

# **Ajman Bank PJSC**

## **CONDENSED INTERIM FINANCIAL INFORMATION**

**FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE 2022**

## **Ajman Bank PJSC**

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## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AJMAN BANK PJSC**

### ***Introduction***

We have reviewed the accompanying condensed interim financial information of Ajman Bank PJSC (the “Bank”), which comprise the interim statement of financial position as at 30 June 2022 and the related interim income statement and statement of comprehensive income for the three month and six month period then ended, interim statement of cash flows and interim statement of changes in equity for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standard IAS 34, Interim financial reporting (“IAS 34”). Our responsibility is to express a conclusion on this condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:  
Anthony O'Sullivan  
Partner  
Registration No. 687

1 August 2022

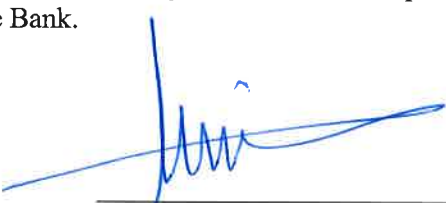
Dubai, United Arab Emirates

**Condensed interim statement of financial position (unaudited)**  
**As at 30 June 2022**

		<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
	<b>Notes</b>		
<b>ASSETS</b>			
Cash and balances with the Central Bank	6	2,331,316	2,185,729
Due from banks and other financial institutions		837,314	489,601
Islamic financing and investing assets, net	7	13,502,047	15,161,629
Islamic investment securities at amortised cost	8	97,680	-
Islamic investment securities at FVTOCI	9	2,429,380	2,646,658
Investment in associates	10	177,313	177,313
Investment properties		367,433	359,739
Property and equipment		128,732	124,057
Other Islamic assets	11	1,279,125	1,197,560
<b>Total assets</b>		<b>21,150,340</b>	<b>22,342,286</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Islamic customers' deposits	12	16,652,234	15,263,046
Due to banks and other financial institutions		1,738,013	4,211,113
Other liabilities	13	234,000	233,505
<b>Total liabilities</b>		<b>18,624,247</b>	<b>19,707,664</b>
<b>Equity</b>			
Share capital	14	2,100,000	2,100,000
Statutory reserve		270,124	270,124
Investment fair value reserve		(235,685)	(51,930)
General impairment reserve	15	114,960	112,364
Retained earnings		276,694	204,064
<b>Total equity</b>		<b>2,526,093</b>	<b>2,634,622</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>21,150,340</b>	<b>22,342,286</b>

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

  
H.E. Sheikh Ammar Bin Humaid Al Nuaimi  
Chairman

  
Mohamed Abdulrahman Amiri  
Chief Executive Officer

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

**Condensed interim income statement (unaudited)  
for the six month period ended 30 June 2022**

	Notes	Three month period ended 30 June		Six month period ended 30 June	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
<b>Operating income</b>					
Income from Islamic financing and investing assets	16	145,460	164,906	269,704	346,884
Income from investment securities at FVTOCI		20,521	29,506	38,975	49,465
Fees, commissions and other income		42,565	31,429	79,740	57,814
Share of results of associate		-	-	-	(2,437)
<b>Total operating income before depositors' share of profit</b>		<b>208,546</b>	<b>225,841</b>	<b>388,419</b>	<b>451,726</b>
Depositors' share of profit		(59,306)	(60,361)	(115,215)	(119,874)
<b>Net operating income</b>		<b>149,240</b>	<b>165,480</b>	<b>273,204</b>	<b>331,852</b>
<b>Expenses</b>					
Staff costs		(52,862)	(44,958)	(114,983)	(93,448)
General and administrative expenses		(17,253)	(14,456)	(36,637)	(36,823)
Depreciation of property and equipment		(6,355)	(6,520)	(13,236)	(12,445)
Impairment charge for financial assets	22.2	(31,770)	(68,996)	(33,426)	(127,255)
<b>Total expenses</b>		<b>(108,240)</b>	<b>(134,930)</b>	<b>(198,282)</b>	<b>(269,971)</b>
<b>Profit for the period</b>		<b>41,000</b>	<b>30,550</b>	<b>74,922</b>	<b>61,881</b>
<b>Basic and diluted earnings per share (AED)</b>	17	<b>0.020</b>	0.014	<b>0.036</b>	0.029

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

**Condensed interim statement of other comprehensive income (unaudited)  
for the six month period ended 30 June 2022**

	Three month period ended 30 June		Six month period ended 30 June	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
<b>Profit for the period</b>	<b>41,000</b>	<b>30,550</b>	<b>74,922</b>	<b>61,881</b>
<b>Other comprehensive income/(loss):</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Movement in investment fair value reserve for equity instruments at FVTOCI	(12,837)	18,348	(1,165)	9,180
	(12,837)	18,348	(1,165)	9,180
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value (loss)/gain on investment securities at FVTOCI - Sukuk instruments	(97,877)	20,103	(195,009)	2,976
Reclassification adjustments relating to investments securities at FVTOCI	4,229	(4,093)	12,723	(5,295)
	(93,648)	16,010	(182,286)	(2,319)
<b>Other comprehensive (loss)/income</b>	<b>(106,485)</b>	<b>34,358</b>	<b>(183,451)</b>	<b>6,861</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(65,485)</b>	<b>64,908</b>	<b>(108,529)</b>	<b>68,742</b>

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

**Condensed interim statement of changes in equity (unaudited)  
for the six month period ended 30 June 2022**

	Share capital AED'000	Statutory reserve AED'000	Investment fair value reserve AED'000	General impairment reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2021 (audited)	2,100,000	258,508	(60,355)	97,042	107,396	2,502,591
Profit for the period	-	-	-	-	61,881	61,881
Other comprehensive income	-	-	6,861	-	-	6,861
Total comprehensive income for the period	-	-	6,861	-	61,881	68,742
Transfer on disposal of equity instrument at FVTOCI	-	-	(2,605)	-	2,605	-
Transfer from impairment reserve (Note 15)	-	-	-	(3,864)	3,864	-
Directors' remuneration (Note 14)	-	-	-	-	(1,000)	(1,000)
Reversal of Zakat liability	-	-	-	-	4,973	4,973
At 30 June 2021 (unaudited)	2,100,000	258,508	(56,099)	93,178	179,719	2,575,306
At 1 January 2022 (audited)	2,100,000	270,124	(51,930)	112,364	204,064	2,634,622
Profit for the period	-	-	-	-	74,922	74,922
Other comprehensive loss	-	-	(183,451)	-	-	(183,451)
Total comprehensive (loss)/ income for the period	-	-	(183,451)	-	74,922	(108,529)
Transfer on disposal of equity instrument at FVTOCI	-	-	(304)	-	304	-
Transfer to impairment reserve (Note 15)	-	-	-	2,596	(2,596)	-
At 30 June 2022 (unaudited)	2,100,000	270,124	(235,685)	114,960	276,694	2,526,093

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

**Condensed interim statement of cash flows (unaudited)  
for the six month period ended 30 June 2022**

	Six month period ended 30 June	
	2022 AED'000	2021 AED'000
<b>Cash flows from operating activities</b>		
Profit for the period	74,922	61,881
<i>Adjustments for:</i>		
Depreciation of property and equipment	13,236	12,445
Impairment charge on financial assets	33,426	127,255
Income from Islamic investment securities	(46,589)	(43,379)
Impairment of property and equipment	160	-
Realized gain on disposal of Islamic investment securities	8,138	(6,086)
Share of results of associate	-	2,437
Gain on disposal of property and equipment	(51)	(17)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>83,242</b>	<b>154,536</b>
<i>Changes in operating assets and liabilities:</i>		
Decrease in Islamic financing and investing assets	1,641,335	833,644
(Increase)/decrease in due from banks and other financial institutions	(675,621)	251,881
Increase in statutory deposit with the Central Bank	(74,020)	(45,666)
(Increase)/decrease in International Murabaha with the Central Bank	(400,000)	640,000
Increase in other assets	(87,005)	(75,991)
Increase/(decrease) in Islamic customers' deposits	1,389,188	(349,774)
(Decrease)/increase in due to banks and other financial institutions	(2,473,100)	329,567
Decrease in other liabilities	(306)	(237,735)
Payment of directors' remuneration	-	(1,000)
<b>Net cash (used in)/generated from operating activities</b>	<b>(596,287)</b>	<b>1,499,462</b>
<b>Cash flows from investing activities</b>		
Purchase of Islamic investment securities	(722,044)	(1,883,820)
Proceeds from sale of Islamic investment securities	639,863	1,000,635
Dividend received from investment in associate	-	740
Purchase of property and equipment	(18,071)	(11,891)
Proceeds from disposal of property and equipment	51	172
Profit income on Islamic investment securities	48,880	43,702
Additions to investment properties	(7,694)	(347)
<b>Net cash used in investing activities</b>	<b>(59,015)</b>	<b>(850,809)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(655,302)</b>	<b>648,653</b>
Net cash and cash equivalents at the beginning of the period	2,158,436	589,565
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>1,503,134</b>	<b>1,238,218</b>

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



## Notes to the condensed interim financial information for the six month period ended 30 June 2022 (continued)

### 1. Legal status and activities

Ajman Bank PJSC (the “Bank”) was incorporated as a Public Joint Stock Company. 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 three pay offices in the UAE. The financial statements combine the activities of the Bank’s head office and its branches.

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

### 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 interim financial information*

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. 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.

#### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Bank as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### **IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39.

#### *Financial Instruments: Recognition and Measurement.*

These amendments had no impact on the interim condensed financial statements of the Bank as there were no modifications of the Bank’s financial instruments during the period.

#### 2.2 *New and revised IFRS in issue but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank’s interim condensed financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

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

**2.2 New and revised IFRS in issue but not yet effective (continued)**

- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

There are no other applicable new standards and amendments to published standards or IFRS IC interpretations that have been issued but are not effective for the first time for the Bank’s financial year beginning on 1 January 2022 that would be expected to have a material impact on the Bank’s financial statements.

**3. Summary of significant 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 interim financial information.

**3.1 Basis of preparation**

The condensed interim financial information of the Bank 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 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.

The accounting policies used in the preparation of these condensed interim financial information are consistent with those used in the audited annual financial statements for the year ended 31 December 2021.

These condensed interim financial information do not include all the information and disclosure required in full financial statements and should be read in conjunction with the Bank’s financial statements for the year ended 31 December 2021. In addition, results for the period from 1 January 2022 to 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

**3.2 Financial risk management**

The Bank’s financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

**3.3 Seasonality of results**

No income of a seasonal nature was recorded in the condensed interim income statement for the six month period ended 30 June 2022 and 30 June 2021.

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

The preparation of condensed 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 these condensed interim financial information, the significant judgments made by management in applying the Bank’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 2021.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**5. Classification of financial assets and liabilities**

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

	At fair value AED'000	Amortised cost AED'000	Total AED'000
<b>At 30 June 2022 (unaudited)</b>			
<b>Financial assets</b>			
Cash and balances with the Central Bank	-	2,331,316	2,331,316
Due from banks and other financial institutions	-	837,314	837,314
Islamic financing and investing assets, net	-	13,502,047	13,502,047
Islamic investment securities at amortised cost	-	97,680	97,680
Islamic investment securities at FVTOCI	2,429,380	-	2,429,380
Other Islamic assets	13	151,995	152,008
<b>Total</b>	<b>2,429,393</b>	<b>16,920,352</b>	<b>19,349,745</b>
<b>Financial liabilities</b>			
Islamic customers' deposits	-	16,652,234	16,652,234
Due to banks and other financial institutions	-	1,738,013	1,738,013
Other liabilities	886	148,502	149,388
<b>Total</b>	<b>886</b>	<b>18,538,749</b>	<b>18,539,635</b>
	At fair value AED'000	Amortised cost AED'000	Total AED'000
<b>31 December 2021</b>			
<b>Financial assets:</b>			
Cash and balances with the Central Banks	-	2,185,729	2,185,729
Due from banks and other financial institutions	-	489,601	489,601
Islamic financing and investing assets, net	-	15,161,629	15,161,629
Islamic investment securities at FVTOCI	2,646,658	-	2,646,658
Other Islamic assets	330	133,521	133,851
<b>Total</b>	<b>2,646,988</b>	<b>17,970,480</b>	<b>20,617,468</b>
<b>Financial liabilities:</b>			
Islamic customers' deposits	-	15,263,046	15,263,046
Due to banks and other financial institutions	-	4,211,113	4,211,113
Other Islamic liabilities	916	164,898	165,814
<b>Total</b>	<b>916</b>	<b>19,639,057</b>	<b>19,639,973</b>

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**6. Cash and balances with the Central Bank**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Cash on hand	128,716	137,745
Balances with the Central Bank:		
Current accounts	194,782	214,186
Reserve requirements with the Central Bank	502,818	428,798
International Murabaha with the Central Bank	1,505,000	1,405,000
<b>Total</b>	<b>2,331,316</b>	<b>2,185,729</b>

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

	<b>30 June 2022 AED'000 (unaudited)</b>	30 June 2021 AED'000 (unaudited)
Cash and balances with the Central Bank	2,331,316	1,779,490
Due from banks and other financial institutions (original maturity less than three months)	74,636	271,004
	<b>2,405,952</b>	2,050,494
Less: Statutory reserve with the Central Bank	<b>(502,818)</b>	(402,276)
Less: International Murabaha with the Central Bank (original maturity more than three months)	<b>(400,000)</b>	(410,000)
<b>Cash and cash equivalents</b>	<b>1,503,134</b>	1,238,218

The reserve requirements kept with the Central Bank are not available for use in the Bank'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.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**7. Islamic financing and investing assets, net**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
<b>Islamic financing assets</b>		
Vehicles Murabaha	57,877	46,001
Commodities Murabaha	5,110,507	6,696,681
<b>Total Murabaha</b>	<b>5,168,384</b>	6,742,682
Ijarahs	9,080,322	9,232,067
Istisna'a	2,247	2,130
Islamic credit cards	22,738	23,361
	<b>14,273,691</b>	16,000,240
Deferred income	<b>(723,063)</b>	(811,572)
<b>Total Islamic financing assets</b>	<b>13,550,628</b>	15,188,668
<b>Islamic investing assets</b>		
Mudaraba	-	6,146
Wakalat	581,266	867,558
<b>Total Islamic investing assets</b>	<b>581,266</b>	873,704
<b>Total Islamic financing and investing assets</b>	<b>14,131,894</b>	16,062,372
Less: Impairment loss allowance (Note 22.1)	<b>(629,847)</b>	(900,743)
<b>Total Islamic financing and investing assets, net</b>	<b>13,502,047</b>	15,161,629

**8. Islamic investment securities at amortised cost**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Sukuk instruments	100,994	-
Less: Impairment loss allowance (Note 22.1)	<b>(3,314)</b>	-
	<b>97,680</b>	-

**9. Islamic investment securities at FVTOCI**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Sukuk instruments	2,147,393	2,363,866
Equity instruments	281,987	282,792
	<b>2,429,380</b>	2,646,658

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**10. Investment in associate**

Information about the associate and the nature of the investment is shown below:

<b>Name</b>	<b>Nature of Business</b>	<b>Country of Incorporation</b>	<b>% Interest held</b>	<b>Measurement method</b>
Makaseb Real Estate Investment SPV Limited	Real Estate Investments	United Arab Emirates	54%	Equity
Makaseb 3 Real Estate Investment SPV Limited	Real Estate Investments	United Arab Emirates	44%	Equity

Movement in investment in associate is as follows:

	<b>30 June 2022 AED'000 (unaudited)</b>	<b>31 December 2021 AED'000 (audited)</b>
At beginning of the period/year	177,313	177,556
Additions during the period/year	-	8,762
Share of results during the period/year	-	(8,265)
Distributions received during the period/year	-	(740)
Balance at the end of the period/year	<b>177,313</b>	<b>177,313</b>

**11. Other Islamic assets**

	<b>30 June 2022 AED'000 (unaudited)</b>	<b>31 December 2021 AED'000 (audited)</b>
Accrued income on Islamic financing and investing assets	52,970	78,508
Assets acquired in settlement of Islamic financing and investing assets	1,086,278	943,903
Accrued income on Islamic investments securities at FVTOCI	19,502	23,275
Prepaid expenses	13,575	23,145
Staff advances	13,490	10,431
Acceptances (Note 13)	2,297	-
Foreign currency forward contracts	13	330
Other	108,685	134,820
	<b>1,296,810</b>	<b>1,214,412</b>
Less: Impairment loss allowance (Note 22.1)	<b>(17,685)</b>	<b>(16,852)</b>
	<b>1,279,125</b>	<b>1,197,560</b>

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**12. Islamic customers' deposits**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Current accounts	4,224,280	3,580,845
Mudaraba deposits:		
<i>Savings accounts</i>	382,103	392,910
<i>Term deposits</i>	21,659	23,164
	<u>4,628,042</u>	<u>3,996,919</u>
Wakala deposits	11,544,398	10,890,350
Escrow accounts	414,419	316,421
Margin accounts	65,375	59,356
	<u>16,652,234</u>	<u>15,263,046</u>

**13. Other liabilities**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Accrued profit on Islamic customers' deposits and placements by banks	95,454	115,991
Provisions for staff salaries and benefits	26,807	21,991
Managers' cheques	36,207	38,198
Acceptances (Note 11)	2,297	-
Lease liability	7,926	5,962
Impairment loss allowance on financial commitments and guarantees (Note 22.1)	12,523	11,722
Other	52,786	39,641
	<u>234,000</u>	<u>233,505</u>

**14. Share capital**

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
<i>Issued and fully paid:</i>		
2,100,000,000 (31 December 2021: 2,100,000,000) shares of AED 1 each	2,100,000	2,100,000

During the period ended 30 June 2022, AED 1.5 million (31 December 2021: AED 1 million) was approved as directors' remuneration by the shareholders at the annual general meeting held on 23 March 2022.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**15. 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.

**16. Income from Islamic financing and investing assets**

	<b>Six month period ended 30 June</b>	
	<b>2022 AED'000 (unaudited)</b>	<b>2021 AED'000 (unaudited)</b>
Income from Ijarah	154,990	217,656
Income from Murabaha	103,025	125,729
Income from Mudaraba	-	173
Income from Wakala	11,646	3,283
Income from Istisna	43	43
	<b>269,704</b>	<b>346,884</b>

**17. 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:

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2022 (unaudited)</b>	<b>2021 (unaudited)</b>	<b>2022 (unaudited)</b>	<b>2021 (unaudited)</b>
<b><i>Basic earnings per share</i></b>				
Profit for the period (AED'000)	41,000	30,550	74,922	61,881
Directors remunerations (AED'000)	-	(1,000)	-	(1,000)
	<b>41,000</b>	29,550	<b>74,922</b>	60,881
Weighted average number of shares outstanding during the period (in thousands)	<b>2,100,000</b>	2,100,000	<b>2,100,000</b>	2,100,000
<b>Basic and diluted earnings per share (AED)</b>	<b>0.020</b>	0.014	<b>0.036</b>	0.029

There were no potentially dilutive shares as at 30 June 2022 and 30 June 2021.



**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**18. Related parties transactions**

- (a) Certain “related parties” (such as directors, key management personnel and major shareholders of the Bank and companies of which they are principal owners) are customers of the Bank 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 Bank is controlled by Ajman Government who own 26% (31 December 2021: 26%) of the issued and paid capital.

The significant transactions with related parties are shown below:

	<b>Six month period ended</b>					
	<b>30 June 2022 (unaudited)</b>			<b>30 June 2021 (unaudited)</b>		
	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>
Depositors' share of profit	50,448	332	50,780	46,388	391	46,779
Income from Islamic financing and investing assets	7,522	9,365	16,887	27,101	3,573	30,674

The significant balances with related parties at the reporting date are shown below:

	<b>30 June 2022 (unaudited)</b>			<b>31 December 2021 (audited)</b>		
	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>
Islamic financing and investing assets	345,409	508,808	854,217	1,118,273	481,428	1,599,701
Islamic customers' deposits	4,493,589	118,553	4,612,142	4,040,407	90,981	4,131,388

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**18. Related parties transactions (continued)**

*Compensation of key management personnel*

Key management compensation is as shown below:

	<b>Six month period ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(unaudited)
Short term employment benefits	<b>4,384</b>	4,659
Terminal benefits	<b>185</b>	201
	<b>4,569</b>	4,860

**19. Contingencies and commitments**

*Capital commitments*

At 30 June 2022, the Bank had outstanding capital commitments of AED 48 million (31 December 2021: AED 41 million), which will be funded within the next twelve months.

*Credit related commitments and contingencies*

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

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

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>AED'000</b>	AED'000
	<b>(unaudited)</b>	(audited)
Commitments to extend credit	<b>89,701</b>	99,317
Letters of credit	<b>202,884</b>	155,662
Letters of guarantee	<b>361,715</b>	291,850
	<b>654,300</b>	546,829

*Legal claims*

Litigation is a common occurrence in the banking industry due to the nature of the business. The Bank has an established protocol for dealing with such claims, many of which are beyond its control. At the reporting date, the Bank 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 Bank.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**20. 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 Bank is organised into the following business segments:

- (i) Consumer banking – comprising personal banking where various products are offered e.g. private customer current accounts, savings accounts, deposits, credit and debit cards, personal finance, auto finance and house mortgage;
- (ii) Corporate banking - incorporating transactions with corporate bodies including government and public bodies and comprising of Islamic financing and investing assets, deposits and trade finance transactions;
- (iii) Investment banking – comprising priority banking, investment solutions and alternative investment banking, leasing of commercial & residential properties; and
- (iv) 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.

These segments are the basis on which the Bank reports its segment information. Transactions between segments are conducted at rates determined by management, taking into consideration the cost of funds and an equitable allocation of expenses.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**20. 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	Corporate banking AED'000	Treasury AED'000	Investments AED'000	Others AED'000	Total AED'000
<b>Six month period ended 30 June 2022 (unaudited)</b>						
Net income from Islamic financing and investing assets	66,041	107,241	(23,120)	4,327	-	154,489
Income from Islamic investment securities at fair value	-	-	32,505	6,470	-	38,975
Impairment charges on financial assets	(1,306)	(24,106)	(5,346)	(2,668)	-	(33,426)
Fees, commissions and other income	17,036	23,021	4,291	37,917	(2,525)	79,740
Staff costs	(24,617)	(7,491)	(1,102)	(1,713)	(80,060)	(114,983)
General and administrative expenses	(19,903)	(4,354)	(780)	(3,785)	(7,815)	(36,637)
Depreciation of property and equipment	-	-	-	-	(13,236)	(13,236)
<b>Operating profit/(loss) (unaudited)</b>	<b>37,251</b>	<b>94,311</b>	<b>6,448</b>	<b>40,548</b>	<b>(103,636)</b>	<b>74,922</b>
<b>Six month period ended 30 June 2021 (unaudited)</b>						
Net income from Islamic financing and investing assets	68,517	157,751	(12,625)	13,367	-	227,010
Income from Islamic investment securities at FVTOCI	-	-	39,321	10,144	-	49,465
Share of results of associate	-	-	-	(2,437)	-	(2,437)
Impairment charges on financial assets	2,521	(122,289)	(7,538)	51	-	(127,255)
Fees, commissions and other income	11,692	10,608	7,433	26,752	1,329	57,814
Staff costs	(23,850)	(5,065)	(1,986)	(2,459)	(60,088)	(93,448)
General and administrative expenses	(13,425)	(4,265)	(352)	(849)	(17,932)	(36,823)
Depreciation of property and equipment	-	-	-	-	(12,445)	(12,445)
<b>Operating profit/(loss) (unaudited)</b>	<b>45,455</b>	<b>36,740</b>	<b>24,253</b>	<b>44,569</b>	<b>(89,136)</b>	<b>61,881</b>

Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)

20. Segment analysis (continued)

<b>As at 30 June 2022</b>								
<b>Segment assets (unaudited)</b>	<b>Consumer banking AED'000</b>	<b>Corporate banking AED'000</b>	<b>Treasury AED'000</b>	<b>Investments AED'000</b>	<b>Others AED'000</b>	<b>Total AED'000</b>		
	3,159,932	10,236,601	3,757,668	2,788,431	1,207,708	21,150,340		
<b>Segment liabilities (unaudited)</b>	<b>Consumer banking AED'000</b>	<b>Corporate banking AED'000</b>	<b>Treasury AED'000</b>	<b>Investments AED'000</b>	<b>Others AED'000</b>	<b>Total AED'000</b>		
	4,432,415	11,095,184	17,150	1,798,198	1,281,300	18,624,247		
<b>As at 31 December 2021</b>								
<b>Segment assets (audited)</b>	3,315,074	11,002,906	4,170,981	1,723,181	2,130,144	22,342,286		
<b>Segment liabilities (audited)</b>	4,272,585	9,429,967	1,017,863	2,378,362	2,608,887	19,707,664		

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**21. Capital management**

The Bank'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 2021.

**Regulatory capital**

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

	<b>30 June 2022 AED'000 (unaudited)</b>	<b>31 December 2021 AED'000 (audited)</b>
<b>Tier 1 capital</b>		
Share capital	2,100,000	2,100,000
Reserves	311,132	422,257
	<u>2,411,132</u>	<u>2,522,257</u>
<b>Tier 2 capital</b>		
General provision and fair value reserve	191,468	198,552
	<u>191,468</u>	<u>198,552</u>
<b>Total regulatory capital</b>	<u>2,602,600</u>	<u>2,720,809</u>
<b>Risk weighted assets</b>		
Credit risk	15,317,430	15,884,151
Market risk	67,315	116,908
Operational risk	1,154,498	1,154,498
	<u>16,539,243</u>	<u>17,155,557</u>
	<b>Minimum requirement</b>	<b>Capital ratios 30 June 2022 (unaudited)</b>
<b>Capital element</b>		<b>Capital ratios 31 December 2021 (audited)</b>
Common equity tier 1 (CET 1) ratio	7%	14.58%
Tier 1 capital ratio	8.5%	14.70%
Capital adequacy ratio	10.5%	15.86%
CET1 available for the buffer requirement	2.5%	5.36%

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**22. Risk Management**

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

	30 June 2022			31 December 2021		
	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)
<b>Balances with the Central Bank</b>						
Stage 1	2,202,600	-	2,202,600	2,047,984	-	2,047,984
<b>Due from banks and other financial institutions</b>						
Stage 1	838,628	(1,314)	837,314	489,876	(275)	489,601
	<b>838,628</b>	<b>(1,314)</b>	<b>837,314</b>	489,876	(275)	489,601
<b>Islamic financing and investing assets</b>						
Stage 1	8,543,933	(28,839)	8,515,094	10,800,485	(33,394)	10,767,091
Stage 2	4,011,893	(74,673)	3,937,220	3,478,651	(88,681)	3,389,970
Stage 3	1,576,068	(526,335)	1,049,733	1,783,236	(778,668)	1,004,568
	<b>14,131,894</b>	<b>(629,847)</b>	<b>13,502,047</b>	16,062,372	(900,743)	15,161,629
<b>Islamic investment securities at amortised cost</b>						
Stage 1	100,994	(3,314)	97,680	-	-	-
<b>Sukuk instruments at FVTOCI</b>						
Stage 1	2,151,095	(3,702)	2,147,393	2,362,983	(3,545)	2,359,438
Stage 3	54,506	(54,506)	-	54,506	(50,078)	4,428
	<b>2,205,601</b>	<b>(58,208)</b>	<b>2,147,393</b>	2,417,489	(53,623)	2,363,866
<b>Other Islamic financial assets</b>						
Stage 1	136,997	-	136,997	115,638	(1)	115,637
Stage 2	709	(13)	696	942	(2)	940
Stage 3	31,974	(17,672)	14,302	33,793	(16,849)	16,944
	<b>169,680</b>	<b>(17,685)</b>	<b>151,995</b>	150,373	(16,852)	133,521
<b>Financial commitments and financial guarantees</b>						
Stage 1	605,689	(2,794)	602,895	463,710	(1,209)	462,501
Stage 2	30,757	(152)	30,605	63,762	(724)	63,038
Stage 3	17,854	(9,577)	8,277	19,357	(9,789)	9,568
	<b>654,300</b>	<b>(12,523)</b>	<b>641,777</b>	546,829	(11,722)	535,107
	<b>20,303,697</b>	<b>(722,891)</b>	<b>19,580,806</b>	21,714,923	(983,215)	20,731,708

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**22. Risk Management (continued)**

22.2 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**

	<b>Stage 1 12-month ECL AED'000</b>	<b>Stage 2 Life time ECL AED'000</b>	<b>Stage 3 Lifetime ECL AED'000</b>	<b>Total AED'000</b>
Loss allowance as at 31 December 2021 (audited)	275	-	-	275
Change in credit risk	332	-	-	332
New financial assets recognized	707	-	-	707
<b>Loss allowance as at 30 June 2022 (unaudited)</b>	<b>1,314</b>	<b>-</b>	<b>-</b>	<b>1,314</b>

**Islamic financing and investing assets**

	<b>Stage 1 12-month ECL AED'000</b>	<b>Stage 2 Life time ECL AED'000</b>	<b>Stage 3 Lifetime ECL AED'000</b>	<b>Total AED'000</b>
Loss allowance as at 31 December 2021 (audited)	33,394	88,681	778,668	900,743
Changes in the loss allowance				
- Transfer to stage 1	66	(66)	-	-
- Transfer to stage 2	(856)	21,665	(20,809)	-
- Transfer to stage 3	-	(20,591)	20,591	-
Change in credit risk	(1,921)	(14,550)	87,774	71,303
New financial assets recognized	1,544	-	-	1,544
Financial assets derecognized	(3,388)	(466)	(50,746)	(54,600)
Write-offs and other transfers	-	-	(289,143)	(289,143)
<b>Loss allowance as at 30 June 2022 (unaudited)</b>	<b>28,839</b>	<b>74,673</b>	<b>526,335</b>	<b>629,847</b>

**Islamic investment securities at amortised cost**

	<b>Stage 1 12-month ECL AED'000</b>	<b>Stage 2 Life time ECL AED'000</b>	<b>Stage 3 Lifetime ECL AED'000</b>	<b>Total AED'000</b>
Loss allowance as at 31 December 2021 (audited)	-	-	-	-
New financial assets recognized	3,314	-	-	3,314
<b>Loss allowance as at 30 June 2022 (unaudited)</b>	<b>3,314</b>	<b>-</b>	<b>-</b>	<b>3,314</b>



**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**22. Risk Management (continued)**

**Sukuk instruments at FVTOCI**

	<b>Stage 1 12-month ECL AED'000</b>	<b>Stage 2 Life time ECL AED'000</b>	<b>Stage 3 Lifetime ECL AED'000</b>	<b>Total AED'000</b>
Loss allowance as at 31 December 2021 (audited)	3,545	-	50,078	53,623
Change in credit risk	(935)	-	4,428	3,493
New financial assets recognized	1,685	-	-	1,685
Financial assets derecognized	(593)	-	-	(593)
<b>Loss allowance as at 30 June 2022 (unaudited)</b>	<b>3,702</b>	<b>-</b>	<b>54,506</b>	<b>58,208</b>

**Other Islamic financial assets**

	<b>Stage 1 12-month ECL AED'000</b>	<b>Stage 2 Life time ECL AED'000</b>	<b>Stage 3 Lifetime ECL AED'000</b>	<b>Total AED'000</b>
Loss allowance as at 31 December 2021 (audited)	1	2	16,849	16,852
Change in credit risk	(1)	11	5,430	5,440
Write-offs and other transfers	-	-	(4,607)	(4,607)
<b>Loss allowance as at 30 June 2022 (unaudited)</b>	<b>-</b>	<b>13</b>	<b>17,672</b>	<b>17,685</b>

**Financial commitments and financial guarantees**

	<b>Stage 1 12-month ECL AED'000</b>	<b>Stage 2 Life time ECL AED'000</b>	<b>Stage 3 Lifetime ECL AED'000</b>	<b>Total AED'000</b>
Loss allowance as at 31 December 2021 (audited)	1,209	724	9,789	11,722
Changes in the loss allowance				
- Transfer to stage 1	165	(165)	-	-
Change in credit risk	291	(407)	32	(84)
New financial assets recognized	1,171	-	-	1,171
Financial assets derecognized	(42)	-	(244)	(286)
<b>Loss allowance as at 30 June 2022 (unaudited)</b>	<b>2,794</b>	<b>152</b>	<b>9,577</b>	<b>12,523</b>

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**22. Risk Management (continued)**

	Opening balance AED'000	Net charge during the period AED'000	Write-off, net of recoveries and other transfers AED'000	Closing balance AED'000	Net charge during the period ended 30 June 2021 AED'000
Due from banks and other financial institutions	275	1,039	-	1,314	(236)
Islamic financing and investing assets (Note 7)	900,743	18,247	(289,143)	629,847	126,184
Islamic investment securities at amortised cost (Note 8)	-	3,314	-	3,314	-
Islamic investment securities at FVTOCI	53,623	4,585	-	58,208	790
Other Islamic financial assets (Note 11)	16,852	5,440	(4,607)	17,685	976
Financial commitments and financial guarantees (Note 13)	11,722	801	-	12,523	(459)
<b>Total</b>	<b>983,215</b>	<b>33,426</b>	<b>(293,750)</b>	<b>722,891</b>	<b>127,255</b>

The credit impairment provisions calculated in accordance with CBUAE requirements were in excess of ECL allowance calculated under IFRS 9 as explained in Note 15.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)****23. 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 Bank 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 Bank'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 statement of financial position.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**23. Fair value measurement (continued)**

*Fair value of the Bank'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
<b>At 30 June 2022 (Unaudited)</b>				
<b>Financial assets</b>				
Islamic investments securities at FVTOCI				
Sukuk instruments	2,118,893	-	28,500	2,147,393
Equity instruments	113,358	-	168,629	281,987
Positive fair value of Islamic derivative financial instruments*	13	-	-	13
	<u>2,232,264</u>	<u>-</u>	<u>197,129</u>	<u>2,429,393</u>
<b>Financial liabilities</b>				
Negative fair value of Islamic derivative financial instruments*				
	886	-	-	886
	<u>886</u>	<u>-</u>	<u>-</u>	<u>886</u>
<b>At 31 December 2021 (audited)</b>				
<b>Financial assets</b>				
Islamic investments securities at FVTOCI				
Sukuk instruments	2,331,238	-	32,628	2,363,866
Equity instruments	129,688	-	153,104	282,792
Positive fair value of Islamic derivative financial instruments	330	-	-	330
	<u>2,461,256</u>	<u>-</u>	<u>185,732</u>	<u>2,646,988</u>
<b>Financial liabilities</b>				
Negative fair value of Islamic derivative financial instruments*				
	916	-	-	916
	<u>916</u>	<u>-</u>	<u>-</u>	<u>916</u>

\* Notional amount of Islamic derivative financial instruments is AED 1.1 billion as on 30 June 2022 (31 December 2021: AED 2.3 billion).

There were no transfers between levels during the year.

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**23. Fair value measurement (continued)**

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

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

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
At beginning of the period/year	185,732	186,558
Purchases during the period/year	41,170	25,707
Fair valuation loss in other comprehensive income	(3,007)	(12,840)
Disposals during the period/year	(26,766)	(13,693)
<b>Balance at the end of the period/year</b>	<b>197,129</b>	<b>185,732</b>

- 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.

*Fair value of the Bank's non-financial assets that are measured at fair value on a recurring basis*

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 30 June 2022 (Unaudited)</b>				
<b>Non-Financial assets</b>				
Investment properties	-	-	367,433	367,433
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 December 2021 (audited)</b>				
<b>Non-Financial assets</b>				
Investment properties	-	-	359,739	359,739
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Notes to the condensed interim financial information  
for the six month period ended 30 June 2022 (continued)**

**23. Fair value measurement (continued)**

*Fair value of the Bank's non-financial assets that are measured at fair value on a recurring basis (continued)*

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

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
At beginning of the period/year	<b>359,739</b>	343,393
Addition during the period/year	<b>7,694</b>	4,317
Fair valuation gain/ loss	-	12,029
<b>Balance at the end of the period/year</b>	<b><u>367,433</u></b>	<b><u>359,739</u></b>

- Fair values of investment properties are determined based on accredited independent registered valuers' reports at the reporting date.

**24. Comparative figures**

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

**25. Approval of condensed interim financial information**

The condensed interim financial information were approved by the Board of Directors and authorized for issue on 1 August 2022.