115,173)	-	-	(115,173)	(215)	(115,388)
Other movements	-	-	14,159	4,490	-	18,649	-	18,649
Amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI (Note 19)	-	-	-	(2,359)	-	(2,359)	-	(2,359)
Dividends paid to equity holders of the Bank	362,568	-	2,211,663	(3,826,559)	-	(1,252,328)	-	(1,252,328)
Capital notes coupon paid (Note 28)	-	-	-	(173,740)	-	(173,740)	-	(173,740)
As at June 30, 2023	7,319,947	17,878,882	9,657,392	22,849,031	6,000,000	63,705,252	6,388	63,711,640

Following the Annual General Meeting held on March 7, 2024, the shareholders approved the distribution of proposed cash dividend of AED 4,099,170 thousand for the year 2023, being AED 0.56 dividend per share and representing 56% of the paid up share capital (Note 18) (For the year 2022 – cash and stock dividend of AED 3,826,559 thousand, being AED 0.55 dividend per share and representing 55% of the paid up share capital).

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (unaudited)

For the six month period ended June 30, 2024

	6 months ended June 30	
	2024 AED'000	2023 AED'000
OPERATING ACTIVITIES		
Profit before taxation	5,023,495	3,926,504
Adjustments for:		
Depreciation on property and equipment (Note 26)	177,562	192,025
Amortisation of intangible assets (Note 26)	25,345	46,679
Net (gain)/loss from investment properties	(895)	1,665
Gross impairment charge	1,549,863	1,776,851
Share in profit of associates	(3,383)	(1,036)
Discount unwind	(70,289)	(126,597)
Net loss from disposal of investment securities (Note 25)	242,464	3,743
Discount amortisation on investment securities	(425,405)	(81,568)
Dividend income (Note 25)	(15,394)	(18,967)
Gain on sale of property and equipment	(454)	(815)
Amortisation and interest capitalised on borrowings and ECPs	758,651	650,586
Net gain from financial assets at fair value through profit or loss (Note 24)	(541,006)	(327,496)
Ineffective portion of hedges - loss	8,360	2,690
Employees' incentive plan expense (Note 19)	32,502	18,649
Cash flows from operating activities before changes in operating assets and liabilities	6,761,416	6,062,913
Net movement in due from banks	(1,729,689)	2,023,568
Net movement in derivative financial instruments	(604,071)	153,457
Net purchases of financial assets at fair value through profit or loss	(1,340,512)	(3,539,290)
Net movement in loans and advances to customers	(33,320,732)	(15,932,687)
Net movement in other assets	(1,324,675)	(810,057)
Net movement in due to banks	2,019,566	3,945,513
Net movement in deposits from customers	30,786,874	9,029,670
Net movement in other liabilities	2,968,391	2,191,619
Net cash from operations	4,216,568	3,124,706
Income tax paid	(65,559)	(63,693)
Net cash from operating activities	4,151,009	3,061,013
INVESTING ACTIVITIES		
Net proceeds from redemption/disposal of investment securities	22,952,987	30,895,173
Net purchases of investment securities	(29,976,731)	(42,747,248)
Dividend received from investment securities (Note 25)	15,394	18,967
Disposal of investment properties (Note 11)	38,916	-
Net purchases of property and equipment	(172,511)	(160,521)
Net cash used in investing activities	(7,141,945)	(11,993,629)
FINANCING ACTIVITIES		
Net movement in euro commercial paper	(2,198,439)	1,066,606
Net proceeds from borrowings	54,357,616	46,502,946
Repayment of borrowings	(46,615,404)	(35,759,962)
Payment of lease liabilities	(33,591)	(40,061)
Dividends paid to equity holders of the Bank	(4,099,170)	(1,252,328)
Acquisition of non-controlling interests	(104)	-
Capital notes coupon paid (Note 28)	(351,102)	(173,740)
Net cash from financing activities	1,059,806	10,343,461
Effect of exchange rate changes on cash and cash equivalents	(1,184,356)	(685,743)
Net (decrease)/increase in cash and cash equivalents	(3,115,486)	725,102
Cash and cash equivalents at the beginning of the period	51,837,050	41,997,271
Cash and cash equivalents at the end of the period	48,721,564	42,722,373

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (unaudited) (continued)

For the six month period ended June 30, 2024

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated interim statement of cash flows comprise of following amounts:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Cash and balances with central banks (Note 4)	38,963,998	45,375,731
Deposits and balances due from banks (excluding loans and advances to banks) (Note 5)	13,169,953	9,434,390
	52,133,951	54,810,121
Less: Cash and balances with central banks and deposits and balances due from banks – with original maturity of more than three months	(3,412,387)	(2,973,071)
Total cash and cash equivalents	48,721,564	51,837,050

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

1. General information

Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) is a public joint stock company with limited liability incorporated in the emirate of Abu Dhabi, United Arab Emirates (UAE). The Bank and its subsidiaries (together referred to as the “Group”) is principally engaged in the business of retail, commercial and Islamic banking and provision of other financial services.

The Group’s Islamic banking activities are conducted in accordance with principles of Islamic Shari’ah as interpreted by Internal Shari’ah Supervision Committee (“ISSC”) as well as the standards and resolutions issued by the higher Shari’ah authority of UAE Central Bank.

The Bank is listed on the Abu Dhabi Securities Exchange (Ticker: ADCB).

The registered head office of ADCB is at Abu Dhabi Commercial Bank PJSC Head Office Building, Sheikh Zayed Bin Sultan Street, Plot C- 33, Sector E-11, P. O. Box 939, Abu Dhabi, UAE.

2. Summary of material accounting policies**2.1 Basis of preparation**

The condensed consolidated interim financial information has been prepared on a going concern basis and in accordance with IAS 34 - Interim Financial Reporting. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards), International Financial Reporting Interpretation Committee (IFRIC) Interpretations and requirements of applicable laws.

The same accounting policies, presentation and methods of computation have been followed in this condensed consolidated interim financial information as were applied in the preparation and presentation of the Group’s consolidated financial statements for the year ended December 31, 2023.

Certain disclosure notes/numbers have been reclassified and rearranged from the Group’s prior period condensed consolidated interim financial information to conform to the current period's presentation.

The results for the six month period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

The condensed consolidated interim financial information is prepared and presented in United Arab Emirates Dirham (AED), which is the Group’s functional and presentation currency and is rounded off to the nearest thousand unless otherwise indicated.

The preparation of the condensed consolidated interim financial information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The main areas of judgements, estimates and assumptions applied in this condensed consolidated interim financial information, including the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements of the Group for the year ended December 31, 2023.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

2. Summary of material accounting policies (continued)**2.2 Application of new and revised International Financial Reporting Standards (IFRSs)****2.2.1 New and revised IFRSs effective for accounting periods beginning on or after January 1, 2024**

In the current period, the Group has applied the amendments to IAS 1, IAS 7, IFRS 7 and IFRS 16. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2024.

2.2.2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Lack of exchangeability (amendments to IAS 21) - The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	January 1, 2025
Amendments to IFRS 9 and IFRS 7 - The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	January 1, 2026
IFRS 19 'Subsidiaries without Public Accountability' specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	January 1, 2027
Presentation and disclosures in financial statements (IFRS 18) - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	January 1, 2027
Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28).	Effective date deferred indefinitely, available for early adoption

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by management.

2.3 Basis of consolidation

This condensed consolidated interim financial information incorporates the financial statements of the Bank and its subsidiaries (collectively referred to as the "Group").

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the condensed consolidated interim financial information from the date that control commences until the date that control ceases.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

2. Summary of material accounting policies (continued)**2.3 Basis of consolidation (continued)**

The following is the list of subsidiaries of the Bank as at June 30, 2024:

Name of subsidiary	Incorporation			Principal activities
	Ownership interest	Year	Country	
ADCB Securities LLC	100%	2005	UAE	Agent in trading of financial instruments and stocks.
Kinetic Infrastructure Development LLC	100%	2006	UAE	Financial investments.
Abu Dhabi Commercial Property Development LLC ⁽¹⁾	100%	2006	UAE	Property development.
Abu Dhabi Commercial Engineering Services LLC	100%	2007	UAE	Engineering services.
ADCB Finance (Cayman) Limited	100%	2008	Cayman Islands	Treasury financing activities.
ADCB Markets (Cayman) Limited	100%	2008	Cayman Islands	Treasury related activities.
ACB LTIP (IOM) Limited	Controlling Interest	2008	Isle of Man	Trust activities.
ITMAM Services FZ LLC	100%	2010	UAE	Transaction processing and back-office support for the Group.
AD NAC Ventures WLL	99.75%	2012	Bahrain	Trust activities.
ITMAM Services LLC	100%	2013	UAE	Transaction processing and back-office support for the Group.
ADCB Asset Management Limited	100%	2018	UAE	Wealth management and private banking.
Al Wifaq Investment Properties PrJSC	90.08%	2006	UAE	Investment in real estate properties and earning rental income.
Abu Dhabi Commercial Bank – Egypt SAE (formerly known as Union National bank – Egypt SAE)	99.90%	1981	Egypt	Commercial banking services.
Al Hilal Bank PJSC	100%	2007	UAE	Islamic banking activities.
Al Hilal Islamic Bank JSC	100%	2010	Kazakhstan	Islamic banking activities.
Al Hilal Leasing LLP	100%	2011	Kazakhstan	Shari'ah compliant leasing operations.
AHB Sukuk Company Limited	Controlling Interest	2011	Cayman Islands	Treasury financing activities.
Al Hur 1 Holding Limited	100%	2022	UAE	Real estate investment activities.
Al Hur 2 Holding Limited	100%	2022	UAE	Real estate investment activities.
ADCB Sukuk Company Limited	Controlling Interest	2023	Cayman Islands	Treasury financing activities.
Meedaf Investment - Sole Proprietorship LLC	100%	2023	UAE	Enterprise and service support.
(1) dormant				

The Group does not have any subsidiary with material non-controlling interests.

Funds under management

The Bank manages and administers assets held in unit trusts on behalf of investors. The financial statements of these entities are not included in the condensed consolidated interim financial information except when the Bank controls the entity, as mentioned above.

Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in condensed consolidated interim income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value when control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

2. Summary of material accounting policies (continued)**2.3 Basis of consolidation (continued)****Transactions eliminated on consolidation**

All intragroup balances, income, expenses and cash flows resulting from intragroup transactions are eliminated on consolidation.

Investment in associates

Associates are those entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The condensed consolidated interim financial information includes the Group's share of the profit or loss and other comprehensive income of investment in associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

Joint operation – when the Group has rights to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates.

3. Taxation

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

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% on taxable profits above AED 375,000. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in financial year 2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

3. Taxation (continued)

The tax charge through income statement for the six month period ended June 30, 2024 is AED 567,649 thousand (for the six month period ended June 30, 2023 – AED 115,835 thousand), representing an Effective Tax Rate (“ETR”) of 11.30% (June 30, 2023 – 2.95%). The delta in the ETR year-on-year is due to the application of the new CT regime in the UAE. The ETR incorporates tax rates of the UAE as well as other international jurisdictions where the Group operates.

4. Cash and balances with central banks, net

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Cash on hand	2,545,265	2,259,177
Balances with central banks(*)	6,622,358	20,679,681
Reserves maintained with central banks	26,359,618	20,808,366
Certificate of deposits with central banks	3,436,757	1,628,507
Gross cash and balances with central banks	38,963,998	45,375,731
Less: Allowance for impairment (Note 10)	(197)	(269)
Total cash and balances with central banks, net	38,963,801	45,375,462
The geographical concentration is as follows:		
Within the UAE	36,865,958	42,706,619
Outside the UAE	2,098,040	2,669,112
	38,963,998	45,375,731
Less: Allowance for impairment (Note 10)	(197)	(269)
	38,963,801	45,375,462

(*) includes overnight deposit amounting to AED 6,000,000 thousand placed with CBUAE at 5.40% p.a. (December 31, 2023 – AED 19,600,000 thousand placed with CBUAE at 5.40% p.a.)

Reserves maintained with central banks represent deposits with central banks at stipulated percentages of its demand, savings, time, and other deposits. As per CBUAE regulations, subject to meeting reserve requirements over 14 days period, the Bank is allowed to draw their balances held in reserve account maintained with CBUAE. These reserves are available for day-to-day operations only under certain specified conditions.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

5. Deposits and balances due from banks, net

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Nostro balances	4,798,355	4,214,193
Margin deposits	3,059,087	2,973,069
Time deposits	5,112,511	2,047,128
Wakala placements	200,000	200,000
Loans and advances to banks	29,604,937	28,315,981
Gross deposits and balances due from banks	42,774,890	37,750,371
Less: Allowance for impairment (Note 10)	(117,091)	(125,677)
Total deposits and balances due from banks, net	42,657,799	37,624,694
The geographical concentration is as follows:		
Within the UAE	2,443,496	1,337,705
Outside the UAE	40,331,394	36,412,666
	42,774,890	37,750,371
Less: Allowance for impairment (Note 10)	(117,091)	(125,677)
	42,657,799	37,624,694

6. Financial assets at fair value through profit or loss

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Debt securities	3,143,015	2,172,904
Equity securities	30,000	-
Structured funding arrangements	8,771,343	7,890,116
Total financial assets at fair value through profit or loss(*)	11,944,358	10,063,020
The geographical concentration is as follows:		
Within the UAE	2,093,282	1,419,562
Outside the UAE	9,851,076	8,643,458
	11,944,358	10,063,020

(*) includes Islamic sukuk amounting to AED 93,682 thousand (December 31, 2023 – AED 119,139 thousand)

The Group entered into structured funding arrangements where funding was provided against certain reference assets received under the arrangement and held by the Group. The risk and rewards relating to these reference assets remain with the counterparty. As at June 30, 2024, the fair value of these reference assets amounted to AED 12,883,157 thousand (December 31, 2023 – AED 12,524,770 thousand), of this AED 2,690,106 thousand (December 31, 2023 – AED 5,641,405 thousand) were posted against Repo borrowings. Further, the Group also posted net cash collateral of AED 77,442 thousand (December 31, 2023 – posted net cash collateral of AED 91,832 thousand) against these structuring arrangements. The structuring arrangement and reference assets received are governed under International Swaps and Derivatives Association (ISDA) agreements.

Refer note 9 for loans and advances at fair value through profit or loss.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

7. Derivative financial instruments

The table below shows the positive (assets) and negative (liabilities) fair values of derivative financial instruments.

	Fair values		
	Assets AED'000	Liabilities AED'000	Notional AED'000
As at June 30, 2024 (unaudited)			
Derivatives held or issued for trading			
Foreign exchange derivatives	2,335,033	2,002,359	292,480,885
Interest rate and cross currency swaps	8,183,900	7,622,990	270,758,416
Interest rate and commodity options	766,974	1,054,780	62,458,840
Futures (exchange traded)	4,347	2,700	14,471,987
Commodity and energy swaps	688,984	645,109	11,733,233
Swaptions	745,009	228,885	59,341,594
Total derivatives held or issued for trading	12,724,247	11,556,823	711,244,955
Derivatives held as fair value hedges			
Interest rate and cross currency swaps	4,347,775	8,351,823	155,252,643
Derivatives held as cash flow hedges			
Interest rate and cross currency swaps	394,624	46,131	13,263,391
Forward foreign exchange contracts	25,972	62,326	8,858,607
Total derivatives held as cash flow hedges	420,596	108,457	22,121,998
Derivatives held as net investment hedges			
Foreign exchange derivatives	11,767	-	66,114
Total derivative financial instruments	17,504,385	20,017,103	888,685,710
As at December 31, 2023 (audited)			
Derivatives held or issued for trading			
Foreign exchange derivatives	1,183,151	1,254,948	226,282,755
Interest rate and cross currency swaps	6,938,360	6,587,817	209,574,396
Interest rate and commodity options	723,785	965,799	58,018,472
Futures (exchange traded)	7,804	4,257	716,235
Commodity and energy swaps	300,863	263,146	9,333,117
Swaptions	621,643	287,343	50,416,455
Total derivatives held or issued for trading	9,775,606	9,363,310	554,341,430
Derivatives held as fair value hedges			
Interest rate and cross currency swaps	3,399,870	6,842,731	134,081,627
Derivatives held as cash flow hedges			
Interest rate and cross currency swaps	526,068	15,301	9,912,565
Forward foreign exchange contracts	128,881	4,000	6,544,206
Total derivatives held as cash flow hedges	654,949	19,301	16,456,771
Derivatives held as net investment hedges			
Foreign exchange derivatives	28,661	14,153	729,057
Total derivative financial instruments	13,859,086	16,239,495	705,608,885

The notional amounts indicate the volume of transactions and are neither indicative of the market risk nor credit risk. The net hedge ineffectiveness losses relating to the fair value and cash flow hedges amounting to AED 8,360 thousand (for the six month period ended June 30, 2023 – net gains of AED 2,030 thousand) has been recognised in the condensed consolidated interim income statement.

As at June 30, 2024, the Group received cash collateral of AED 6,586,654 thousand (December 31, 2023 – AED 4,186,029 thousand) and bonds with fair value of AED 2,449,234 thousand (December 31, 2023 – AED 1,624,559 thousand) against net positive derivative exposure.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

7. Derivative financial instruments (continued)

As at June 30, 2024, the Group placed cash collateral of AED 3,567,188 thousand (December 31, 2023 – AED 2,648,597 thousand) and bonds with fair value of AED 5,520,038 thousand (December 31, 2023 – AED 4,453,765 thousand) against net negative derivative exposure.

These collaterals are governed by collateral service agreements under International Swaps and Derivatives Association (ISDA) agreements.

8. Investment securities, net

	UAE AED'000	Other GCC(*) countries AED'000	Rest of the world AED'000	Total AED'000
As at June 30, 2024 (unaudited)				
At fair value through other comprehensive income (FVTOCI)				
Quoted:				
Government securities	9,306,725	6,716,266	8,323,801	24,346,792
Bonds – Public sector	4,006,362	1,391,306	1,152,990	6,550,658
Bonds – Banks and financial institutions	728,341	372,739	674,443	1,775,523
Bonds – Corporate	766,049	232,959	356,903	1,355,911
Equities and funds(**)	589,213	34,879	160,248	784,340
Total quoted	15,396,690	8,748,149	10,668,385	34,813,224
Unquoted:				
Equities and funds	73,202	1,356	28,270	102,828
Total investment securities at fair value through other comprehensive income	15,469,892	8,749,505	10,696,655	34,916,052
At amortised cost				
Quoted:				
Government securities	16,233,139	15,338,104	29,935,167	61,506,410
Bonds – Public sector	9,567,602	2,120,028	7,743,058	19,430,688
Bonds – Banks and financial institutions	1,569,439	1,681,526	8,102,505	11,353,470
Bonds – Corporate	2,567,008	623,880	2,233,112	5,424,000
Total quoted	29,937,188	19,763,538	48,013,842	97,714,568
Less: Allowance for impairment (Note 10)	(5,509)	(2,648)	(13,086)	(21,243)
Total investment securities at amortised cost	29,931,679	19,760,890	48,000,756	97,693,325
Total investment securities, net	45,401,571	28,510,395	58,697,411	132,609,377

(*) Gulf Cooperation Council

(**) includes investments in perpetual bonds

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

8. Investment securities, net (continued)

	UAE AED'000	Other GCC(*) countries AED'000	Rest of the world AED'000	Total AED'000
As at December 31, 2023 (audited)				
At fair value through other comprehensive income (FVTOCI)				
Quoted:				
Government securities	10,053,546	6,436,648	12,279,218	28,769,412
Bonds – Public sector	4,560,797	2,076,409	1,442,471	8,079,677
Bonds – Banks and financial institutions	1,422,505	256,424	450,107	2,129,036
Bonds – Corporate	672,288	341,956	534,593	1,548,837
Equities and funds(**)	591,303	34,464	158,351	784,118
Total quoted	17,300,439	9,145,901	14,864,740	41,311,080
Unquoted:				
Equities and funds	76,852	1,355	32,081	110,288
Total investment securities at fair value through other comprehensive income	17,377,291	9,147,256	14,896,821	41,421,368
At amortised cost				
Quoted:				
Government securities	12,409,634	14,724,527	27,809,084	54,943,245
Bonds – Public sector	8,033,464	1,721,440	7,044,517	16,799,421
Bonds – Banks and financial institutions	1,537,803	1,257,209	7,083,282	9,878,294
Bonds – Corporate	2,645,851	519,273	2,084,410	5,249,534
Total quoted	24,626,752	18,222,449	44,021,293	86,870,494
Less: Allowance for impairment (Note 10)	(6,917)	(2,877)	(13,671)	(23,465)
Total investment securities at amortised cost	24,619,835	18,219,572	44,007,622	86,847,029
Total investment securities, net	41,997,126	27,366,828	58,904,443	128,268,397

(*) Gulf Cooperation Council
 (**) includes investments in perpetual bonds

Islamic investing assets included in the above table are as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
At fair value through other comprehensive income (FVTOCI)		
Sukuk investments	6,179,883	7,278,314
Equities	125,401	123,560
	6,305,284	7,401,874
At amortised cost		
Sukuk investments	7,373,389	6,088,771
Less: Allowance for impairment	(3,774)	(5,278)
	7,369,615	6,083,493
Net Islamic investing assets	13,674,899	13,485,367

As at June 30, 2024, the allowance for impairment on debt instruments designated at FVTOCI amounting to AED 45,857 thousand (December 31, 2023 – AED 53,981 thousand) (Note 10) is included in revaluation reserve of investments carried at FVTOCI.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

8. Investment securities, net (continued)

The Group hedges certain fixed and floating rate investments securities amounting to AED 81,942,257 thousand (December 31, 2023 – AED 74,845,997 thousand) for interest rate and foreign currency risks through interest rate and currency swaps and designates these as fair value and cash flow hedges. The net positive fair value of these swaps as at June 30, 2024 was AED 4,256,294 thousand (December 31, 2023 – net positive fair value AED 2,757,908 thousand). The hedge ineffectiveness gains and losses relating to these hedges were included in the condensed consolidated interim income statement.

The Group entered into repurchase agreements whereby bonds were pledged and held by counterparties as collateral. The risks and rewards relating to the investments pledged remains with the Group. The bonds placed as collateral are governed under Global Master Repurchase Agreements (GMRA). The following table reflects the carrying value of these bonds and the associated financial liabilities:

	As at June 30, 2024 (unaudited)		As at December 31, 2023 (audited)	
	Carrying value of pledged securities(*) AED'000	Carrying value of associated liabilities AED'000	Carrying value of pledged securities(*) AED'000	Carrying value of associated liabilities AED'000
Repurchase financing	42,332,685	39,037,217	39,291,225	34,887,375

(*) includes securities of AED 2,690,106 thousand (December 31, 2023 – AED 5,641,405 thousand) received as collateral by the Group (Note 6)

Further, the Group pledged investment securities with fair value amounting to AED 5,641,631 thousand (December 31, 2023 – AED 4,558,235 thousand) as collateral against margin calls. The risks and rewards on these pledged investments securities remains with the Group.

9. Loans and advances to customers, net

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Overdrafts (retail and corporate)	16,835,422	15,594,536
Retail loans – mortgages	17,836,604	16,075,151
Retail loans – others	41,913,337	37,907,671
Corporate loans	231,053,289	210,534,372
Credit cards	5,420,206	5,111,888
Other facilities	26,027,093	24,209,885
Gross loans and advances to customers at amortised cost	339,085,951	309,433,503
Less: Allowance for impairment (Note 10)	(10,225,727)	(10,688,842)
Total loans and advances to customers at amortised cost, net	328,860,224	298,744,661
Loans and advances to customers mandatorily measured at FVTPL	3,298,067	3,249,938
Total loans and advances to customers, net	332,158,291	301,994,599

Notes to the condensed consolidated interim financial information
For the six month period ended June 30, 2024

9. Loans and advances to customers, net (continued)

Islamic financing assets included in the above table are as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Murabaha	28,260,208	27,428,630
Ijara financing	13,211,777	13,564,254
Salam	404,730	436,063
Others	874,674	673,992
Gross Islamic financing assets	42,751,389	42,102,939
Less: Allowance for impairment	(1,901,774)	(2,080,769)
Net Islamic financing assets	40,849,615	40,022,170

The Group hedges certain fixed and floating rate loans and advances amounting to AED 18,224,393 thousand (December 31, 2023 – AED 4,810,969 thousand) for interest rate and foreign currency risk using interest rate and currency swaps and designates these swaps as fair value and cash flow hedges, respectively. The net negative fair value of these swaps as at June 30, 2024 was AED 34,069 thousand (December 31, 2023 – net negative fair value of AED 4,057 thousand).

The economic activity sector composition of the loans and advances to customers is as follows:

	As at June 30, 2024 (unaudited)			As at December 31, 2023 (audited)		
	Within the UAE AED'000	Outside the UAE AED'000	Total AED'000	Within the UAE AED'000	Outside the UAE AED'000	Total AED'000
	Economic activity sector					
Agriculture	202,498	134,579	337,077	168,950	155,880	324,830
Energy	1,204,993	12,280,627	13,485,620	844,387	14,829,569	15,673,956
Trading	14,187,608	12,673,816	26,861,424	11,820,768	11,192,465	23,013,233
Real estate investment	51,132,756	1,523,179	52,655,935	51,965,652	1,891,605	53,857,257
Hospitality	7,608,645	-	7,608,645	8,229,044	444,039	8,673,083
Transport and communication	2,374,186	6,595,133	8,969,319	2,308,976	3,491,711	5,800,687
Personal	68,857,371	921,059	69,778,430	63,083,264	1,118,892	64,202,156
Government and public sector entities	84,604,461	9,319,013	93,923,474	73,549,548	5,245,487	78,795,035
Financial institutions(*)	14,071,439	15,118,469	29,189,908	12,783,943	12,478,213	25,262,156
Manufacturing	4,219,416	5,657,473	9,876,889	4,854,119	5,866,006	10,720,125
Services(**)	8,786,717	340,699	9,127,416	8,562,194	385,768	8,947,962
Others	16,556,162	4,013,719	20,569,881	13,811,101	3,601,860	17,412,961
Gross loans and advances to customers	273,806,252	68,577,766	342,384,018	251,981,946	60,701,495	312,683,441
Less: Allowance for impairment (Note 10)			(10,225,727)			(10,688,842)
Total loans and advances to customers, net			332,158,291			301,994,599

(*) includes investment companies

(**) includes loans and advances to customers mandatorily measured at FVTPL

Notes to the condensed consolidated interim financial information
For the six month period ended June 30, 2024

9. Loans and advances to customers, net (continued)

Stage wise loans and advances to customers at amortised cost and associated impairment allowance is as follows:

	As at June 30, 2024 (unaudited)		As at December 31, 2023 (audited)	
	Gross loans and advances to customers AED'000	Allowance for impairment AED'000	Gross loans and advances to customers AED'000	Allowance for impairment AED'000
Stage 1	312,664,432	1,678,262	280,397,613	1,908,231
Stage 2	15,315,954	3,164,408	17,966,876	3,486,925
Stage 3	10,071,637	5,083,829	9,486,051	4,784,708
Purchased or originated credit-impaired	1,033,928	299,228	1,582,963	508,978
Total	339,085,951	10,225,727	309,433,503	10,688,842

10. Impairment allowances

The movement in impairment allowances is as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Opening balance	11,433,990	12,423,116
Charge for the period/year	1,596,483	3,793,069
Recoveries/modifications during the period/year	(267,730)	(315,951)
Net charge for the period/year	1,328,753	3,477,118
Adjustments to gross carrying value for the period/year	3,568	95,198
Net amounts written-off during the period/year	(1,778,540)	(4,524,971)
Impact of currency translation	(66,981)	(36,471)
Total impairment allowances	10,920,790	11,433,990

Allocation of impairment allowances is as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Balances with central banks (Note 4)	197	269
Deposits and balances due from banks (Note 5)	117,091	125,677
Investment securities at amortised cost (Note 8)	21,243	23,465
Investment securities designated at FVTOCI (Note 8)(*)	45,857	53,981
Loans and advances to customers (Note 9)	10,225,727	10,688,842
Other assets (Note 12)	15,310	17,720
Letters of credit, guarantees and other commitments (Note 17)	495,365	524,036
Total impairment allowances	10,920,790	11,433,990

(*) recognised under "Revaluation reserve of investments designated at FVTOCI"

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

11. Investment properties

	AED'000
As at January 1, 2023	1,691,890
Additions during the year	5,785
Disposals during the year	(247)
Revaluation of investment properties	46,386
Impact of currency translation	(2,354)
As at December 31, 2023 (audited)	1,741,460
Disposal during the period(*)	(38,021)
Impact of currency translation	(3,948)
As at June 30, 2024 (unaudited)	1,699,491

(*) net gain of AED 895 thousand was realised on disposal of investment properties

Fair valuations

Valuations are carried out annually by registered independent valuers having an appropriate recognised professional qualification and experience in the location and category of the property being valued. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

The valuation methodologies considered by external valuers include:

- ▶ Direct comparable method: This method seeks to determine the value of the property from transactions of comparable properties in the vicinity applying adjustments to reflect differences to the subject property.
- ▶ Investment method: This method is used to assess the value of the property by capitalising the net operating income of the property at an appropriate yield an investor would expect for an investment of the duration of the interest being valued.

Investment properties of the Group are primarily located within the UAE.

12. Other assets, net

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Interest receivable	5,209,653	4,542,779
Prepayments	215,601	130,557
Acceptances (Note 17)	18,440,528	13,202,764
Others	1,636,618	1,101,978
Gross other assets	25,502,400	18,978,078
Less: Allowance for impairment (Note 10)	(15,310)	(17,720)
Total other assets, net	25,487,090	18,960,358

13. Due to banks

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Vostro balances	1,574,000	1,989,085
Margin deposits	5,709,588	4,428,478
Time deposits	3,525,576	2,377,405
Total due to banks	10,809,164	8,794,968

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

14. Deposits from customers

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Time deposits	218,074,588	195,251,700
Current account deposits	138,648,902	137,448,035
Savings deposits	29,765,915	27,497,278
Long term government deposits	215,054	280,417
Margin deposits	3,256,099	2,427,609
Total deposits from customers	389,960,558	362,905,039

Islamic deposits included in the above table are as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Current account deposits	18,299,374	16,419,267
Margin deposits	176,366	200,115
Mudaraba savings deposits(*)	18,472,313	17,433,920
Mudaraba term deposits	683,519	792,424
Murabaha term deposits	1,196,661	2,180,907
Wakala deposits	20,865,001	20,429,772
Total Islamic deposits	59,693,234	57,456,405

(*) includes AED 15,313 thousand pertaining to investment risk reserve (IRR) (December 31, 2023 – AED 16,978 thousand)

The Group hedges customer deposits amounting to AED 31,608,913 thousand (December 31, 2023 – AED 27,924,885 thousand) for foreign currency and interest rate risks using foreign exchange and interest rate swaps and designates these swaps as either cash flow or fair value hedges. The net negative fair value of these swaps as at June 30, 2024 was AED 62,095 thousand (December 31, 2023 – net positive fair value of AED 19,056 thousand).

15. Euro commercial paper

The details of euro commercial paper ("ECP") issuances under the Bank's ECP programme are as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Currency (CCY)		
US dollar (USD)	3,775,263	3,728,810
Euro (EUR)	1,149,727	1,362,606
Great Britain pound (GBP)	811,512	2,686,239
Total euro commercial paper	5,736,502	7,777,655

The Group hedges euro commercial paper amounting to AED 1,961,239 thousand (December 31, 2023 – AED 4,048,844 thousand) for foreign currency using foreign exchange swaps and designates these swaps as cash flow hedges. The net negative fair value of these hedge contracts as at June 30, 2024 was AED 6,923 thousand (December 31, 2023 – net positive fair value of AED 108,246 thousand).

The effective interest rate on zero coupon ECPs ranges between 3.77% p.a. to 6.03% p.a. (December 31, 2023 – between 3.91% p.a. to 6.14% p.a.).

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

16. Borrowings

The details of borrowings as at June 30, 2024 (unaudited) are as follows:

Instrument	Currency (CCY)	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global medium term notes	Australian dollar (AUD)	-	488,400	361,271	137,171	986,842
	Chinese renminbi (CNH)	115,468	494,284	-	-	609,752
	Euro (EUR)	78,414	-	-	-	78,414
	Swiss franc (CHF)	1,055,500	-	-	409,114	1,464,614
	Hong Kong dollar (HKD)	-	71,028	-	-	71,028
	US dollar (USD)	1,991,063	3,834,794	7,442,415	16,521,578	29,789,850
	Great Britain pound (GBP)	184,909	-	-	-	184,909
	Indonesian rupiah (IDR)	-	-	303,909	126,345	430,254
		3,425,354	4,888,506	8,107,595	17,194,208	33,615,663
Bilateral loans	US dollar (USD)	-	2,121,271	2,380,472	-	4,501,743
	Kazakhstan tenge (KZT)	-	59,873	19,958	-	79,831
Certificate of deposits issued	Great Britain pound (GBP)	4,575,211	-	-	-	4,575,211
	US dollar (USD)	667,906	-	-	-	667,906
	Euro (EUR)	371,567	-	-	-	371,567
Borrowings through repurchase agreements	US dollar (USD)	32,072,825	6,961,644	-	-	39,034,469
	Egyptian pound (EGP)	-	-	-	2,748	2,748
Total borrowings		41,112,863	14,031,294	10,508,025	17,196,956	82,849,138

The Group hedges borrowings amounting to AED 41,926,487 thousand for foreign currency and interest rate risks using either interest rate or cross currency swaps and designates these swaps as either fair value or cash flow hedges. The net negative fair value of these swaps as at June 30, 2024 was AED 7,845,117 thousand.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

16. Borrowings (continued)

The details of borrowings as at December 31, 2023 (audited) are as follows:

Instrument	Currency (CCY)	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global medium term notes	Australian dollar (AUD)	-	-	868,091	140,883	1,008,974
	Chinese renminbi (CNH)	220,468	333,521	154,233	-	708,222
	Euro (EUR)	79,763	-	-	-	79,763
	Swiss franc (CHF)	1,558,795	-	-	-	1,558,795
	Hong Kong dollar (HKD)	72,268	70,263	-	-	142,531
	US dollar (USD)	2,792,254	2,633,544	6,047,621	19,897,712	31,371,131
	Great Britain pound (GBP)	181,759	-	-	-	181,759
	Indonesian rupiah (IDR)	-	-	-	475,867	475,867
		4,905,307	3,037,328	7,069,945	20,514,462	35,527,042
Bilateral loans	US dollar (USD)	616,467	733,243	3,031,082	-	4,380,792
	Kazakhstan tenge (KZT)	-	-	82,265	-	82,265
Certificate of deposits issued	Great Britain pound (GBP)	791,054	-	-	-	791,054
	US dollar (USD)	864,316	-	-	-	864,316
	Euro (EUR)	120,490	-	-	-	120,490
Borrowings through repurchase agreements	US dollar (USD)	32,205,548	2,677,410	-	-	34,882,958
	Egyptian pound (EGP)	-	-	-	4,417	4,417
Total borrowings		39,503,182	6,447,981	10,183,292	20,518,879	76,653,334

The Group hedges borrowings amounting to AED 37,471,801 thousand for foreign currency and interest rate risks using either interest rate or cross currency swaps and designates these swaps as either fair value or cash flow hedges. The net negative fair value of these swaps as at December 31, 2023, was AED 5,688,366 thousand.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

16. Borrowings (continued)

Interest is payable in arrears and the contractual coupon rates or internal rate of return on zero coupon issuances as at June 30, 2024 (unaudited) are as follows:

Instrument	CCY	Within 1 year	1-3 years	3-5 years	Over 5 years
Global medium term notes	AUD	-	Fixed rate of 3.10% p.a. and quarterly coupons with 90 to 94 basis points over bank bill swap rate (BBSW)	Fixed rate of 4.50% p.a.	Fixed rate between 2.696% p.a. to 2.80% p.a.
	CNH	Fixed rate of 3.33% p.a.	Fixed rate between 3.20% to p.a. 3.415% p.a.	-	-
	EUR	Fixed rate of 0.75% p.a.	-	-	-
	CHF	Fixed rate between 0.05% p.a. to 0.51% p.a.	-	-	Fixed rate of 2.023% p.a.
	HKD	-	Fixed rate of 1.34% p.a.	-	-
	USD	Quarterly coupons between 129 to 141 basis points over SOFR	Fixed rate between 1.63% p.a. to 5.10% p.a. and quarterly coupon of 88 basis points over SOFR	Fixed rate between 4.50% p.a. to 5.50% p.a. and quarterly coupons between 110 to 166 basis points over SOFR.	Fixed rate between 4.65% p.a. to 5.00% p.a., quarterly coupon of 140 basis points over SOFR. and zero coupon with an internal rate of return between 3.271% p.a. to 5.785% p.a.(*)
	GBP	Fixed rate of 0.95% p.a.	-	-	-
	IDR	-	-	Fixed rate of 8.16% p.a.	Fixed rate of 7.50% p.a.
Bilateral loans	USD	-	Monthly coupon of 68 basis point over SOFR and monthly coupon of 111 basis points over TERM SOFR	Monthly coupon between 68 to 85 basis points over SOFR.	-
	KZT	-	Fixed rate of 9.50% p.a.	Fixed rate of 8.50% p.a.	-
	GBP	Zero coupon with an internal rate between 5.33% p.a. to 5.46% p.a.	-	-	-
Certificate of deposits issued	USD	Zero coupon with an internal rate between 5.53% p.a. to 5.57% p.a.	-	-	-
	EUR	Zero coupon with an internal rate between 3.94% p.a. to 4.01% p.a.	-	-	-
	USD	Fixed rate between 5.43% p.a. to 5.82% p.a., monthly coupon of 37 basis points over SOFR, quarterly coupons between 32 to 76 basis points over SOFR and coupons at maturity between 30 to 60 basis points over SOFR	Monthly coupon of 68 basis points over SOFR, quarterly coupons between 64 to 65 basis points over SOFR and semi-annual coupons between negative 18 to 20 basis points over SOFR.	-	-
Borrowings through repurchase agreements	EGP	-	-	-	Fixed rate between 0.50% p.a. to 3.50% p.a.

(*) includes AED 15,677,183 thousand accreting notes issued with original tenors ranging from 30 years to 40 years with internal rate of return ranging between 3.271% p.a. to 5.785% p.a. and are callable at the end of every 5th, 6th, 7th, or 10th year from issue date

Refer note 8 for details of bonds pledged as collateral against borrowings through repurchase agreements. Further, the Group placed net cash collateral of AED 79,545 thousand (December 31, 2023 - AED 177,275 thousand) against margin calls.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

17. Other liabilities

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Interest payable	5,121,453	3,136,679
Recognised liability for defined benefit obligation	472,036	467,429
Deferred income	1,151,449	1,120,442
Acceptances (Note 12)	18,440,528	13,202,764
Impairment allowance on letters of credit, guarantees and other commitments (Note 10)	495,365	524,036
Others(*)	6,481,462	5,119,177
Total other liabilities	32,162,293	23,570,527

(*) includes AED 156,379 thousand (December 31, 2023 – AED 168,031 thousand) pertaining to lease liability

18. Share capital

	Authorised	Issued and fully paid	
	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000	As at December 31 2023 audited AED'000
Ordinary shares of AED 1 each	10,000,000	7,319,947	7,319,947

In the Annual General Meeting held on March 7, 2024, the shareholders of the Bank approved cash dividend of AED 4,099,170 thousand.

As at June 30, 2024, Mubadala Investment Company holds 60.69% of the Bank's issued and fully paid-up share capital through its wholly owned subsidiaries.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

19. Other reserves (unaudited)

Reserves movement for the six month period ended June 30, 2024:

	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Cash flow hedge reserve AED'000	IFRS 9 reserve - general AED'000	Revaluation reserve of investments designated at FVTOCI AED'000	Attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total AED'000
As at January 1, 2024	(78,869)	3,659,974	5,871,637	2,000,000	150,000	(226,433)	301,783	-	(1,086,185)	10,591,907	(653)	10,591,254
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(424,041)	-	-	-	(424,041)	(351)	(424,392)
Net gain on hedge of net investment in foreign operations	-	-	-	-	-	5,965	-	-	-	5,965	-	5,965
Net fair value changes on cash flow hedges	-	-	-	-	-	-	(202,526)	-	-	(202,526)	-	(202,526)
Net fair value changes on cash flow hedges reclassified to condensed consolidated interim income statement	-	-	-	-	-	-	29,717	-	-	29,717	-	29,717
Net fair value changes of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(129,171)	(129,171)	19	(129,152)
Changes in allowance for expected credit losses on debt instrument designated at FVTOCI	-	-	-	-	-	-	-	-	(8,124)	(8,124)	-	(8,124)
Amounts reclassified to condensed consolidated interim income statement for debt instruments designated at FVTOCI	-	-	-	-	-	-	-	-	175,214	175,214	-	175,214
Related tax impact on fair value movement of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(4,558)	(4,558)	-	(4,558)
Net fair value changes of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(2,319)	(2,319)	-	(2,319)
Related tax impact on fair value movement of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	-	338	338	-	338
Amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI	-	-	-	-	-	-	-	-	(13,517)	(13,517)	-	(13,517)
Total other comprehensive (loss)/income for the period	-	-	-	-	-	(418,076)	(172,809)	-	17,863	(573,022)	(332)	(573,354)
Acquisition of shares	(22,557)	-	-	-	-	-	-	-	-	(22,557)	-	(22,557)
Adjustment arising from changes in non-controlling interests	-	-	-	-	-	(65)	-	-	1	(64)	64	-
Amounts transferred within equity upon creation of IFRS 9 reserve - general	-	-	-	-	-	-	-	448,374	-	448,374	-	448,374
Shares - vested portion	32,502	-	-	-	-	-	-	-	-	32,502	-	32,502
As at June 30, 2024	(68,924)	3,659,974	5,871,637	2,000,000	150,000	(644,574)	128,974	448,374	(1,068,321)	10,477,140	(921)	10,476,219

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

19. Other reserves (unaudited) (continued)

Reserves movement for the six month period ended June 30, 2023:

	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Cash flow hedge reserve AED'000	Revaluation reserve of investments designated at FVTOCI AED'000	Attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total AED'000
As at January 1, 2023	(68,824)	3,478,690	3,478,690	2,000,000	150,000	(184,449)	97,176	(1,404,540)	7,546,743	(481)	7,546,262
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(207,602)	-	-	(207,602)	(194)	(207,796)
Net gain on hedge of net investment in foreign operations	-	-	-	-	-	99,708	-	-	99,708	-	99,708
Net fair value changes on cash flow hedges	-	-	-	-	-	-	224,003	-	224,003	-	224,003
Net fair value changes on cash flow hedges reclassified to condensed consolidated interim income statement	-	-	-	-	-	-	56,683	-	56,683	-	56,683
Net fair value changes of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	(247,761)	(247,761)	(21)	(247,782)
Changes in allowance for expected credit losses on debt instrument designated at FVTOCI	-	-	-	-	-	-	-	(14,579)	(14,579)	-	(14,579)
Amounts reclassified to condensed consolidated interim income statement for debt instruments designated at FVTOCI	-	-	-	-	-	-	-	(11,742)	(11,742)	-	(11,742)
Net fair value changes of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	(16,242)	(16,242)	-	(16,242)
Amounts transferred within equity upon disposal of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	2,359	2,359	-	2,359
Total other comprehensive (loss)/income for the period	-	-	-	-	-	(107,894)	280,686	(287,965)	(115,173)	(215)	(115,388)
Dividends paid to equity holders of the Bank	-	-	2,211,663	-	-	-	-	-	2,211,663	-	2,211,663
Fair value adjustments	(4,490)	-	-	-	-	-	-	-	(4,490)	-	(4,490)
Shares – vested portion	18,649	-	-	-	-	-	-	-	18,649	-	18,649
As at June 30, 2023	(54,665)	3,478,690	5,690,353	2,000,000	150,000	(292,343)	377,862	(1,692,505)	9,657,392	(696)	9,656,696

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

19. Other reserves (unaudited) (continued)**IFRS 9 reserve - general**

CBUAE allows banks to create non distributable reserve from retained earnings where impairment provision required by CBUAE as per circular no 28/2010 exceeds the expected credit loss calculated under IFRS 9. The computation of IFRS 9 reserve - general created during the period is as follows:

	AED'000
Regulatory general provision requirement as per CBUAE circular no 28/2010	5,460,077
Less: Stage 1 and 2 impairment provision	(5,011,703)
Reserve created from retained earnings under CBUAE circular no 28/2010	448,374
Balance of IFRS 9 reserve - general as at January 1, 2024	-
Add: Reserve created from retained earnings under CBUAE circular no 28/2010	448,374
Balance of IFRS 9 reserve - general as at June 30, 2024	448,374

20. Capital notes

Additional Tier I capital notes (the "Capital Notes") are non-cumulative perpetual securities for which there is no fixed redemption date. These Capital Notes are direct, unsecured, conditional, and subordinated obligations of the Bank and (i) rank pari passu without any preference among themselves; (ii) rank subordinate and junior to all senior obligations; (iii) rank pari passu with all pari passu obligations; and (iv) rank in priority only to all junior creditors.

In case the Bank at its sole discretion elects not to make a coupon payment, the holders of the Capital Notes do not have a right to claim the coupon and an election by the Bank not to service the coupon is not considered an event of default. In addition, there are certain circumstances ("non-payment event") under which the Bank is prohibited from making a coupon payment on a relevant coupon payment date. Further, if the CBUAE notifies the Bank that it is, or will become, non-viable without (i) a write-down; or (ii) a public sector injection of capital, the rights of the holders of the Capital Notes under the Capital Notes shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the write-down amount determined by the CBUAE. This could result in Capital Notes being written down to zero and the Capital Notes being cancelled.

If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Capital Notes except notes, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until one coupon payment has been paid in full.

The following table shows issuances of Capital Notes by the Bank:

Issuance	Currency	Interest rate	First call date	As at June 30 2024	As at December 31 2023
				unaudited AED'000	audited AED'000
Government of Abu Dhabi AT1 Capital Notes	AED	Floating interest rate of 6 month EIBOR plus 2.30% p.a. payable on semi-annual basis	February 23, 2027(*)	6,000,000	6,000,000
USD 750,000,000 AT1 Capital Notes	USD	Fixed rate of 8.00% p.a. from issue date but excluding the first reset date (May 27, 2029)(**) payable on semi-annual basis	November 27, 2028(*)	2,754,750 8,754,750	2,754,750 8,754,750

(*) Call option is subject to prior approval of UAE Central Bank

(**) If the Capital Notes are not redeemed in accordance with the Conditions on or prior to the first reset date, interest shall continue to be payable from (and including) the first reset date subject to and in accordance with the Conditions at a fixed rate, to be reset on the first reset date and every five years thereafter, equal to relevant five year reset rate (as defined in the Conditions) plus a margin of 3.524% p.a.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

21. Interest income (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Loans and advances to banks	837,020	666,782	1,754,266	1,260,539
Loans and advances to customers	4,942,049	3,953,610	9,715,091	7,584,602
Investment securities	1,688,272	1,373,865	3,360,050	2,536,237
Total interest income	7,467,341	5,994,257	14,829,407	11,381,378

22. Interest expense (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Deposits from banks	112,896	84,221	218,837	158,157
Deposits from customers	3,183,723	2,201,619	6,272,912	4,113,287
Euro commercial paper	77,772	105,478	167,254	189,978
Borrowings(*)	1,362,533	1,171,280	2,663,601	2,165,662
Total interest expense	4,736,924	3,562,598	9,322,604	6,627,084

(*) includes AED 4,882 thousand (for the six month period ended June 30, 2023 - AED 5,036 thousand) for interest expense on lease liabilities

23. Net fees and commission income (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Fees and commission income				
Card related fees	430,374	447,884	808,675	742,090
Loan processing fees	272,613	213,849	522,148	386,583
Accounts related fees	79,027	63,179	166,258	122,191
Trade finance commission	178,298	148,283	342,475	296,619
Asset management and investment services	51,455	29,636	101,992	57,865
Others	259,474	180,767	486,234	365,774
Total fees and commission income	1,271,241	1,083,598	2,427,782	1,971,122
Fees and commission expense				
Card related fees	(255,113)	(187,876)	(487,190)	(365,854)
Loan processing fees	(22,008)	(16,349)	(44,275)	(32,074)
Trade finance commission	(5,836)	(5,936)	(14,811)	(11,030)
Others	(179,420)	(149,654)	(369,760)	(305,786)
Total fees and commission expense	(462,377)	(359,815)	(916,036)	(714,744)
Net fees and commission income	808,864	723,783	1,511,746	1,256,378

24. Net trading income (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Net gain from dealing in derivatives	69,073	78,328	111,966	167,732
Net gain from dealing in foreign currencies	179,015	155,980	350,313	343,200
Net gain from financial assets at fair value through profit or loss	231,470	148,676	541,006	327,496
Net trading income	479,558	382,984	1,003,285	838,428

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

25. Other operating income (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Property management income	4,732	39,085	8,924	79,615
Rental income	19,624	20,496	31,606	40,905
Net loss from disposal of investment securities	(133,325)	(5,426)	(242,464)	(3,743)
Net gain/(loss) from hedging derivatives	240,033	(9,872)	367,030	(20,630)
Dividend income	7,056	9,245	15,394	18,967
Others	11,294	(31,472)	27,497	(20,413)
Total other operating income	149,414	22,056	207,987	94,701

26. Operating expenses (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Staff expenses	835,994	750,463	1,595,666	1,433,763
General administrative expenses	596,821	450,676	1,152,849	877,768
Depreciation on property and equipment	88,959	94,569	177,562	192,025
Amortisation of intangible assets	12,672	23,340	25,345	46,679
Total operating expenses	1,534,446	1,319,048	2,951,422	2,550,235

27. Impairment charge (unaudited)

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Financial instruments carried at amortised cost – net charge(*)	728,565	870,644	1,621,800	1,765,879
Debt instruments designated at FVTOCI – net release	(5,478)	(4,196)	(8,393)	(14,924)
Commitment and contingent liabilities – net charge/(release)	8,915	20,900	(16,924)	32,852
Less: Recoveries/modifications during the period	(143,859)	(139,679)	(267,730)	(288,206)
Total impairment charge (Note 10)	588,143	747,669	1,328,753	1,495,601

(*) includes net charge of AED 68 thousand (for the six month period ended June 30, 2023 – net release of AED 1,173 thousand) on investment securities at amortised cost

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

28. Earnings per share (unaudited)**Basic and diluted earnings per share**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Bank and the weighted average number of equity shares outstanding. Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding for the dilutive effects of potential equity shares held on account of employees' incentive plan.

	3 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Profit for the period attributable to the equity holders of the Bank	2,317,512	1,932,848	4,457,368	3,811,824
Less: Coupons paid on capital notes (Note 20)	(110,190)	-	(351,102)	(173,740)
Net adjusted profit for the period attributable to the equity holders of the Bank (a)	2,207,322	1,932,848	4,106,266	3,638,084
Number of shares in thousand				
Weighted average number of shares in issue throughout the period	7,319,947	7,319,947	7,319,947	6,957,379
Add: Number of shares issued on stock dividend during the period	-	-	-	362,568
Less: Weighted average number of shares resulting from employees' incentive plan shares	(13,353)	(10,088)	(12,487)	(10,088)
Weighted average number of equity shares in issue during the period for basic earnings per share (b)	7,306,594	7,309,859	7,307,460	7,309,859
Add: Weighted average number of shares resulting from employees' incentive plan shares	13,353	10,088	12,487	10,088
Weighted average number of equity shares in issue during the period for diluted earnings per share (c)	7,319,947	7,319,947	7,319,947	7,319,947
Basic earnings per share (AED) (a)/(b)	0.30	0.26	0.56	0.50
Diluted earnings per share (AED) (a)/(c)	0.30	0.26	0.56	0.50

29. Commitments and contingent liabilities

The Group has the following commitments and contingent liabilities:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Letters of credit	8,230,042	10,732,456
Guarantees	68,533,674	68,268,369
Commitments to extend credit – revocable(*)	20,271,076	19,075,003
Commitments to extend credit – irrevocable	40,546,899	46,026,541
Total commitments on behalf of customers	137,581,691	144,102,369
Commitments for future capital expenditure and others	560,073	577,653
Commitments to invest in investment securities	511,902	6,693
Total commitments and contingent liabilities	138,653,666	144,686,715

(*) includes AED 10,641,958 thousand (December 31, 2023 – AED 9,599,478 thousand) for undrawn credit card limits

Notes to the condensed consolidated interim financial informationFor the six month period ended June 30, 2024

30. Operating segments

The Group has five reportable segments as described below. These segments offer different products and services and are managed separately based on the Group's management and internal reporting structure. The Group's Management Executive Committee (the Chief Operating Decision Maker "CODM"), is responsible for allocation of resources to these segments, whereas, the Group's Performance Management Committee, based on delegation from CODM reviews the performance of these segments on a regular basis.

The following summary describes the operations in each of the Group's reportable segments:

Retail banking - comprises of retail products, wealth management, Islamic financing and investment in associates. It includes loans, deposits and other transactions and balances with retail customers.

Private banking - comprises of high net worth customers, asset management, brokerage, Islamic financing and investment in associates. It includes loans, deposits and other transactions and balances with corporate and private accounts of high net worth individuals and fund management activities.

Corporate and investment banking - comprises of business banking, cash management, trade finance, corporate finance, small and medium enterprise financing, investment banking, Islamic financing, infrastructure and asset finance, government and public enterprises. It includes loans, deposits and other transactions and balances with corporate customers. During the period, in line with Group's business strategy, some private banking clients have been transferred from private banking segment to corporate and investment banking segment. Accordingly, financial performance and results of these private banking customers have been reported under Corporate and investment banking segment for the current and prior period.

Investments and treasury - comprises of central treasury operations, management of the Group's investment portfolio and interest rate, currency and commodity derivative portfolio and Islamic financing. Investments and treasury undertakes the Group's funding and centralised financial risk management activities through borrowings, issue of debt securities and use of derivatives for risk management. It also undertakes trading and corporate finance activities and investing in liquid assets such as short-term placements, corporate and government debt securities.

Property management - comprises of engineering service operations of subsidiaries, real estate management income of associate and rental income earned from properties of the Group.

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Performance Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within these industries.

The following is an analysis of the Group's revenue and results by operating segments for the six month period ended June 30, 2024 (unaudited):

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

30. Operating segments (continued)

	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	1,276,601	484,901	1,729,757	2,012,140	3,404	5,506,803
Net income from Islamic financing and investing products	651,290	42,388	263,399	113,389	-	1,070,466
Total net interest income and income from Islamic financing and investing products	1,927,891	527,289	1,993,156	2,125,529	3,404	6,577,269
Non-interest income	741,639	98,242	1,459,315	365,866	57,956	2,723,018
Operating income	2,669,530	625,531	3,452,471	2,491,395	61,360	9,300,287
Operating expenses	(1,722,008)	(153,240)	(890,095)	(134,096)	(51,983)	(2,951,422)
Operating profit before impairment charge	947,522	472,291	2,562,376	2,357,299	9,377	6,348,865
Impairment (charge)/release	(212,935)	(616,306)	(511,508)	11,996	-	(1,328,753)
Profit/(loss) after impairment charge	734,587	(144,015)	2,050,868	2,369,295	9,377	5,020,112
Share in (loss)/profit of associates	(799)	(4,532)	-	-	8,714	3,383
Profit/(loss) before taxation	733,788	(148,547)	2,050,868	2,369,295	18,091	5,023,495
Income tax (charge)/release	(114,239)	11,530	(208,432)	(255,699)	(809)	(567,649)
Profit/(loss) for the period	619,549	(137,017)	1,842,436	2,113,596	17,282	4,455,846
As at June 30, 2023 (unaudited)						
Total assets	68,717,531	46,322,020	288,231,182	207,033,482	1,938,000	612,242,215
Total liabilities	89,290,752	57,924,208	205,613,033	187,994,759	712,006	541,534,758

The following is an analysis of the Group's revenue and results by operating segments for the six month period ended June 30, 2023 (unaudited):

	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	1,149,508	507,710	1,564,520	1,521,339	11,217	4,754,294
Net income from Islamic financing and investing products	579,891	20,913	176,083	250,616	-	1,027,503
Total net interest income and income from Islamic financing and investing products	1,729,399	528,623	1,740,603	1,771,955	11,217	5,781,797
Non-interest income	664,161	54,241	1,077,761	259,966	133,378	2,189,507
Operating income	2,393,560	582,864	2,818,364	2,031,921	144,595	7,971,304
Operating expenses	(1,458,409)	(122,826)	(759,899)	(122,922)	(86,179)	(2,550,235)
Operating profit before impairment charge	935,151	460,038	2,058,465	1,908,999	58,416	5,421,069
Impairment (charge)/release	(209,047)	(447,851)	(856,027)	17,324	-	(1,495,601)
Profit after impairment charge	726,104	12,187	1,202,438	1,926,323	58,416	3,925,468
Share in profit/(loss) of associates	1,335	(299)	-	-	-	1,036
Profit before taxation	727,439	11,888	1,202,438	1,926,323	58,416	3,926,504
Income tax release/(charge)	1,201	-	(37,398)	(79,638)	-	(115,835)
Profit for the period	728,640	11,888	1,165,040	1,846,685	58,416	3,810,669
As at December 31, 2023 (audited)						
Total assets	63,849,934	47,341,202	254,141,609	199,991,043	1,870,697	567,194,485
Total liabilities	83,465,806	50,757,232	185,279,310	175,911,436	527,234	495,941,018

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For the six month period ended June 30, 2024

30. Operating segments (continued)

The following is an analysis of the Group's revenue and results by operating segments for the three month period ended June 30, 2024 (unaudited):

	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	657,398	209,225	888,928	973,147	1,719	2,730,417
Net income from Islamic financing and investing products	322,702	18,275	138,719	66,066	-	545,762
Total net interest income and income from Islamic financing and investing products	980,100	227,500	1,027,647	1,039,213	1,719	3,276,179
Non-interest income	396,626	64,072	714,696	230,441	32,001	1,437,836
Operating income	1,376,726	291,572	1,742,343	1,269,654	33,720	4,714,015
Operating expenses	(884,943)	(91,026)	(451,235)	(79,016)	(28,226)	(1,534,446)
Operating profit before impairment charge	491,783	200,546	1,291,108	1,190,638	5,494	3,179,569
Impairment (charge)/release	(100,666)	(265,486)	(225,427)	3,436	-	(588,143)
Profit/(loss) after impairment charge	391,117	(64,940)	1,065,681	1,194,074	5,494	2,591,426
Share in (loss)/profit of associates	(945)	(1,857)	-	-	3,969	1,167
Profit/(loss) before taxation	390,172	(66,797)	1,065,681	1,194,074	9,463	2,592,593
Income tax (charge)/ release	(43,136)	4,171	(109,373)	(126,736)	(484)	(275,558)
Profit/(loss) for the period	347,036	(62,626)	956,308	1,067,338	8,979	2,317,035

The following is an analysis of the Group's revenue and results by operating segments for the three month period ended June 30, 2023 (unaudited):

	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	569,573	264,988	735,150	855,417	6,531	2,431,659
Net income from Islamic financing and investing products	298,073	8,859	91,888	99,992	-	498,812
Total net interest income and income from Islamic financing and investing products	867,646	273,847	827,038	955,409	6,531	2,930,471
Non-interest income	417,738	24,055	546,881	73,417	66,732	1,128,823
Operating income	1,285,384	297,902	1,373,919	1,028,826	73,263	4,059,294
Operating expenses	(750,716)	(71,673)	(386,735)	(67,934)	(41,990)	(1,319,048)
Operating profit before impairment charge	534,668	226,229	987,184	960,892	31,273	2,740,246
Impairment (charge)/release	(114,132)	(184,138)	(454,414)	5,015	-	(747,669)
Profit after impairment charge	420,536	42,091	532,770	965,907	31,273	1,992,577
Share in profit/(loss) of associates	406	(205)	-	-	-	201
Profit before taxation	420,942	41,886	532,770	965,907	31,273	1,992,778
Income tax charge	(1,674)	-	(18,078)	(40,686)	-	(60,438)
Profit for the period	419,268	41,886	514,692	925,221	31,273	1,932,340

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

30. Operating segments (continued)**Other disclosures**

The following is an analysis of the total operating income of each segment between income from external parties and inter-segment.

	External (unaudited)		Inter-segment (unaudited)	
	6 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Retail banking	2,145,424	1,999,123	524,106	394,437
Private banking	606,742	865,653	18,789	(282,789)
Corporate and investment banking	6,509,287	5,312,875	(3,056,816)	(2,494,511)
Investments and treasury	(22,526)	(333,108)	2,513,921	2,365,029
Property management	61,360	126,761	-	17,834
Total operating income	9,300,287	7,971,304	-	-

	External (unaudited)		Inter-segment (unaudited)	
	3 months ended June 30		3 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Retail banking	1,094,228	1,080,312	282,498	205,072
Private banking	218,739	425,274	72,833	(127,372)
Corporate and investment banking	3,386,286	2,769,380	(1,643,943)	(1,395,461)
Investments and treasury	(18,958)	(278,740)	1,288,612	1,307,566
Property management	33,720	63,068	-	10,195
Total operating income	4,714,015	4,059,294	-	-

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

30. Operating segments (continued)**Geographical information**

The Group operates in two principal geographic areas i.e. domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the UAE branches and subsidiaries. International area represents the operations of the Group that originates from its subsidiaries outside UAE. The information regarding the Group's revenue from continuing operations and non-current assets by geographical location are detailed as follows:

	Domestic (unaudited)		International (unaudited)	
	6 months ended June 30		6 months ended June 30	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Income				
Net interest income and income from Islamic financing and investing products	6,196,864	5,508,511	380,405	273,286
Non-interest income	2,663,196	2,095,331	59,822	94,176
Domestic (unaudited)				
3 months ended June 30		3 months ended June 30		
2024 AED'000		2024 AED'000		2023 AED'000
Income				
Net interest income and income from Islamic financing and investing products	3,094,706	2,791,387	181,473	139,084
Non-interest income	1,409,524	1,054,902	28,312	73,921
		Domestic		International
As at June 30 2024 unaudited AED'000		As at December 31 2023 audited AED'000	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Non-current assets				
Investment in associates	374,005	370,622	-	-
Investment properties	1,687,914	1,720,818	11,577	20,642
Property and equipment, net	1,668,157	1,652,014	175,558	235,582
Intangible assets, net	6,956,616	6,981,961	43,287	67,230

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

31. Capital adequacy ratio

The Bank's capital adequacy ratio calculated in accordance with guidelines issued by the CBUAE is as below:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Common equity tier 1 (CET1) capital		
Share capital (Note 18)	7,319,947	7,319,947
Share premium	17,878,882	17,878,882
Other reserves (Note 19)	11,037,037	11,455,178
Retained earnings	26,152,716	26,602,908
Regulatory deductions and adjustments		
Intangible assets, net	(6,999,903)	(7,049,191)
Cash flow hedge reserve	79,929	116,742
Employee's incentive plan shares, net (Note 19)	(68,924)	(78,869)
Revaluation reserve of investments designated at FVTOCI (Note 19)	(1,068,321)	(1,086,185)
Other deduction	(461,590)	(457,820)
Proposed cash dividend	-	(4,099,170)
Total CET1 capital	53,869,773	50,602,422
Additional tier 1 (AT1) capital		
Capital notes (Note 20)	8,754,750	8,754,750
Total AT1 capital	8,754,750	8,754,750
Total tier 1 capital	62,624,523	59,357,172
Tier 2 capital		
Eligible general provision	4,550,064	4,470,704
Total tier 2 capital	4,550,064	4,470,704
Total regulatory capital	67,174,587	63,827,876
Risk-weighted assets		
Credit risk	364,005,117	357,656,333
Market risk	16,728,797	13,436,625
Operational risk	28,236,831	22,334,610
Total risk-weighted assets	408,970,745	393,427,568
CET1 ratio	13.17%	12.86%
AT1 ratio	2.14%	2.23%
Tier 1 ratio	15.31%	15.09%
Tier 2 ratio	1.12%	1.13%
Capital adequacy ratio	16.43%	16.22%

32. Related party transactions

The Group enters into transactions with the parent and its related entities, associates, funds under management, directors, senior management and their related entities and the Government of Abu Dhabi (ultimate controlling party and its related entities) in the ordinary course of business at commercial interest and commission rates.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the directors, chief executive officer and his direct reports.

Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

32. Related party transactions (continued)**Parent and ultimate controlling party**

Mubadala Investment Company holds 60.69% of the Bank's issued and fully paid-up share capital through its wholly owned subsidiaries (Note 18). The Government of Abu Dhabi owns 100% of Mubadala Investment Company and so the ultimate controlling party is the Government of Abu Dhabi.

For details of related party balances as at December 31, 2023, refer note 37 in the consolidated financial statements for the year ended December 31, 2023. For related party transactions for the six month ended June 30, 2023, refer note 32 in the condensed consolidated interim financial information for the period ended June 30, 2023. The related party balances as at June 30, 2024 and transactions for the six month period ended on that date are similar in nature and magnitude.

Related party balances and transactions of the Group included in the condensed consolidated interim statement of financial position and condensed consolidated interim income statement are as follows:

	Ultimate controlling party and its related parties	Directors and their related parties	Senior management personnel and their related parties	Associates and funds under management	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Balances as at June 30, 2024 (unaudited)					
Deposits and balances due from banks	43,106	-	-	-	43,106
Derivative financial instruments – assets	720,164	36,302	-	48	756,514
Investment securities	31,447,167	-	-	223,753	31,670,920
Loans and advances to customers(*)	68,107,243	4,336,702	26,871	3,650,624	76,121,440
Other assets	850,759	8,837	30	2,988	862,614
Due to banks	401,312	-	-	-	401,312
Derivative financial instruments – liabilities	1,487,147	35,446	-	-	1,522,593
Deposits from customers	98,928,582	716,751	78,250	1,758,840	101,482,423
Other liabilities	2,264,733	13,010	14,585	2,500	2,294,828
Capital notes	6,000,000	-	-	-	6,000,000
Commitments and contingent liabilities	32,625,659	63,780	3,572	374,165	33,067,176

Transactions for the six month period ended June 30, 2024 (unaudited)

Interest income, Islamic financing income and non-interest income	2,558,646	132,649	600	54,731	2,746,626
Interest expense and Islamic profit distribution	2,573,596	10,742	395	28,011	2,612,744
Share in profit of associates	-	-	-	3,383	3,383
Coupons paid on capital notes	351,102	-	-	-	351,102

(*) includes secured loans which are collateralised by tangible assets, including but not limited to real estate, cash, vehicles, shares and bonds.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

32. Related party transactions (continued)

Remuneration of senior management employees and Board of Directors fees and expenses for the six month period ended June 30, 2024 (unaudited) are as follows:

	AED'000
Short term benefits	25,724
Post-employment benefits	1,400
Variable pay benefits	24,726
Total remuneration	51,850
Board of Directors fees and expenses	15,047

In addition to the above, the key management personnel were granted long term deferred compensation including share based payments of AED 35,634 thousand.

33. Fair value hierarchy**Fair value measurements recognised in the condensed consolidated interim financial information**

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices – Level 1

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

Valuation techniques using observable inputs – Level 2

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

The category includes derivative financial instruments such as over the counter (OTC) derivatives, commodity derivatives, foreign exchange spot and forward contracts, certain investment securities, financial assets at FVTPL, euro commercial paper and borrowings. Valuation of the derivative financial instruments is made through discounted cash flow method using the applicable yield curve for the duration of the instruments for non-optimal derivatives and standard option pricing models such as Black-Scholes and other valuation models for derivatives with options.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments such as credit risk and funding costs. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. Credit valuation adjustment is calculated by applying Monte-carlo simulation models.

Notes to the condensed consolidated interim financial informationFor the six month period ended June 30, 2024

33. Fair value hierarchy (continued)**Valuation techniques using observable inputs – Level 2 (continued)**

Collateral and netting arrangements are taken into account where applicable. The Group applies credit value adjustments to all relevant OTC positions with the exception of positions settled through central clearing houses.

Funding value adjustment (FVA) reflects the impact of funding associated with collateralised and partly collateralised OTC positions. The Group calculates the FVA by applying estimated future funding costs to the expected future exposure that the Group will be required to fund as a result of the uncollateralised component of the OTC portfolio (i.e. the uncollateralised component of a collateralised portfolio and the entire uncollateralised portfolio).

Valuation techniques using significant unobservable inputs – Level 3

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

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

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

- a) Private equity instruments – using the latest available net book value;
- b) Funds – based on the net asset value provided by the fund manager; and
- c) Loans and advances to customers mandatorily measured at FVTPL – using valuation provided by external consultants as per discounted cash flow methodology.

Investment properties are classified as Level 3 as their valuation incorporates significant unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Group's investment properties are rental income and capitalisation rates. Significant decrease in rental income, or increase in capitalisation rates, in isolation would result in a significant lower fair value measurement. Generally, a change in the assumption used for rental income should be accompanied by a change in the assumption for capitalisation rates in the same direction as increase in rental income raises the expectations of the seller to earn from the investment property. Therefore, the effects of these changes partially offset each other. Refer note 11 in respect of valuation methodology used for investment properties.

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements do not materially differ from their fair values.

Notes to the condensed consolidated interim financial information

For the six month period ended June 30, 2024

33. Fair value hierarchy (continued)

	Notes	Level 1	Level 2	Level 3	Total fair value AED'000	Carrying value AED'000			
		Quoted market prices AED'000	Observable inputs AED'000	Significant unobservable inputs AED'000					
As at June 30, 2024 (unaudited)									
Assets at fair value									
Financial assets at fair value through profit or loss	6	2,420,536	9,493,822	30,000	11,944,358	11,944,358			
Derivative financial instruments	7	4,347	17,500,038	-	17,504,385	17,504,385			
Investment securities, net	8								
- At fair value through other comprehensive income		34,054,561	758,663	102,828	34,916,052	34,916,052			
- At amortised cost		94,845,261	100,913	-	94,946,174	97,693,325			
Loans and advances to customers mandatorily measured at FVTPL	9	-	-	3,298,067	3,298,067	3,298,067			
Investment properties	11	-	-	1,699,491	1,699,491	1,699,491			
Total		131,324,705	27,853,436	5,130,386	164,308,527	167,055,678			
Liabilities at fair value									
Derivative financial instruments	7	2,700	20,014,403	-	20,017,103	20,017,103			
Liabilities at amortised cost									
Euro commercial paper	15	-	5,738,402	-	5,738,402	5,736,502			
Borrowings	16	11,240,274	70,368,981	-	81,609,255	82,849,138			
Total		11,242,974	96,121,786		107,364,760	108,602,743			
As at December 31, 2023 (audited)									
Assets at fair value									
Financial assets at fair value through profit or loss	6	1,419,562	8,643,458	-	10,063,020	10,063,020			
Derivative financial instruments	7	7,804	13,851,282	-	13,859,086	13,859,086			
Investment securities, net	8								
- At fair value through other comprehensive income		39,243,131	2,067,949	110,288	41,421,368	41,421,368			
- At amortised cost		84,402,121	201,140	-	84,603,261	86,847,029			
Loans and advances to customers mandatorily measured at FVTPL	9	-	-	3,249,938	3,249,938	3,249,938			
Investment properties	11	-	-	1,741,460	1,741,460	1,741,460			
Total		125,072,618	24,763,829	5,101,686	154,938,133	157,181,901			
Liabilities at fair value									
Derivative financial instruments	7	4,257	16,235,238	-	16,239,495	16,239,495			
Liabilities at amortised cost									
Euro commercial paper	15	-	7,786,619	-	7,786,619	7,777,655			
Borrowings	16	11,496,614	63,328,708	-	74,825,322	76,653,334			
Total		11,500,871	87,350,565		98,851,436	100,670,484			

The Group's OTC derivatives in the trading book are classified as Level 2 as they are valued using inputs that can be observed in the market.

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For the six month period ended June 30, 2024

33. Fair value hierarchy (continued)

Reconciliation showing the movement in fair values of Level 3 investments designated at FVTOCI and FVTPL and loans and advances to customers mandatorily measured at FVTPL is as follows:

	As at June 30 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Opening balance	3,360,226	3,258,157
Net additions during the period/year	78,127	145,978
Disposals including capital refunds during the period/year	(373)	(64,000)
Adjustment through other comprehensive income during the period/year	(7,085)	20,091
Closing balance	3,430,895	3,360,226

Net gain of AED 373 thousand (for the six month period ended June 30, 2023 – net gain of AED 304 thousand) was realised on disposal of Level 3 equity investments designated at FVTOCI and were transferred to retained earnings.

34. Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's condensed consolidated interim financial information if disposed unfavourably.