

Ajman Bank PJSC

**Review report and condensed consolidated interim
financial information
for the nine month period ended 30 September 2024**

Ajman Bank PJSC

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors
Ajman Bank PJSC
Dubai
United Arab Emirates**

Introduction

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

Scope of review

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

Conclusion

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

Other matter

The financial statements of the Bank for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 14 February 2024. The interim financial information of the Bank for the nine-month period ended 30 September 2023 was reviewed by another auditor who expressed an unmodified conclusion on that information on 9 November 2023.

Deloitte & Touche (M.E.)




Firas Anabtawi
Registration No.: 5482
21 October 2024
Dubai
United Arab Emirates

Condensed consolidated interim statement of financial position (unaudited)
As at 30 September 2024

	Notes	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
ASSETS			
Cash and balances with the Central Bank	6	4,181,732	4,467,728
Due from banks and other financial institutions		1,865,669	1,714,027
Islamic financing and investing assets, net	7	13,403,558	13,775,993
Islamic investment securities at amortised cost	8	-	263,029
Islamic investment securities at fair value	9	3,050,490	2,781,228
Investment properties		387,648	385,755
Property and equipment		132,987	125,787
Other Islamic assets	10	1,417,974	1,421,985
Total assets		24,440,058	24,935,532
LIABILITIES AND EQUITY			
Liabilities			
Islamic customers' deposits	11	19,309,808	19,724,748
Due to banks and other financial institutions		1,024,717	1,604,754
Other liabilities	12	1,080,440	931,078
Total liabilities		21,414,965	22,260,580
Equity			
Share capital	13	2,723,500	2,723,500
Treasury shares	13	(33,377)	(27,675)
Statutory and other reserves		239,842	253,676
Investment fair value reserve		(196,619)	(276,735)
General impairment reserve	14	31,697	60,835
Retained earnings/(accumulated losses)		260,050	(58,649)
Total equity		3,025,093	2,674,952
TOTAL LIABILITIES AND EQUITY		24,440,058	24,935,532

To the best of our knowledge, the condensed consolidated interim financial information present fairly, in all material respects, the financial position, financial performance and cash flows of the Group as of, and for, the periods presented therein.



H.H. Sheikh Ammar Bin Humaid Al Nuaimi
Chairman



Mustafa Al Khalfawi
Chief Executive Officer

**Condensed consolidated interim statement of profit or loss (unaudited)
for the nine month period ended 30 September 2024**

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Operating income					
Income from Islamic financing and investing assets	15	308,896	297,870	915,844	878,694
Income from Islamic investment securities		36,060	31,842	116,507	90,335
Fees, commissions and other income		41,199	44,226	166,812	133,954
Total operating income before depositors' share of profits		386,155	373,938	1,199,163	1,102,983
Depositors' share of profits		(198,346)	(180,213)	(583,223)	(487,992)
Net operating income		187,809	193,725	615,940	614,991
Expenses					
Staff costs		(65,935)	(58,164)	(194,878)	(180,232)
General and administrative expenses		(26,927)	(26,961)	(72,841)	(74,127)
Depreciation of property and equipment		(6,084)	(6,498)	(18,366)	(22,221)
Provision for expected credit losses on financial assets	21.4	(8,797)	(219,271)	(17,094)	(274,746)
Impairment of associates		-	(63,503)	-	(88,703)
Impairment loss on non-financial assets		-	(8,975)	-	(62,275)
Total expenses		(107,743)	(383,372)	(303,179)	(702,304)
Profit/(loss) before tax		80,066	(189,647)	312,761	(87,313)
Income tax expense	23	(6,067)	-	(23,200)	-
Profit/(loss) for the period		73,999	(189,647)	289,561	(87,313)
Basic and diluted earnings/(loss) per share (AED)		0.030	(0.073)	0.116	(0.035)

**Condensed consolidated interim statement of other comprehensive income (unaudited)
for the nine month period ended 30 September 2024**

	Three month period ended 30 September		Nine month period ended 30 September	
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000
Profit/(loss) for the period	73,999	(189,647)	289,561	(87,313)
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to the statement of profit or loss</i>				
Fair value gain/(loss) on equity securities at FVTOCI	3,679	5,548	(10,914)	20,688
	3,679	5,548	(10,914)	20,688
<i>Items that may be reclassified subsequently to the statement of profit or loss</i>				
Fair value gain/(loss) on Sukuk investment securities at FVTOCI	68,521	(21,771)	99,694	(8,787)
Reclassification to the statement of profit or loss upon dispose of investments at FVTOCI	(8,331)	(760)	(8,664)	1,515
	60,190	(22,531)	91,030	(7,272)
Other comprehensive income/(loss)	63,869	(16,983)	80,116	13,416
Total comprehensive income/(loss) for the period	137,868	(206,630)	369,677	(73,897)

Ajman Bank PJSC

Condensed consolidated interim statement of changes in equity (unaudited)
for the nine month period ended 30 September 2024

	Share capital AED'000	Treasury shares AED'000	Statutory and other reserves AED'000	Investment fair value reserve AED'000	General impairment reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Total AED'000
At 1 January 2023	2,100,000	-	286,331	(334,393)	105,810	357,329	2,515,077
Loss for the period	-	-	-	-	-	(87,313)	(87,313)
Other comprehensive income	-	-	-	13,416	-	-	13,416
Total comprehensive income/(loss) for the period	-	-	-	13,416	-	(87,313)	(73,897)
Issuance of share capital	550,000	-	-	-	-	-	550,000
Issuance cost of share capital	-	-	-	-	-	(2,485)	(2,485)
Transfer on disposal of equity instruments at FV/TOCI	-	-	-	(5,391)	-	5,391	-
Transfer from general impairment reserve (Note 14)	-	-	-	-	(3,745)	3,745	-
Issuance of stock dividends (Note 13)	73,500	-	-	-	-	(73,500)	-
At 30 September 2023 (unaudited)	2,723,500	-	286,331	(326,368)	102,065	203,167	2,988,695
At 1 January 2024	2,723,500	(27,675)	253,676	(276,735)	60,835	(58,649)	2,674,952
Profit for the period	-	-	-	-	-	289,561	289,561
Other comprehensive income	-	-	-	80,116	-	-	80,116
Total comprehensive income for the period	-	-	-	80,116	-	289,561	369,677
Treasury shares (Note 13.1)	-	(5,702)	(13,834)	-	-	-	(19,536)
Transfer from general impairment reserve (Note 14)	-	-	-	-	(29,138)	29,138	-
At 30 September 2024 (unaudited)	2,723,500	(33,377)	239,842	(196,619)	31,697	260,050	3,025,093

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
Classification : Internal

**Condensed consolidated interim statement of cash flows (unaudited)
for the nine month period ended 30 September 2024**

	Nine month period ended 30 September	
	2024 AED'000	2023 AED'000
Cash flows from operating activities		
Profit/(loss) before tax for the period	312,761	(87,313)
<i>Adjustments for:</i>		
Depreciation of property and equipment	18,366	22,221
Amortisation of discount on Islamic investment securities at amortised cost	(187)	(84)
Credit loss expenses on financial assets	17,094	274,746
Income from Islamic investment securities	(99,603)	(84,918)
Impairment of property and equipment	-	446
Impairment charge for non-financial assets	-	62,275
Realized gain on disposal of Islamic investment securities	(8,520)	(5,333)
Impairment of associates	-	88,703
Gain on disposal of property and equipment	-	(7,129)
Operating cash flows before changes in operating assets and liabilities	239,911	263,614
<i>Changes in operating assets and liabilities:</i>		
Islamic financing and investing assets	343,098	(2,130,372)
Due from banks and other financial institutions	35,304	(638,057)
Statutory deposit with the Central Bank	(132,674)	(277,570)
International Murabaha with the Central Bank	1,060,000	(120,000)
Other assets	4,903	(151,041)
Islamic customers' deposits	(414,940)	3,244,325
Due to banks and other financial institutions	(580,037)	26,044
Other liabilities	121,942	209,072
Net cash generated from operating activities	677,507	426,015
Cash flows from investing activities		
Purchase of Islamic investment securities	(552,994)	(503,281)
Proceeds from sale of Islamic investment securities	645,458	104,763
Purchase of property and equipment	(25,566)	(24,015)
Proceeds from disposal of property and equipment	-	10,302
Profit income on Islamic investment securities	102,125	92,816
Additions to investment properties	(1,893)	(4,425)
Net cash generated from/(used in) investing activities	167,130	(323,840)
Cash flows from financing activities		
Issuance of share capital	-	550,000
Issuance cost of share capital	-	(2,485)
Treasury shares	(19,536)	-
Net cash (used in)/generated from financing activities	(19,536)	547,515
Net increase in cash and cash equivalents	825,101	649,690
Net cash and cash equivalents at 1 January	1,981,413	1,125,897
Cash and cash equivalents at 30 September (Note 6)	2,806,514	1,775,587

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

Ajman Bank PJSC

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2024

1. General information

Ajman Bank PJSC (the “Bank”) was incorporated as a Public Joint Stock Company listed on Dubai Financial Market (“DFM”). The registered address of the Bank is P.O. Box 7770, Ajman, United Arab Emirates (“UAE”). The Bank was legally incorporated on 17 April 2008 and was registered with the Securities and Commodities Authority (“SCA”) on 12 June 2008 and obtained a license from the Central Bank of the UAE to operate as a Head Office on 14 June 2008. On 1 December 2008, the Bank obtained a branch banking license from UAE Central Bank and commenced its operations on 22 December 2008.

In addition to its Head office in Ajman, the Bank operates through nine branches and nine pay offices in the UAE.

The principal activities of the Bank are to undertake banking, financing and investing activities through various Islamic financing and investment products such as Murabaha, Ijarah, Mudaraba, Musharaka, Wakala and Sukuk. The activities of the Bank are conducted in accordance with the Islamic Shariah principles and within the provisions of its Memorandum and Articles of Association.

These condensed consolidated interim financial information combines the activities of the Bank’s head office, its branches and its subsidiary as disclosed below.

The Bank and its following subsidiary, which was incorporated by the Bank on 19 January 2024, form the “Group” and are together referred to as the “Group” in these condensed consolidated interim financial statements. The subsidiary included in these condensed consolidated interim financial statements, its principal activities and legal and beneficial ownership are set out below:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2024	2023		
Skyrise Properties (S.P.S - L.L.C)	100%	-	UAE	Real estate brokerage and property management services

2. Application of new and revised International Financial Reporting Standards (“IFRS”)

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current
- Amendments to IFRS 16 Leases relating to lease liability in a sale and leaseback transaction
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
- IFRS S2 Climate Related Disclosures;

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**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Lack of Exchangeability	1 January 2025
IFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	1 January 2027
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

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

3. Summary of material accounting policies

As required by the Securities and Commodities Authority of the U.A.E. (“SCA”) Notification No. 2624/2008 dated 12 October 2008, certain required accounting policies have been disclosed in the condensed consolidated interim financial information.

3.1 Basis of preparation

The condensed consolidated interim financial information of the Group are prepared under the historical cost basis except for certain financial instruments and investment properties, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”), issued by the International Accounting Standard Board (IASB) and also comply with the applicable requirements of the laws in the U.A.E including UAE Federal Law No. 32 of 2021 and Decretal Federal Law No 14 of 2018.

The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the audited annual financial statements for the year ended 31 December 2023.

Ajman Bank PJSC**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)****3. Summary of material accounting policies (continued)****3.1 Basis of preparation (continued)**

These condensed consolidated interim financial information do not include all the information and disclosures required in full financial statements and should be read in conjunction with the Group's financial statements for the year ended 31 December 2023. In addition, results for the period from 1 January 2024 to 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3.2 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated interim financial statements comprise the financial statements of the Bank and its subsidiary as disclosed in Note 1 to these condensed consolidated interim financial statements. The financial statements of the subsidiary are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

All significant inter-group balances, income and expense items are eliminated on consolidation.

3.3 Financial risk management

Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2023.

3.4 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated interim income statement for the nine month period ended 30 September 2024 and 30 September 2023.

4. Critical accounting judgments and key sources of estimation of uncertainty

The preparation of condensed consolidated interim financial information 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 this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2023.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

5. Classification of financial assets and liabilities

The tables below set out the Group's classification of each class of financial assets and liabilities:

	At fair value AED'000	Amortised cost AED'000	Total AED'000
At 30 September 2024 (unaudited)			
Financial assets			
Cash and balances with the Central Bank	-	4,181,732	4,181,732
Due from banks and other financial institutions	-	1,865,669	1,865,669
Islamic financing and investing assets, net	-	13,403,558	13,403,558
Islamic investment securities at amortised cost	-	-	-
Islamic investment securities at fair value	3,050,490	-	3,050,490
Other Islamic assets	31	831,803	831,834
Total	3,050,521	20,282,762	23,333,283
Financial liabilities			
Islamic customers' deposits	-	19,309,808	19,309,808
Due to banks and other financial institutions	-	1,024,717	1,024,717
Other Islamic liabilities	640	659,135	659,775
Total	640	20,993,660	20,994,300
31 December 2023 (audited)			
Financial assets			
Cash and balances with the Central Bank	-	4,467,728	4,467,728
Due from banks and other financial institutions	-	1,714,027	1,714,027
Islamic financing and investing assets, net	-	13,775,993	13,775,993
Islamic investment securities at amortised cost	-	263,029	263,029
Islamic investments securities at fair value	2,781,228	-	2,781,228
Other Islamic assets	80	842,022	842,102
Total	2,781,308	21,062,799	23,844,107
Financial liabilities			
Islamic customers' deposits	-	19,724,748	19,724,748
Due to banks and other financial institutions	-	1,604,754	1,604,754
Other Islamic liabilities	2,659	554,587	557,246
Total	2,659	21,884,089	21,886,748

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

6. Cash and balances with the Central Bank

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Cash on hand	151,187	144,883
Balances with the Central Bank:		
Current accounts	638,496	523,470
Reserve requirements with the Central Bank	852,049	719,375
International Murabahat with the Central Bank	2,540,000	3,080,000
Total	4,181,732	4,467,728

The reserve requirements kept with the Central Bank are not available for use in the Group's day to day operations, and cannot be withdrawn without the approval of the Central Bank. The level of reserve required changes periodically in accordance with the directives of the Central Bank.

Cash and cash equivalents included in the condensed consolidated interim statement of cash flows are as follows:

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)	30 September 2023 AED'000 (unaudited)
Cash and balances with the Central Bank	4,181,732	4,467,728	3,323,667
Due from banks and other financial institutions (original maturity less than three months)	616,831	433,060	306,983
	4,798,563	4,900,788	3,630,650
Less: Statutory reserve with the Central Bank	(852,049)	(719,375)	(755,063)
Less: International Murabahat with the Central Bank (original maturity more than three months)	(1,140,000)	(2,200,000)	(1,100,000)
Cash and cash equivalents	2,806,514	1,981,413	1,775,587

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

7. Islamic financing and investing assets, net

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Islamic financing assets		
Vehicles murabahat	58,109	43,530
Commodities murabahat	5,701,572	5,472,404
Total murabahat	5,759,681	5,515,934
Ijarahs	8,194,917	8,852,914
Istisna'a	-	347
Islamic credit cards	64,068	46,478
	14,018,666	14,415,673
Deferred income	(652,256)	(685,993)
Total Islamic financing assets	13,366,410	13,729,680
Islamic investing assets		
Wakalat	680,133	680,133
Total Islamic investing assets	680,133	680,133
Total Islamic financing and investing assets	14,046,543	14,409,813
Less: Impairment loss allowance (Note 21.1)	(642,985)	(633,820)
Total Islamic financing and investing assets, net	13,403,558	13,775,993

8. Islamic investment securities at amortised cost

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Sukuk instruments	-	265,467
Less: Impairment loss allowance (Note 21.1)	-	(2,438)
	-	263,029

During the period, the Group have disposed off the sukuk instruments for a consideration of AED 259 million which resulted in a gain recognized in the statement of profit or loss of AED 8 million.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

9. Islamic investment securities at fair value

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Islamic investment securities at FVTOCI		
Sukuk instruments	2,784,140	2,494,941
Equity instruments	205,728	216,432
	<u>2,989,868</u>	<u>2,711,373</u>
Islamic investment securities at FVTPL		
Equity instruments	60,622	69,855
	<u>3,050,490</u>	<u>2,781,228</u>

10. Other Islamic assets

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Accrued income on Islamic financing and investing assets	111,299	116,850
Accrued income on Islamic investment securities	29,415	29,298
Prepaid expenses	12,576	8,153
Staff advances	15,369	15,631
Acceptances (Note 12)	15,000	1,126
Foreign currency forward contracts	31	80
Assets acquired in settlement of Islamic financing and investing assets (*)	530,050	530,050
Financial assets acquired in settlement of Islamic financing and investing assets (**)	-	644,383
Rent receivable	44,714	14,797
Other (**)	683,786	87,199
	<u>1,442,240</u>	<u>1,447,567</u>
Less: Impairment loss allowance (Note 21.1)	(24,266)	(25,582)
	<u>1,417,974</u>	<u>1,421,985</u>

(*) Assets acquired in settlement of Islamic financing and investing assets include properties with a carrying value of AED 418 million which are beneficially held by the Group but the title deed of these properties is not yet transferred in the Group's name (Note 18.3). The fair value of these assets amounted to AED 355 million; accordingly, during 2023, the Group booked an impairment loss of AED 63 million against these assets.

(**) During the period, the Group has disposed off the assets to a related party for a consideration of AED 650 million which resulted in a gain recognized in the statement of profit or loss of AED 6 million. As at the reporting date, a receivable balance of AED 550 million is included within other assets which is due to be collected before the year ending 31 December 2024.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

11. Islamic customers' deposits

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Current accounts	4,809,058	4,750,220
Mudaraba deposits:		
<i>Savings accounts</i>	454,756	381,772
<i>Term deposits</i>	28,642	29,760
Wakala deposits	13,609,105	14,176,456
Escrow accounts	333,684	315,954
Margin accounts	74,563	70,586
	19,309,808	19,724,748

12. Other liabilities

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Accrued profit on Islamic customers' deposits and placements by banks	409,159	391,640
Provisions for staff salaries and benefits	33,402	24,921
Managers' cheques	151,074	65,459
Acceptances (Note 10)	15,000	1,126
Lease liability	13,132	10,010
Provision for income tax (Note 23)	33,014	-
Impairment loss allowance on financial commitments and financial guarantees (Note 21.1)	293,777	325,853
Others	131,882	112,069
	1,080,440	931,078

13. Share capital and treasury shares

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
<i>Issued and fully paid:</i>		
2,723,500,000 (31 December 2023: 2,723,500,000) shares of AED 1 each	2,723,500	2,723,500

The Group's Board of Directors resolved on 16 March 2023 to distribute dividends in the form of bonus shares of 3.5% of the Group's current paid-up capital by issuing 73,500,000 bonus shares amounting to AED 73,500,000. This resolution was subsequently approved by the shareholders at the annual general meeting held on 19 April 2023. Further, AED 2.5 million as directors' remuneration was also approved during 2023.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

13. Share capital and treasury shares (continued)

13.1 Treasury shares

The Group engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Bank's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 30 September 2024, the Market Maker held 33,376,974 of Ajman Bank's shares (31 December 2023: 27,674,759 shares) on behalf of the Bank, which are classified under equity as treasury shares at par value of AED 1 at 30 September 2024 and 31 December 2023. During the nine month period ended 30 September 2024, AED 46 million (year ended 31 December 2023: AED 33 million) has been utilised from share premium reserve (included under statutory and other reserve) to account for premium paid on acquisition of treasury shares, net of realized gains/losses on disposal of such shares. At the end of the contract term with the Market Maker, the Bank will have the option to either transfer the outstanding shares under its name or dispose of the shares in the market.

14. General impairment reserve

In accordance with the requirements of the Central Bank of the U.A.E. the excess of the credit impairment provisions calculated in accordance with CBUAE requirements over the ECL allowance calculated under Stage 1 and Stage 2 as per IFRS 9 is transferred to 'General impairment reserve' as an appropriation from retained earnings. This reserve is not available for payment of dividends.

15. Income from Islamic financing and investing assets

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2024	2023	2024	2023
	AED'000	AED'000	AED'000	AED'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income from Ijarah	151,445	151,284	451,328	476,003
Income from Murabaha	129,544	122,515	382,378	327,150
Income from Wakala	27,907	24,052	82,135	75,454
Income from Istisna	-	19	3	87
	308,896	297,870	915,844	878,694

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

16. Basic and diluted earnings per share

Earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Basic earnings/(loss) per share				
Profit/(loss) before tax for the period (AED'000)	80,066	(189,647)	312,761	(87,313)
Weighted average number of shares outstanding at 1 January (in thousands)	2,692,974	2,173,500	2,692,974	2,100,000
Effects of bonus shares issued in 2023 (in thousands)	-	-	-	73,500
Effects of rights issue of shares (in thousands)				
Bonus element	-	-	-	-
New shares issued	-	430,766	-	327,997
Weighted average number of shares outstanding at 30 September (in thousands)	2,692,974	2,604,266	2,692,974	2,501,497
Basic and diluted earnings/(loss) per share (AED)	0.030	(0.073)	0.116	(0.035)

There were no potentially dilutive shares as at 30 September 2024 and 30 September 2023.

17. Related parties transactions

- (a) Certain "related parties" (such as directors, key management personnel and major shareholders of the Group and companies of which they are principal owners) are customers of the Group in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including profit rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties.
- (b) The Group is controlled by Ajman Government which owns 28% (31 December 2023: 26%) of the issued and paid capital.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

17. Related parties transactions (continued)

Transactions with related parties are shown below:

	Nine month period ended					
	30 September 2024 (unaudited)			30 September 2023 (unaudited)		
	Major shareholders AED'000	Directors and other related parties AED'000	Total AED'000	Major shareholders AED'000	Directors and other related parties AED'000	Total AED'000
Depositors' share of profit	224,980	5,859	230,839	135,492	3,744	139,236
Income from Islamic financing and investing assets	3,969	7,762	11,731	4,511	10,639	15,150

During the period ended 30 September 2024 nil (30 September 2023: AED 2.5 million) was approved as Directors' remuneration by the shareholders at the annual general meeting held on 19 April 2023 and recorded in the statement of profit or loss.

Balances with related parties at the reporting date are shown below:

	30 September 2024 (unaudited)			31 December 2023 (audited)		
	Major shareholders AED'000	Directors and other related parties AED'000	Total AED'000	Major shareholders AED'000	Directors and other related parties AED'000	Total AED'000
Islamic financing and investing assets	208,149	336,667	544,816	235,891	333,102	568,993
Islamic customers' deposits	6,178,737	171,605	6,350,342	5,436,438	181,766	5,618,204

Compensation of key management personnel

Key management compensation is as shown below:

	Nine month period ended	
	30 September 2024 AED'000 (unaudited)	2023 AED'000 (unaudited)
Short term employment benefits	7,172	6,582
Terminal benefits	251	426
	7,423	7,008

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

18. Contingencies and commitments

18.1 Capital commitments

At 30 September 2024, the Group had outstanding capital commitments of AED 39 million (31 December 2023: AED 45 million), which will be funded within the next twelve months.

18.2 Credit related commitments and contingencies

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

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

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Investment commitments	-	26,500
Letters of credit	23,405	30,541
Letters of guarantee	406,779	392,563
Legal claim	285,242	285,242
	715,426	734,846

18.3 Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has an established protocol for dealing with such claims, many of which are beyond its control. At the reporting date, the Group has several unresolved legal claims and based on the advice from legal counsel, management believes that these claims will not result in any material financial loss to the Group, other than what has been already provided for in these condensed consolidated interim financial statements.

During previous years, the Group signed settlement agreements with a customer wherein both parties agreed that the Group acquires the assets of the customer in settlement of the financial obligation. The carrying value of the properties recorded under "Assets acquired in settlement of Islamic financing and investing assets" was AED 418 million while the fair value of these properties amounted to AED 355 million. Accordingly, during the year 2023, the Group booked an impairment loss of AED 63 million against these properties (Note 10). The Group had a first-degree mortgage over the properties; however, the transfer of the title deed of the mortgaged properties in the Group's name in accordance with provisions of the settlement agreements with the Group's customer could not be completed due to some attachments and claims on such properties enforced by Dubai Courts in different cases filed by third parties against the Group and the Group's customer.

Ajman Bank PJSC**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)****18. Contingencies and commitments (continued)***18.3 Legal claims (continued)*

The Dubai Court of First Instance judgement indicated that the third party shall have a claim to the properties under dispute in the limit of AED 250 million, in addition to interest and legal charges. On 20 July 2023, the Dubai Court of Appeal confirmed the judgment of the Dubai Court of First Instance. The Group has filed an appeal before the Dubai Court of Cassation demanding revocation of the previous judgments. The Dubai Court of Cassation issued its judgment on 22 April 2024 rejecting the appeal filed by the Group. There are pending substantive cases and the Group is waiting for the decision from the judge of execution.

During the year 2023, the Group has recorded a provision of AED 285 million to cover any contingencies that will arise from the claim against the properties under dispute.

19. Segment analysis

Operating segments are reported in accordance with the internal reporting provided to the Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance.

For operating purposes, the Group is organised into the following business segments:

- (i) Consumer banking – comprising personal banking and priority banking where various products are offered like private customer current accounts, savings accounts, deposits, credit and debit cards, personal finance and house mortgage;
- (ii) Wholesale banking - incorporating transactions with corporate bodies including government and public bodies and comprising of Islamic financing and investing assets, deposits, trade finance transactions, investment solutions, wealth management, leasing of commercial and residential properties; and
- (iii) Treasury - incorporating activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including the Central Bank of the UAE.

As the Group's segment operations are all financial with a majority of revenues deriving income from Islamic financing and investing assets and the Executive Committee relies primarily on net income to assess the performance of the segment, the total income and expense for all reportable segments is presented on a net basis.

The Group's management reporting is based on a measure of operating profit comprising income from Islamic financing and investing assets and securities, impairment charges, net fee and commission income, other income and expenses.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet items.

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**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

19. Segment analysis (continued)

Segment results of operations

The segment information provided to the Board for the reportable segments are as follows:

	Consumer banking AED'000	Wholesale banking AED'000	Treasury AED'000	Others AED'000	Total AED'000
Nine month period ended 30 September 2024 (unaudited)					
Net income/(loss) from Islamic financing and investing assets	223,968	189,409	(80,756)	-	332,621
Income from Islamic investment securities	-	9,254	107,253	-	116,507
(Provision for)/ write back of provision of expected credit loss on financial assets	(35,417)	15,666	2,657	-	(17,094)
Fees, commissions and other income	34,784	111,210	20,460	358	166,812
Staff costs	(120,289)	(67,168)	(5,506)	(1,915)	(194,878)
General and administrative expenses and depreciation of property and equipment	(60,451)	(29,870)	(2,401)	1,515	(91,207)
Income tax expense	(2,073)	(17,622)	(3,505)	-	(23,200)
Operating profit (unaudited)	40,522	210,879	38,202	(42)	289,561
Nine month period ended 30 September 2023 (unaudited)					
Net income/(loss) from Islamic financing and investing assets	158,071	305,874	(73,243)	-	390,702
Income from Islamic investment securities	-	14,657	75,678	-	90,335
Impairment of investment in associates	-	(88,703)	-	-	(88,703)
Provision for expected credit losses on financial assets	(11,633)	(257,566)	(5,547)	-	(274,746)
Impairment loss on non-financial assets	-	(62,275)	-	-	(62,275)
Fees, commissions and other income / (expense)	40,856	61,981	31,778	(661)	133,954
Staff costs	(116,167)	(43,995)	(20,070)	-	(180,232)
General and administrative expenses and depreciation of property and equipment	(73,958)	(17,253)	(5,137)	-	(96,348)
Operating profit/(loss) (unaudited)	(2,831)	(87,280)	3,459	(661)	(87,313)

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**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

19. Segment analysis (continued)

	Consumer banking AED'000	Wholesale banking AED'000	Treasury AED'000	Others AED'000	Total AED'000
As at 30 September 2024					
Segment assets (unaudited)	6,188,594	10,791,646	5,324,617	2,135,201	24,440,058
Segment liabilities (unaudited)	12,348,297	7,494,848	2,708	1,569,112	21,414,965
As at 31 December 2023					
Segment assets (audited)	3,773,772	13,383,178	5,836,205	1,942,377	24,935,532
Segment liabilities (audited)	6,318,865	14,258,606	745,440	937,669	22,260,580

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

20. Capital management

The Group's capital management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2023.

Regulatory capital

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

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Tier 1 capital		
Share capital	2,723,500	2,723,500
Reserves	223,835	(159,137)
	<u>2,947,335</u>	<u>2,564,363</u>
Tier 2 capital		
General provision and fair value reserve	182,786	203,511
	<u>182,786</u>	<u>203,511</u>
Total regulatory capital	<u>3,130,121</u>	<u>2,767,874</u>
Risk weighted assets		
Credit risk	14,622,901	16,280,881
Market risk	56,897	71,115
Operational risk	1,363,687	1,363,687
	<u>16,043,485</u>	<u>17,715,683</u>
	Minimum requirement	Capital ratios 30 September 2024 (unaudited)
Capital element		Capital ratios 31 December 2023 (audited)
Common equity tier 1 (CET 1) ratio	7%	14.48%
Tier 1 capital ratio	8.5%	14.48%
Capital adequacy ratio	10.5%	15.62%
CET1 available for the buffer requirement	2.5%	5.12%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

21. Risk Management

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

	30 September 2024 (unaudited)			31 December 2023 (audited)		
	Gross carrying amount AED'000	ECL allowance AED'000	Carrying amount AED'000	Gross carrying amount AED'000	ECL allowance AED'000	Carrying amount AED'000
Balances with the Central Bank						
Stage 1	4,030,545	-	4,030,545	4,322,845	-	4,322,845
Due from banks and other financial institutions						
Stage 1	1,873,292	(7,623)	1,865,669	1,724,825	(10,798)	1,714,027
Islamic financing and investing assets						
Stage 1	10,156,776	(59,810)	10,096,966	10,188,344	(68,904)	10,119,440
Stage 2	2,237,261	(110,201)	2,127,060	1,908,374	(88,597)	1,819,777
Stage 3	1,652,506	(472,974)	1,179,532	2,313,095	(476,319)	1,836,776
	<u>14,046,543</u>	<u>(642,985)</u>	<u>13,403,558</u>	<u>14,409,813</u>	<u>(633,820)</u>	<u>13,775,993</u>
Islamic investment securities at amortised cost						
Stage 1	-	-	-	265,467	(2,438)	263,029
Islamic investment securities at FVTOCI (*)						
Stage 1	2,765,428	(3,527)	2,761,901	2,498,904	(3,963)	2,494,941
Stage 2	22,531	(292)	22,239	-	-	-
	<u>2,787,959</u>	<u>(3,819)</u>	<u>2,784,140</u>	<u>2,498,904</u>	<u>(3,963)</u>	<u>2,494,941</u>
Other Islamic financial assets						
Stage 1	795,335	-	795,335	831,326	(4,385)	826,941
Stage 2	26,335	(232)	26,103	247	(126)	121
Stage 3	34,399	(24,034)	10,365	36,031	(21,071)	14,960
	<u>856,069</u>	<u>(24,266)</u>	<u>831,803</u>	<u>867,604</u>	<u>(25,582)</u>	<u>842,022</u>
Financial commitments and financial guarantees (off balance sheet exposures)						
Stage 1	315,569	(4,004)	311,565	316,207	(2,329)	313,878
Stage 2	85,361	(1,958)	83,403	73,557	(1,837)	71,720
Stage 3	314,496	(287,815)	26,681	345,082	(321,687)	23,395
	<u>715,426</u>	<u>(293,777)</u>	<u>421,649</u>	<u>734,846</u>	<u>(325,853)</u>	<u>408,993</u>
	<u>24,309,834</u>	<u>(972,470)</u>	<u>23,337,364</u>	<u>24,824,304</u>	<u>(1,002,454)</u>	<u>23,821,850</u>

(*) Impairment allowance is recognised under "Revaluation reserve of investments designated at FVTOCI".

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**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

21. Risk Management (continued)

21.2 More information about the significant changes in the gross carrying amount of financial assets during the period is provided in the table below:

Balances with the Central Bank

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 31 December 2023 (audited)	4,322,845	-	-	4,322,845
Net movement on existing assets	(292,300)	-	-	(292,300)
As at 30 September 2024 (unaudited)	4,030,545	-	-	4,030,545

Due from banks and other financial institutions

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 31 December 2023 (audited)	1,724,825	-	-	1,724,825
Net movement on existing assets	(243,646)	-	-	(243,646)
New financial assets recognized	1,033,852	-	-	1,033,852
Financial assets derecognized	(641,739)	-	-	(641,739)
As at 30 September 2024 (unaudited)	1,873,292	-	-	1,873,292

Islamic financing and investing assets

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 31 December 2023 (audited)	10,188,344	1,908,374	2,313,095	14,409,813
- Transfer to stage 1	509,448	(509,448)	-	-
- Transfer to stage 2	(633,526)	1,071,201	(437,675)	-
- Transfer to stage 3	(14,918)	(21,589)	36,507	-
Net movement on existing assets	1,062,631	(55,687)	(22,914)	984,030
New financial assets recognized	1,649,116	3,601	261	1,652,978
Financial assets derecognized	(2,604,319)	(159,191)	(216,596)	(2,980,106)
Write-offs	-	-	(20,172)	(20,172)
As at 30 September 2024 (unaudited)	10,156,776	2,237,261	1,652,506	14,046,543

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

21. Risk Management (continued)

Islamic investment securities at amortised cost

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 31 December 2023 (audited)	265,467	-	-	265,467
Financial assets derecognized	(265,467)	-	-	(265,467)
As at 30 September 2024 (unaudited)	-	-	-	-

Islamic investment securities at FVTOCI

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 31 December 2023 (audited)	2,498,904	-	-	2,498,904
- Transfer to stage 2	(28,521)	28,521	-	-
Net movement on existing assets	302,024	(5,990)	-	296,034
New financial assets recognized	144,345	-	-	144,345
Financial assets derecognized	(151,324)	-	-	(151,324)
As at 30 September 2024 (unaudited)	2,765,428	22,531	-	2,787,959

Other Islamic financial assets

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
As at 31 December 2023 (audited)	831,326	247	36,031	867,604
- Transfer to stage 2	(645)	645	-	-
Net movement on existing assets	(35,346)	25,443	(1,208)	(11,111)
Write-offs	-	-	(424)	(424)
As at 30 September 2024 (unaudited)	795,335	26,335	34,399	856,069

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

21. Risk Management (continued)

Financial commitments and financial guarantees

	Stage 1 12-month AED'000	Stage 2 Life time AED'000	Stage 3 Lifetime AED'000	Total AED'000
As at 31 December 2023 (audited)	316,207	73,557	345,082	734,846
- Transfer to stage 1	16,885	(16,885)	-	-
- Transfer to stage 2	(62,951)	62,951	-	-
Net movement on existing assets	(29,556)	(31,029)	(4,086)	(64,671)
New financial commitments and financial guarantees recognized	101,406	7	-	101,413
Financial commitments and financial guarantees derecognized	(26,422)	(3,240)	(18)	(29,680)
Write-offs	-	-	(26,482)	(26,482)
As at 30 September 2024 (unaudited)	315,569	85,361	314,496	715,426

21.3 The tables below analyse the movement of the ECL allowance during the period per class of financial assets:

Due from banks and other financial institutions

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 31 December 2023 (audited)	10,798	-	-	10,798
Change in credit risk	(5,628)	-	-	(5,628)
New financial assets recognized	3,441	-	-	3,441
Financial assets derecognized	(988)	-	-	(988)
Loss allowance as at 30 September 2024 (unaudited)	7,623	-	-	7,623

Islamic financing and investing assets

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 31 December 2023 (audited)	68,904	88,597	476,319	633,820
Changes in the loss allowance				
- Transfer to stage 1	25,084	(25,084)	-	-
- Transfer to stage 2	(2,839)	9,870	(7,031)	-
- Transfer to stage 3	(92)	(882)	974	-
Change in credit risk	(25,064)	37,618	46,264	58,818
New financial assets recognized	2,972	1,227	100	4,299
Financial assets derecognized	(9,155)	(1,145)	(23,480)	(33,780)
Write-offs	-	-	(20,172)	(20,172)
Loss allowance as at 30 September 2024 (unaudited)	59,810	110,201	472,974	642,985

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Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)

21. Risk Management (continued)

Islamic investment securities at amortised cost

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 31 December 2023 (audited)	2,438	-	-	2,438
Financial assets derecognized	(2,438)	-	-	(2,438)
Loss allowance as at 30 September 2024 (unaudited)	-	-	-	-

Islamic investment securities at FVTOCI

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 31 December 2023 (audited)	3,963	-	-	3,963
Changes in the loss allowance				
- Transfer to stage 2	(21)	21	-	-
Change in credit risk	75	271	-	346
New financial assets recognized	19	-	-	19
Financial assets derecognized	(509)	-	-	(509)
Loss allowance as at 30 September 2024 (unaudited)	3,527	292	-	3,819

Other Islamic financial assets

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 31 December 2023 (audited)	4,385	126	21,071	25,582
Changes in the loss allowance				
- Transfer to stage 2	(2)	2	-	-
Change in credit risk	(4,383)	104	3,387	(892)
Write-offs	-	-	(424)	(424)
Loss allowance as at 30 September 2024 (unaudited)	-	232	24,034	24,266

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

21. Risk Management (continued)

Financial commitments and financial guarantees

	Stage 1 12-month ECL AED'000	Stage 2 Life time ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 31 December 2023 (audited)	2,329	1,837	321,687	325,853
Changes in the loss allowance				
- Transfer to stage 1	475	(475)	-	-
- Transfer to stage 2	(71)	71	-	-
Change in credit risk	653	724	(7,372)	(5,995)
New financial commitments and financial guarantees recognized	716	-	-	716
Financial commitments and financial guarantees derecognized	(98)	(199)	(18)	(315)
Write-offs	-	-	(26,482)	(26,482)
Loss allowance as at 30 September 2024 (unaudited)	4,004	1,958	287,815	293,777

21.4 The below table represents the movement between the opening and closing balance of the impairment loss and thereby the net charge in the consolidated statement of profit and loss for the nine month period:

(Unaudited)	Opening balance AED'000	Net charge during the period AED'000	Recoveries, net of write-offs AED'000	Closing balance AED'000	Net charge during the period ended 30 September 2023 AED'000
Due from banks and other financial institutions	10,798	(3,175)	-	7,623	(1,389)
Islamic financing and investing assets (Note 7)	633,820	29,337	(20,172)	642,985	124,990
Islamic investment securities at amortised cost (Note 8)	2,438	(2,438)	-	-	1,683
Islamic investment securities at fair value	3,963	(144)	-	3,819	3,389
Other Islamic financial assets (Note 10)	25,582	(892)	(424)	24,266	2,743
Financial commitments and financial guarantees (Note 12)	325,853	(5,594)	(26,482)	293,777	143,330
Total	1,002,454	17,094	(47,078)	972,470	274,746

The credit impairment provisions calculated in accordance with CBUAE requirements were in excess of ECL allowance calculated under IFRS 9 as explained in note 14.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)****22. Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of Islamic financial assets and Islamic financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other Islamic financial assets and Islamic financial liabilities (excluding Islamic derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of Islamic derivative instruments are calculated using quoted prices. Where such prices are not available, a 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. Foreign currency Waad contracts are measured using quoted forward exchange rates and yield curves derived from quoted profit rates matching maturities of the contracts. Profit rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted profit rates.

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

22. Fair value measurement (continued)

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 30 September 2024 (Unaudited)				
Financial assets				
Islamic investments securities at FVTOCI				
Sukuk instruments	2,761,640	-	22,500	2,784,140
Equity instruments	151,921	-	53,807	205,728
Islamic investments securities at FVTPL				
Equity instruments	2,444	-	58,178	60,622
Positive fair value of Islamic derivative financial instruments*	31	-	-	31
	<u>2,916,036</u>	<u>-</u>	<u>134,485</u>	<u>3,050,521</u>
Financial liabilities				
Negative fair value of Islamic derivative financial instruments*	640	-	-	640
	<u>640</u>	<u>-</u>	<u>-</u>	<u>640</u>
At 31 December 2023 (audited)				
Financial assets				
Islamic investments securities at FVTOCI				
Sukuk instruments	2,466,441	-	28,500	2,494,941
Equity instruments	140,094	-	76,338	216,432
Islamic investments securities at FVTPL				
Equity instruments	1,750	-	68,105	69,855
Positive fair value of Islamic derivative financial instruments	80	-	-	80
	<u>2,608,365</u>	<u>-</u>	<u>172,943</u>	<u>2,781,308</u>
Financial liabilities				
Negative fair value of Islamic derivative financial instruments	2,659	-	-	2,659
	<u>2,659</u>	<u>-</u>	<u>-</u>	<u>2,659</u>

* Notional amount of Islamic derivative financial instruments is AED 0.3 billion as at 30 September 2024 (31 December 2023: AED 3.55 billion).

There were no transfers between levels during the period.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2024 (continued)**

22. Fair value measurement (continued)

Below is the reconciliation of Level 3 fair value measurement of financial assets:

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
At beginning of the period/year	172,943	125,238
Purchases during the period/year	-	20,000
Fair valuation (loss)/gain in other comprehensive income	(28,458)	53,570
Disposals during the period/year	(10,000)	(25,865)
Balance at the end of the period/year	134,485	172,943

- In respect of those financial assets and financial liabilities measured at amortised cost, which are of short term nature (up to 1 year), management believes that carrying amount is equivalent to its fair value.
- In respect of Islamic investments securities, management has used the quoted price when available to assess fair value or used a present value calculation (PVC) based on market observable inputs.
- Islamic financing and investing assets are fair valued based on PVC which takes into account original underlying cash financing credit grading and expected prepayments. These features are used to estimate the present value of the expected cash flows and using risk-adjusted rates. However, this technique is subject to inherent limitations, such as estimation of the appropriate risk-adjusted rate, and different assumptions and inputs would yield different results.
- Fair values of deposits from banks and customers are estimated using the PVC methodology, applying the applicable rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is considered to be the amount payable at the reporting date.

23. Income tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

During the nine month period ended 30 September 2024, the Group has recorded a provision for current income tax amounting AED 23 million in accordance with the CT Law, representing an effective tax rate of 7.4% (30 September 2023: nil). The Group will continue to monitor further developments and assess the impact of the corporate tax on its financial statements, particularly focusing on both current and deferred tax implications, in light of any further explanations and instructions regarding the application of the CT Law.

24. Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information were approved by the Board of Directors and authorized for issue on 21 October 2024.