

ABU DHABI ISLAMIC BANK PJSC

**Condensed consolidated interim
financial statements
30 September 2023 (unaudited)**

ABU DHABI ISLAMIC BANK PJSC

**Condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ABU DHABI ISLAMIC BANK PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Islamic Bank PJSC (the “Bank”) and its subsidiaries (together the “Group”) as at 30 September 2023, and the related income statement and statement of comprehensive income for the three and nine-months period then ended, and the related statements of changes in equity and cash flows for the nine-months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

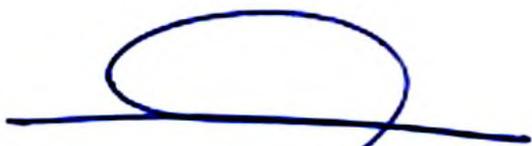
Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Obada AlKowatly
Registration No. 1056
25 October 2023
Abu Dhabi
United Arab Emirates

**Condensed consolidated interim income statement
Three months and nine months ended 30 September 2023 (Unaudited)**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Operating income					
Income from murabaha, mudaraba and wakala with financial institutions		471,925	45,219	1,157,924	79,972
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	5	1,945,881	1,234,128	5,497,891	3,040,024
Income from sukuk measured at amortised cost		158,245	90,910	422,722	282,458
Income from investments measured at fair value	6	58,405	20,421	189,807	75,967
Share of results of associates and joint ventures		19,681	60,935	59,483	216,132
Fees and commission income, net	7	369,522	259,852	1,037,939	839,288
Foreign exchange income		125,925	103,046	325,107	267,888
Income from investment properties		9,354	9,178	27,761	27,566
Other income		112,220	1,742	125,158	5,318
		3,271,158	1,825,431	8,843,792	4,834,613
Operating expenses					
Employees' costs	8	(448,316)	(404,898)	(1,335,447)	(1,125,548)
General and administrative expenses	9	(207,342)	(57,367)	(600,679)	(339,721)
Depreciation		(80,488)	(67,599)	(238,149)	(197,283)
Amortisation of intangibles	25	(3,720)	(9,296)	(11,152)	(36,447)
Provision for impairment, net	10	(201,845)	(125,080)	(570,910)	(352,447)
		(941,711)	(664,240)	(2,756,337)	(2,051,446)
Profit from operations, before distribution to depositors					
		2,329,447	1,161,191	6,087,455	2,783,167
Distribution to depositors	11	(841,263)	(147,230)	(2,149,632)	(318,384)
Profit for the period before zakat and tax					
		1,488,184	1,013,961	3,937,823	2,464,783
Zakat and tax	12	(63,993)	(3,849)	(187,586)	(12,968)
Profit for the period after zakat and tax					
		1,424,191	1,010,112	3,750,237	2,451,815
<i>Attributable to:</i>					
Equity holders of the Bank		1,354,540	1,009,632	3,581,680	2,450,479
Non-controlling interest		69,651	480	168,557	1,336
		1,424,191	1,010,112	3,750,237	2,451,815
Basic and diluted earnings per share attributable to ordinary shares (AED)	13	0.346	0.251	0.914	0.613

The attached notes 1 to 43 form part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income
Three months and nine months ended 30 September 2023 (Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 AED '000	2022 AED'000	2023 AED '000	2022 AED'000
Profit for the period after zakat and tax		1,424,191	1,010,112	3,750,237	2,451,815
Other comprehensive loss					
<i>Items that will not be reclassified to consolidated income statement</i>					
Net movement on valuation of equity investments carried at fair value through other comprehensive income	30	1,399	(1,124)	13,413	(756)
Other movement in reserves	30	(347)	-	(29,078)	-
Directors' remuneration paid	36	-	-	(16,100)	(8,190)
<i>Items that may be subsequently reclassified to consolidated income statement</i>					
Net movement in valuation of investments in sukuk carried at fair value through other comprehensive income	30	(63,004)	(113,756)	(49,614)	(336,279)
Exchange differences arising on translation of foreign operations	30	(2,069)	(31,565)	(230,900)	(127,291)
Gain on hedge of foreign operations	30	2,646	4,147	587	9,491
Fair value (loss) gain on cash flow hedge	30	(1,918)	-	3,667	846
Other comprehensive loss for the period		(63,293)	(142,298)	(308,025)	(462,179)
Total comprehensive income for the period		1,360,898	867,814	3,442,212	1,989,636
<i>Attributable to:</i>					
Equity holders of the Bank		1,291,247	867,334	3,273,655	1,988,300
Non-controlling interest		69,651	480	168,557	1,336
		1,360,898	867,814	3,442,212	1,989,636

The attached notes 1 to 43 form part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position
At 30 September 2023 (Unaudited)

	Notes	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
ASSETS			
Cash and balances with central banks	14	27,472,030	24,229,302
Balances and wakala deposits with			
Islamic banks and other financial institutions	15	7,561,673	2,921,094
Murabaha and mudaraba with financial institutions	16	3,465,800	4,519,436
Murabaha and other Islamic financing	17	65,938,898	62,023,422
Ijara financing	18	46,655,871	45,693,485
Investment in sukuk measured at amortised cost	19	17,722,832	14,370,291
Investments measured at fair value	20	5,277,376	5,061,994
Investment in associates and joint ventures	21	816,083	776,084
Investment properties	22	1,266,459	1,277,943
Development properties	23	713,701	713,701
Other assets	24	3,811,138	3,239,346
Property and equipment		2,782,621	2,904,973
Goodwill and intangibles	25	639,059	786,020
TOTAL ASSETS		184,123,541	168,517,091
LIABILITIES			
Due to financial institutions	26	2,953,669	2,834,242
Depositors' accounts	27	151,544,605	138,136,603
Other liabilities	28	4,925,834	4,085,576
Total liabilities		159,424,108	145,056,421
EQUITY			
Share capital	29	3,632,000	3,632,000
Legal reserve		2,647,426	2,640,705
General reserve		2,976,046	2,975,819
Credit risk reserve		400,000	400,000
Retained earnings		10,358,328	8,642,250
Other reserves	30	(1,087,722)	(564,647)
Tier 1 sukuk	31	4,754,375	4,754,375
Equity attributable to the equity and Tier 1 sukuk holders of the Bank		23,680,453	22,480,502
Non-controlling interest		1,018,980	980,168
Total equity		24,699,433	23,460,670
Total liabilities and equity		184,123,541	168,517,091

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



H.E. Jawaan Awaidha Subail Al Khaili
Chairman



Nasser Abdullah Al Awadhi
Group Chief Executive Officer



Mohamed Abdelbary
Group Chief Financial Officer

The attached notes 1 to 43 form part of these condensed consolidated interim financial statements.

**Condensed consolidated interim statement of changes in equity
Nine months ended 30 September 2023 (Unaudited)**

<i>Attributable to the equity and Tier 1 sukuk holders of the Bank</i>										
Notes	Share	Legal	General	Credit	Retained	Other	Tier 1	Total	Non-	Total
	capital	reserve	reserve	risk	earnings	reserves	sukuk		controlling	
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2023 – audited	3,632,000	2,640,705	2,975,819	400,000	8,642,250	(564,647)	4,754,375	22,480,502	980,168	23,460,670
Profit for the period	-	-	-	-	3,581,680	-	-	3,581,680	168,557	3,750,237
Other comprehensive loss	-	-	-	-	(16,100)	(291,925)	-	(308,025)	-	(308,025)
Profit paid on Tier 1 sukuk – Listed (second issue)	31	-	-	-	(196,250)	-	-	(196,250)	-	(196,250)
Profit paid on Tier 1 sukuk – Government	31	-	-	-	(65,837)	-	-	(65,837)	-	(65,837)
Dividends paid	39	-	-	-	(1,779,312)	-	-	(1,779,312)	(1,350)	(1,780,662)
Dividends paid to charity		-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Loss on disposal of FVTOCI investment		-	-	-	(5,215)	5,215	-	-	-	-
Transfer from Impairment reserve – General	30	-	-	-	132,499	(132,499)	-	-	-	-
Transfer from Impairment reserve – Specific	30	-	-	-	103,866	(103,866)	-	-	-	-
Transfer to reserves		-	6,721	227	(6,948)	-	-	-	-	-
Redemption of Tier 1 sukuk - second issue	31	-	-	-	-	-	(2,754,375)	(2,754,375)	-	(2,754,375)
Issuance of Tier 1 sukuk - third issue	31	-	-	-	-	-	2,754,375	2,754,375	-	2,754,375
Issuance cost on Tier 1 sukuk – third issue	31	-	-	-	(12,305)	-	-	(12,305)	-	(12,305)
Other movement in non-controlling Interest		-	-	-	-	-	-	-	(128,395)	(128,395)
Balance at 30 September 2023 – unaudited	3,632,000	2,647,426	2,976,046	400,000	10,358,328	(1,087,722)	4,754,375	23,680,453	1,018,980	24,699,433
Balance at 1 January 2022 – audited	3,632,000	2,640,705	2,633,934	400,000	6,741,105	(254,626)	4,754,375	20,547,493	11,567	20,559,060
Profit for the period	-	-	-	-	2,450,479	-	-	2,450,479	1,336	2,451,815
Other comprehensive loss	-	-	-	-	(8,190)	(453,989)	-	(462,179)	-	(462,179)
Profit paid on Tier 1 sukuk – Listed (second issue)	31	-	-	-	(196,250)	-	-	(196,250)	-	(196,250)
Profit paid on Tier 1 sukuk – Government	31	-	-	-	(27,645)	-	-	(27,645)	-	(27,645)
Dividends paid	39	-	-	-	(1,130,115)	-	-	(1,130,115)	(1,350)	(1,131,465)
Dividends paid to charity		-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Transfer to Impairment reserve – General	30	-	-	-	(152,806)	152,806	-	-	-	-
Transfer to Impairment reserve – Specific	30	-	-	-	(60,871)	60,871	-	-	-	-
Balance at 30 September 2022 – unaudited	3,632,000	2,640,705	2,633,934	400,000	7,595,707	(494,938)	4,754,375	21,161,783	11,553	21,173,336

The attached notes 1 to 43 form part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows
Nine months ended 30 September 2023 (Unaudited)

	Notes	Nine months ended 30 September	
		2023 AED '000	2022 AED '000
Operating activities			
Profit for the period		3,750,237	2,451,815
Adjustments for:			
Depreciation on investment properties	22	10,971	10,798
Depreciation on property and equipment		177,949	136,527
Depreciation on right-of-use assets		49,229	49,958
Amortisation of intangibles	25	11,152	36,447
Share of results of associates and joint ventures		(59,483)	(216,132)
Realised (gain) loss on investments carried at fair value through profit or loss	6	(17,501)	68,530
Unrealised (gain) loss on investments carried at fair value through profit or loss	6	(8,165)	58,343
Realised gain on sukuk carried at fair value through other comprehensive income	6	-	(852)
Dividend income	6	(5,775)	(1,000)
Finance cost on lease liabilities	9	5,801	7,492
Provision for impairment, net	10	570,910	352,447
Changes in operating assets and liabilities		4,485,325	2,954,373
(Increase) decrease in balances with central banks		(7,085,251)	2,715,853
Decrease in balances and wakala deposits with Islamic banks and other financial institutions		415,319	456,035
Decrease in murabaha and mudaraba with financial institutions		157,584	694,620
Increase in murabaha and other Islamic financing		(5,583,751)	(9,964,990)
Increase in ijara financing		(1,401,663)	(313,929)
Net movement in investments carried at fair value through profit or loss		(405,530)	216,206
Increase in other assets		(703,735)	(739,980)
Increase (decrease) in due to financial institutions		32,334	(142,069)
Increase in depositors' accounts		16,288,212	9,221,700
Increase in other liabilities		1,198,073	861,268
Cash from operations		7,396,917	5,959,087
Directors' remuneration paid		(16,100)	(8,190)
Net cash from operating activities		7,380,817	5,950,897
Investing activities			
Net movement in investments carried at fair value through other comprehensive income		155,094	(1,728,997)
Net movement in investments carried at amortised cost		(3,419,753)	(4,363,142)
Dividend received	6	5,775	1,000
Dividend received from associates		16,250	15,572
Additions in associates		-	(59,075)
Purchase of property and equipment		(128,453)	(209,970)
Net cash used in investing activities		(3,371,087)	(6,344,612)
Financing activities			
Issuance of Tier 1 sukuk – Listed (third issue)	31	2,754,375	-
Issuance cost paid for Tier 1 sukuk – Listed (third issue)	31	(12,305)	-
Redemption of Tier 1 sukuk – Listed (second issue)	31	(2,754,375)	-
Profit paid on Tier 1 sukuk – Listed (second issue)	31	(196,250)	(196,250)
Profit paid on Tier 1 sukuk – Government	31	(65,837)	(27,645)
Finance cost on lease liability	9	(5,801)	(7,492)
Dividends paid		(1,870,841)	(1,132,727)
Net cash used in financing activities		(2,151,304)	(1,364,114)
Increase in cash and cash equivalents		1,858,696	(1,757,829)
Cash and cash equivalents at 1 January		5,106,695	7,202,710
Cash and cash equivalents at 30 September	33	6,965,391	5,444,881
Operating cash flows from profit on balances and wakala deposits with Islamic banks and other financial institutions, murabaha and mudaraba with financial institutions, customer financing, sukuk and customer deposits are as follows:			
Profit received		6,715,080	3,197,549
Profit paid to depositors		1,856,757	256,982

The attached notes 1 to 43 form part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements 30 September 2023 (Unaudited)

1 Legal status and principal activities

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

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

In addition to its main office in Abu Dhabi, the Bank operates through its 58 branches in UAE (2022: 58 branches) and 3 overseas branches in Iraq, Qatar and Sudan and subsidiaries in the UAE, Egypt and the United Kingdom. The condensed consolidated interim financial statements combine the activities of the Bank’s head office, its branches and subsidiaries.

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

The condensed consolidated interim financial statements of the Group were authorised for issue by the Board of Directors on 25 October 2023.

2 Definitions

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

Murabaha

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

Istisna’a

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

Ijara

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

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)****2 Definitions (continued)****Qard Hasan**

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

Musharaka

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

Mudaraba

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

Wakalah

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

Sukuk

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

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

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

Notes to the condensed consolidated interim financial statements 30 September 2023 (Unaudited)

3 Basis of preparation (continued)

3.1 (b) Accounting convention

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

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

3.1 (c) Basis of consolidation

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

	Activity	Country of incorporation	Percentage of holding	
			30 September 2023	31 December 2022
Abu Dhabi Islamic Bank – Egypt (S.A.E)	Islamic banking	Egypt	53%	53%
Abu Dhabi Islamic Securities Company LLC	Equity brokerage services	United Arab Emirates	95%	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%	100%
MPM Properties LLC	Real estate services	United Arab Emirates	100%	100%
ADIB Invest 1	Equity brokerage services	BVI	100%	100%
Kawader Services LLC	Manpower supply	United Arab Emirates	100%	100%
ADIB (UK) Limited	Other services	United Kingdom	100%	100%
ADIB Capital Ltd	Funds services	United Arab Emirates	100%	100%
ADIB Sukuk Company II Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 2 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 3 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Alternatives Ltd*	Special purpose vehicle	Cayman Island	-	-

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

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

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

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

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)****3 Basis of preparation (continued)****3.2 Significant judgements and estimates**

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

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

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

4 Significant accounting policies

The condensed consolidated interim financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the nine months ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

Changes in accounting policies after the adoption of IFRS

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these interim condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts - Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)****4 Significant accounting policies (continued)****New and revised IFRS in issue but not yet effective and not early adopted**

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale (effective from January 1, 2024).
- Non-current Liabilities with Covenants (Amendments to IAS 1) - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability (effective from 1 January 2024).
- Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (Effective date deferred indefinitely, available for early adoption).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
Vehicle murabaha	149,182	59,724	397,136	172,919
Goods murabaha	303,102	112,809	825,043	232,957
Share murabaha	220,216	207,195	647,181	621,732
Commodities murabaha – Al Khair	108,279	93,194	310,040	271,724
Islamic covered cards (murabaha)	101,992	83,968	289,286	231,992
Other murabaha	174,924	111,667	486,363	270,200
Total murabaha	1,057,695	668,557	2,955,049	1,801,524
Mudaraba	175,846	77	510,948	212
Wakala	42,824	33,363	137,506	62,521
Ijara	669,516	532,130	1,894,386	1,175,759
Istisna'a	-	1	2	8
	1,945,881	1,234,128	5,497,891	3,040,024

6 Income from investments measured at fair value

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
Income from sukuk measured at fair value through profit or loss	25,278	20,121	61,783	56,930
Income from sukuk measured at fair value through other comprehensive income	31,464	32,473	95,007	80,281
Realised (loss) gain on sale of investments carried at fair value through profit or loss	(1,405)	(29,294)	17,501	(68,530)
Unrealised gain (loss) on investments carried at fair value through profit or loss	1,518	(2,263)	8,165	(58,343)
Realised gain on sale of sukuk carried at fair value through other comprehensive income	-	21	-	852
Gain (loss) from other investment assets	1,550	(637)	1,576	63,777
Dividend income	-	-	5,775	1,000
	58,405	20,421	189,807	75,967

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

7 Fees and commission income, net

	Three months ended 30 September		Nine months ended 30 September	
	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Fees and commission income				
Fees and commission income on cards	407,995	292,012	1,085,709	797,453
Trade related fees and commission	38,047	18,806	113,011	58,996
Takaful related fees	1,025	152	5,521	6,226
Accounts services fees	29,932	27,511	90,950	80,707
Projects and property management fees	11,641	10,990	33,880	32,661
Risk participation and arrangement fees	28,659	41,821	74,419	104,900
Brokerage fees and commission	14,566	9,573	33,993	29,034
Other fees and commissions	153,604	96,250	400,475	349,231
	<hr/>	<hr/>	<hr/>	<hr/>
Total fees and commission income	685,469	497,115	1,837,958	1,459,208
	<hr/>	<hr/>	<hr/>	<hr/>
Fees and commission expenses				
Card related fees and commission expenses	(287,736)	(216,938)	(725,770)	(562,489)
Other fees and commission expenses	(28,211)	(20,325)	(74,249)	(57,431)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fees and commission expenses	(315,947)	(237,263)	(800,019)	(619,920)
	<hr/>	<hr/>	<hr/>	<hr/>
Fees and commission income, net	369,522	259,852	1,037,939	839,288
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8 Employees' costs

	Three months ended 30 September		Nine months ended 30 September	
	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Salaries and wages	401,675	379,346	1,182,163	1,044,230
End of service benefits	18,671	17,321	65,845	49,266
Other staff expenses	27,970	8,231	87,439	32,052
	<hr/>	<hr/>	<hr/>	<hr/>
	448,316	404,898	1,335,447	1,125,548
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

9 General and administrative expenses

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
Legal and professional expenses	22,512	25,745	81,556	62,059
Premises expenses	28,911	15,964	83,011	50,109
Marketing and advertising expenses	15,788	14,101	54,381	50,144
Communication expenses	26,156	22,736	78,978	68,624
Technology related expenses	58,171	45,174	160,238	129,627
Finance cost on lease liabilities	1,873	2,185	5,801	7,492
Other operating expenses	53,931	(68,538)	136,714	(28,334)
	207,342	57,367	600,679	339,721

10 Provision for impairment, net

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
Murabaha and other Islamic financing	116,002	116,180	97,831	189,652
Ijara financing	46,734	(39,666)	343,570	110,171
Recoveries, net of direct write-off	2,321	8,923	1,807	(8,306)
Others	36,788	39,643	127,702	60,930
	201,845	125,080	570,910	352,447

11 Distribution to depositors

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
Saving accounts	52,298	38,660	143,989	126,726
Investment accounts	788,965	108,570	2,005,643	191,658
	841,263	147,230	2,149,632	318,384

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)****12 Zakat and tax****Zakat**

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

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

Tax

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

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Enactment of the legislation requires the recognition of deferred taxes where relevant, however the Bank does not have any material deferred tax balances to record for the period. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Bank is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

13 Basic and diluted earnings per share

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

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

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

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
Profit for the period attributable to equity holders - (AED '000)		1,354,540	1,009,632	3,581,680	2,450,479
Less: profit attributable to Tier 1 sukuk:					
- Listed (second issue) - (AED '000)	31	(98,125)	(98,125)	(196,250)	(196,250)
- Government of Abu Dhabi - (AED '000)	31	-	-	(65,837)	(27,645)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit for the period attributable to ordinary shareholders after deducting profit relating to Tier 1 sukuk (AED '000)		1,256,415	911,507	3,319,593	2,226,584
		<hr/>	<hr/>	<hr/>	<hr/>
Weighted average number of ordinary shares in issue (000's)		3,632,000	3,632,000	3,632,000	3,632,000
		<hr/>	<hr/>	<hr/>	<hr/>
Basic and diluted earnings per share (AED)		0.346	0.251	0.914	0.613
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

14 Cash and balances with central banks

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Cash on hand	1,626,788	2,122,245
Balances with central banks:		
- Current accounts	852,969	803,885
- Statutory reserve	13,986,768	9,042,331
- Islamic certificate of deposits	11,013,371	12,263,762
	27,479,896	24,232,223
Less: provision for impairment	(7,866)	(2,921)
	27,472,030	24,229,302

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

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
UAE	23,615,116	21,292,257
Rest of the Middle East	2,469,496	1,384,595
Others	1,395,284	1,555,371
	27,479,896	24,232,223

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Current accounts	254,160	434,284
Wakala deposits	7,367,868	2,529,905
	<hr/>	<hr/>
	7,622,028	2,964,189
Less: provision for impairment	(60,355)	(43,095)
	<hr/>	<hr/>
	7,561,673	2,921,094
	<hr/> <hr/>	<hr/> <hr/>

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

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
UAE	1,342,384	338,283
Rest of the Middle East	6,024,021	2,241,486
Europe	46,801	109,338
Others	208,822	275,082
	<hr/>	<hr/>
	7,622,028	2,964,189
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

16 Murabaha and Mudaraba with financial institutions

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Murabaha	3,493,954	4,557,805
Less: provision for impairment	(28,154)	(38,369)
	<hr/>	<hr/>
	3,465,800	4,519,436
	<hr/> <hr/>	<hr/> <hr/>

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

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
UAE	24,599	44,669
Rest of the Middle East	28,778	-
Others	3,440,577	4,513,136
	<hr/>	<hr/>
	3,493,954	4,557,805
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

17 Murabaha and other Islamic financing

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Vehicle murabaha	8,867,587	6,751,529
Goods murabaha	22,746,994	20,747,562
Share murabaha	12,927,823	14,136,965
Commodities murabaha – Al Khair	8,517,920	7,917,493
Islamic covered cards (Murabaha)	7,164,301	5,884,218
Other murabaha	9,682,568	8,183,534
	<hr/>	<hr/>
Total murabaha	69,907,193	63,621,301
Mudaraba	5,126,773	5,897,248
Wakala	3,215,369	4,034,965
Istisna'a	91,675	91,733
Other financing receivables	188,967	182,761
	<hr/>	<hr/>
Total murabaha and other Islamic financing	78,529,977	73,828,008
Less: deferred income on murabaha	(10,247,002)	(8,944,510)
	<hr/>	<hr/>
	68,282,975	64,883,498
Less: provision for impairment	(2,344,077)	(2,860,076)
	<hr/>	<hr/>
	65,938,898	62,023,422
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

17 Murabaha and other Islamic financing (continued)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Industry sector		
Government	2,626,745	2,372,318
Public sector	10,418,409	9,131,037
Corporates	7,173,081	8,420,531
Financial institutions	4,591,792	6,010,207
Individuals	42,319,665	37,782,357
Small and medium enterprises	1,153,283	1,167,048
	<hr/>	<hr/>
	68,282,975	64,883,498
	<hr/> <hr/>	<hr/> <hr/>
Geographic region		
UAE	51,998,776	45,893,698
Rest of the Middle East	6,005,231	6,841,932
Europe	2,259,283	2,123,992
Others	8,019,685	10,023,876
	<hr/>	<hr/>
	68,282,975	64,883,498
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

18 Ijara financing

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

The aggregate future lease receivables are as follows:

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Due within one year	8,882,256	9,935,047
Due in the second to fifth year	27,562,689	25,278,339
Due after five years	34,609,314	33,411,525
	<hr/>	<hr/>
Total Ijara financing	71,054,259	68,624,911
Less: deferred income	(21,703,317)	(20,141,251)
	<hr/>	<hr/>
Net present value of minimum lease payments receivables	49,350,942	48,483,660
Less: provision for impairment	(2,695,071)	(2,790,175)
	<hr/>	<hr/>
	46,655,871	45,693,485
	<hr/> <hr/>	<hr/> <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

18 Ijara financing (continued)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Industry sector		
Government	1,039,639	503,174
Public sector	7,394,298	7,783,149
Corporates	18,173,194	17,082,626
Individuals	22,473,573	22,869,778
Small and medium enterprises	199,468	170,935
Non-profit organisations	70,770	73,998
	<hr/> 49,350,942 <hr/>	<hr/> 48,483,660 <hr/>
Geographic region		
UAE	47,283,204	44,885,205
Rest of the Middle East	1,209,540	1,505,463
Europe	170,330	707,614
Others	687,868	1,385,378
	<hr/> 49,350,942 <hr/>	<hr/> 48,483,660 <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

19 Investment in sukuk measured at amortised cost

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Sukuk – Quoted	17,918,286	14,498,533
Less: provision for impairment	(195,454)	(128,242)
	<hr/> 17,722,832 <hr/>	<hr/> 14,370,291 <hr/>

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

UAE	10,281,698	9,201,049
Rest of the Middle East	5,578,334	4,059,864
Others	2,058,254	1,237,620
	<hr/> 17,918,286 <hr/>	<hr/> 14,498,533 <hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

20 Investments measured at fair value

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
<i>Investments carried at fair value through profit or loss</i>		
Quoted investments		
Equities	29,701	27,691
Sukuk	2,062,770	1,633,584
	<hr/>	<hr/>
	2,092,471	1,661,275
	<hr/>	<hr/>
<i>Investments carried at fair value through other comprehensive income</i>		
Quoted investments		
Equities	30,107	29,958
Sukuk	3,013,318	3,200,481
	<hr/>	<hr/>
	3,043,425	3,230,439
	<hr/>	<hr/>
Unquoted investments		
Sukuk	65,883	72,420
Funds	26,729	27,083
Private equities	101,273	104,460
	<hr/>	<hr/>
	193,885	203,963
	<hr/>	<hr/>
	3,237,310	3,434,402
	<hr/>	<hr/>
	5,329,781	5,095,677
Less: provision for impairment	(52,405)	(33,683)
	<hr/>	<hr/>
	5,277,376	5,061,994
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

20 Investments measured at fair value (continued)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Geography region		
UAE	2,159,473	2,486,822
Rest of the Middle East	1,810,603	1,747,898
Europe	800	809
Others	1,358,905	860,148
	<hr/>	<hr/>
	5,329,781	5,095,677
	<hr/> <hr/>	<hr/> <hr/>

21 Investment in associates and joint ventures

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
At the beginning of the period	791,240	1,620,378
Share of results	59,483	224,591
Additions for the period	-	49,934
Dividends received	(16,250)	(15,572)
Movement due to business combination	-	(1,084,096)
Foreign currency translation	(3,234)	(3,995)
	<hr/>	<hr/>
At the end of the period	831,239	791,240
Less: provision for impairment	(15,156)	(15,156)
	<hr/>	<hr/>
Net balance at the end of the period	816,083	776,084
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

21 Investment in associates and joint ventures (continued)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
At the beginning of the period	15,156	16,000
Reversals for the period	-	(844)
	<hr/>	<hr/>
At the end of the period	15,156	15,156
	<hr/> <hr/>	<hr/> <hr/>

Details of the Bank's investment in associates and joint ventures at 30 September 2023 and 31 December 2022 respectively, is as follows:

	Place of incorporation	Proportion of ownership interest		Principal activity
		2023 %	2022 %	
Associates				
Abu Dhabi National Takaful PJSC	UAE	42	42	Islamic insurance
Bosna Bank International D.D	Bosnia	27	27	Islamic banking
The Residential REIT (IC) Limited	UAE	29	29	Real estate fund
Joint ventures				
Abu Dhabi Islamic Bank – Egypt (S.A.E.)	Egypt	-	49	Islamic Banking
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	51	51	Islamic Retail Finance
Arab Link Money Transfer PSC (under liquidation)	UAE	51	51	Currency Exchange
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	51	51	Merchant acquiring

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

22 Investment properties

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Cost		
Balance at the beginning of the period	1,500,054	1,496,410
Movement due to business combination	-	2,637
Additions during the period	-	1,007
Foreign currency translation	(518)	-
	<hr/>	<hr/>
Gross balance at the end of the period	1,499,536	1,500,054
Less: provision for impairment	(119,247)	(119,252)
	<hr/>	<hr/>
Net balance at the end of the period	1,380,289	1,380,802
	<hr/>	<hr/>
Accumulated depreciation		
Balance at the beginning of the period	102,859	88,351
Charge for the period	10,971	14,508
	<hr/>	<hr/>
Balance at the end of the period	113,830	102,859
	<hr/>	<hr/>
Net book value at the end of the period	1,266,459	1,277,943
	<hr/>	<hr/>

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 27,761 thousand (30 September 2022: AED 27,566 thousand) for the nine months period ended 30 September 2023.

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
At the beginning of the period	119,252	119,071
Charge for the period	-	181
Foreign currency translation	(5)	-
	<hr/>	<hr/>
At the end of the period	119,247	119,252
	<hr/>	<hr/>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

22 Investment properties (continued)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
UAE	1,375,494	1,386,410
Rest of the Middle East	8,214	8,214
Others	1,998	2,571
	<hr/> 1,385,706 <hr/>	<hr/> 1,397,195 <hr/>

23 Development properties

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Development properties	837,381	837,381
Less: provision for impairment	(123,680)	(123,680)
	<hr/> 713,701 <hr/>	<hr/> 713,701 <hr/>

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

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

Development properties include land with a carrying value of AED 707,468 thousand (2022: AED 707,468 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in the UAE.

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

24 Other assets

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Acceptances	421,688	283,937
Assets acquired in satisfaction of claims	105,323	105,983
Trade receivables	539,871	478,476
Prepaid expenses	930,113	927,115
Accrued profit	499,842	429,482
Positive fair value of Shari'a compliant alternatives of derivative financial instruments	115,291	8,897
Others, net	1,199,010	1,005,456
	<hr/> 3,811,138 <hr/>	<hr/> 3,239,346 <hr/>

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

25 Goodwill and intangibles

	Other intangible assets				Total AED '000
	Goodwill AED '000	Customer relationship AED '000	Core deposit AED '000	License AED '000	
At 1 January 2022 – audited	109,888	30,357	6,090	-	146,335
Additions during the year	216,488	-	282,329	366,220	865,037
Exchange translation differences	(45,510)	-	(59,351)	(76,986)	(181,847)
Amortisation during the period	-	(30,357)	(13,148)	-	(43,505)
	<hr/> 280,866 <hr/>	<hr/> - <hr/>	<hr/> 215,920 <hr/>	<hr/> 289,234 <hr/>	<hr/> 786,020 <hr/>
At 1 January 2023 – audited	280,866	-	215,920	289,234	786,020
Exchange translation differences	(33,988)	-	(44,325)	(57,496)	(135,809)
Amortisation during the period	-	-	(11,152)	-	(11,152)
	<hr/> 246,878 <hr/>	<hr/> - <hr/>	<hr/> 160,443 <hr/>	<hr/> 231,738 <hr/>	<hr/> 639,059 <hr/>
At 30 September 2023 - unaudited	246,878	-	160,443	231,738	639,059

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

26 Due to financial institutions

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Current accounts	1,449,771	1,760,078
Investment deposits	1,501,918	1,059,566
	<hr/>	<hr/>
	2,951,689	2,819,644
Current account – Central Bank of UAE	1,980	14,598
	<hr/>	<hr/>
	2,953,669	2,834,242
	<hr/> <hr/>	<hr/> <hr/>

27 Depositors' accounts

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Current accounts	44,685,974	40,719,859
Investment accounts	106,094,001	96,703,737
Investment risk reserve	764,630	713,007
	<hr/>	<hr/>
	151,544,605	138,136,603
	<hr/> <hr/>	<hr/> <hr/>

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

At the beginning of the period	713,007	723,445
Share of profit for the period	51,623	3,375
Payment made during the period	-	(13,813)
	<hr/>	<hr/>
At the end of the period	764,630	713,007
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

27 Depositors' accounts (continued)

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Government	26,030,243	21,302,897
Public sector	8,297,457	10,881,169
Corporates	11,050,077	8,077,548
Financial institutions	1,905,441	1,724,141
Individuals	86,515,875	80,889,684
Small and medium enterprises	15,087,560	12,771,531
Non-profit organisations	2,657,952	2,489,633
	151,544,605	138,136,603

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

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

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

28 Other liabilities

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Accounts payable	496,959	447,035
Acceptances	421,688	283,937
Lease liabilities	200,724	233,786
Accrued profit for distribution to depositors and sukuk holders	424,970	183,718
Bankers' cheques	831,781	462,354
Provision for staff benefits and other expenses	486,424	570,905
Retentions payable	19,438	10,502
Advances from customers	67,071	57,013
Accrued expenses	363,615	314,448
Unclaimed dividends	-	90,179
Deferred income	246,033	201,418
Donation and charity account	28,442	15,646
Negative fair value of Shari'a compliant alternatives of derivative financial instruments	-	5,950
Others	1,338,689	1,208,685
	<hr/>	<hr/>
	4,925,834	4,085,576
	<hr/> <hr/>	<hr/> <hr/>

29 Share capital

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
<i>Authorised share capital</i>		
4,000,000 thousand (2022: 4,000,000 thousand) ordinary shares of AED 1 each (2022: AED 1 each)	4,000,000	4,000,000
	<hr/>	<hr/>
<i>Issued and fully paid share capital</i>		
3,632,000 thousand (2022: 3,632,000 thousand) ordinary shares of AED 1 each (2022: AED 1 each)	3,632,000	3,632,000
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

30 Other reserves

	Cumulative changes in fair values AED '000	Land revaluation reserve AED '000	Foreign currency translation reserve AED '000	Hedging reserve AED '000	Impairment reserve – Specific AED '000	Impairment reserve – General AED '000	Others	Total AED '000
At 1 January 2023 - audited	(463,494)	137,400	(837,980)	-	320,100	279,327	-	(564,647)
Net movement in valuation of equity investment carried at FVTOCI	13,413	-	-	-	-	-	-	13,413
Net movement in valuation of investment in sukuk carried at FVTOCI	(49,614)	-	-	-	-	-	-	(49,614)
Loss on disposal of investments carried at FVTOCI	5,215	-	-	-	-	-	-	5,215
Exchange differences arising on translation of foreign operations	-	-	(230,900)	-	-	-	-	(230,900)
Gain on hedge of foreign operations	-	-	587	-	-	-	-	587
Net movement in impairment reserve – Specific	-	-	-	-	(103,866)	-	-	(103,866)
Net movement in impairment reserve – General	-	-	-	-	-	(132,499)	-	(132,499)
Fair value gain on cash flow hedges	-	-	-	3,667	-	-	-	3,667
Net movement in other reserves	-	-	-	-	-	-	(29,078)	(29,078)
At 30 September 2023 - unaudited	(494,480)	137,400	(1,068,293)	3,667	216,234	146,828	(29,078)	(1,087,722)
At 1 January 2022 – audited	(185,025)	137,400	(860,399)	(846)	255,839	398,405	-	(254,626)
Net movement in valuation of equity investment carried at FVTOCI	(756)	-	-	-	-	-	-	(756)
Net movement in valuation of investment in sukuk carried at FVTOCI	(335,427)	-	-	-	-	-	-	(335,427)
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	(852)	-	-	-	-	-	-	(852)
Exchange differences arising on translation of foreign operations	-	-	(127,291)	-	-	-	-	(127,291)
Gain on hedge of foreign operations	-	-	9,491	-	-	-	-	9,491
Fair value gain on cash flow hedges	-	-	-	846	-	-	-	846
Net movement in impairment reserve – Specific	-	-	-	-	60,871	-	-	60,871
Net movement in impairment reserve – General	-	-	-	-	-	152,806	-	152,806
At 30 September 2022 – unaudited	(522,060)	137,400	(978,199)	-	316,710	551,211	-	(494,938)

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

31 Tier 1 sukuk

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
Tier 1 sukuk – Listed (second issue)	-	2,754,375
Tier 1 sukuk – Listed (third issue)	2,754,375	-
Tier 1 sukuk – Government of Abu Dhabi	2,000,000	2,000,000
	<hr/>	<hr/>
	4,754,375	4,754,375
	<hr/>	<hr/>

Tier 1 sukuk – Listed (second issue)

On 20 September 2018, the Bank through a Shari'a compliant sukuk arrangement has issued Tier 1 sukuk – Listed (second issue) (the "Sukuk") amounting to AED 2,754,375 thousand (USD 750 million). This Sukuk was issued under the authorities approved by the shareholders of the Bank in the Extraordinary General Meeting held on 19 August 2018. Issuance costs amounting to AED 19,373 thousand were incurred at the time of issuance.

This Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank upon its conclusion subject to the terms and conditions of the Mudaraba. The sukuk is listed on the Irish stock exchange and is callable by the Bank after period ending on 20 September 2023 (the "First Call Date") or any achieved profit payment date thereafter subject to certain conditions. The Sukuk bear an expected Mudaraba profit rate of 7.125%, such achieved profit is payable during the initial period of five years semi-annually in arrears. After the initial period, and for every 5th year thereafter, resets to a new expected Mudaraba profit rate based on the then 5 year US treasury rate plus an expected margin of 4.270%. Profit distributions will be reported in the consolidated statement of changes in equity.

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

The Bank redeemed all the Sukuk on the first call date, i.e. 20 September 2023.

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)****31 Tier 1 sukuk (continued)****Tier 1 sukuk – Listed (third issue)**

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

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

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

Tier 1 sukuk – Government of Abu Dhabi

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

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

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

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

31 Tier 1 sukuk (continued)

Tier 1 sukuk – Government of Abu Dhabi (continued)

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

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

32 Contingent liabilities and commitments

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
<i>Contingent liabilities</i>		
Letters of credit	3,632,460	3,457,528
Letters of guarantee	9,116,484	8,125,921
	<hr/> 12,748,944 <hr/>	<hr/> 11,583,449 <hr/>
<i>Commitments</i>		
Undrawn facilities commitments	1,542,609	730,218
Future capital expenditure	171,247	120,778
	<hr/> 1,713,856 <hr/>	<hr/> 850,996 <hr/>
	<hr/> 14,462,800 <hr/>	<hr/> 12,434,445 <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

33 Cash and cash equivalents

	Nine months ended September	
	2023	2022
	AED '000	AED '000
Cash and balances with central banks, short term	3,583,154	7,200,594
Balances and wakala deposits with Islamic banks and other financial institutions, short term	6,344,747	1,349,713
Murabaha and mudaraba with financial institutions, short term	-	20,317
Due to financial institutions, short term	(2,962,510)	(3,125,743)
	6,965,391	5,444,881

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

34 Related party transactions (continued)

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

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

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
<i>30 September 2023 - unaudited</i>					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	741	-	741
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	31,403	-	6,423	73,400	111,226
Fees and commission income, net	1	1	90	1,050	1,142
Operating expenses	-	414	-	-	414
Distribution to depositors and sukuk holders	255	272	1,392	3	1,922
<i>30 September 2022 - unaudited</i>					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	17,978	-	17,978
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	31,403	-	6,972	64,472	102,847
Fees and commission income, net	-	-	65	1,177	1,242
Operating expenses	-	522	-	-	522
Distribution to depositors and sukuk holders	169	-	514	2	685

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

34 Related party transactions

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

	Major shareholder AED '000	Directors AED '000	Associates and joint ventures AED '000	Others AED '000	Total AED '000
<i>30 September 2023 - unaudited</i>					
Murabaha and mudaraba with financial Institutions	-	-	29,952	-	29,952
Murabaha, mudaraba, ijara and other Islamic financing	2,041,479	-	-	4,152,388	6,193,867
Other assets	-	-	210,564	-	210,564
	<u>2,041,479</u>	<u>-</u>	<u>240,516</u>	<u>4,152,388</u>	<u>6,434,383</u>
Due to financial institutions	-	-	900	-	900
Depositors' accounts	14	15,990	280,934	21,363	318,301
Other liabilities	-	-	253	2	255
	<u>14</u>	<u>15,990</u>	<u>282,087</u>	<u>21,365</u>	<u>319,456</u>
Contingencies	-	-	10,000	74,433	84,433
<i>31 December 2022 – audited</i>					
Murabaha and mudaraba with financial Institutions	-	-	45,162	-	45,162
Murabaha, mudaraba, ijara and other Islamic financing	2,040,472	-	-	4,145,358	6,185,830
Other assets	-	-	220,881	-	220,881
	<u>2,040,472</u>	<u>-</u>	<u>266,043</u>	<u>4,145,358</u>	<u>6,451,873</u>
Due to financial institutions	-	-	610	-	610
Depositors' accounts	62	6,312	257,402	13,634	277,410
Other liabilities	-	-	141	2	143
	<u>62</u>	<u>6,312</u>	<u>258,153</u>	<u>13,636</u>	<u>278,163</u>
Contingencies	-	-	10,500	100,305	110,805

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

34 Related party transactions (continued)

Compensation of key management personnel

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

	Nine months ended 30 September	
	2023	2022
	AED '000	AED '000
Salaries and other benefits	22,393	22,674
Employees' end of service benefits	1,968	1,509
	24,361	24,183

During 2023, AED 16,100 thousand was paid to Board of Directors pertaining to the year ended 31 December 2022 after the approval by the shareholders at the Annual General Assembly held on 6 March 2023.

35 Segment information

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

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

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

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

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

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

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

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

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

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

35 Segment information (continued)

	Global retail banking AED '000	Global wholesale banking AED '000	Private banking AED '000	Treasury AED '000	Real estate AED '000	Other operations AED '000	Associates & Subsidiaries AED '000	Total AED '000
30 September 2023 – unaudited								
Revenue and results								
Segment revenues, net	3,611,858	1,003,016	191,642	249,873	115,019	485,112	1,037,640	6,694,160
Operating expenses excluding Provision for impairment, net	(1,476,076)	(208,201)	(64,345)	(32,931)	(44,013)	(73,871)	(285,990)	(2,185,427)
Operating profit Provision for impairment, net	2,135,782 (134,487)	794,815 (224,686)	127,297 2,168	216,942 (76,836)	71,006 -	411,241 25,205	751,650 (162,274)	4,508,733 (570,910)
Profit for the period before zakat and tax	2,001,295	570,129	129,465	140,106	71,006	436,446	589,376	3,937,823
Zakat and tax	-	(15,223)	(4,443)	-	-	-	(167,920)	(187,586)
Profit for the period after zakat and tax	2,001,295	554,906	125,022	140,106	71,006	436,446	421,456	3,750,237
Non-controlling interest	-	-	-	-	-	-	(168,557)	(168,557)
Profit for the period attributable to equity holders of the Bank	<u>2,001,295</u>	<u>554,906</u>	<u>125,022</u>	<u>140,106</u>	<u>71,006</u>	<u>436,446</u>	<u>252,899</u>	<u>3,581,680</u>
The following is the analysis of the total segment revenues of each segment between revenues from external parties and inter- segment:								
Segment revenues, net	2,835,603	1,462,743	(112,206)	1,313,869	115,019	41,492	1,037,640	6,694,160
Inter-segment revenues, net	776,255	(459,727)	303,848	(1,063,996)	-	443,620	-	-
Total segment revenues, net	<u>3,611,858</u>	<u>1,003,016</u>	<u>191,642</u>	<u>249,873</u>	<u>115,019</u>	<u>485,112</u>	<u>1,037,640</u>	<u>6,694,160</u>
Assets								
Segmental assets	<u>68,399,058</u>	<u>50,484,232</u>	<u>4,765,230</u>	<u>34,274,929</u>	<u>2,065,531</u>	<u>3,835,068</u>	<u>20,299,493</u>	<u>184,123,541</u>
Liabilities								
Segmental liabilities	<u>90,629,315</u>	<u>33,852,759</u>	<u>12,935,862</u>	<u>2,276,586</u>	<u>178,234</u>	<u>2,902,514</u>	<u>16,648,838</u>	<u>159,424,108</u>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

35 Segment information (continued)

	Global retail banking AED '000	Global wholesale banking AED '000	Private banking AED '000	Treasury AED '000	Real estate AED '000	Other operations AED '000	Associates & Subsidiaries AED '000	Total AED '000
30 September 2022 - unaudited								
Revenue and results								
Segment revenues, net	2,552,633	779,292	118,461	455,885	46,930	281,519	281,509	4,516,229
Operating expenses excluding provision for impairment, net	(1,354,700)	(205,218)	(53,710)	(30,283)	(42,168)	(4,318)	(8,602)	(1,698,999)
Operating profit	1,197,933	574,074	64,751	425,602	4,762	277,201	272,907	2,817,230
Provision for impairment, net	(64,958)	(153,399)	(32,436)	(20,096)	-	(81,558)	-	(352,447)
Profit for the period before zakat and tax	1,132,975	420,675	32,315	405,506	4,762	195,643	272,907	2,464,783
Zakat and tax	-	(8,578)	(4,390)	-	-	-	-	(12,968)
Profit for the period after zakat and tax	1,132,975	412,097	27,925	405,506	4,762	195,643	272,907	2,451,815
Non-controlling interest	-	-	-	-	-	-	(1,336)	(1,336)
Profit for the period attributable to equity holders of the Bank	1,132,975	412,097	27,925	405,506	4,762	195,643	271,571	2,450,479
The following is the analysis of the total segment revenues of each segment between revenues from external parties and inter- segment:								
Segment revenues, net	2,311,419	907,497	95,322	685,460	46,930	188,092	281,509	4,519,229
Inter-segment revenues, net	241,214	(128,205)	23,139	(229,575)	-	93,427	-	-
Total segment revenues, net	2,552,633	779,292	118,461	455,885	46,930	281,519	281,509	4,516,229
31 December 2022 - audited								
Assets								
Segmental assets	60,893,474	47,491,618	4,533,618	30,423,008	2,055,432	3,226,222	19,893,719	168,517,091
Liabilities								
Segmental liabilities	83,076,924	27,182,626	11,929,262	4,423,763	241,040	2,861,446	15,341,360	145,056,421

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

36 Risk management

Credit quality per stage for financial assets

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

	Gross exposure				Expected credit loss (ECL)			
	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
<i>30 September 2023 - unaudited</i>								
Cash and balances with central banks	9,744,288	1,269,083	-	11,013,371	-	7,866	-	7,866
Balances and wakala deposits with Islamic banks and other financial institutions	7,622,028	-	-	7,622,028	60,355	-	-	60,355
Murabaha and mudaraba with financial institutions	3,493,954	-	-	3,493,954	28,154	-	-	28,154
Murabaha and other Islamic financing	64,106,300	2,164,326	2,012,349	68,282,975	439,003	420,711	1,484,363	2,344,077
Ijara financing	39,936,388	3,664,447	5,750,107	49,350,942	330,798	187,056	2,177,217	2,695,071
Investment in sukuk measured at amortised cost	17,792,265	-	126,021	17,918,286	97,013	-	98,441	195,454
Investments measured at fair value	3,007,191	71,633	377	3,079,201	32,568	19,690	147	52,405
Other assets	602,802	114	-	602,916	13,923	3	-	13,926
	146,305,216	7,169,603	7,888,854	161,363,673	1,001,814	635,326	3,760,168	5,397,308
Contingent liabilities and commitments (unfunded)	12,343,719	1,143,223	804,611	14,291,553	106,648	7,437	109,542	223,627
	158,648,935	8,312,826	8,693,465	175,655,226	1,108,462	642,763	3,869,710	5,620,935

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

36 Risk management (continued)

Credit quality per stage for financial assets

	Gross exposure				Expected credit loss (ECL)			
	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000	Stage 1 AED '000	Stage 2 AED '000	Stage 3 AED '000	Total AED '000
<i>31 December 2022 - audited</i>								
Cash and balances with central banks	12,263,762	-	-	12,263,762	2,921	-	-	2,921
Balances and wakala deposits with Islamic banks and other financial institutions	2,964,189	-	-	2,964,189	43,095	-	-	43,095
Murabaha and mudaraba with financial institutions	4,557,805	-	-	4,557,805	38,369	-	-	38,369
Murabaha and other Islamic financing	60,178,904	2,050,635	2,653,959	64,883,498	522,480	339,620	1,997,976	2,860,076
Ijara financing	36,951,833	5,480,904	6,050,923	48,483,660	281,671	162,681	2,345,823	2,790,175
Investment in sukuk measured at amortised cost	14,373,185	-	125,348	14,498,533	30,449	-	97,793	128,242
Investments measured at fair value	3,194,342	78,176	383	3,272,901	18,940	14,590	153	33,683
Other assets	422,607	-	-	422,607	1,055	-	-	1,055
	<u>134,906,627</u>	<u>7,609,715</u>	<u>8,830,613</u>	<u>151,346,955</u>	<u>938,980</u>	<u>516,891</u>	<u>4,441,745</u>	<u>5,897,616</u>
Contingent liabilities and commitments (unfunded)	10,109,015	1,552,265	652,387	12,313,667	97,960	14,429	103,744	216,133
	<u>145,015,642</u>	<u>9,161,980</u>	<u>9,483,000</u>	<u>163,660,622</u>	<u>1,036,940</u>	<u>531,320</u>	<u>4,545,489</u>	<u>6,113,749</u>

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

37 Capital adequacy ratio

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

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

For 2023 and onwards, CCB will be required to be maintained at 2.5% (2022: 2.5%) of the Capital base. CCyB is not yet in effect and is not required to be maintained for 2023 (2022: Nil).

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

	Basel III	
	30 September 2023	31 December 2022
	AED ‘000	AED ‘000 (audited)
Capital base		
Common Equity Tier 1	17,937,470	14,480,430
Additional Tier 1 capital	4,754,375	4,754,375
	<hr/>	<hr/>
Tier 1 capital	22,691,845	19,234,805
Tier 2 capital	1,522,355	1,344,099
	<hr/>	<hr/>
Total capital base	24,214,200	20,578,904
	<hr/> <hr/>	<hr/> <hr/>
Risk weighted assets		
Credit risk	121,788,397	107,527,886
Market risk	1,830,069	1,934,765
Operational risk	10,681,870	10,394,131
	<hr/>	<hr/>
Total risk weighted assets	134,300,336	119,856,782
	<hr/> <hr/>	<hr/> <hr/>
Capital ratios		
Common Equity Tier 1 ratio	13.36%	12.08%
	<hr/> <hr/>	<hr/> <hr/>
Total Tier 1 capital ratio	16.90%	16.05%
	<hr/> <hr/>	<hr/> <hr/>
Total capital ratio	18.03%	17.17%
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)****38 Profit rate benchmark reform**

Based on the decision by global regulators to phase out IBORs and replace them with alternative reference rates (RFRs), the Bank has established a project in 2020, in coordination with an external consultant to manage the transition for any of its contracts that could be affected. The Group has exposure to contracts referencing benchmark rates, such as LIBOR, that mature after 2021. The project is significant in terms of scale and complexity and has a cross-functional impact on the Bank from customer contracts and dealings to the Bank's risk management processes and earnings. The project is being led by senior representatives from functions across the Bank including the client facing teams, Treasury, Finance, Shari'a, Legal, Operations and Technology. The Bank is in the process of setting up detailed plans, processes and procedures to support the transition of its IBOR exposure to RFRs. Moreover, the Bank will look to determine the extent of changes required in its risk management approach and strategy as a result of the IBOR reform. In 2021, the Bank established the Governance Framework for this project which includes an internal reporting framework to provide regular updates to an IBOR Reform Steering Committee. The Bank has also set up a monthly review of its exposure and contracts to monitor the scale of transition required from IBOR to RFRs. The Group's exposure to cash flow hedges and fair value hedges linked to benchmark rates maturing beyond the current period is not considered material.

IBOR reform exposes the Group to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform.
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses.
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable.
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available.
- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

The Group continues to engage with internal and external stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

39 Dividends

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

During 2022, cash dividend of 31.12% of the paid-up capital relating to year ended 31 December 2021 amounting to AED 1,130,115 thousand was paid after the approval by the shareholders at the Annual General Assembly held on 17 March 2022.

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

40 Fair value of financial instruments

Fair value measurement recognized in the consolidated statement of financial position

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

Quoted market prices – Level 1

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

Valuation techniques using observable inputs – Level 2

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

Valuation techniques using significant unobservable inputs – Level 3

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

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

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

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

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

The valuation methodologies considered by valuers include:

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

Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)

40 Fair value of financial instruments (continued)

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

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<i>30 September 2023 - unaudited</i>				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Quoted investments	29,701	-	-	29,701
Sukuk	2,062,770	-	-	2,062,770
	<u>2,092,471</u>	<u>-</u>	<u>-</u>	<u>2,092,471</u>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	30,107	-	-	30,107
Sukuk	3,013,318	-	-	3,013,318
	<u>3,043,425</u>	<u>-</u>	<u>-</u>	<u>3,043,425</u>
<i>Unquoted investments</i>				
Sukuk	-	-	65,883	65,883
Funds	-	-	26,729	26,729
Private equities	-	-	101,273	101,273
	<u>-</u>	<u>-</u>	<u>193,885</u>	<u>193,885</u>
	<u>3,043,425</u>	<u>-</u>	<u>193,885</u>	<u>3,237,310</u>
	<u>5,135,896</u>	<u>-</u>	<u>193,885</u>	<u>5,329,781</u>
Shari'a compliant alternatives of derivatives (note 24)	-	115,291	-	115,291
Assets for which fair values are disclosed:				
Investment properties	-	-	1,588,299	1,588,299
Investment carried at amortised cost - Sukuk	16,506,289	-	-	16,506,289
Assets acquired in satisfaction of claims	-	144,128	-	144,128

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

40 Fair value of financial instruments (continued)

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<i>31 December 2022 - audited</i>				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Quoted investments	27,691	-	-	27,691
Sukuk	1,633,584	-	-	1,633,584
	<hr/>	<hr/>	<hr/>	<hr/>
	1,661,275	-	-	1,661,275
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	29,958	-	-	29,958
Sukuk	3,200,481	-	-	3,200,481
	<hr/>	<hr/>	<hr/>	<hr/>
	3,230,439	-	-	3,230,439
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Unquoted investments</i>				
Sukuk	-	-	72,420	72,420
Funds	-	-	27,083	27,083
Private equities	-	-	104,460	104,460
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	203,963	203,963
	<hr/>	<hr/>	<hr/>	<hr/>
	3,230,439	-	203,963	3,434,402
	<hr/>	<hr/>	<hr/>	<hr/>
	4,891,714	-	203,963	5,095,677
	<hr/>	<hr/>	<hr/>	<hr/>
Shari'a compliant alternatives of derivatives (note 24)	-	8,897	-	8,897
	<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities				
Shari'a compliant alternatives of derivatives (note 28)	-	5,950	-	5,950
	<hr/>	<hr/>	<hr/>	<hr/>
Assets for which fair values are disclosed:				
Investment properties	-	-	1,561,752	1,561,752
	<hr/>	<hr/>	<hr/>	<hr/>
Investment carried at amortised cost - Sukuk	13,312,922	-	-	13,312,922
	<hr/>	<hr/>	<hr/>	<hr/>
Assets acquired in satisfaction of claims	-	156,538	-	156,538
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

40 Fair value of financial instruments (continued)

There were no transfers between level 1, 2 and 3 during the period (2022: Nil).

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

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

	30 September 2023 AED '000	31 December 2022 AED '000 (audited)
At the beginning of the period	203,963	154,280
Net purchases	-	4,012
(Loss)/gain recorded in equity	(10,078)	17,963
Movement due to business combination	-	27,708
	<hr/>	<hr/>
At the end of the period	193,885	203,963
	<hr/> <hr/>	<hr/> <hr/>

41 Seasonality of results

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

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

42 Business combination

The Bank participated in the right issuance of Abu Dhabi Islamic Bank – Egypt (S.A.E) (“ADIB Egypt”) and consequently acquired a further 1.2% share in ADIB Egypt. The Bank holding increased from 49.6% to 50.8% of ADIB Egypt and accordingly assumed control and has consolidated its net assets as of the date of acquisition i.e. 1 October 2022.

The acquisition has been accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration for acquisition (“purchase price”) were recorded at estimated fair value on the acquisition date.

The allocation of the purchase price may be modified within a period of twelve months from the date of acquisition, as more information is obtained about the fair value of assets acquired and liabilities assumed, including alignment in business model, if needed. The measurement period has been completed and no further adjustments have been identified.

The acquisition would provide opportunities for the Bank to grow its overall banking business in line with its overall growth strategy.

The identifiable assets and liabilities of ADIB Egypt as at the acquisition date were assessed as follows:

	Recognised acquisition 1 October 2022 AED ‘000
Cash and balances with central bank	1,219,035
Balances and wakala deposits with Islamic banks and other financial institutions	1,935,697
Murabaha and mudaraba with financial institutions	5,215,768
Murabaha and other Islamic financing	9,804,953
Ijara financing	514,595
Investments measured at fair value	43,784
Investment in associates	38,942
Investment properties	3,085
Other assets	721,689
Property and equipment	706,382
Intangible assets	648,549
Total assets	20,852,479
Due to financial institutions	511,821
Customers’ deposits	16,025,767
Other liabilities	1,747,842
Total liabilities	18,285,430
Net assets as at acquisition date	2,567,049

**Notes to the condensed consolidated interim financial statements
30 September 2023 (Unaudited)**

42 Business combination (continued)

Goodwill and intangibles

The Bank has now completed the process of undertaking a comprehensive purchase price allocation which was expected to be completed within twelve months from the acquisition date and which focus on, but is not limited to, the following:

- valuation of intangible assets;
- valuation of properties and equipment;
- valuation adjustments on other recognized financial and non-financial assets and liabilities; and
- initial adjustments to fair value of Islamic financing.

The Bank has used the carrying value of financial assets and liabilities as at 1 October 2022, which has been used for the purpose of calculating goodwill:

	1 October 2022
	AED '000
Total consideration	1,519,200
Less: Share of net assets acquired at acquisition date by the Bank	(1,302,712)
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Goodwill at acquisition	216,488
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The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of ADIB Egypt with those of the Group.

43 Subsequent events

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