SHARJAH ISLAMIC BANK PJSC

DIRECTORS' REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025

SHARJAH ISLAMIC BANK PJSC

Directors' Report

The Directors have pleasure in presenting their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK PJSC ("the Bank") and its subsidiaries (together referred as the "Group") for the six month period ended 30 June 2025.

Financial highlights

As of 30 June 2025, the total assets of the Group amounted to AED 84.7 billion, showing an increase of 6.9% compared to AED 79.2 billion as at 31 December 2024. The investment securities measured at amortised cost stands at AED 13.4 billion as of 30 June 2025. Investments in Islamic financing showed a 12.9% growth or an increase of AED 4.9 billion, taking the total outstanding amount to AED 42.9 billion as of 30 June 2025, in comparison to AED 38.1 billion as of 31 December 2024. Customer deposits stands at AED 52.7 billion as of 30 June 2025 compared to AED 51.8 billion as of 31 December 2024, demonstrating overall strengthening of the Group's liquidity position, which stands at 21.1% as at 30 June 2025.

The net operating income before impairment on financial assets - net of recoveries, for the Group increased by AED 75.1 million for the six month period ended 30 June 2025 to reach AED 757.2 million as compared to AED 682.1 million for the six month period ended 30 June 2024. The Bank has recognised a reversal of impairment charges on financial assets - net of recoveries, for the six month period ended 30 June 2025 amounting to AED 9.3 million, compared to an impairment charge of AED 67.3 million for the six month period ended 30 June 2024. As a result, profit before tax increased by AED 151.6 million to reach AED 766.5 million for the six month period ended 30 June 2025 as compared to AED 614.9 million for the six month period ended 30 June 2024. Taxation expense for the six month period ended 30 June 2025 was AED 69.3 million. As a result, a net profit of AED 697.2 million was recorded for the six month period ended 30 June 2025, as compared to AED 558.7 million for the six month period ended 30 June 2024, reflecting a 24.8% increase.

Abdul Rahman Mohammed Naseer Al Owais
Chairman
15 July 2025

KPMG Lower Gulf Limited
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Independent Auditors' Report on Review of Interim Financial Information

To the Board of Directors of the Sharjah Islamic Bank PJSC

Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial information of Sharjah Islamic Bank PJSC (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2025;
- the condensed consolidated interim statements of profit or loss for the three-month and six-month periods ended 30 June 2025;
- the condensed consolidated interim statements of comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2025; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

KPMG Lower Gulf Limited



Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 15 JUL 2025

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SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(Currency: Thousands of U.A.E Dirhams)

	Notes	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
Assets			
Cash and balances with banks and financial institutions	*6*	**5,450,344**	3,002,556
Murabaha and wakalah with financial institutions	*7*	**12,388,682**	14,106,277
Investment securities measured at fair value	*8*	**4,365,650**	4,597,741
Investment securities measured at amortised cost	*9*	**13,387,540**	13,172,684
Investments in Islamic financing	*10*	**42,986,620**	38,082,819
Acceptances		**248,037**	239,498
Properties held-for-sale		**901,271**	793,438
Investment properties	*25*	**2,993,286**	2,964,711
Other assets	*11*	**1,017,772**	1,291,522
Property and equipment	*12.1*	**904,880**	896,069
Intangible assets	*12.2*	**63,784**	63,001
Total assets		**84,707,866**	**79,210,316**
Liabilities and shareholders' equity			
Liabilities			
Customer deposits	*13*	**52,721,189**	51,758,444
Due to banks		**15,300,861**	12,850,330
Acceptances		**248,362**	240,370
Sukuk payable	*14*	**3,654,104**	3,659,949
Other liabilities	*15*	**2,333,536**	2,312,299
Zakat payable		**10,624**	85,625
Total liabilities		**74,268,676**	**70,907,017**
Shareholders' equity			
Share capital	*16*	**3,235,678**	3,235,678
Tier 1 sukuk	*17*	**3,673,000**	1,836,500
Fair value reserve		**(66,497)**	(109,003)
Other reserves and treasury shares	*19*	**1,581,584**	1,468,006
Retained earnings		**2,015,425**	1,872,118
Total shareholders' equity		**10,439,190**	**8,303,299**
Total liabilities and shareholders' equity		**84,707,866**	**79,210,316**

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 15 July 2025.

Abdul Rahman Mohammed Nasser Al Owais
Chairman

Mohamed Ahmed Abdalla
Chief Executive Officer

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025
(Currency: Thousands of U.A.E Dirhams)

	Notes	For the three month period ended 30 June		For the six month period ended 30 June	
		2025 Un-audited	2024 Un-audited	2025 Un-audited	2024 Un-audited
Income from investments in Islamic financing and sukuks		**968,202**	906,388	**1,882,463**	1,768,873
Distribution to depositors and sukuk holders		**(585,482)**	(543,922)	**(1,132,379)**	(1,033,902)
Net income from financing and investment products		**382,720**	**362,466**	**750,084**	**734,971**
Fee and commission income	*21*	**196,739**	125,000	**332,763**	230,054
Fee and commission expense	*21*	**(28,324)**	(25,618)	**(56,740)**	(50,240)
Net fee and commission income		**168,415**	**99,382**	**276,023**	**179,814**
Investment income		**21,154**	22,158	**22,741**	30,119
Foreign exchange income		**31,951**	13,824	**57,640**	31,179
Other income	*22*	**26,558**	26,472	**56,036**	52,966
Total operating income		**630,798**	**524,302**	**1,162,524**	**1,029,049**
General and administrative expenses*		**(207,060)**	(168,815)	**(405,370)**	(346,910)
Net operating income before impairment*		**423,738**	**355,487**	**757,154**	**682,139**
(Impairment) / reversal of impairment on financial assets - net of recoveries		**(7,905)**	(22,289)	**9,302**	(67,285)
Profit before tax*		**415,833**	**333,198**	**766,456**	**614,854**
Taxation	*29*	**(37,565)**	(30,444)	**(69,258)**	(56,194)
Profit for the period*		**378,268**	**302,754**	**697,198**	**558,660**
(Attributable to the shareholders of the Bank)					
Basic and diluted earnings per share - restated (UAE Dirhams)	*31*	**0.12**	**0.10**	**0.21**	**0.17**

** Refer note 32 for details of change in comparative numbers*

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025
(Currency: Thousands of U.A.E Dirhams)

	Note	For the three month period ended 30 June		For the six month period ended 30 June	
		2025 Un-audited	2024 Un-audited	2025 Un-audited	2024 Un-audited
Profit for the period* (Attributable to the shareholders of the Bank)		**378,268**	302,754	**697,198**	558,660
Other comprehensive income					
Items that will be reclassified to profit or loss					
- Change in fair value reserve on sukuk investments classified at FVTOCI		**24,813**	(24,730)	**43,233**	32,956
- Effective portion of changes in fair value of Islamic derivatives classified as cash flow hedges		**11,195**	-	**62,836**	-
Items that will not be reclassified to profit or loss					
- Change in fair value reserve on equity investment classified at FVTOCI		**5,142**	(7,620)	**3,476**	(11,516)
Related tax on other comprehensive income	*29*	**(3,699)**	2,913	**(9,859)**	(1,930)
Total comprehensive income for the period - net off tax* (Attributable to the shareholders of the Bank)		**415,719**	**273,317**	**796,884**	**578,170**

** Refer note 32 for details of change in comparative numbers*

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SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025
(Currency: Thousands of U.A.E Dirhams)

	For the six month period ended 30 June	
	2025 Un-audited	**2024 Un-audited**
Cash flows from operating activities		
Profit for the period	**697,198**	558,660
Adjustments for:		
- Amortisation and depreciation	**32,834**	27,067
- Amortisation of sukuk issuance costs	**1,487**	540
- (Reversal) / provision on investments in Islamic financing	**(26,628)**	89,129
- Provision / (reversal) on investment securities measured at fair value	**3,414**	(15,554)
- Provision / (reversal) on investment securities measured at amortised cost	**14,849**	(4,162)
- Reversal of provision on other financial assets	**(937)**	(2,128)
- Gain on disposal of properties held for sale	**(1,831)**	(333)
- Gain on disposal of investment properties	**-**	(1,183)
- Gain on disposal of investment securities measured at fair value	**(7,504)**	(13,978)
- Revaluation on investment securities measured at fair value through profit and loss	**15,250**	11,349
- Foreign exchange (gain) / loss on properties	**(11,903)**	1,423
- Taxation	**69,258**	56,194
- Gain on disposal of property and equipment	**(13)**	(366)
Operating cash flows before changes in operating assets and liabilities	**785,474**	**706,658**
Changes in:		
- Restricted cash balances	**(16,138)**	(1,705,382)
- Murabaha and wakalah with financial institutions	**589,193**	4,992,905
- Investments in Islamic financing	**(4,877,173)**	(2,257,368)
- Other assets and acceptances	**287,877**	(22,753)
- Properties held for sale	**(106,002)**	(103,703)
- Customer deposits	**962,745**	4,255,317
- Due to banks	**2,298,386**	3,547,751
- Other liabilities and acceptances	**(8,783)**	310,129
Net cash (used in) / generated from operating activities	**(84,421)**	**9,723,554**
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	**(42,562)**	(17,766)
Disposal of property and equipment and intangible assets	**147**	842
Acquisition of investment properties	**(16,672)**	(188,161)
Disposal of investment properties	**-**	39,786
Acquisition of investment securities measured at fair value	**(144,355)**	(73,895)
Disposal / redemption of investment securities measured at fair value	**411,996**	311,737
Acquisition of investment securities measured at amortised cost	**(757,478)**	(3,761,620)
Redemption on investment securities measured at amortised cost	**527,773**	984,616
Net cash used in investing activities	**(21,151)**	**(2,704,461)**

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

	For the six month period ended 30 June	
	2025 Un-audited	**2024 Un-audited**
Cash flows from financing activities		
Issuance of sukuk	**1,828,617**	-
Repayment of sukuk	**(1,835,949)**	-
Issuance of tier 1 sukuk	**1,836,500**	-
Treasury shares	**10,185**	-
Profit paid on tier 1 sukuk	**(45,912)**	(45,912)
Tier 1 Sukuk issuance cost	**(3,041)**	-
Zakat paid	**(75,001)**	(44,106)
Cash dividend	**(458,725)**	(323,567)
Net cash generated from / (used in) financing activities	**1,256,674**	**(413,585)**
Net increase in cash and cash equivalents	**1,151,102**	6,605,508
Cash and cash equivalents at the beginning of the period	**12,486,345**	5,768,822
Cash and cash equivalents at the end of the period	**13,637,447**	**12,374,330**

	As at 30 June 2025 Un-audited	**As at 30 June 2024 Un-audited**
Cash and cash equivalents		
Cash and balances with banks and financial institutions	**5,251,203**	680,992
Murabaha and wakalah with financial institutions	**8,555,906**	11,740,477
Due to banks	**(169,662)**	(47,139)
Cash and cash equivalents at the end of the period	**13,637,447**	**12,374,330**

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025
(Currency: Thousands of U.A.E Dirhams)

	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK					
	Share capital	**Tier 1 sukuk**	**Fair value reserve**	**Other reserves and treasury shares**	**Retained earnings**	**Total shareholders' equity**
As at 1 January 2025 (Audited)	**3,235,678**	**1,836,500**	**(109,003)**	**1,468,006**	**1,872,118**	**8,303,299**
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	**697,198**	**697,198**
Other comprehensive income						
Net change in fair value reserve - net off tax	-	-	**42,506**	**57,180**	-	**99,686**
Total comprehensive income for the period	-	-	**42,506**	**57,180**	**697,198**	**796,884**
Transactions recorded directly in equity						
Cash dividend (note 27)	-	-	-	-	**(458,725)**	**(458,725)**
Tier 1 sukuk issuance (note 17)	-	**1,836,500**	-	-	-	**1,836,500**
Tier 1 sukuk issuance cost	-	-	-	-	**(3,041)**	**(3,041)**
Shares held by liquidity provider *(note 18(b))*	-	-	-	**10,185**	-	**10,185**
Transfer to general impairment reserve	-	-	-	**46,213**	**(46,213)**	-
Profit paid on tier 1 sukuk	-	-	-	-	**(45,912)**	**(45,912)**
Total	-	**1,836,500**	-	**56,398**	**(553,891)**	**1,339,007**
As at 30 June 2025 (Un-audited)	**3,235,678**	**3,673,000**	**(66,497)**	**1,581,584**	**2,015,425**	**10,439,190**

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2025
(Currency: Thousands of U.A.E Dirhams)

	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK					
	Share capital	**Tier 1 sukuk**	**Fair value reserve**	**Other reserves and treasury shares**	**Retained earnings**	**Total shareholders' equity**
As at 1 January 2024 (Audited)*	**3,235,678**	**1,836,500**	**(183,849)**	**1,871,463**	**1,356,876**	**8,116,668**
Total comprehensive income for the period						
Profit for the period*	-	-	-	-	558,660	**558,660**
Other comprehensive income						
Net change in fair value reserve	-	-	19,510	-	-	**19,510**
Total comprehensive income for the period*	**-**	**-**	**19,510**	**-**	**558,660**	**578,170**
Transactions recorded directly in equity						
Cash dividend (note 27)	-	-	-	-	(323,567)	**(323,567)**
Transfer to impairment reserve - general	-	-	-	79,180	(79,180)	-
Profit paid on tier 1 sukuk	-	-	-	-	(45,912)	**(45,912)**
Total	**-**	**-**	**-**	**79,180**	**(448,659)**	**(369,479)**
As at 30 June 2024 (Un-audited)*	**3,235,678**	**1,836,500**	**(164,339)**	**1,950,643**	**1,466,877**	**8,325,359**

** Refer note 32 for details of change in comparative numbers*

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

1. Legal status and activities

SHARJAH ISLAMIC BANK PJSC (the "Bank") was incorporated in 1975 as a public joint stock company by Emiri Decree issued by His Highness the Ruler of Sharjah, United Arab Emirates ("UAE") and is listed on the Abu Dhabi Securities Exchange. The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulations of Central Bank of the UAE ("CBUAE"), which are carried out through its 34 branches *(As at 31 December 2024: 33 branches)* established in the UAE.

At an extraordinary shareholder's meeting held on 18 March 2001, a resolution was passed to transform the Bank's activities to be in full compliance with Islamic Shari'a rules and principles. The entire process was completed on 31 March 2002 ("the transformation date"). As a result the Bank transformed its conventional banking products into Islamic banking products during the six month period ended 30 June 2002 after negotiation and agreement with its customers.

These condensed consolidated interim financial statements of the Group comprise the Bank and its fully owned subsidiaries incorporated in the UAE, Sharjah National Hotels ("SNH"), Sharjah Islamic Financial Services LLC SP ("SIFS") and ASAS Real Estate LLC SP ("ASAS") as well as special purpose vehicles established in the Cayman Islands, SIB Sukuk Company III Limited, SIB Tier 1 Sukuk Company Limited and SIB Tier 1 Sukuk IIND Limited, (all together referred to as the "Group"). SNH through its divisions is engaged in operating hotels and resorts, catering and related services, whereas SIFS is involved in conducting intermediation in dealing in local market Shari'a compliant shares. ASAS is involved in the business of real estate. SIB Sukuk Company III Limited, SIB Tier 1 Sukuk Company Limited and SIB Tier 1 Sukuk IIND Limited were established for the Bank's Sukuk program.

The registered office of the Bank is Post Box No.4, Sharjah, UAE.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Selected explanatory notes, are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2024. These condensed consolidated interim financial statements do not include all of the information required for a full set of annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2024, including the UAE Federal Law No. 32 of 2021 on Commercial Companies and the Decretal Federal Law No. 14 of 2018.

2. Basis of preparation (continued)

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for, provision for employees' end of service benefits which is measured using the projected credit unit method under IAS 19, and the following material items in the condensed consolidated interim statement of financial position which are measured at fair value:

i) financial assets at fair value through profit or loss (FVTPL);
ii) financial assets at fair value through other comprehensive income (FVTOCI);
iii) investment properties at fair value; and
iv) Islamic financial derivatives

3. Material accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2024.

a) New and revised IFRS adopted in the condensed consolidated interim financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these condensed consolidated interim financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts or disclosures reported for the current and prior periods.

New standards and significant amendments to standards applicable to the Group	Effective date
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025

The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use an observable exchange rate without adjustment or another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process and risks to the company because the currency is not exchangeable.

3. Material accounting policies (continued)

b) New and revised IFRS in issue but not yet effective and not early adopted

New standards and significant amendments to standards applicable to the Group	**Effective date**
Amendments to IFRS 9 and IFRS 7 - Classifiation of financial assets	1 January 2026

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027

IFRS 18 will replace IAS 1 - 'Presentation of Financial Statements' and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following new key requiremnts:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also requried to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements/
- Enhanced guidance is provided on how to group infomation in the financial statements.

In addition, all entities are required to use the operating profit substotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of the above amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

4. Key accounting estimates and judgments

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

In preparing these condensed consolidated interim financial statements, significant judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

i) Use of estimates and judgements

The IFRS 9 Committee has reviewed the inputs and assumptions for IFRS 9 ECL measurement in light of available information. The Bank has computed ECL using 30% weightage to the upward scenario as of 30 June 2025. Had adverse scenario been stressed from 30% by another 10% with corresponding impact on upward scenario, impairment loss allowance would increase by AED 20.8 million.

Following both regulatory mandates and industry standards, TTC PDs are adjusted based on internal rating grades that reflect historical default rates.

The Group has integrated LGD models for its various portfolios, such as secured and unsecured corporate and retail portfolios. These models are based on the actual recovery rates as observed over the period of more than ten years.

Judgement is also required in estimating EAD, particularly for Islamic financing commitments, including letters of credit and financial guarantee, and revolving financing facilities such as credit cards, where deterioration in the macro economic environment is generally accompanied by an increase in the volumes and duration of the drawdowns. Credit conversion factor used by the Bank for unutilized limits has been computed at 20% in case of retail exposures as well as corporate exposures with remaining maturity of less than one year or 50% in case of corporate exposures with remaining maturity of more than one year.

The Bank considers a range of possible outcomes and their respective probabilities, and to apply judgement in determining what constitutes reasonable and forward looking information. The most significant period-end assumptions used for ECL estimate includes next 5-year average oil price ranging between US$ 45.33/barrel to US$ 73.02/barrel, equity price index growth volatility ranging between -19.6% to 7.3%, non-oil UAE GDP range falling -2.4% to rising 6.5% and UAE CPI index ranging 0.8% to 1.9%.

The Group's management will continually monitor how the economic conditions change over the next reporting period and will re-evaluate the adequacy of downside weight, and adverse effect, if any, will be accounted for.

5. Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2024.

i) Fair value measurement of financial instruments

The Bank's existing policy on fair value measurement of financial instruments is disclosed in note 3 (b) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

ii) Concentration analysis

Please refer to note 10.1 (a) and (b) to the condensed consolidated interim financial statements, which discloses the product and sector wise categorization of Investment in Islamic financing as at 30 June 2025. The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2024.

iii) Profit rate risk

The principal risk to which non-trading portfolios are exposed, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk primarily comprises of market and valuation risk, are managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value. Overall pricing or profit rate risk positions are managed by the Asset and Liability Committee ("ALCO").

The sensitivity of the condensed consolidated statement of profit or loss is the effect of the assumed changes in profit rates on the net income.

	Six month period ended 30 June 2025 Un-audited	Six month period ended 30 June 2024 Un-audited
Net profit rate sensitivity on financial assets and liabilities	**12,349**	6,394

	Three month period ended 30 June 2025 Un-audited	Three month period ended 30 June 2024 Un-audited
Net profit rate sensitivity on financial assets and liabilities	**12,349**	6,394

5. Financial risk management (continued)

iv) Maximum exposure to credit risk*

The table below is the maximum exposure to credit risk for the Group and is shown gross, before any mitigation of collateral.

	As at 30 June 2025 (Un-audited)			
	ECL Staging			
	Stage 1 12 month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Cash and balances with banks and financial institutions	**4,682,155**	**190**	**-**	**4,682,345**
Loss allowance	**(11)**	**-**	**-**	**(11)**
Carrying amount	**4,682,144**	**190**	**-**	**4,682,334**
Murabaha and wakalah with financial institutions	**17,996,891**	**-**	**-**	**17,996,891**
Loss allowance	**(8,209)**	**-**	**-**	**(8,209)**
Carrying amount	**17,988,682**	**-**	**-**	**17,988,682**
Investment securities measured at amortised cost	**13,402,999**	**10,968**	**23,579**	**13,437,546**
Loss allowance	**(25,918)**	**(509)**	**(23,579)**	**(50,006)**
Carrying amount	**13,377,081**	**10,459**	**-**	**13,387,540**
Investments in Islamic financing	**40,724,815**	**2,022,161**	**1,900,944**	**44,647,920**
Loss allowance	**(252,905)**	**(219,697)**	**(1,188,698)**	**(1,661,300)**
Carrying amount	**40,471,910**	**1,802,464**	**712,246**	**42,986,620**
Other financial assets	**350,431**	**18,634**	**10,031**	**379,096**
Loss allowance	**(12,844)**	**(16)**	**(10,031)**	**(22,891)**
Carrying amount	**337,587**	**18,618**	**-**	**356,205**
Net credit risk exposures relating to on-balance sheet assets	**76,857,404**	**1,831,731**	**712,246**	**79,401,381**
Letter of credit and guarantee	**1,386,169**	**47,867**	**62**	**1,434,098**
Loss allowance	**(3,602)**	**(2,287)**	**-**	**(5,889)**
Net credit risk exposures off-balance sheet assets	**1,382,567**	**45,580**	**62**	**1,428,209**
Net credit risk exposures	**78,239,971**	**1,877,311**	**712,308**	**80,829,590**
Gross credit risk exposure	**78,543,460**	**2,099,820**	**1,934,616**	**82,577,896**
Total loss allowance **	**(303,489)**	**(222,509)**	**(1,222,308)**	**(1,748,306)**
	78,239,971	**1,877,311**	**712,308**	**80,829,590**

5. Financial risk management (continued)

iv) Maximum exposure to credit risk* (continued)

	As at 31 December 2024 (Audited)			
	ECL Staging			
	Stage 1 12 month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Cash and balances with banks and financial institutions	2,249,091	517	-	2,249,608
Loss allowance	(78)	(3)	-	(81)
Carrying amount	**2,249,013**	**514**	**-**	**2,249,527**
Murabaha and wakalah with financial institutions	14,111,705	-	-	14,111,705
Loss allowance	(5,428)	-	-	(5,428)
Carrying amount	**14,106,277**	**-**	**-**	**14,106,277**
Investment securities measured at amortised cost	13,055,856	128,406	23,579	13,207,841
Loss allowance	(10,671)	(907)	(23,579)	(35,157)
Carrying amount	**13,045,185**	**127,499**	**-**	**13,172,684**
Investments in Islamic financing	35,791,621	2,103,098	1,933,405	39,828,124
Loss allowance	(202,107)	(269,208)	(1,273,990)	(1,745,305)
Carrying amount	**35,589,514**	**1,833,890**	**659,415**	**38,082,819**
Other financial assets	825,464	17,931	9,153	852,548
Loss allowance	(10,635)	(1,946)	(9,153)	(21,734)
Carrying amount	**814,829**	**15,985**	**-**	**830,814**
Net credit risk exposures relating to on-balance sheet assets	**65,804,818**	**1,977,888**	**659,415**	**68,442,121**
Letter of credit and guarantee	1,468,833	39,097	62	1,507,992
Loss allowance	(7,180)	(995)	-	(8,175)
Net credit risk exposures off-balance sheet assets	**1,461,653**	**38,102**	**62**	**1,499,817**
Net credit risk exposures	**67,266,471**	**2,015,990**	**659,477**	**69,941,938**
Gross credit risk exposure	**67,502,570**	**2,289,049**	**1,966,199**	**71,757,818**
Total loss allowance**	**(236,099)**	**(273,059)**	**(1,306,722)**	**(1,815,880)**
	67,266,471	**2,015,990**	**659,477**	**69,941,938**

* Financial assets classified as fair value through profit and loss and equity instruments classified as fair value through other comprehensive income are not subject to any impairment under IFRS 9.

** In addition to the above, the Group has also recognised a provision for expected credit losses on its sukuk investments measured at FVTOCI amounting to AED 13.4 million as at 30 June 2025 *(As at 31 December 2024: AED 10.0 million).*

5. Financial risk management (continued)

v) Capital adequacy

	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
Capital base		
Common equity tier 1	**6,370,493**	5,834,163
Additional tier 1 capital*	**1,836,500**	1,836,500
Total tier 1 capital base	**8,206,993**	**7,670,663**
Total tier 2 capital base	**539,427**	519,174
Total capital base	**8,746,420**	**8,189,837**
Risk weighted assets		
Credit risk	**51,281,794**	46,850,732
Market risk	**172,179**	166,661
Operational risk	**4,044,239**	3,603,303
Total risk weighted assets	**55,498,212**	**50,620,696**
Capital ratios		
Common equity tier 1 ratio	**11.48%**	11.53%
Tier 1 capital ratio	**14.79%**	15.15%
Capital adequacy ratio	**15.76%**	16.18%

* As disclosed in note 34, the Bank exercised its call option and redeemed one of the Tier 1 Sukuk certificates outstanding as of 30 June 2025 amounting to AED 1,836.5 million and have not been included in the Additional Tier 1 Capital.

6. Cash and balances with banks and financial institutions

Cash	**768,010**	753,029
Balances with the CBUAE	**4,504,193**	2,040,913
Due from banks and financial institutions	**178,141**	208,614
	5,450,344	**3,002,556**

As at 30 June 2025 and 31 December 2024, balances with CBUAE includes 14 days average statutory deposit requirement of CBUAE, which is also available to fund daily operations under specified conditions.

7. Murabaha and wakalah with financial institutions

Murabaha	**879,684**	1,315,376
Wakalah arrangements	**11,508,998**	12,790,901
	12,388,682	**14,106,277**

As at 30 June 2025, Murabaha and Wakala arrangements with financial institutions includes Islamic certificates of deposit with CBUAE amounting to AED 5.6 billion *(As at 31 December 2024: AED 7.3 billion)* .

As at 30 June 2025, Murabaha and wakalah with financial institutions carry profit rates ranging from 2.25% to 7.75% per annum *(As at 31 December 2024: 2.85% to 7.75% per annum* .

8. Investment securities measured at fair value

The Group has designated certain investments in equity instruments, funds and sukuks as FVTOCI as these are investments that the Group plans to hold in the long term for strategic reasons.

By category	**Fair value**		**Dividend income**	
	As at 30 June 2025 Un-audited	**As at 31 December 2024 Audited**	**For the six month period ended 30 June 2025 Un-audited**	**2024 Un-audited**
Financial assets at fair value through profit or loss				
- Equity and funds	**546,201**	583,548	**16,070**	13,228
- Sukuks	**375,076**	364,598	**-**	-
	921,277	**948,146**	**16,070**	**13,228**
Financial assets at fair value through other comprehensive income				
- Equity and funds	**641,271**	638,897	**10,042**	11,484
- Sukuks	**2,803,102**	3,010,698	**-**	-
	3,444,373	**3,649,595**	**10,042**	**11,484**
Total investment securities measured at fair value	**4,365,650**	**4,597,741**	**26,112**	**24,712**

By quoted / unquoted	**As at 30 June 2025 Un-audited**	**As at 31 December 2024 Audited**
Financial assets at fair value through profit or loss		
- Quoted	**549,292**	576,161
- Unquoted	**371,985**	371,985
	921,277	**948,146**
Financial assets at fair value through other comprehensive income		
- Quoted	**3,015,367**	3,221,500
- Unquoted	**429,006**	428,095
	3,444,373	**3,649,595**
Total investment securities measured at fair value	**4,365,650**	**4,597,741**

During the six month period ended 30 June 2025 and the year ended 31 December 2024, no investment securities measured at fair value through other comprehensive income were downgraded to stage 3 under the ECL model.

During the six month period ended 30 June 2025, the Group has purchased equity securities amounting to AED 1.5 million *(year ended 31 December 2024: AED 522.1 million)* .

8. Investment securities measured at fair value (continued)

As at 30 June 2025 and 31 December 2024, investment securities measured at fair value predominantly comprise securities issued in the UAE and the Gulf Cooperation Council ("GCC").

9. Investment securities measured at amortised cost

	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
By category		
- Sukuks	**13,437,546**	13,207,841
Less: loss allowance on financial assets measured at amortised cost	**(50,006)**	(35,157)
	13,387,540	**13,172,684**
By quoted / unquoted		
- Quoted	**10,210,221**	9,796,946
- Unquoted	**3,227,325**	3,410,895
Less: loss allowance on financial assets measured at amortised cost	**(50,006)**	(35,157)
	13,387,540	**13,172,684**

During the six month period ended 30 June 2025 and the year ended 31 December 2024, no investment securities measured at amortised cost were downgraded to stage 3 under the ECL model.

As at 30 June 2025, sukuks held at amortised cost includes AED 8,616.6 million *(As at 31 December 2024: AED 6,642.6 million)* that have been pledged against a collateralized commodity murabaha arrangement.

During the six month period ended 30 June 2025, the Group has sold investment securities measured at amortised cost amounting to AED 215.6 million *(year ended 31 December 2024, the Group has sold investment securities measured at amortised cost amounting to AED 523.8 million)* .

As at 30 June 2025 and 31 December 2024, investment securities measured at amortised cost predominantly comprise securities issued in the UAE and the Gulf Cooperation Council ("GCC").

The fair value of investment securities measured at amortised cost has been disclosed in note 25 of these condensed consolidated interim financial statements.

10. Investments in Islamic financing

10.1 Investments in Islamic financing are secured by acceptable forms of collateral to mitigate the related credit risk. Investments in Islamic financing comprise the following:

	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
a) By product		
Vehicle murabaha	**961,915**	749,135
Goods murabaha	**15,155,892**	13,644,566
Other murabaha receivable	**1,685,455**	1,699,645
Syndicate murabaha	**3,538,680**	1,853,554
Gross murabaha financing	**21,341,942**	**17,946,900**
Deferred profit	**(1,483,408)**	(1,390,184)
Net murabaha financing	**19,858,534**	**16,556,716**
Ijarah	**19,606,561**	18,903,322
Qard Hasan	**3,926,474**	2,974,145
Credit card receivables	**110,373**	115,518
Istisna'a	**1,145,978**	1,278,423
Total investments in Islamic financing	**44,647,920**	**39,828,124**
Less: loss allowance for investments in Islamic financing	**(1,661,300)**	(1,745,305)
Net investments in Islamic financing	**42,986,620**	**38,082,819**
b) By sector		
Government departments and authorities	**17,156,823**	14,436,411
Construction and contracting	**1,813,014**	1,608,950
Manufacturing	**791,497**	750,576
Transportation	**402,384**	403,255
Real estate	**11,108,220**	10,415,435
Retail businesses	**407,959**	452,169
Trade	**2,398,198**	2,415,182
Financial institutions	**1,315,438**	736,854
Services and others	**2,307,404**	1,537,354
Individuals	**4,217,261**	4,189,330
Consumer home finance	**1,448,630**	1,487,748
High net worth individuals	**2,764,500**	2,785,044
Deferred profit	**(1,483,408)**	(1,390,184)
Less: loss allowance for investments in Islamic financing	**(1,661,300)**	(1,745,305)
Net investments in Islamic financing	**42,986,620**	**38,082,819**

10. Investments in Islamic financing (continued)

10.2 Reconciliations from the opening to the closing balance of the gross carrying value ("GCV") and loss allowance ("ECL") for retail and corporate banking segments can be seen below:

	30 June 2025							
	Stage 1		Stage 2		Stage 3		Total	
	GCV	ECL	GCV	ECL	GCV	ECL	GCV	ECL
Balance at 1 January 2025 (Audited)	**35,791,621**	**202,107**	**2,103,098**	**269,208**	**1,933,405**	**1,273,990**	**39,828,124**	**1,745,305**
Retail banking								
Transfer to stage 1	**4,095**	**114**	**(4,094)**	**(130)**	**(1)**	**16**	**-**	**-**
Transfer to stage 2	**(51,999)**	**(634)**	**51,999**	**634**	**-**	**-**	**-**	**-**
Transfer to stage 3	**(28,290)**	**(1,130)**	**(14,417)**	**(1,937)**	**42,707**	**3,067**	**-**	**-**
Net movement in GCV	**145,137**	**-**	**(3,660)**	**-**	**(17,881)**	**-**	**123,596**	**-**
Net re-measurement of loss allowance	**-**	**12,246**	**-**	**5,962**	**-**	**20,624**	**-**	**38,832**
Recoveries	**-**	**-**	**-**	**-**	**(18,401)**	**(11,494)**	**(18,401)**	**(11,494)**
Write-offs	**-**	**-**	**-**	**-**	**(14,928)**	**(14,928)**	**(14,928)**	**(14,928)**
Corporate banking								
Transfer to stage 1	**167,996**	**7,683**	**(167,996)**	**(7,683)**	**-**	**-**	**-**	**-**
Transfer to stage 2	**(121,617)**	**(1,243)**	**131,337**	**3,224**	**(9,720)**	**(1,981)**	**-**	**-**
Transfer to stage 3	**(18,138)**	**(120)**	**(23,756)**	**(6,147)**	**41,894**	**6,267**	**-**	**-**
Net movement in GCV	**4,836,010**	**-**	**(50,350)**	**-**	**422**	**-**	**4,786,082**	**-**
Net re-measurement of loss allowance	**-**	**33,882**	**-**	**(43,434)**	**-**	**(31,955)**	**-**	**(41,507)**
Recoveries	**-**	**-**	**-**	**-**	**(14,104)**	**(12,459)**	**(14,104)**	**(12,459)**
Write-offs	**-**	**-**	**-**	**-**	**(42,449)**	**(42,449)**	**(42,449)**	**(42,449)**
Balance at 30 June 2025 (Un-audited)	**40,724,815**	**252,905**	**2,022,161**	**219,697**	**1,900,944**	**1,188,698**	**44,647,920**	**1,661,300**

10. Investments in Islamic financing (continued)

10.2 Reconciliations from the opening to the closing balance of the gross carrying value ("GCV") and loss allowance ("ECL") for retail and corporate banking segments can be seen below:

	31 December 2024							
	Stage 1		Stage 2		Stage 3		Total	
	GCV	ECL	GCV	ECL	GCV	ECL	GCV	ECL
Balance at 1 January 2024 (Audited)	**30,937,200**	**146,847**	**2,085,311**	**258,745**	**1,920,235**	**1,233,206**	**34,942,746**	**1,638,798**
Retail banking								
Transfer to stage 1	3,412	134	(3,394)	(140)	(18)	6	-	-
Transfer to stage 2	(21,784)	(242)	21,784	242	-	-	-	-
Transfer to stage 3	(51,875)	(489)	(18,194)	(811)	70,069	1,300	-	-
Net movement in GCV	180,283	-	(3,294)	-	(9,948)	-	**167,041**	-
Net re-measurement of loss allowance	-	943	-	2,402	-	40,867	-	**44,212**
Recoveries	-	-	-	-	(19,661)	(10,594)	**(19,661)**	**(10,594)**
Write-offs	-	-	-	-	(23,152)	(23,152)	**(23,152)**	**(23,152)**
Corporate banking								
Transfer to stage 1	52,217	792	(52,217)	(792)	-	-	-	-
Transfer to stage 2	(737,772)	(5,152)	752,540	6,313	(14,768)	(1,161)	-	-
Transfer to stage 3	(49,435)	(679)	(212,120)	(35,516)	261,555	36,195	-	-
Net movement in GCV	5,479,375	-	(467,318)	-	(12,058)	-	**4,999,999**	-
Net re-measurement of loss allowance	-	59,953	-	38,765	-	202,833	-	**301,551**
Recoveries	-	-	-	-	(138,466)	(105,127)	**(138,466)**	**(105,127)**
Write-offs	-	-	-	-	(100,383)	(100,383)	**(100,383)**	**(100,383)**
Balance at 31 December 2024 (Audited)	**35,791,621**	**202,107**	**2,103,098**	**269,208**	**1,933,405**	**1,273,990**	**39,828,124**	**1,745,305**

10. Investments in Islamic financing (continued)

10.3 Portfolio wise analysis of ECL movement during the period

	30 June 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as of 1 January 2025 (Audited)	**202,107**	**269,208**	**1,273,990**	**1,745,305**
Retail banking				
Credit cards	**(647)**	**(68)**	**394**	**(321)**
Housing finance	**(6,395)**	**444**	**(5,636)**	**(11,587)**
Personal finance	**13,014**	**4,210**	**3,811**	**21,035**
Auto finance	**4,624**	**(57)**	**(1,284)**	**3,283**
Corporate banking				
Government and related exposures	**20,896**	**(1,541)**	**-**	**19,355**
Other corporates	**(921)**	**(44,282)**	**(65,884)**	**(111,087)**
High net worth individuals	**12,302**	**3,059**	**9,074**	**24,435**
Small and medium enterprises ("SMEs")	**7,925**	**(11,276)**	**(25,767)**	**(29,118)**
ECL allowance as of 30 June 2025 (Un-audited)	**252,905**	**219,697**	**1,188,698**	**1,661,300**

	31 December 2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as of 1 January 2024 (Audited)	**146,847**	**258,745**	**1,233,206**	**1,638,798**
Retail banking				
Credit cards	(55)	78	953	**976**
Housing finance	(362)	(145)	1,392	**885**
Personal finance	(161)	1,699	4,001	**5,539**
Auto finance	924	61	2,081	**3,066**
Corporate banking				
Government and related exposures	(2,500)	1,541	-	**(959)**
Other corporates	16,307	(35,046)	32,997	**14,258**
High net worth individuals	16,885	3,556	(24,807)	**(4,366)**
Small and medium enterprises ("SMEs")	24,222	38,719	24,167	**87,108**
ECL allowance as of 31 December 2024 (Audited)	**202,107**	**269,208**	**1,273,990**	**1,745,305**

11. Other assets

	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
Prepaid expenses and other advances	**73,319**	61,263
Profit receivable	**522,774**	537,065
Sundry debtors	**254,620**	236,550
Assets purchased against Investment in Islamic financing	**80,846**	406,748
Positive fair value of Islamic derivatives *(note 20)*	**21,729**	-
Others	**92,939**	78,933
Less: loss allowance under IFRS 9 on other financial assets	**(28,455)**	(29,037)
	1,017,772	**1,291,522**

During the six month period ended 30 June 2025 and the year ended 31 December 2024, no significant financial assets included within 'Other assets' were downgraded to stage 3 under the ECL model.

12. Property and equipment and intangible assets

12.1 Property and equipment

Freehold land and buildings	**781,343**	788,324
Equipment, furniture and fittings	**19,294**	25,817
Computer equipment	**37,690**	33,117
Motor vehicles	**1,749**	1,975
Right of use assets	**46,338**	33,011
Capital work in progress	**18,466**	13,825
	904,880	**896,069**

12.2 Intangible assets

Software	**53,745**	46,287
Capital work in progress	**10,039**	16,714
	63,784	**63,001**

The above balances are presented net off accumulated depreciation or amortisation and accumulated impairment, if any.

13. Customer deposits

Current accounts	**13,785,028**	13,533,473
Saving accounts	**3,816,539**	3,405,940
Watani / call accounts	**1,197,484**	1,531,968
Escrow accounts	**2,161,317**	2,946,263
Time deposits	**3,441,547**	4,092,439
Wakala deposits	**27,805,391**	25,832,649
Margins	**513,883**	415,712
	52,721,189	**51,758,444**

14. Sukuk payable

Name of instrument	Maturity date	Profit rate	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
SIB Sukuk 2025	23 June 2025	2.85%	**-**	1,835,949
SIB Sukuk 2029	3 July 2029	5.25%	**1,825,487**	1,824,000
SIB Sukuk 2030	26 February 2030	5.20%	**1,828,617**	-
Total			**3,654,104**	**3,659,949**

On 26 February 2025, the Bank issued a sukuk amounting to USD 500 million (AED 1,836.5 million). The Sukuk bears a profit rate of 5.2% per annum and has a maturity date of 26 February 2030. The Sukuk is listed on the Irish Stock Exchange.

15. Other liabilities

Profit payable	**695,983**	874,969
Accrual and provision	**177,223**	124,127
Accounts payable	**320,422**	182,583
Provision for staff end of service benefits	**129,230**	119,056
Managers' cheques	**153,404**	261,454
Sundry creditors*	**574,787**	510,871
Corporate tax payable	**170,776**	101,211
Deferred tax liability *(note 30)*	**10,419**	872
Payables against assets purchased	**45,398**	45,121
Profit reserve *(note 15.1)*	**24,174**	24,665
Negative fair value of Islamic derivatives *(note 20)*	**902**	42,009
Lease obligation *(note 15.2)*	**30,818**	25,361
	2,333,536	**2,312,299**

15.1 Profit equalisation reserve

Balance at the beginning of the period / year	**24,665**	14,793
Additions during the period / year	**1,776**	11,938
Utilisation during the period / year	**(2,267)**	(1,413)
Zakat allocation during the year	**-**	(653)
Balance at the end of the period / year	**24,174**	**24,665**

Profit reserves are amounts appropriated out of the Bank's common pool's income for Mudaraba depsoitors, before allocating the Mudarib's share of profit, in order to maintain a certain level of return on investments for all the Investment Account Holders ("IAHs") and other investors in the common pool.

15.2 Lease obligation

Balance at the beginning of the period / year	**25,361**	18,662
Additions during the period / year	**5,937**	17,180
Payment made during the period / year	**(1,279)**	(11,398)
Amortisation during the period / year	**799**	917
Balance at the end of the period / year	**30,818**	**25,361**

15. Other liabilities (continued)

* As at 30 June 2025, sundry creditors include an amount of AED 194.0 million (As at 31 December 2024: AED 116 million) which relates to client money balances. In accordance with the regulations issued by the Securities and Commodities Authority ("SCA"), The Group maintains separately moneys received from its customers ("client money") and presents the client money as part of the condensed consolidated interim financial statements under 'Cash and balances with banks and financial institutions' with the corresponding liability in 'Other liabilities'. The Group does not use the client money for any business activities other than to settle transactions executed in the trading accounts of the customers.

16. Share capital

	As at 30 June 2025 (Un-audited)		As at 31 December 2024 (Audited)	
	No. of shares	**Value**	**No. of shares**	**Value**
Issued and fully paid up share capital	**3,235,677,638**	**3,235,678**	**3,235,677,638**	**3,235,678**

17. Tier 1 sukuk

On 4 June 2025, the Bank issued Shari'a compliant Additional Tier 1 sukuk through a SPV, SIB Tier 1 Sukuk IIND Ltd, ("the issuer") amounting to USD 500 million (AED 1,836.5 million) at par.

Additional Tier 1 sukuk is a perpetual security in respect of which there is 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. These sukuk are expected to pay profit semi-annually of 6.125 per cent each year, commencing from 4 June 2025 with periodic distribution due on 4 December and 4 June every year. The expected profit rate will be reset to a new expected rate on the basis of the then prevailing reoffer spread of 195.6 bps on 4 June 2031 ("the first reset date") and every 6 years thereafter. These sukuk are listed on Euronext Dublin and Nasdaq Dubai and are callable by the Bank on 4 December 2030 ("the first call date") or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of Additional Tier 1 Sukuk are invested by the Bank in its general business activities on a co-mingling basis. 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 an 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, 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.

Subsequent to the period ended 30 June 2024, the Bank exercised its call option and redeemed one of the Tier 1 Sukuk certificates which has been disclosed as subsequent event in note 34.

18. Treasury shares

a) Repurchase of shares

During the year ended 31 December 2024, the Bank has repurchased 167.7 million of its own shares, representing 5.18% of its total issued and paid up share capital of the Bank, from Kuwait Finance House, subsequent to approval from the Central Bank of the UAE on 16 September 2024 and the Bank's shareholders' on 16 October 2024 respectively, in accordance with Article 221 of the UAE Federal Law No. 32 of 2021. As at 30 June 2025 and 31 December 2024, the shares are classified under shareholders' equity as treasury shares at the purchase value of AED 2.2 per share. The Bank intends to dispose off these shares in accordance with the applicable laws and regulations.

18. Treasury shares (continued)

b) Appointment of liquidity provider

On 27 November 2024, the Bank engaged a third party licensed liquidity provider for its shares listed on the Abu Dhabi Securities Exchange ("ADX") for a period of 12 months. Under this agreement, the liquidity provider will provide enhanced liquidity for the shares of the Bank listed on ADX by offering bid-ask quotes in line with the guidelines set by ADX and the UAE Securities and Commodities Authority ("SCA"). This agreement is intended to boost liquidity and build stronger confidence among investors in the Bank's publicly traded shares. On 9 December 2024, the Bank has transferred AED 45 million to the liquidity provider in accordance with the terms of the agreement with the liquidity provider. Trading under this agreement commenced on 10 December 2024. As at 30 June 2025, the liquidity provider held 5.3 million of the Bank's shares on behalf of the Bank *(As at 31 December 2024: 9.8 million shares)* , which are classified under shareholders' equity as treasury shares at the price at which the shares were bought by the liquidity provider. As at 30 June 2025, the liquidity provider also holds unutilised amount of AED 30.7 million *(As at 31 December 2024: 20.8 million)* which has been included in 'Cash and balances with financial institutions'. At the end of the term of the agreement with the liquidity provider, the Bank will have the option to either transfer the outstanding shares under its name or dispose of its shares in the market.

19. Other reserves and treasury shares

	Legal reserve	Statutory reserve	Impairment reserve - General	Cash flow hedge reserve	Treasury shares *(note 18)*	Total
Balance at 1 January 2025 (Audited)	**1,626,880**	**89,008**	**183,587**	**(38,228)**	**(393,241)**	**1,468,006**
Transfer to reserves	-	-	**46,213**	-	-	**46,213**
Cash flow hedge - effective portion of changes in fair value of Islamic derivative - net of tax	-	-	-	**57,180**	-	**57,180**
Shares held by liquidity provider	-	-	-	-	**10,185**	**10,185**
Balance at 30 June 2025 (Un-audited)	**1,626,880**	**89,008**	**229,800**	**18,952**	**(383,056)**	**1,581,584**
Balance at 1 January 2024 (Audited)	**1,617,838**	**89,008**	**164,617**	-	-	**1,871,463**
Transfer to reserves	9,042	-	18,970	-	-	**28,012**
Cash flow hedge - effective portion of changes in fair value of Islamic derivative - net of tax	-	-	-	(38,228)	-	**(38,228)**
Repurchase of shares	-	-	-	-	(368,991)	**(368,991)**
Shares held by liquidity provider	-	-	-	-	(24,250)	**(24,250)**
Balance at 31 December 2024 (Audited)	**1,626,880**	**89,008**	**183,587**	**(38,228)**	**(393,241)**	**1,468,006**

20. Islamic derivative financial insturments

The Group uses profit rate swaps to hedge against the cash flow risks arising on certain variable rate financial assets and fixed rated financial liabilities. These are designated by the Group as cash flow hedges, and, as such, the Group applies cash flow hedge accounting to hedge the variability in highly probable forecast future cash flows attributable to profit rate risk on financial assets and liabilities. The table below shows the positive and negative fair values of Islamic derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity.

20. Islamic derivative financial insturments (continued)

The notional amount is the amount of an Islamic derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of Islamic derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

Islamic derivative financial insturments - held as cash flow hedge	Statement of financial position - line item	Positive fair value	Negative fair value	Notional amount
As at 30 June 2025 (Un-audited)				
Profit rate swaps	Other assets / Other liabilities	**21,729**	**902**	**2,461,025**
As at 31 December 2024 (Audited)				
Profit rate swaps	Other liabilities	-	42,009	2,093,725

21. Net fee and commision income

	For the three month period ended 30 June		For the six month period ended 30 June	
	2025 Un-audited	2024 Un-audited	2025 Un-audited	2024 Un-audited
Fee and commission income				
Commission income	**149,369**	82,934	**235,279**	136,867
Fees and charges on banking services	**24,069**	8,770	**47,689**	36,474
Card related fees	**20,561**	29,880	**42,976**	48,748
Takaful commision	**2,740**	3,416	**6,819**	7,965
	196,739	**125,000**	**332,763**	**230,054**
Fee and commission expense				
Commission expense	**6,342**	3,971	**12,473**	8,596
Card related expense	**19,093**	18,377	**38,430**	34,936
Takaful expense	**2,889**	3,270	**5,837**	6,708
	28,324	**25,618**	**56,740**	**50,240**

22. Other income

Income from hospitality	**5,252**	4,513	**13,605**	12,864
Rental income	**19,789**	17,596	**39,789**	35,660
Income from disposal of properties	**818**	3,920	**1,831**	3,920
Gain on disposal of property and equipment	**-**	363	**13**	366
Other income	**699**	80	**798**	156
	26,558	**26,472**	**56,036**	**52,966**

23. Segment reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which has been identified as the Board of Directors of the Bank and members of its executive committees who assess the financial performance and position of the Group and makes strategic decisions. The Group's activities comprise the following main business segments:

a) Government and corporate
Within this business segment the Bank provides companies, institutions and government and government departments with a range of Islamic financial products and services. This includes exposure to high net worth individuals.

b) Retail
The retail segment provides a wide range of Islamic financial services to individuals.

c) Investment and treasury
This segment mainly includes wakalah deals with other financial institutions, investments securities, investment properties and other money market activities.

d) Hospitality, brokerage and real estate
The Bank on its own and through its subsidiary ASAS provides real estate services, whereas SNH and SIFS provide hospitality and brokerage services respectively.

23. Segment reporting (continued)

	Government and Corporate	Retail	Investment and treasury	Hospitality, brokerage and real estate	Total
Condensed consolidated interim statement of profit or loss:					
For the six month period ended 30 June 2025 (Un-audited)					
Income from investments in Islamic financing and sukuks	**849,451**	**185,608**	**829,196**	**18,208**	**1,882,463**
Distribution to depositors and sukuk holders	**(651,524)**	**(79,571)**	**(401,284)**	**-**	**(1,132,379)**
Net income from financing and investment products	**197,927**	**106,037**	**427,912**	**18,208**	**750,084**
Fee and commssion income	**119,991**	**33,725**	**48,487**	**130,560**	**332,763**
Fee and commission expense	**(22,852)**	**(11,432)**	**(22,456)**	**-**	**(56,740)**
Net fee and commission income	**97,139**	**22,293**	**26,031**	**130,560**	**276,023**
Investment income	**-**	**-**	**22,693**	**48**	**22,741**
Foreign exchange income	**36,422**	**2,704**	**16,057**	**2,457**	**57,640**
Other income	**-**	**-**	**812**	**55,224**	**56,036**
Total operating income	**331,488**	**131,034**	**493,505**	**206,497**	**1,162,524**
General and administrative expenses	**-**	**-**	**-**	**(34,686)**	**(34,686)**
General and administrative expenses - unallocated	**-**	**-**	**-**	**-**	**(370,684)**
Net operating income before impairment	**331,488**	**131,034**	**493,505**	**171,811**	**757,154**
Impairment on financial assets - net of recoveries	**67,826**	**(29,516)**	**(28,258)**	**(750)**	**9,302**
Profit before tax	**399,314**	**101,518**	**465,247**	**171,061**	**766,456**
Taxation	**-**	**-**	**-**	**-**	**(69,258)**
Profit for the period	**399,314**	**101,518**	**465,247**	**171,061**	**697,198**
Condensed consolidated interim statement of financial position:					
As at 30 June 2025 (Un-audited)					
Assets					
Segment assets	**37,002,388**	**4,922,759**	**36,990,738**	**4,649,836**	**83,565,721**
Unallocated assets	**-**	**-**	**-**	**-**	**1,142,145**
Total assets	**37,002,388**	**4,922,759**	**36,990,738**	**4,649,836**	**84,707,866**
Liabilities					
Segment liabilities	**43,841,697**	**9,568,626**	**19,431,605**	**514,964**	**73,356,892**
Unallocated liabilities	**-**	**-**	**-**	**-**	**911,784**
Total liabilities	**43,841,697**	**9,568,626**	**19,431,605**	**514,964**	**74,268,676**

23. Segment reporting (continued)

	Government and Corporate	Retail	Investment and treasury	Hospitality, brokerage and real estate	Total
Condensed consolidated statement of profit or loss:					
For the six month period ended 30 June 2024 (Un-audited):					
Income from investments in Islamic financing and sukuks	854,510	205,751	700,322	8,290	**1,768,873**
Distribution to depositors and sukuk holders	(651,138)	(93,664)	(289,100)	-	**(1,033,902)**
Net income from financing and investment products	**203,372**	**112,087**	**411,222**	**8,290**	**734,971**
Fee and commssion income	83,708	39,937	37,024	69,385	**230,054**
Fee and commission expense	(21,565)	(12,087)	(16,588)	-	**(50,240)**
Net fee and commission income	**62,143**	**27,850**	**20,436**	**69,385**	**179,814**
Investment income	-	-	30,119	-	**30,119**
Foreign exchange income / (loss)	22,504	3,517	6,581	(1,423)	**31,179**
Other income	-	-	522	52,444	**52,966**
Total operating income	**288,019**	**143,454**	**468,880**	**128,696**	**1,029,049**
General and administrative expenses	-	-	-	(29,623)	**(29,623)**
General and administrative expenses - unallocated	-	-	-	-	**(317,287)**
Net operating income before impairment	**288,019**	**143,454**	**468,880**	**99,073**	**682,139**
Impairment on financial assets - net of recoveries	(48,589)	(16,313)	(1,817)	(566)	**(67,285)**
Profit before tax	**239,430**	**127,141**	**467,063**	**98,507**	**614,854**
Taxation	-	-	-	-	**(56,194)**
Profit for the period	**239,430**	**127,141**	**467,063**	**98,507**	**558,660**
Consolidated statement of financial position:					
As at 31 December 2024 (Audited)					
Assets					
Segment assets	32,442,764	5,499,617	35,449,229	4,402,268	**77,793,878**
Unallocated assets	-	-	-	-	**1,416,438**
Total assets	**32,442,764**	**5,499,617**	**35,449,229**	**4,402,268**	**79,210,316**
Liabilities					
Segment liabilities	43,475,637	9,285,379	16,983,504	480,550	**70,225,070**
Unallocated liabilities	-	-	-	-	**681,947**
Total liabilities	**43,475,637**	**9,285,379**	**16,983,504**	**480,550**	**70,907,017**

24. Related parties

In the normal course of business, the Group enters into various transactions with enterprises and key management personnel which falls within the definition of related parties as defined in IAS 24. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. Other related parties includes balances due to / from entities under common control of either major shareholders or key management personnel. The related party transactions are executed at the terms agreed between the parties, which in the opinion of management, are not significantly different from those that could have been obtained from third parties. At the reporting date, such significant balances include:

	Key management personnel	Major shareholders	Other related parties	Total
Condensed consolidated interim statement of financial position as at 30 June 2025 (Un-audited)				
Investment securities measured at fair value	-	**621,227**	-	**621,227**
Investment securities measured at amortised cost	-	**779,732**	-	**779,732**
Investments in Islamic financing	**368,034**	**3,502,626**	**6,192,282**	**10,062,942**
Customer deposits	**(145,560)**	**(1,834,496)**	**(5,331,170)**	**(7,311,226)**
Contingent liabilities	**59**	**500,100**	**412,028**	**912,187**
Consolidated statement of financial position as at 31 December 2024 (Audited)				
Investment securities measured at fair value	-	606,467	-	**606,467**
Investment securities measured at amortised cost	-	780,329	-	**780,329**
Investments in Islamic financing	554,747	3,376,462	5,917,470	**9,848,679**
Customer deposits	(325,925)	(3,198,685)	(4,487,342)	**(8,011,952)**
Contingent liabilities	-	100	256,367	**256,467**
Condensed consolidated interim statement of profit or loss for the six month period ended 30 June 2025 (Un-audited)				
Income from Islamic financing and investment securities	**8,938**	**112,445**	**194,061**	**315,444**
Depositors' share of profit	**(2,186)**	**(54,466)**	**(48,795)**	**(105,447)**
Fee and commission income	-	-	**911**	**911**
Condensed consolidated interim statement of profit or loss for the six month period ended 30 June 2024 (Un-audited)				
Income from Islamic financing and investment securities	8,518	138,482	202,140	**349,140**
Depositors' share of profit	(1,619)	(81,046)	(50,003)	**(132,668)**
Fee and commission income	-	-	819	**819**

Key management compensation includes salaries and other short term benefits of AED 15.7 million for the six month period ended 30 June 2025 *(six month period ended 30 June 2024: AED 13.7 million)* and post-employment benefits of AED 1.0 million for the six month period ended 30 June 2025 *(six month period ended 30 June 2024: AED 1.3 million)* .

As at 30 June 2025 or 31 December 2024, the Group does not have any related party balances classified as stage 3.

As at 30 June 2025 and 31 December 2024, the Group has applied the exemption in IAS 24 'Related Party Disclosures' that allows presentation of reduced related party disclosures regarding transactions with government related parties. These transactions (mainly comprised of utility expenses, courier expenses etc) are conducted in the ordinary course of business, on terms comparable to those with other entities that are not government related and are not individually or collectively significant. The Group has established procurement policies, a pricing strategy and approval mechanism for purchases / income which are independent of whether the counterparties are government related or not.

24. Related parties (continued)

The ultimate controlling party of the Bank is the Government of Sharjah. Major shareholders of the Bank comprise of fully owned entities of the Government of Sharjah namely Sharjah Asset Management LLC and Sharjah Social Security Fund who hold 28.46% and 15.12% of the Bank's issued and fully paid up share capital respectively as at 30 June 2025 and 31 December 2024.

25. Fair value measurement

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads in estimating discount rates, sukuk and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation function, which is independent of front office management and reports to the Investment Committee, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving valuation function;
- calibration and back-testing of models against observed market transactions at regular intervals;
- analysis and investigation of significant valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by Investment Committee.

Significant valuation issues are reported to the Investment Committee.

25. Fair value measurement (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
At 30 June 2025 (Un-audited)				
Financial assets				
Investment securities - FVTPL	**549,292**	**-**	**371,985**	**921,277**
Investment securities - FVTOCI	**3,015,367**	**-**	**429,006**	**3,444,373**
	3,564,659	**-**	**800,991**	**4,365,650**
Non-financial assets				
Investment properties at fair value	**-**	**-**	**2,993,286**	**2,993,286**

	Level 1	Level 2	Level 3	Total
At 31 December 2024 (Audited)				
Financial assets				
Investment securities - FVTPL	576,161	-	371,985	948,146
Investment securities - FVTOCI	3,221,500	-	428,095	3,649,595
	3,797,661	**-**	**800,080**	**4,597,741**
Non-financial assets				
Investment properties at fair value	-	-	2,964,711	2,964,711

Management considers that the carrying amounts of financial assets and financial liabilities, measured at amortised cost, recognised in the condensed consolidated interim financial statements approximate their fair values, other than investments measured at amortised cost for which the fair value is calculated using Level 1 inputs. As at 30 June 2025, fair value for investments measured at amortised cost amounts to AED 13,424.9 million *(As at 31 December 2024: AED 13,091.3 million)* against carrying value of AED 13,387.5 million *(As at 31 December 2024: AED 13,172.7 million)* .

There were no transfers of any financial instruments between any of the levels in the fair value hierarchy during the six month period ended 30 June 2025 or during the year ended 31 December 2024.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for investment securities and investment properties:

	For the six month period ended 30 June 2025 (Un-audited)		For the year ended 31 December 2024 (Audited)	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Financial assets				
Balance as at the beginning of the period / year	**371,985**	**428,095**	329,551	292,248
Fair value movement during the period / year	**-**	**2,013**	22,702	30,112
Additions during the period / year	**-**	**1,469**	20,752	110,190
Disposals during the period / year	**-**	**(2,571)**	(1,020)	(4,455)
Balance at the end of the period / year	**371,985**	**429,006**	**371,985**	**428,095**

25. Fair value measurement (continued)

	Six month period ended 30 June 2025 Un-audited	Year ended 31 December 2024 Audited
Non-financial assets - Investment properties		
Balance at the beginning of the period / year	**2,964,711**	2,822,991
Additions during the period / year	**16,672**	416,665
Transfer to properties held for sale during the year	**-**	(193,830)
Disposals during the period / year	**-**	(38,604)
Loss on revaluation during the year	**-**	(40,335)
Exchange differences	**11,903**	(2,176)
Balance at the end of the period / year	**2,993,286**	**2,964,711**

During the six month period ended 30 June 2025, the Group did not transfer any properties between properties held for sale and investment properties *(year ended 31 December 2024, the Group transferred properties of AED 193.8 million from investment properties to properties held for sale)*. This has no impact on condensed consolidated interim statement of cash flows for the six month period ended 30 June 2025 or 30 June 2024.

Unobservable inputs used in measuring fair value

The investment department constantly monitors the progress of its investments by conducting its own valuation assessment along with information provided by the fund manager. Depending on the nature of the underlying asset, quantitative methods are used such as residual value, discounted cash flow / scenario analysis or comparable market valuation. Qualitative methods which involve taking into consideration the market & economic outlook are also employed. The carrying amount of the investment properties is the fair value of the properties as determined by an independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued and is reviewed by the Board of Directors on an annual basis. The valuation techniques used for fair valuation of the investment properties were disclosed in the consolidated financial statements for the year ended 31 December 2024.

The effect of unobservable input on fair value measurement

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions by 10% would have the following effects:

	Effect on profit or loss		Effect on OCI	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
For the six month period ended 30 June 2025 (Un-audited)	**336,527**	**(336,527)**	**42,901**	**(42,901)**
For the year ended 31 December 2024 (Audited)	333,670	(333,670)	42,810	(42,810)

26. Interim measurement

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

27. Dividends

During the annual general meeting of the shareholders held on 23 February 2025, a cash dividend of 15% of the paid up capital, amounting to AED 458.7 million (AED 0.1 per share) was approved for the year ended 31 December 2024 *(During the annual general meeting of the shareholders held on 18 February 2024, a cash dividend of 10% of the paid up capital, amounting to AED 323.6 million (AED 0.1 per share) was approved for the year ended 31 December 2023)*.

28. Contingencies and commitments

	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
Letters of credit	**485,056**	589,642
Letters of guarantee	**5,421,028**	3,892,739
Commitments	**1,781,631**	1,632,387

Total net asset value of the funds under management as at 30 June 2025 amounts to AED 3,184.6 million *(As at 31 December 2024: AED 2,710.2 million)*.

As at 30 June 2025, the letter of guarantees issued also include financial guarantee of AED 5 million *(As at 31 December 2024: AED 5 million)* respectively to the Department of Economic Development against a real estate leasing and management license for ASAS Real Estate.

As at 30 June 2025, financial guarantees of AED 200 million which comprises of AED 100 million issued to Abu Dhabi Securities Exchange and AED 100 million issued to Dubai Financial Market against conducting brokerage operations for Sharjah Islamic Financial Services LLC *(As at 31 December 2024, financial guarantees of AED 200 million which comprises of AED 100 million issued to Abu Dhabi Securities Exchange and AED 100 million issued to Dubai Financial Market against conducting brokerage operations for Sharjah Islamic Financial Services LLC).*

The Group receives legal claims arising in the normal course of business. As of the reporting date, the Group has assessed these claims and considers them not to be material, individually or in aggregate. Where appropriate, the Group has recognised a provision for liabilities when it was probable that an outflow of economic resources embodying economic benefits would be required and for which a reliable estimate could be made of the obligation. The Group seeks to comply with all applicable laws and regulations, but may be subject to regulatory actions and investigations from time to time, the outcome of which are generally difficult to predict and can be material.

29. Taxation

	For the three month period ended 30 June		For the six month period ended 30 June	
	2025 Un-audited	**2024 Un-audited**	**2025 Un-audited**	**2024 Un-audited**
Condensed consolidated interim statement of profit or loss				
Current tax charge	**37,565**	30,444	**69,258**	56,194
Deferred tax charge / (income):				
- Relating to temporary differences	**-**	-	**-**	-
Tax expense for the period reported in the condensed consolidated interim statement of profit or loss	**37,565**	**30,444**	**69,258**	**56,194**
Condensed consolidated interim statement of other comprehensive income				
Current tax charge / (income):				
- Unrealized gain / (loss) on revaluation of FVTOCI equity investments	**463**	(687)	**313**	(1,036)
Deferred tax charge / (income):				
- Unrealized gain / (loss) on revaluation of FVTOCI sukuk investments	**2,233**	(2,226)	**3,891**	2,966
- Unrealized gain on effective portion of changes in fair value of cash flow hedge	**1,003**	-	**5,655**	-
Tax charge / (income) reported in the condensed consolidated interim statement of other comprehensive income	**3,699**	**(2,913)**	**9,859**	**1,930**
Reconciliation of tax expense and the accounting profit				
Accounting profit before tax	**415,833**	333,198	**766,456**	614,854
At UAE statutory corporate tax rate of 9% *(2024: 9%)*	**37,425**	30,325	**68,981**	56,012
Effect of standard exemption	**(9)**	17	**(17)**	(17)
Non-deductible expenses for tax purposes	**149**	102	**294**	199
At the effective income tax rate of 9.04% *(2024: 9.02%)*	**37,565**	**30,444**	**69,258**	**56,194**

30. Deferred tax

	As at 30 June 2025 Un-audited	As at 31 December 2024 Audited
Investment securities measured at fair value	**8,545**	4,653
Cash flow hedge - Effective portion of changes in fair value	**1,874**	(3,781)
Deferred tax liability / (asset)	**10,419**	**872**
Recognised in profit or loss	**-**	-
Recognised in other comprehensinve income	**10,419**	872
Deferred tax liability / (asset)	**10,419**	**872**

31. Basic and diluted earnings per share

	For the six month period ended 30 June 2025 (Un-audited)		For the six month period ended 30 June 2024 (Un-audited)	
	Basic	**Diluted**	**Basic**	**Diluted**
Profit for the period	**697,198**	**697,198**	558,660	558,660
less: Profit on Tier 1 sukuk	**(45,912)**	**(45,912)**	(45,912)	(45,912)
Adjusted profit for the period	**651,286**	**651,286**	**512,748**	**512,748**
Weighted average number of ordinary shares (in '000)	**3,058,652**	**3,050,011**	**3,058,652**	**3,050,011**
Basic earnings per share (U.A.E. Dirhams)	**0.21**	**0.21**	**0.17**	**0.17**

	For the three month period ended 30 June 2025 (Un-audited)		For the three month period ended 30 June 2024 (Un-audited)	
	Basic	**Diluted**	**Basic**	**Diluted**
Profit for the period	**378,268**	**378,268**	302,754	302,754
less: Profit on Tier 1 sukuk	**-**	**-**	-	-
Adjusted profit for the period	**378,268**	**378,268**	**302,754**	**302,754**
Weighted average number of ordinary shares (in '000)	**3,060,609**	**3,050,011**	**3,060,609**	**3,050,011**
Basic earnings per share (U.A.E. Dirhams)	**0.12**	**0.12**	**0.10**	**0.10**

32. Comparative figures

Board of Directors' fee

The Board of Directors' fee (the "fee'), which was previously charged to 'retained earnings' in the condensed consolidated interim statement of change in equity, is now being charged to the condensed consoldiated interim statement of profit or loss. The impact of this change has resulted in a decrease in 'Retained earnings' as of 1 January 2024 and 30 June 2024 by AED 10 million and AED 7.5 million respectively.

Furthremore, the fee, previously charged to equity, is now included in the condensed consolidated interim statement of profit or loss. This resulted in an increase in 'General and administrative expenses' for the six month period ended 30 June 2024 by AED 7.5 million leading to a reduction in the profit for the six month period ended 30 June 2024. The prior year's profit or loss has been restated to reflect this change in accounting treatment.

These reclassifications of prior year numbers have no impact on the condensed consoldiated statement of cash flows for the six month period ended 30 June 2024.

Margin receivables

During the period, margin receivables of AED 432.6 million (*31 December 2024: AED 395.8 million*) which was previously classified within other assets, has now been presented in Investment in Islamic financing. This reclassification has no impact on the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity for the six month period ended 30 June 2025 and 30 June 2024.

Other than the above change, certain other prior period comparatives have been reclassifed in these condensed consolidated interim financial statements to conform to the current period's presentation.

33. Directors' remuneration

In accordance with the Article 171 of Commercial Companies Law No. 32 of 2021, the directors' remuneration for the year ended 31 December 2024 was AED 15 million.

34. Subsequent events

On 20 June 2025, the Bank via SIB Tier 1 Sukuk Company Limited (the "Trustee") issued a notice to the holders of the U.S.$500,000,000 Additional Tier 1 Capital Certificates (the "Certificates"), originally issued on 2 July 2019, of its intention to exercise its call option under Condition 10.1(b) (Trustee's Call Option) of the terms and conditions of the Certificates.

Subsequent to the reporting period, on 2 July 2025, the Bank exercised its call option and redeemed the Certificates. The Certificates have been delisted on Euronext Dublin and Nasdaq Dubai as well.

This event does not impact the financial position as at 30 June 2025 but is disclosed as a subsequent event in accordance with IAS 10 Events after the Reporting Period.

35. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of Directors on 15 July 2025. The Directors have the power to amend the condensed consolidated interim financial statements after issue.