In the Name of Allah

The most Gracious and Merciful



Emirates Islamic Bank

(Public Joint Stock Company)

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GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates Islamic Bank PJSC, Dubai, United Arab Emirates** (the "Bank") **and its Subsidiaries** (together referred to as the "Group") as at 31 March 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 three 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 April 2023
Dubai
United Arab Emirates

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (UNAUDITED)

	Notes	Unaudited 31 March 2023 AED 000	Audited 31 December 2022 AED 000
ASSETS			
Cash and deposits with the Central Bank of the UAE	3	13,107,566	12,026,286
Due from banks	4	4,376,795	4,614,476
Investment securities	5	8,348,705	7,355,871
Financing receivables	6	49,597,151	48,368,978
Positive fair value of Islamic derivatives	14	177,601	184,118
Customer acceptances		885,429	923,843
Investment properties		260,514	280,547
Property and equipment		253,319	249,206
Other assets	7	913,703	760,393
TOTAL ASSETS		**77,920,783**	**74,763,718**
LIABILITIES			
Due to banks		2,074,533	1,880,081
Customer deposits		57,266,494	56,343,655
Sukuk payable	8	4,672,500	3,672,500
Negative fair value of Islamic derivatives	14	175,127	191,500
Customer acceptances		885,429	923,843
Other liabilities	9	2,931,255	2,491,797
TOTAL LIABILITIES		**68,005,338**	**65,503,376**
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		815,039	815,039
Other reserves		543,043	543,043
Fair value reserve		(321,242)	(375,476)
Retained earnings		3,448,183	2,847,314
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**9,915,445**	**9,260,342**
TOTAL LIABILITIES AND EQUITY		**77,920,783**	**74,763,718**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Chairman

26 APR 2023

Chief Executive Officer

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2023 AED 000	Unaudited three months period ended 31 March 2022 AED 000
Income from financing receivables and investment products		1,034,288	508,908
Distribution on deposits and profit paid to Sukuk holders		(176,731)	(47,136)
Net income from financing receivables and investment products		**857,557**	**461,772**
Fee and commission income		227,611	197,905
Fee and commission expense		(100,839)	(87,193)
Net fee and commission income		**126,772**	**110,712**
Other operating income	10	148,220	79,548
Total operating income		**1,132,549**	**652,032**
General and administrative expenses		(376,859)	(280,584)
Operating profit before impairment		**755,690**	**371,448**
Net impairment loss on financial assets	11	(161,435)	(29,549)
Net impairment (loss) / reversal on non-financial assets		6,614	-
Total net impairment loss		**(154,821)**	**(29,549)**
Net profit for the period		**600,869**	**341,899**
Earnings per share	13	**0.111**	**0.063**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	Unaudited three months period ended 31 March 2023	Unaudited three months period ended 31 March 2022
	AED 000	AED 000
Net profit for the period	600,869	341,899
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to Income statement:		
Fair value reserve (Sukuk instruments):		
- Net change in fair value	54,254	(227,232)
- Net amount transferred to income statement	(20)	(24)
Other comprehensive income / (loss) for the period	54,234	(227,256)
Total comprehensive income for the period	**655,103**	**114,643**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2023 AED 000	Unaudited three months period ended 31 March 2022 AED 000
OPERATING ACTIVITIES			
Net profit for the period		600,869	341,899
Adjustment for non cash items and other items	17	263,933	119,885
Operating profit before changes in operating assets and liabilities		**864,802**	**461,784**
(Increase) / decrease in balances with the Central Bank maturing after three months		(2,011,696)	696,471
Increase in amounts due from banks maturing after three months		(300,438)	(320,139)
Increase / (decrease) in amounts due to banks maturing after three months		194,451	-
(Increase) / decrease in positive fair value of Islamic derivatives		6,517	7,321
Decrease in negative fair value of Islamic derivatives		(16,373)	(8,228)
Decrease in other assets		(153,310)	(7,041)
Increase in other liabilities		439,458	922,736
Increase in customer deposits		922,839	4,083,266
Increase in financing receivables		(1,486,932)	(2,713,483)
Net cash flows generated from / (used in) operating activities		**(1,540,682)**	**3,122,687**
INVESTING ACTIVITIES			
Increase in investment securities		(931,480)	(658,799)
Dividend income received		29	4,500
(Increase) / decrease in investment properties		30,213	(404)
Increase in property and equipment		(26,616)	(8,666)
Net cash flows used in investing activities		**(927,854)**	**(663,369)**
FINANCING ACTIVITIES			
Issuance of sukuk borrowing		1,000,000	-
Net cash flows generated from / (used in) financing activities		**1,000,000**	**-**
Increase / (decrease) in cash and cash equivalents	**17**	**(1,468,536)**	**2,459,318**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

	Issued capital	Legal and Statutory reserve	Other reserves	Fair value reserve	Retained earnings	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2023	5,430,422	815,039	543,043	(375,476)	2,847,314	9,260,342
Net profit for the period	-	-	-	-	600,869	600,869
Other comprehensive income / (loss) for the period	-	-	-	54,234	-	54,234
Balance as at 31 March 2023	5,430,422	815,039	543,043	(321,242)	3,448,183	9,915,445
Balance as at 1 January 2022	5,430,422	691,025	543,043	112,390	1,774,104	8,550,984
Net profit for the period	-	-	-	-	341,899	341,899
Other comprehensive income / (loss) for the period	-	-	-	(227,256)	-	(227,256)
Balance as at 31 March 2022	5,430,422	691,025	543,043	(114,866)	2,116,003	8,665,627

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 2023 as this will be effected at the year end.

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

Emirates Islamic Bank PJSC (the "Bank") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3 October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of the United Arab Emirates.

At an extraordinary general meeting held on 10 March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with the Shariah rules and principles. The entire process was completed on 9 October 2004 (the "Transformation Date") when the Bank obtained the UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD Bank PJSC, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the "Ultimate Parent Company"), a company in which the Government of Dubai is the major shareholder.

The Bank is listed in the Dubai Financial Market (TICKER: "EIB"). The Bank's website is http://www.emiratesislamic.ae. In addition to its head office in Dubai, the Bank operates through 42 branches in the UAE. The group condensed consolidated interim financial statements comprise financial statements of the Bank and its following subsidiaries (together referred to as "the Group").

	Date of incorporation & country	Principal activity	Ownership % 31 March 2023	Ownership % 31 December 2022
Emirates Islamic Financial Brokerage Co. LLC*	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%

The Bank provides full commercial and banking services and offers a variety of products through financing and investing instruments in accordance with Shariah rules and principles.

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

*This subsidiary is in the process of being dissolved.

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 three months period ended 31 March 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.

3 CASH AND DEPOSITS WITH THE CENTRAL BANK OF THE UAE

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
Cash	386,508	517,586
Statutory and other deposits with the Central Bank of the UAE	4,306,714	4,321,753
Murabaha with the Central Bank of the UAE	8,414,344	7,186,947
	13,107,566	12,026,286

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

4 DUE FROM BANKS

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
Due from banks in the UAE	1,416,297	1,750,337
Due from foreign banks	2,969,598	2,873,239
Less: Expected credit losses	(9,100)	(9,100)
	4,376,795	4,614,476

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
Unaudited 31 March 2023	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	106,600	64,182	-	170,782
Others	-	-	141	141
	106,600	64,182	141	170,923
MEASURED AT AMORTISED COST				
Government Sukuk	114,380	902,307	73,480	1,090,167
Corporate Sukuk	210,206	145,352	363,161	718,719
	324,586	1,047,659	436,641	1,808,886
Less: Expected credit losses				(491)
				1,808,395
MEASURED AT FVOCI				
Government Sukuk	-	80,726	452,907	533,633
Corporate Sukuk	3,159,445	1,049,006	1,656,690	5,865,141
	3,159,445	1,129,732	2,109,597	6,398,774
Less: Expected credit losses				(29,387)
				6,369,387
Gross investment securities	3,590,631	2,241,573	2,546,379	8,378,583
Net investment securities				8,348,705

*Domestic: These are securities issued within the UAE.
**Regional: These are securities issued within the Middle East.
***International: These are securities issued outside the Middle East.

As at 31 March 2023, the fair value of investment securities measured at amortized cost amounted to AED 1,780 million (31 December 2022: AED 1,226 million).

5 INVESTMENT SECURITIES (CONTINUED)

	Domestic*	Regional**	International***	Total
Audited 31 December 2022	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	106,600	64,182	-	170,782
Others	-	-	116	116
	106,600	64,182	116	170,898
MEASURED AT AMORTISED COST				
Government Sukuk	114,469	902,379	-	1,016,848
Corporate Sukuk	-	-	243,553	243,553
	114,469	902,379	243,553	1,260,401
Less: Expected credit losses				(491)
				1,259,910
MEASURED AT FVOCI				
Government Sukuk	-	80,730	449,653	530,383
Corporate Sukuk	3,148,834	858,405	1,416,828	5,424,067
	3,148,834	939,135	1,866,481	5,954,450
Less: Expected credit losses				(29,387)
				5,925,063
Gross investment securities	3,369,903	1,905,696	2,110,150	7,385,749
Net investment securities				7,355,871

*Domestic: These are securities issued within the UAE.
**Regional: These are securities issued within the Middle East.
***International: These are securities issued outside the Middle East.

6 FINANCING RECEIVABLES

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
At Amortised Cost		
Murabaha	33,985,355	32,616,411
Credit cards receivable	2,601,598	2,287,312
Wakala	363,618	364,502
Istissna'a	1,372,553	1,306,557
Ijara	17,676,659	17,820,042
Others	14,646	115,001
	56,014,429	54,509,825
Less: Deferred income	(1,511,516)	(1,428,178)
Gross financing receivables	54,502,913	53,081,647
Less: Expected credit losses	(4,905,762)	(4,712,669)
Net financing receivables	49,597,151	48,368,978
Total of impaired financing receivables	3,699,924	3,692,074

Ijara assets amounting to AED 2.9 billion (2022: AED 2.3 billion) were securitised for the purpose of issuance of Sukuk (refer note 8).

6 FINANCING RECEIVABLES (CONTINUED)

	Unaudited 31 March 2023	Audited 31 December 2022
Analysis by economic activity	AED 000	AED 000
Manufacturing	2,564,376	2,614,767
Construction	776,519	768,790
Trade	5,769,799	5,223,456
Transport and communication	118,005	83,295
Utilities and services	1,441,111	1,479,023
Sovereign	476,728	793,730
Personal	33,420,122	32,609,059
Real estate	3,968,887	3,832,212
Hotels and restaurants	102,804	91,214
Management of companies and enterprises	3,480,125	3,141,246
Financial institutions and investment companies	1,150,325	1,534,385
Others	2,745,628	2,338,648
	56,014,429	54,509,825
Less: Deferred Income	(1,511,516)	(1,428,178)
Gross financing receivables	54,502,913	53,081,647
Less: Expected credit losses	(4,905,762)	(4,712,669)
Net financing receivables	49,597,151	48,368,978

7 OTHER ASSETS

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
Profit receivable	168,659	153,644
Prepayments and other advances	119,654	96,871
Sundry financing and other receivables	44,341	14,924
Deferred sales commission	21,480	21,852
Goods available-for-sale	57,799	77,855
Others	501,770	395,247
	913,703	760,393

8 SUKUK PAYABLE

a) During 2023, the Group issued Sukuk amounting to AED 1 billion to raise AED denominated medium term finance and during 2020 and 2021, a further AED 3.7 billion to raise US Dollar denominated medium term finance via a Shariah compliant sukuk financing arrangement. As at 31 March 2023, the total outstanding sukuk payable is AED 4.7 billion.

Following are the details of all the sukuk financing arrangement in issue.

Issue Date	Amount	Listing	Profit rate (%)	Payment basis	Maturity
September 2020	USD 500,000,000	Irish Stock Exchange & Nasdaq	1.827	Semi annual	September 2025
October 2021	USD 500,000,000	Irish Stock Exchange & Nasdaq	2.082	Semi annual	November 2026
February 2023	AED 1,000,000,000	Nasdaq	5.05	Semi annual	February 2026

The Bank transferred certain identified Ijara assets totaling to AED 2.9 billion (the “co-owned assets”) to its subsidiary, EIB Sukuk company limited – (the “Issuer”), a special purpose vehicle formed for the issuance of these sukuk. The Bank has further entered into a Murabaha with the Sukukholders for an amount of AED 1.8 billion. This medium term finance is carried at amortised cost.

In substance, the co-owned assets remain in control of the Group; accordingly, these assets continue to be recognised by the Group. In case of any default, the Group has provided an undertaking to make good all losses to the sukuk holders. The assets are in the control of the Group and shall continue to be serviced by the Group.

The Issuer will pay a semi-annual distribution amount from returns received in respect of the co-owned assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Group has undertaken to repurchase the assets at the exercise price.

	Unaudited 31 March 2023 AED 000	Audited 31 December 2022 AED 000
Balance as at 1 January	3,672,500	3,672,500
Issuances	1,000,000	-
Balance at end of period / year	4,672,500	3,672,500

8 SUKUK PAYABLE (CONTINUED)

As at 31 March 2023, the outstanding Sukuk payable totalling AED 4,673 million (31 December 2022: AED 3,673 million) is falling due as below:

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
2025	1,836,250	1,836,250
2026	2,836,250	1,836,250
	4,672,500	3,672,500

b) On 15 May 2015, EI Funding Limited (the "SPE") was incorporated under Companies Law of Cayman Islands as a Special Purpose Entity. The principal activities of the company are to purchase portfolio of assets through issuance of notes. The securitization results in a certificate pool that lists on NASDAQ clearing system (off market) for private-purpose, over-the-counter dealing. The underlying Shariah structure has been approved by the Bank's Shariah Supervision Board.

The Bank has transferred part of its investment portfolio to EI Funding Limited (incorporated under Cayman Islands laws). However, the Group retains control over the transferred assets and hence the Group continues to recognize these assets as financing and the investment assets.

9 OTHER LIABILITIES

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
Profit payable to depositors	210,866	141,374
Staff related liabilities	114,107	158,055
Managers' cheques	525,933	504,412
Trade and other payables	437,720	333,159
Zakat payable	-	44,065
Others	1,642,629	1,310,732
	2,931,255	2,491,797

10 OTHER OPERATING INCOME

	Unaudited three months period ended 31 March 2023	Unaudited three months period ended 31 March 2022
	AED 000	AED 000
Dividend income on equity investments designated at FVTPL	29	4,500
Gain from sale of investment securities measured at FVOCI	20	24
Gain / (loss) from investment securities designated at fair value through profit or loss	7,120	(4,586)
Rental income (net of depreciation)	976	459
Gain on sale of properties (investment properties / inventories)	6,674	-
Foreign exchange and Islamic derivative income / (loss)*	129,943	75,823
Other income (net)	3,458	3,328
	148,220	79,548

*Foreign exchange income comprises translation gain and gain on dealings with customers.

11 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The charge to the income statement for the net impairment loss on financial assets is made up as follows:

	Unaudited three months period ended 31 March 2023	Unaudited three months period ended 31 March 2022
	AED 000	AED 000
Net impairment of due from banks	-	5,459
Net impairment of investment securities	-	4,201
Net impairment of financing receivables	258,759	83,870
Net impairment of unfunded exposures	-	119
Bad financing written off / (recovery) - net	(97,324)	(64,100)
Net impairment loss on financial assets	161,435	29,549

12 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
Letters of credit	561,300	648,689
Guarantees	5,786,372	5,461,759
Liability on risk participations	22,024	-
Irrevocable financing commitments*	2,151,588	1,489,294
	8,521,284	7,599,742

*Irrevocable financing commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to the 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.

13 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 for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, if any.

	Unaudited three months period ended 31 March 2023	Unaudited three months period ended 31 March 2022
Net profit for the period (AED 000)	600,869	341,899
Weighted average number of equity shares in issue (000)	5,430,422	5,430,422
Earnings per share* (AED)	0.111	0.063

*The diluted and basic Earnings per share were the same for the three months periods ended 31 March 2023 and 31 March 2022.

14 ISLAMIC DERIVATIVES

	Unaudited 31 March 2023			Audited 31 December 2022		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Forward foreign exchange contracts	8,045	(3,327)	4,510,801	3,534	(2,524)	5,020,278
Foreign exchange options	5,839	(6,228)	685,595	3,505	(3,612)	136,799
Profit rate swaps / caps	163,717	(165,572)	10,728,370	177,079	(185,364)	9,419,651
Total	177,601	(175,127)	15,924,766	184,118	(191,500)	14,576,728

15 OPERATING SEGMENTS

The Group's activities comprise the following main business segments:

Corporate and institutional banking

Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits.

Retail banking and wealth management

Retail segment provides a wide range of products and services to individuals and small and medium enterprises and accepts their deposits.

Treasury

Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations, and brokerage services.

Others

Other operations of the Group include operations and support functions.

15 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2023	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	151,850	484,032	107,365	114,310	857,557
Net fees, commission & other income	54,537	205,061	7,947	7,447	274,992
Total operating income	206,387	689,093	115,312	121,757	1,132,549
General and administrative expenses	(20,059)	(238,064)	(5,741)	(112,995)	(376,859)
Net impairment loss	9,199	(159,352)	-	(4,668)	(154,821)
Net profit / (loss) for the period	195,527	291,677	109,571	4,094	600,869
Segment Assets	23,388,705	36,862,737	17,399,263	270,078	77,920,783
Segment Liabilities and Equity	13,990,749	47,694,420	844,031	15,391,583	77,920,783

Unaudited 31 March 2022	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	88,905	348,731	18,150	5,986	461,772
Net fees, commission & other income	48,356	138,531	2,545	828	190,260
Total operating income	137,261	487,262	20,695	6,814	652,032
General and administrative expenses	(18,978)	(184,937)	(4,563)	(72,106)	(280,584)
Net impairment loss	22,528	(46,277)	(5,704)	(96)	(29,549)
Net profit / (loss) for the period	140,811	256,048	10,428	(65,388)	341,899
Segment Assets	21,466,086	33,474,297	14,797,008	328,306	70,065,697
Segment Liabilities and Equity	11,584,226	43,412,111	1,041,556	14,027,804	70,065,697

16 RELATED PARTY TRANSACTIONS

The Group is owned by Emirates NBD (99.9%), which is partially owned by the Investment Corporation of Dubai (55.75%). The Government of Dubai is the major shareholder in Investment Corporation of Dubai.

Customer deposits from and financing to Government related entities, other than those that have been individually disclosed, amount to 15.9% and 4.3% (2022: 16.0% and 4.0%) respectively of the total customer deposits and financing receivables of the Group, respectively.

These entities are independently run business entities, and all the 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 profit rates and collaterals, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

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

No impairment losses have been recorded against balances outstanding during the period with key management personnel and their immediate relations at the period end.

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

	Unaudited 31 March 2023	Audited 31 December 2022
	AED 000	AED 000
Financing and other receivables		
To parent and related companies	356,560	971,157
To directors and related companies	5,022	8,671
To key management personnel & affiliates	2,709	2,578
	364,291	982,406
Customer deposits and other payables		
From ultimate parent company	183,634	183,635
From parent and related companies	1,100,148	1,505,156
From directors and related companies	108	161
From key management personnel & affiliates	27,041	18,914
	1,310,931	1,707,866
Investment securities and derivatives		
Investment in ultimate parent company	193,900	191,577
Positive fair value of derivatives - Parent and related companies	87,516	103,257
Negative fair value of derivatives - Parent and related companies	(90,235)	(81,130)
Notional amount of derivatives - Parent and related companies	10,054,135	9,725,512

16 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2023 AED 000	Unaudited three months period ended 31 March 2022 AED 000
Group Consolidated Income Statement		
Recharges from group companies	110,386	82,213
Income from investment in ultimate parent company	1,620	1,620
Income on financing receivables		
From parent and related companies	11,013	1,213
Distribution on deposits		
To ultimate parent company	2,479	131
To parent and related companies	2,728	119

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

	Unaudited three months period ended 31 March 2023 AED 000	Unaudited three months period ended 31 March 2022 AED 000
Key management compensation		
Short term employee benefits	16,753	12,576
Post employment benefits	298	2,381

17 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Unaudited three months period ended 31 March 2023 AED 000	Unaudited three months period ended 31 March 2022 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	7,097,319	56,430
Net cash inflow / (outflow)	(1,468,537)	2,459,318
Balance at end of period	5,628,782	2,515,748
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank of the UAE	13,107,566	11,808,846
Due from banks	4,385,895	3,920,451
Due to banks	(2,074,533)	(2,733,560)
	15,418,928	12,995,737
Less : Deposits with the Central Bank for regulatory purposes	(3,110,646)	(2,778,493)
Less: Murabaha with the Central Bank maturing after three months	(4,494,665)	(4,755,698)
Less : Amounts due from banks maturing after three months	(2,533,232)	(2,945,798)
Add : Amounts due to banks maturing after three months	348,397	-
	5,628,782	2,515,748
(c) Adjustment for non cash and other items		
Impairment loss on due from banks	-	5,459
Impairment loss on investment securities	-	4,201
Impairment loss on financing receivables	258,759	83,870
Impairment loss on unfunded exposure	-	119
Dividend income	(29)	(4,500)
Depreciation / impairment on property and equipment / investment properties	18,997	26,150
Unrealized (gain) / loss on investment securities	(7,120)	4,586
Gain on sale of properties (investment property / inventories)	(6,674)	-
	263,933	119,885

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair 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 31 March 2023	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
Investment securities				
FVOCI - Sukuk instruments	6,369,387	-	-	6,369,387
Designated at FVTPL	-	106,600	64,323	170,923
Islamic Derivatives				
Positive fair value of Islamic derivatives	-	177,601	-	177,601
Negative fair value of Islamic derivatives	-	(175,127)	-	(175,127)
	6,369,387	109,074	64,323	6,542,784
Audited 31 December 2022	5,925,063	99,218	64,298	6,088,579

18 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.

	Designated at FVTPL
	AED 000
Balance as at 1 January 2023	64,298
Total gains or losses:	
- in profit or loss	7,120
Settlements and other adjustments	(7,095)
Balance as at 31 March 2023	64,323
Balance as at 31 December 2022	64,298

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 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 31 March 2023 no financial assets 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.

19 RISK MANAGEMENT

The Group's 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.

Credit quality analysis:

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

AED 000 Unaudited 31 March 2023	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance at 1 January	48,129,717	1,259,856	3,692,074	53,081,647
Transfers from Stage 1	(342,075)	342,075	-	-
Transfers from Stage 2	143,200	(255,047)	111,847	-
Transfers from Stage 3	-	-	-	-
New financial assets, net of repayments and others	1,433,597	91,666	(38,331)	1,486,932
Amounts written off during the period	-	-	(65,666)	(65,666)
Total gross financing receivables	49,364,439	1,438,550	3,699,924	54,502,913
Expected credit losses	(1,096,772)	(301,572)	(3,507,418)	(4,905,762)
Carrying amount	48,267,667	1,136,978	192,506	49,597,151

AED 000 Unaudited 31 March 2022	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance at 1 January	42,289,030	900,348	3,843,720	47,033,098
Transfers from Stage 1	(229,634)	229,634	-	-
Transfers from Stage 2	84,415	(186,103)	101,688	-
Transfers from Stage 3	-	97,279	(97,279)	-
New financial assets, net of repayments and others	2,858,585	(136,676)	(8,426)	2,713,483
Amounts written off during the period	-	-	(77,017)	(77,017)
Total gross financing receivables	45,002,396	904,482	3,762,686	49,669,564
Expected credit losses	(708,538)	(268,952)	(3,448,438)	(4,425,928)
Carrying amount	44,293,858	635,530	314,248	45,243,636

The stage 1 and stage 2 are performing financing receivables having grades 1a- 4f while stage 3 is non-performing financing receivable having grades 5a- 5d.

19 RISK MANAGEMENT (CONTINUED)

Amounts arising from ECL

The following tables show reconciliations from opening to closing balance of ECL on financing receivables:

Financing receivables	Unaudited 31 March 2023				Unaudited 31 March 2022			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	955,482	274,920	3,482,267	4,712,669	717,111	249,248	3,452,715	4,419,074
Transfers from Stage 1	(9,710)	9,710	-	-	(8,225)	8,225	-	-
Transfers from Stage 2	15,491	(38,598)	23,107	-	21,993	(61,095)	39,102	-
Transfers from Stage 3	-	-	-	-	-	36,529	(36,529)	-
Allowances for impairment made during the period	135,509	55,540	118,077	309,126	(22,341)	36,045	119,617	133,321
Write back / recoveries made during the period	-	-	(50,367)	(50,367)	-	-	(49,451)	(49,451)
Amounts written off during the period	-	-	(65,666)	(65,666)	-	-	(77,017)	(77,017)
Exchange and other adjustments	-	-	-	-	-	-	1	1
Closing Balance	**1,096,772**	**301,572**	**3,507,418**	**4,905,762**	**708,538**	**268,952**	**3,448,438**	**4,425,928**

20 IBOR TRANSITION (PROFIT RATE BENCHMARK REFORMS)

The Group closely monitors the market and the output from the various industry working groups managing the transition to new benchmark profit rates. GBP LIBOR has already transitioned to SONIA and management continues to run the project on the Group's transition activities on USD LIBOR to SOFR and engages with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.

21 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 will 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.

The Group's assessment of the possible impact of the CT Law on the Group consolidated financial statements, from current and deferred tax perspective, is pending due to certain pending clarifications and guidance on the implementation of CT Law.

22 COMPARATIVE FIGURES

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