

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 June 2023 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Musa Ramahi
Registration No.: 872
26 July 2023
Dubai
United Arab Emirates

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (UNAUDITED)

		Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
ASSETS	Notes		
Cash and deposits with Central Banks	3	82,448,772	74,617,905
Due from banks	4	87,127,454	73,466,575
Investment securities	5	142,948,297	125,806,964
Loans and receivables	6	439,938,071	416,604,392
Positive fair value of derivatives	18	21,662,821	17,205,811
Customer acceptances		8,631,589	9,029,309
Property and equipment		4,325,887	4,105,853
Goodwill and intangibles		5,691,869	5,779,053
Other assets	7	18,356,914	15,345,691
TOTAL ASSETS		811,131,674	741,961,553
LIABILITIES			
Due to banks		38,219,571	37,278,985
Customer deposits		555,857,312	502,953,216
Debt issued and other borrowed funds	8	57,334,311	53,486,827
Sukuk payable	9	4,672,500	3,672,500
Negative fair value of derivatives	18	22,999,842	20,205,915
Customer acceptances		8,631,589	9,029,309
Other liabilities	10	24,862,308	22,030,652
TOTAL LIABILITIES		712,577,433	648,657,404
EQUITY			
Issued capital		6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	12	9,128,652	9,128,652
Share premium reserve		17,954,164	17,954,164
Legal and statutory reserve		3,158,299	3,158,299
Other reserves		2,945,393	2,945,393
Fair value reserve		(2,141,255)	(1,296,468)
Currency translation reserve		(9,455,082)	(7,308,184)
Retained earnings		70,542,530	62,345,938
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		98,403,124	93,198,217
Non-controlling interest		151,117	105,932
TOTAL EQUITY		98,554,241	93,304,149
TOTAL LIABILITIES AND EQUITY		811,131,674	741,961,553

The attached notes 1 to 25 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.



Director



Director



Chief Executive Officer

26 JUL 2023

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

		Unaudited three months period ended 30 June 2023 AED 000	Unaudited three months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
	Notes				
Interest and similar income		11,414,280	6,777,281	21,582,154	12,506,514
Interest and similar expense		(5,501,768)	(2,366,526)	(9,719,147)	(4,444,177)
Net interest income		5,912,512	4,410,755	11,863,007	8,062,337
Income from Islamic financing and investment products		1,759,771	857,628	3,384,075	1,605,528
Distribution on Islamic deposits and profit paid to Sukuk holders		(440,405)	(129,802)	(821,483)	(227,416)
Net income from Islamic financing and investment products		1,319,366	727,826	2,562,592	1,378,112
Net interest income and net income from Islamic financing and investment products		7,231,878	5,138,581	14,425,599	9,440,449
Fee and commission income		1,993,273	1,782,330	4,008,788	3,327,922
Fee and commission expense		(873,522)	(713,967)	(1,770,353)	(1,329,151)
Net fee and commission income		1,119,751	1,068,363	2,238,435	1,998,771
Net gain on trading securities		78,223	31,962	189,856	42,655
Other operating income	13	2,393,678	1,551,571	4,432,822	2,723,375
Total operating income		10,823,530	7,790,477	21,286,712	14,205,250
General and administrative expenses	14	(2,817,413)	(2,077,949)	(5,459,475)	(4,070,669)
Operating profit before impairment		8,006,117	5,712,528	15,827,237	10,134,581
Net impairment loss on financial assets	15	(477,695)	(460,048)	(949,089)	(1,881,151)
Operating profit before taxation and others		7,528,422	5,252,480	14,878,148	8,253,430
Hyperinflation adjustment on net monetary position	2	(520,319)	(1,011,126)	(1,352,247)	(1,869,776)
Profit for the period before taxation		7,008,103	4,241,354	13,525,901	6,383,654
Taxation charge		(771,528)	(737,343)	(1,267,253)	(1,065,220)
Profit for the period		6,236,575	3,504,011	12,258,648	5,318,434
Attributable to:					
Equity holders of the Group		6,226,327	3,500,123	12,238,363	5,297,530
Non-controlling interest		10,248	3,888	20,285	20,904
Profit for the period		6,236,575	3,504,011	12,258,648	5,318,434
Earnings per share	17	0.97	0.53	1.90	0.80

The attached notes 1 to 25 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	Unaudited three months period ended 30 June 2023 AED 000	Unaudited three months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
Profit for the period	6,236,575	3,504,011	12,258,648	5,318,434
Other comprehensive income				
Items that will not be reclassified subsequently to the statement of income:				
Movement in fair value reserve (equity instruments):				
- Net change in fair value	200,660	(132,110)	136,881	(140,558)
Items that may be reclassified subsequently to the statement of income:				
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:				
Net changes in the cost of hedging	50,571	156,526	141,936	57,879
Cash flow hedges:				
- Effective portion of changes in fair value	(164,984)	(247,102)	89,547	(668,280)
Fair value reserve (debt instruments):				
- Net change in fair value	(1,123,063)	(1,018,971)	(1,339,918)	(615,913)
- Net amount transferred to income statement	8,339	(10,064)	(273,949)	(55,376)
- Related deferred tax	274,504	191,805	400,716	50,228
Currency translation reserve	(3,175,350)	(537,713)	(3,931,283)	(1,779,619)
Hedge of a net investment in foreign operations	(23,776)	24,052	(46,295)	21,686
Hyperinflation adjustment (note 2)	611,343	1,075,769	1,830,680	3,040,363
Other comprehensive income / (loss) for the period	(3,341,756)	(497,808)	(2,991,685)	(89,590)
Total comprehensive income for the period	2,894,819	3,006,203	9,266,963	5,228,844
Attributable to:				
Equity holders of the Group	2,884,571	3,002,315	9,246,678	5,207,940
Non-controlling interest	10,248	3,888	20,285	20,904
Total comprehensive income for the period	2,894,819	3,006,203	9,266,963	5,228,844

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EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

		Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
	Notes		
<u>OPERATING ACTIVITIES</u>			
Profit for the period before taxation		13,525,901	6,383,654
Adjustment for non-cash and other items	21	1,908,925	2,427,166
Operating profit before changes in operating assets and liabilities		15,434,826	8,810,820
(Increase) / decrease in interest free statutory deposits		(2,613,522)	1,178,289
(Increase) / decrease in certificate of deposits with Central Banks maturing after three months		-	3,000,000
(Increase) / decrease in amounts due from banks maturing after three months		(9,877,979)	(26,998,139)
Increase / (decrease) in amounts due to banks maturing after three months		7,048,957	(2,172,867)
(Increase) / decrease in other assets		(3,297,463)	(4,567,904)
Increase / (decrease) in other liabilities		(2,185,437)	5,618,685
(Increase) / decrease in positive fair value of derivatives		(4,271,822)	(3,724,456)
Increase / (decrease) in negative fair value of derivatives		2,793,927	6,998,066
Increase / (decrease) in customer deposits		52,904,096	11,393,181
(Increase) / decrease in loans and receivables		(24,339,051)	(4,707,516)
		31,596,532	(5,171,841)
Taxes paid		(1,071,471)	(580,149)
Net cash flows generated from / (used in) operating activities		30,525,061	(5,751,990)

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

		Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
	Notes		
<u>INVESTING ACTIVITIES</u>			
(Increase) / decrease in investment securities		(17,214,482)	(4,938,853)
(Increase) / decrease of property and equipment		(136,796)	(150,027)
Dividend income received		2,500	6,159
Net cash flows generated from / (used in) investing activities		(17,348,778)	(5,082,721)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	8	9,035,771	3,704,253
Repayment of debt issued and other borrowed funds	8	(4,146,243)	(6,933,141)
Issuance of Sukuk		1,000,000	-
Interest on Tier I capital notes		(255,354)	(255,354)
Dividends paid		(3,786,417)	(3,155,347)
Net cash flows generated from / (used in) financing activities		1,847,757	(6,639,589)
Increase / (decrease) in cash and cash equivalents (refer Note 21)		15,024,040	(17,474,300)

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EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP										Non-controlling interest AED 000	Group Total AED 000
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total		
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000		
Balance as at 1 January 2023	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(1,296,468)	(7,308,184)	62,345,938	93,198,217	105,932	93,304,149
Profit for the period	-	-	-	-	-	-	-	-	12,238,363	12,238,363	20,285	12,258,648
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	(844,787)	(2,146,898)	-	(2,991,685)	-	(2,991,685)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(255,354)	(255,354)	-	(255,354)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	24,900	24,900
Dividends paid*	-	-	-	-	-	-	-	-	(3,786,417)	(3,786,417)	-	(3,786,417)
Balance as at 30 June 2023	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(2,141,255)	(9,455,082)	70,542,530	98,403,124	151,117	98,554,241
Balance as at 1 January 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(725,815)	(8,299,265)	53,088,213	83,520,064	59,625	83,579,689
Profit for the period	-	-	-	-	-	-	-	-	5,297,530	5,297,530	20,904	5,318,434
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	(1,372,020)	1,282,430	-	(89,590)	-	(89,590)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(255,354)	(255,354)	-	(255,354)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	36,416	36,416
Dividends paid*	-	-	-	-	-	-	-	-	(3,155,347)	(3,155,347)	-	(3,155,347)
Balance as at 30 June 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(2,097,835)	(7,016,835)	54,975,042	85,317,303	116,945	85,434,248

*Dividend paid is net of the amount attributable to treasury shares.

The attached notes 1 to 25 form an integral part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

Emirates NBD Bank PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. Federal Law No. 32 of 2021 on Commercial Companies has come into effect from 2 January 2022, replacing the existing Federal Law No. 2 of 2015.

The condensed consolidated interim financial statements for the period ended 30 June 2023 comprise the interim financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The Bank is listed on the Dubai Financial Market (TICKER: “EMIRATESNBD”). The Group’s principal business activities are corporate and institutional banking, retail banking, treasury and Islamic banking. The Bank’s website is www.emiratesnbd.com.

The registered address of the Bank is Post Box 777, Dubai, United Arab Emirates (“UAE”).

The parent of the Group is Investment Corporation of Dubai, in which the Government of Dubai is the majority shareholder.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The accounting policies, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2022.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s financial statements as at and for the year ended 31 December 2022. In addition, results for the six months period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2023.

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

Comparative figures have been reclassified wherever necessary to conform to the presentation adopted in the current period.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Hyperinflation**

Since Q2 2022, Turkey has been determined a hyperinflationary economy under IAS 29 (Financial Reporting in Hyperinflationary Economies) with the previous three-year accumulated inflation exceeding 100 per cent. IAS 29 requires non-monetary assets and liabilities of DenizBank A.S ('DenizBank'), the Group's subsidiary in Turkey, to be restated to reflect their current prices using the Consumer Pricing Index (CPI) in the local currency of DenizBank before translation to the Group's functional currency.

As at 30 June 2023, the three-year cumulative inflation rate has been 190% based on the Turkish CPI. The consumer price index at the beginning of the reporting period was 1,128 and closed at 1,352 resulting in an increase of 20%.

- The Group has recognised in other comprehensive income (OCI) an amount of AED 0.6 billion which represents the impact of indexing of non-monetary items from the date these were acquired by applying fluctuation in the CPI from the date of acquisition to 31 December 2021 to the extent determined to be recoverable.
- Net non-monetary position (excluding equity) has been indexed by applying the difference in CPI from 31 December 2022 to 30 June 2023 resulting in a gain of AED 1.0 billion in the statement of income to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the statement of income, amounting to AED 2.3 billion with an equal corresponding credit to OCI.
- Group consolidated statement of income is indexed using the respective period index movement for the period. For the period ended 30 June 2023, the indexation impact on the Group consolidated statement of income is as follows:

30 June 2023	AED billions Hyperinflation Impact
Total operating income	0.2
General administrative expenses	(0.1)
Net impairment loss on financial assets	0.04
Taxation charge	(0.01)

During the six months period ended 30 June 2023, the loss due to hyperinflation accounting for DenizBank was AED 1.4 billion and is recognised in the condensed consolidated interim statement of income as hyperinflation adjustment on net monetary position. Overall, the hyperinflation adjustment results in a credit of AED 0.5 billion in OCI after netting off loss on net monetary position recognised in the Group condensed consolidated interim statement of income.

The hyperinflationary adjustments are not taxable or tax deductible in either Turkey or the UAE, resulting in a permanent tax difference.

The positive impact of 20 bps, arising from the AED 1.2 billion non-monetary items credit adjustment to equity partially offset by AED 1.5 billion indexation impact on risk-weighted assets, has been excluded from the capital adequacy computation.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Cash	6,029,549	5,980,818
Statutory and other deposits with Central Banks	54,177,921	51,570,086
Interest bearing placements with Central Banks	257,803	219,699
Murabahas and interest-bearing certificates of deposits with Central Banks	21,991,348	16,849,685
Less: Expected credit losses	(7,849)	(2,383)
	<u>82,448,772</u>	<u>74,617,905</u>

The reserve requirements which are kept with the Central Banks of the countries in which the Group operates 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 reserves required changes periodically in accordance with the directives of the respective Central Banks.

4 DUE FROM BANKS

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Due from banks in UAE	11,332,854	10,873,595
Due from foreign banks	75,854,553	62,674,982
Less: Expected credit losses	(59,953)	(82,002)
	<u>87,127,454</u>	<u>73,466,575</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

5 INVESTMENT SECURITIES

Unaudited 30 June 2023

TRADING SECURITIES MEASURED AT FVTPL

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
Government Bonds	2,286,043	1,572,088	384,779	4,242,910
Corporate Bonds	653,562	588,078	130,870	1,372,510
Equity	-	-	96,886	96,886
Others	-	-	205,350	205,350
	2,939,605	2,160,166	817,885	5,917,656

DESIGNATED AS AT FVTPL

Equity	-	73,975	1,777	75,752
Others	-	2,258	5,590	7,848
	-	76,233	7,367	83,600

MEASURED AT AMORTISED COST

Government Bonds	67,914,404	17,396,838	22,712,374	108,023,616
Corporate Bonds	4,200,790	2,589,623	2,913,089	9,703,502
	72,115,194	19,986,461	25,625,463	117,727,118
Less: Expected credit losses				(34,992)
				117,692,126

MEASURED AT FVOCI - DEBT INSTRUMENTS

Government Bonds	-	958,695	10,761,218	11,719,913
Corporate Bonds	3,782,099	1,162,926	1,934,034	6,879,059
	3,782,099	2,121,621	12,695,252	18,598,972
Less: Expected credit losses				(24,598)
				18,574,374

MEASURED AT FVOCI - EQUITY INSTRUMENTS

Equity	97,388	65,326	517,827	680,541
	97,388	65,326	517,827	680,541
Gross Investment securities	78,934,286	24,409,807	39,663,794	143,007,887
Net Investment securities				142,948,297

*Domestic: These are securities issued within the UAE.

**Regional: These are securities issued within the Middle East excluding the UAE.

***International: These are securities issued outside the Middle East region.

As at 30 June 2023, the fair value of investment securities measured at amortized cost amounted to AED 114,348 million (31 December 2022: AED 91,802 million).

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**5 INVESTMENT SECURITIES (CONTINUED)**

	Domestic*	Regional**	International***	Total
<u>Audited 31 December 2022</u>	AED 000	AED 000	AED 000	AED 000
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	2,821,321	820,219	507,535	4,149,075
Corporate Bonds	1,052,159	626,523	106,263	1,784,945
Equity	-	-	89,784	89,784
Others	-	-	233,495	233,495
	3,873,480	1,446,742	937,077	6,257,299
<u>DESIGNATED AS AT FVTPL</u>				
Equity	106,600	73,957	1,777	182,334
Others	-	2,818	77,953	80,771
	106,600	76,775	79,730	263,105
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	59,182,411	14,964,183	13,417,250	87,563,844
Corporate Bonds	3,122,158	1,887,039	2,181,367	7,190,564
	62,304,569	16,851,222	15,598,617	94,754,408
Less: Expected credit losses				(23,125)
				94,731,283
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	1,374,145	16,014,849	17,388,994
Corporate Bonds	4,009,892	969,557	1,687,534	6,666,983
	4,009,892	2,343,702	17,702,383	24,055,977
Less: Expected credit losses				(44,680)
				24,011,297
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	97,388	68,952	377,640	543,980
	97,388	68,952	377,640	543,980
Gross Investment securities	70,391,929	20,787,393	34,695,447	125,874,769
Net Investment securities				125,806,964

*Domestic: These are securities issued within the UAE.

**Regional: These are securities issued within the Middle East excluding the UAE.

***International: These are securities issued outside the Middle East region.

6 LOANS AND RECEIVABLES

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Gross loans and receivables	479,264,880	456,009,164
Less: Expected credit losses	(39,326,809)	(39,404,772)
Net loans and receivables	439,938,071	416,604,392

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
<u>At Amortised Cost</u>		
Overdrafts	103,142,352	103,602,274
Time loans	250,085,469	233,249,784
Loans against trust receipts	10,553,821	9,389,147
Bills discounted	6,677,166	5,125,489
Credit card receivables	21,103,800	18,679,279
Gross loans - conventional	391,562,608	370,045,973
Murabaha	60,703,545	59,666,850
Ijara	24,389,153	24,044,962
Wakala	1,052,278	1,068,869
Istisna'a	1,494,868	1,306,557
Credit cards receivable	2,667,690	2,287,312
Others	136,908	271,366
Less: Deferred income	(2,742,170)	(2,682,725)
Gross Islamic financing receivables	87,702,272	85,963,191
Gross loans and receivables	479,264,880	456,009,164
Total of credit impaired loans and receivables	26,789,160	27,253,983

Ijara assets amounting to AED 2.9 billion (2022: AED 2.3 billion) were securitised for the purpose of issuance of Sukuk liability (refer Note 9).

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6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	24,667,704	23,962,168
Construction	12,351,935	12,497,888
Trade	33,332,656	30,644,042
Transport and communication	28,136,517	17,005,663
Utilities and services	28,589,622	32,306,786
Sovereign	112,449,359	112,696,509
Personal	122,015,114	114,701,863
Real estate	45,424,348	48,484,643
Hotels and restaurants	9,851,417	9,430,950
Management of companies and enterprises	19,232,096	15,554,374
Financial institutions and investment companies	27,631,523	23,088,161
Agriculture	4,302,545	5,053,860
Others	14,022,214	13,264,982
	482,007,050	458,691,889
Less: Deferred Income	(2,742,170)	(2,682,725)
Gross loans and receivables	479,264,880	456,009,164
Less: Expected credit losses	(39,326,809)	(39,404,772)
Net loans and receivables	439,938,071	416,604,392

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7 OTHER ASSETS

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Accrued interest receivable	5,511,270	4,245,902
Islamic profit receivable	296,115	226,875
Prepayments and other advances	2,427,856	1,292,363
Sundry debtors and other receivables	2,732,513	2,014,308
Inventory	3,601,686	3,263,847
Deferred tax asset	678,847	1,051,673
Investment properties	344,900	453,587
Others	2,763,727	2,797,136
	18,356,914	15,345,691

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8 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Medium term note programme	47,606,356	45,739,355
Term loans from banks	6,419,755	6,415,051
Borrowings raised from loan securitisations	3,308,200	1,332,421
	<u>57,334,311</u>	<u>53,486,827</u>

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Balance as at 1 January	53,486,827	63,387,228
New issuances	9,035,771	6,994,466
Repayments	(4,146,243)	(12,962,943)
Other movements*	(1,042,044)	(3,931,924)
Balance at end of period / year	<u>57,334,311</u>	<u>53,486,827</u>

*Represents exchange rate and fair value movements on debts issued in foreign currency. The Group hedges the foreign currency risk on public issuances through derivative financial instruments.

As at 30 June 2023, the outstanding medium term notes and borrowings totalling AED 57,334 million (31 December 2022: AED 53,487 million) are falling due as below:

	Unaudited 30 June 2023 AED millions	Audited 31 December 2022 AED millions
2023	4,773	8,601
2024	11,110	10,893
2025	9,578	7,691
2026	7,619	5,940
2027	4,579	3,972
Beyond 2027	19,675	16,390
	<u>57,334</u>	<u>53,487</u>

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9 SUKUK PAYABLE

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Balance as at 1 January	3,672,500	3,672,500
New issuances*	1,000,000	-
Balance at end of period	4,672,500	3,672,500

*During the period, the Group issued Sukuk amounting to AED 1 billion under a Shariah compliant Sukuk financing arrangement with the maturity falling due in February 2026.

As at 30 June 2023, the outstanding Sukuk payable totalling AED 4,673 million (31 December 2022: AED 3,673 million) are falling due as follows:

	Unaudited 30 June 2023 AED million	Audited 31 December 2022 AED million
2025	1,836	1,836
2026	2,837	1,837
	4,673	3,673

10 OTHER LIABILITIES

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Accrued interest payable	3,999,101	2,844,425
Profit payable to Islamic depositors	357,570	139,371
Managers' cheques	3,038,191	2,409,426
Trade and other payables	6,905,206	5,808,539
Staff related liabilities	1,321,530	1,572,680
Provision for taxation	415,602	865,820
Others	8,825,108	8,390,391
	24,862,308	22,030,652

11 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 22 February 2023, shareholders approved payment of a cash dividend of 60% of the issued and paid up capital (AED 0.60 per share) amounting to AED 3,790 million which has been recognised in the Group condensed consolidated interim financial statements as of 30 June 2023.

12 TIER 1 CAPITAL NOTES

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified as equity.

Issuance Month/year	Issued Amount	Coupon rate
May 2021	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
July 2020	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years

13 OTHER OPERATING INCOME

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
Dividend income on equity investment measured at FVOCI	481	512
Dividend income on equity investments measured at FVTPL	2,019	5,647
Gain from sale of debt investment securities measured at FVOCI	273,949	55,376
Gain / (loss) from investment securities designated at fair value through profit or loss	32,803	(21,411)
Rental income	27,014	17,767
Gain on sale of investment properties / inventories	81,310	11,148
Foreign exchange and derivative income / (loss)*	3,527,816	2,109,317
Other income (net)	487,430	545,019
	<u>4,432,822</u>	<u>2,723,375</u>

* Foreign exchange income / (loss) comprises trading and translation gain / (loss) and gain / (loss) on dealings with customers.

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14 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
Staff cost	3,201,208	2,440,252
Occupancy cost	149,009	134,609
Equipment & supplies	116,440	101,590
Information technology cost	262,605	190,017
Communication cost	167,605	142,429
Service, legal and professional fees	156,212	114,556
Marketing related expenses	92,438	58,121
Depreciation	385,660	343,027
Amortisation of intangibles	28,168	81,648
Others	900,130	464,420
	<u>5,459,475</u>	<u>4,070,669</u>

15 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The charge to the Group condensed consolidated interim statement of income for the net impairment loss on financial assets is made up as follows:

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
Net impairment of cash and deposits with Central Banks	5,687	689
Net impairment of due from banks / other assets	(90,263)	49,301
Net impairment of investment securities	(7,936)	6,402
Net impairment of loans and receivables	1,005,372	1,992,497
Net impairment of unfunded exposures	536,767	10,246
Bad debt written off / (recovery) - net	(500,538)	(177,984)
Net impairment loss for the period	<u>949,089</u>	<u>1,881,151</u>

16 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited	Audited
	30 June 2023	31 December 2022
	AED 000	AED 000
Letters of credit	17,093,045	18,981,083
Guarantees	58,356,793	55,266,154
Liability on risk participations	646,631	187,569
Irrevocable loan commitments*	55,879,892	59,823,665
	131,976,361	134,258,471

* Irrevocable loan commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled the total contract amounts do not necessarily represent exact future cash requirements.

17 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders (further adjusted for interest expense on Tier 1 capital notes) of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares.

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2023	30 June 2022
	AED 000	AED 000
Profit for the period attributable to equity holders	12,238,363	5,297,530
Deduct : Interest on Tier 1 capital notes	(255,354)	(255,354)
Net profit attributable to equity holders	11,983,009	5,042,176
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	1.90	0.80
Adjusted earnings per share** (AED)	2.11	1.10

*The diluted and basic earnings per share were the same for the six months period ended 30 June 2023.

**Adjusted EPS for the period ended 30 June 2023 represents net profit for the period attributable to equity holders excluding the non-cash impact of hyperinflation adjustment on net monetary position divided by weighted average number of equity shares in issue.

18 DERIVATIVES

	Unaudited 30 June 2023		Audited 31 December 2022	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	20,860,510	(17,792,125)	16,754,646	(15,334,137)
Derivatives held as cash flow hedges	327,635	(1,035,031)	136,493	(947,031)
Derivatives held as fair value hedges	474,676	(4,163,799)	277,264	(3,924,747)
Derivatives held as hedge of a net investment in foreign operations	-	(8,887)	37,408	-
Total	21,662,821	(22,999,842)	17,205,811	(20,205,915)

19 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- Corporate and Institutional Banking represents current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate customers, investment banking, Islamic products (including Emirates Islamic) and structured financing primarily in the UAE, Egypt and KSA;
- Retail banking and Wealth Management represents retail loans and deposits, private banking and wealth management, Islamic products (including Emirates Islamic), equity broking services, asset management and consumer financing primarily in the UAE, Egypt and KSA;
- Global Markets and Treasury activities comprise of managing the Group's portfolio of investments, funds management, Islamic products (including Emirates Islamic) and interbank treasury operations primarily in the UAE, Egypt and KSA;
- DenizBank is managed as a separate operating segment; and
- Other operations of the Group include Tanfeeth, property management, operations and support functions.

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19 OPERATING SEGMENTS (CONTINUED)**Unaudited 30 June 2023**

	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,909,026	5,618,110	1,782,476	2,432,159	1,683,828	14,425,599
Net fees, commission and other income	1,188,231	2,329,977	291,191	2,987,288	64,426	6,861,113
Total operating income	4,097,257	7,948,087	2,073,667	5,419,447	1,748,254	21,286,712
General and administrative expenses	(336,646)	(1,974,152)	(97,662)	(1,656,721)	(1,394,294)	(5,459,475)
Net impairment loss on financial assets	362,777	(1,738,404)	21,909	601,510	(196,881)	(949,089)
Hyperinflation adjustment on net monetary position	-	-	-	(1,352,247)	-	(1,352,247)
Profit for the period before taxation	4,123,388	4,235,531	1,997,914	3,011,989	157,079	13,525,901
Taxation charge	(63,469)	(9,000)	(34,812)	(1,111,495)	(48,477)	(1,267,253)
Profit / (loss) for the period	4,059,919	4,226,531	1,963,102	1,900,494	108,602	12,258,648
Segment Assets	344,368,634	133,542,980	207,566,970	125,237,584	415,506	811,131,674
Segment Liabilities and Equity	222,444,650	289,547,054	35,541,818	113,615,840	149,982,312	811,131,674

From 1 January 2023, business activities of Emirates Islamic, which were previously disclosed separately, have been realigned with Corporate and Institutional Banking, Retail Banking and Wealth Management and Global Markets and Treasury to reflect a consolidated view of the respective segments and better presentation.

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19 OPERATING SEGMENTS (CONTINUED)

<u>Unaudited 30 June 2022</u>	Corporate and Institutional banking AED 000	Retail banking and Wealth Management AED 000	Global Markets and Treasury AED 000	DenizBank AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,023,127	3,741,089	280,202	3,026,329	369,702	9,440,449
Net fees, commission and other income	982,961	1,929,040	172,310	1,688,817	(8,327)	4,764,801
Total operating income	3,006,088	5,670,129	452,512	4,715,146	361,375	14,205,250
General and administrative expenses	(311,348)	(1,595,151)	(87,983)	(1,101,610)	(974,577)	(4,070,669)
Net impairment loss on financial assets	(771,563)	(434,064)	(20,007)	(245,717)	(409,800)	(1,881,151)
Hyperinflation adjustment on net monetary position	-	-	-	(1,869,776)	-	(1,869,776)
Profit for the period before taxation	1,923,177	3,640,914	344,522	1,498,043	(1,023,002)	6,383,654
Taxation charge	(44,873)	(21,922)	(53,118)	(928,816)	(16,491)	(1,065,220)
Profit / (loss) for the period	1,878,304	3,618,992	291,404	569,227	(1,039,493)	5,318,434
Segment Assets	327,664,405	110,009,788	158,072,970	115,188,253	(295,805)	710,639,611
Segment Liabilities and Equity	190,706,839	245,100,367	33,177,193	104,576,507	137,078,705	710,639,611

20 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.75%), an entity in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 5% (December 2022: 4%) and 8% (December 2022: 9%) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all financial dealings with the Group are on normal commercial terms.

The Group has also entered into transactions with certain other related parties who are non-government related entities. Such transactions were also made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party balances and transactions are carried out on normal commercial terms and are as follows:

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	106,692,653	105,984,325
To parent	1,274,664	1,274,664
To directors and related companies	1,412,420	1,506,379
	<u>109,379,737</u>	<u>108,765,368</u>
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	26,171,156	5,777,386
From parent	225,742	1,399,212
	<u>26,396,898</u>	<u>7,176,598</u>
Investment in Government of Dubai bonds	6,339,380	6,354,232

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20 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
Payments made to other related parties	15,949	15,907
Fees received in respect of funds managed by the Group	22,882	10,963
Directors sitting fee	5,881	5,835

The total amount of compensation paid to key management personnel of the Group during the period is as follows:

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	76,035	74,401
Post employment benefits	1,649	4,405

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

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21 NOTES TO THE GROUP CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	36,366,138	28,732,343
Net cash inflow/(outflow)	15,024,040	(17,474,300)
Balance at end of period	51,390,178	11,258,043
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	82,448,772	62,956,708
Due from banks	87,127,454	62,657,613
Due to banks	(38,219,571)	(45,804,240)
	131,356,655	79,810,081
Less: deposits with Central Banks for regulatory purposes	(54,177,921)	(43,997,278)
Less: certificates of deposits with Central Banks maturing after three months	(1,000,000)	-
Less: amounts due from banks maturing after three months	(52,399,129)	(50,398,854)
Add: amounts due to banks maturing after three months	27,610,573	25,844,094
	51,390,178	11,258,043

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

21 NOTES TO THE GROUP CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
(c) Adjustment for non cash and other items		
Net impairment loss / (reversal) on cash and deposits with Central Banks	5,687	689
Net impairment loss / (reversal) on due from banks	(90,263)	49,301
Net impairment loss / (reversal) on investment securities	(7,936)	6,402
Net impairment loss / (reversal) on loans and receivables	1,005,372	1,992,497
Net impairment loss / (reversal) on unfunded exposures	536,767	10,246
Amortisation of fair value	49,909	58,634
(Discount) / premium on Investment securities	(1,066,321)	(140,773)
Unrealised foreign exchange loss / (gain)	(121,782)	1,269,516
Amortisation of intangibles	28,168	81,648
Depreciation / impairment on property and equipment / Investment property	393,464	351,648
Dividend income on equity investments	(2,500)	(6,159)
Unrealised (gain) / loss on investments	71,136	2,072
Unrealised (gain) / loss on FV hedged item	(163,713)	(3,107,183)
(Gain) / loss on sale of investment properties / inventories	(81,310)	(11,148)
Hyperinflation adjustment on net monetary position	1,352,247	1,869,776
	<u>1,908,925</u>	<u>2,427,166</u>

22 ASSETS AND LIABILITIES MEASURED AT FAIR VALUEFair Value of assets and liabilities

The table below analyses assets and liabilities measured at fair value on a recurring basis. The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in principal markets for identified assets or liabilities.
- Level 2: valuation using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Unaudited 30 June 2023**Investment Securities**

	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Trading securities at FVTPL	5,917,656	-	-	5,917,656
FVOCI - debt instruments	18,578,074	20,898	-	18,598,972
FVOCI - equity instruments	577,205	872	102,464	680,541
Designated at FVTPL	17,501	-	66,099	83,600
	25,090,436	21,770	168,563	25,280,769

DerivativesPositive fair value of derivatives

Derivatives held for trading	-	20,860,510	-	20,860,510
Derivatives held as cash flow hedges	-	327,635	-	327,635
Derivatives held as fair value hedges	-	474,676	-	474,676
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	21,662,821	-	21,662,821

Negative fair value of derivatives

Derivatives held for trading	-	(17,792,125)	-	(17,792,125)
Derivatives held as cash flow hedges	-	(1,035,031)	-	(1,035,031)
Derivatives held as fair value hedges	-	(4,163,799)	-	(4,163,799)
Derivatives held as hedge of a net investment in foreign operations	-	(8,887)	-	(8,887)
	-	(22,999,842)	-	(22,999,842)
	25,090,436	(1,315,251)	168,563	23,943,748

Audited 31 December 2022

30,824,523	(2,872,778)	168,512	28,120,257
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22 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instrument	FVOCI– equity instrument	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2023	-	66,074	-	102,438	168,512
Total gains or losses:					
- in profit or loss	-	7,120	-	-	7,120
- in other comprehensive income	-	-	-	26	26
Purchases	-	-	-	-	-
Settlements and other adjustments	-	(7,095)	-	-	(7,095)
Balance as at 30 June 2023 (unaudited)	-	66,099	-	102,464	168,563
Balance as at 31 December 2022 (audited)	-	66,074	-	102,438	168,512

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of an active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental.

During the period ended 30 June 2023 no financial assets measured at fair value were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2022: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2022.

23 RISK MANAGEMENT

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

Stage-wise financing exposures and the related Expected Credit Losses (ECL) as at 30 June 2023 are given below:

(Gross carrying amounts)
Loans and receivables

AED 000
30 June 2023

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	399,698,546	29,056,635	27,253,983	456,009,164
Transfers from stage 1	(5,406,618)	4,795,115	611,503	-
Transfers from stage 2	3,963,931	(4,878,263)	914,332	-
Transfers from stage 3	-	68,522	(68,522)	-
New financial assets, net of repayments and others	27,038,377	(1,860,525)	(812,991)	24,364,861
Amounts written off during the period	-	-	(1,109,145)	(1,109,145)
Total gross loans and receivables*	425,294,236	27,181,484	26,789,160	479,264,880
Expected credit losses	(5,427,172)	(7,709,626)	(26,190,011)	(39,326,809)
Carrying amount	419,867,064	19,471,858	599,149	439,938,071

AED 000
30 June 2022

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	399,020,797	31,277,352	29,159,717	459,457,866
Transfers from stage 1	(3,744,228)	3,425,170	319,058	-
Transfers from stage 2	1,900,563	(3,923,453)	2,022,890	-
Transfers from stage 3	-	113,942	(113,942)	-
New financial assets, net of repayments and others	6,290,195	60,450	(2,463,240)	3,887,405
Amounts written off during the period	-	-	(621,593)	(621,593)
Total gross loans and receivables*	403,467,327	30,953,461	28,302,890	462,723,678
Expected credit losses	(3,751,381)	(7,263,557)	(26,721,330)	(37,736,268)
Carrying amount	399,715,946	23,689,904	1,581,560	424,987,410

23 RISK MANAGEMENT (CONTINUED)**Amounts arising from ECL**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

AED 000
30 June 2023

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	4,819,205	7,785,378	26,800,189	39,404,772
Transfers from stage 1	(168,831)	113,675	55,156	-
Transfers from stage 2	299,558	(792,759)	493,201	-
Transfers from stage 3	-	23,149	(23,149)	-
Allowances / (reversals) made during the period	649,990	445,529	2,187,257	3,282,776
Write back / recoveries made during the period	-	-	(2,277,404)	(2,277,404)
Amounts written off during the period	-	-	(1,109,145)	(1,109,145)
Exchange and other adjustments	(172,750)	134,654	63,906	25,810
Closing Balance	5,427,172	7,709,626	26,190,011	39,326,809

AED 000
30 June 2022

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	3,847,334	6,929,276	26,408,866	37,185,476
Transfers from stage 1	(203,552)	156,619	46,933	-
Transfers from stage 2	209,369	(1,246,360)	1,036,991	-
Transfers from stage 3	-	54,448	(54,448)	-
Allowances / (reversals) made during the period	(25,343)	1,380,817	1,748,305	3,103,779
Write back / recoveries made during the period	-	-	(1,111,282)	(1,111,282)
Amounts written off during the period	-	-	(621,593)	(621,593)
Exchange and other adjustments	(76,427)	(11,243)	(732,442)	(820,112)
Closing Balance	3,751,381	7,263,557	26,721,330	37,736,268

24 IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

The Group closely monitors the market and the output from the various industry working groups managing the transition to new benchmark interest rates. Exposures to GBP, JPY, CHF and EUR IBORs have been transitioned to alternative benchmarks.

The Group's exposure to USD LIBOR has been mostly transitioned to alternative benchmarks with the remaining exposures to USD LIBOR including hedging instruments and hedged items being not significant.

25 CORPORATE TAX IN UAE

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023.

As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold. The Group may be subject to application of Global Minimum Tax rate of 15% which is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and a top-up tax regime by UAE MOF.

As per the Group's assessment, there is no deferred tax impact on account of the CT Law in the interim financial statements for the period ended 30 June 2023. The Group will continue to assess the possible impact of the CT Law on the Group consolidated financial statements, from current and deferred tax perspective, based on clarifications and guidance on the implementation of CT Law.