Commercial Bank International P.S.C.

Review report and interim financial information
For the nine months period ended 30 September 2023

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Report on review of the interim financial information
To the Board of Directors of Commercial Bank International PSC

Introduction
We have reviewed the accompanying condensed consolidated statement of financial position of Commercial Bank International PSC (the "Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2023 and the related condensed consolidated income statement for the three-month and nine-month period then ended, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting*. 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 *Interim Financial Reporting* as issued by the IASB.

Other matter
The interim financial information of the Group as at and for the nine-month period ended 30 September 2022 was reviewed by another auditor, who expressed an unmodified review conclusion dated 25 October 2022.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 18 January 2023.

Grant Thornton

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 26 October 2023

Commercial Bank International P.S.C.
Condensed consolidated statement of financial position

	Note	As of 30 September 2023 AED '000 (unaudited)	As of 31 December 2022 AED '000 (audited)
Assets			
Cash and balances with the Central Bank	8	**1,184,791**	2,632,565
Derivative financial instruments		**6,401**	6,604
Deposits and balances due from banks	9	**702,806**	458,448
Loans and advances to customers	10	**11,009,446**	12,410,433
Islamic financing and investing assets		**904,664**	513,699
Receivables and other assets		**895,237**	2,131,839
Property inventory		**455,773**	500,660
Investment securities measured at fair value	11	**303,327**	264,009
Investment securities measured at amortised cost	12	**3,110,846**	2,082,977
Investment properties		**41,147**	26,022
Intangible assets		**28,072**	28,601
Property and equipment		**95,929**	110,682
Total assets		**18,738,439**	21,166,539
Liabilities and equity			
Liabilities			
Balance due to the Central Bank	8	**13,596**	1,748
Derivative financial instruments		**1,615**	6,084
Deposits and balances due to banks		**2,676,935**	4,014,531
Customers' deposits	13	**10,998,932**	11,360,543
Islamic customers' deposits		**1,175,275**	839,282
Payables and other liabilities		**1,028,937**	2,245,718
Total liabilities		**15,895,290**	18,467,906
Equity			
Share capital	14	**1,737,383**	1,737,383
Tier 1 Capital Securities	15	**459,125**	459,125
Reserves	16	**517,740**	551,118
Retained earnings /(accumulated losses)		**8,844**	(152,330)
Equity attributable to owners of the Bank		**2,723,092**	2,595,296
Non-controlling interests		**120,057**	103,337
Total equity		**2,843,149**	2,698,633
Total liabilities and equity		**18,738,439**	21,166,539

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

Ali Sultan Rakkad Al Amri
Chief Executive Officer

Saif Ali Al Shehhi
Chairman

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

	Note	Three months period ended 30 Sep 2023 AED '000 (unaudited)	Three months period ended 30 Sep 2022 AED '000 (unaudited)	Nine months period ended 30 Sep 2023 AED '000 (unaudited)	Nine months period ended 30 Sep 2022 AED '000 (unaudited)
Interest income		**250,681**	156,021	**733,926**	450,712
Income from Islamic financing and investing assets		**24,248**	11,344	**60,028**	32,972
Total interest income and income from Islamic financing and investing assets	17	**274,929**	167,365	**793,954**	483,684
Interest expense		**(159,119)**	(67,738)	**(436,342)**	(158,182)
Distribution to Islamic depositors		**(31,129)**	(9,243)	**(83,760)**	(21,372)
Total interest expenses and distribution to Islamic depositors	17	**(190,248)**	(76,981)	**(520,102)**	(179,554)
Net interest income and income from Islamic financing and investing assets		**84,681**	90,384	**273,852**	304,130
Fee and commission income		**26,334**	23,816	**91,558**	77,477
Fee and commission expense		**(5,104)**	(3,578)	**(14,291)**	(10,674)
Net fee and commission income		**21,230**	20,238	**77,267**	66,803
Other operating income, net	18	**40,842**	77,997	**65,512**	86,078
Net operating income		**146,753**	188,619	**416,631**	457,011
General and administrative expenses		**(74,017)**	(97,382)	**(269,007)**	(252,272)
Net impairment loss on financial assets	19	**(40,254)**	(46,146)	**(37,242)**	(97,230)
Net impairment reversal/(loss) on non-financial assets		**29,268**	-	**30,248**	(7,375)
Profit for the period		**61,750**	45,091	**140,630**	100,134
Profit for the period attributable to:					
Owners of the Bank		**46,498**	10,928	**123,910**	67,208
Non-controlling interests		**15,252**	34,163	**16,720**	32,926
Profit for the period		**61,750**	45,091	**140,630**	100,134
Basic and diluted earnings per share (AED)	20	**0.027**	0.006	**0.071**	0.039

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

	Three months period ended		Nine months period ended	
	30 Sep 2023 AED ’000 (unaudited)	**30 Sep 2022 AED ’000 (unaudited)**	**30 Sep 2023 AED ’000 (unaudited)**	**30 Sep 2022 AED ’000 (unaudited)**
Profit for the period	**61,750**	45,091	**140,630**	100,134
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets measured at fair value through other comprehensive income	**3,212**	61	**3,886**	(69,056)
Other comprehensive income/(loss) for the period	**3,212**	61	**3,886**	(69,056)
Total comprehensive income for the period	**64,962**	45,152	**144,516**	31,078
Total comprehensive income/(loss) attributable to:				
Owners of the Bank	**49,710**	10,989	**127,796**	(1,848)
Non-controlling interests	**15,252**	34,163	**16,720**	32,926
Total comprehensive income for the period	**64,962**	45,152	**144,516**	31,078

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

For the nine months period ended 30 September

	Share capital AED '000	Tier 1 Capital Securities AED '000	Reserves AED '000	Retained earnings/ (accumulated losses) AED '000	Equity attributable to owners of the Bank AED '000	Non-Controlling interests AED '000	Total AED '000
2023							
Balance as at 31 December 2022 – audited	**1,737,383**	**459,125**	**551,118**	**(152,330)**	**2,595,296**	**103,337**	**2,698,633**
Profit for the period	-	-	-	123,910	123,910	16,720	140,630
Other comprehensive income for the period	-	-	3,886	-	3,886	-	3,886
Total comprehensive income for the period	**-**	**-**	**3,886**	**123,910**	**127,796**	**16,720**	**144,516**
Transfer from general reserve to accumulated losses	-	-	(31,471)	31,471	-	-	-
Transfer from specific provision to accumulated losses	-	-	(5,793)	5,793	-	-	-
Balance as at 30 September 2023 – unaudited	**1,737,383**	**459,125**	**517,740**	**8,844**	**2,723,092**	**120,057**	**2,843,149**

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

For the nine months period ended 30 September

	Share capital AED '000	Tier 1 Capital Securities AED '000	Reserves AED '000	Accumulated losses AED '000	Equity attributable to owners of the Bank AED '000	Non-Controlling interests AED '000	Total AED '000
2022							
Balance as at 31 December 2021 – audited	**1,737,383**	**459,125**	**497,478**	**(149,197)**	**2,544,789**	**70,104**	**2,614,893**
Profit for the period	-	-	-	67,208	67,208	32,926	100,134
Other comprehensive loss for the period	-	-	(69,056)	-	(69,056)	-	(69,056)
Total comprehensive income for the period	-	-	(69,056)	67,208	(1,848)	32,926	31,078
Transfer from revaluation reserve to accumulated losses	-	-	82,677	(82,677)	-	-	-
Balance as at 30 Sep 2022 – unaudited	**1,737,383**	**459,125**	**511,099**	**(164,666)**	**2,542,941**	**103,030**	**2,645,971**

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

For the nine months period ended 30 September

	2023 AED '000 (unaudited)	2022 AED '000 (unaudited)
Cash flows from operating activities		
Profit for the period	**140,630**	100,134
Adjustments for:		
Depreciation of property and equipment	**14,937**	14,191
Depreciation of investment property	**781**	1,935
Amortisation of intangible assets	**7,541**	11,137
Impairment loss of financial assets	**37,242**	97,230
(Reversal)/Impairment on non-financial assets	**(30,248)**	7,375
Gain on disposal of property and equipment	**(55)**	(59)
Gain/(loss) on disposal of Investment properties & property inventory	**(3,798)**	29
Amortisation of financial assets measured at amortised cost	**3,795**	3,713
Gain on financial assets measured at FVTPL	**(35,424)**	(70,941)
Dividend income	**(484)**	(804)
Provision for end of service benefits	**5,400**	13,913
	140,317	177,853
Changes in operating assets and liabilities:		
Increase in balances with the Central Bank of the UAE	**(170,805)**	(95,620)
Decrease in deposits and balances due from banks with original maturity of 90 days or more	**87,817**	-
Increase/(Decrease) in Financial Assets measured at amortized cost with original maturity of 90 days or more	**(56,080)**	176,927
Decrease/(Increase) in loans and advances to customers	**1,388,696**	(1,281,505)
Increase in Islamic financing and investing assets	**(411,329)**	(74,833)
Decrease in property inventory	**9,446**	49,572
Decrease in receivables and other assets	**1,297,749**	305,361
Increase / (Decrease) in due to the central bank of the UAE	**11,848**	(16,182)
(Decrease)/Increase in deposits and balances due to banks	**(1,337,596)**	532,372
Decrease in customers' deposits	**(361,611)**	(466,511)
Increase in Islamic customers' deposits	**335,993**	108,791
Decrease in payables and other liabilities	**(1,218,369)**	(331,144)
Cash used in operating activities	**(283,924)**	(914,919)
End of service benefits paid	**(2,091)**	(3,040)
Net cash flows used in operating activities	**(286,015)**	(917,959)
Cash flows from investing activities:		
Purchase of property and equipment	**(8,388)**	(17,827)
Proceeds from sale of property and equipment	**55**	9,350
Purchase of intangible assets	**(7,012)**	(2,720)
Purchases from redemption of financial assets measured at amortised cost	**(543,497)**	(553,788)
Net settlement of financial instruments measured at FVTPL	**(4,266)**	(982)
Dividend received	**484**	804
Purchase of investment properties	**-**	6,541
Purchase of financial assets measured at FVTOCI	**-**	(6,000)
Net cash used in investing activities	**(562,624)**	(564,622)

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

For the nine months period ended 30 September

	Note	2023 AED '000 (unaudited)	2022 AED '000 (unaudited)
Net decrease in cash and cash equivalents		**(848,639)**	**(1,482,581)**
Cash and cash equivalents at the beginning of the period		**2,524,394**	**3,047,524**
Cash and cash equivalents at the end of the period	22	**1,675,755**	**1,564,943**

Non – Cash Transaction

Sale of property inventory and Investment in property		**61,785**	**42,149**

The accompanying notes and appendix form an integral part of these condensed consolidated financial statements.

1. Status and activities

Commercial Bank International P.S.C. (the "Bank") is a public shareholding company with limited liability incorporated under an Emiri Decree Number 5/91 on 28 April 1991 by His Highness Ruler of Ras Al-Khaimah. The registered office of the Bank is at P.O. Box 793, Ras Al-Khaimah. The Bank is listed on the Abu Dhabi Exchange (Ticker "CBI"). The Bank carries on commercial banking activities through its branches in the United Arab Emirates ("the UAE").

These condensed consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries as disclosed below (collectively referred to as the "Group").

Details of the Group's subsidiaries and associates at the end of reporting period is as follows:

Name	Principal Activity	Principal place of business	Place of incorporation	% of ownership 2023	% of ownership 2022
CBI Financial Services Limited	SPV	Dubai - the UAE	Cayman Islands	100.0	100.0
CBI Tier 1 Private Ltd	SPV	Dubai - the UAE	Cayman Islands	100.0	100.0
Takamul Real Estate L.L.C.	Real estate	Dubai - the UAE	Dubai - the UAE	100.0	100.0
Al Khaleejiah Property Investments LLC	Real estate	Sharjah - the UAE	Sharjah - the UAE	52.8	52.8
Al Caribi Development Limited*	Real estate	Antigua and Barbuda	BVI	100.0	100.0
International Financial Brokerage L.L.C.*	Brokerage	Dubai - the UAE	Dubai - the UAE	99.4	99.4
Arzaq Holdings (Private J.S.C.)**	Real estate	Sharjah - the UAE	Sharjah - the UAE	48.0	48.0

* *Under liquidation*

**** This associate is accounted for using the equity method in these consolidated financial statements and the net assets of ARZAQ are in deficit position, consequently investment in associate is carried at Nil value.

2. Application of new and revised IFRSs

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these condensed consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed consolidated financial statements.

- IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023
- Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017
- Amendment to IFRS 17 Insurance Contracts Initial Application of IFRS 17 and IFRS 9 - Comparative Information
- Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2
- Amendments to IAS 12 *Income Taxes* relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

2. Application of new and revised IFRSs (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 16 Leases 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.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024

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

Corporate Income Tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released the 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.

For the Group, CT will apply on and from January 1, 2024. A rate of 9% will apply to taxable income exceeding AED 375,000. A rate of 0% will apply to taxable income not exceeding this threshold. The Ministry of Finance has released a significant number of decisions in relation to the Law. Therefore, for the nine month period ending September 30, 2023, the CT regime will apply to the Group for the purposes of IAS 12 'Income Taxes', especially in relation to the recognition of deferred tax balances. As at September 30, 2023, the Group has undertaken an assessment of the application of the CT Law and has taken the position that no material deferred tax balances should be recognised pursuant to IAS 12 'Income Taxes' and the Group will continue to assess the impact on the financial statements, including any decisions or elections that can apply under the CT Law.

3. Significant accounting policies

3.1 Statement of compliance

The condensed consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are carried at fair value.

These condensed consolidated financial statements are prepared in accordance with IAS 34 - *Interim Financial Reporting* issued by the IASB.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2022.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2022. In addition, results for the nine months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

As required by the SCA Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial instruments and investment properties have been disclosed in the condensed consolidated financial statements.

3.3 Financial instruments

Financial assets and financial liabilities are recognised in the Group's condensed consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3. Significant accounting policies (continued)

3.4 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

3.4.1 Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.1 Debt instruments at amortised cost or at FVTOCI (continued)

The Group may have more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

In the current and prior reporting period, the Group has not classified any debt instrument at FVTOCI. Further, in the current and prior reporting period the Group has not applied the fair value option and so has not designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

3.4.2 Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; and/or
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 25.

3.4.3 Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current and previous financial periods there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on 'Modification and derecognition of financial assets' see note 3.4.10.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.4 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve.

3.4.5 Impairment

The Group recognises loss allowances for expected credit losses (ECL) on the financial instruments that are not measured at FVTPL (including loan commitments and financial guarantee contracts). No impairment loss is recognised on equity investments.

With the exception of 'Purchased or Originated Credit-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.6 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

3.4.7 Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

3.4.8 Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.9 Significant increase in credit risk (SICR)

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine the ECL.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Group's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Group allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in credit worthiness of borrowers measured by rating downgrade which result in higher PD as per staging criteria. The PDs used are forward looking and the Group uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending the Group considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

As a back-stop when an asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is transferred into stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.10 Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).
The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity and covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, with both amounts discounted at the original effective interest. If the difference in present value is substantial the Group deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.
When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.10 Modification and derecognition of financial assets (continued)

For financial assets modified as part of the Group's forbearance policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss.

A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3.4.11 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off, or in the case of retail loan, when the amounts are over 180 days past due, whichever occurs sooner. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

3. Significant accounting policies (continued)

3.4 Financial assets (continued)

3.4.12 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

3.5 Reverse sale and repurchase agreements (Reverse REPO)

Reverse sale and repurchase agreement (Reverse REPO) lending are collateralised by marketable securities. These lending agreements require the Group and each counterparty to post collateral to mitigate credit risk. Collateral is also posted daily in respect of shortfall in value of collaterals. The collateral posted with regards to Reverse REPO is cash or marketable securities.

3.6 Equity and financial liabilities

Equity and debt instruments issued by a group entity are classified as either equity or as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of an equity instrument and a financial liability.

3.6.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.6.2 Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3. Significant accounting policies (continued)

3.6.2 Financial liabilities (continued)

3.6.2.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.
A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

3.6.2.2 Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.6.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

3. Significant accounting policies (continued)

3.6 Equity and financial liabilities (continued)

3.6.4 Sale and Repurchase Agreements

Securities sold subject to repurchase agreements (repos) are disclosed in the notes to the Group condensed consolidated financial statements when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included as a separate deposit. Securities purchased under agreements to resell (reverse repos) are recorded as loans and receivables to either banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

3.7 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated so as to write off the cost of investment properties using the straight line method over their estimated useful lives of 25 years.

Investment properties are accounted for as acquisitions on the date when ownership passes to the Group under the contract for the purchase of the relevant property, pending which event payments in respect of investment property acquisitions are included in 'receivable and other assets'. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of asset is recognised in the consolidated income statement in the period of derecognition.

4. Basis for consolidation

The condensed consolidated financial statements incorporate the condensed financial statements of the Bank and the entities controlled by the Bank (its subsidiaries). Control is achieved where the Bank has:

- power over an investee,
- exposures, or rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The condensed financial statements of subsidiaries are prepared using similar policies as those used by the Bank. All significant inter-group company balances, income and expense items are eliminated on consolidation.

5. Estimates and judgments

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

6. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated financial statements for the nine months periods ended 30 September 2023 and 2022.

Notes to condensed consolidated financial statements (continued)
For the nine months period ended 30 September 2023

7. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements as at and for the year ended 31 December 2022.

Summarised information of the Group's credit risk exposure per class of financial asset (subject to impairment) is provided in following table.

	30 September 2023			31 December 2022		
	Gross carrying amount AED '000 (unaudited)	ECL Allowance AED '000 (unaudited)	Carrying Amount AED '000 (unaudited)	Gross carrying amount AED '000 (audited)	ECL allowance AED '000 (audited)	Carrying amount AED '000 (audited)
Balances with the Central Bank of the UAE						
Stage 1	**1,184,791**	**-**	**1,184,791**	2,632,565	-	2,632,565
Deposits and balances due from banks						
Stage 1	**711,860**	**(9,054)**	**702,806**	465,597	(7,149)	458,448
Loans and advances to customers - retail lending						
Stage 1	**959,869**	**(6,022)**	**953,847**	1,010,099	(6,596)	1,003,503
Stage 2	**41,688**	**(7,446)**	**34,242**	51,236	(7,435)	43,801
Stage 3	**62,826**	**(7,699)**	**55,127**	95,159	(20,782)	74,377
	1,064,383	**(21,167)**	**1,043,216**	1,156,494	(34,813)	1,121,681
Loans and advances to customers - wholesale lending						
Stage 1	**7,202,477**	**(56,998)**	**7,145,479**	8,276,175	(60,122)	8,216,053
Stage 2	**1,285,710**	**(170,183)**	**1,115,527**	1,599,542	(148,015)	1,451,527
Stage 3	**2,147,341**	**(442,117)**	**1,705,224**	1,987,670	(366,498)	1,621,172
	10,635,528	**(669,298)**	**9,966,230**	11,863,387	(574,635)	11,288,752
Islamic financing and investing assets - wholesale lending						
Stage 1	**746,381**	**(1,461)**	**744,920**	355,052	(1,097)	353,955
Stage 2	**-**	**-**	**-**	-	-	-
Stage 3	**206,496**	**(46,752)**	**159,744**	186,496	(26,752)	159,744
	952,877	**(48,213)**	**904,664**	541,548	(27,849)	513,699
Receivables and other assets						
Stage 1	**629,152**	**(3,827)**	**625,325**	1,895,203	(3,225)	1,891,978
Stage 2	**78,484**	**(1,335)**	**77,149**	56,518	(1,299)	55,219
Stage 3	**162,869**	**-**	**162,869**	163,029	-	163,029
	870,505	**(5,162)**	**865,343**	2,114,750	(4,524)	2,110,226
Investment securities measured at amortised cost						
Stage 1	**3,125,644**	**(14,798)**	**3,110,846**	2,094,002	(11,025)	2,082,977
Loan commitments, letters of credit and financial guarantee contracts						
Stage 1	**4,935,817**	**(14,250)**	**4,921,567**	3,819,293	(11,249)	3,808,044
Stage 2	**358,578**	**(4,248)**	**354,330**	327,051	(7,055)	319,996
Stage 3	**182,008**	**(18,221)**	**163,787**	268,293	(20,221)	248,072
	5,476,403	**(36,719)**	**5,439,684**	4,414,637	(38,525)	4,376,112
	24,021,991	**(804,411)**	**23,217,580**	25,282,980	(698,520)	24,584,460

7. Financial risk management (continued)

The tables below analyse the movement of the gross carrying amount and ECL allowance during the period per class of financial assets.

- **Loans and advances to customers - retail lending**

2023

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
Gross carrying amount					
As at 1 January 2023	1,010,099	51,236	95,159	-	1,156,494
Transfer to stage 1	18,754	(18,754)	-	-	-
Transfer to stage 2	(19,452)	24,023	(4,571)	-	-
Transfer to stage 3	(7,691)	(3,213)	10,904	-	-
Change in exposure	(57,503)	(3,681)	(2,385)	-	(63,569)
Write-offs	(1,848)	(4,903)	(30,771)	-	(37,522)
New financial assets recognised	218,641	1,007	-	-	219,648
Financial assets derecognised	(201,131)	(4,027)	(5,510)	-	(210,668)
As at 30 September 2023	**959,869**	**41,688**	**62,826**	**-**	**1,064,383**
ECL allowance					
As at 1 January 2023	6,596	7,435	20,782	-	34,813
Transfer to stage 1	1,891	(1,891)	-	-	-
Transfer to stage 2	(556)	1,699	(1,143)	-	-
Transfer to stage 3	(77)	(791)	868	-	-
Change in exposure	(2,295)	2,608	(791)	-	(478)
Write-offs	(39)	(1,096)	(10,000)	-	(11,135)
New financial assets recognised	1,359	126	-	-	1,485
Financial assets derecognised	(857)	(644)	(2,017)	-	(3,518)
As at 30 September 2023	**6,022**	**7,446**	**7,699**	**-**	**21,167**

2022

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
Gross carrying amount					
As at 1 January 2022	1,060,890	98,626	107,652	-	1,267,168
Transfer to stage 1	62,244	(62,155)	(89)	-	-
Transfer to stage 2	(26,841)	30,282	(3,441)	-	-
Transfer to stage 3	(6,278)	(8,560)	14,838	-	-
Change in exposure	(75,864)	(5,011)	5,149	-	(75,726)
Write-offs	(7,282)	(8,960)	(17,420)	-	(33,662)
New financial assets recognised	211,733	16,467	-	-	228,200
Financial assets derecognised	(208,503)	(9,453)	(11,530)	-	(229,486)
As at 31 December 2022	**1,010,099**	**51,236**	**95,159**	**-**	**1,156,494**

7. Financial risk management (continued)

- **Loans and advances to customers - retail lending** (continued)

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
ECL allowance					
As at 1 January 2022	10,794	15,562	20,646	-	47,002
Transfer to stage 1	6,941	(6,883)	(58)	-	-
Transfer to stage 2	(545)	1,098	(553)	-	-
Transfer to stage 3	(170)	(2,953)	3,123	-	-
Change in credit risk	(9,241)	3,400	9,560	-	3,719
Write-offs	(244)	(3,251)	(3,916)	-	(7,411)
New financial assets recognized	1,446	1,660	-	-	3,106
Financial assets derecognized	(2,385)	(1,198)	(8,020)	-	(11,603)
As at 31 December 2022	**6,596**	**7,435**	**20,782**	**-**	**34,813**

- **Loans and advances to customers - wholesale lending**

2023

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
Gross carrying amount					
As at 1 January 2023	8,276,175	1,599,542	1,987,670	-	11,863,387
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(166,546)	166,546	-	-	-
Transfer to stage 3	-	(134,084)	134,084	-	-
Change in exposure	(549,542)	(182,697)	25,587	-	(706,652)
Write-offs	-	-	-	-	-
New financial assets recognized	1,670,788	-	-	-	1,670,788
Financial assets derecognized	(2,028,398)	(163,597)	-	-	(2,191,995)
As at 30 September 2023	**7,202,477**	**1,285,710**	**2,147,341**	**-**	**10,635,528**

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
ECL allowance					
As at 1 January 2023	60,122	148,015	366,498	-	574,635
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(3,533)	3,533		-	-
Transfer to stage 3	-	(11,570)	11,570	-	-
Change in exposure	3,284	35,998	64,265	-	103,547
Write-offs	-	-	-	-	-
New financial assets recognized	10,861	-	-	-	10,861
Financial assets derecognized	(13,736)	(5,793)	(216)	-	(19,745)
As at 30 September 2023	**56,998**	**170,183**	**442,117**	**-**	**669,298**

7. Financial risk management (continued)

- **Loans and advances to customers - wholesale lending** (continue)

2022

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
Gross carrying amount					
As at 1 January 2022	6,920,426	1,986,748	2,092,640	-	10,999,814
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(207,291)	273,113	(65,822)	-	-
Transfer to stage 3	-	(644,500)	644,500	-	-
Change in exposure	(728,469)	(49,662)	51,583	-	(726,548)
Write-offs	-	-	(701,777)	-	(701,777)
New financial assets recognised	3,405,271	235,426	-	-	3,640,697
Financial assets derecognised	(1,113,762)	(201,583)	(33,454)	-	(1,348,799)
As at 31 December 2022	**8,276,175**	**1,599,542**	**1,987,670**	**-**	**11,863,387**

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
ECL allowance					
As at 1 January 2022	53,295	113,247	896,091	-	1,062,633
Transfer to stage 2	(2,422)	8,889	(6,467)	-	-
Transfer to stage 3	-	(27,483)	27,483	-	-
Change in credit risk	6,280	30,811	89,271	-	126,362
Write-offs	-	-	(636,351)	-	(636,351)
New financial assets recognised	23,725	29,288	-	-	53,013
Financial assets derecognised	(20,756)	(6,737)	(3,529)	-	(31,022)
As at 31 December 2022	**60,122**	**148,015**	**366,498**	**-**	**574,635**

- **Islamic financing and investing assets - wholesale lending**

2023

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
Gross carrying amount					
As at 1 January 2023	355,052	-	186,496	-	541,548
Transfer to stage 3	-	-	-	-	-
Change in exposure	9,883	-	20,000	-	29,883
New financial assets recognized	453,962	-	-	-	453,962
Financial assets derecognized	(72,516)	-	-	-	(72,516)
As at 30 September 2023	**746,381**	**-**	**206,496**	**-**	**952,877**

7. Financial risk management (continued)

- **Islamic financing and investing assets – Wholesale lending** (continued)

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
ECL allowance					
As at 1 January 2023	1,097	-	26,752	-	27,849
Transfer to stage 3	-	-	-	-	-
Change in exposure	101	-	20,000	-	20,101
New financial assets recognized	984	-	-	-	984
Financial assets derecognized	(721)	-	-	-	(721)
As at 30 September 2023	**1,461**	**-**	**46,752**	**-**	**48,213**

2022

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
Gross carrying amount					
As at 1 January 2022	436,169	191,301	-	-	627,470
Transfer to stage 3	-	(38,936)	38,936	-	-
Change in exposure	(1,125)	-	147,560	-	146,435
New financial assets recognized	92,197	-	-	-	92,197
Financial assets derecognised	(172,189)	(152,365)	-	-	(324,554)
As at 31 December 2022	**355,052**	**-**	**186,496**	**-**	**541,548**

	Stage 1 12 months ECL AED '000	Stage 2 Lifetime ECL AED '000	Stage 3 Lifetime ECL AED '000	POCI Lifetime ECL AED '000	Total AED '000
ECL allowance					
As at 1 January 2022	3,960	2,087	-	-	6,047
Transfer to stage 3	-	(1,658)	1,658	-	-
Change in credit risk	(1,943)	-	25,094	-	23,151
New financial assets recognized	830	-	-	-	830
Financial assets derecognised	(1,750)	(429)	-	-	(2,179)
As at 31 December 2022	**1,097**	**-**	**26,752**	**-**	**27,849**

8. Cash and balances with the Central Bank

In the table below, statutory cash ratio requirements with the Central Bank of the UAE represent mandatory reserve deposits and are not available for use in the Group's day-to-day operations. Cash on hand and current accounts and other balances are non-interest bearing. Overnight deposits carry interest rate ranging from 4.4% to 5.40 % per annum (2022: 0.15% to 4.4% per annum).

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Cash on hand	**69,402**	62,981
Balances with the Central Bank of the UAE:		
Statutory cash ratio requirements	**390,389**	219,584
Overnight deposits	**725,000**	2,350,000
	1,184,791	2,632,565
Balances due to the Central Bank of the UAE:		
Current account	**13,596**	1,748
	13,596	1,748

9. Deposits and balances due from banks

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Demand and call deposits	**138,756**	61,611
Loan to banks	**573,104**	403,986
	711,860	465,597
Less: Allowance for expected credit losses	**(9,054)**	(7,149)
	702,806	458,448

10. Loans and advances to customers

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Retail lending:		
Mortgage loans	**646,248**	727,343
Credit cards	**40,809**	39,812
Other	**377,326**	389,339
	1,064,383	1,156,494
Less: Allowance for expected credit losses	**(21,167)**	(34,813)
	1,043,216	1,121,681
Wholesale lending:		
Loans	**8,733,658**	9,230,017
Overdrafts	**1,281,250**	1,947,346
Trust receipts	**339,306**	306,997
Bills discounted	**281,314**	379,027
	10,635,528	11,863,387
Less: Allowance for expected credit losses	**(669,298)**	(574,635)
	9,966,230	11,288,752
	11,009,446	12,410,433

11. Investment securities measured at fair value

The Group has designated the following investments in equity instruments and investment fund at FVTOCI as these are the investments that the Group plans to hold in the long term for strategic reasons. The table below shows fair value of these investments.

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Investment at FVTOCI		
Investment in quoted shares	**30,849**	26,959
Investment in unquoted shares	**17,375**	17,373
Investment in unquoted investment fund	**1,408**	1,406
	49,632	45,738
Investment at FVTPL		
Investment in unquoted shares	**253,695**	218,271
	303,327	264,009

12. Investment securities measured at amortised cost

The table below shows investment securities at amortised cost held by the Group at the end of the reporting period. The Group holds these investment securities with an average yield of 2.7 % to 8.1% per annum (2022: 2.5% to 8.6% per annum). The investment securities are redeemable at par on various maturity dates from 2024 to 2032 (2022: 2024 to 2032). Monetary Bills carry interest rate of average yield of 4.8% to 5.6% per annum (2022 0.2% to 4.6% per annum).

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Investment in debt instruments	**1,481,998**	1,128,052
Investment in Islamic Sukuk	**866,395**	680,639
Monterey bills	**777,251**	285,311
	3,125,644	2,094,002
Less: Allowance for expected credit losses	**(14,798)**	(11,025)
	3,110,846	2,082,977

13. Customers' deposits

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Current accounts	**1,705,979**	1,688,250
Saving accounts	**510,979**	802,985
Time deposits	**8,645,200**	8,712,838
Other	**136,774**	156,470
	10,998,932	11,360,543

14. Share capital

The authorised, issued, and paid-up capital of the Bank comprises 1,737,383,050 shares of AED 1 each (2022: 1,737,383,050 shares of AED 1 each). Fully paid-up shares carry one vote per share and carry a right to dividends.

15. Tier 1 Capital Securities

On 23 December 2015, the Bank issued Tier 1 Capital Securities (the "Capital Securities") through an SPV, CBI Tier 1 Private Ltd, (the "Issuer") amounting to USD 125 million (AED 459.125 million). These Capital Securities are perpetual and carry an interest rate of 6% revised from the earlier rate of 6.5% (calculated based on the relevant Six- Years Mid Swap Rate plus 4.71 percent per annum) during the "initial period". After the initial period, at every reset date, interest would be calculated for the next reset period at the relevant Six-Year Mid Swap Rate plus a margin of 4.71 percent per annum.

Interest is payable semi-annually in arrears on these Capital Securities. The "Initial Period" is the period (from and including) the Issue Date to (but excluding) the First Call Date. The "Reset Date" is the First Call Date and every sixth anniversary thereafter. These Capital Securities are callable by the Bank on 23 December 2023 and every interest payment date thereafter. The right to redeem the Capital Securities will only happen upon satisfying the agreed condition of the agreement.

Tier 1 Capital Securities are perpetual, subordinated and unsecured. The Bank may elect not to pay a coupon at its own discretion. The holder of the Capital Securities does not have a right to claim the coupon and an election by the Bank not to service coupon is not considered an event of default.

16. Reserves

The movements in the reserves during the period were as follows:

	Statutory Reserve AED '000	General reserve AED '000	Investment revaluation reserve AED '000	CBUAE specific provision reserve AED '000	Total AED '000
2023					
As at 1 January (audited)	300,249	31,471	(64,805)	284,203	551,118
Other comprehensive income	-	-	3,886	-	3,886
Transfers to retained earnings	-	(31,471)	-	(5,793)	(37,264)
As at 30 September (unaudited)	300,249	**-**	**(60,919)**	**278,410**	**517,740**
2022					
As at 1 January (audited)	285,202	16,424	(77,639)	273,491	497,478
Other comprehensive loss	-	-	**(69,056)**	-	**(69,056)**
Transfer to accumulated losses	-	-	**82,677**	-	**82,677**
As at 30 September (unaudited)	**285,202**	**16,424**	**(64,018)**	**273,491**	**511,099**

17. Net interest income and income from Islamic financing and investing assets

	Nine months period ended	
Interest income	**2023** **AED '000** **(unaudited)**	**2022** **AED '000** **(unaudited)**
Loans and overdrafts	**609,076**	395,448
Bills discounted	**11,056**	8,462
Debt instruments	**71,855**	33,077
Placements with banks	**41,939**	13,725
	733,926	450,712
Income from Islamic financing and investing assets		
Murabaha	**5,491**	6,515
Ijarah	**31,211**	13,763
Islamic sukuk	**22,338**	12,522
Wakala	**988**	172
	60,028	32,972
Total interest income and income from Islamic financing and investing assets	**793,954**	483,684
Interest expense		
Customers' deposits	**(319,083)**	(130,870)
Borrowings from banks	**(97,631)**	(24,671)
Others	**(19,628)**	(2,641)
	(436,342)	(158,182)
Distribution to Islamic depositors		
Islamic customers' deposits	**(34,420)**	(11,058)
Islamic investment deposits from banks	**(49,340)**	(10,314)
	(83,760)	(21,372)
Total interest expense and distribution to Islamic depositors	**(520,102)**	(179,554)

Total interest income and income from Islamic financing and investing assets, total interest expense and distribution to Islamic depositors have increased due to overall increase in Emirates Interbank Offer rate "EIBOR" and Secured Overnight Financing Rate "SOFR".

18. Other operating income, net

	Nine months period ended	
	2023 **AED '000** **(unaudited)**	**2022** **AED '000** **(unaudited)**
Foreign exchange gains	**13,914**	12,310
Dividends	**484**	804
Net gain on financial assets at FVTPL	**45,393**	71,578
Gain on disposal of Property and equipment	**55**	59
Other	**5,666**	1,327
	65,512	86,078

19. Net impairment loss on financial assets

	Nine months period ended 2023 AED '000 (unaudited)	2022 AED '000 (unaudited)
Net ECL charge for the period	**100,279**	156,108
Recoveries against written off loans	**(64,463)**	(60,897)
Other	**1,426**	2,019
	37,242	97,230

20. Basic and diluted earnings per share

Earnings per share are calculated by dividing the profit for the period attributed to the owners of the Bank by the weighted average number of shares in issue throughout the period as follows:

	2023 (unaudited)	2022 (unaudited)
Profit for the period attributable to owners of the Bank (AED'000)	**123,910**	67,208
Weighted average number of shares in issue ('000)	**1,737,383**	1,737,383
Basic and diluted earnings per share (AED)	**0.071**	0.039

21. Contingent liabilities and commitments

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Letters of credit and guarantees:		
Guarantees	**2,545,489**	2,602,806
Letters of credit	**282,661**	335,451
	2,828,150	2,938,257
Other commitments:		
Loan commitments	**2,648,253**	1,476,380
Capital commitments	**6,523**	13,145
	2,654,776	1,489,525

22. Cash and cash equivalents

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

	30 Sep 2023 AED '000 (unaudited)	31 Dec 2022 AED '000 (audited)	30 Sep 2022 AED '000 (unaudited)
Cash and balances with the Central Bank of the UAE	**1,184,791**	2,632,565	1,761,269
Investments in Debt instruments	**777,251**	285,311	196,902
Deposits and balances due from banks	**711,860**	465,597	57,133
	2,673,902	3,383,473	2,015,304
Less: Statutory reserve with the Central Bank of the UAE	**(390,389)**	(219,584)	(273,434)
Less: Balances due from banks with original maturity of 90 days or more	**(316,169)**	(403,986)	-
Less: Financial Assets measured at amortized cost with original maturity of 90 days or more	**(291,589)**	(235,509)	(176,927)
	1,675,755	2,524,394	1,564,943

Notes to condensed consolidated financial statements (continued)
For the nine months period ended 30 September 2023

23. Related party transactions

a) The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies under common ownership and/or common management and control, their shareholders and key management personnel. Transactions with associate and other related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

b) Related party balances at the end of the reporting period were as follows:

	Terms %	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Subsidiaries			
Financial guarantee contract		**5,009**	5,009
Associate			
Loans and advances to customers(net)		**-**	3,662
Key management personnel (including directors)			
Loans and advances to customers	**0-8.7**	**21,019**	20,918
Customers' deposits	**0-6.3**	**20,321**	6,794
Other related parties			
Deposits and balances due from banks	**0-9.5**	**259,055**	165,434
Deposits and balances due to banks	**-**	**85,481**	76,596
Interest rate swaps (Notional amount)	**-**	**36,750**	36,750
Tier 1 capital securities	**6.0**	**459,125**	459,125

23. Related party transactions (continued)

c) Significant transactions with related parties during the period were as follows:

	Nine months period ended	
	2023	**2022**
	AED '000	**AED '000**
	(unaudited)	**(unaudited)**
Associate		
Interest income	**-**	1,184
Key management personnel (including directors)		
Interest income	**770**	316
Interest expense	**763**	87
Directors' expenses	**187**	60
Compensation of key management personnel	**22,384**	13,347

24. Operating segments

Operating Segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's CEO in order to allocate resources to the segment and to assess its performance. The Group's reportable segments under IFRS 8 are therefore as follows:

- Wholesale banking;
- Retail banking;
- Treasury;
- Real estate;
- Other

For the nine months period ended 30 September 2023

24. Operating segments (continued)

The segmental information provided to the Group's CEO for the reportable segments for the period ended 30 September 2023 and 30 September 2022 were as follow:

	Wholesale banking AED '000	Retail banking AED '000	Treasury AED '000	Real estate AED '000	Other AED '000	Total AED '000
Nine month ended 30 September 2023 (unaudited)						
Net interest income from external customers	206,694	(25,105)	93,273	(4,407)	3,397	273,852
Inter-segmental net interest income	(69,399)	68,130	(36,898)	-	38,167	-
Fee and commission income	78,977	11,490	1,088	-	3	91,558
Fee and commission expense	(537)	(12,373)	(916)	-	(465)	(14,291)
Other operating income, net	15,960	1,622	6,782	5,628	35,520	65,512
	231,695	**43,764**	**63,329**	**1,221**	**76,622**	**416,631**
Impairment losses and provisions, net	(36,559)	4,996	(5,679)	30,248	-	(6,994)
General and administrative expenses excluding depreciation and amortization	(146,701)	(81,410)	(17,026)	(611)	-	(245,748)
Depreciation and amortization	(10,361)	(10,689)	(1,561)	(648)	-	(23,259)
Profit/(loss) for the period	**38,074**	**(43,339)**	**39,063**	**30,210**	**76,622**	**140,630**
As at 30 September 2023 (unaudited)						
Assets	**12,331,967**	**1,043,216**	**4,350,168**	**194,185**	**818,903**	**18,738,439**
Liabilities	**9,669,302**	**3,092,203**	**2,692,146**	**1,316**	**440,323**	**15,895,290**

24. Operating segments (continued)

	Wholesale banking AED '000	Retail banking AED '000	Treasury AED '000	Real estate AED '000	Other AED '000	Total AED '000
Nine months ended 30 Sep 2022 (unaudited)						
Net interest income from external customers	195,002	24,608	50,677	-	33,843	**304,130**
Inter-segmental net interest income	(31,466)	20,065	20,263	(5,167)	(3,695)	**-**
Fee and commission income	66,171	11,142	214	-	(50)	**77,477**
Fee and commission expense	(521)	(8,522)	(1,089)	-	(542)	**(10,674)**
Other operating income, net	8,456	1,737	4,702	4,014	67,169	**86,078**
	237,642	**49,030**	**74,767**	**(1,153)**	**96,725**	**457,011**
Impairment losses and provisions, net	(101,261)	8,056	(4,053)	-	(7,347)	**(104,605)**
General and administrative expenses excluding depreciation and amortization	(132,848)	(75,650)	(15,973)	(538)	-	**(225,009)**
Depreciation and amortization	(12,205)	(10,995)	(1,997)	(2,066)	-	**(27,263)**
Profit/(loss) for the period	**(8,672)**	**(29,559)**	**52,744**	**(3,757)**	**89,378**	**100,134**
As at 30 Sep 2022 (unaudited)						
Assets	14,872,076	1,169,884	3,768,191	223,707	587,986	**20,621,844**
Liabilities	12,705,207	2,147,526	2,800,439	940	321,761	**17,975,873**

25. Fair value of financial instruments

This note provides information about how the Group determines the fair value of various financial assets and financial liabilities.

25.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair value of financial assets and financial liabilities are determined as follows:

- Fair value of all quoted investments measured at fair value through profit or loss and at fair value through other comprehensive income are based on quoted bid prices in an active market;
- Fair value of all unquoted equity investments and unquoted investment funds measured at fair value through other comprehensive income is mainly based on market approach-based valuation technique using price/book value multiple of trading peers and precedent transactions. These price/book values multiples and precedent transactions are unobservable inputs. Fair value of financial assets at FVTPL is calculated by taking proportionate share of the fair value of its assets (real estate) and liabilities; and
- Fair value of all derivatives is calculated using discounted cash flows. Discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Derivatives are measured using quoted rates and yield curves derived from quoted rates matching maturities of the contracts.

The table below summarises the Group's financial instruments fair value according to fair value hierarchy:

	Level 1		Level 2		Level 3	
	2023 AED '000 (unaudited)	**2022 AED '000 (audited)**	**2023 AED '000 (unaudited)**	**2022 AED '000 (audited)**	**2023 AED '000 (unaudited)**	**2022 AED '000 (audited)**
Financial assets at fair value through other comprehensive income						
Equity shares	**30,849**	26,959	-	-	**17,375**	17,373
Investment fund	-	-	-	-	**1,408**	1,406
Financial assets at fair value through profit or loss						
Equity shares	-	-	-	-	**253,695**	218,271
Fair value of derivatives financial assets	-	-	**6,401**	6,604	-	-
Financial liabilities at fair value through profit or loss						
Fair value of derivatives financial liabilities	-	-	**1,615**	6,084	-	-

For level 3 fair valuation measured using price/book value multiple, the higher the unobservable input of price/book value multiple, the higher is fair value. The price/book value multiple used in valuation ranges between 0.85X to 0.96X (2022: 0.85X to 0.96X). For level 3 fair valuation of MURJAN measured using proportionate share of the fair value of its assets (real estate) and liabilities, the higher the net asset value, the higher is fair value.

There were no transfers between Level 1, 2 and 3 during the period ended 30 September 2023 and 2022.

25. Fair value of financial instruments (continued)

25.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Balance at the beginning of the period/year	**237,050**	241,676
Total gains in profit or loss	**35,424**	70,406
Total Gain / (losses) in other comprehensive income	**4**	(75,032)
Balance at the closing of the period/year	**272,478**	237,050

The financial liabilities subsequently measured at fair value are classified as level 2 in the fair value hierarchy. There are no financial liabilities classified as fair value as level 3 in the fair value hierarchy.

All gains and losses included in other comprehensive income relate to FVTOCI (quoted investments or unquoted investments) held at the end of the period and are reported as changes in 'Investment revaluation reserve'.

25.2 Fair value of financial instruments carried at amortised cost

Except as detailed below, the directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	Carrying amount		Fair value	
	2023 AED '000 (unaudited)	2022 AED '000 (audited)	2023 AED '000 (unaudited)	2022 AED '000 (audited)
Investment securities measured at amortised cost	**3,110,846**	2,082,977	**3,127,417**	2,080,578

Investment securities measured at amortised cost are quoted instruments and categorized as level 1 in the fair value hierarchy. The fair value is determined using unadjusted quoted market prices.

26. Capital management

The Group's capital management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

Regulatory capital

The Bank calculates its Capital Adequacy Ratio in line with guidelines issued by the Central Bank of the UAE. The Group's regulatory capital position at the end of reporting period under Basel III is as follows:

	2023 AED '000 (unaudited)	**2022 AED '000 (audited)**
CET1 capital	**1,848,346**	1,751,637
AT1 capital	**459,125**	459,125
T2 capital	**196,376**	190,063
Total capital base	**2,503,847**	2,400,825
Credit risk	**15,710,075**	15,205,002
Market risk	**277,237**	284,794
Operational risk	**1,038,653**	1,175,231
Total risk weighted assets	**17,025,965**	16,665,027
CET1 capital ratio	10.86%	10.51%
Tier 1 capital ratio	13.55%	13.27%
Total capital ratio	14.71%	14.41%

27. Subsequent events

On October 4, 2023, the Central Bank of the UAE approved the General Meeting resolution and agenda items presented on July 12, 2023, which are related to the increase of the Group's share capital by an amount of up to AED 889.1 million.

28. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 October 2023.

Glossary of abbreviations

ACADL	Al Caribi Antigua Development Limited
ACDL	Al Caribi Development Limited
AED	United Arab Emirates Dirham
AKPI	Al Khaleejiah Property Investments LLC
ARZAQ	Arzaq Holdings (Private J.S.C.)
AT1	Additional Tier 1
Basel III	Basel III: International regulatory framework for banks
BVI	British Virgin Islands
CBI	Commercial Bank International PSC
CBUAE	the Central Bank of the UAE
CDs	Certificates of Deposit
CDS	Credit Default Swaps
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
ECL	Expected Credit Losses
EIR	Effective Interest Rate
EPS	Earnings Per Share
EUR	Euro
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GBP	British pound sterling
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IASs	International Accounting Standards
IFB	International Financial Brokerage LLC
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IFRSs	International Financial Reporting Standards
JPY	Japanese yen
LGD	Loss Given Default
LLC	Limited Liability Company
MURJAN	Al Murjan Real Estate LLC
OCI	Other Comprehensive Income
PD	Probability of Default
POCI	Purchased or Originated Credit Impaired
SCA	Securities and Commodities Authority of the UAE
SIC	Standard Interpretations Committee
SICR	Significant Increase in Credit Risk
SPPI	Solely Payments of Principal and Interest on the principal amount outstanding
SPV	Special Purpose Vehicle
T2	Tier 2
the GCC	the Gulf Cooperation Council
the UAE	the United Arab Emirates
the USA	the United States of America
TRE	Takamul Real Estate LLC
USD	United States dollar