Dubai Islamic Bank P.J.S.C.

Review report and condensed consolidated interim financial information
for the nine-month period ended 30 September 2022

Dubai Islamic Bank P.J.S.C.

Review report and condensed consolidated interim financial information (Unaudited)
for the nine-month period ended 30 September 2022

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Dubai Islamic Bank PJSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Dubai Islamic Bank PJSC** (the "Bank") **and its subsidiaries** (collectively referred as the "Group"), as at 30 September 2022, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and fair 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 the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No.: 1141
24 October 2022
Dubai
United Arab Emirates

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Condensed consolidated interim statement of financial position
as at 30 September 2022

	Note	(Unaudited) 30 September 2022 AED'000	(Audited) 31 December 2021 AED'000
ASSETS			
Cash and balances with central banks	5	**16,840,122**	28,079,740
Due from banks and financial institutions	6	**2,931,095**	3,303,412
Islamic financing and investing assets, net	7	**187,231,136**	186,690,551
Investments in sukuk	8	**48,873,340**	41,794,357
Other investments measured at fair value	9	**1,127,123**	1,229,469
Investments in associates and joint ventures		**1,942,521**	1,944,838
Properties held for development and sale		**1,544,304**	1,571,508
Investment properties	10	**5,303,198**	5,499,123
Receivables and other assets	11	**7,447,639**	7,474,484
Property and equipment		**1,615,065**	1,494,088
Total assets		**274,855,543**	279,081,570
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	12	**186,512,421**	205,845,090
Due to banks	13	**16,483,188**	2,583,743
Sukuk issued	14	**19,591,821**	20,562,734
Payables and other liabilities		**9,121,224**	8,625,377
Total liabilities		**231,708,654**	237,616,944
EQUITY			
Share capital	15	**7,240,744**	7,240,744
Tier 1 sukuk	16	**8,264,250**	8,264,250
Other reserves and treasury shares	17	**14,204,668**	14,084,668
Investments fair value reserve		**(1,080,317)**	(972,955)
Exchange translation reserve		**(1,530,759)**	(1,313,911)
Retained earnings		**13,395,381**	11,563,298
Equity attributable to owners and sukukholders of the Bank		**40,493,967**	38,866,094
Non-controlling interests		**2,652,922**	2,598,532
Total equity		**43,146,889**	41,464,626
Total liabilities and equity		**274,855,543**	279,081,570

To the best of our knowledge, the condensed consolidated interim financial statements 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.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on 24 October 2022 and signed on its behalf:

H.E. Mohammad Ibrahim Al Shaibani	**Yahya Saeed Ahmad Lootah**	**Dr. Adnan Chilwan**
Chairman	***Vice Chairman***	***Group Chief Executive Officer***

The notes on pages 8 to 37 form an integral part of these condensed consolidated interim financial information.

Confidential

Condensed consolidated interim statement of profit or loss (Unaudited)
for the nine-month period ended 30 September 2022

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000
NET INCOME					
Income from Islamic financing and investing transactions		**3,112,478**	2,338,589	**8,103,872**	6,786,862
Commissions, fees and foreign exchange income		**330,183**	414,813	**1,235,989**	1,250,355
Income from other investments measured at fair value, net		**253**	6,521	**43,522**	19,695
Income from properties held for development and sale, net		**39,338**	20,762	**100,090**	72,806
Income from investment properties		**39,601**	68,502	**140,678**	123,513
Share of profit from associates and joint ventures		**28,614**	20,613	**86,286**	116,757
Other income		**56,727**	234,117	**162,240**	575,686
Total income		**3,607,194**	3,103,917	**9,872,677**	8,945,674
Less: depositors' and sukuk holders' share of profit		**(993,792)**	(583,004)	**(2,219,813)**	(1,796,676)
Net income		**2,613,402**	2,520,913	**7,652,864**	7,148,998
OPERATING EXPENSES					
Personnel expenses		**(401,946)**	(385,630)	**(1,181,374)**	(1,101,220)
General and administrative expenses		**(240,321)**	(197,377)	**(727,628)**	(633,369)
Depreciation of investment properties		**(14,355)**	(17,310)	**(42,281)**	(47,924)
Depreciation of property and equipment		**(28,498)**	(27,352)	**(89,092)**	(91,174)
Total operating expenses		**(685,120)**	(627,669)	**(2,040,375)**	(1,873,687)
Net operating income before impairment charges		**1,928,282**	1,893,244	**5,612,489**	5,275,311
Impairment charges, net	*19*	**(502,445)**	(675,541)	**(1,450,067)**	(2,173,809)
Profit for the period before income tax expense		**1,425,837**	1,217,703	**4,162,422**	3,101,502
Income tax expense		**(25,182)**	(12,043)	**(61,453)**	(32,265)
Net profit for the period		**1,400,655**	1,205,660	**4,100,969**	3,069,237
Attributable to:					
Owners of the Bank		**1,376,701**	1,205,213	**4,045,789**	3,058,928
Non-controlling interests		**23,954**	447	**55,180**	10,309
Net profit for the period		**1,400,655**	1,205,660	**4,100,969**	3,069,237
Basic and diluted earnings per share (AED per share)	*20*	**0.18**	0.15	**0.52**	0.36

The notes on pages 8 to 37 form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (Unaudited)
for the nine-month period ended 30 September 2022

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	**2022**	2021
	AED'000	AED'000	***AED'000***	AED'000
Net profit for the period	**1,400,655**	1,205,660	**4,100,969**	3,069,237
Other comprehensive income / (loss) items				
Item that will not be reclassified subsequently to profit or loss:				
Fair value (loss) / gain on other investments carried at FVTOCI, net	**(10,637)**	66,359	**(76,174)**	142,114
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations, net	**(67,573)**	(26,330)	**(216,848)**	(118,339)
Fair value (loss) / gain on Sukuk investment	**(6,619)**	(7,057)	**(30,353)**	438
Other comprehensive (loss)/ income for the period	**(84,829)**	32,972	**(323,375)**	24,213
Total comprehensive income for the period	**1,315,826**	1,238,632	**3,777,594**	3,093,450
Attributable to:				
Owners of the Bank	**1,291,543**	1,238,222	**3,722,620**	3,083,380
Non-controlling interests	**24,283**	410	**54,974**	10,070
Total comprehensive income for the period	**1,315,826**	1,238,632	**3,777,594**	3,093,450

The notes on pages 8 to 37 form an integral part of these condensed consolidated interim financial information.

Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of changes in equity (Unaudited)

for the nine-month period ended 30 September 2022

	----------------------- Equity attributable to owners and sukukholders of the Bank						--------------------------------		
	Share capital AED'000	Tier 1 sukuk AED'000	Other reserves and treasury shares AED'000	Investment fair value reserve AED'000	Exchange translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2021	7,240,744	11,937,250	13,784,668	(1,102,451)	(1,176,707)	9,859,636	40,543,140	2,587,235	43,130,375
Net profit for the period	-	-	-	-	-	3,058,928	3,058,928	10,309	3,069,237
Other comprehensive income / (loss) for the period	-	-	-	142,791	(118,339)	-	24,452	(239)	24,213
Total comprehensive income / (loss) for the period	-	-	-	142,791	(118,339)	3,058,928	3,083,380	10,070	3,093,450
Transaction with owners directly in equity:									
Dividend	-	-	-	-	-	(1,445,422)	(1,445,422)	-	(1,445,422)
Zakat adjustment	-	-	-	-	-	13,896	13,896	-	13,896
Tier 1 sukuk issuance	-	1,836,500	-	-	-	-	1,836,500	-	1,836,500
Tier 1 sukuk redemption	-	(5,509,500)	-	-	-	-	(5,509,500)	-	(5,509,500)
Tier 1 sukuk profit distribution	-	-	-	-	-	(438,464)	(438,464)	-	(438,464)
Regulatory credit risk reserve	-	-	160,000	-	-	(160,000)	-		-
Tier 1 sukuk issuance cost	-	-	-	-	-	(2,701)	(2,701)	-	(2,701)
Others	-	-	-	-	-	(1,000)	(1,000)	(1,444)	(2,444)
Balance at 30 September 2021	7,240,744	8,264,250	13,784,668	(959,660)	(1,295,046)	10,884,873	38,079,829	2,595,861	40,675,690
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Balance at 1 January 2022	**7,240,744**	**8,264,250**	**14,084,668**	**(972,955)**	**(1,313,911)**	**11,563,298**	**38,866,094**	**2,598,532**	**41,464,626**
Net profit for the period	-	-	-	-	-	**4,045,789**	**4,045,789**	**55,180**	**4,100,969**
Other comprehensive loss for the period	-	-	-	**(106,321)**	**(216,848)**	-	**(323,169)**	**(206)**	**(323,375)**
Total comprehensive (loss) / income for the period	-	-	-	**(106,321)**	**(216,848)**	**4,045,789**	**3,722,620**	**54,974**	**3,777,594**
Transaction with owners directly in equity:									
Dividend (note 26)	-	-	-	-	-	**(1,806,778)**	**(1,806,778)**	-	**(1,806,778)**
Zakat adjustment	-	-	-	-	-	**375**	**375**	-	**375**
Tier 1 sukuk profit distribution	-	-	-	-	-	**(288,101)**	**(288,101)**	-	**(288,101)**
Transfer on disposal of investments carried at FVTOCI	-	-	-	**(1,041)**	-	**1,041**	-	-	-
Regulatory credit risk reserve	-	-	**120,000**	-	-	**(120,000)**	-	-	-
Tier 1 sukuk issuance cost	-	-	-	-	-	**(243)**	**(243)**	-	**(243)**
Others	-	-	-	-	-	-	-	**(584)**	**(584)**
Balance at 30 September 2022	**7,240,744**	**8,264,250**	**14,204,668**	**(1,080,317)**	**(1,530,759)**	**13,395,381**	**40,493,967**	**2,652,922**	**43,146,889**
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The notes on pages 8 to 37 form an integral part of these condensed consolidated interim financial information.

Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of cash flows (Unaudited)
for the nine-month period ended 30 September 2022

	Nine-month period ended 30 September	
	2022	2021
	AED'000	AED'000
Operating activities		
Profit for the period before income tax expense	**4,162,422**	3,101,502
Adjustments for:		
Share of profit from associates and joint ventures	**(86,286)**	(116,757)
Income from properties	**(100,090)**	(72,806)
Dividend income	**(43,522)**	(19,695)
Gain on sale of investments in Sukuks	**(9,161)**	(343,757)
Gain on disposal of investment properties	**(55,753)**	(55,649)
Depreciation of property and equipment	**89,092**	91,174
Loss / (gain) on disposal of property and equipment	**4,437**	(13,184)
Depreciation of investment properties	**42,281**	47,924
Provision for employees' end-of-services benefit	**25,123**	25,747
Amortization of sukuk discount	**2,389**	2,389
Impairment charge for the period, net	**1,450,067**	2,173,809
Gain on disposal of associate	**-**	(75,000)
Amortization of intangible assets	**50,847**	50,847
Operating cash flow before changes in operating assets and liabilities	**5,531,846**	4,796,544
Increase in deposits and international murabahas with over three months maturity	**(146,920)**	-
(Increase) / decrease in Islamic financing and investing assets	**(2,983,877)**	1,713,499
(Increase) / decrease in receivables and other assets	**(453,733)**	1,592,338
(Decrease) / increase in customers' deposits	**(18,036,096)**	8,550,307
Increase / (decrease) in due to banks	**6,201,825**	(6,760,250)
Increase / (decrease) in payables and other liabilities	**527,963**	(531,104)
Cash (used in) / generated from operations	**(9,358,992)**	9,361,334
Employees' end-of-services benefit paid	**(19,953)**	(13,785)
Tax paid	**(52,180)**	(18,921)
Net cash (used in) / generated from operating activities	**(9,431,125)**	9,328,628
Investing activities		
Net movement in investments in Sukuk measured at amortised cost	**(7,522,500)**	(4,332,856)
Additions to investment properties	**(76,057)**	(69,318)
Purchase of property and equipment, net	**(223,177)**	(129,161)
Purchase of properties held for development and sale	**(276,486)**	(184,552)
Proceeds from disposal of properties held for development and sale	**402,404**	277,701
Proceeds from disposal of investment properties	**434,487**	459,024
Net movement in other investments measured at fair value	**48,010**	462
Dividend received	**43,522**	19,695
Net movement in investments in associates and joint ventures	**33,148**	27,532
Net cash used in investing activities	**(7,136,649)**	(3,931,473)

The notes on pages 8 to 37 form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (Unaudited)

for the nine-month period ended 30 September 2022

	Nine-month period ended 30 September	
	2022	2021
	AED'000	AED'000
Financing activities		
Issuance of sukuk financing instrument	**2,754,750**	3,673,000
Repayment of sukuk financing instruments	**(3,673,000)**	(1,836,500)
Tier 1 sukuk issuance	**-**	1,836,500
Tier 1 sukuk redemption	**-**	(5,509,500)
Tier 1 sukuk profit distribution	**(288,101)**	(438,464)
Tier 1 sukuk issuance cost	**(243)**	(2,701)
Dividend payment	**(1,806,778)**	(1,445,422)
Net cash used in financing activities	**(3,013,372)**	(3,723,087)
Net (decrease) / increase in cash and cash equivalents	**(19,581,146)**	1,674,068
Cash and cash equivalents at the beginning of the period	**30,420,446**	33,883,760
Effect of exchange rate changes on the balance of cash held in foreign currencies	**124,671**	4,287
Cash and cash equivalents at the end of the period (note 21)	**10,963,971**	35,562,115
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The notes on pages 8 to 37 form an integral part of these condensed consolidated interim financial information.

1. General information

Dubai Islamic Bank (Public Joint Stock Company) ("the Bank") was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia'a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company which is replaced by the UAE Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") which was issued on 20 September 2021 and has come into effect on 02 January 2022.

These condensed consolidated interim financial information combine the activities of the Bank and its subsidiaries as disclosed in Note 28 to these condensed consolidated interim financial information (together referred to as the "Group").

The Bank is listed on the Dubai Financial Market (Ticker: "DIB").

The Group is primarily engaged in corporate, retail and investment banking activities and carries out its operations through its local branches and overseas subsidiaries. The principal activities of the Group entities are described in note 28(a) to these condensed consolidated interim financial statements.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates ("U.A.E.").

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 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.

- Amendments to IAS 16 *Property, plant and equipment* relating to proceeds before intended use;
- Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to onerous contracts;
- Amendments to IFRS 3 *Business Combinations* relating to reference to conceptual framework; and
- Annual improvements to IFRS standards 2018 – 2020.

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.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 8 *Accounting policies, Changes in accounting estimates and errors*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to classification of Liabilities as Current or Non-Current	1 January 2023
Amendment to IFRS 17 *Insurance contracts*	1 January 2023
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* 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 financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Bank in the period of initial application.

3. Basis of preparation

3.1 Statement of compliance

These condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34. "*Interim Financial Reporting*" issued by the International Accounting Standards Board and applicable requirements of the laws of the U.A.E., including the UAE Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") which was issued on 20 September 2021 and has come into effect on 02 January 2022 and the Decretal Federal Law No. (14) of 2018.

These condensed consolidated interim financial information do not include all the information required for a complete set of IFRS consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements as at and for the year ended 31 December 2021.

3.2 Judgments and estimates

The preparation of these 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, liabilities, equity, income and expense. Actual amount may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those which were applied to the audited consolidated financial statements as at and for the year ended 31 December 2021.

4. Significant accounting policies

The accounting policies used in the preparation of these condensed consolidated financial information are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2021.

Summary of significant accounting policies applied in the preparation of these condensed consolidated interim financial information are as follows:

4.1 Classification and measurement of financial instruments

4.1.1 Recognition and initial measurement

Financial assets and liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

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

4. Significant accounting policies (continued)

4.1 Classification and measurement of financial instruments (continued)

4.1.2 Classification of financial assets

Balances with central banks, due from banks and financial institutions, Islamic financing and investing assets, investments in Sukuk and certain items in receivables and other assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

4.1.3 Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The expected frequency, value and timing of sales are also important aspects of the Bank’s assessment.

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchases financial assets going forward.

4.1.4 Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic financing arrangement. Contractual cash flows are consistent with a basic financing arrangement if they represent cash flows that are solely payments of principal and profit on the principal amount outstanding.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit rate margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

4. Significant accounting policies (continued)

4.2 Impairment

Financial assets that are measured at amortised cost are assessed for impairment at each reporting date.

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are measured at amortised cost:

- Islamic financing and investing assets and investment in Sukuks;
- Off-balance sheet instruments issued;
- Financial guarantee contracts issued;
- Due from banks and financial institutions;
- Balances with Central Banks; and
- Other financial assets.

Financial assets migrate through three stages based on the change in credit risk since initial recognition.

No impairment loss is recognised on equity investments.

Expected credit loss impairment model

The Expected Credit Loss (ECL) model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded. The 12 months ECL is calculated as the portion of life time ECL that represents the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12 month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective profit rate.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded. The PD and LGD are estimated over the lifetime of the instrument and the expected cash shortfalls are discounted by an approximation to the original effective profit rate.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets, with the PD set at 100%.

When estimating ECL for undrawn commitments, the Bank estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financing is drawn down. The expected cash shortfalls are discounted at an approximation to the expected effective profit rate on the financing.

The Bank’s liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted rate relevant to the exposure.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

4. Significant accounting policies (continued)

4.2 Impairment (continued)

COVID-19 and Expected Credit Loss (ECL)

The global outbreak of novel coronavirus (COVID 19) during early 2020 is continuing to affect normal lives and businesses in many ways. Global economy and banking systems have also been impacted significantly, both from business and accounting and reporting perspective. Governments and banks in many jurisdictions have introduced extraordinary measures to alleviate the financial and economic impact of COVID-19. The relief measures include a range of different payment moratoriums to customer, liquidity support and capital relief by regulators.

The Group has considered the extraordinary conditions and environment due to COVID 19, along with measures provided by the Central Bank of UAE under Targeted Economic Support Scheme (TESS) for determining ECL requirements as on the reporting date, as applicable. The Group has also considered guidelines issued by the International Accounting Standards Board (IASB) on 27 March 2020 and Basel Committee issued on 4 April 2020 on determination of expected credit losses.

In accordance with the Basel committee guidelines, the extraordinary support measures should be taken into account by banks when calculating ECLs. It also agreed on amendments to the transitional arrangements for the regulatory capital treatment of ECLs.

Measurement of ECL

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective profit rate. A cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Bank has developed methodologies and models taking into account the relative size, quality and complexity of the portfolios.

These parameters are generally derived from internally developed statistical models and other historical data and are adjusted to reflect forward-looking information.

Details of these statistical parameters/inputs are as follows:

- the probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- the exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date; and
- the loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive (and expected cash flows generally in case of stage 3 accounts), including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Macroeconomic factors, forward looking information and multiple scenarios

IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and a downside) with a weightage of 40%, 30% and 30% respectively. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Real house prices – Abu Dhabi and Dubai
- Money supply
- Effective exchange rate – real broad index
- General government finance - expenditure
- Commodity prices
- Consumer price index

4. Significant accounting policies (continued)

4.2 Impairment (continued)

Macroeconomic factors, forward looking information and multiple scenarios (continued)

Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Assessment of significant increase in credit risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures.

The group of assets are moved from stage 1 to stage 2 if:

- the probability of default changes beyond the Bank's established threshold related to the initial recognition;
- an instrument is past due beyond 30 days; and
- an instrument's credit risk is considered higher based on qualitative criteria of the Bank.

The instruments moved to stage 2 from stage 1 remain in the stage until they perform for a sustained period as per Bank's policy.

Movement from stage 2 to stage 3 are based on whether the financial assets are credit impaired at the reporting date.

Experienced credit judgement

The Bank's ECL allowance methodology requires the use of experienced credit judgement to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods.

When measuring ECL, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Default definition followed by the Bank for impairment assessment remains in line with the guidelines of IFRS 9, without any recourse to the assumptions, and consistent with regulatory requirements.

Expected life

When measuring expected credit loss, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options.

4. Significant accounting policies (continued)

4.2 Impairment (continued)

Definition of default

The Bank considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the borrower is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held); or
- the borrower is past due 90 days or more on any material credit obligation to the Bank.

In assessing whether a borrower is in default, the Bank considers indicators that are:

(i) qualitative - e.g. material breaches of covenant;
(ii) quantitative - e.g. overdue status and non-payment on another obligation of the same customer / customer group to the banks; and
(iii) based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financing exposure is in default and their significance may vary over time to reflect changes in circumstances.

Renegotiated financing facilities

The Bank sometimes makes concessions or modifications to the original terms of financing as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a financing forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants or that a customer may not be in a position to honour contractual commitments. Forbearance may involve extending the payment arrangements and the agreement of new financing conditions. Once the terms have been renegotiated, any impairment is measured using the original effective profit rate as calculated before the modification of terms. It is the Bank's policy to monitor forborne financing to help ensure that future payments continue to be likely to occur. Classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a financing, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the financing has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the financing to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing;
- The probation period of one year has passed from the date the forborne contract was considered performing; and
- Regular payments of more than an insignificant amount of principal or interest have been made during the probation period.

4. Significant accounting policies (continued)

4.2 Impairment (continued)

Acquired financing

All acquired financing is initially measured at fair value on the date of acquisition. As a result no allowance for expected credit losses is recorded in the consolidated statement of financial position on the date of acquisition. Acquired financing may fit into either of the two categories: performing financing or Purchased or Originated Credit Impaired (POCI) financing.

Purchased performing financing follow the same accounting as originated performing financing and are reflected in Stage 1 on the date of the acquisition. They will be subject to a 12 month ECL which is recorded as a provision for expected credit losses in the consolidated statement of profit or loss when the carrying value of these assets exceed the nominal values of acquired exposure. The fair value adjustment set up for these financing on the date of acquisition is amortized into profit income over the life of these financing.

POCI financing are separately presented and are always subject to lifetime allowance for credit losses. Any changes in the expected cash flows since the date of acquisition are recorded as a charge / recovery in the provision for credit losses in the consolidated statement of profit or loss at the end of all reporting periods subsequent to the date of acquisition.

4.3 Liquidity management

The Bank's ALCO and Liquidity Management Committee has been meeting on a regular basis with particular focus on liquidity management. The Bank has proactively considered exploring new options for expanding its liabilities base (changed tenors and currency) and focused on its capital market funding plan. The Bank is strengthening its liquidity buffers by timing disbursements to customers along with strict focus on enhancing deposit relationships across all customer segments.

4.4 Investments in Sukuk

Investments in Sukuk are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Investments in Sukuk meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective yield basis less any impairment, with profit recognised on an effective yield basis in income from investments in Sukuk in the condensed consolidated interim statement of profit or loss.

Investment in Sukuk are measured at fair value through other comprehensive income when the objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets and the terms of the financial asset meet the SPPI criteria.

4. Significant accounting policies (continued)

4.5 Other investments

4.5.1 Investments measured at fair value through profit or loss ("FVTPL")

Investments in sharia compliant equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets (other than equity instruments) that do not meet the amortised cost criteria are measured at FVTPL. In addition, financial assets (other than equity instruments) that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. Financial assets (other than equity instruments) may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any financial assets (other than equity instruments) as at FVTPL.

Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets (other than equity instruments) that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the condensed consolidated interim statement of profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in the condensed consolidated interim statement of profit or loss when the Group's right to receive the dividends is established. Dividends on investment in equity instruments at FVOCI is recognised in condensed consolidated interim statement of profit or loss when the Group's right to receive the dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment.

4.5.2 Investments measured at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in sharia compliant equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is an Islamic derivative that is not designated and effective as an Islamic hedging instrument or a financial guarantee.

FVTOCI assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposals.

4.6 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantees issued by the Group, and commitments issued by the Group to provide a facility at below-market profit rate are measured in accordance with the specific accounting policies.

4.7 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2021.

4. Significant accounting policies (continued)

4.8 Investment properties

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment loss. Depreciation on investment in buildings is charged on a straight-line basis over 40 years. These properties are financed by common pool of the bank.

Investment properties that are financed by Wakala deposits pool are carried at fair value which are linked directly to the fair value of, or returns from these investment properties. The Group has elected the fair value model for these investment properties. Fair value of the investment properties is determined on the basis of valuation undertaken periodically by an independent valuer who holds a recognised and relevant qualification and has recent experience in the location and category of the investment properties being valued. Gains and losses arising from changes in the fair value are recognised in the statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the condensed consolidated interim statement of profit or loss in the period in which the property is derecognised.

Transfers to investment properties are made when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers from investment properties are made when, and only when, there is change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

4.9 Investments in associates and joint ventures

The results and assets and liabilities of associates and joint ventures are incorporated in these condensed consolidated interim financial information using the equity method of accounting. Under the equity method, an investment in associates and joint ventures is initially recognised in the condensed consolidated interim statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. When the Group's share of losses of associates and joint ventures exceeds the Group's interest in that associates and joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates and joint ventures), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When a Group's entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture is recognised in the Group' condensed consolidated interim financial information only to the extent of interests in the associate or joint venture that are not related to the Group.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the condensed consolidated interim statement of profit or loss in the period in which the investment is acquired.

The requirements of International Financial Reporting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate and joint venture.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture. The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate.

4. Significant accounting policies (continued)

4.9 Investments in associates and joint ventures (continued)

Upon disposal of associates and joint ventures that results in the Group losing significant influence over that associates and joint ventures, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associates and joint ventures attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates and joint ventures. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates and joint ventures on the same basis as would be required if that associates and joint ventures had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associates and joint ventures would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates and joint ventures.

4.10 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of 4 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

5. Cash and balances with central banks

5.1 Analysis by category

	Note	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Cash on hand		**2,099,510**	2,067,247
Balances with the central banks:			
Balances and reserve requirements with central banks	*5.3*	**12,740,437**	8,512,007
International Murabaha with the Central Bank of the U.A.E.		**2,000,175**	17,500,486
Total		**16,840,122**	28,079,740

Balances with Central Banks are in stage 1 as at 30 September 2022 and 31 December 2021.

5.2 Analysis by geography

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Within the U.A.E.	**16,493,997**	27,529,367
Outside the U.A.E.	**346,125**	550,373
Total	**16,840,122**	28,079,740

5.3 Statutory cash reserve requirements

The reserve requirements are maintained with the Central Banks of the U.A.E., Pakistan and Kenya in the respective local currencies and US Dollar. These reserves are not available for use in the Group's day to day operations, and cannot be withdrawn without the approval of the respective central banks. The level of reserve required changes periodically in accordance with the requirements of the respective central banks' directives.

6. Due from banks and financial institutions

6.1 Analysis by geography

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Within the U.A.E.	**1,937,046**	383,341
Outside the U.A.E.	**994,049**	2,920,071
Total	**2,931,095**	3,303,412

Due from banks and financial institutions are in stage 1 at 30 September 2022 and 31 December 2021.

7. Islamic financing and investing assets, net

7.1 Analysis by category

	Note	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Islamic financing assets			
Vehicles murabahas		**8,390,612**	8,311,504
International murabahas - long term		**28,321,033**	30,847,165
Other murabahas		**5,230,767**	5,435,548
Total murabahas		**41,942,412**	44,594,217
Ijaras		**54,969,258**	58,170,776
Home finance ijarah		**22,508,267**	21,496,603
Personal finance		**21,005,780**	20,284,722
Istisna'a		**722,695**	797,990
Islamic credit cards		**2,297,764**	2,077,226
		143,446,176	147,421,534
Less: deferred income		**(3,763,389)**	(3,552,477)
Less: contractors' and consultants' istisna'a contracts		**(6,784)**	(6,784)
Total Islamic financing assets		**139,676,003**	143,862,273
Islamic investing assets			
Musharakas		**6,220,810**	6,401,053
Mudarabas		**9,519,881**	9,918,806
Wakalas		**40,871,554**	35,434,448
Total Islamic investing assets		**56,612,245**	51,754,307
Total Islamic financing and investing assets		**196,288,248**	195,616,580
Less: provisions for impairment	*7.3*	**(9,057,112)**	(8,926,029)
Total Islamic financing and investing assets, net		**187,231,136**	186,690,551

7. Islamic financing and investing assets, net (continued)

7.2 Carrying value of exposure by internal risk rating category and by stage

As at 30 September 2022 (Unaudited)

	Gross book values (AED'000)					Expected credit loss (AED'000)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low	**48,445,680**	**-**	**-**	**-**	**48,445,680**	**14,598**	**-**	**-**	**-**	**14,598**
Moderate	**103,602,889**	**8,743,175**	**-**	**-**	**112,346,064**	**691,532**	**586,187**	**-**	**-**	**1,277,719**
Fair	**14,349,610**	**7,919,949**	**-**	**-**	**22,269,559**	**210,141**	**463,047**	**-**	**-**	**673,188**
Default	**-**	**-**	**12,259,582**	**967,363**	**13,226,945**	**-**	**-**	**6,863,002**	**228,605**	**7,091,607**
Total	**166,398,179**	**16,663,124**	**12,259,582**	**967,363**	**196,288,248**	**916,271**	**1,049,234**	**6,863,002**	**228,605**	**9,057,112**

As at 31 December 2021 (Audited)

	Gross book values (AED'000)					Expected credit loss (AED'000)				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Low	47,098,862	-	-	-	47,098,862	14,978	-	-	-	14,978
Moderate	102,288,996	9,808,046	-	-	112,097,042	674,517	475,638	-	-	1,150,155
Fair	12,639,868	9,996,996	-	-	22,636,864	272,449	545,910	-	-	818,359
Default	-	-	12,755,822	1,027,990	13,783,812	-	-	6,785,130	157,407	6,942,537
Total	162,027,726	19,805,042	12,755,822	1,027,990	195,616,580	961,944	1,021,548	6,785,130	157,407	8,926,029

7. Islamic financing and investing assets, net (continued)

7.3 Provision for impairment

2022 (Unaudited)	*Note*	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance at 1 January		**961,944**	**1,021,548**	**6,785,130**	**157,407**	**8,926,029**
Net charge during the period	*19*	**(4,774)**	**63,930**	**954,395**	**92,806**	**1,106,357**
Transfer to other stages		**-**	**(15,994)**	**15,994**	**-**	**-**
Write off		**-**	**-**	**(850,010)**	**-**	**(850,010)**
Exchange and other adjustments		**(40,899)**	**(20,250)**	**(82,507)**	**18,392**	**(125,264)**
Balance at 30 September		**916,271**	**1,049,234**	**6,823,002**	**268,605**	**9,057,112**

2021 (Audited)	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance at 1 January	1,132,672	936,619	6,314,658	16,899	8,400,848
Net charge during the year	(143,460)	331,000	1,643,212	140,508	1,971,260
Transfer to other stages		(246,071)	246,071	-	-
Write off	-	-	(1,436,148)	-	(1,436,148)
Exchange and other adjustments	(27,268)	-	17,337	-	(9,931)
Balance at 31 December	961,944	1,021,548	6,785,130	157,407	8,926,029

7.4 Analysis by geography

	Note	**Unaudited 30 September 2022 AED'000**	Audited 31 December 2021 AED'000
Within the U.A.E.		**183,779,906**	183,348,682
Outside the U.A.E.		**12,508,342**	12,267,898
Total Islamic financing and investing assets		**196,288,248**	195,616,580
Less: provisions for impairment	*7.3*	**(9,057,112)**	(8,926,029)
Total Islamic financing and investing assets, net		**187,231,136**	186,690,551

8. Investments in Sukuk

8.1 Analysis by geography

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Within the U.A.E.	**20,457,812**	19,506,228
Other G.C.C. Countries	**15,178,702**	13,568,733
Rest of the world	**13,578,300**	8,948,483
	49,214,814	42,023,444
Less: provision for impairment	**(341,474)**	(229,087)
Total	**48,873,340**	41,794,357

Investments in Sukuk include investments in bilateral sukuk amounting to AED 5.8 billion as at 30 September 2022 (31 December 2021: AED 5.8 billion). Investment in Sukuk include an amount of AED 428.1 million (31 December 2021: 507.1 million) which is measured at fair value through other comprehensive income.

Investment in Sukuk classified at stage 2 and stage 3 at 30 September 2022 amounts to AED 81.8 million (31 December 2021: 80.7 million) and AED 295.3 million (31 December 2021: AED 285.8 million) respectively.

9. Other investments measured at fair value

9.1 Analysis by category and geography

30 September 2022 (Unaudited)	**Within the U.A.E. AED'000**	**Other G.C.C. countries AED'000**	**Rest of the world AED'000**	**Total AED'000**
Investments measured at fair value through other comprehensive income				
Quoted instruments	**155,865**	**37,076**	**39,860**	**232,801**
Unquoted instruments	**38,178**	**26,451**	**829,693**	**894,322**
Total	**194,043**	**63,527**	**869,553**	**1,127,123**

31 December 2021 (Audited)	**Within the U.A.E. AED'000**	**Other G.C.C. countries AED'000**	**Rest of the world AED'000**	**Total AED'000**
Investments measured at fair value through other comprehensive income				
Quoted instruments	141,826	118,213	878	260,917
Unquoted instruments	47,675	29,241	891,636	968,552
Total	189,501	147,454	892,514	1,229,469

10. Investment properties

10.1 Analysis by category and geography

30 September 2022 (Unaudited)	Other real estate AED'000	Investment properties under construction AED'000	Land AED'000	Total AED'000
Carrying Amount:				
Within the U.A.E.	**2,152,318**	**1,429,111**	**1,670,038**	**5,251,467**
Outside the U.A.E.	**-**	**-**	**51,731**	**51,731**
Total	**2,152,318**	**1,429,111**	**1,721,769**	**5,303,198**
31 December 2021 (Audited)				
Carrying Amount:				
Within the U.A.E.	2,264,371	1,365,412	1,817,609	5,447,392
Outside the U.A.E.	-	-	51,731	51,731
Total	2,264,371	1,365,412	1,869,340	5,499,123

The fair value of the properties is based on the valuations performed by third party valuers and are level 3 under fair value hierarchy.

11. Receivables and other assets

Other receivables include net receivable on sale of property amounting to AED 415 million (31 December 2021: AED 415 million) stated at stage 2. It also includes overdraft and due from customers, that do not meet the definition of Islamic financing and investing assets, net amounting to AED 1,035 million (31 December 2021: AED 1,324 million) stated at stage 3.

12. Customers' deposits

12.1 Analysis by category

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Current accounts	**41,885,374**	49,073,954
Saving accounts	**34,833,440**	40,721,120
Investment deposits	**109,323,486**	115,704,708
Margin accounts	**386,393**	288,910
Depositors' investment risk reserve	**19,762**	18,036
Depositors' share of profit payable	**63,966**	38,362
Total	**186,512,421**	205,845,090

13. Due to banks

13.1 Analysis by category

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Current accounts with banks	**227,500**	161,574
Investment deposits	**16,255,688**	2,422,169
Total	**16,483,188**	2,583,743

14. Sukuk issued

The analysis of the Sukuk instruments issued by the Group is as follows:

	Expected annual profit rate	Maturity	2022 AED'000	2021 AED'000
Listed sukuk - Irish Stock Exchange / Nasdaq Dubai				
Sukuk issued by the Bank	3.63%	February 2023	**3,671,914**	3,669,652
Sukuk issued by the Bank	2.95%	February 2025	**2,751,643**	2,750,670
Sukuk issued by the Bank	2.95%	January 2026	**4,781,164**	4,781,170
Sukuk issued by the Bank	1.96%	June 2026	**3,670,486**	3,671,325
Sukuk issued by the Bank	2.74%	Feb 2027	**2,754,750**	-
Sukuk issued by a subsidiary	4.47%	April 2023	**1,843,750**	1,865,500
Sukuk issued by the Bank	3.66%	February 2022	**-**	3,673,000
Private placement				
Sukuk issued by a subsidiary	6M Kibor + 50 bps	June 2027	**66,946**	86,153
Sukuk issued by a subsidiary	3M Kibor + 175 bps	December 2023	**51,168**	65,264
Total			**19,591,821**	20,562,734

15. Share capital

As at 30 September 2022, 7,240,744,377 authorised ordinary shares of AED 1 each (2021: 7,240,744,377 ordinary shares of AED 1 each) were fully issued and paid up.

16. Tier 1 sukuk

16.1 Analysis by issuance

SPV ("the Issuer")	Date of issuance	Discretionary profit rate	Callable period	Issuance amount Equivalent AED '000 (Unaudited) 30 September 2022	(Audited) 31 December 2021
DIB Tier 1 Sukuk (3) Limited	January 2019	6.25% per annum paid semi-annually	On or after January 2025	**2,754,750**	2,754,750
DIB Tier 1 Sukuk (4) Limited	November 2020	4.63% per annum paid semi-annually	On or after May 2026	**3,673,000**	3,673,000
DIB Tier 1 Sukuk (5) Limited	April 2021	3.38% per annum paid semi-annually	On or after October 2026	**1,836,500**	1,836,500
				8,264,250	8,264,250

Tier 1 sukuk has no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank, subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 sukuk are listed on the Irish Stock Exchange and Dubai Financial Market / Nasdaq Dubai and are callable by the Bank after the "First Call Date" or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of the Tier 1 sukuk are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, in general business activities carried out through the Mudaraba Common pool.

16. Tier 1 sukuk (continued)

16.1 Analysis by issuance (continued)

At the Issuer's sole discretion, it may elect not to make any Mudaraba profit distributions expected and the event is not considered an event of default. In such event, the Mudaraba profit will not be accumulated but forfeited to the issuer. If the Issuer makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on ordinary shares issued by the Bank, or (b) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire ordinary shares issued by the Bank.

17. Other reserves and treasury shares

17.1 Movements in other reserves and treasury shares

Movement of other reserves and treasury shares during the period / year ended 30 September 2022 and 31 December 2021 is as follows:

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Share premium AED'000	Treasury shares AED'000	Total AED'000
2022 (Unaudited)						
Balance at 1 January 2022	**11,465,984**	**2,350,000**	**300,000**	**-**	**(31,316)**	**14,084,668**
Transfer from retained earnings	**-**	**-**	**120,000**	**-**	**-**	**120,000**
Balance at 30 September 2022	**11,465,984**	**2,350,000**	**420,000**	**-**	**(31,316)**	**14,204,668**
2021 (Audited)						
Balance at 1 January 2021	11,465,984	2,350,000	-	-	(31,316)	13,784,668
Transfer from retained earnings	-	-	300,000	-	-	300,000
Balance at 31 December 2021	11,465,984	2,350,000	300,000	-	(31,316)	14,084,668

As of 30 September 2022, other reserves and treasury shares balance includes 13.6 million treasury shares (2021: 13.6 million treasury shares) amounting to AED 31.3 million (2021: AED 31.3 million).

18. Contingent liabilities and commitments

The analysis of contingent liabilities and commitments as at 30 September 2022 and 31 December 2021 is as follows:

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Contingent liabilities and commitments:		
Letters of guarantee	**9,573,209**	10,313,753
Letters of credit	**1,541,564**	1,619,513
Undrawn facilities commitments	**12,108,115**	15,372,525
Total contingent liabilities and commitments	**23,222,888**	27,305,791
Other commitments:		
Capital expenditure commitments	**1,098,790**	1,370,121
Total other commitments	**1,098,790**	1,370,121
Total contingent liabilities and commitments	**24,321,678**	28,675,912

19. Impairment charges, net

Impairment charges include net impairment charge on Islamic financing and investing assets amounting to AED 1,106.4 million (refer note 7.3) (30 September 2021: AED 1,834.0 million) and net charge on other financial assets amounting to AED 343.7 million (30 September 2021: AED 247.8 million) and net charge on non-financial assets amounting to Nil (30 September 2021: AED 92.0 million).

20. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to owners of the Bank, net of directors' remuneration and profit attributable to Tier 1 sukukholders 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**	
	2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000
Profit for the period attributable to the owners of the Bank	**1,376,701**	1,205,213	**4,045,789**	3,058,928
Board of Directors' remuneration paid	**-**	-	**-**	(1,000)
Profit attributable to tier 1 sukukholders	**(86,086)**	(86,086)	**(288,101)**	(438,464)
	1,290,615	1,119,127	**3,757,688**	2,619,464
Weighted average number of shares outstanding during the period ('000)	**7,227,111**	7,227,111	**7,227,111**	7,227,111
Basic and diluted earnings per share (AED per share)	**0.18**	0.15	**0.52**	0.36

21. Cash and cash equivalents

	Unaudited 30 September 2022 AED'000	Unaudited 30 September 2021 AED'000
Cash and balances with central banks	**16,840,122**	34,741,265
Due from banks and financial institutions	**2,931,095**	2,228,167
Due to banks and financial institutions	**(16,483,188)**	(6,372,726)
	3,288,029	30,596,706
Less: Due from banks and financial institutions over three months	**(146,920)**	-
Add: Due to banks and financial institutions over three months	**7,822,862**	4,965,409
Total	**10,963,971**	35,562,115

22. Segmental information

22.1 Reportable segments

Reportable segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's reportable segments are organised into below major segments as follows:

- Consumer banking: Principally handling individual customers' deposits, providing consumer murabahas, salam, home finance, ijarah, credit cards and funds transfer facilities and trade finance facilities.
- Corporate banking: Principally handling financing, other credit facilities, deposit, current accounts, cash management and risk management products for corporate and institutional customers.
- Treasury: Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers. Treasury also runs its own Sukuk and specialises financial instruments book to manage the above risks.
- Real estate development: Property development and other real estate investments by subsidiaries.
- Other: Comprise functions other than above core lines of businesses including Direct investments.

The accounting policies of the above reportable segments are the same as the Group's accounting policies.

22. Segmental information (continued)

22.2 Segment profitability

The following table presents summarised condensed consolidated interim statement of profit or loss related to Group's reportable segments:

	Consumer banking		Corporate banking		Treasury		Real estate development		Other		Total	
	Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September	
	2022 (Unaudited) AED'000	2021 (Unaudited) AED'000	**2022 (Unaudited) AED'000**	2021 (Unaudited) AED'000	**2022 Unaudited) AED'000**	2021 (Unaudited) AED'000	**2022 (Unaudited) AED'000**	2021 (Unaudited) AED'000	**2022 (Unaudited) AED'000**	2021 (Unaudited) AED'000	**2022 (Unaudited) AED'000**	2021 (Unaudited) AED'000
Net operating revenue	**3,006,224**	2,713,130	**2,675,674**	2,345,673	**988,707**	1,248,423	**251,628**	169,464	**730,631**	672,308	**7,652,864**	7,148,998
Operating expenses	**(882,261)**	(847,605)	**(363,382)**	(319,432)	**(61,156)**	(60,594)	**(154,643)**	(139,799)	**(578,933)**	(506,257)	**(2,040,375)**	(1,873,687)
Net operating income	**2,123,963**	1,865,525	**2,312,292**	2,026,241	**927,551**	1,187,829	**96,985**	29,665	**151,698**	166,051	**5,612,489**	5,275,311
Impairment charge for the period, net											**(1,450,067)**	(2,173,809)
Profit for the period before income tax expense											**4,162,422**	3,101,502
Income tax expense											**(61,453)**	(32,265)
Profit for the period											**4,100,969**	3,069,237

22. Segmental information (continued)

22.3 Segment financial position

The following table presents assets and liabilities regarding the Group's reportable segments:

	Consumer banking		Corporate banking		Treasury		Real Estate Development		Other		Total	
	30 September 2022 (Unaudited) AED'000	31 December 2021 (Audited) AED'000	**30 September 2022 (Unaudited) AED'000**	31 December 2021 (Audited) AED'000	**30 September 2022 (Unaudited) AED'000**	31 December 2021 (Audited) AED'000	**30 September 2022 (Unaudited) AED'000**	31 December 2021 (Audited) AED'000	**30 September 2022 (Unaudited) AED'000**	31 December 2021 (Audited) AED'000	**30 September 2022 (Unaudited) AED'000**	31 December 2021 (Audited) AED'000
Segment assets	**51,401,172**	49,123,903	**134,232,079**	135,572,369	**52,265,332**	45,305,003	**5,924,147**	5,566,996	**31,032,813**	43,513,299	**274,855,543**	279,081,570
	=========	=========	=========	=========	========	========	========	========	========	========	=========	=========
Segment liabilities	**75,732,377**	79,063,497	**112,132,411**	128,397,302	**3,340,201**	2,284,007	**870,367**	632,191	**39,633,298**	27,239,947	**231,708,654**	237,616,944
	========	========	========	========	=======	=======	=======	=======	=======	========	=========	=========

23. Related party transactions

(a) The Group enters into transactions with shareholders, directors, key management personnel, their related concerns and the Group's associates and joint ventures in the ordinary course of business at terms agreed between both parties.

(b) As at 30 September 2022 and 31 December 2021, the major shareholder of the Bank is Investment Corporation of Dubai ("ICD"), a company in which the Government of Dubai is the majority shareholder.

(c) Balances and transactions between the Bank and its subsidiaries, which are related parties of the Group, have been fully eliminated upon consolidation and they are not disclosed in this note.

(d) The significant balances and transactions with related parties included in these condensed consolidated interim financial information are as follows:

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates and joint ventures AED'000	Total AED'000
As at 30 September 2022 (Unaudited)				
Islamic financing and investing assets	**1,119,529**	**178,259**	**3,503**	**1,301,291**
Investment in sukuk	**639,953**	**-**	**-**	**639,953**
Customers' deposits	**1,283,660**	**255,872**	**6,193**	**1,545,725**
Contingent liabilities and commitments	**-**	**177,071**	**116**	**177,187**
As at 31 December 2021 (Audited)				
Islamic financing and investing assets	1,576,425	101,299	774	1,678,498
Investment in sukuk	157,225	-	-	157,225
Customers' deposits	2,313,848	188,327	8,386	2,510,561
Contingent liabilities and commitments	-	46,278	1,186	47,464
For the nine-month period ended 30 September 2022 (Unaudited)				
Income from Islamic financing transactions	**27,121**	**3,757**	**118**	**30,996**
Income from investment in sukuk	**8,787**	**-**	**-**	**8,787**
Depositors' and sukuk holders' share of profits	**21,935**	**1,436**	**-**	**23,371**
For the nine-month period ended 30 September 2021 (Unaudited)				
Income from Islamic financing transactions	26,376	3,624	55	30,055
Income from investment in sukuk	5,115	-	-	5,115
Depositors' and sukuk holders' share of profits	16,862	1,011	41	17,914

(e) No specific impairment allowances have been recognised against Islamic financing and investing assets extended to related parties or contingent liabilities and commitments issued in favour of the Group's related parties during the nine-month period ended 30 September 2022 (nine-month period ended 30 September 2021: Nil).

23. Related party transactions (continued)

(f) The compensation paid to / accrued for key management personnel of the Bank during the nine-month period ended 30 September 2022 and 2021 was as follows:

	Unaudited 30 September 2022 AED'000	Unaudited 30 September 2021 AED'000
Salaries and other benefits	**58,049**	59,020
End of service benefits	**754**	802
	=======	=======

24. Fair value of financial instruments

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

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

30 September 2022 (Unaudited)	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
Investments carried at fair value through other comprehensive income				
Quoted instruments	**660,885**	**-**	**-**	**660,885**
Unquoted instruments	**-**	**-**	**894,322**	**894,322**
Other assets				
Islamic derivative assets	**-**	**1,771,488**	**-**	**1,771,488**
Total financial assets measured at fair value	**660,885**	**1,771,488**	**894,322**	**3,326,695**
	========	========	=======	========
Other liabilities				
Islamic derivative liabilities	**-**	**1,726,569**	**-**	**1,726,569**
	========	========	=======	========

24. Fair value of financial instruments (continued)

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

31 December 2021 (Audited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Investments carried at fair value through other comprehensive income				
Quoted instruments	767,969	-	-	767,969
Unquoted instruments	-	-	968,552	968,552
Other assets				
Islamic derivative assets	-	1,498,164	-	1,498,164
Total financial assets measured at fair value	767,969	1,498,164	968,552	3,234,685
Other liabilities				
Islamic derivative liabilities	-	1,422,042	-	1,422,042

There were no transfers between Level 1, 2 and 3 during the period ended 30 September 2022 and year ended 31 December 2021.

24.2 Reconciliation of Level 3 fair value measurement of financial assets measured at fair value through other comprehensive income

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Balance at 1 January	**968,552**	917,295
(Loss) / gain in other comprehensive income	**(76,468)**	65,195
Others	**2,238**	(13,938)
Balance at period end	**894,322**	968,552

25. Capital adequacy ratio

The Group lead regulator, the Central Bank of U.A.E. (CBUAE), sets and monitors capital requirements for the Group as a whole. The Group and individual banking operations within the Bank are directly supervised by their respective local regulators.

The Group regulatory capital is analysed into following tiers:

- Common Equity Tier 1 (CET1), which includes fully paid up capital, statutory reserve, general reserve, retained earnings, exchange translation reserve and investment fair value reserve. Regulatory adjustments under Basel III, which includes deductions of deferred tax assets, investments in banking and financial entities and other threshold deductions;
- Tier 1 capital, includes CET1, with additional items that consist of Tier 1 capital instruments and certain non-controlling interests in subsidiaries; and
- Tier 2 capital, which includes collective impairment allowance and qualifying subordinated liabilities, if any.

The Bank was recognized as Domestic Systemically Important Bank (D-SIB) during the year ended 31 December 2018 and is accordingly required to keep a D-SIB buffer of 0.5% in addition to the CCB of 2.5%.

As per the Central Bank regulation for Basel III, the minimum capital requirement as at 30 September 2022 is 13.5% inclusive of capital conservation buffer of 2.5% and D-SIB buffer of 0.5%. However, effective from 15 March 2020 until 30 June 2022, banks were allowed to tap into the capital conservation buffer up to a maximum of 60% and to use 100% of their D-SIB buffer without supervisory consequences, as part of the measures adopted by the CBUAE to help banks deal with the COVID-19 pandemic. Further, CBUAE has issued guidance on Accounting Provisions and Capital Requirements - Transitional Arrangement dated 22 April 2020. The Prudential Filter allows banks to add back increases in IFRS9 ECL provision, stage 1 and 2, from 31 December 2019 to the regulatory capital and transition over 5 years.

	Unaudited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Capital base		
Common Equity Tier 1	**31,660,335**	28,265,092
Additional Tier 1 capital	**8,264,250**	8,264,250
Tier 1 Capital	**39,924,585**	36,529,342
Tier 2 Capital	**2,574,156**	2,609,121
Total capital base	**42,498,741**	39,138,463
Risk weighted assets		
Credit risk	**205,932,458**	208,729,673
Market risk	**4,303,083**	3,099,642
Operational risk	**18,071,936**	16,990,931
Total risk weighted assets	**228,307,477**	228,820,246
Capital Ratios		
Total capital ratio	**18.6%**	17.1%
Tier 1 capital ratio	**17.5%**	16.0%
Common equity Tier 1 capital ratio	**13.9%**	12.4%

26. Dividend

At the Annual General Meeting of the shareholders held on 01 March 2022, the shareholders approved a cash dividend of AED 0.25 per outstanding share amounting to AED 1,806.8 million for the year ended 31 December 2021.

27. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated interim statement of profit or loss for the nine-month periods ended 30 September 2022 and 30 September 2021.

28. Subsidiaries

(a) The Group's material interest held directly or indirectly in the subsidiaries is as follows:

	Name of subsidiary	Principal activity	Place of incorporation and operation	Ownership interest and voting power	
				30 September 2022	31 December 2021
1.	Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	**100.0%**	100.0%
2.	Noor Bank P.J.S.C.	Banking	U.A.E	**100.0%**	100.0%
3.	Tamweel P.S.C.	Financing	U.A.E	**92.0%**	92.0%
4.	DIB Bank Kenya Ltd.	Banking	Kenya	**100.0%**	100.0%
5.	Dubai Islamic Financial Services L.L.C.	Brokerage services	U.A.E.	**99.0%**	99.0%
6.	Deyaar Development P.J.S.C.	Real estate development	U.A.E	**44.9%**	44.9%
7.	Dar Al Sharia Islamic Finance Consultancy L.L.C.	Islamic finance advisory	U.A.E.	**100.0%**	100.0%
8.	Al Tanmyah Services L.L.C.	Labour services	U.A.E.	**99.0%**	99.0%
9.	Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	**100.0%**	100.0%
10.	Al Tameer Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
11.	Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
12.	Naseej Private Property Management Services	Property Management	U.A.E.	**99.0%**	99.0%
13.	Dubai Islamic Bank Printing Press L.L.C.	Printing	U.A.E.	**99.5%**	99.5%
14.	Al Islami Real Estate Investments Ltd.	Investments	U.A.E.	**100.0%**	100.0%
15.	Dubai Islamic Trading Center L.L.C	Trading in motor vehicles	U.A.E.	**100.0%**	100.0%
16.	Creek Union Limited FZ LLC	Investments	U.A.E	**100.0%**	100.0%
17.	Madinat Bader Properties Co. L.L.C	Real Estate Development	U.A.E	**99.0%**	99.0%
18.	Premium Marketing Services L.L.C	Outsourcing and Marketing activities	U.A.E	-	100.0%
19.	Noor BPO L.L.C	Outsourcing and Consultancy services	U.A.E	-	100.0%
20.	Zawaya Realty L.L.C	Real Estate Management Services	U.A.E	-	100.0%

(b) In addition to the registered ownership described above, the remaining equity in the entities 5, 8, 12, 13 and 17 are also beneficially held by the Bank through nominee arrangements.

(c) During the current year, Deyaar Development P.J.S.C., has reduced its share capital by 24.3%. The reduction in share capital has no impact on the ownership interest held by the Bank.

28. Subsidiaries (continued)

(d) The following Special Purpose Vehicles ("SPV") were formed to manage specific transactions including funds, and are expected to be closed upon their completion.

	Name of SPV	Principal activity	Place of incorporation and operation	Ownership interest and voting power	
				30 September 2022	31 December 2021
21.	HoldInvest Real Estate Sarl	Investments	Luxembourg	**100.0%**	100.0%
22.	France Invest Real Estate SAS	Investments	France	**100.0%**	100.0%
23.	SARL Barbanniers	Investments	France	**100.0%**	100.0%
24.	SCI le Sevine	Investments	France	**100.0%**	100.0%
25.	Al Islami Trade Finance FZ L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
26.	MESC Investment Company	Investments	Jordan	**40.0%**	40.0%
27.	Levant One Investment Limited	Investments	U.A.E.	**100.0%**	100.0%
28.	Petra Limited	Investments	Cayman Islands	**100.0%**	100.0%
29.	Deyaar Investments LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
30.	Deyaar Funds LLC	Investments	U.A.E.	**Controlling Interest**	Controlling Interest
31.	Sequia Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
32.	Blue Nile Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
33.	DIB FM Ltd	Investments	Cayman Islands	**100.0%**	100.0%
34.	Al Ameen	Investments	Cayman Islands	**100.0%**	100.0%
35.	Noor Sukuk Company Limited	Investments	Cayman Islands	**100.0%**	100.0%
36.	Noor Tier 1 Sukuk Limited	Investments	Cayman Islands	**100.0%**	100.0%
37.	Noor Structured Certificates Ltd.	Investments	Cayman Islands	**100.0%**	100.0%
38.	Noor Derivatives Limited	Investments	Cayman Islands	**-**	100.0%

(e) In addition to the registered ownership described above, the remaining equity in the entities 29, 30, 31 and 32 are also beneficially held by the Bank through nominee arrangements. The entities 18, 19, 20 and 38 have been liquidated.

29. Profit rate benchmark reforms

A fundamental reform of major profit rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group's significant exposure is to USD Libor based financial instruments that are being reformed as part of these market-wide initiatives.

The main risks to which the Group has been exposed as a result of IBOR reform are operational. For example, the renegotiation of financing contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to profit rate risk.

The Group established a cross-functional IBOR Committee to manage its transition to alternative rates. The objectives of the IBOR Committee include evaluating the extent to which Islamic financing and related commitments, liabilities and derivatives reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The IBOR Committee reports to the ALCO and collaborates with other business functions as needed.

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the IBOR Committee has established policies to amend the contractual terms. These amendments include the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate. The Group has signed up to fallback mechanisms for centrally cleared derivatives and aimed to transfer exposures to the new benchmark rate ahead of the activation date of the fallback provisions.

29. Profit rate benchmark reforms (continued)

The Group has been applying a policy to require that retail products, such as its home finance portfolio, are amended in a uniform way, and bespoke products, such as financing to corporates, are amended in bilateral negotiations with the counterparties.

The change to contractual terms of financial assets and financial liabilities with rates that are subject to IBOR reform is not yet complete. The Bank continues to work towards meeting the regulatory and industry-wide recommended milestones on cessation of LIBOR and will be working with clients and counterparties to issue products based on alternative reference rates.

The Bank has updated necessary changes in its products, services, systems and reporting and ready to write and transition USD financing and related transactions from LIBOR to SOFR. The project is significant in terms of scale and complexity and will impact all facets of its operations from customer contracts and dealings to banks risk management processes and earnings. The Group continues to engage with internal and external stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

The carrying amounts of non-derivative financial assets and the nominal amount of derivatives financial instruments that are yet to transition to the alternative profit rates is AED 35.8 billion and AED 47.8 billion respectively.

30. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved by the Board of Directors and authorized for issue on 24 October 2022.