Looking to the Future
with Confidence

Emirates NBD

INTEGRATED REPORT 2022

VISION

"TO BE THE MOST INNOVATIVE BANK FOR OUR CUSTOMERS, PEOPLE AND COMMUNITIES"

PURPOSE

CREATE OPPORTUNITIES TO PROSPER

VALUES

- COLLABORATION
- OWNERSHIP
- DRIVE
- ENTERPRISING

H.H. Sheikh Mohammed bin Zayed Al Nahyan
President of the United Arab Emirates

H.H. Sheikh Mohammed Bin Rashid Al Maktoum
Vice President and Prime Minister
of the United Arab Emirates and Ruler of Dubai

H.H. Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum
Crown Prince of Dubai

H.H. Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum
Deputy Ruler of Dubai,
Deputy Prime Minister and
Minister of Finance of the
United Arab Emirates

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بنك الإمارات دبي الوطني
Emirates NBD

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Emirates NBD Bank P.J.S.C. ("the Bank") and its subsidiaries (collectively known as "the Group") for the year ended 31 December 2022.

The Bank was incorporated in the United Arab Emirates (the UAE) on 16 July 2007, pursuant to the approval from the Central Bank of the UAE on 3 July 2007 to grant the Bank a banking license.

Basis of Preparation of Financial Statements

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

Financial Commentary

The Group reported a consolidated profit (attributable to equity holders) of AED 13,003 million for the year 2022, which represents an increase of 40 percent over 2021 demonstrating the resilience of the Group's diversified business model and strong regional economic growth. The Group has continued to focus on:

- Maintaining strong capital, liquidity and funding positions;
- Delivering long term sustainable value for shareholders;
- Growing international operations;
- Maintaining a strong risk oversight whilst effectively managing cost of risk;
- Investing in people with a focus on developing and deploying National talent in key senior and executive positions;
- Investing in digital with a focus on innovation and analytics; and
- Expanding sustainability strategy

2022 was a record year for retail lending and customer transactions, with all business units delivering an outstanding performance, driving income 36% higher. The UAE economy grew strongly in 2022, helped by a recovery in tourism, population growth, a buoyant property market and a high oil price.

We continued financing the real economy and were rewarded with strong economic growth across a range of sectors. In 2022 the country's wise and visionary Leadership were able to wind down an extremely effective stimulus package, introduced at the start of the pandemic for commercial and retail customers. We are very proud to have provided interest and principal deferral relief to more than 130,000 customers in the UAE.

The strong results and solid balance sheet helped secure an upgrade from Moody's of the Group's short-term and long-term credit ratings.

International expansion continues with additional branches in the Kingdom of Saudi Arabia, India and Egypt and accelerated investment in our digital capabilities to support future growth. The Group continues to diversify with 39 percent of income now coming from international operations.

Inflation in many countries reached multi-decade highs and many Central Banks responded with a rapid increase in interest rates. The Group's strong results demonstrate financial resiliency and all five business units delivered an increase in profit before tax, illustrating that the Group's diversified business model continues to deliver. The Group's balance sheet strengthened with further improvements in deposit mix, credit quality, core capital and liquidity. Emirates NBD continues to support businesses and customers while investing in its digital platform and international network to drive future growth.

Group earnings per share was AED 1.98 (2021: AED 1.38) and the Group adjusted earnings per share (excluding the impact of hyperinflation) was AED 2.47 (2021: 1.38).

The Group achieved a return on average tangible equity of 17.1 percent (2021: 12.8 percent) and a return on average total assets of 1.8 percent (2021: 1.3 percent).

Equity and Note Holders' Funds

Total equity and note holders' funds as at the end of 2022 stands at AED 93,198 million (2021: AED 83,520 million).

Proposed Appropriations

The Directors also propose the following appropriations from retained earnings:

		AED million
Retained earnings as at 1 January 2022		53,088.2
Group profit for the year (attributable to equity holders)		13,002.6
Other comprehensive income / (loss) for the year		(3.8)
Retained earnings available for appropriation		66,087.0
(a)	2021 Cash dividend paid during 2022	(3,155.3)
(b)	Interest on Tier 1 Capital Notes	(510.7)
(c)	Directors' fees for 2022	(31.0)
(d)	Zakat	(44.0)
Balance of retained earnings as at 31 December 2022		62,346.0

بنك الإمارات دبي الوطني
Emirates NBD

Board and Board Committee meetings during 2022

Emirates NBD Board of Directors

H.H. Sheikh Ahmad Bin Saeed Al Maktoum	Chairman
Mr. Hesham Abdulla Al Qassim	Vice Chairman
H.E. Mohamed Hadi Al Hussaini	Director
H.E. Huda Sayed Naim Al Hashimi	Director (appointed on 23.2.2022)
H.E. Khalid Juma Al Majid	Director (appointed on 23.2.2022)
Mr. Buti Obaid Al Mulla	Director
Mr. Salem Mohammed Obaidalla	Director
Mr. Ali Humaid Al Owais	Director
Mr. Jassim Mohammed Al Ali	Director (appointed on 23.2.2022)
Mr. Hussain Hassan Mirza Al Sayegh	Director (resigned on 23.2.2022)
Mr. Shoaib Mir Hashim Khoory	Director (resigned on 23.2.2022)
Mr. Mohamed Hamad Obaid Khamis Al Shehi	Director (resigned on 23.2.2022)

Total Number of Meetings: 6

Emirates NBD Board Executive Committee

Mr. Hesham Abdulla Al Qassim	Chairman of the Committee
HE. Mohamed Hadi Ahmad Al Hussaini	Member
Mr. Ali Humaid Al Owais	Member
Mr. Salem Mohammed Obaidalla	Member
Mr. Sohaib Mir Hashim Khoory	Member (resigned on 23.2.2022)

Total Number of Meetings: 13

Emirates NBD Board Audit Committee

Mr. Jassim Mohammed Al Ali	Chairman of the Committee (appointed on 23.2.2022)
Mr. Hesham Abdulla Al Qassim	Member (appointed on 23.2.2022)
Mr. Salem Mohammed Obaidalla	Member
Mr. Sohaib Mir Hashim Khoory	Member (resigned on 23.2.2022)
Mr. Mohamed Hamad Obaid Khamis Al Shehi	Member (resigned on 23.2.2022)
Mr. Hussain Hassan Mirza Al Sayegh	Member (resigned on 23.2.2022)

Total Number of Meetings: 5

Emirates NBD Board Nomination, Remuneration and Environmental, Social and Governance Committee

Mr. Buti Obaid Buti Al Mulla	Chairman of the Committee
Mr. Hesham Abdulla Al Qassim	Member (appointed on 23.2.2022)
Mr. Ali Humaid Al Owais	Member
Mr. Mohamed Hamad Obaid Khamis Al Shehi	Member (resigned on 23.2.2022)

Total Number of Meetings: 4

Emirates NBD Board Risk Committee

Mr. Ali Humaid Al Owais	Chairman of the Committee
Mr. Hesham Abdulla Al Qassim	Member
Mr. Salem Mohammed Obaidalla	Member
Mr. Hussain Hassan Mirza Al Sayegh	Member (resigned on 23.2.2022)
Mr. Buti Obaid Al Mulla	Member (resigned on 23.2.2022)

Total Number of Meetings: 4

Emirates NBD Board Credit and Investment Committee

Mr. Hesham Abdulla Al Qassim	Chairman of the Committee
HE. Mohamed Hadi Ahmad Al Hussaini	Member
Mr. Ali Humaid Al Owais	Member
Mr. Salem Mohammed Obaidalla	Member
Mr. Sohaib Mir Hashim Khoory	Member (resigned on 23.2.2022)

Total Number of Meetings: 48

Board Profit Equalization Committee (New Committee)

Mr. Hesham Abdulla Al Qassim	Chairman of the Committee
Mr. Buti Obaid Buti Al Mulla	Member
Dr. Salim Al Ali (ISSC representative)	Member (appointed on 27.07.2022)

Total Number of Meetings: 1

Auditors:

Deloitte and Touche (M.E.) were appointed as auditors of the Emirates NBD Group for the 2022 financial year at the Annual General Meeting held on 23 February 2022.

On behalf of the Board

Chairman

Dubai, UAE

25 January 2023

EMIRATES NBD BANK PJSC

GROUP CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

These Audited Preliminary Group Consolidated Financial Statements are subject to the Central Bank of UAE Approval and adoption by the Shareholders at the Annual General Meeting

EMIRATES NBD BANK PJSC

GROUP CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Emirates NBD Bank PJSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Emirates NBD Bank PJSC (the "Bank") and its subsidiaries (together the "Group"), Dubai, United Arab Emirates** which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group, as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments – Estimation uncertainty with respect to expected credit losses for loan and advances to customers	
The assessment of the Bank's determination of impairment allowances for loans and advances to customers require management to make judgements over the staging of financial assets and measurement of the Expected Credit Loss (ECL). The audit was focused on this matter due to the materiality of the loans and advances to customers (representing 56% of total assets) and the complexity of the judgements, assumptions and estimates used in the ECL models. Refer to Note 7 to the consolidated financial statements for the accounting policy and Note 46 for the credit risk disclosure. The material portion of the non-retail portfolio of loans and advances to customers is assessed individually for the significant increase in credit risk (SICR) or credit impairment and the related measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging movements in accordance with the Bank's policies and the requirements of IFRS 9 *Financial Instruments*. The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. It is important that models and their parameters (Probability of Default, Loss Given Default, Exposure At Default and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation process by an independent reviewer.	We gained an understanding of the loan origination process, credit risk management process and the estimation process of determining impairment allowances for loans and advances to customers and tested the operating effectiveness of relevant controls within these processes. On a sample basis, we selected individual loans and performed a detailed credit review and challenged the Banks's identification of SICR (Stage 2), the assessment of credit-impaired classification (Stage 3) and whether relevant impairment events had been identified in a timely manner. We challenged the assumptions underlying the impairment allowance calculation, such as estimated future cash flows, collateral valuations and estimates of recovery. We evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances. We evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios including the related weighting. For loans tested collectively, we evaluated controls over the modelling process, including model inputs, monitoring, validation and approval. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We tested the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. We evaluated system-based and manual controls over the recognition and measurement of impairment allowances. We evaluated other post model adjustments and management overlays in order to assess the reasonableness of these adjustments. We further assessed the forward-looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments – Estimation uncertainty with respect to expected credit losses for loan and advances to customers (continued)	
	The Bank performed an independent validation of the PD and LGD models including macro-economic model during the reporting period, as well as an external validation for some of the newly implemented PD and LGD models. We considered the process of the independent and external validations of the models and its impact on the results of the impairment estimate. We have updated our assessment of the methodology and framework designed and implemented by the Bank as to whether the impairment models' outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Bank to determine future economic conditions at the reporting date. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.
IT systems and controls over financial reporting	
We identified IT systems and controls over financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to address the potential risk for fraud and error as a result of change to applications or underlying data.	We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to the identified automated controls and Information Produced by the Entity (IPEs) covering access security, program changes, data center and network operations. We examined certain Information Produced by the Entity (IPEs) used in the financial reporting from relevant applications and key controls over their report logics as well as preparation and maintenance. We performed testing on the key automated controls on significant IT systems relevant to business processes. We tested the interfaces between the identified systems in order to determine if information is being transmitted in an accurate and complete manner.

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Key Audit Matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Concentration of related party balances	
Related party assets as at 31 December 2022 are disclosed in Note 39 to these consolidated financial statements with the description of the accounting policy disclosed in Note 7. We focused on this area as significant management judgement is required to determine the disclosures required under IFRS 7 *Financial Instruments: Disclosures* and IAS 24 *Related Party Disclosures* with regards to significant credit risk concentrations and related party disclosures. IFRS 7 requires that specific information be disclosed for each type of risk arising from financial instruments. These include qualitative disclosures around how exposures arise and how they are measured and managed, summary quantitative data about an entity's exposure to each type of risk, and information about an entity's credit risk exposure, including significant credit risk concentrations. In addition, for government-controlled entities such as Emirates NBD Bank PJSC, disclosure is required under IAS 24 *Related Party Disclosures* of a qualitative or quantitative indication of the extent of transactions with the government or related entities.	We obtained from those charged with governance and management information identifying all known related parties. We evaluated and tested key controls over the identification and monitoring of related party transactions. We evaluated and tested key controls over the initial recognition and monitoring of loans. We reviewed minutes of board meetings and management meetings to determine if there were any related party transactions of which we were previously unaware. We obtain a confirmation for the balance in writing from the relevant related party. We vouched individual related party transactions on a sample basis to supporting documentation. Finally, we evaluated the adequacy of the disclosures by assessing whether a reasonable user of the consolidated financial statements could understand the exposure of the Bank to concentration and related risks, and by considering the ability of such a user to reasonably estimate the extent of transactions with the majority shareholder of the parent, including the income arising from the balance due from them, based on the disclosures provided.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Emirates NBD Bank PJSC (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accuracy of the hyperinflation accounting for the results of DenizBank A.S.	
As disclosed in note 6 to the consolidated financial statements, the economy of the Republic of Turkey was deemed a hyperinflationary economy in accordance with the requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29").	We obtained an understanding of the process implemented by the Group to determine the hyperinflation adjustments and disclosures. We assessed the controls over this area to determine if they had been designed and implemented appropriately.
The Group performed the hyperinflation calculations which included utilising the consumer price indices as a key input into the calculations. The consolidated financial results of DenizBank A.S. ("DenizBank") are translated to the Group's reporting currency, AED, using the official exchange rate published by the Central Bank of the Republic of Turkey as at 31 December 2022.	We utilised our internal IFRS accounting specialists to conclude on the appropriate application of IAS 21 and IAS 29. We assessed the inputs into the hyperinflation calculations with specific emphasis on the consumer price indices used by agreeing them to independent sources.
The loss on the monetary position is calculated as the difference resulting from the restatement of net non-monetary assets, equity and items in the statement of profit or loss and other comprehensive income ("OCI"), and adjustment of index linked assets and liabilities. The application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21") in conjunction with the application of IAS 29 resulted in a net monetary loss of AED 3.1 billion being recognised in profit or loss for the year. Overall, the hyperinflation adjustment results in a net other comprehensive income of AED 1.1. billion.	We reperformed the mathematical accuracy of the hyperinflation adjustments. We reperformed the mathematical accuracy of the calculations to determine the disclosure of sensitivities. We determined if the exchange rates used to translate the hyperinflated consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows were determined in accordance with the requirements of IFRSs.
The application of the requirements of IFRSs relative to hyperinflation and the assessment of the applicable exchange rate were areas that required significant auditor attention. Given the significance of the quantitative impact, the complexities associated with hyperinflationary accounting and the extent of audit effort required, the application of hyperinflation accounting for the Group's operations located in the Republic of Turkey and the related disclosures were deemed to be a Key Audit Matter.	We assessed the disclosure in the consolidated financial statements relating to this area against the requirements of IFRSs.

Other information

The Board of Directors is responsible for the other information. The other information comprises the annual report of the Group. We obtained the Board of Directors' report of the annual report prior to the date of this auditor's report, and the remaining information of the annual report is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with applicable provisions of UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Group's Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Emirates NBD Bank PJSC (continued)

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Bank has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Bank;
- Note 11 to the consolidated financial statements discloses the Bank's purchases or investments in shares during the year ended 31 December 2022;
- Note 39 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interest;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Bank has contravened during the year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- Note 48 to the consolidated financial statements of the Group discloses social contributions made during the year ended 31 December 2022.

Further, as required by UAE Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No. 872
25 January 2023
Dubai
United Arab Emirates

بنك الإمارات دبي الوطني
Emirates NBD

GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 AED 000	2021 AED 000
ASSETS			
Cash and deposits with Central Banks	9	74,617,905	70,753,613
Due from banks	10	73,466,575	45,343,248
Investment securities	11	125,806,964	106,156,886
Loans and receivables	12	416,604,392	422,272,390
Positive fair value of derivatives	35	17,205,811	10,658,925
Customer acceptances		9,029,309	11,343,522
Property and equipment		4,105,853	3,747,621
Goodwill and intangibles	14	5,779,053	5,981,491
Other assets	15	15,345,691	11,178,922
TOTAL ASSETS		**741,961,553**	**687,436,618**
LIABILITIES			
Due to banks	16	37,278,985	43,755,207
Customer deposits	17	502,953,216	456,483,888
Debt issued and other borrowed funds	18	53,486,827	63,387,228
Sukuk payable	19	3,672,500	3,672,500
Negative fair value of derivatives	35	20,205,915	9,186,321
Customer acceptances		9,029,309	11,343,522
Other liabilities	20	22,030,652	16,028,263
TOTAL LIABILITIES		**648,657,404**	**603,856,929**
EQUITY			
Issued capital	21	6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	22	9,128,652	9,128,652
Share premium reserve	21	17,954,164	17,954,164
Legal and statutory reserve	23	3,158,299	3,158,299
Other reserves	23	2,945,393	2,945,393
Fair value reserve	23	(1,296,468)	(725,815)
Currency translation reserve	23	(7,308,184)	(8,299,265)
Retained earnings		62,345,938	53,088,213
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		**93,198,217**	**83,520,064**
Non-controlling interest		105,932	59,625
TOTAL EQUITY		**93,304,149**	**83,579,689**
TOTAL LIABILITIES AND EQUITY		**741,961,553**	**687,436,618**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 1 to 8.

Director

25 JAN 2023

Chief Executive Officer

GROUP CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 AED 000	2021 AED 000
Interest and similar income		30,779,454	23,663,509
Interest and similar expense		(10,878,128)	(8,929,717)
Net interest income	24	**19,901,326**	**14,733,792**
Income from Islamic financing and investment products	25	4,059,110	2,822,009
Distribution on Islamic deposits and profit paid to Sukuk holders	26	(738,267)	(631,241)
Net income from Islamic financing and investment products		**3,320,843**	**2,190,768**
Net interest income and income from Islamic financing and investment products net of distribution to depositors		**23,222,169**	**16,924,560**
Fee and commission income		7,004,158	6,475,045
Fee and commission expense		(2,923,184)	(2,639,234)
Net fee and commission income	27	**4,080,974**	**3,835,811**
Net gain on trading securities	28	52,278	150,818
Other operating income	29	5,152,062	2,910,461
Total operating income		**32,507,483**	**23,821,650**
General and administrative expenses	30	(9,255,335)	(7,991,521)
Operating profit before impairment		**23,252,148**	**15,830,129**
Net impairment loss on financial assets	31	(5,183,952)	(5,898,857)
Operating profit after impairment		**18,068,196**	**9,931,272**
Share of profit of associate and (loss) on its disposal		-	(21,137)
Group profit for the year before tax		**18,068,196**	**9,910,135**
Taxation charge		(1,963,575)	(604,165)
Group profit for the year after tax		**16,104,621**	**9,305,970**
Hyperinflation adjustment on net monetary position	6	(3,094,984)	-
Group profit for the year		**13,009,637**	**9,305,970**
Attributable to:			
Equity holders of the Group		13,002,575	9,297,537
Non-controlling interest		7,062	8,433
Group profit for the year		**13,009,637**	**9,305,970**
Earnings per share (AED)	34	**1.98**	**1.38**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors’ report on the Group consolidated financial statements is set out on pages 1 to 8.

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 AED 000	2021 AED 000
Group profit for the year	13,009,637	9,305,970
Other comprehensive income		
Items that will not be reclassified subsequently to the income statement:		
Actuarial gains / (losses) on retirement benefit obligations	(3,803)	(34,939)
Movement in fair value reserve (equity instruments):		
- Net change in fair value	(17,805)	(23,547)
Items that may be reclassified subsequently to the income statement:		
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	74,049	(179,138)
Cash flow hedges:		
- Effective portion of changes in fair value	(902,185)	(333,459)
Fair value reserve (debt instruments):		
- Net change in fair value	674,729	(644,244)
- Net amount transferred to the income statement	(104,030)	(182,728)
- Related deferred tax	(295,411)	160,609
Currency translation reserve	(3,230,424)	(4,720,325)
Hedge of a net investment in foreign operations	47,278	28,733
Hyperinflation adjustment (note 6)	4,174,227	-
Other comprehensive income / (loss) for the year	416,625	(5,929,038)
Total comprehensive income for the year	**13,426,262**	**3,376,932**
Attributable to:		
Equity holders of the Group	13,419,200	3,368,499
Non-controlling interest	7,062	8,433
Total comprehensive income for the year	**13,426,262**	**3,376,932**

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GROUP CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 AED 000	2021 AED 000
OPERATING ACTIVITIES		
Group profit before tax for the year	18,068,196	9,910,135
Adjustment for non-cash items (refer Note 42)	3,522,097	9,630,164
Operating profit before changes in operating assets and liabilities	**21,590,293**	**19,540,299**
(Increase) / decrease in interest free statutory deposits	(6,394,781)	(2,232,450)
(Increase) / decrease in certificate of deposits with Central Banks maturing after three months	2,000,000	30,500,000
(Increase) / decrease in amounts due from banks maturing after three months	(19,041,167)	(2,688,268)
Increase / (decrease) in amounts due to banks maturing after three months	(7,455,345)	(5,955,285)
(Increase) / decrease in other assets	(4,859,901)	(4,613,877)
(Increase) / decrease in other liabilities	1,607,480	(6,593,024)
(Increase) / decrease in positive fair value of derivatives	(7,327,744)	2,554,609
Increase / (decrease) in negative fair value of derivatives	11,019,594	(1,588,910)
Increase / (decrease) in customer deposits	46,469,328	(7,713,146)
(Increase) / decrease in loans and receivables	348,665	15,034,219
Net cash flows generated from / (used in) operations	**37,956,422**	**36,244,167**
Taxes paid	(1,426,429)	(689,186)
Net cash flows generated from / (used in) operating activities	**36,529,993**	**35,554,981**
INVESTING ACTIVITIES		
(Increase) / decrease in investment securities	(18,620,456)	(34,076,787)
Disposal of a subsidiary	-	546,725
(Increase) / decrease of property and equipment	(656,351)	(448,261)
Dividend income received	15,140	18,742
Disposal of an associate	-	105,393
Net cash flows generated from / (used in) investing activities	**(19,261,667)**	**(33,854,188)**
FINANCING ACTIVITIES		
Issuance of debt issued and other borrowed funds	6,994,466	25,636,942
Repayment of debt issued and other borrowed funds	(12,962,943)	(13,313,409)
Repayment of sukuk borrowing	-	(3,672,500)
Issuance of Tier I capital notes	-	2,748,866
Repayment of Tier I capital notes	-	(4,000,000)
Interest on Tier I capital notes	(510,707)	(592,233)
Dividends paid	(3,155,347)	(2,524,278)
Issuance of Sukuk	-	1,836,250
Net cash flows generated from / (used in) financing activities	**(9,634,531)**	**6,119,638**
Increase / (decrease) in cash and cash equivalents (refer Note 42)	**7,633,795**	**7,820,431**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 1 to 8.

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued capital (a)	**Treasury shares**	**Tier I capital notes (b)**	**Share premium reserve(a)**	**Legal and statutory reserve(c)**	**Other reserve(c)**	**Fair value reserve(c)**	**Currency translation reserve (c)**	**Retained earnings**	**Total**	**Non-controlling interest**	**Group Total**
	AED 000	AED 000	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 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 year	-	-	-	-	-	-	-	-	13,002,575	13,002,575	7,062	13,009,637
Other comprehensive income for the year	-	-	-	-	-	-	(570,653)	991,081	(3,803)	416,625	-	416,625
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(510,707)	(510,707)	-	(510,707)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	39,245	39,245
Dividends paid*	-	-	-	-	-	-	-	-	(3,155,347)	(3,155,347)	-	(3,155,347)
Directors' fees (refer Note 32)	-	-	-	-	-	-	-	-	(31,000)	(31,000)	-	(31,000)
Zakat	-	-	-	-	-	-	-	-	(43,993)	(43,993)	-	(43,993)
Balance as at 31 December 2022	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

*Dividends paid are net of the amount attributable to treasury shares.

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.

The independent auditors' report on the Group consolidated financial statements is set out on pages 1 to 8.

Notes:

(a) For further details refer to Note 21
(b) For further details refer to Note 22
(c) For further details refer to Note 23

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued capital (a)	Treasury shares	Tier I capital notes (b)	Share premium reserve(a)	Legal and statutory reserve(c)	Other reserve(c)	Fair value reserve(c)	Currency translation reserve(c)	Retained earnings	Total	Non-controlling interest	Group Total
	AED 000	AED 000	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 2021	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	476,692	(3,607,673)	47,014,778	84,591,862	26,236	84,618,098
Profit for the year	-	-	-	-	-	-	-	-	9,297,537	9,297,537	8,433	9,305,970
Other comprehensive income for the year	-	-	-	-	-	-	(1,202,507)	(4,691,592)	(34,939)	(5,929,038)	-	(5,929,038)
Tier I capital notes issued during the year (Note 22)	-	-	2,748,866	-	-	-	-	-	-	2,748,866	-	2,748,866
Tier I capital notes redeemed during the year (Note 22)	-	-	(4,000,000)	-	-	-	-	-	-	(4,000,000)	-	(4,000,000)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(592,233)	(592,233)	-	(592,233)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	24,956	24,956
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Directors' fees (refer Note 32)	-	-	-	-	-	-	-	-	(31,000)	(31,000)	-	(31,000)
Zakat	-	-	-	-	-	-	-	-	(41,652)	(41,652)	-	(41,652)
Balance as at 31 December 2021	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

*Dividends paid are net of the amount attributable to treasury shares.

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.

The independent auditors' report on the Group consolidated financial statements is set out on pages 1 to 8.

Notes:

(a) For further details refer to Note 21
(b) For further details refer to Note 22
(c) For further details refer to Note 23

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 consolidated financial statements for the year ended 31 December 2022 comprise the financial statements of the Bank and its subsidiaries (together referred to as the "Group").

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. For details of activities of subsidiaries, refer to Note 37.

The registered address of the Bank is P. O. Box 777, Dubai, United Arab Emirates ("UAE").

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

2 BASIS OF ACCOUNTING

Statement of compliance

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

The principal accounting policies adopted in the preparation of the Group consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3 FUNCTIONAL AND PRESENTATION CURRENY

The presentation currency of the Group consolidated financial statements is the United Arab Emirates Dirham (AED). The functional currency for a significant proportion of the Group's assets, liabilities, income and expenses is also AED. However, certain subsidiaries and branches have functional currencies other than AED and AED is their presentation currency.

4 BASIS OF MEASUREMENT

The Group consolidated financial statements have been prepared under the historical cost basis except for the following:

- derivative financial instruments are measured at fair value;
- financial instruments classified as trading and at fair value through profit or loss (FVTPL) are measured at fair value;
- financial assets at fair value through other comprehensive income are measured at fair value; and
- recognised assets and liabilities that are hedged are measured at fair value in respect of the risk that is hedged.

The preparation of the Group consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group consolidated financial statements are disclosed in Note 5.

5 USE OF JUDGEMENTS AND ESTIMATES

The preparation of the Group consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. Considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowances required for impaired loans and receivables as well as allowances for impairment provision for unquoted investment securities. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:

(i) Financial instruments

Judgments made in applying accounting policies that have most significant effects on the amounts recognised in the Group consolidated financial statements for the year ended 31 December 2022 pertain to:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.

- Calculation of expected credit losses (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 2022. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Inputs, assumptions and techniques used for ECL calculation

Key concepts that have the most significant impact and require a high level of judgment, as considered by the Group while determining the ECL, are:

Assessment of Significant Increase in Credit Risk ('SICR')

The assessment of SICR is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

The Group's assessment of significant increases in credit risk is being performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. The Group has established thresholds for significant increase in credit risk based on movement in Probability of Default relative to initial recognition.
2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit impaired as at the reporting date. The determination of credit-impairment is based on individual assessment of financial assets for objective evidence of impairment.

5 USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Financial instruments (continued)

Inputs, assumptions and techniques used for ECL calculation (continued)

Assessment of Significant Increase in Credit Risk ('SICR') (continued)

The Group reviews its loans and receivables portfolio and Islamic financing receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans and receivables or Islamic financing receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The estimation and application of forward-looking information requires judgment based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio and represent the underlying causal effects of changes in these economic conditions. Each macroeconomic scenario used in the Group's ECL calculation will have projected forecasts of the relevant macroeconomic variables.

The Group estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. These scenarios are based on macroeconomic forecasts published by external experts. If conditions warrant additional downside scenarios may also be considered.

Probability weights attached to these scenarios are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. In some instances, the inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the Group consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Group's governance process for oversight.

Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group.

The table below summarizes key macroeconomic indicators included in the economic scenarios for respective operating regions relevant to their markets on 31 December 2022 and for the years ending 2023 to 2026:

	Base Scenario					Upside Scenario					Downside Scenario				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
UAE															
Oil Price – USD	102	92	72	69	69	102	89	71	69	69	102	90	60	65	67
GDP- change %	7.5	2.2	3.0	2.6	2.7	7.5	3.5	4.4	2.7	2.7	7.5	(1.1)	(1.0)	3.5	4.3
Imports – AED Bn	1,031	1,170	1,281	1,356	1,425	1,031	1,173	1,300	1,397	1,486	1,031	1,104	1,115	1,146	1,202
KSA															
Oil GDP – SAR Trn	1.38	1.46	1.48	1.50	1.52	1.38	1.48	1.53	1.55	1.56	1.38	1.41	1.37	1.41	1.45
Unemployment - %	9.75	9.56	9.58	9.60	9.60	9.75	9.49	9.48	9.52	9.58	9.75	9.85	10.1	10.0	9.86
Turkey															
Real GDP Growth %	2.45	3.34	4.30	3.85	-	3.06	4.06	4.68	4.16	-	1.83	1.10	3.85	3.85	-
Unemployment - %	10.3	11.2	10.7	9.99	-	10.2	10.8	10.4	9.37	-	10.4	11.8	11.7	11.2	-

5 USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Financial instruments (continued)

Inputs, assumptions and techniques used for ECL calculation (continued)

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios (continued)

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to inherent uncertainty and therefore the actual outcomes may be different to those projected.

Definition of default

The definition of default used in the measurement of ECL and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which it is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance

In addition to the existing risk management framework, the Group has established an internal Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance, Risk Management, Internal Audit and Business teams and are responsible for reviewing and approving key inputs and assumptions used in the Group ECL estimates. It also assesses the appropriateness of the overall allowance results to be included in the Group consolidated financial statements.

(ii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the Group consolidated statement of financial position cannot be derived from quoted prices, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Fair values are subject to a control framework designed to ensure that they are either determined or validated, by a function independent of the risk taker.

(iii) Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Contingent liability arising from litigations

Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability (more likely than not) of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

6 CHANGES IN ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as set out in Note 7 to all periods presented in these Group consolidated financial statements, except for the following accounting policies which are applicable from 1 January 2022:

Adoption of IAS 29 financial reporting in hyperinflationary economies ('IAS 29')

Turkey has been determined a hyperinflationary economy under IAS 29 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 31 December 2022, the three-year cumulative inflation rate has been 156% based on the Turkish CPI. The consumer price index at the beginning of the reporting period was 687 and closed at 1,128 resulting in an increase of 64%

- The Group has recognised in the Group consolidated statement of 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) have been indexed by applying the difference in CPI from 31 December 2021 to 31 December 2022 resulting in a gain of AED 0.8 billion in the Group consolidated 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 Group consolidated income statement, amounting to AED 3.4 billion with an equal corresponding credit to OCI.

- Group consolidated income statement is indexed using the respective period index movement for the year 2022. For the year ended 31 December 2022 the indexation impact on the Group consolidated income statement is as follows:

31 December 2022 in AED Billion	**Hyperinflation impact**
Total operating income	1.0
General and administrative expenses	(0.3)
Net impairment loss on financial assets	(0.2)
Taxation charge	(0.3)

During year ended 31 December 2022, the loss due to hyperinflation accounting for DenizBank was AED 3.1 billion and is recognised in the Group consolidated income statement as hyperinflation adjustment on net monetary position. Overall, the hyperinflation adjustment results in a credit of AED 1.1 billion in OCI after netting off loss on net monetary position recognized in the Group consolidated income statement.

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 17 bps as a result of hyperinflation adjustment has been excluded from the capital adequacy computations.

7 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements, except for the changes explained in Note 6.

(a) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

The list of the Group's subsidiary companies is shown in Note 37.

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the Group consolidated financial statements are prepared for the same reporting date as the Bank with the exception of Emirates NBD Capital PSC, an insignificant subsidiary, year-end of which is 31 March and hence the Group uses their reviewed 12 months accounts as at 31 December. Consistent accounting policies are applied to all transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated at consolidation.

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date, fair value of assets transferred by the Group, liability incurred, and equity interest issued by the Group in exchange for control of the acquiree. Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are restated to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation (continued)

(i) Subsidiaries (continued)

Basis of consolidation (continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 7 (r) (i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

(ii) Special Purpose Entities

Special Purpose Entities (SPEs) are entities that are created to accomplish a well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. SPE is consolidated if the Group is exposed to variable returns from its involvement in the SPE and has the ability to affect those returns through its power over the SPE based on an evaluation of the substance of its relationship with the Group.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

a. the Group has power over the SPE;

b. the Group has exposure to, or rights, to variable returns from its involvement with the SPE; and
c. the Group has the ability to use its power over the SPE to affect the amount of the Group's returns.

The assessment of whether the Group has control over an SPE is carried out at inception and reassessed at each period end date or if there are changes in the structure / terms of additional transactions between the group and the SPE.

Information about the Group's securitisation activities is set out in Note 13.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation (continued)

(iii) Fund Management

The Group manages and administers funds on behalf of investors. The financial statements of these funds are not included in these Group consolidated financial statements. Information about the Group's fund management activity is set out in Note 44.

(iv) Fiduciary activities

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, accordingly, are not included in these Group consolidated financial statements. Income earned by the Group from its fiduciary activities is recognised in accordance with the accounting policies on fee and commission income.

(v) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Bank and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Bank.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

(vi) Associates

Associates are the entities over which the Group has significant influence but not control, generally accompanying a shareholding of over 20% of the voting rights, not being a subsidiary or a joint venture.

An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of the consolidated income statement.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation (continued)

(vi) Associates (continued)

The financial statements of the associates are prepared as of the same reporting date as for the Group. Where necessary, adjustments are made in the Group consolidated financial statements to align the accounting policies of the associates in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value.

Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

(b) Foreign currencies

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. The resulting gain / loss on monetary items is taken to the ‘Other operating income’ in the consolidated income statement. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Group consolidated financial statements, assets and liabilities in foreign operations are translated into AED at rates of exchange ruling at the reporting date, and the resulting gains and losses are taken to the currency translation reserve.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Forward exchange contracts are valued at market rates applicable to their respective maturities.

Exchange differences arising from the translation of the net investment in foreign operations are taken directly to currency translation reserve.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedge is effective, are recognised in Other comprehensive income (OCI).

(c) Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the ‘effective interest method’. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Interest (continued)

Amortised cost

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of the difference between the initial amount and the maturity amount using the effective interest method and, for financial assets, adjusted for any loss allowance.

Gross carrying amount

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting any loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost (as explained above) of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross carrying amount (as explained above).

For the financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost (as explained above) of the financial asset. The calculation of interest income does not revert to a gross carrying amount (as explained above), even if the credit risk of the asset improves.

Presentation

Interest income and expense presented in the Group consolidated income statement include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at fair value through other comprehensive income (FVOCI) calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Fees and commission

Fee income, which is not an integral part of the effective interest rate of a financial instrument, is earned from a diverse range of services provided by the Group to its customers, and are accounted for in accordance with IFRS 15 *'Revenue from Contracts with Customers'*. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- other fees and commission income and expense are recognised as the related services are performed or received.

Fee income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in 'Interest income'.

(e) Net trading income

'Net trading income' comprises gains less losses to trading assets and liabilities, and includes all fair value changes, dividends and foreign exchange differences.

(f) Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.

(g) Property related income

Property related income includes rental income, which is recognised on a straight-line basis over the term of the lease.

(h) Leases

Under IFRS 16, the Group recognises a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (continued)

The Group has presented right of use assets within 'Property and equipment' and lease liabilities within 'Other liabilities' in the Group consolidated statement of financial position.

Where the Group leases out its investment property, the Group has classified these as operating leases.

(i) Income taxes and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the Group consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profits will be available to utilise the differences.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

(j) Financial assets and financial liabilities

(i) Classification of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured: at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(i) Classification of financial assets and financial liabilities (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Recognition and initial measurement

The Group initially recognises loans and receivables, Islamic financing receivables, deposits, debts and sukuks issued on the date on which they are originated or acquired. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

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

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(ii) Recognition and initial measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rate.

See note on investment securities, loans and receivable and cash and cash equivalents for further details.

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

The Group classifies financial liabilities as held for trading when they have been issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit making. Gains and losses arising from changes in fair values are included in the Group consolidated income statement in the year in which they arise.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(iii) Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(iii) Impairment (continued)

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Purchased or originated credit-impaired assets (POCI)

POCI assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. Lifetime ECL are only recognised or released to the extent that there is a subsequent change in the credit risk.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(iii) Impairment (continued)

Revolving facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities at a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Based on past experience and the Group's expectations, the period over which the Group calculates ECL for these products, is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iv) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. The financial guarantee liability is carried at amortised cost when payment under the contract has become probable.

'Loans commitments' are firm irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or irrevocable commitments to provide credit are initially measured at fair value and their initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

(v) Foreign currencies

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognised through OCI.

(vi) Loans and receivables

'Loans and receivables' caption in the Group consolidated statement of financial position include:

- Loans and receivables measured at amortised cost: they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method and are presented net of expected credit losses; and
- Loans and receivables measured at FVTPL or designated as at FVTPL: these are measured at fair value with changes recognised immediately in profit or loss, if applicable.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance or due from banks, and the underlying asset is not recognised in the Group's consolidated financial statements.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(vii) Investment securities

The 'investment securities' caption in the Group consolidated statement of financial position includes:

- debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVTPL or designated as at FVTPL: these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends from such equity instruments are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards or ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecogniton that is created or retained by the Group is recognised as a separate asset or liability.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(viii) Derecognition (continued)

The Group enters into transactions whereby it transfers assets recognised on its Group consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(ix) Modification of financial assets and financial liabilities

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(x) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Group consolidated statement of financial position when, and only when, the Group currently has legally enforceable rights to set off amounts and it intends either to settle them on a net basis or through realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group’s trading activities.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets and financial liabilities (continued)

(xi) Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of principal market, in the most advantageous market for the asset and liabilities.

If an asset or a liability measured at fair value has a ‘Bid’ price and an ‘Ask’ price, then the Group measures assets and long positions at a ‘Bid’ price and liabilities and short positions at an ‘Ask’ price.

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

Fair value is applicable to both financial and non-financial instruments.

(xii) Designated at FVTPL

At initial recognition, the Group has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise rise.

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:

(a) The liabilities are managed, evaluated and reported internally on a fair value basis; or
(b) The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

A description of the basis of each designation is set out in relevant notes for the asset or liability class.

(xiii) Sale and repurchase agreements

Securities sold subject to repurchase agreements (‘repos’) are disclosed in the notes to the Group consolidated financial statements when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included as a separate deposit. Securities purchased under agreements to resell (‘reverse repos’) are recorded as loans and receivables to either banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(k) Cash and cash equivalents

‘Cash and cash equivalents’ include notes and coins on hand, unrestricted balances held with Central Banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Group consolidated statement of financial position.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trading assets and liabilities

Trading assets are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the Group consolidated statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

(m) Derivatives held for risk management purposes and hedge accounting

The Group follows a hedge accounting model that aligns hedge accounting more closely with risk management. The model measures hedge effectiveness through an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

The Group also performs rebalancing of hedging relationships, whereby, if a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the Group shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Gains and losses arising from changes in the fair value of derivatives that are not the hedging instrument in a qualifying hedge are recognised as they arise in profit or loss. Gains and losses are recorded in ‘income from trading activities’ except for gains and losses on those derivatives that are managed together with financial instruments designated at fair value; these gains and losses are included in ‘other operating income’.

Hedging instruments include futures, forwards, options and swaps in the interest rate and foreign exchange markets. The Group utilises these instruments to satisfy the requirements of its customers, for proprietary trading purposes and to hedge its own exposure to interest rates and currency risk.

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value, with any resultant gains and losses being accounted as set out below.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of financial instruments.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or
- Hedge of net investment in a foreign operation.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivatives held for risk management purposes and hedge accounting (continued)

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

(i) Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(ii) Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of derivative is recognised in other comprehensive income within ‘Cash flow hedges – fair value gains / (losses)’. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Group consolidated income statement.

The accumulated gains and losses recognised in other comprehensive income are reclassified to the Group consolidated income statement in the periods in which the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are removed from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting or the hedge designation is revoked, then hedge accounting is discontinued prospectively, and any cumulative gain or loss recognised in other comprehensive income at that time remains in equity until the forecast transaction is eventually recognised in the Group consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately reclassified to the Group consolidated income statement.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivatives held for risk management purposes and hedge accounting (continued)

(iii) Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and accumulated in the translation reserve. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in Group consolidated income statement. The amount recognised in other comprehensive income is reclassified to the Group consolidated income statement as an adjustment on disposal of the foreign operation.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Group consolidated income statement.

(v) Embedded derivatives

Derivatives embedded in financial assets, liabilities and non-financial host contacts, are treated as separate derivatives and recorded at fair value if they meet the definition of a derivative, their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVPL. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the Group consolidated income statement.

(n) Islamic financing receivables

Islamic financing receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These products are carried at amortised cost less impairment.

(i) Definitions

The following terms are used in Islamic financing:

Murabaha

An agreement whereby the Group sells to a customer a commodity, which the Group has purchased and acquired, based on a promise received from the customer to buy the commodity purchased according at a (deferred) selling price comprised of the cost of the commodity and an agreed profit margin.

Istisna’a

A Sale Istisna’a agreement between the Group and a customer whereby the Group would sell to the customer a fully described property according to the agreed upon specifications. The Group would construct/develop the property either on its own or through a subcontractor and then hand it over to the customer on a fixed date for a deferred agreed price.

Ijara

An agreement, whereby the Group (lessor) leases an asset to a customer (lessee), for a specific period and against certain rent instalments. Ijara ends by transferring the ownership of the asset to the lessee through an independent sale agreement at the end of the Ijara agreement pursuant to a sale undertaking granted by the Group.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Islamic financing receivables (continued)

(i) Definitions (continued)

Mudaraba

An agreement between two parties; wherein one of them provides the funds and is called Rab-Ul-Mal and the other provides efforts and expertise and is called the Mudarib and he is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudaraba profit. In case of loss not attributable to any misconduct or negligence by the Mudarib, the Rab-Ul-Mal would bear the loss of his funds while the Mudarib would bear the loss of his efforts. However, in case of misconduct, negligence or violation of any of the terms and conditions of the Mudaraba agreement by the Mudarib, the Mudarib shall be responsible to make good the losses. The Group acts as Mudarib when accepting Mudaraba funds from depositors and as Rab-Ul-Mal when investing such funds on a Mudaraba basis.

Wakala

An agreement whereby the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of misconduct, negligence or violation of any of the terms and conditions of the Wakala.

(ii) Revenue recognition

Revenue is recognised on the above Islamic products as follows:

Murabaha

The profit is quantifiable and contractually determined at the commencement of the contract. Profit is recognised on a time proportion basis over the life of the contract using an effective profit method on the balance outstanding.

Istisna’a

Istisna’a revenue and the associated profit margin (difference between the cash price to the customer and the bank’s total Istisna’a cost) are accounted for on a time proportion basis.

Ijara

Income from Ijara is recognised on an accrual basis over the period of the contract.

Mudaraba

Income on Mudaraba financing is recognised on distribution by the Mudarib, whereas the losses are charged to the Group consolidated income statement on their declaration by the Mudarib.

Wakala

Estimated income from Wakala is recognised on account on a time proportion basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

Profit equalization reserve

Profit equalization reserves are amounts appropriated out of the common mudaraba pool’s income, before allocating the mudarib’s share of profit, in order to maintain a certain level of return on investments for all the investment accountholders and other investors in the common mudaraba pool. The allocation and distribution to depositors is approved by the Profit Equalization Committee, Internal Shari’ah Supervision Committee of the Group and the Islamic banking subsidiary respectively.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Islamic financing receivables (continued)

(ii) Revenue recognition (continued)

Depositors' investment risk reserve

Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is payable to the depositors upon the approval of the Internal Sharia Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance.

(o) Inventory

Properties acquired in settlement of debt are held as inventory and are stated at lower of cost or net realisable value. Directly attributable costs incurred in the acquisition of inventory is included as part of cost of the inventory.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date.

(p) Property, equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Group consolidated income statement during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Group is as follows:

Freehold premises	25 - 60 years
Freehold improvements	10 years
Leasehold improvements	7 years
Furniture, fixtures and office equipment	5 years
Computer hardware and software	4 - 5 years
Core banking software	5 - 7 years
Motor vehicles	3 - 5 years

Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Fixed assets not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Group consolidated income statement.

(q) Investment properties

The Group holds certain properties as investments to earn rental income, for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment (if any).

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Group consolidated income statement in 'other operating income' in the year of retirement or disposal.

Transfers to and from investment properties are made only when there is a change in use based on the business model.

(r) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable net assets, including intangibles, liabilities and contingent liabilities of the acquiree. When the excess is negative (bargain purchase), it is recognised immediately in the Group consolidated income statement.

Measurement

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Group consolidated income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Capitalised software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the Group consolidated income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Intangible assets (continued)

(iii) Other intangible assets

Intangibles acquired separately are measured on initial recognition at cost. The cost of the intangibles acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangibles with finite lives are amortised over their respective useful lives and assessed for impairment whenever there is an indication that the intangibles may be impaired. The amortisation period and amortisation method for intangibles with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in an accounting estimate prospectively. The amortisation expense on intangibles with finite lives is recognised in the Group consolidated income statement in the expense category consistent with the function of the intangibles.

(s) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed periodically to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Group consolidated income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group or units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(t) Deposits, debts and sukuks issued

Deposits, debts and sukuks issued are the main sources of funding for the Group.

Deposits, debts and sukuks issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits

(i) Pension obligations

The Group operates a pension scheme in respect of eligible UAE national employees in compliance with the UAE Federal Law on Pensions and Social Security. Arrangements for benefits for overseas employees is made in accordance with local regulations and customs. Full provision is made for all accrued benefits.

The Group also pays contributions to trustee administered funds on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

(ii) Termination gratuity benefit scheme

In compliance with UAE labour law, the Group has a termination gratuity benefit scheme covering all of its expatriate salaried employees who have been employed with the Group for more than one year. The provision for gratuity is recorded through the Group consolidated income statement.

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for gratuities include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The value of the gratuity obligations is based on the report submitted by an independent actuarial firm.

(w) Dividends distribution on shares

Dividends distribution on shares is recognised as a liability and deducted from equity when they are approved by the Group's shareholders in the Annual General Meeting.

(x) Share capital and reserves

(i) Perpetual Bonds

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's perpetual bonds are not redeemable by holders and bear an entitlement to distributions that is non-cumulative and at the discretion of the board of directors. Accordingly, they are presented as a component of issued capital within equity. Distributions thereon are recognised in equity. Related income tax is accounted for in accordance with IAS 12 – Income taxes.

(ii) Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(y) 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 I capital notes) of the Group by the weighted average number of ordinary shares outstanding during the year. 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, if any.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Operating segments

For management purposes, the Group is organised into operating segments based on their products, services and certain subsidiaries which are independently managed by the respective segment managers responsible for the performance of the segments under their charge.

The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36.

(aa) Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries:

- controls, is controlled by, or is under common control with, the Group;
- has an interest in the Group that gives it significant influence over the Group; or
- has joint control over the Group;

(b) the party is an associate;
(c) the party is a jointly controlled entity;
(d) the party is a member of the key management personnel of the Group;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

(ab) Revenue recognition

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group also operates a rewards programme which allows customers to accumulate points when they purchase products on the Group's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained.

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) IBOR reforms

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The areas impacted by the reforms include application of practical expedient for accounting for modifications to financial instruments that are measured at other than fair value through profit or loss when transactions are updated for the new Risk Free Rate (RFR) rates (will not result in derecognition), relief on changes to hedge designations and hedge documentation (a change to hedge designations and hedge documentation required by IBOR reform would not result in discontinuation of hedge accounting) and providing disclosures that enable users to understand nature and extent of risks arising from interest rate benchmark reform to which the Group is exposed and how it manages those risks. The amendments are applied retrospectively with no restatement required for prior periods.

As a result of the Phase 2 reforms:

- When the contractual terms of non-derivative financial instruments have been amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change), the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate updated to reflect the change in an interest rate benchmark from IBOR to RFR without adjusting the carrying amount. If additional changes are made, which are not economically equivalent, the applicable requirements of IFRS 9 are applied to the additional changes.

- When changes are made to the hedging instruments, hedged item and hedged risk, as a result of the interest rate benchmark reform which are economically equivalent, the Group updates the hedge documentation without discontinuing the hedging relationship.

The Group is primarily exposed to GBP and USD LIBOR which are subject to the interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities.

The Group has cash flow and fair value relationships affected by the interest rate benchmark reform. Hedged items include issued GBP and USD fixed rate debt and advances to and deposits from customers linked to USD and GBP LIBOR. Hedging instruments include IBOR-linked interest rate swaps and cross-currency swap.

For risks arising from interest rate benchmark reform please refer note 46 (u).

7 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) IBOR reforms (continued)

Summary of transition

The table below shows the Group's exposure at the year end to significant IBORs subject to reform that have yet to transition to RFRs. These exposures will remain outstanding until the IBOR ceases and will therefore transition in future. The table below excludes the exposures that will expire before the transition.

31 December 2022 in AED Million	*Non-derivative financial assets- carrying value*	*Non-derivative financial liabilities – carrying value*	*Derivatives Nominal amount*
LIBOR USD (1 month)	7,836	-	9,863
LIBOR USD (3 months)	15,451	17,340	250,710
LIBOR USD (6 months)	5,569	651	19,243
LIBOR USD (12 months)	1,326	-	241
Cross currency swaps			
Cross Currency USD	-	-	15,851

The Group closely monitors the market and the output from the various industry working groups managing the transition to new benchmark interest 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.

GBP LIBOR was discontinued from 1 January 2022. USD LIBOR will discontinue from 30 June 2023.

(ad) Corporation 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.

8 STANDARDS ISSUED BUT NOT YET ADOPTED

Certain new standards (IFRS 17 *"Insurance Contracts"*), amendments to standards and interpretations (annual improvements to IFRS, amendments to IFRS 4, IFRS 17, IFRS Practice Statement 2, IAS 1, IAS 8 and IAS 12) are not yet effective for the year ended 31 December 2022, with the Group not opting for early adoption.

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Group in the period of initial application.

9 CASH AND DEPOSITS WITH CENTRAL BANKS

	2022 AED 000	2021 AED 000
Cash	5,980,818	6,023,245
Statutory and other deposits with Central Banks	51,570,086	45,176,256
Interest-bearing placements with Central Banks	219,699	203,074
Murabahas and interest-bearing certificates of deposits with Central Banks	16,849,685	19,353,171
Less: Expected credit losses	(2,383)	(2,133)
	74,617,905	70,753,613

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 relevant Central Bank. The level of reserves required changes periodically in accordance with the directives of the respective Central Banks.

10 DUE FROM BANKS

31 December 2022	Local (UAE) AED 000	Foreign AED 000	Total AED 000
Time loans	10,641,580	49,625,442	60,267,022
Overnight, call and short notice	232,015	13,049,540	13,281,555
Gross due from banks	10,873,595	62,674,982	73,548,577
Less: Expected credit losses			(82,002)
			73,466,575

31 December 2021	Local (UAE) AED 000	Foreign AED 000	Total AED 000
Time loans	4,751,682	34,352,744	39,104,426
Overnight, call and short notice	83,247	6,208,316	6,291,563
Gross due from banks	4,834,929	40,561,060	45,395,989
Less: Expected credit losses			(52,741)
			45,343,248

The average yield on the above placements averaged 1.87% p.a. (2021: 0.75% p.a.).

11 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
31 December 2022	AED 000	AED 000	AED 000	AED 000
TRADING SECURITIES MEASURED AT FVTPL				
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
DESIGNATED AS AT FVTPL				
Equity	106,600	73,957	1,777	182,334
Others	-	2,818	77,953	80,771
	106,600	76,775	79,730	263,105
MEASURED AT AMORTISED COST				
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
MEASURED AT FVOCI - DEBT INSTRUMENTS				
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
MEASURED AT FVOCI - EQUITY INSTRUMENTS				
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.

11 INVESTMENT SECURITIES (CONTINUED)

31 December 2021	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
TRADING SECURITIES MEASURED AT FVTPL				
Government Bonds	1,000,906	876,759	61,900	1,939,565
Corporate Bonds	207,487	146,810	33,517	387,814
Equity	-	-	156,687	156,687
Others	-	-	8,294	8,294
	1,208,393	1,023,569	260,398	2,492,360
DESIGNATED AS AT FVTPL				
Equity	41,135	118,505	1,776	161,416
Others	2,267	4,441	84,027	90,735
	43,402	122,946	85,803	252,151
MEASURED AT AMORTISED COST				
Government Bonds	51,427,892	21,887,432	7,605,506	80,920,830
Corporate Bonds	2,505,241	971,605	1,584,718	5,061,564
	53,933,133	22,859,037	9,190,224	85,982,394
Less: Expected credit losses				(17,364)
				85,965,030
MEASURED AT FVOCI - DEBT INSTRUMENTS				
Government Bonds	-	2,545,951	8,373,459	10,919,410
Corporate Bonds	3,845,219	932,724	1,211,388	5,989,331
	3,845,219	3,478,675	9,584,847	16,908,741
Less: Expected credit losses				(23,053)
				16,885,688
MEASURED AT FVOCI - EQUITY INSTRUMENTS				
Equity	97,241	63,606	400,810	561,657
	97,241	63,606	400,810	561,657
Gross Investment securities	59,127,388	27,547,833	19,522,082	106,197,303
Net Investment securities				106,156,886

*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.

12 LOANS AND RECEIVABLES

		2022	2021
(a)	By Type	AED 000	AED 000
	Gross loans and receivables	456,009,164	459,457,866
	Less: Expected credit losses	(39,404,772)	(37,185,476)
	Net loans and receivables	416,604,392	422,272,390

	2022	2021
At Amortised Cost	AED 000	AED 000
Overdrafts	103,602,274	141,178,599
Time loans	233,249,784	227,088,997
Loans against trust receipts	9,389,147	9,236,631
Bills discounted	5,125,489	3,892,605
Credit card receivables	18,679,279	13,353,455
Gross loans - conventional	370,045,973	394,750,287
Murabaha	59,666,850	41,489,900
Ijara	24,044,962	20,862,452
Wakala	1,068,869	975,081
Istisna'a	1,306,557	873,178
Credit cards receivable	2,287,312	1,646,713
Others	271,366	675,088
Less: Deferred income	(2,682,725)	(1,814,833)
Gross Islamic financing receivables	85,963,191	64,707,579
Gross loans and receivables	456,009,164	459,457,866
Total of credit impaired loans and receivables	27,253,983	29,159,717

		2022	2021
(b)	By Business Units	AED 000	AED 000
	Corporate and Institutional banking	292,636,126	314,574,572
	Retail banking	123,968,266	107,697,818
		416,604,392	422,272,390

Ijara assets amounting to AED 2.3 billion (2021: AED 2.3 billion) were securitised for the purpose of issuance of Sukuk payable (refer Note 13 b and 19).

Expected credit losses on Loans and receivables have been disclosed in further detail in Note 46 (I).

13 LOANS SECURITISATION

(a) Incorporation of Emirates NBD Asset Finance Companies in Ireland and Cayman Islands for asset securitisation

As at 31 December 2022, the corporate loans and receivables balance transferred to ENBD Asset Finance Company No.1 Designated Activity Company (DAC) and ENBD Asset Finance Company No. 2 Limited is AED Nil (2021: AED 918 million) and the associated liability secured by these assets and included under debt issued and other borrowed funds is AED Nil (2021: AED 918 million). The principal activity of these companies is to purchase portfolio of loans through issuance of notes.

Since the Group is exposed to variable returns from its involvement in the SPEs and has the ability to affect those returns through its power over the SPEs, these SPEs are consolidated in compliance with IFRS 10.

(b) Securitisation of Islamic Financing Receivables

The Group transferred certain identified Ijara assets totaling to AED 2.3 billion (the “co-owned assets”) of its Subsidiary, Emirates Islamic Bank, to EIB Sukuk Company Limited – (the “Issuer”), a special purpose vehicle formed for the issuance of these sukuk.

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.

14 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition				Total
		Banking license	Customer relationships	Core deposit intangibles	Brands	
31 December 2022	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Cost						
Balance as at 1 January 2022	5,561,676	162,977	446,178	876,862	154,997	7,202,690
Exchange and other adjustments*	(21,918)	(57,967)	48,782	35,940	(43,979)	(39,142)
Balance as at 31 December 2022	5,539,758	105,010	494,960	912,802	111,018	7,163,548
Less: Amortisation and impairment						
Balance as at 1 January 2022	4,903	-	384,715	831,581	-	1,221,199
Amortisation and impairment for the year	-	-	94,024	69,272	-	163,296
Balance as at 31 December 2022	4,903	-	478,739	900,853	-	1,384,495
Net Goodwill and Intangibles	**5,534,855**	**105,010**	**16,221**	**11,949**	**111,018**	**5,779,053**
31 December 2021						
Cost	5,561,676	162,977	446,178	876,862	154,997	7,202,690
Less: Amortisation and impairment	4,903	-	384,715	831,581	-	1,221,199
Net Goodwill and Intangibles	**5,556,773**	**162,977**	**61,463**	**45,281**	**154,997**	**5,981,491**

*Exchange and other adjustments relate to translation of acquired Goodwill and intangibles pertaining to Emirates NBD Egypt and DenizBank using the period end exchange rate.

The goodwill and intangibles were acquired through business combinations. Goodwill and brands have indefinite life and are reviewed annually for impairment.

14 GOODWILL AND INTANGIBLES (CONTINUED)

Impairment testing of goodwill

The goodwill acquired through business combinations with an indefinite life is reviewed annually for impairment by comparing the recoverable amount based on value-in-use calculations for cash generating units (CGUs) to which goodwill has been allocated with its carrying value.

The goodwill has been allocated to four cash-generating units:

- Corporate and Institutional banking
- Retail banking and Wealth Management
- Global Markets and Treasury
- Emirates NBD Egypt S.A.E.

Key assumptions used in impairment testing for goodwill

The recoverable amount of the cash-generating units has been determined based on a value in use calculation, using cash flow projections covering a five-year period and by applying a terminal growth rate thereafter.

The calculation of value in use in the cash-generating units is most sensitive to the following assumptions:

- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product (“GDP”); and
- Local inflation rates.

Interest margins

Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates

Discount rates reflect management’s estimate of return on capital employed (“ROCE”) required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the Weighted Average Cost of Capital (“WACC”).

14 GOODWILL AND INTANGIBLES (CONTINUED)

Projected growth rate, GDP and local inflation rates

Assumptions are based on published industry research.

The recoverable amount of goodwill of CGUs, determined on the basis of value in use calculation, uses cash flow projections covering a five year period, with an appropriate terminal growth rate applied thereafter. The forecast cash flows have been discounted using the WACC (5.05% for UAE and 23.92% for Egypt) in the jurisdiction where the CGU operates. A one percentage point change in the discount rate or the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

Cash generating units (CGUs)	Goodwill allocated to CGUs	Recoverable amount (AED million)	One percentage change in discount rate (AED million)	One percentage change in terminal growth rate (AED million)
Corporate and Institutional banking	3,589	181,841	45,227	40,222
Retail banking and Wealth Management	1,700	221,658	55,130	49,030
Global Markets and Treasury	206	148,155	36,848	32,771
Emirates NBD Egypt S.A.E	40	1,674	81	39

Based on the current impairment assessment, goodwill is not impaired as at 31 December 2022.

Intangibles

Acquired intangibles are recognised at their "fair value" upon initial recognition.

The specific criteria which needs to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either;

- Be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- Arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangibles excluding banking license and brand are amortised using the straight-line method over the useful life of the asset, which is estimated to be between 3 and 11 years. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

The banking license and brands have indefinite lives and are tested for impairment annually. For impairment testing purposes, the banking license and brands are allocated to the relevant cash generating unit. Based on the current assessment, banking license and brands are not impaired as at 31 December 2022.

15 OTHER ASSETS

	2022	2021
	AED 000	AED 000
Accrued interest receivable	4,245,902	3,107,720
Islamic profit receivable	226,875	187,898
Prepayments and other advances	1,292,363	837,789
Sundry debtors and other receivables	2,014,308	1,938,780
Inventory	3,263,847	1,529,478
Deferred tax asset	1,051,673	929,142
Investment properties	453,587	440,351
Others	2,797,136	2,207,764
	15,345,691	11,178,922

16 DUE TO BANKS

	2022	2021
	AED 000	AED 000
Demand and call deposits	1,777,359	1,982,456
Balances with correspondent banks	2,154,121	1,311,937
Repurchase agreements with banks	2,887,357	2,364,908
Time and other deposits	30,460,148	38,095,906
	37,278,985	43,755,207

The interest incurred on the above averaged 1.94% p.a. (2021: 1.14% p.a).

17 CUSTOMER DEPOSITS

		2022	2021
(a)	By Type	AED 000	AED 000
	Demand, call and short notice	235,439,199	216,604,708
	Time	180,050,908	166,428,337
	Savings	68,376,359	63,671,856
	Others	19,086,750	9,778,987
		502,953,216	456,483,888

		2022	2021
(b)	By Business Units	AED 000	AED 000
	Corporate and Institutional banking and Treasury	202,225,474	199,292,439
	Retail banking	300,727,742	257,191,449
		502,953,216	456,483,888

Included in the above customer deposits are Islamic deposits totalling to AED 72,748 million (2021: 67,190 million)

The interest incurred and profit distribution to depositors on the above deposits averaged 1.61% p.a (2021: 1.33% p.a.).

18 DEBT ISSUED AND OTHER BORROWED FUNDS

	2022	2021
	AED 000	AED 000
Medium term note programme	45,739,355	54,560,648
Term loans from banks	6,415,051	6,405,566
Borrowings raised from loan securitisations	1,332,421	2,421,014
	53,486,827	63,387,228

Few of the Debts issued and other borrowed funds have been hedged for cash flow and fair value risks and amount to AED 25,246 million (2021: AED 27,937 million). For details of hedging instruments please refer to Note 35.

	2022	2021
	AED 000	AED 000
Balance as at 1 January	63,387,228	54,662,670
New issuances	6,994,466	25,636,942
Repayments	(12,962,943)	(13,313,409)
Other movements*	(3,931,924)	(3,598,975)
Balance as at 31 December	53,486,827	63,387,228

*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 31 December 2022, the outstanding medium term borrowings totalling AED 53,487 million (2021: AED 63,387 million) is falling due as below:

	2022	2021
	AED millions	AED millions
2022	-	12,640
2023	8,601	7,398
2024	10,893	10,145
2025	7,691	7,098
2026	5,940	6,219
Beyond 2026	20,362	19,887
	53,487	63,387

The interest rate paid on the above averaged 4.03% p.a in 2022 (2021: 3.41% p.a).

19 SUKUK PAYABLE

	2022	2021
	AED 000	AED 000
Balance as at 1 January	3,672,500	5,510,933
New issuances	-	1,836,250
Repayments	-	(3,672,500)
Other movements	-	(2,183)
Balance as at 31 December	3,672,500	3,672,500

As at 31 December 2022, the outstanding Sukuk is falling due as follows:

	2022	2021
	AED million	AED million
2025	1,836	1,836
2026	1,837	1,837
	3,673	3,673

The profit rate paid on the above averaged 2.01% p.a in 2022 (2021: 2.58% p.a).

20 OTHER LIABILITIES

	2022	2021
	AED 000	AED 000
Accrued interest payable	2,844,425	1,783,235
Profit payable to Islamic depositors	139,371	109,477
Managers' cheques	2,409,426	1,509,281
Trade and other payables	5,808,539	4,369,047
Staff related liabilities	1,572,680	1,405,347
Provision for taxation (refer Note 33)	865,820	226,940
Others	8,390,391	6,624,936
	22,030,652	16,028,263

21 ISSUED CAPITAL AND SHARE PREMIUM RESERVE

Authorised, issued and fully paid: 6,316,598,253 ordinary shares of AED 1 each (2021: 6,316,598,253 ordinary shares).

At the forthcoming Annual General Meeting, the Group is proposing a cash dividend of AED 0.60 per share for the year (2021: AED 0.50 per share) amounting to AED 3,790 million (2021: AED 3,158 million).

22 TIER I 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 every six years
July 2020	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset every six years
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset every six years

In 2021, the Group exercised its option to call back Tier 1 capital notes amounting to AED 4 billion issued in 2009.

23 RESERVES

Legal and statutory reserves

In accordance with the Bank's Articles of Association, and in compliance with Decretal Federal Law No. (14) of 2018, a minimum of 10% of profit should be transferred to a non-distributable legal and statutory reserve until such time as this reserve equals 50% of the Bank's issued capital. Since the legal and statutory reserve is equal to 50% of the Bank's issued capital, profit was not appropriated to the legal and statutory reserve during the year.

Other reserve

10% of the profit is also transferable to a non-distributable regular reserve until such time as this reserve equals 10% of the Bank's issued capital as per the Bank's Articles of Association. Since the regular reserve is equal to 10% of the Bank's issued capital, profit was not appropriated to the regular reserve during the year.

	Legal and statutory reserve AED 000	Regular reserve AED 000	Other reserves AED 000	Total AED 000
At 1 January 2022	3,158,299	631,660	2,313,733	6,103,692
Transfer from retained earnings*	-	-	-	-
At 31 December 2022	3,158,299	631,660	2,313,733	6,103,692

*Prior year comparatives are shown in the consolidated statement of changes in equity.

Fair value reserve

Fair value reserve includes the net change in fair value of FVOCI financial assets and the net effective portion of changes in fair value of cash flow hedges.

Currency translation reserve

Currency translation reserve represents the exchange differences arising from re-translating the opening net investment in foreign operations.

24 NET INTEREST INCOME

	2022	2021
	AED 000	AED 000
Interest and similar income		
Loans and receivables to customers	24,184,858	20,682,642
Loans and receivables to banks	1,336,527	544,387
Investment securities at FVOCI	2,953,042	1,140,994
Investment securities at amortised cost	1,576,630	975,134
Trading securities and designated at FVTPL investment securities	136,424	148,034
Others	591,973	172,318
Total interest income	30,779,454	23,663,509
Interest and similar expense		
Deposits from customers	(7,084,719)	(5,702,153)
Borrowings from banks and financial institutions	(974,173)	(639,311)
Debt issued and other borrowed funds	(2,656,180)	(2,408,283)
Others	(163,056)	(179,970)
Total interest expense	(10,878,128)	(8,929,717)
Net interest income	19,901,326	14,733,792

25 INCOME FROM ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	2022	2021
	AED 000	AED 000
Murabaha	1,946,050	1,273,602
Ijara	852,715	595,960
Others	1,260,345	952,447
	4,059,110	2,822,009

26 DISTRIBUTION ON ISLAMIC DEPOSITS AND PROFIT PAID TO SUKUK HOLDERS

	2022	2021
	AED 000	AED 000
Distribution to depositors	664,333	537,834
Profit paid to sukuk holders	73,934	93,407
	738,267	631,241

Distribution on Islamic deposits represents the share of income between depositors and equity holders. The allocation and distribution to depositors is approved by the Profit Equalization Committee, Internal Shari'ah Supervision Committee of the Group and the Islamic banking subsidiary respectively.

Profit paid to sukuk holders represents the distribution of returns received in respect of leased assets transferred to the EIB Sukuk Company Limited which was specifically formed for this transaction.

27 NET FEE AND COMMISSION INCOME

	2022 AED 000	2021 AED 000
Fee income*	5,878,374	5,304,812
Commission income on Trade finance products / services	877,718	831,195
Brokerage fees	54,044	62,474
Portfolio and other management fees	194,022	276,564
Total fee and commission income	7,004,158	6,475,045
Fee and commission expense	(2,923,184)	(2,639,234)
	4,080,974	3,835,811

*This also includes fee related to asset management, earned by the Group on trust and fiduciary activities in which the Bank holds or invests assets on behalf of its customers.

28 NET GAIN ON TRADING SECURITIES

	2022 AED 000	2021 AED 000
Realised gain / (loss) on trading securities	26,721	164,528
Unrealised gain / (loss) on trading securities	25,557	(13,710)
	52,278	150,818

29 OTHER OPERATING INCOME

	2022 AED 000	2021 AED 000
Dividend income on equity investment measured at FVOCI	1,246	1,604
Dividend income on equity investments measured at FVTPL	13,894	17,138
Gain from sale of debt investment securities measured at FVOCI	104,030	182,728
Gain / (loss) from investment securities designated at fair value through profit or loss	10,037	12,282
Rental income	47,595	27,921
Gain / (loss) on sale of investment properties / inventories	24,502	(3,063)
Foreign exchange and derivative income / (loss)*	4,218,359	1,728,262
Other income (net)	732,399	943,589
	5,152,062	2,910,461

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

30 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 AED 000	2021 AED 000
Staff cost	5,350,652	4,565,721
Occupancy cost	292,840	275,830
Equipment and supplies	239,690	197,258
Information technology cost	429,587	361,392
Communication cost	299,341	267,563
Service, legal and professional fees	274,868	282,528
Marketing related expenses	194,283	162,317
Depreciation	784,568	780,682
Amortisation of intangibles	163,296	163,296
Others	1,226,210	934,934
	9,255,335	7,991,521

31 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	2022	2021
	AED 000	AED 000
Net impairment of cash and deposits with Central Banks	951	(878)
Net impairment of due from banks / other assets	60,296	23,166
Net impairment of investment securities	28,611	(12,481)
Net impairment of loans and receivables (refer note 46 I)	5,319,333	6,234,860
Net impairment of unfunded exposures	154,065	64,678
Bad debt written off / (recovery) - net	(379,304)	(410,488)
	5,183,952	5,898,857

32 DIRECTORS FEES

This comprises of fees payable to the directors of the Group of AED 31 million (2021: AED 31 million).

33 TAXATION

At 31 December 2022 provisions for tax primarily relates to overseas branch operations and subsidiaries amounting to AED 866 million (2021: AED 227 million) (refer Note 20).

34 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 I capital notes) of the Group by the weighted average number of ordinary shares outstanding during the year. 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, if any.

	2022	2021
	AED 000	AED 000
Profit for the year attributable to equity holders	13,002,575	9,297,537
Deduct : Interest on Tier 1 capital notes	(510,707)	(592,233)
Net profit attributable to equity holders	12,491,868	8,705,304
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	1.98	1.38
Adjusted earnings per share** (AED)	2.47	1.38

*The diluted and basic earnings per share were the same for the year ended 31 December 2022.

**Adjusted EPS for the year ended 31 December 2022 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.

35 DERIVATIVES

A. Derivatives held for risk management

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

31 December 2022 notional amounts by term to maturity

	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Derivatives held for trading:								
Forward foreign exchange contracts	844,256	(891,882)	277,646,467	189,761,770	68,449,489	15,043,764	3,749,747	641,697
Foreign exchange options	238,367	(189,779)	26,093,151	22,299,930	3,363,381	130,425	-	299,415
Interest rate swaps/caps	15,652,823	(14,233,236)	618,968,141	64,960,330	96,616,767	241,217,411	120,652,163	95,521,470
Commodity options	19,200	(19,240)	1,328,819	331,985	857,245	139,589	-	-
	16,754,646	(15,334,137)	924,036,578	277,354,015	169,286,882	256,531,189	124,401,910	96,462,582
Derivatives held as cash flow hedges:								
Interest rate swaps	136,493	(947,031)	20,762,762	1,859,753	3,121,348	8,827,096	6,319,380	635,185
Derivatives held as fair value hedges:								
Interest rate swaps	277,264	(3,924,747)	28,094,676	1,928,588	118,481	4,584,573	7,552,770	13,910,264
Derivatives held as hedge of a net investment in foreign operations:								
Forward foreign exchange contracts	37,408	-	733,597	354,784	378,813	-	-	-
Total	17,205,811	(20,205,915)	973,627,613	281,497,140	172,905,524	269,942,858	138,274,060	111,008,031

Hedging instruments are issued to hedge against interest rate and foreign exchange risks pertaining to hedged items. Hedged items include certain Loans and receivables amounting to AED 12,769 million (note 12), Investment securities amounting to AED 6,934 million (note 11), Customer deposits amounting to AED 3,909 million (note 17) and Debt issued and borrowed funds amounting to AED 25,246 million (note 18). All the hedges were determined to be effective as on 31 December 2022.

The hedged forecast cash flows which are expected to occur over the future years and are expected to affect profit or loss are insignificant.

35 DERIVATIVES (CONTINUED)

A. Derivatives held for risk management (continued)

31 December 2021 notional amounts by term to maturity

	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Derivatives held for trading:								
Forward foreign exchange contracts	2,142,481	(1,458,166)	269,347,059	161,826,589	77,373,217	24,824,851	4,862,058	460,344
Foreign exchange options	37,110	(19,760)	1,893,060	1,059,083	345,905	161,496	10,210	316,366
Interest rate swaps/caps	7,914,734	(6,449,639)	484,834,455	45,455,049	80,667,671	141,775,625	126,784,706	90,151,404
Commodity options	38,693	(38,708)	1,020,200	186,344	648,764	185,092	-	-
	10,133,018	(7,966,273)	757,094,774	208,527,065	159,035,557	166,947,064	131,656,974	90,928,114
Derivatives held as cash flow hedges:								
Interest rate swaps	238,462	(121,895)	29,221,176	6,218,187	7,308,105	4,769,661	8,217,356	2,707,867
Derivatives held as fair value hedges:								
Interest rate swaps	287,445	(1,088,283)	30,004,652	1,382,532	412,667	5,325,231	6,776,742	16,107,480
Derivatives held as hedge of a net investment in foreign operations:								
Forward foreign exchange contracts	-	(9,870)	452,876	-	452,876	-	-	-
Total	10,658,925	(9,186,321)	816,773,478	216,127,784	167,209,205	177,041,956	146,651,072	109,743,461

Hedging instruments are issued to hedge against interest rate and foreign exchange risks pertaining to hedged items. Hedged items include certain Loans and receivables amounting to AED 13,569 million (note 12), Investment securities amounting to AED 5,897 million (note 11), Customer deposits amounting to AED 11,823 million (note 17) and Debt issued and borrowed funds amounting to AED 27,937 million (note 18). All the hedges were determined to be effective as on 31 December 2021.

The hedged forecast cash flows which are expected to occur over the future years and are expected to affect profit or loss are insignificant.

35 DERIVATIVES (CONTINUED)

A. Derivatives held for risk management (continued)

Derivative product types

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency. For currency swaps, the underlying amounts are exchanged in different currencies.

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Group and potential future fluctuations. The majority of the fair value of favourable contracts (and therefore credit risk) is exposure to financial institutions. All credit exposure is managed under approved facilities, and in many cases are collateralised under Credit Support Annex (CSA). The Group takes a Credit Value Adjustment (CVA) on outstanding derivative transactions. The methodology for CVA calculation relies on three components: the probability of default of the counterparty, the expected positive exposure and the recovery rate. CVA is computed on all asset classes including Foreign Exchange, Interest Rates and Commodities.

Derivatives held or issued for trading purposes

Most of the Group’s derivative trading activities relate to sales and position coverage. Sales activities involve offering products to customers at competitive prices in order to enable them to transfer, modify or reduce current and expected risks.

Interest rate derivatives trading is conducted under Board approved limits.

Derivatives held or issued for hedging purposes

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to currency and interest rate risks. This is achieved by hedging specific financial instruments and forecasted transactions as well as strategic hedging against overall balance sheet exposures.

The Group designates its derivatives held or issued for hedging purposes as:

- Fair value hedges: Hedges of the fair value of recognised assets or liabilities or firm commitments;
- Cash flow hedges: Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a highly probable forecast transaction; and
- Net investment hedges: Hedges of net investments in foreign operations.

35 DERIVATIVES (CONTINUED)

A. Derivatives held for risk management (continued)

Further, in terms of the hedging transactions carried out by the Group, the Group documents:

- At the inception of the transaction, the relationship between hedging instruments and hedged items, the risk being hedged and the Group's risk management objective and strategy for undertaking a hedge transaction.
- The manner in which effectiveness will be measured throughout the life of the hedge relationship.
- The Group's assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is measured by the Group on a prospective basis at inception, as well as retrospectively (where applicable) and prospectively over the term of the hedge relationship. Sources of ineffectiveness in hedge accounting include the impact of derivative related credit risk on the valuation of the hedging derivative and hedged item. To mitigate this credit risk, the Group executes hedging derivatives with high quality counterparties and the majority of the Group's hedging derivatives are collateralised.

Fair value hedges:

The Group uses interest rate swaps to hedge against changes in value of investment securities due to interest rate movements. These are designated by the Group as fair value hedges and, therefore the fair value hedge accounting is applied to hedge movements in the value of fixed interest rate assets and liabilities subject to interest rate risk, as well as assets and liabilities subject to foreign exchange risk.

Subsequent to initial designation, changes in the fair value of derivatives designated as fair value hedges are accounted for in the 'other operating income', along with any changes in the fair value of the hedged asset or liability attributable to the hedged risk.

Cash flow hedges:

The Group uses interest rate swaps and forward rate agreements to hedge against the cash flow risks arising on certain floating rate customer deposits and medium-term borrowings. Interest rate swaps are also used to hedge against the cash flow risks arising on certain floating rate loans and receivables. These are designated by the Group as cash flow hedges, and, as such, the Group applies cash flow hedge accounting to hedge the variability in highly probable forecast future cash flows attributable to interest rate risk on variable rate assets and liabilities, and assets and liabilities subject to foreign exchange risk.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the fair value reserve within equity. Any gain or loss relating to the ineffective portion is recognised immediately in the Group consolidated income statement.

Net investment hedges:

Net investment hedging instruments often consist of derivatives such as forward rate which are accounted for in the same manner as cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Group consolidated income statement.

36 OPERATING SEGMENTS

The Group is organised into the following main businesses:

(a) 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 under ENBD Islamic and structured financing primarily in the UAE, Egypt and KSA;

(b) Retail banking and Wealth Management represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing primarily in the UAE, Egypt and KSA;

(c) Global Markets and Treasury activities comprise of managing the Group's portfolio of investments, funds management and interbank treasury operations primarily in the UAE, Egypt and KSA;

(d) Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;

(e) DenizBank A.S. is considered as a separate operating segment; and

(f) Other operations of the Group include Tanfeeth, property management, operations and support functions.

36 OPERATING SEGMENTS (CONTNUED)

31 December 2022	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank A.S.	Others	Total
	AED 000	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	3,807,819	6,843,476	1,462,444	2,335,259	7,550,882	1,222,289	23,222,169
Net fees, commission and other income	1,766,517	3,390,126	310,844	846,766	3,010,919	(39,858)	9,285,314
Total operating income / (loss)	5,574,336	10,233,602	1,773,288	3,182,025	10,561,801	1,182,431	32,507,483
General and administrative expenses	(594,483)	(2,702,080)	(165,047)	(1,539,020)	(2,448,349)	(1,806,356)	(9,255,335)
Net impairment loss on financial assets	(1,616,513)	(1,083,396)	(6,113)	(402,861)	(1,709,199)	(365,870)	(5,183,952)
Share of profit of associate and loss on its disposal	-	-	-	-	-	-	-
Profit for the year before tax	3,363,340	6,448,126	1,602,128	1,240,144	6,404,253	(989,795)	18,068,196
Taxation charge	(72,820)	(36,304)	(78,944)	-	(1,724,363)	(51,144)	(1,963,575)
Profit for the year after tax	3,290,520	6,411,822	1,523,184	1,240,144	4,679,890	(1,040,939)	16,104,621
Hyperinflation adjustment on net monetary position	-	-	-	-	(3,094,984)	-	(3,094,984)
Profit / (loss) for the year	3,290,520	6,411,822	1,523,184	1,240,144	1,584,906	(1,040,939)	13,009,637
Segment Assets	296,229,801	81,956,937	166,010,848	73,657,276	124,020,972	85,719	741,961,553
Segment Liabilities and Equity	176,626,641	218,273,936	32,530,915	64,514,622	111,228,052	138,787,387	741,961,553

36 OPERATING SEGMENTS (CONTNUED)

31 December 2021	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank A.S.	Others	Total
	AED 000	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	4,199,243	5,518,032	(216,717)	1,711,189	5,272,441	440,372	16,924,560
Net fees, commission and other income	1,464,281	2,527,172	155,701	686,806	1,770,038	293,092	6,897,090
Total operating income / (loss)	5,663,524	8,045,204	(61,016)	2,397,995	7,042,479	733,464	23,821,650
General and administrative expenses	(541,257)	(2,238,878)	(158,473)	(1,191,100)	(2,212,750)	(1,649,063)	(7,991,521)
Net impairment loss on financial assets	(2,035,267)	(565,731)	7,938	(383,810)	(2,716,672)	(205,315)	(5,898,857)
Share of profit of associate and loss on its disposal	-	-	-	-	-	(21,137)	(21,137)
Profit for the year before tax	3,087,000	5,240,595	(211,551)	823,085	2,113,057	(1,142,051)	9,910,135
Taxation charge	37,289	(41,961)	(71,708)	-	(469,847)	(57,938)	(604,165)
Profit / (loss) for the year	3,124,289	5,198,634	(283,259)	823,085	1,643,210	(1,199,989)	9,305,970
Segment Assets	301,695,302	66,235,113	145,602,347	63,463,244	108,914,256	1,526,356	687,436,618
Segment Liabilities and Equity	185,785,664	179,366,620	23,285,818	54,878,900	100,504,660	143,614,956	687,436,618

37 SUBSIDIARIES

The direct subsidiaries of the Group are as follows:

		Group % Share holding	Nature of business	Country of incorporation
As at 31 December 2022				
	Subsidiaries:			
1	Buzz Contact Centre Solutions LLC	100	Call centre management services	Dubai, U.A.E.
2	DenizBank Anonim Sirketi	100	Banking	Turkey
3	Emirates Funds LLC	100	Asset management	Dubai, U.A.E.
4	Emirates Funds Managers (Jersey) Limited	100	Asset management	Jersey, England
5	Emirates Islamic Bank PJSC	99.9	Islamic banking	Dubai, U.A.E.
6	Emirates Money Consumer Finance LLC	100	Consumer finance	Dubai, U.A.E.
7	Emirates NBD Asset Management Limited	100	Asset management	Dubai, U.A.E.
8	Emirates NBD Capital (KSA) LLC	100	Investment services	KSA
9	Emirates NBD Capital PSC	100	Investment services	Dubai, U.A.E.
10	Emirates NBD Egypt S.A.E.	100	Banking	Egypt
11	Emirates NBD Global Funding Limited	100	Medium term borrowing and money market transactions	Cayman Islands
12	Emirates NBD Properties LLC	100	Real estate management	Dubai, U.A.E.
13	Emirates NBD Securities LLC	100	Brokerage services	Dubai, U.A.E.
14	Emirates NBD Trust Company (Jersey) Limited	100	Trust administration services	Jersey, England
15	ENBD London Branch Nominee Company	100	Asset management	England
16	Tanfeeth LLC	100	Shared services organization	Dubai, U.A.E.
17	The Emirates National Dubai Real Estate Company LLC	100	Nominee company for mortgage business	KSA

Other entities consolidated by the Group based on an assessment of control are as follows:

	Names	Nature of business
1	Group tranche of Emblem Finance Company No. 2 Limited	SPE for asset securitisation
2	Emirates NBD Global Markets Limited	SPE for funding purpose
3	ENBD Asset Finance Company No.1 DAC (under liquidation)	SPE for asset securitisation
4	ENBD Asset Finance Company No.2 Limited	SPE for asset securitisation
5	Emirates NBD Tier 1 Limited	SPE for funding purpose
6	Emirates NBD 2014 Tier 1 Limited	SPE for funding purpose
7	EIB Sukuk Company Limited	SPE for asset securitisation
8	EI Funding Limited	SPE for asset securitisation

38 COMMITMENTS AND CONTINGENCIES

(a) At 31 December 2022, the Group's commitments and contingencies are as follows:

	2022 AED 000	2021 AED 000
Letters of credit	18,981,083	19,545,126
Guarantees	55,266,154	56,705,248
Liability on risk participations	187,569	218,757
Irrevocable loan commitments*	59,823,665	39,998,828
	134,258,471	116,467,959

* 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.

As at 31 December 2022 ECL on unfunded exposures amounted to:

AED 000	2022		2021	
	12-month ECL	Lifetime ECL not credit-impaired	12-month ECL	Lifetime ECL not credit-impaired
Exposure	135,181,823	8,105,957	118,463,267	9,348,214
Expected credit losses	(515,850)	(181,197)	(471,715)	(160,385)
	134,665,973	7,924,760	117,915,552	9,187,829

Unfunded exposure includes guarantees, standby letter of credit, liability on risk participations, customer acceptances and irrevocable loan commitments.

(b) Acceptances

Under IFRS 9, acceptances are recognised on the Group's consolidated statement of financial position with a corresponding liability. Accordingly, there is no off-balance sheet commitment for acceptances.

(c) Capital Commitments

The Group has capital commitments as at 31 December 2022 for branch refurbishments and automation projects of AED 560 million (2021: AED 531 million).

39 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.75%), a company 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 4% (2021: 5%) and 9% (2021: 6%) 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:

	2022 AED 000	2021 AED 000
Loans and receivables:		
To majority shareholder of the parent	105,984,325	148,117,393
To parent	1,274,664	1,273,898
To directors and related companies	1,506,379	872,993
	108,765,368	150,264,284

	2022 AED 000	2021 AED 000
Customer and Islamic deposits:		
From majority shareholder of the parent	5,777,386	5,367,019
From parent	1,399,212	1,967,593
	7,176,598	7,334,612

39 RELATED PARTY TRANSACTIONS (CONTINUED)

	2022 AED 000	2021 AED 000
Investment in Government of Dubai bonds	6,354,232	6,481,084
Payments made to associates	-	99
Payments made to other related parties	16,656	17,967
Fees received in respect of funds managed by the Group	35,081	31,976
Directors sitting fee	11,494	16,808
Key management compensation:		
Short term employment benefits	91,515	83,189
Post-employment benefits	4,834	1,540
	96,349	84,729

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

40 GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES

The Group's financial position, before taking into account any collateral held or other credit enhancement, can be analysed by the following regions:

31 December 2022	UAE	Other GCC	International	Total
	AED 000	AED 000	AED 000	AED 000
ASSETS				
Cash and deposits with Central Banks	47,330,363	2,177,412	25,110,130	74,617,905
Due from banks	10,873,595	12,057,705	50,535,275	73,466,575
Investment securities	70,391,929	15,992,235	39,422,800	125,806,964
Loans and receivables	314,856,087	15,296,371	86,451,934	416,604,392
Positive fair value of derivatives	2,052,121	297,360	14,856,330	17,205,811
Customer acceptances	7,195,759	96,822	1,736,728	9,029,309
Property and equipment	2,284,184	68,914	1,752,755	4,105,853
Goodwill and Intangibles	5,495,530	-	283,523	5,779,053
Other Assets	6,479,090	415,672	8,450,929	15,345,691
TOTAL ASSETS	**466,958,658**	**46,402,491**	**228,600,404**	**741,961,553**
LIABILITIES				
Due to Bank	9,508,166	5,873,456	21,897,363	37,278,985
Customer deposits	352,919,808	23,480,790	126,552,618	502,953,216
Debt issued and other borrowed funds	-	-	53,486,827	53,486,827
Sukuk Payable	3,672,500	-	-	3,672,500
Negative fair value of derivatives	2,656,963	563,322	16,985,630	20,205,915
Customer acceptances	7,195,759	96,822	1,736,728	9,029,309
Other liabilities	13,463,334	390,147	8,177,171	22,030,652
Total equity	93,304,149	-	-	93,304,149
TOTAL LIABILITIES AND EQUITY	**482,720,679**	**30,404,537**	**228,836,337**	**741,961,553**
Geographical distribution of letters of credit and guarantees	46,093,419	5,285,128	22,868,690	74,247,237

31 December 2021	UAE	Other GCC	International	Total
Geographical distribution of assets	458,691,498	49,598,077	179,147,043	687,436,618
Geographical distribution of liabilities and equity	425,031,740	43,842,149	218,562,729	687,436,618
Geographical distribution of letters of credit and guarantees	46,149,314	5,306,499	24,794,561	76,250,374

41 FINANCIAL ASSETS AND LIABILITIES

A. Classification of financial assets and financial liabilities

The table below sets out the Group's classification of each class of financial assets and liabilities, and their carrying values.

31 December 2022	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI– equity instruments	Amortised cost	Hedging instruments	Total carrying value*
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Financial assets							
Cash and deposits with Central Banks	-	-	-	-	74,617,905	-	74,617,905
Due from banks	-	-	-	-	73,466,575	-	73,466,575
Investment securities	6,257,299	263,105	24,011,297	543,980	94,731,283	-	125,806,964
Loans and receivables	-	-	-	-	416,604,392	-	416,604,392
Positive fair value of derivatives	16,754,646	-	-	-	-	451,165	17,205,811
Others	-	-	-	-	18,313,530	-	18,313,530
	23,011,945	263,105	24,011,297	543,980	677,733,685	451,165	726,015,177
Financial liabilities							
Due to banks	-	-	-	-	37,278,985	-	37,278,985
Customer deposits	-	-	-	-	502,953,216	-	502,953,216
Debt issued and other borrowed funds	-	-	-	-	53,486,827	-	53,486,827
Sukuk payable	-	-	-	-	3,672,500	-	3,672,500
Negative fair value of derivatives	15,334,137	-	-	-	-	4,871,778	20,205,915
Others	-	-	-	-	31,059,961	-	31,059,961
	15,334,137	-	-	-	628,451,489	4,871,778	648,657,404

*The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different to their fair values.

41 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

A. Classification of financial assets and financial liabilities (continued)

31 December 2021	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI– equity instruments	Amortised cost	Hedging instruments	Total carrying value*
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Financial assets							
Cash and deposits with Central Banks	-	-	-	-	70,753,613	-	70,753,613
Due from banks	-	-	-	-	45,343,248	-	45,343,248
Investment securities	2,492,360	252,151	16,885,688	561,657	85,965,030	-	106,156,886
Loans and receivables	-	-	-	-	422,272,390	-	422,272,390
Positive fair value of derivatives	10,133,018	-	-	-	-	525,907	10,658,925
Others	-	-	-	-	18,785,684	-	18,785,684
	12,625,378	252,151	16,885,688	561,657	643,119,965	525,907	673,970,746
Financial liabilities							
Due to banks	-	-	-	-	43,755,207	-	43,755,207
Customer deposits	-	-	-	-	456,483,888	-	456,483,888
Debt issued and other borrowed funds	-	-	-	-	63,387,228	-	63,387,228
Sukuk payable	-	-	-	-	3,672,500	-	3,672,500
Negative fair value of derivatives	7,966,273	-	-	-	-	1,220,048	9,186,321
Others	-	-	-	-	27,371,785	-	27,371,785
	7,966,273	-	-	-	594,670,608	1,220,048	603,856,929

* The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different to their fair values.

41 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

B. Fair value of financial instruments

The table below analyses financial instruments 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).

31 December 2022	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment securities				
Trading securities at FVTPL				
Government Bonds	4,149,075	-	-	4,149,075
Corporate Bonds	1,784,945	-	-	1,784,945
Equity	89,784	-	-	89,784
Others	233,495	-	-	233,495
	6,257,299	-	-	6,257,299
FVOCI - debt instruments				
Government Bonds	17,369,138	19,856	-	17,388,994
Corporate Bonds	6,666,983	-	-	6,666,983
	24,036,121	19,856	-	24,055,977
FVOCI - equity instruments	440,672	870	102,438	543,980
Designated at FVTPL				
Corporate Bonds	-	-	-	-
Equity	9,776	106,600	65,958	182,334
Others	80,655	-	116	80,771
	90,431	106,600	66,074	263,105
Positive fair value of derivatives				
Derivatives held for trading	-	16,754,646	-	16,754,646
Derivatives held as cash flow hedges:				
Interest rate swaps	-	136,493	-	136,493
Derivatives held as fair value hedges:				
Interest rate swaps	-	277,264	-	277,264
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	37,408	-	37,408
	-	17,205,811	-	17,205,811
Negative fair value of derivatives				
Derivatives held for trading	-	(15,334,137)	-	(15,334,137)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(947,031)	-	(947,031)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(3,924,747)	-	(3,924,747)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	-	-	-
	-	(20,205,915)	-	(20,205,915)
	30,824,523	(2,872,778)	168,512	28,120,257

41 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

B. Fair value of financial instruments (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 2022	-	152,359	-	100,948	253,307
Total gains or losses:					
- in profit or loss	-	(49,650)	-	-	(49,650)
- in other comprehensive income	-	-	-	613	613
Purchases	-	-	-	730	730
Issues	-	-	-	-	-
Settlements and other adjustments	-	-	-	147	147
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	(36,635)	-	-	(36,635)
Balance as at 31 December 2022	-	66,074	-	102,438	168,512

41 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

B. Fair value of financial instruments (continued)

31 December 2021	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment securities				
Trading securities at FVTPL				
Government Bonds	1,939,565	-	-	1,939,565
Corporate Bonds	387,814	-	-	387,814
Equity	156,687	-	-	156,687
Others	8,294	-	-	8,294
	2,492,360	-	-	2,492,360
FVOCI - debt instruments				
Government Bonds	10,903,144	16,266	-	10,919,410
Corporate Bonds	5,989,331	-	-	5,989,331
	16,892,475	16,266	-	16,908,741
FVOCI - equity instruments	459,840	869	100,948	561,657
Designated at FVTPL				
Corporate Bonds	-	-	-	-
Equity	9,782	-	151,634	161,416
Others	90,010	-	725	90,735
	99,792	-	152,359	252,151
Positive fair value of derivatives				
Derivatives held for trading	-	10,133,018	-	10,133,018
Derivatives held as cash flow hedges:				
Interest rate swaps	-	238,462	-	238,462
Derivatives held as fair value hedges:				
Interest rate swaps	-	287,445	-	287,445
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	-	-	-
	-	10,658,925	-	10,658,925
Negative fair value of derivatives				
Derivatives held for trading	-	(7,966,273)	-	(7,966,273)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(121,895)	-	(121,895)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(1,088,283)	-	(1,088,283)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	(9,870)	-	(9,870)
	-	(9,186,321)	-	(9,186,321)
	19,944,467	1,489,739	253,307	21,687,513

41 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

B. Fair value of financial instruments (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 2021	-	161,928	-	5,765	167,693
Total gains or losses:					
- in profit or loss	-	(8,843)	-	-	(8,843)
- in other comprehensive income	-	-	-	(222)	(222)
Purchases	-	-	-	95,526	95,526
Issues	-	-	-	-	-
Settlements and other adjustments	-	(726)	-	(121)	(847)
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Balance as at 31 December 2021	-	152,359	-	100,948	253,307

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 data, 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.

There have been no transfers between Level 1 and Level 2 during the years ended 31 December 2022 and 31 December 2021.

42 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	2022 AED 000	2021 AED 000
(a) Analysis of changes in cash and cash equivalent during the year		
Balance at beginning of year	28,732,343	20,911,912
Net cash inflow / (outflow)	7,633,795	7,820,431
Balance at end of year	36,366,138	28,732,343
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	74,617,905	70,753,613
Due from banks	73,466,575	45,343,248
Due to banks	(37,278,985)	(43,755,207)
	110,805,495	72,341,654
Less: deposits with Central Banks for regulatory purposes	(51,570,086)	(45,176,256)
Less: certificates of deposits / placements with Central Banks maturing after three months	(1,000,000)	(3,000,000)
Less: amounts due from banks maturing after three months	(42,430,887)	(23,450,016)
Add: amounts due to banks maturing after three months	20,561,616	28,016,961
	36,366,138	28,732,343
(c) Adjustment for non-cash items		
Impairment loss / (reversal) on cash and deposits with central banks	951	(878)
Impairment loss on loans and receivables	5,319,333	6,234,860
Impairment loss / (reversal) on investment securities	28,611	(12,481)
Impairment loss on unfunded exposures	154,065	64,678
Impairment loss / (reversal) on due from banks / other assets	60,296	23,166
Amortisation of fair value	117,189	130,209
Premium / (discount) on Investment securities	(678,259)	(63,176)
Unrealised foreign exchange loss / (gain)	1,163,847	4,194,239
Depreciation of property and equipment / investment property	801,620	800,969
Share of (profit) / loss of associates and loss on its disposal	-	21,137
Unrealized (gain) / loss on investments	(122,491)	935
Dividend income on equity investments	(15,140)	(18,742)
Unrealized (gain) / loss on FV Hedged item	(3,446,719)	(1,581,806)
Loss / (gain) on sale of properties (investment properties/inventories)	(24,502)	3,063
Amortisation of intangibles	163,296	163,296
Gain on disposal of a subsidiary	-	(329,305)
	3,522,097	9,630,164

43 CAPITAL MANAGEMENT AND ALLOCATION

The CBUAE supervises the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision (Basel Committee), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three pillars: minimum capital requirements, supervisory review process and market discipline.

Minimum Capital Requirements

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Total Capital.

Additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) introduced over and above the minimum CET1 requirement of 7%.

Over and above additional capital buffers, the Group as a Domestic Systematically Important Bank (D-SIB) is required to keep an additional D-SIB buffer of 1.5% of the Capital base.

Regulatory Capital

The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2 (‘T2’), depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.

- AT1 capital comprises eligible non-common equity capital instruments.

- T2 capital comprises qualifying subordinated debt, and undisclosed reserve.

The regulatory capital ratios exclude the impact of Hyperinflation accounting on Group’s consolidated financial statements.

43 CAPITAL MANAGEMENT AND ALLOCATION (CONTINUED)

The capital overview as per Basel III framework is given below:

	2022 AED 000	2021 AED 000
Available capital		
Common equity tier 1 capital	76,581,939	67,463,976
Tier 1 capital	85,710,591	76,592,628
Total eligible capital	91,180,293	81,504,429
Risk-weighted assets		
Credit risk	437,576,138	392,944,100
Market risk	12,970,243	10,945,304
Operational risk	48,323,649	42,492,456
Total risk-weighted assets	**498,870,030**	446,381,860

Capital Ratio	2022	2021
a. Total capital ratio for consolidated Group	18.28%	18.26%
b. Tier 1 ratio only for consolidated Group	17.18%	17.16%
c. CET1 ratio only for consolidated Group	15.35%	15.11%

43 CAPITAL MANAGEMENT AND ALLOCATION (CONTINUED)

The capital adequacy ratios as per Basel III capital regulation are given below:

	2022 AED 000	2021 AED 000
Common Equity Tier 1 (CET1) Capital		
Share Capital	6,316,598	6,316,598
Share premium account	17,954,164	17,954,164
Eligible reserves	(6,452,360)	(2,921,388)
Transitional arrangement: Partial addback of IFRS 9 ECL impact to CET1	3,223,080	2,469,467
Retained earnings	65,247,246	53,088,213
Dividend expected/proposed	(3,789,959)	(3,158,299)
Eligible amount of non-controlling interest	-	55,018
CET1 capital before the regulatory adjustments and threshold deduction	**82,498,769**	**73,803,773**
Less: Regulatory deductions	(5,916,830)	(6,339,797)
Total CET1 capital after the regulatory adjustments and threshold deduction	**76,581,939**	**67,463,976**
Total CET1 capital after transitional arrangement for deductions (CET1) (A)	**76,581,939**	**67,463,976**
Additional Tier 1 (AT1) Capital		
Eligible AT1 capital	9,128,652	9,128,652
Other AT1 Capital (e.g. Share premium, non-controlling interest)	-	-
Total AT1 capital	**9,128,652**	**9,128,652**
Total AT1 capital after transitional arrangements (AT1) (B)	**9,128,652**	**9,128,652**
Tier 2 (T2) Capital		
Tier 2 Instruments e.g. subordinated loan	-	-
Other Tier 2 capital (including General Provisions, etc.)	5,469,702	4,911,801
Total T2 Capital	**5,469,702**	**4,911,801**
Total T2 capital after transitional arrangements (T2) (C)	**5,469,702**	**4,911,801**
Total Regulatory Capital (A+B+C)	**91,180,293**	**81,504,429**

44 FUND MANAGEMENT

The Group manages a number of funds which are not consolidated in the financial statements. The funds have no recourse to the general assets of the Group and further the Group has no recourse to the assets of the funds. Third party funds managed by the Group were AED 29,409 million at 31 December 2022 (2021: AED 24,171 million).

45 ASSETS HELD IN FIDUCIARY CAPACITY

The Group holds assets in a fiduciary capacity and provides custodian services for some of its customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group consolidated financial statements.

46 RISK MANAGEMENT

The primary risks to the Group arise from extending credit to corporate and institutional banking and retail banking customers. The Group is also exposed to a range of other risk types such as market, operational, liquidity, compliance, reputational, country, market conduct and legal that drive the direction of its risk management strategy, product range and risk diversification strategies.

<u>Risk Management Framework:</u>

The risk management framework enables the Group to manage group-wide risks with the objective of maximising returns while adhering to our risk appetite.

The Group uses three lines of defense model to support its approach to risk management by clarifying responsibility, encouraging collaboration, and enabling efficient coordination of risk and control activities. The three lines of defense are summarised below:

- Business units: required to ensure the effective management of risks within the scope of their direct organisational responsibilities. All employees within the business units are sufficiently trained and have access to appropriate tools to ensure risk-taking is controlled. Each business unit primarily owns the risk that it underwrites and is equally responsible for designing and implementing necessary controls to mitigate risks emanating from its activities.
- Risk control units: responsible for implementing policies and procedures, monitoring risks taken to ensure all risks are within the Group's risk appetite. Appropriate controls are designed and implemented with adequate reporting in place to anticipate future risks and improve the level of preparedness across the management chain.
- Group Internal Audit: provides independent assurance and reports its findings to all relevant management and governance bodies, accountable line managers, relevant oversight function and committee(s) of the Board.

A. <u>Risk governance</u>

The risk governance structure of the group ensures central oversight and control with clear accountability for and ownership of risk.

The Board of Directors (the Board) has the ultimate responsibility for setting Group's risk appetite and for the establishment and oversight of the Group's risk management framework. This is managed through a number of committees; namely Board Risk Committee (BRC), Board Credit & Investment Committee (BCIC) and Board Audit Committee (BAC).

The management level committees also actively manage risk. Key ones include Group Risk Committee (GRC), Management Credit Committee (MCC), Management Investment Committee (MIC) and Group Asset Liability Management Committee (Group ALCO).

46 RISK MANAGEMENT (CONTINUED)

A. Risk governance (continued)

BRC comprises of members of the Board and is responsible for risk oversight responsibilities of the Board with regards to risk governance, risk appetite and the risk management framework. The BRC receives reports on risk management including our portfolio trends, policies and standards, stress testing, liquidity and capital adequacy and is authorised to investigate or seek any information relating to any activity within its terms of reference.

BCIC supports Board to manage the credit and investment portfolio of the bank and is responsible for approval of credit and investment decisions above the MCC and MIC's authority. It oversees the execution of Group's credit risk management and reviews the credit profile of material portfolios to ensure that it is aligned with business strategy and risk appetite.

The primary role BAC is to have oversight and review of financial, audit and internal control issues as well as oversee the independence and performance of group's external and internal auditors.

MCC is a management level committee which carries out credit lending decisions including but not limited to approval and renewal of credit facilities, review and monitor portfolio performance in line with the credit risk strategy, decisions on debt settlement, provisioning write off and amendments to pricing, grades and waiver.

The role of the MIC is to support the Board in the management of the Investment Portfolios of the Group to ensure they conform to the strategic vision of the same and support the Board in monitoring and reporting the performance of these portfolios.

The Group ALCO is responsible for balance sheet management and quality of the funding plan as well as the management of capital and the establishment of, and compliance with, policies relating to balance sheet management, including management of our liquidity, capital adequacy and structural foreign exchange and interest rate risk. The committee also approves the contingency funding plan as well as the funds transfer pricing among other things.

The GRC is responsible for the management of all risks other than those delegated to MCC, MIC and Group ALCO and ensures the effective management of risk throughout the group in support of the group's business strategy and group's risk appetite. The committee approves risk policies and analytical models to ensure effective management of credit, market, operational, business continuity and reputational, compliance, legal, market conduct and other risks confronting the group.

The Model Risk Management Committee (MRMC) is a sub-committee of GRC responsible for the oversight of model risks within the Bank. The MRMC performs oversight on the development, validation and monitoring standards that includes identification, measurement, monitoring, controlling, mitigation and reporting of model risk in a consistent manner and in compliance with applicable internal and regulatory standards.

B. The Risk Function

The Risk Function is independent of the business (origination, trading and sales functions) to ensure that the necessary balance in risk/return decisions is not compromised by pressures for better results in terms of revenues and to ensure transparency of decisions in accordance with group standards and policies.

The Risk Function assists in controlling and actively managing the Group's overall risk profile. The role of the function is:

- To ensure the risk management framework is effectively communicated and implemented across the Group and is appropriate to the Group's activities.
- To exercise direct ownership for various risk types including but not limited to credit, market, country, operational, reputational risks.
- To ensure that the Group's business strategies, risk policies, procedures and methodologies are consistent with the Group's risk appetite.
- To ensure the integrity of the Group's risk/return decisions guaranteeing their transparency.
- To ensure that appropriate risk management architecture and systems are developed and implemented.

46 RISK MANAGEMENT (CONTINUED)

C. Risk appetite

The risk appetite statement is an articulation of the risk that the Group would be willing to accept, underwrite and/or be exposed to in the normal course of its business conduct.

The risk appetite statement is a critical component and extension of the risk management framework. It is used by the Group to proactively establish and subsequently monitor the group's risk profile using a set of pre-defined key risk metrics and respective thresholds.

D. Credit risk

Credit risk is the risk of financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligation to the Group. Credit risk arises mainly from interbank, corporate and institutional banking and retail banking loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as credit derivatives (credit default swaps), financial guarantees, letter of credit, endorsement and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ("trading exposures") including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk management

Group's approach to credit risk management is based on the foundation of independence and integrity of risk management. This is ensured through a well-defined and robust organisation structure duly supported by various risk committees, forums, systems, policies, procedures and processes providing a strong risk infrastructure and management framework.

The Group's credit policy focuses on the core credit principles, lending guidelines and parameters, control and monitoring requirements, problem loan identification, management of high-risk counterparties and provisioning. Standard procedures specific to businesses are in place to manage various types of risks across different business segments, products and portfolios.

Portfolio performance is periodically measured against the risk appetite parameters and breaches if any are actioned by the Group's Executive Committee.

46 RISK MANAGEMENT (CONTINUED)

D. Credit Risk (continued)

Credit risk management (continued)

Corporate and Institutional Banking, Business Banking and Private Banking credit risk management:

Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment considers amongst other things the purpose of the facility, sources of re-payment, prevailing and potential macro-economic factors, industry trends, customers' credit worthiness and standing within the industry.

The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

Management of Early Alert (EA), Watch List (WL) & Impaired Non-Performing Loans (NPL) - The Group has a well-defined process for identification of EA, WL & NPL accounts and dealing with them effectively. There are policies which govern credit grading of EA, WL & NPL accounts and impairment, in line with IFRS and regulatory guidelines.

Retail banking credit risk management:

The Group has a structured management framework for retail banking risk management. The framework enables the Group in identification and evaluation of the significance of all credit risks that the Group faces, which may have an adverse material impact on its financial position.

In the retail banking portfolio, losses stem from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending transactions.

The Group's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Group to prudently recognise impairment on its retail portfolios.

46 RISK MANAGEMENT (CONTINUED)

D. Credit Risk (continued)

Credit risk management (continued)

Credit approving authorities

BCIC has delegated credit approving authorities to the MCC, MIC, RCC and members of senior management to facilitate and effectively manage the business. However, BCIC has retained the ultimate authority to approve credits beyond MCC authority.

Credit risk measurement

The estimation of credit risk for risk management purpose is complex and requires use of models, as the exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk using PD, EAD and LGD. This is similar to the approach used for the purpose of measuring ECL under IFRS 9.

Credit risk grading

The Group uses internal credit risk grading that reflects its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to various categories of counterparty. Borrower and loan specific information collected at the time of facility application (such as disposable income, and level of collateral for retail exposure; and turnover and industry type considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated, such that the risk of default increases exponentially at each higher risk grade. For example, the difference in the PD between a 1A and 2A rating grade is lower than the difference in the PD between a 3A and 4A rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail:

After the date of initial recognition, for retail business, the payment behavior of the borrower is monitored on a periodic basis to develop a behavioral score. Any other known information about the borrower which impacts their credit worthiness such as: unemployment and previous delinquency history is also incorporated into the behavior score. This score is mapped to a PD.

Corporate and Institutional Banking, Business Banking and Private Banking:

Ratings are determined at the borrower level for these segments. A relationship manager incorporates any updated or new information/credit assessment into the credit system on an ongoing basis. In addition, the relationship manager also updates information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

46 RISK MANAGEMENT (CONTINUED)

D. Credit Risk (continued)

Credit risk measurement (continued)

Treasury:

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises 24 rating levels for instruments not in default (1 to 24) and 4 default classes (25 to 28). The Group's internal rating scale are mapped with external ratings. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating models are reviewed for recalibration so that they reflect the latest projections in the light of all actually observed defaults.

ECL measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit-quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognised is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on a lifetime basis.
- ECL is measured after factoring forward-looking information.
- ECL on Purchase or originated credit-impaired financial assets is measured on a lifetime basis.

Significant increase in credit risk
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Corporate and Institutional Banking, Business Banking and Private Banking:

Significant increase in credit risk is measured by comparing the risk of default estimated at origination with the risk of default at reporting date.

Retail:
Thresholds have been set for each portfolio based on historical default rates. Facilities exceeding the threshold are considered for significant increase in credit risk.

Qualitative criteria:
The Group also considers in its assessment of significant increase in credit risk, various qualitative factors like significant adverse changes in business, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flows and liquidity problems.

Backstop:
A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

46 RISK MANAGEMENT (CONTINUED)

D. Credit Risk (continued)

Credit risk measurement (continued)

Definition of default and credit-impaired assets
The Group defines a financial instrument as in default, which is fully aligned with definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative:
The borrower is more than 90 days past due on its contractual payments.

Qualitative:
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances like long-term forbearance, borrower is insolvent, borrower is entering bankruptcy etc.

Curing

The Group continues to monitor such financial instruments for a minimum probationary period of 12 months to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1).

The Group is observing a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading such exposure from Stage 3 to 2.

Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables (the “base, upside and downside economic scenario along with scenario weighting”) are obtained externally on a quarterly basis.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

46 RISK MANAGEMENT (CONTINUED)

D. Credit Risk (continued)

Credit risk measurement (continued)

Credit risk monitoring

Corporate and Institutional Banking, Business Banking and Private Banking: The Group's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts.

Early Alert accounts are identified based on oversight, vigilance and risk triggers. Account strategy and action plans on these accounts are regularly monitored and discussed in the Early Alert Committee meetings.

Additionally, for IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

Retail banking: risks of the Group's loan portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

Group credit risk mitigation strategy

The Group operates within prudential exposure ceilings set by the Board in line with UAE Central Bank guidelines. There are well laid out processes for exception management and escalation.

The Group has adopted measures to diversify the exposures to various sectors. Diversification is achieved by limiting concentration through setting customer, industry and geographical limits.

The risk transfer in the form of syndicated loans, risk participation agreements with other banks, credit default swaps and sale of loans are globally accepted practices followed by the Group, where appropriate, to limit its exposure.

Collateral management

Collaterals and guarantees are effectively used as mitigating tools by the Group. The quality of collateral is continuously monitored and assessed, and the Group seeks to ensure enforceability of the collateral. Major categories of collaterals include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables, gold and vehicles.

Collaterals are revalued regularly as per the Group's credit policy. In addition, ad hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Group to assess the fair market value of the collateral and ensure that risks are appropriately managed. Security structures and legal covenants are also subject to regular review.

Please refer to Pillar III disclosures for additional information on collaterals.

Write offs

Loans and debt securities in corporate and institutional banking are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-performing consumer loans, except for mortgage facilities and overdrafts, are written off at 181 days past due. All receivables remain active on the loan management system for recovery and any legal strategy the Group may deem fit to use.

46 RISK MANAGEMENT (CONTINUED)

E. Analysis by economic activity for assets:

The Group monitors concentrations of credit risk by economic activity sector. The analysis by economic activity is as follows:

	2022 AED 000		2021 AED 000	
	Loans and Receivables	Others	Loans and Receivables	Others
Manufacturing	23,962,168	1,177,547	20,508,463	1,197,001
Construction	12,497,888	315,448	16,110,888	340,839
Trade	30,644,042	141,634	32,717,137	141,749
Transport and communication	17,005,663	1,214,817	12,892,388	1,166,102
Utilities and services	32,306,786	1,364,336	15,231,685	993,310
Sovereign	112,696,509	109,101,913	152,416,647	93,779,805
Personal	114,701,863	-	98,184,765	-
Real estate	48,484,643	-	49,337,859	43,402
Hotels and restaurants	9,430,950	-	11,723,275	-
Management of companies and enterprises	15,554,374	-	12,689,036	-
Financial institutions and investment companies	23,088,161	85,227,197	20,903,075	52,895,984
Agriculture	5,053,860	-	5,825,162	-
Others	13,264,982	880,454	12,732,319	1,035,100
Total Assets	458,691,889	199,423,346	461,272,699	151,593,292
Less: Deferred Income	(2,682,725)	-	(1,814,833)	-
Less: Expected credit loss	(39,404,772)	(149,807)	(37,185,476)	(93,158)
	416,604,392	199,273,539	422,272,390	151,500,134

Others include due from banks and investment securities.

46 RISK MANAGEMENT (CONTINUED)

F. Classification of investment securities as per their external ratings

As of 31 December 2022

Ratings	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI– equity instruments	Amortised cost	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
AAA	2,452	1,776	-	-	5,617,444	5,621,672
AA- to AA+	2,289,067	-	848,081	-	58,608,568	61,745,716
A- to A+	850,497	-	3,367,706	-	11,909,418	16,127,621
Lower than A-	1,578,339	2,818	19,332,274	545	7,096,732	28,010,708
Unrated	1,536,944	258,511	507,916	543,435	11,522,246	14,369,052
Less: Expected credit losses	-	-	(44,680)	-	(23,125)	(67,805)
	6,257,299	263,105	24,011,297	543,980	94,731,283	125,806,964

Of which issued by:

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI– equity instruments	Amortised cost	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Governments	4,149,075	-	17,388,994	-	87,563,844	109,101,913
Public sector enterprises	1,572,100	-	5,419,253	944	6,492,480	13,484,777
Private sector and others	536,124	263,105	1,247,730	543,036	698,084	3,288,079
Less: Expected credit losses	-	-	(44,680)	-	(23,125)	(67,805)
	6,257,299	263,105	24,011,297	543,980	94,731,283	125,806,964

46 RISK MANAGEMENT (CONTINUED)

F. Classification of investment securities as per their external ratings (continued)

As of 31 December 2021

Ratings	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI– equity instruments	Amortised cost	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
AAA	-	1,777	-	-	2,634,781	2,636,558
AA- to AA+	1,134,004	-	770,629	-	53,040,210	54,944,843
A- to A+	315,837	-	3,058,561	-	9,170,187	12,544,585
Lower than A-	641,437	4,441	12,222,749	1,663	14,441,570	27,311,860
Unrated	401,082	245,933	856,802	559,994	6,695,646	8,759,457
Less: Expected credit losses	-	-	(23,053)	-	(17,364)	(40,417)
	2,492,360	252,151	16,885,688	561,657	85,965,030	106,156,886

Of which issued by:

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instruments	FVOCI– equity instruments	Amortised cost	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Governments	1,939,565	-	10,919,410	-	80,920,830	93,779,805
Public sector enterprises	244,309	-	4,545,196	74	4,222,523	9,012,102
Private sector and others	308,486	252,151	1,444,135	561,583	839,041	3,405,396
Less: Expected credit losses	-	-	(23,053)	-	(17,364)	(40,417)
	2,492,360	252,151	16,885,688	561,657	85,965,030	106,156,886

46 RISK MANAGEMENT (CONTINUED)

G. Risk gross maximum exposure:

The table below shows the gross maximum exposure to credit risk for the components of the Group consolidated statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of use of master netting and collateral agreements.

	2022 AED 000	2021 AED 000
Deposits with Central Banks	68,637,087	64,730,368
Due from banks	73,466,575	45,343,248
Investment securities	124,676,600	105,178,097
Loans and receivables	416,604,392	422,272,390
Positive fair value of derivatives	17,205,811	10,658,925
Customer acceptances	9,029,309	11,343,522
Total (A)	709,619,774	659,526,550
Contingent liabilities	74,434,806	76,469,131
Irrevocable loan commitments	59,823,665	39,998,828
Total (B)	134,258,471	116,467,959
Total credit risk exposure (A + B)	843,878,245	775,994,509

46 RISK MANAGEMENT (CONTINUED)

H. 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 **31 December 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	(7,312,513)	6,762,653	549,860	-
Transfers from stage 2	3,348,210	(6,048,704)	2,700,494	-
Transfers from stage 3	-	626,619	(626,619)	-
New financial assets, net of repayments and others	4,642,052	(3,561,285)	(2,627,609)	(1,546,842)
Amounts written off during the year	-	-	(1,901,860)	(1,901,860)
Total gross loans and receivables*	399,698,546	29,056,635	27,253,983	456,009,164
Expected credit losses	(4,819,205)	(7,785,378)	(26,800,189)	(39,404,772)
Carrying amount	394,879,341	21,271,257	453,794	416,604,392
By business units				
Corporate Banking	280,741,864	22,404,722	23,731,217	326,877,803
Retail Banking	118,956,682	6,651,913	3,522,766	129,131,361
Total gross loans and receivables	399,698,546	29,056,635	27,253,983	456,009,164

AED 000 31 December 2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	421,733,474	26,974,892	29,817,914	478,526,280
Transfers from stage 1	(14,752,093)	14,209,710	542,383	-
Transfers from stage 2	3,425,263	(7,547,987)	4,122,724	-
Transfers from stage 3	-	360,866	(360,866)	-
New financial assets, net of repayments and others	(11,385,847)	(2,720,129)	(3,715,562)	(17,821,538)
Amounts written off during the year	-	-	(1,246,876)	(1,246,876)
Total gross loans and receivables*	399,020,797	31,277,352	29,159,717	459,457,866
Expected credit losses	(3,847,334)	(6,929,276)	(26,408,866)	(37,185,476)
Carrying amount	395,173,463	24,348,076	2,750,851	422,272,390
By business units				
Corporate Banking	294,532,676	26,350,574	26,035,691	346,918,941
Retail Banking	104,488,121	4,926,778	3,124,026	112,538,925
Total gross loans and receivables	399,020,797	31,277,352	29,159,717	459,457,866

The stage 1 and stage 2 are performing loans having grades 1a- 4f while stage 3 and POCI are non-performing loans having grades 5a- 5d.

Corporate and Institutional banking – Performing includes AED 2,467 million (2021: AED 3,470 million) for exposure against watchlist customers.

*The credit-impaired loans and receivables of AED 27,254 million (2021: AED 29,160 million) comprises of AED 26,439 million (2021: AED 28,138 million) credit-impaired loans and receivables and AED 815 million (2021: AED 1,022 million) classified as POCI acquired at fair value.

46 RISK MANAGEMENT (CONTINUED)

I. Amounts arising from ECL

Loans and receivables

AED 000 **31 December 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	(289,525)	232,508	57,017	-
Transfers from stage 2	278,319	(1,582,174)	1,303,855	-
Transfers from stage 3	-	227,714	(227,714)	-
Allowances for impairment made during the year	975,054	1,973,192	4,659,744	7,607,990
Write back / recoveries made during the year	-	-	(2,288,657)	(2,288,657)
Amounts written off during the year	-	-	(1,901,860)	(1,901,860)
Exchange and other adjustments	8,023	4,862	(1,211,062)	(1,198,177)
Closing Balance	**4,819,205**	**7,785,378**	**26,800,189**	**39,404,772**

AED 000 31 December 2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	4,612,683	5,697,198	24,674,930	34,984,811
Transfers from stage 1	(392,354)	368,971	23,383	-
Transfers from stage 2	559,417	(2,118,652)	1,559,235	-
Transfers from stage 3	-	77,741	(77,741)	-
Allowances for impairment made during the year	(687,483)	3,710,592	4,256,550	7,279,659
Write back / recoveries made during the year	-	-	(1,044,799)	(1,044,799)
Amounts written off during the year	-	-	(1,246,876)	(1,246,876)
Exchange and other adjustments	(244,929)	(806,574)	(1,735,816)	(2,787,319)
Closing Balance	3,847,334	6,929,276	26,408,866	37,185,476

The contractual amount outstanding on loans and receivables which were written off during the year, and are still subject to enforcement activity amounted to AED 1,902 million (2021: AED 1,247 million).

46 RISK MANAGEMENT (CONTINUED)

J. Impairment reserve under the CBUAE guidance

The CBUAE issued its IFRS 9 guidance on 30 April 2018 via notice no. CBUAE/BSD/2018/458 addressing various implementation challenges and practical implications for banks adopting IFRS 9 in the UAE ("the guidance").

Pursuant to clause 6.4 of the guidance, the reconciliation between general and specific provision under Circular 28/2010 of CBUAE and IFRS 9 is as follows:

	2022	2021
	AED 000	AED 000
Impairment reserve: General		
General provisions under Circular 28/2010 of CBUAE	6,563,642	5,894,162
Less: Stage 1 and Stage 2 provisions under IFRS 9	(12,604,583)	(10,776,610)
General provision transferred to the impairment reserve*	-	-
Impairment reserve: Specific		
Specific provisions under Circular 28/2010 of CBUAE	26,420,930	26,130,203
Less: Stage 3 provisions under IFRS 9	(26,800,189)	(26,408,866)
Specific provision transferred to the impairment reserve*	-	-
Total provision transferred to the impairment reserve	-	-

**In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.*

46 RISK MANAGEMENT (CONTINUED)

K. Market risk

Market risk is the risk that the value of financial instruments in the Group's books – with the inclusion of some other financial assets and liabilities could produce a loss because of changes in future market conditions.

The Group takes on Market Risks in the pursuit of its strategic and business objectives.

The Group predominantly pursues opportunities in the market that exposes itself to the following categories of market risk - which are actively managed and monitored:

1. Interest Rate Risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of interest rates and changes in credit spreads;
2. FX Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates;
3. Credit Spread Risk: Losses in the value due to change in credit spreads driven by associated credit risk of the security issuer/underlying;
4. Commodity Price Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of commodities such as petrochemicals, base and precious metals, and food stocks.

Respective portfolio managers are accountable for managing market risk within the approved limits. These managers have extensive knowledge of markets and products, their risk exposures and of the financial instruments available to hedge their exposures.

The Group's risk exposures to market risk are segregated into Trading and Banking Books. The Trading Book include those financial instruments held with trading intent arising from market-making, position-taking and other so designated financial instruments accounted for at fair value daily. The Banking Book include financial instruments not held with trading intent that arise from the management of Interest Rate risk and FX risk from the Group's retail and corporate and institutional banking assets and liabilities, and other financial investments designated as either FVOCI or Amortised Cost.

Market risk oversight and management process

As part of the Group's enterprise-wide risk management framework, an extensive governance processes is applied to the market risk taking activities. This governance framework includes, inter alia:

- Approval by the Board Risk Committee and Group Asset-Liability Committee of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures;
- Independent valuation of financial instruments in the Trading Book and measurement of market risk;
- A comprehensive set of policies, procedures and limits; and
- Monitoring a wide range of risk metrics appropriate for the respective trading activities - such as risk sensitivities, Gross and Net open positions, Value-at-Risk (VaR) and stop-loss limits.

46 RISK MANAGEMENT (CONTINUED)

K. Market risk (continued)

Market risk oversight and management process (continued)

The Group uses appropriate and independently validated market standard models for the revaluation and risk measurement of its linear and non-linear financial products and receives regular market information from independent market data providers in order to measure and monitor market risk.

Details of allocation of assets and liabilities subject to market risk between trading and non-trading portfolios are as follows:

	December 2022		
	Market risk measure		
		Trading Portfolio	Non Trading Portfolio
	AED 000	AED 000	AED 000
Assets subject to market risk			
Cash and deposits with Central Banks	74,617,905	-	74,617,905
Due from banks	73,466,575	-	73,466,575
Loans and receivables	416,604,392	-	416,604,392
Investment securities	125,806,964	6,257,299	119,549,665
Positive fair value of derivatives	17,205,811	16,754,646	451,165
Liabilities subject to market risk			
Due to banks	37,278,985	-	37,278,985
Customer deposits	502,953,216	-	502,953,216
Debt issued and other borrowed funds	53,486,827	-	53,486,827
Sukuk payable	3,672,500	-	3,672,500
Negative fair value of derivatives	20,205,915	15,334,137	4,871,778

	December 2021		
	Market risk measure		
		Trading Portfolio	Non Trading Portfolio
	AED 000	AED 000	AED 000
Assets subject to market risk			
Cash and deposits with Central Banks	70,753,613	-	70,753,613
Due from banks	45,343,248	-	45,343,248
Loans and receivables	422,272,390	-	422,272,390
Investment securities	106,156,886	2,492,360	103,664,526
Positive fair value of derivatives	10,658,925	10,133,018	525,907
Liabilities subject to market risk			
Due to banks	43,755,207	-	43,755,207
Customer deposits	456,483,888	-	456,483,888
Debt issued and other borrowed funds	63,387,228	-	63,387,228
Sukuk payable	3,672,500	-	3,672,500
Negative fair value of derivatives	9,186,321	7,966,273	1,220,048

The impact of sensitivity analysis on foreign exchange risk and equity price risk on the Group consolidated income statement and Group consolidated statement of comprehensive income is immaterial.

46 RISK MANAGEMENT (CONTINUED)

K. Market risk (continued)

The Group uses following metrics to measure market risk on an ongoing basis:

1. Non statistical metrics: Interest rate sensitivity, (DV01/PV01), FX sensitivity (FX01), Net open/ Net Gross outstanding positions, Maximum notional and tenor measures, Derivatives' Greek sensitivities (Delta, Gamma, Vega), and Stop Loss limits;

2. Statistical metrics: Value-at-Risk (VaR), by Desk as well as total for the whole Trading Book.

The Group is not significantly exposed to structural FX Risk - which is a component of market risk - since the majority of the assets and liabilities of the Group are denominated predominately in either AED or in USD-pegged currencies from other GCC countries.

Value-at-Risk

To better capture the multi-dimensional aspects of market risk, the Group's primary market risk metric is a statistical one, Value-at-Risk, which is used for short-term risk holding periods. VaR metrics are calculated daily for the specific Trading Desk, such as Interest Rate Desk VaR, Foreign Exchange Desk VaR and overall Trading Book VaR.

The Group's year-end VaR numbers reported below have been calculated using the following parameters:

- Statistical level of confidence: 99%
- Holding period: 1 business day
- Methodology: Full Revaluation, Historical Simulation using over 2 years of historical market data

	2022 AED 000				2021 AED 000			
	Average	Maximum	Minimum	Actual*	Average	Maximum	Minimum	Actual*
By Trading desk								
Interest rate risk	8,521	17,503	1,605	10,299	15,780	25,764	7,968	9,066
Foreign exchange risk	1,849	7,024	358	1,484	3,124	13,735	923	2,792
Credit trading risk	3,789	8,198	682	6,219	3,801	8,134	1,579	1,750
Total	10,384	23,050	2,828	11,664	17,007	29,354	7,218	9,283

* Note that the sum of asset class VaR metrics does not add up to the reported Total VaR metric due to diversification and cross correlation effects.

46 RISK MANAGEMENT (CONTINUED)

K. Market risk (continued)

Value-at-risk

Major currency-wise open positions of the Group are as follows:

	2022	2021
	Long / (Short)	Long / (Short)
	AED 000	AED 000
U.S. Dollar (USD)	(1,178,207)	204,537
Omani Riyal (OMR)	(191,933)	(79,601)
Euro (EUR)	(235,958)	943,525
Saudi Riyal (SAR)	(472,511)	(604,108)
Turkish Lira (TRY)	(8,440)	1,394
Egyptian Pound (EGP)	(47,944)	37,702
Bahraini Dinar (BHD)	(19,042)	(159,089)
Indian Rupee (INR)	91,980	155,969

L. Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. This definition includes legal risks (described as exposure to fines, penalties and punitive damages resulting from supervisory actions, as well as private settlements), regulatory risks, and the risk arising from change initiatives.

Operational Risk Governance Framework

The Group applies a three line of defense model for operational risk management. The business and support units form the first line of defense. They have the primary responsibility and accountability for identifying operational risk in their areas and to promptly mitigate any issues.

Operational Risk function as the second line of defense, provide consistent and standardised methods and tools to business and support functions for managing operational risk. The function monitors the risk management process and compliance to the operational risk policies and procedures. It conducts independent analysis of the operational risk exposure and the bank’s mitigating strategies.

The Group’s Internal Audit as the third line of defense, provides independent assurance to the Board of Directors.

Operational Risk Management Process

The Group has set up the operational risk function within the risk management unit to establish the framework and governance structure set out in the operational risk policy. The risk management process comprises mainly of the below elements,

- Risk Identification and Assessment
- Risk Monitoring and Review
- Risk Treatment
- Risk Reporting

This function develops and implements the methods for the identification, assessment, measurement and monitoring of operational risk throughout the Group and provides regular and comprehensive reporting on operational risks to senior management. The function supports business and other support units to monitor and manage their individual operational risks.

46 RISK MANAGEMENT (CONTINUED)

L. Operational risk (continued)

Insurance Management

The Group obtains tailored insurance cover to protect the Group against unexpected losses. Insurance cover is obtained from high rated insurance companies in the international reinsurance market. The requirements for insurance are reviewed periodically and the insurance cover is aligned to changes of the Group's risk exposure.

Fraud Management

The Board and Management are determined to build and maintain a credible defense to the threat posed by fraud.

In line with the evolving banking technologies and digital landscape, management has recognized the need for greater focus on anti-fraud capabilities of the Group. As such the bank is investing into advanced systems and controls for the prevention of frauds perpetrated against the bank and its customers. The bank has increased monitoring and enhanced detective controls to manage fraud risks, which arise from new technologies and new methods of banking.

The Group has a specialized team which focuses on investigation of fraud attempts against the bank, spreading fraud awareness to stakeholders, identification and mitigation of fraud risks.

The Group has policies and procedures in place to ensure compliance with prevailing legislation and to mitigate risk, including the risk of fraud.

Whistleblowing

The Group is committed to the highest standards of openness, integrity and accountability in the delivery of its services. Whilst the Group has instituted a wide range of rules, regulations, procedures and codes of practice to deliver on its commitments, fraud, malpractice, abuse and/or wrongdoing may unfortunately occur.

As such, the Group as part of 'Whistleblowers Policy', provides the platform to employees for reporting of malpractices. The policy is designed to encourage employees to report suspected internal fraud and other breaches, through specified channels, while safeguarding the employee from retribution.

Cyber Security Management

The Group considers Information and related processes, systems, and networks as an important and valuable asset. These assets are required to be protected to ensure their confidentiality, availability and integrity at all times.

The Group has established a comprehensive cyber security framework based on three line of defense model.

The framework ensures the Group is resilient to sustain cyber security threats in an evolving and increasingly complex digital environment.

46 RISK MANAGEMENT (CONTINUED)

L. Operational risk (continued)

Business Continuity Management

Business Continuity Management (BCM) is defined as a management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, BCM provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

The business continuity process across the Group is based on the international standard ISO22301:2012 (E). The BRC is responsible for providing oversight and strategy for Business Continuity Management. Business and support units are responsible to ensure appropriate Business Continuity Plans are in place and tested for their respective areas. The effectiveness of the Business Continuity Plans is monitored independently by relevant risk teams.

M. Liquidity risk

Liquidity Risk refers to the inability of the Group to fund an increase in assets and meet obligations as they become due (Structural Funding Risk), or the inability to convert assets into cash at reasonable prices (Market Liquidity Risk). The risk arises from mismatches in the amount and timings of cash flows.

Objectives and Governance structure

The objective of the Group’s liquidity and funding management framework is to ensure that all foreseeable funding commitments (under both normal and stressed conditions) can be met when due, and that access to the wholesale markets is coordinated and cost effective. To this end, the Group maintains a diversified funding base comprising core retail and corporate customer deposits and institutional balances. This is augmented with wholesale funding and portfolios of highly liquid assets diversified by currency and maturity which are held to enable the Group to respond quickly and smoothly to unforeseen liquidity requirements.

Policies and Procedures

Specifically, liquidity and funding management process includes:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- mis-match analysis between assets and liabilities for different periods with a focus on shorter time frames. These gap reports are based on contractual cash flow, retention and decay assumptions for non-maturing assets and liabilities and potential liquidity demand through undrawn commitments;
- monitoring balance sheet liquidity and advances to deposits ratios against internal and regulatory requirements;
- maintaining a diverse range of funding sources with back-up facilities;
- managing the concentration and profile of debt maturities;
- maintaining debt financing plans;
- monitoring customer depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- maintaining liquidity and funding contingency plans. These plans identify early indicators of distress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crisis, while minimising adverse long-term implications for the business.

46 RISK MANAGEMENT (CONTINUED)

N. Maturity analysis of assets and liabilities

The table below summarises the maturity profile of the Group's assets and liabilities based on their carrying value:

31 December 2022	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Undated and Over 5 years	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
ASSETS						
Cash and deposits with Central banks	72,455,415	2,162,490	-	-	-	74,617,905
Due from banks	51,257,589	18,937,715	3,271,271	-	-	73,466,575
Investment securities	30,301,772	24,419,595	21,986,729	15,168,039	33,930,829	125,806,964
Loans and receivables	176,949,852	48,033,612	94,737,065	53,052,663	43,831,200	416,604,392
Positive fair value of derivatives	1,187,313	1,572,518	5,361,056	4,873,767	4,211,157	17,205,811
Customer acceptances	9,029,309	-	-	-	-	9,029,309
Property and equipment	-	-	-	-	4,105,853	4,105,853
Goodwill and intangibles	-	-	-	-	5,779,053	5,779,053
Other assets	7,779,448	-	-	-	7,566,243	15,345,691
TOTAL ASSETS	348,960,698	95,125,930	125,356,121	73,094,469	99,424,335	741,961,553

46 RISK MANAGEMENT (CONTINUED)

N. Maturity analysis of assets and liabilities (continued)

31 December 2022	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Undated and Over 5 years	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
LIABILITIES						
Due to banks	17,978,150	14,105,527	4,649,565	203,958	341,785	37,278,985
Customer deposits	423,772,624	69,122,877	7,021,723	2,411,994	623,998	502,953,216
Debt issued and other borrowed funds	3,400,027	5,201,446	18,583,063	9,911,978	16,390,313	53,486,827
Sukuk payable	-	-	1,836,250	1,836,250	-	3,672,500
Negative fair value of derivatives	1,345,179	1,391,761	5,115,809	5,002,387	7,350,779	20,205,915
Customer acceptances	9,029,309	-	-	-	-	9,029,309
Other liabilities	5,422,296	8,217,965	-	-	8,390,391	22,030,652
Total equity	-	-	-	-	93,304,149	93,304,149
TOTAL LIABILITIES AND EQUITY	460,947,585	98,039,576	37,206,410	19,366,567	126,401,415	741,961,553
OFF BALANCE SHEET						
Letters of credit and guarantees	29,680,816	24,882,243	9,689,066	2,496,949	7,498,163	74,247,237

31 December 2021						
ASSETS	353,580,548	87,069,870	106,132,617	56,559,254	84,094,329	687,436,618
LIABILITIES AND EQUITY	419,456,577	97,959,912	33,648,356	22,435,803	113,935,970	687,436,618
OFF BALANCE SHEET ITEMS	30,515,789	26,059,123	7,503,410	3,436,055	8,735,997	76,250,374

46 RISK MANAGEMENT (CONTINUED)

O. Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2022 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice was given immediately. However, the Group expects that many customers will not request repayment on the earliest date, the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

As at 31 December 2022

	Carrying amount	Gross nominal outflows	Within 3 months	Over 3 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Financial liabilities							
Due to banks	37,278,985	(39,090,986)	(18,369,135)	(14,728,907)	(4,760,558)	(246,811)	(985,575)
Customer deposits	502,953,216	(506,700,128)	(425,482,906)	(70,529,667)	(7,524,055)	(2,504,288)	(659,212)
Debt issued and other borrowed funds	53,486,827	(63,652,962)	(4,099,157)	(6,718,472)	(22,332,769)	(11,748,767)	(18,753,797)
Sukuk payable	3,672,500	(3,914,097)	(17,945)	(54,831)	(1,972,681)	(1,868,640)	-
	597,391,528	(613,358,173)	(447,969,143)	(92,031,877)	(36,590,063)	(16,368,506)	(20,398,584)
Letters of credit and guarantees	74,247,237	(74,247,237)	(29,680,816)	(24,882,243)	(9,689,066)	(2,496,949)	(7,498,163)
Irrevocable loan commitments	59,823,665	(59,823,665)	(24,043,395)	(22,630,523)	(13,137,987)	-	(11,760)

46 RISK MANAGEMENT (CONTINUED)

O. Analysis of financial liabilities by remaining contractual maturities (continued)

As at 31 December 2021

	Carrying amount AED 000	Gross nominal outflows AED 000	Within 3 months AED 000	Over 3 months to 1 year AED 000	Over 1 year to 3 years AED 000	Over 3 years to 5 years AED 000	Over 5 years AED 000
Financial liabilities							
Due to banks	43,755,207	(45,282,934)	(22,759,954)	(14,532,555)	(6,924,132)	(730,189)	(336,104)
Customer deposits	456,483,888	(458,311,230)	(376,859,622)	(69,768,775)	(7,751,496)	(3,416,544)	(514,793)
Debt issued and other borrowed funds	63,387,228	(72,399,645)	(5,842,868)	(8,277,178)	(20,732,266)	(15,086,570)	(22,460,763)
Sukuk payable	3,672,500	(3,986,873)	(17,945)	(54,831)	(145,750)	(3,768,347)	-
	567,298,823	(579,980,682)	(405,480,389)	(92,633,339)	(35,553,644)	(23,001,650)	(23,311,660)
Letters of credit and guarantees	76,250,374	(76,250,374)	(30,515,789)	(26,059,123)	(7,503,410)	(3,436,055)	(8,735,997)
Irrevocable loan commitments	39,998,828	(39,998,828)	(15,623,032)	(11,923,883)	(11,127,355)	(465,712)	(858,846)

46 RISK MANAGEMENT (CONTINUED)

P. Interest rate risk in the banking book

Interest Rate Risk in the Banking Book (IRRBB) is defined as the exposure of the non-trading products of the Group to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Group's retail and corporate and institutional banking assets and liabilities, and financial investments designated as FVOCI and amortised cost / held to maturity. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes.

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to Group Treasury under the supervision of the Group ALCO, through Funds Transfer Pricing (FTP) Systems. Group ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

For measuring overall interest sensitivity in the banking book, the Group conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its Net Interest Income.

	As at 31 December 2022		As at 31 December 2021	
	Amount	Variance	Amount	Variance
	AED 000	AED 000	AED 000	AED 000
Rates Up 200 bps	25,090,282	3,012,160	17,659,482	3,007,810
Base Case	22,078,122	-	14,651,672	-
Rates Down 200 bps	17,546,122	(4,532,000)	14,240,910	(410,762)

The interest rate sensitivities set out in the table above are based on a set scenario i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections consider behavioural assumptions on non-maturity products and also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by Group Treasury or in the business units to mitigate the impact of this interest rate risk. In practice, Group Treasury seeks proactively to change the interest rate risk profile to minimise losses and optimise net revenues.

The calculation for down rate shock assumes floor to market rates at zero i.e. (from 1M EIBOR of 22 bps to zero) in 2021 compared to full downgrade impact of 200 bps in 2022.

46 RISK MANAGEMENT (CONTINUED)

Q. Interest rate repricing analysis*

31 December 2022	Less than 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year	Non-interest bearing	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
ASSETS							
Cash and deposits with Central Banks	11,440,185	3,464,320	660,180	1,502,310	-	57,550,910	74,617,905
Due from banks	28,413,609	21,314,747	7,528,570	8,536,600	831,569	6,841,480	73,466,575
Investment securities	10,272,566	24,144,703	15,889,557	11,588,346	62,781,428	1,130,364	125,806,964
Loans and receivables	190,646,011	104,910,770	34,377,563	19,447,717	67,222,331	-	416,604,392
Positive fair value of derivatives	-	-	-	-	-	17,205,811	17,205,811
Customer acceptances	-	-	-	-	-	9,029,309	9,029,309
Property and equipment	-	-	-	-	-	4,105,853	4,105,853
Goodwill and Intangibles	-	-	-	-	-	5,779,053	5,779,053
Other assets	-	-	-	-	-	15,345,691	15,345,691
TOTAL ASSETS	240,772,371	153,834,540	58,455,870	41,074,973	130,835,328	116,988,471	741,961,553

*Represents when the interest rate will be repriced for each class of assets and liabilities.

46 RISK MANAGEMENT (CONTINUED)

Q. Interest rate repricing analysis* (continued)

31 December 2022	Less than 1 month Actual	Over 1 month to 3 months Actual	Over 3 months to 6 months Actual	Over 6 months to 1 year Actual	Over 1 year Actual	Non-interest bearing Actual	Total AED 000
LIABILITIES AND EQUITY							
Due to banks	6,232,163	8,747,153	4,720,454	7,024,540	5,638,742	4,915,933	37,278,985
Customer deposits	172,841,105	46,113,159	33,973,770	35,077,635	9,987,946	204,959,601	502,953,216
Debt issued and other borrowed funds	2,496,310	16,744,865	540,915	3,211,242	30,493,495	-	53,486,827
Sukuk payable	-	-	-	-	3,672,500	-	3,672,500
Negative fair value of derivatives	-	-	-	-	-	20,205,915	20,205,915
Customer acceptances	-	-	-	-	-	9,029,309	9,029,309
Other liabilities	-	-	-	-	-	22,030,652	22,030,652
Total equity	-	-	-	-	-	93,304,149	93,304,149
TOTAL LIABILITIES AND EQUITY	181,569,578	71,605,177	39,235,139	45,313,417	49,792,683	354,445,559	741,961,553
ON BALANCE SHEET GAP	59,202,793	82,229,363	19,220,731	(4,238,444)	81,042,645	(237,457,088)	-
OFF BALANCE SHEET GAP	(3,111,094)	(19,145,759)	193,258	131,801	21,931,794	-	-
INTEREST RATE SENSITIVITY GAP – 2022	56,091,699	63,083,604	19,413,989	(4,106,643)	102,974,439	(237,457,088)	-
CUMULATIVE PROFIT RATE SENSITIVITY GAP – 2022	56,091,699	119,175,303	138,589,292	134,482,649	237,457,088	-	-
CUMULATIVE PROFIT RATE SENSITIVITY GAP – 2021	91,902,336	115,220,308	130,610,899	107,198,117	194,025,411	-	-

*Represents when the interest rate will be repriced for each class of assets and liabilities.

46 RISK MANAGEMENT (CONTINUED)

R. Reputational risk

Reputational risk is the risk of potential loss of earnings and future revenue, loss in market value or lack of liquidity supply due to deterioration of reputation. It also includes the threat to the brand value of a financial institution.

Reputational risk can arise as a consequence of failures with a strong negative perception amongst clients, shareholders, creditors or the public. The Group has measures to ensure a positive perception of the Group and that overall risk management ensures appropriate management of reputational risk.

S. ICAAP and Stress Testing

ICAAP and stress testing is an integral part of the Group’s risk management process. It includes scenario analysis and is conducted regularly. Every stress test is documented, and the results are discussed at the EXCO level and approved by the GRC and the BRC.

T. Regulatory/compliance risk

Regulatory/Compliance risk is the risk of reputational and/or financial losses due to the failure to comply with applicable laws, regulations or sanctions.

The Group has an independent Compliance function, with the necessary mandate and authority to enforce and monitor compliance on a Group wide basis. This includes compliance with the applicable laws and regulations across the various jurisdictions where the Group operates as well as those of the USD / EU clearing centres.

Compliance policies covering key areas such as Sanctions, Anti Money Laundering (AML), Counter Terrorist Financing (CTF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) are applicable Group wide and are supplemented where necessary to address any unique local requirements. These policies are supported by automated screening and monitoring systems and associated investigation teams to help comply with the Sanctions, AML, CTF, FATCA and CRS requirements. Independent Compliance Monitoring is undertaken to provide assurance over the effectiveness of controls. Mandatory Compliance Training is provided to all relevant staff both at onboarding and periodically thereafter to help ensure that key requirements are complied with.

46 RISK MANAGEMENT (CONTINUED)

U. IBOR transition

The key risks for the Group arising from the IBOR transition are:

Conduct risk: The transition to alternative benchmark rates could result in the risk of market or customer misconduct, which may lead to customer complaints, regulatory sanctions or reputational impact. This includes the risk of misleading clients, market abuse (including insider dealing and market manipulation), anti-competitive practices, both during and after transition (such as collusion and information sharing) and risks arising from conflicts of interest. The Group has in place strong project governance to oversee the transition to ensure this risk is mitigated.

Pricing risk: The transition to alternative benchmark rates and the discontinuation of interest rate benchmarks may impact the pricing mechanisms used by the Group. New RFR based pricing models have been be developed for financial instruments.

Interest rate basis risk: If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of IBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by our interest rate risk management strategy. The Group is working closely with all counterparties to avoid this from occurring.

Liquidity risk: There are fundamental differences between IBORs and the various alternative benchmark rates which the Group will be adopting. IBORs are forward looking term rates published for a period at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk free overnight rates published at the end of the overnight period, with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Management is running a project on the Group's transition activities and continues to engage 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.

V. Internal Audit's role in overall risk management

Group Internal Audit is an independent appraisal function established by the Board of Directors to examine and evaluate the activities of the Group including all aspects of the Group Risk Management. The department is organisationally independent of all other functions in the bank. The unit is headed by the Group Chief Audit Officer, who is accountable to the Board of Directors through the Board Audit Committee.

The primary objectives of Group Internal Audit is to provide assurance on risks to which the Group's businesses are exposed, evaluate the adequacy and effectiveness of financial/operating controls and the Corporate Governance environment, assess the extent to which assets are accounted for and safeguarded from losses and conduct follow-up activities to assess and report on the degree to which management has addressed risks and compliance with action plans previously agreed.

46 RISK MANAGEMENT (CONTINUED)

V. Internal Audit's role in overall risk management (continued)

The unit's mission is achieved through a risk based annual audit plan approved by the Board Audit Committee. A formal report is prepared at the end of each quarter which includes a summary of audit activity completed during the period and an update on the status of previously reported matters for Board Audit Committee attention.

The Board Audit Committee reviews and approves Group Internal Audit's plans and resources, and evaluates the effectiveness of the Internal Audit function. External advisers also periodically conduct an assessment of the function.

W. Risk management framework and processes at Group entities

In establishing risk management policies & processes at the Group entities level, due consideration is given to the entities' specific regulatory environment.

X. Risk Management at DenizBank

The Group has put in place strategic risk controls to oversee the existing risk management practices currently in place at DenizBank. The risk management framework is governed by the following policies:

- Credit Risk Policy
- Concentration Risk Policy
- Counterparty Credit Risk
- Model Risk Policy
- Liquidity Risk Policy
- Banking Book Interest Rate and Foreign Exchange Rate Risk Policy
- Market Risk Policy
- Operational Risk Policy
- Reputation Risk Policy
- Country Risk Policy
- Compliance Risk Policy
- Tax Risk Policy
- Residual Risk Policy
- Regulatory Risk Policy
- Cyber Security Risk Policy

All of these policies govern the following areas of risk:

Credit Risk

The Group has added an additional layer of supervision over and above the credit risk policies in force at DenizBank, this supervisory layer is conditional to exceptional approvals for substantial exposures. From a reporting standpoint all exposures (irrespective of materiality) are periodically reported to the Group by DenizBank for internal alignment within the Group.

DenizBank complies with BRSA's and Basel II/III standards in determining regulatory credit risk charge. Within the bank's internal capital adequacy assessment plan, credit risk is subjected to stress tests and scenario analysis at least annually.

46 RISK MANAGEMENT (CONTINUED)

X. Risk Management at DenizBank (continued)

Credit Risk (continued)

The quantitative risk management disclosures comply with TFRS (Turkish Financial Reporting Standards) that are aligned to the IFRS (International Financial Reporting Standards) standards including IFRS 9 followed by the Group.

- Both on and off balance sheet instruments that are material to TFRS/IFRS 9 expected credit loss calculation are considered in the Group consolidated financial statements
- Models exist for PD, EAD and LGD that have long term calibrations and forward looking scenarios to adjust for economic assumptions
- New or re-structured processes of TFRS/IFRS 9 are advanced and complex in nature in order to ensure high quality implementation
- Estimations, assumptions and scenarios used in expected credit losses are fairly comprehensive
- Comprehensive and detailed disclosures are published in line with TFRS/IFRS 9 requirements

Enterprise Risk Management

DenizBank specifies its limiting setting, monitoring and reporting process in its risk appetite statement. It also includes the process of phased limit lists and prescribes the remediation actions in cases where the limit exceeds the limit in each phase. The document encompassing these policies are reviewed every year, and are approved by Board of Directors.

Market Risk

All trading activities related to money and capital markets are in accordance with the internally recognised measure of Value at Risk (VaR) method, which is also used by the Group to gauge changing market conditions. These VaR analysis are adequately supported by scenario analysis and stress tests. Trading book is held for the purpose of supporting client driven activities. Market risk is managed in accordance with Board of Directors approved limits.

Structural Interest Rate Risk and Foreign Exchange Risk

Interest rate and foreign exchange (FX) risks are monitored closely with the use of the metrics defined within the risk limit framework and managed as per the rules defined by Board of Directors. DenizBank makes use of hedging transactions for risk mitigation where necessary.

Liquidity Risk

Liquidity adequacy is actively monitored as per the rules defined by Board of Directors. The liquidity adequacy and the reserve opportunities are tested periodically against worst case scenarios and other scenarios, all of these assumptions are documented for traceability.

Operational Risk

Events that trigger operational risks are recorded along with the causes and impacts on specific functions and mitigation measures are taken to prevent reoccurrences of such events in the future. Events that are either frequent or significant are discussed within the relevant committees that include Audit and impacted departments.

Concerned risk teams are working to ensure comprehensive alignment in different spheres of risk keeping in view the local and European regulatory requirements. As part of this process policies and procedures are being reviewed for any necessary alignment with Group.

47 LEGAL PROCEEDINGS

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group is party to legal proceedings and regulatory matters arising out of its normal business operations. The Group has proper controls and policies for managing legal claims. The recognition of provisions is determined in accordance with the accounting policies set out in Note 7. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2022. Any provision recognised does not constitute an admission of wrongdoing or legal liability. Based on the information available, no material adverse impact on the financial position of the Group is expected to arise from legal claims as at 31 December 2022 other than to the extent already provided.

48 SOCIAL CONTRIBUTIONS

The social contributions (including donations and charity) made during the year amount to AED 115.4 million (2021: AED 57.7 million).

49 COMPARATIVE AMOUNTS

Certain prior year comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current year.

Annual Report of the Internal Shari'ah Supervision Committee of Emirates NBD – Islamic

Issued on: 16/01/2023

To: Shareholders of Emirates NBD PJSC

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards (the "**Regulatory Requirements**"), the Internal Shari'ah Supervision Committee (the "**ISSC**") of the Islamic Window of Emirates NBD PJSC Group (the "**Institution**") presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution for the financial year ending on 31 December 2022.

1. Responsibility of the ISSC:

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

a. undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("**Institution's Activities**") and issue Shari'ah resolutions in this regard.

b. Determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("**HSA**") to ascertain compliance of the Institution with Islamic Shari'ah.

The senior management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("**Compliance with Islamic Shari'ah**") in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

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Web www.emiratesnbd.com

Registered Details:
Emirates NBD Bank (PJSC)
Paid Up Capital AED 5,557,774,724
Commercial Registration No.1013450

تفاصيل التسجيل :
بنك الإمارات دبي الوطني (ش م ع)
رأس المال المدفوع ٥,٥٥٧,٧٧٤,٧٢٤
سجل تجاري ١٠١٣٤٥٠

المكتب الرئيسي :
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ص ب ٧٧٧، دبي، الإمارات العربية المتحدة
هاتف ٢٥٥٥ ٢٢٢ ٤ (٠) ٩٧١+
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2. Shari'ah Standards:

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements and did not deviate from the standards, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities.

3. Duties Fulfilled by the ISSC During the Financial Year:

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah Control Department and the Internal Shari'ah Audit Department, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a. Convening (**11**) meetings during the year.

b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.

c. Monitoring compliance of what was presented of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.

d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

e. Supervision through the internal Shari'ah control department and the Internal Shari'ah Audit Department, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.

f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control Department and the Internal Shari'ah Audit Department – and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue (if any) to be disposed towards charitable purposes.

g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.

h. Communicating with the Vice Chairman of the Board as authorized by the Board, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

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The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'ah.

4. Independence of the ISSC:

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution:

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shari'ah Supervision Committee of the Institution:

Prof. Dr. Mohamed Bin Ali El Gari	**Chairman and Executive Member**	__________
Prof. Mohammad Abdul Rahim Sultan Al-Olama	**Vice Chairman**	__________
Dr. Salim Ali Al-Ali	**Member**	__________
Dr. Amin Fateh	**Member**	__________
Dr. Muhammad Qaseem	**Member**	__________

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Emirates NBD

Corporate
Governance
Report 2022

VISION

"TO BE THE MOST INNOVATIVE BANK FOR OUR CUSTOMERS, PEOPLE AND COMMUNITIES"

PURPOSE

CREATE OPPORTUNITIES TO PROSPER

VALUES

- COLLABORATION
- OWNERSHIP
- DRIVE
- ENTERPRISING

H.H. Sheikh Mohammed bin Zayed Al Nahyan
President of the United Arab Emirates

H.H. Sheikh Mohammed Bin Rashid Al Maktoum
Vice President and Prime Minister
of the United Arab Emirates and Ruler of Dubai

H.H. Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum
Crown Prince of Dubai

H.H. Sheikh Maktoum Bin Mohammed Bin Rashid Al Maktoum
Deputy Ruler of Dubai,
Deputy Prime Minister and
Minister of Finance of the
United Arab Emirates

EMIRATES NBD BOARD OF DIRECTORS

H.H. Sheikh Ahmed Bin Saeed Al Maktoum
Chairman

Hesham Abdulla Al Qassim
Vice Chairman and Managing Director

Buti Obaid Buti Al Mulla
Director

H.E. Mohamed Hadi Ahmed Al Hussaini
Director

Ali Humaid Ali Al Owais
Director

Salem Mohammed Obaidalla
Director

H.E. Huda Sayed Naim AlHashimi
Director

Jassim Mohammed Abdulrahim Al Ali
Director

H.E. Khalid Juma Al Majid
Director

CONTENTS

CHAIRMAN'S STATEMENT

Emirates NBD has always embraced a strong corporate governance culture, which we believe supports long-term sustainable shareholder value, within a framework of prudent and effective controls. In 2022, we continued to enhance our corporate governance approach, in line with international best practices and local regulations.

Specifically, our corporate governance approach enables the Emirates NBD Board of Directors ("the Board") and Senior Management to discharge their fiduciary duties effectively and ensures that risks are managed prudently in accordance with a robust risk management framework, whilst delivering our business strategy in an entrepreneurial and innovative way.

During 2022, the UAE adopted several important new regulations in the financial sector, which we welcomed. In this report, we have highlighted, amongst other things, the way in which Emirates NBD adopted these new regulations, including those of the Central Bank of the UAE ("CBUAE").

As part of our commitment to strong corporate governance, Emirates NBD continually keeps new governance trends and regulations, both local and international, under close review.

Emirates NBD keeps its policies under regular review, particularly in the areas of corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit and outsourcing, to ensure that they meet all relevant regulatory requirements. Updates and amendments to existing policies are approved by the Board of Emirates NBD, where changes are required or considered appropriate to reflect new or amended regulations.

During 2022, we were pleased to welcome three new independent Directors (including one new female Director) to the Board following their approval by shareholders during the February 2022 General Assembly Meeting ("2022 GAM"). Board succession and diversity is a key pillar of the UAE Central Bank Corporate Governance Regulations, which we fully support and embrace.

We would like to take this opportunity to express our sincere thanks to three of our Board Members who retired during 2022 and their dedication and commitment to the Emirates NBD Group during their time on the Board.

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE 2022 CORPORATE GOVERNANCE REPORT FOR EMIRATES NBD BANK P.J.S.C. ("EMIRATES NBD" OR "THE BANK") TO OUR SHAREHOLDERS AND STAKEHOLDERS.

H.H. SHEIKH AHMED BIN SAEED AL MAKTOUM
Chairman

STATEMENT OF PROCEDURES OF CORPORATE GOVERNANCE

Emirates NBD is the largest bank listed on the Dubai Financial Market ("DFM"), the second largest bank in the UAE and was ranked eighth in Forbes' Top 100 companies in the Middle East for 2022.

With international operations across 13 countries serving over 17 million customers, Emirates NBD Group has 17 direct subsidiaries and a further eight entities consolidated by the Group based on an assessment of relevant controls (together the "Emirates NBD Group" or "Group").

GROUP CORPORATE GOVERNANCE MODEL

Emirates NBD Group has implemented a comprehensive corporate governance framework based on the principles of accountability, delegation and oversight to support sound and prudent decision making. The corporate governance framework enables Emirates NBD's Board and Senior Management to discharge their statutory and other duties, maintain strong governance, and ensure risks are managed prudently and in accordance with a robust risk management framework, while pursuing its business objectives in an entrepreneurial and innovative environment.

The corporate governance framework adopted by Emirates NBD ("Emirates NBD Governance Framework") applies across the Emirates NBD Group. Emirates NBD complies with the relevant laws and regulations relating to corporate governance issued by the CBUAE, the Securities and Commodities Authority ("SCA"), the Dubai Financial Market ("DFM") and other relevant authorities. All Group entities comply with the governance principles set out in the Emirates NBD Governance Framework, suitably adjusted to comply with any relevant local regulations.

Emirates NBD's commitment to good corporate governance provides a basis for its future development and corporate performance, including enhancing trust in its activities as a recipient of depositors' funds and shareholders' capital and enabling it to contribute to the successful development of the financial system of the UAE. The Board proactively adopts governance policies and practices designed to align the interests of the Board and Senior Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the Group. Engagement with stakeholders throughout the Group and its environment is proactive, including an active Investor Relations function, community and business interactions through various platforms, and a responsible approach to complaints and whistleblowing.

Throughout this report, reference to "Corporate Governance Regulations" includes the CBUAE Corporate Governance Regulation for Banks (Circular No.83/2019 dated July 18, 2019) and the SCA Chairman's Resolution No. 03/TM of 2020 Regarding the Approval of the Public Joint-Stock Companies Governance Guide, in addition to other relevant laws, rules and regulations applicable to banking and listed companies on the DFM. The CBUAE Corporate Governance Regulation for Banks shall be referred to as the "CBUAE Code."

Activities and programmes of Emirates NBD are aligned with the broader goals of the UAE strategic vision and its national priorities.

KEY CORPORATE GOVERNANCE HIGHLIGHTS OF 2022

The Board and Senior Management of Emirates NBD progressed a range of significant governance related projects during 2022. Material achievements and current projects during the year included the following:

Corporate Governance Framework

- A comprehensive review and refresh of the Emirates NBD Governance Framework, committee terms of reference, and policies of the Board and its Committees was undertaken to ensure compliance with the Corporate Governance Regulations and international best practice.
- Relevant governance policies were cascaded to Emirates NBD's subsidiaries in line with the requirements of the Corporate Governance Regulations to promote uniformity of controls and reporting, support the ongoing enhancement of good Group governance practices, and protect shareholder and brand value.
- Various amendments to Emirates NBD's Articles of Association were approved by its shareholders during the 2022 GAM, in line with the UAE Commercial Companies Law.

Board Representation and Renewal

During 2022, the Directors' tenure of three years expired and the necessary nomination and election process was undertaken in preparation for voting by shareholders at the 2022 GAM.

The Board is pleased to note that three of the 13 candidates for nomination were female, exceeding the 20% female nomination threshold set by the CBUAE Code.

Human Capital, Compensation and Incentivisation

The Directors and Senior Management undertook an extensive review of Emirates NBD's framework for human capital, compensation and incentives during 2022, in line with best practice and to ensure compliance with the new UAE Labour Law 2021.

This wide-ranging review included alignment to the new UAE Labour Law, Senior Management 'fit and proper' policies, a succession plan framework for all members of the senior management team and critical leadership roles, incentivisation and rewards structures linked to key principles and performance measurements, and a revised discipline and grievance framework.

Diversity and inclusion were also key elements for staff and clients. More details are provided in the Board Nomination, Remuneration and ESG (''BNRESGC'') Committee summary.

Emirates NBD reinforced its leading role in Emiratization, launching new initiatives to attract and retain UAE National talent both within Emirates NBD and for the benefit of the broader banking sector. In doing so, it continues increasing its UAE National population year on year.

Group HR coordinates the annual compensation review and presents to the BNRESGC compensation changes and policies endorsed by the Group EXCO (as hereinafter defined) or the Group Chief Executive Officer (GCEO) for approval.

Technology and Digitisation

The Group's digital transformation continued during 2022, accelerating migration to digital services whilst reinforcing data security within the Group's Information Technology (IT) infrastructure. Key focus remained on the greater use of digital technologies to protect consumer and corporate data. This included delivering initiatives such as:

- Enhancing protection and governance of sensitive employee digital credentials.
- Increasing visibility over sensitive data access.
- Continuing compliance regulatory requirements to protect consumer data.
- Sustaining the effectiveness of the Group's cybersecurity culture programme and introducing new e-learning modules for data privacy and the Payment Card Industry Data Security Standard ("PCI DSS") for all employees.
- Strengthening supply chain security and collaborating with the Group's third parties to enhance partnerships and business ecosystems.

The Group Information Technology ("IT") Department also improved Emirates NBD's portfolio governance by adopting a new portfolio and project management application to help maximise productivity and efficiently manage IT initiatives in line with the Group's agile operating model.

Cybersecurity Governance

To manage cybersecurity effectively, Emirates NBD has aligned its strategic objectives with the United States National Institute of Standards and Technology ('NIST') Framework. This comprehensively addresses the requirements of people, processes, and technology, aligned to relevant business and security objectives.

To help defend itself against security threats, Emirates NBD has a 'layered' information security structure, managed by security professionals, within the Group Information Security Office, Group Cyber Risk and Group Internal Audit. All key security decisions affecting customer data privacy and security are taken jointly by representatives of these units. Emirates NBD also applies a 'three lines of defence' model.

The Information Security Committee ("ISC") of Emirates NBD is Chaired by the Group Chief Operating Officer and Head of Operational Risk. The ISC approves and makes decisions on the information security policies, standards and initiatives.

Emirates NBD has a 'Threat Conditioning Framework' to help manage its 'Enterprise Cyber Threats' and to communicate any cyber threats to the senior leadership team. It also has various security mechanisms and controls to help protect customer data, applications and cloud infrastructure environments, and mitigate vulnerabilities and risks.

Emirates NBD conducts Cybersecurity awareness sessions both for staff and customers.

Data Privacy and Security

The Group has established a dedicated Data Privacy Office in order to create and implement a robust data privacy framework across the Group in line with the various data privacy regulations applicable to the Bank. Emirates NBD is compliant with the General Data Protection Regulations (''GDPR'') and the Data Protection Act 2018 in the United Kingdom and is looking to implement this level of Data Privacy framework across the Emirates NBD Group whilst meeting relevant local data privacy regulations.

Emirates NBD also has detailed policies and procedures governing data privacy and data usage. A Group-wide data privacy programme has been completed to establish the current status of data privacy across the Group.

Environmental, Social and Governance ("ESG")

The Group produces a comprehensive ESG Report which describes in detail the strategies, targets, risks and achievements of the Group in the areas of ESG. This governance report, together with the ESG Report, fulfil the regulatory reporting obligations of Emirates NBD, ensuring accountability to its commitment to a net zero carbon economy in line with national goals.

ESG is being embedded into the culture, operations and strategy of Emirates NBD, and supports all strategic decision-making. ESG matters are the responsibility of the Board, including how ESG is embedded into strategic initiatives, projects and general operations.

The Group Head, ESG, is a senior member of management within Emirates NBD. The Bank's ESG framework is aligned strongly with key global and country commitments, for example the Sustainable Development Goals of the United Nations and the UAE Vision 2030.

As more strategic initiatives are adopted nationally, including net zero, and international standards continue to evolve and develop, particularly in the areas of sustainability accounting, audit and ethics standards, Emirates NBD continues to develop its approach to ESG in line with these evolving standards.

Other Key Objectives

Emirates NBD has adopted several management governance policies, including:

- Terrorism Financing Compliance Policy
- Business Continuity Management Policy
- Compliance Breaches Policy
- Compliance Charter
- Conflict of Interest Policy
- Compliance Risk Assessment
- Crisis Management Policy
- Group Compliance Monitoring Policy
- Group Foreign Account Tax Compliance Act Policy
- Group Sanctions Compliance Policy
- Personal Account Dealing Policy
- Whistleblower Policy
- Anti Bribery and Corruption Policy

Ethics and corporate behaviour form part of the mandatory training delivered to employees of Emirates NBD.

AUTHORITY OF THE BOARD AND COMMITTEES

The Emirates NBD Governance Framework identifies the responsibilities and accountabilities of the Board and individual Board Directors, Board Committees, and supporting management committees. It also provides an overview of the overall governance approach within Emirates NBD.

To embed the principles of good corporate governance, the Emirates NBD Governance Framework is supported by a Corporate Governance Manual ("Emirates NBD Governance Manual") that sets out the overall context for the duties and responsibilities of the Board and the governance of the Group, including:

- The obligations of various stakeholders, including the Board, to ensure full implementation and compliance with the Corporate Governance Regulations;
- A framework regarding Board composition, training and induction, meetings and practices;
- The roles and responsibilities of various stakeholders in the governance framework, including Board Members, the Chairman, Board Committees, the Board Secretary and various key functions; and
- Emirates NBD's commitment to disclosure and transparency.

The Emirates NBD Governance Manual is supplemented by a Board Charter ("Emirates NBD Board Charter"), which details the protocols and policies of the Board, and specific Board policies related to conflicts of interest, fitness and propriety, remuneration and performance evaluation.

The Board delegates authority and oversight of key areas of responsibility to six permanent Board Committees:

1. Board Audit Committee ("BAC")
2. Board Risk Committee ("BRC")
3. Board Nomination, Remuneration and ESG Committee ("BNRESGC")
4. Board Credit and Investment Committee ("BCIC")
5. Board Profit Equalisation Committee ("BPEC")
6. Board Executive Committee ("BEC")

The Board may establish additional committees as necessary or appropriate. The separation of the Audit and Risk Committees complies with the requirement of the CBUAE Code.

Each of these Committees reports to the Board with their recommendations with respect to matters presented to, and discussed by, the relevant Committee in accordance with that Committee's Terms of Reference. The Committees also report on the exercise of any decision-making powers delegated to them. Further details on each Committee's specific mandate are noted later in this report.

The Board delegates appropriate authority to the GCEO for managing day to day activities.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has established an overarching risk governance framework. Risk is managed proactively across the Group through various well-established principles, standards, policies, organisational structures, approval authorities, measurement, monitoring and control processes.

The risk management framework enables the Group to identify, measure, monitor and report key risks. Key risk types are categorised under 'financial risks' and 'other risks'. Whilst financial risks are driven by events in the financial markets, other risks are driven by other market related events.

The Group operates a three-lines of defence risk management model, which incorporates the segregation of responsibility, controls, monitoring and reporting as appropriate for a bank of its size, nature and regulatory environment:

- Business units (Relationship and Product) are the first line of defence. They originate risk and are responsible and accountable for ongoing management of such risks. This includes direct assessment, control and mitigation of risks.

- The second line of defence includes risk management, finance and the compliance function. These functions complement the risk activities of the business lines through their monitoring and reporting responsibilities. They are responsible for overseeing the Group's risk-taking activities and assessing risks and issues independently from the business lines. These functions ensure that Senior Management and business line managers identify and document risk owners as part of the New Product and Process Approval and Assessment ("NPPA") process. A risk owner may or may not sit with the Group Risk function.

- The third line of defence consists of an independent and effective internal audit function. They provide independent review and objective assurance on the quality and effectiveness of the Group's internal control system and the first and second lines of defence.

The Emirates NBD Group faces a broad range of risks. The significant risks are included in the Group Risk Appetite Statement with appropriate thresholds. The Board approved Risk Appetite Statement is a critical component of the risk management framework, establishing the boundaries to ensure Emirates NBD operates within acceptable levels of risk and maintains compliance with its obligations and commitments.

The Board is also supported by a prudent internal control framework, which provides assurance on the financial and non-financial operations of Emirates NBD, including internal and external audits. The internal control system is designed to follow a multi-tiered approach and is implemented at various governance levels throughout the Group. The internal control system relies on accountability, delegation and collaboration within the various departments and business functions, encouraging the Group-wide alignment of objectives, resources and the mechanisms deployed. It is based on the clear identification of best practice governance standards and responsibilities; appropriate policies and procedures are implemented to serve each department and business unit across the Group.

Functions that contribute to the internal control system include the Internal Audit and External Audit, Risk, Compliance, Finance, Legal and Corporate Governance control functions.

The internal audit and risk functions report on a quarterly basis to the Board Committees, including the BRC and the BAC. Both the BRC and the BAC report any significant matters, as and when required, to the Board.

The Board Committees that are critical for the oversight of these responsibilities are:

- The BRC sets the overall risk strategy and approves all risk related frameworks. The BRC has oversight of the establishment and operation of risk management systems and receives regular updates on their effectiveness. It reviews risk exposures, risk profiles and risk concentration reports on a regular basis through quarterly risk monitoring supported by the Risk Management Department.

- The BAC plays a key role in assessing and assuring the quality and integrity of Group disclosures, financial statements, financial reporting and ensuring compliance to regulatory requirements. The BAC reviews effectiveness of the Group's internal controls and corporate governance environment and provides oversight over the internal and external audit functions.

- The BNRESGC oversees incentives and other emoluments, which includes consideration of the risk structures for appropriate corporate performance, risk taking and responsibility, and corporate culture.

A separate independent committee, the Internal Shari'ah Supervision Committee, with members appointed by Shareholders, considers Shari'ah risks and controls.

More details on these Committees are included in later sections of this report.

BOARD AND COMMITTEES

The Board, together with the BNRESGC, determines the size and composition of the Board subject to provisions of the Corporate Governance Regulations and the Bank's articles of association. During 2022, the Board size was nine (9) Directors, with one third of the Board comprising new Directors appointed at the 2022 GAM, including a female Board Member. All Directors who held office during 2022 were UAE Nationals.

Collectively, the Directors contributed a broad range of skills, diversity, expertise and experience from a range of backgrounds. The Chairman remained an Independent Non-Executive Director for the reporting period, as required by the CBUAE Code.

The election process held during the 2022 GAM followed due process for renewal of the Board after the end of the Directors' terms of three years. In accordance with the Emirates NBD Board Charter, the BNRESGC considered the candidates' profile and experience, taking into consideration the overall composition and diversity of the Board and areas of expertise that new Board members would be able to offer, provided that at least 20% of candidates for nomination to the Board must be female. Independence was determined according to relationships with the Bank and length of tenure, and in line with relevant regulatory requirements.

Under the Emirates NBD Corporate Governance Framework, the BNRESGC shall consider the candidate's profile and experience and the specific requirements of the Board at that time and recommend the nomination of a selected candidate as a Director to the Board following internal review.

Directors are appointed for a term of three years, which may be renewed for an unlimited number of terms.

In the case of a vacancy on the Board arising between General Assembly Meetings, the Board is empowered to elect a Director, who must then stand for re-nomination at the next General Assembly Meeting.

DIVERSITY STATEMENT

The Board currently has female representation in line with the Emirates NBD Board Charter. Emirates NBD is committed to gender diversity, both within the composition of the Board and within its employee workforce. The BNRESGC supports the nomination of female candidates and will continue to review opportunities to include gender diversity as part of the Board succession process.

BOARD OF DIRECTORS PROFILES

H.H. Sheikh Ahmed Bin Saeed Al Maktoum
Independent Chairman
(appointed 25 June 2011)

H.H. Sheikh Ahmed Bin Saeed Al Maktoum ("H.H. Sheikh Ahmed") was appointed as the Chairman of Emirates NBD in June 2011. Leading Dubai's aviation sector since 1985, H.H. Sheikh Ahmed is the President of the Dubai Civil Aviation Authority, Chairman of Dubai Airports, and the Chairman and Chief Executive of Emirates Airline and Group.

H.H. Sheikh Ahmed holds a number of Government positions and plays an increasingly pivotal role in the UAE's finance and energy sectors. He has been at the forefront of Dubai's remarkable economic development for more than 25 years. H.H. Sheikh Ahmed has a Bachelor's degree in Political Science from the University of Denver, Colorado, USA and has received many international honours including the fellowship of the British Royal Aeronautical Society, the Commandeur de l'Ordre de la Legion d'Honneur (the Legion of Honour) of France, the highest French civilian award, and the Verfassungsportugaleser, one of Germany's highest honours.

Mr. Hesham Abdulla Al Qassim
Independent Vice Chairman and Managing Director
(appointed 25 June 2011)

Mr. Hesham Abdulla Qassim Al Qassim ("Mr. Al Qassim") is the Vice Chairman and Managing Director of Emirates NBD, the Chairman of Emirates Islamic Bank P.J.S.C., one of the leading Islamic banks in the region, and the Chairman of Emirates NBD Egypt and DenizBank A.Ş Turkey, both subsidiaries of Emirates NBD. Mr. Al Qassim is also the Vice Chairman and Chief Executive Officer of Wasl Asset Management Group, and is responsible for leading its transformation into a world-class asset management company. He has more than twenty years' experience in the banking industry.

Mr. Al Qassim is also the Chairman of Dubai Sports Corporation and Dubai Autism Centre. His other board memberships include Dubai International Financial Centre (DIFC) Authority, Emirates Telecommunications Corporation (Etisalat), DIFC Investments LLC., Itissalat Al-Maghrib (IAM) Maroc Telecom, as well as the International Humanitarian City. Mr. Al Qassim is also a member of the International Cooperation Council France UAE. His professional and vocational qualifications include a Bachelor's degree in Banking and Finance and a Master's degree in International Business Management and in Executive Leadership Development.

Mr. Buti Obaid Buti Al Mulla
Non-Independent Non-Executive Director
(appointed 18 July 2007)

Mr. Buti Obaid Buti Al Mulla ("Mr. Al Mulla") is Chairman of Mohamad and Obaid Al Mulla Group, a Dubai-based family-owned business launched in 1942, and a market leader in key strategic economic sectors: Hospitality, Healthcare & Pharmaceuticals, Real Estate, Travel & Tourism and Investments.

He has extensive professional business experience that spans over 31 years (since January 1990) across the banking, finance, real estate, hospitality, and investment sectors. Born in 1967, Mr. Al Mulla holds a diploma in business administration from Newberry College, Boston.

Mr. Al Mulla holds several esteemed positions, Chairman - Dubai Insurance Company PSC, Vice Chairman of Emirates Islamic Bank PJSC, Director of Emirates NBD Bank (PJSC), Director of Emaar Properties PJSC and Director of Dubai Refreshment PJSC.

H.E. Mohamed Hadi Ahmed Al Hussaini
Independent Non-Executive Director
(appointed 25 June 2011)

H.E. Mohamed Hadi Al Hussaini ("H.E. Al Hussaini") is the Minister of State for Financial Affairs. Currently he serves on the Boards of Emirates NBD and Emirates Islamic Bank P.J.S.C. H.E. Al Hussaini is also a Board member of Emirates Investment Authority, Investment Corporation of Dubai and Director of Dubai Real Estate Corporation/Wasl Asset Management Group and is the Chairman of the Development Committee of the World Bank Group (WBG) and International Monetary Fund.

H.E. Al Hussaini has wide professional experience across the banking, finance, real estate and investment sectors. He comes from a prominent family of businessmen primarily engaged in the trading sector.

H.E. Al Hussaini holds a Master's degree in International Business from Webster University in Geneva, Switzerland.

Mr. Ali Humaid Ali Al Owais
Independent Non-Executive Director
(appointed 27 March 2013)

Mr. Ali Humaid Ali Al Owais ("Mr. Al Owais") is the Chairman of Al Owais Group, United Food Company P.J.S.C. and Moderna Group LLC. He is the Vice Chairman of Dubai Refreshment Co. P.J.S.C., Modern Bakery and a Director of Emirates Islamic Bank P.J.S.C. and Oman Refreshment Company.

As Chairman and a Board Member of various companies, Mr. Al Owais is instrumental in bringing about vast changes through his entrepreneur skills and business contacts. Mr. Al Owais holds a Bachelor's Degree in Business Applied Science.

Mr. Salem Mohamed Obaidalla
Non-Independent Non-Executive Director
(appointed 20 February 2019)

Mr. Salem Mohamed Obaidalla ("Mr. Obaidalla") is currently the Senior Vice President – Commercial Operations Americas for Emirates Airline. He has extensive professional experience and contributed to the success of launching new stations in addition to handling the launch of various destinations, such as Amsterdam, Prague, Madrid, Geneva, Copenhagen, St Petersburg, Dublin, Barcelona and Lisbon.

Mr. Obaidalla holds a Business Administration Degree from Wentworth Institute of Technology in Boston, United States.

H.E. Huda Sayed Naim AlHashimi

Independent Non-Executive Director
(appointed 23 February 2022)

H.E. Huda Sayed Naim AlHashimi ("H.E. AlHashimi") is the Deputy Minister of Cabinet Affairs for Strategic Affairs. As part of the responsibilities of her current position, H.E. AlHashimi leads the process of articulating the UAE Leadership's Vision, setting an ambitious long-term strategy. H.E. AlHashimi led the setup and leads the operation of the Mohammed Bin Rashid Centre for Government Innovation. She also leads the Government Accelerators and is responsible for governance and institutional restructuring at the Prime Minister's Office.

H.E. AlHashimi has been chosen as a board member of the "Digital School" as well as a member of the UAE Gender Balance Council and Dubai Women Establishment. She is also a member of the Supreme Committee of the Mohammed Bin Rashid Smart Education Program and the metaverse steering committee.

H.E. AlHashimi holds a BSC in Business Administration from the Higher Colleges of Technology, where she graduated with honours and received the Sheikh Rashid Award for Scientific Excellence. She is also an alumni of London Business School and was enrolled in the Mohammed bin Rashid Center for Leadership Development programme, and received a certificate from IMD on mastering board governance.

Mr. Jassim Mohammed Abdulrahim Al Ali

Independent Non-Executive Director
(appointed 23 February 2022)

Mr. Jassim Mohmmed Abdulrahim Al Ali ("Mr. Al Ali") is currently the Managing Director of Al Ali Property Investments. He has extensive professional experience, particularly in directing and controlling company operations and providing strategic guidance. He is Board Member and Member of the Audit Committee and Risk Committee of Emaar Properties PJSC. He is also a Board Member of Jebel Ali Cement Factory.

Mr. Al Ali holds a Business Administration Degree in Public Administration from the American University of Sharjah.

H.E. Khalid Juma Al Majid

Independent Non-Executive Director
(appointed 23 February 2022)

H.E. Khalid Juma Al Majid ("H.E. Al Majid") is the Vice Chairman of Juma Al Majid Group of Companies, the conglomerate Juma Al Majid Group, which is one of the recognised names in the United Arab Emirates with regional and global reach. H.E. Al Majid served as the Vice Chairman of Central Bank of the UAE from 2010 until 2019, and was a Director of National Bank of Dubai P.J.S.C. In June 2021, H.E. Al Majid was appointed as a Director of Dubai Chamber of Commerce.

H.E. Al Majid obtained a Bachelor's degree in Business Administration from The University of Arizona, USA in 1989.

Mr. Hussain Hassan Mirza Al Sayegh

Independent Non-Executive Director
(appointed 18 July 2007 and retired 23 February 2022)

Mr. Hussain Hassan Mirza Al Sayegh ("Mr. Al Sayegh") is the Chairman of Jotun UAE Ltd, Union Cement Company RAK and Jotun Powder Coatings UAE LLC, Deputy Chairman at Al Nasr Leisureland and a Director at National Bank of Fujairah P.J.S.C., Al Maktoum Foundation and Marsh Insco L.L.C. Mr. Al Sayegh holds a Bachelor of Arts in Business Administration from University of Jordan, Jordan.

Mr. Shoaib Mir Hashem Khoory
Independent Non-Executive Director
(appointed 25 June 2011 and retired 23 February 2022)

Mr. Shoaib Mir Hashem Khoory (“Mr. Khoory”) was also a Director of Emirates Islamic Bank P.J.S.C. He is Chairman of Kent College L.L.C. FZ, Meydan MHK Education L.L.C. FZ and Middle East Natural Gas L.L.C. His other Directorships include MAHY Khoory, Dubai Real Estate Corporation/Wasl Asset Management Group, Jebel Ali Cement, Mir Hashem Khoory L.L.C. and Dry Port Duhok (DPD) Kurdistan, Iraq. Mr. Khoory holds a Bachelor of Arts in Accounting and Business Administration.

Mr. Mohammed Al Shehi
Independent Non-Executive Director
(appointed 25 June 2011 and retired 23 February 2022)

Mr. Mohammed Al Shehi (“Mr. Al Shehi”) was also a Director of Emirates Islamic Bank P.J.S.C., Emirates NBD Capital Limited, Emirates NBD Asset Management Limited and Chairman at Emirates NBD Capital P.S.C. Mr. Al Shehi is Deputy Director General - Department of Finance - Government of Dubai, and a Director at Emirates Integrated Telecommunications P.J.S.C., Dubai Real Estate Corporation, Independent Health Information Technology and Chairman of NAS Neuron Health Services L.L.C. He is Secretary of the Supreme Fiscal Committee. Mr. Al Shehi holds an Executive Master of Business Administration in Managing E-Business.

Mr. Ahmed Mohammed Saeed Mohammed Alkhalfawi
Group Company Secretary

Mr. Ahmed Alkhalfawi ("Mr. Alkhalfawi") was appointed as the Group Company Secretary of Emirates NBD in October 2022. Mr. Alkhalfawi is a UAE National, and has a Masters in Private Law, with over 17 years of experience in legal, leadership and management roles. As Group Company Secretary, Mr. Alkhalfawi is responsible, amongst other things, for ensuring that Emirates NBD complies with all relevant laws and regulations and has effective governance processes.

Mr. Alkhalfawi previously held senior legal roles in government and semi government entities, including DP World – Dubai, Jebel Ali Free Zone (FZE) and Jebel Ali Authority Dubai, Dubai Islamic Bank and HSBC – Dubai Head Office.

BOARD MEETINGS HELD DURING 2022

DATE & ATTENDANCE						BOARD OF DIRECTORS
14 December 2022	16 November 2022	26 October 2022	27 July 2022	20 April 2022	25 January 2022	NAMES
✓	✓	✓	✓	✓	✓	H.H. Sheikh Ahmed Bin Saeed Al Maktoum
✓	✓	✓	✓	✓	✓	Mr. Hesham Abdulla Al Qassim
✓	✓	✓	✓	✓	✓	H.E. Mohamed Hadi Ahmed Al Hussaini
✓	✓	✓	✓	✓	N/A	H.E. Huda Sayed Naim AlHashimi *
✓	✓	✓	✓	✓	N/A	Mr. Jassim Mohammed Abdulrahim Al Ali *
✓	✓	✓	✓	✓	N/A	H.E. Khalid Juma Al Majid*
✓	✓	✓	✓	✓	✓	Mr. Buti Obaid Buti Al Mulla
✓	✓	✓	✓	✓	✓	Mr. Salem Mohammed Obaidalla
✓	✓	✓	✓	✓	✓	Mr. Ali Humaid Ali Al Owais
N/A	N/A	N/A	N/A	N/A	✓	Mr. Hussain Hassan Mirza Al Sayegh **
N/A	N/A	N/A	N/A	N/A	✓	Mr. Shoaib Mir Hashem Khoory **
N/A	N/A	N/A	N/A	N/A	✓	Mr. Mohammed Al Shehi **

* Board Directors appointed at the 2022 GAM
** Board Directors who retired at the 2022 GAM
No Board of Directors’ Resolutions were passed by circulation during the year ended 31 December 2022.

KEY BOARD AGENDA ITEMS DURING 2022

	25 January 2022	20 April 2022	27 July 2022	26 October 2022	16 November 2022	14 December 2022
Financial performance, planning and control	✓	✓	✓	✓	✓	✓
Budget and strategy					✓	
Business updates	✓	✓	✓	✓	✓	✓
Audit and internal controls	✓	✓	✓	✓		
Risk and compliance	✓	✓		✓		
HR updates on key staff members					✓	✓

BOARD OF DIRECTORS REMUNERATION

The Directors' Remuneration Policy is consistent with Emirates NBD's culture, control environment and long-term objectives.

The BNRESGC reviews and makes annual recommendations to the Board on the form and amount of Directors' remuneration, taking into consideration the amount of time they give to Emirates NBD, as well as the extent and complexity of their responsibilities, including serving on Board Committees. Committee members were paid an allowance of AED 20,000 for each meeting they attended in 2022.

The amount of Directors' remuneration is recommended to shareholders by the Board.

The following table sets out the total Board fees paid to each of the Emirates NBD Board Directors during the year ended 31 December 2022:

Board Members as at 31 December 2022	**Role**	**Total Board Fees Paid in 2022 (AED)**
H.H. Sheikh Ahmed Bin Saeed Al Maktoum	Chairman – Independent Non-Executive Director	5,000,000
Mr. Hesham Abdulla Al Qassim ***	Vice Chairman - Independent Director	5,000,000
H.E. Mohamed Hadi Ahmed Al Hussaini	Independent Non-Executive Director	2,000,000
H.E. Huda Sayed Naim AlHashimi *	Independent Non-Executive Director	n/a
Mr. Jassim Mohammed Abdulrahim Al Ali *	Independent Non-Executive Director	n/a
H.E. Khalid Juma Al Majid *	Independent Non-Executive Director	n/a
Mr. Buti Obaid Buti Al Mulla	Non-Independent Non-Executive Director	2,000,000
Mr. Salem Mohammed Obaidalla	Non-Independent Non-Executive Director	2,000,000
Mr. Ali Humaid Ali Al Owais	Independent Non-Executive Director	2,000,000

Board Members who Retired at the 2022 GAM		
Mr. Hussain Hassan Mirza Al Sayegh **	Former Independent Non-Executive Director	2,000,000
Mr. Shoaib Mir Hashem Khoory **	Former Independent Non-Executive Director	2,000,000
Mr. Mohammed Al Shehi **	Former Independent Non-Executive Director	2,000,000

* Board Directors appointed at the 2022 GAM

** Board Directors retired at the 2022 GAM

*** Mr. Hesham Abdullah Al Qassim was paid an additional AED 6 million during the year ended 31 December 2022, to reflect additional duties that he performed during 2022 in his capacity of Managing Director, Emirates NBD.

A collective total of AED 24 million for the Board Directors was approved by shareholders for each of the 2020 and 2021 financial years. It is proposed that the same level of remuneration of AED 24 million for the 2022 financial year be recommended for approval by the shareholders at the 2023 General Assembly Meeting.

RELATED PARTY TRANSACTIONS

Related party transactions are carried out on normal commercial terms.

In accordance with the CBUAE Code, Related Party Transactions ("RPTs") must be defined and identified, to prevent any potential or actual conflict of interest that might arise. Emirates NBD has developed an RPT framework and guidelines, which include the principle that RPTs should be entered into on an arm's length basis, free from any conflict of interest, and should continue to be monitored.

Clarifying the Nature of Relationship	Type of Transactions and Balances	Value (AED 000s) 2022	Value (AED 000s) 2021
Majority shareholder of the parent	Loans and receivables	105,984,325	148,117,393
Majority shareholder of the parent	Customer and Islamic deposits	5,777,386	5,367,019
Shareholder	Loans and receivables	1,274,664	1,273,898
Shareholder	Investment	6,354,232	6,481,084
Shareholder	Customer and Islamic deposits	1,399,212	1,967,593
Associate	Payments made	-	99
Funds managed by ENBD	Fees received	35,081	31,976
Other related parties	Payments made	16,656	17,967
Directors	Directors sitting fee	11,494	16,808
Directors	Loans and receivables	1,506,379	872,993
Key management	Key management compensation	96,349	84,729

Note: As at 31 December 2022, deposits from and loans to government related entities amount to 4% (2021: 5%) and 9% (2021: 6%) 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.

Statement of ownership and transactions (both purchase and sale) of the Board Directors, together with their spouses and children, in the securities of Emirates NBD during the year ended 31 December 2022.

Board Members as at 31 December 2022	Position Held	Shares/ Securities Held as at 1 January 2022 (Director, spouse and children)	Total Shares Purchased during 2022	Total Shares Sold during 2022	Shares/ Securities Held as at 31 December 2022 (Director, spouse and children)
H.H. Sheikh Ahmed Bin Saeed Al Maktoum	Chairman – Independent Non-Executive Director	655,598	None	None	655,598
Mr. Hesham Abdulla Al Qassim	Vice Chairman - Independent Director	135,200	None	None	135,200
H.E. Mohamed Hadi Ahmed Al Hussaini	Independent Non-Executive Director	None	None	None	None
H.E. Huda Sayed Naim AlHashimi	Independent Non-Executive Director	None	None	None	None
Mr. Jassim Mohammed Abdulrahim Al Ali	Independent Non-Executive Director	None	None	None	None
H.E. Khalid Juma Al Majid	Independent Non-Executive Director	1,404,781	None	None	1,404,781
Mr. Buti Obaid Buti Al Mulla	Non-Independent Non-Executive Director	7,395,043	None	None	7,395,043
Mr. Salem Mohammed Obaidalla	Non-Independent Non-Executive Director	None	None	None	None
Mr. Ali Humaid Ali Al Owais	Independent Non-Executive Director	296,479	None	None	296,479
Board Members who Retired at the 2022 GAM					
Mr. Hussain Hassan Mirza Al Sayegh	Former Independent Non-Executive Director	None	None	None	None
Mr. Shoaib Mir Hashem Khoory	Former Independent Non-Executive Director	None	None	None	None
Mr. Mohammed Al Shehi	Former Independent Non-Executive Director	None	None	None	None

BOARD INDUCTION AND CONTINUING AWARENESS PROGRAMMES

The Group Company Secretary and Group HR, together with the BNRESGC, developed an induction programme for new Board Directors, delivered on 11 April 2022. The Emirates NBD Vice Chairman, GCEO and the Emirates Islamic CEO attended the induction meeting, to which each of the other Board Directors were also invited. The following topics were covered:

Topic	By Whom
Welcome	Hesham Abdulla Al Qassim, Emirates NBD Vice Chairman
Group vision and priorities	Group Chief Executive Officer
Economic outlook	Head of Research and Chief Economist
Overview of Group financial performance	Group Chief Financial Officer
Overview of Group management	Group Chief Head of HR
Overview of risk management	Group Chief Risk Officer
Overview of internal audit priorities	Group Chief Audit Officer
Overview of compliance framework	Group Chief Compliance Officer
Role of the Board Board and Committee structure	Group Company Secretary

The induction programme specifically covered Directors' rights, duties and responsibilities, the Bank's strategic plans, its significant financial, accounting and risk management issues, its compliance programmes, its corporate governance manual and framework, its code of conduct, and its management structure as well as an overview of the regulatory environment applicable to the Group, including the corporate governance regulations.

The BNRESGC annually reviews the Board training/ awareness programme to ensure that Directors acquire, maintain and enhance knowledge and skills relevant to their responsibilities and makes recommendations to the Board.

2022 Annual Learning Calendar

Quarter	Programme	Methodology
Q3	**FINTECH** 1. Overview of fintech 2. Fintech examples: banking, cryptocurrency and blockchain; Machine Learning and trading; payments 3. Fintech risks	27 July 2022 Delivered by Group IT
Q4	**Anti-money laundering and counter terrorist financing update** 1. Changes in regulations 2. New UAE Central Bank requirements	19 October 2022 Delivered by Group Compliance
Q4	**Cybersecurity** 1. Cybersecurity introduction 2. Costs of cybersecurity breaches and cyber crime 3. Cybersecurity risk strategies	14 December 2022 Delivered by Group IT

The Board dedicates sufficient time, budget, and other resources for the purpose of induction programmes and awareness sessions and draws on external expertise as needed.

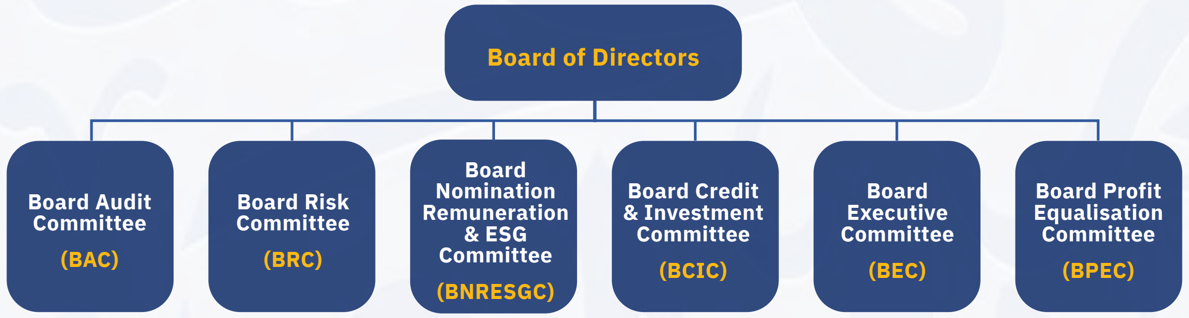
BOARD EVALUATION

The Board is required to regularly review and evaluate the performance and effectiveness of the Board and Board Committees, to include support provided by the Group Company Secretary. This should include a review of the performance and contribution to the Board of each Director. An external independent consultant will be appointed regularly to review and make recommendations on any aspect of the Board's activities, performance and evaluation procedure.

The BNRESGC shall recommend to the Board the performance criteria (both measurable and qualitative) to be considered in these evaluation processes, and the way in which the evaluation should be delivered and interpreted. In conducting Board evaluations, Emirates NBD uses a range of tools, including the Board evaluation guidance issued by the CBUAE and international models.

BOARD COMMITTEES

Board Committee Structure as at 31 December 2022



The Board is ultimately responsible for the conduct of Emirates NBD's affairs, but for greater efficiency, Board Committees have been established with formally delegated objectives, authorities, responsibilities, and tenure.

Each Board Committee has an Independent Director appointed as the Chair, except the BNRESGC, whose Chair, Mr. Buti Obaid Buti Al Mulla, is not independent. The Board regularly reviews the composition of the Board Committees.

As highlighted in section ''Authority of the Board and Committees'', the Board has established six permanent Board Committees to assist it in carrying out its responsibilities.

There are no strict Committee rotation policies and changes in Committee assignments are made based on Committee needs, Directors' interests, experience and availability, and applicable regulatory and legal considerations.

Each of the permanent Committees has its own terms of reference approved by the Board, which sets out the responsibilities of the Committee, the qualifications and procedures of the Committee and how the Committee will report to the Board. Each Committee conducts a self-evaluation annually. The Chairman of each Committee determines the frequency of Committee meetings, consistent with the Committee's terms of reference and the requirements of Emirates NBD.

Board Committee Membership and Meetings Attended During the Year Ended 31 December 2022

Name	Committee Meeting Members & Meetings Attended					
	Board Audit Committee	Board Risk Committee	Board Nomination, Remuneration and ESG Committee	Board Credit and Investment Committee	Board Executive Committee	Board Profit Equalisation Committee
Mr. Hesham Abdulla Al Qassim	M (3)	M (4)	M (4)	C (48)	C (13)	C (1)
H.E. Mohamed Hadi Ahmed Al Hussaini				M (48)	M (13)	
Mr. Jassim Mohammed Abdulrahim Al Ali *	C (3)					
Mr. Buti Obaid Buti Al Mulla			C (4)			M (1)
Mr. Salem Mohammed Obaidalla	M (5)	M (4)		M (48)	M (11)	
Mr. Ali Humaid Ali Al Owais		C (3)	M (4)	M (44)	M (11)	
Mr. Salim Al Ali, Internal Shari'ah Supervision Representative						M (1)
Mr. Hussain Hassan Mirza Al Sayegh **	FC (2)	FM (0)				
Mr. Shoaib Mir Hashem Khoory **	FM (2)			FM (7)	FM (2)	
Mr. Mohammed Al Shehi **	FM (2)		FM (1)		FM (2)	

Note: C=Chair, FC=Former Chair, M=Members & FM=Former Members. The figure in brackets represents number of meetings attended.
* Board Directors appointed during the 2022 GAM
** Board Directors who retired during the 2022 GAM

As highlighted above, Committee Members were paid an allowance of AED 20,000 for each meeting they attended in 2022.

Board Audit Committee ("BAC")

Mr. Jassim Mohammed Abdulrahim Al Ali, Chairman of the BAC, acknowledges his responsibility to discharge the responsibilities of the BAC under its terms of reference and ensure its effectiveness.

The BAC composition changed in February 2022 due to the retirement of three existing members (including the Chair). Mr. Jassim Mohammed Abdulrahim Al Ali was appointed as the chair and Mr. Hesham Abdulla Al Qassim was appointed as a member in February 2022. The BAC composition is compliant with the CBUAE regulatory requirements.

The Head of the Internal Shari'ah Audit Function was appointed in Q1 2022, with a direct reporting line to the BAC, in line with CBUAE Shariah Governance Standard for Islamic Financial Institutions. BAC has since reviewed internal Shari'ah audit reports on a quarterly basis. In addition, in 2022, BAC reviewed the Group financial results for the year ended 2021 and quarterly financial results for 2022 and provided oversight over internal audit, governance and compliance related matters and Government audit related matters.

BAC Composition as at 31 December 2022:

Chairman	Mr. Jassim Mohammed Abdulrahim Al Ali	Independent Director
Member	Mr. Hesham Abdulla Al Qassim	Independent Director
Member	Mr. Salem Mohammed Obaidalla	Non-Independent Director

2022 BAC Meetings

Date of BAC Meeting	Key Agenda Items	Number of Attendees	Names of Absent Members
25 January 2022	Review of Group financial results for the year ended 2021 and external auditors' report. Internal audit, compliance and governance related matters.	4	nil
21 February 2022	Review Financial Audit Authority (FAA) report for the year 2021.	4	nil
20 April 2022	Review of Group financial results for Q1 2022 and external auditors' review report. Review internal audit, compliance and governance related matters.	3	nil
27 July 2022	Review of Group financial results for Q2 2022 and external auditors' review report. Review internal audit, compliance and governance related matters.	3	nil
26 October 2022	Review of Group financial results for Q3 2022 and external auditors' review report. Review internal audit, compliance and governance related matters.	3	nil

Remit

The primary responsibility and function of the BAC is to assist the Board of Emirates NBD fulfil its duties by overseeing:

- The integrity of the Emirates NBD's financial statements and reporting;
- Emirates NBD's financial and audit controls;
- The evaluation, independence, performance and remuneration of Emirates NBD's external auditors;
- The effectiveness, independence and performance of the internal audit function;
- The effectiveness of the overall risk governance framework and internal control system;
- Compliance with legal and regulatory requirements and internal policies; and
- Shari'ah audit and compliance.

Board Risk Committee ("BRC")

Mr. Ali Humaid Ali Al Owais, Chairman of the BRC, acknowledges his responsibility to discharge the responsibilities of the BRC under its terms of reference and ensure its effectiveness.

BRC provides oversight on risk management as part its responsibility to advise the Board on the overall risk strategy, risk appetite and risk tolerance. In 2022, BRC fulfilled its responsibility to ensure that there is a comprehensive Group-wide risk governance framework appropriate to the risk profile, nature, size and complexity of the Group's business and structure. BRC ensured that authorities were provided at appropriate levels for the approval of the Group's policy documents and risk measurement systems.

BRC ensured that risk controls are aligned with the Group Risk Management Framework. Further, BRC ensured risk management objectives remained consistent and compliant with set standards and applicable regulations.

BRC Composition as at 31 December 2022

Chairman	Mr. Ali Humaid Ali Al Owais	Independent Director
Member	Mr. Hesham Abdulla Qassim Al Qassim	Independent Director
Member	Mr. Salem Mohammed Obaidalla	Non-Independent Director

2022 BRC Meetings

Date of BRC Meeting	Key Agenda Items	Number of Attendees	Names of Absent Members
16 March 2022	• Group compliance report. • Quarterly risk reports and portfolio update reports, recovery updates, funding and liquidity and Interest Rate Risk in Banking Book (IRRBB) updates. • Group risk appetite statement FY 2022. • Quarterly fraud report. • Governance related matters (including minutes, policies and terms of reference).	2	Mr. Ali Humaid Ali Al Owais

Date of BRC Meeting	Key Agenda Items	Number of Attendees	Names of Absent Members
15 June 2022	• Group compliance report. • Quarterly risk reports and portfolio update reports, recovery updates, funding and liquidity and Interest Rate Risk in Banking Book (IRRBB) updates. • Quarterly fraud report 1Q 2022. • Conduct risk framework. • Governance related matters (including minutes, policies and terms of reference).	3	nil
14 September 2022	• Group compliance report. • Quarterly risk reports and portfolio update reports, recovery updates, funding and liquidity and Interest Rate Risk in Banking Book (IRRBB) updates. • Quarterly fraud report 2Q 2022. • Governance related matters (including minutes, policies and terms of reference).	3	nil
9 November 2022	• Group compliance report. • Quarterly risk reports and portfolio update reports, recovery updates, funding and liquidity and Interest Rate Risk in Banking Book (IRRBB) updates. • Quarterly fraud report Q3 2022. • External fraud incident - credit syndicate. • Financial Crime Risk Assessment (FCRA) 2022. • Governance related matters (including minutes, policies and terms of reference).	3	nil

Remit

The primary responsibility and function of the BRC is to assist the Board of Emirates NBD fulfil its duties by overseeing:

- Overall risk strategy, risk appetite and risk tolerance;
- The Group-wide risk governance framework, including risk appetite;
- The Group's risk profile and risk monitoring with respect to the approved risk appetite framework;
- Credit and market risk exposures against the Group's risk profile; and
- Basel II and III related activities.

Board Nomination Remuneration and ESG Committee ("BNRESGC")

Mr. Buti Obaid Buti Al Mulla, Chairman of the BNRESGC, acknowledges his responsibility to discharge the responsibilities of the BNRESG under its terms of reference and ensure its effectiveness.

BNRESGC will continue strengthening of the BNRESGC's governance on people matters and implementing the requirements of the new Terms of Reference of the BNRESGC in 2023. However, BNRESGC has made the following key achievements during 2022:

- Ensured that the Group's Compensation Policy & Framework supports the Group's strategy, objectives, culture and values, is creating the desired incentives for managing risk, capital and liquidity, and is aligned with all applicable regulations;
- Oversaw the performance and remuneration of the Bank's Senior Management;
- Ensured the establishment of a Fit and Proper process for identifying, assessing and selecting members of Senior Management;
- Approved major HR projects, such as:
    - o Transformation of the HR Technology landscape into a single comprehensive suite of applications to provide coverage, integration, and control over End-to-End journeys of the employee lifecycle; and
    - o Development of a new career architecture model which provides a blueprint of roles, accountabilities, skills and experiences, allowing individuals to map their career options across the organization and the business to more effectively access and manage talent based on skills.
- Reviewed the different Board Committees and their activities, and approved the formation of a BPEC; and
- Reviewed and approved the new Emiratization strategy in alignment with the updated guidelines from CBUAE.

BNRESGC Composition as at 31 December 2022

Chairman	Mr. Buti Obaid Buti Al Mulla	Non-Independent Director
Member	Mr. Hesham Abdulla Qassim Al Qassim	Independent Director
Member	Mr. Ali Humaid Ali Al Owais	Independent Director

2022 BNRESGC Meetings

Date of BNRESGC Meeting	Key Agenda Items	Number of Attendees	Names of Absent Members
2 February 2022	• Resignation and appointment of Board members. • Group workforce report. • Emirates NBD Emiratisation achievements for 2021. • Emirates NBD Group senior management joiners and leavers report. • Emirates NBD Group HR updates including compensation/ performance bonus 2021. • Review Emirates NBD Group Board induction programme. • Governance related matters.	4	nil
28 June 2022	• Group workforce report. • Group executive-level joiners and leavers report. • Emirates NBD Emiratisation report. • Review and approve the 2022 learning calendar for the Board. • Introduce a new Group career architecture model.	3	nil
27 September 2022	• Group workforce report including key appointments. • Emirates NBD Emiratisation report. • Group executive-level joiners and leavers report. • Formation of the Profit Equalisation Committee. • Governance related matters.	3	nil
16 November 2022	• Group workforce report including key appointments. • ENBD Group executive-level joiners and leavers report. • ENBD Emiratisation report. • Review and approve fit and proper policy enhancements – senior management. • Update on Emiratisation strategy for 2022-2026. • Review and approve national service policy revisions. • Review and approve ENBD Group bonus pool proposal for 2022. • Review and discuss succession plan. • Review and approve Board training calendar – 2023.	3	nil
14 December 2022	• Review ENBD Group organisational structure.	3	Nil

Remit

The primary responsibility and function of the BNRESGC is to assist the Board to fulfil its duties by overseeing:

- Matters relating to the Board, including the composition, nomination, assessment, succession plans and remuneration policies for the Directors;
- Reporting on corporate governance and remuneration matters, and the development of the corporate governance framework, systems and controls;
- Oversight of Environment, Social and Corporate Governance ("ESG") and corporate sustainability strategy;
- Corporate culture and values, including its governance culture;
- Selection, assessment, succession and remuneration policies for Senior Management; and
- HR strategy including Emiratisation.

Board Credit and Investment Committee ("BCIC")

Mr. Hesham Abdulla Qassim Al Qassim, Chairman of the BCIC, acknowledges his responsibility to discharge the responsibilities of the BCIC under its terms of reference and ensure its effectiveness.

BCIC Composition as at 31 December 2022

Chairman	Mr. Hesham Abdulla Qassim Al Qassim	Independent Director
Member	H.E. Mohamed Hadi Ahmed Al Hussaini	Independent Director
Member	Mr. Ali Humaid Ali Al Owais	Independent Director
Member	Mr. Salem Mohammed Obaidalla	Non-Independent Director

2022 BCIC Meetings

Number of BCIC Meetings	Key Agenda Items
48	• Review and monitor the effectiveness of credit and investment risk strategy; and • Provide guidance to the Senior Management on business strategies and credit and investment policies.

Remit

The primary responsibility and function of the BCIC is to assist the Emirates NBD's Board fulfil its duties by overseeing:

- Management of credit exposures and investment portfolio;
- Effectiveness of the credit and investment risk strategy and policies;
- Approval of new products and services, bank and country lines, credit facilities and investment and asset management proposals;
- Ensure that credit risk rating is aligned with business strategy and risk appetite; and
- Review the portfolio composition, quality, performance and compliance.

Board Profit Equalisation Committee ("BPEC")

Mr. Hesham Abdulla Qassim Al Qassim, Chairman of the BPEC, acknowledges his responsibility to discharge the responsibilities of the BPEC under its terms of reference and ensure its effectiveness.

The BPEC, formed in November 2022, is a Committee of the Board, from which it derives its authority and to which it regularly reports.

The BPEC will meet once every quarter during the year. The BPEC Permanent Members comprise two Board Members nominated by the Board and one Internal Shari'ah Supervision Committee ("ISSC") member.

BPEC Composition as at 31 December 2022

Chairman	Mr. Hesham Abdulla Qassim Al Qassim	Independent Director
Member	Mr. Buti Obaid Buti Al Mulla	Non-Independent Director
Member	Dr. Salim Al Ali	ISSC representative

2022 BPEC Meetings

Date of BAC Meeting	Key Agenda Items	Number of Attendees	Names of Absent Members
9 November 2022	Review and approve key governance related matters including the Committee terms of reference and policy and provide an update on business and Islamic window financials.	3	Nil

Remit

The primary responsibility and function of the BPEC is to assist the Emirates NBD Board to fulfil its duties by overseeing:

- Policies and strategies for Islamic investments, and strategies for the management of displaced commercial risk;
- Regular reviews of the Islamic investment policies and the performance of the asset portfolio in which Islamic account holders' funds are invested;
- Monitoring and scrutiny of the utilisation of reserves such as Profit Equalisation Reserve ("PER") and Investment Risk Reserve ("IRR") and to make appropriate recommendations to the Board; and
- The implementation of the governance policy framework, with the primary objective of protecting the interests of stakeholders in line with the Higher Shari'ah Authority and Internal Shari'ah Supervision Committee resolutions.

Board Executive Committee ("BEC")

Mr. Hesham Abdulla Qassim Al Qassim, Chairman of the BEC, acknowledges his responsibility to discharge the responsibilities of the BEC under its terms of reference, and ensure its effectiveness.

Committee Composition as at 31 December 2022

Chairman	Mr. Hesham Abdulla Qassim Al Qassim	Independent Director
Member	H.E. Mohamed Hadi Ahmed Al Hussaini	Independent Director
Member	Mr. Ali Humaid Ali Al Owais	Independent Director
Member	Mr. Salem Mohammed Obaidalla	Non-Independent Director

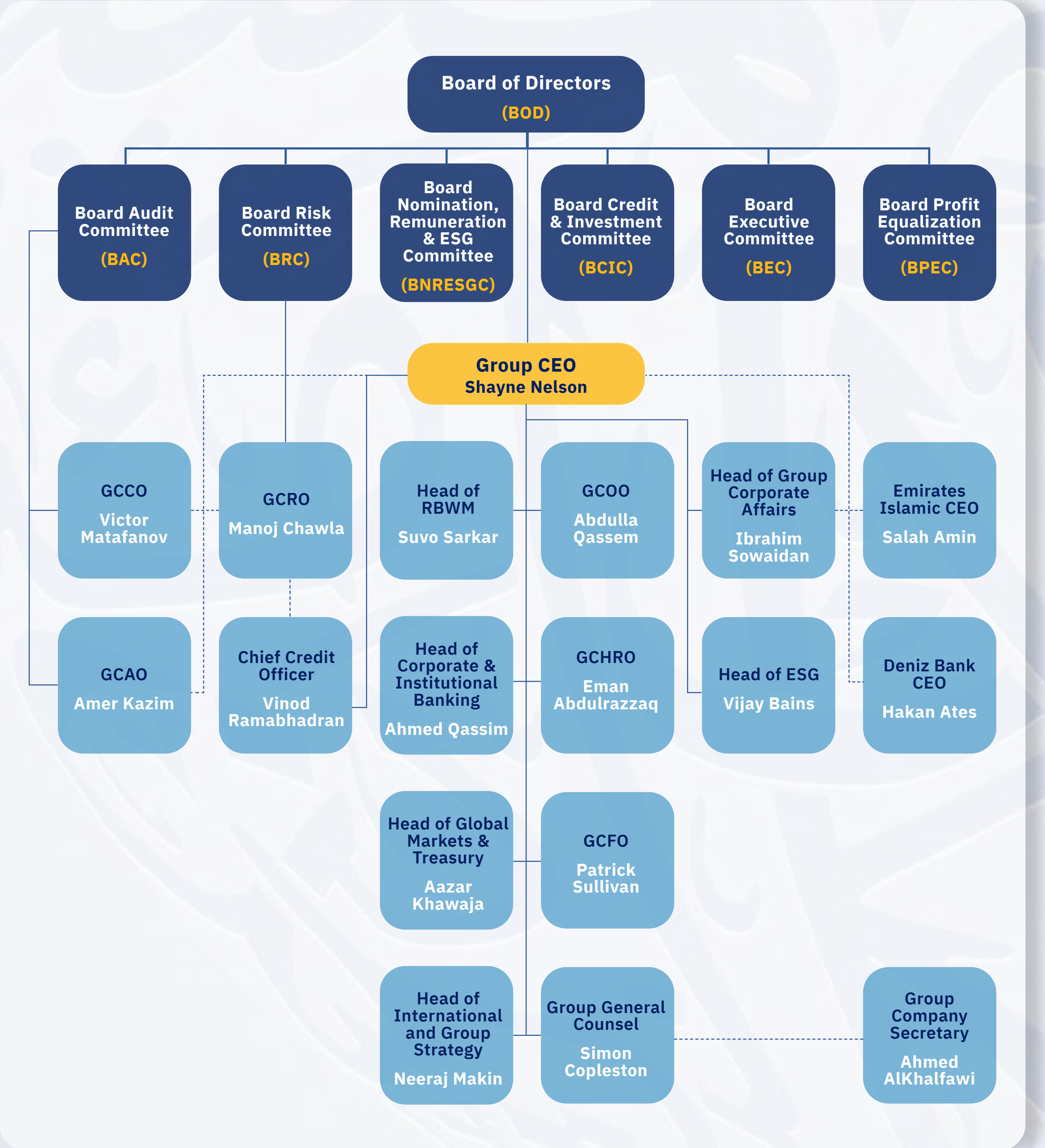
2022 BEC Meetings

Number of BCIC Meetings	Key Agenda Items
13	• Review and approve key business decisions on behalf of the Board; and • Review and approve governance related matters.

Remit

The primary responsibility and function of the BEC is to act for the Board on urgent matters between regular Board meetings in cases where it is not possible to convene a meeting of the Board and to manage other matters delegated by the Board. The BEC exercises the powers of the Board in the supervision and oversight of the Group's affairs.

SENIOR MANAGEMENT



Shayne Nelson

Group Chief Executive Officer

Shayne Nelson became the Group Chief Executive Officer of Emirates NBD Bank in 2013. Prior to joining Emirates NBD, he was the CEO of Standard Chartered Private Bank in Singapore, Chairman of Standard Chartered Saadiq Advisory Board, and a Board Member of Standard Chartered Bank (China) Ltd.

Mr. Nelson is a Member of the Boards of Directors for Emirates Islamic, Emirates NBD Capital Ltd., Emirates NBD Capital PSC, Tanfeeth, DenizBank A.Ş. (Turkey), International Monetary Conference, Marsh Emirates Insurance Brokers, a Member of the Advisory Board to the University of Wollongong in Dubai and a Member of the International Cooperation Council France UAE (CCI France UAE).

Mr. Nelson's other previous high-profile positions in the banking arena include Regional CEO of Standard Chartered Bank Middle East and North Africa, Chairman of Standard Chartered (Pakistan) Limited, and Chairman of the Banking Advisory Council to the Board of the Dubai International Financial Centre. He also held the position of Chief Executive Officer and Managing Director of Standard Chartered Bank, Malaysia Berhad based in Kuala Lumpur.

Mr. Nelson's solid experience, across various functions and geographies, is a testament to his diverse background within banking. Earlier in his career, his positions included Standard Chartered Chief Risk Officer for Wholesale Banking based in Singapore, Regional Head of Corporate and Institutional Banking Audit for the Asia Pacific Region and India, as well as Regional Head of Credit in Hong Kong, China and North East Asia, with the latter two positions based in Hong Kong. He was also the Head of Corporate and Institutional Banking for Westpac Banking Corporation for Western Australia based in Perth.

A Graduate Member of the Australian Institute of Company Directors, Mr. Nelson is also an Associate Fellow of the Australian Institute of Managers.

Patrick Sullivan

Group Chief Financial Officer

Patrick Sullivan has been the Group Chief Financial Officer of Emirates NBD since January 2020. He is a Chartered Accountant with 30 years' experience in banking and finance in the UK, China, Hong Kong, Russia, New Zealand, and now the UAE. He joined Emirates NBD from Standard Chartered where he held a number of senior finance roles, including Group Financial Controller, SCB China CFO, and Hong Kong & Greater China Wholesale Banking Head of Finance. Prior to that he worked with Pricewaterhouse Coopers in Banking & Capital Markets in multiple countries.

Abdulla Qassem
Group Chief Operating Officer

Abdulla Qassem is responsible for defining and executing Emirates NBD's operational, technology and digital strategy. This includes spearheading the Bank's biggest-ever IT transformation valued at in excess of AED 1 billion. In 2018, a new Group Digital Office was established under Mr. Qassem's leadership. He has over 30 years' experience in technology and operations. He is also widely influential in charting the business and technological strategies of other organizations in the region, being on the Board of Directors of several other entities.

Ahmed Al Qassim
Group Head of Corporate & Institutional Banking

A seasoned banking and management professional with more than 18 years of experience in commercial and investment banking, Ahmed Al Qassim leads the Corporate and Institutional Banking unit with his role expanding in 2023 to include Global Markets, Treasury and Research at Emirates NBD Group.

During his tenure, Mr. Al Qassim has championed the adoption of digital innovation, Artificial Intelligence and unmatched customer experience to enhance the group's corporate banking proposition. He has led product development and implementation of award-winning trade and supply chain finance, cash management and Islamic banking solutions while driving higher levels of lending to the group's corporate and institutional banking client base across nine countries.

Previously, Mr. Al Qassim was Chief Executive Officer of Emirates NBD Capital, the investment banking arm of Emirates NBD, followed by General Manager of Corporate Banking at Emirates NBD where he managed the successful transformation of the respective units, built on capabilities and created synergies across cross-functional teams. He is currently serving on the Boards of TECOM Group and several other entities, and is a member of Emirates NBD's Executive Committee.

Suvo Sarkar
Group Head of Retail Banking & Wealth Management

Suvo Sarkar is a senior consumer banking professional with over 35 years of multi-functional experience across the Middle East and Asia. Currently, he is the Senior Executive Vice President and Group Head of the Retail Banking and Wealth Management businesses of Emirates NBD. In his current role, he oversees all aspects of Emirates NBD's Retail Banking, Private Banking and Asset Management businesses, which together contribute annual revenues of over USD 2.8 billion, about a third of the Group's revenues. He is also the Chairman of the Board of Emirates NBD Asset Management, the largest asset management company in the UAE. He serves on the Board of Tanfeeth, Emirates NBD's operations and processing subsidiary. He also serves on the Advisory Boards of two leading educational institutions in the UAE.

Aazar Ali Khwaja
Group Head of Global Markets and Treasury

Aazar Ali Khwaja is the Group's Senior Executive Vice President, Global Markets and Treasury and Group Treasurer. He has been with the Group since September 2012 and has over 25 years of experience in treasury and global markets across several geographies. Before joining Emirates NBD, he held various senior positions with several other leading banks.

Manoj Chawla
Group Chief Risk Officer

Manoj Chawla is a senior banker with extensive experience (over 25 years) in risk management, including enterprise and regulatory risk, model development and validation, wholesale and retail credit, global markets, private banking and operational risk management. He has been a key architect in the implementation of a Group-wide risk management framework across all risk streams including credit risk start-up of new businesses, mergers and acquisitions, corporate governance, integration and turnarounds, driving productivity and operational improvements, due diligence, audit, project management, corporate banking and structured trade solutions. At Emirates NBD, Mr. Chawla is responsible for overall governance of all risk aspects covering people, policy, portfolio, process and risk systems.

Eman Abdulrazzaq
Group Chief Human Resource Officer

Eman Abdulrazzaq was appointed as the Group Chief Human Resource Officer in January 2020. She also serves on the Board of ENBD Egypt S.A.E. Mrs. Abdulrazzaq has been instrumental in leading a dynamic and proactive working practice and cultural change as well as driving Future Skills development to reskill and build out an agile workforce that can embrace the developing digital landscape.

Prior to joining ENBD, Eman worked at HSBC Bank Middle East Limited as Regional Head of Human Resources, Strategy and Planning and Chief of Staff for the Middle East, North Africa and Turkey. Mrs. Abdulrazzaq started her career with HSBC originally as a Corporate Banker before moving to Human Resources. When her role at HSBC expanded to include Chief of Staff and Strategy and Planning, she was leading on the delivery of a number of strategic programs with a focus on growth acceleration to deliver increased business and revenue growth. Globally connected, Eman also worked in close partnership with Senior Management in the HSBC Group to manage mergers and acquisitions transactions in the region as well as successfully drive growth across the region, enhanced by her ability to build strong external stakeholder, customer, and regulatory body relationships.

Mrs. Abdulrazzaq is a member of the boards of Emaar Properties PJSC, Dubai Refreshment P.J.S.C and Emirates Institute for Banking and Financial Studies (EIBFS).

Salah Amin
Chief Executive Officer, Emirates Islamic

Salah Amin is the Chief Executive Officer of Emirates Islamic (EI), the Islamic Banking arm of Emirates NBD Group. Mr. Amin has nearly 30 years of banking experience, having started his career at Emirates NBD Group in 1989. He has worked in several senior managerial roles, including as head of branches and Head of Corporate Banking Unit and most recently, as EVP, Head of Corporate Banking Group, Emirates NBD. He has extensive experience across corporate clients and distribution management, creating and driving strategy on behalf of clients in several geographies and industries across the Group. He holds Board level positions in several Financial Institutions (FIs) and non-banking FIs in the UAE, including Vice Chairman of SAYACORP Bank Bahrain – Manama, and Chairman of EMCAP, and Director of Emirates NBD Capital (EMCAP) and EFS, Emirates NBD Properties, and Emirates NBD Securities. Mr. Amin was educated in the USA and has worked in multi-cultural environments.

Hakan Ateş
Chief Executive Officer – DenizBank, Turkey

Hakan Ates was appointed as CEO DenizBank, Turkey in June 1997 as the Founder President and is the Chairman of various DenizBank subsidiaries, including Deniz Yatırım Menkul Kıymetler A.Ş., Intertech A.Ş., DenizBank AG Vienna and Neohub Teknoloji Yazılım Pazarlama ve Danı□manlık A.Ş. He is also a member of the boards of Emirates NBD Egypt and Metlife Emeklilik ve Hayat A.Ş. Before that, he held several senior roles in the banking industry, including the positions of Internal Auditor at İşbank, Branch Manager at Elmadağ, Şişli, Bakırköy, İzmir and Executive Vice President in charge of Financial Affairs and Operations at Bank Ekspres. He also established Garanti Bank Moscow in Russia.

Neeraj Makin
Group Head of International & Group Strategy

Neeraj Makin is the Senior Executive Vice President, Group Head of International at Emirates NBD and a Member of the Group Executive Committee. He also is a Non-Executive Board Member at Emirates NBD Egypt SAE. Additionally, he also leads the Group Strategy function and is leading the set-up of an Advanced Analytics Centre of Excellence for Emirates NBD. As Group Head of International, Mr. Makin is in charge of business and profitability management and oversight and governance of all international units. As Head of Group Strategy, he supports the GCEO and the Board on strategy development across the Group to include Emirates NBD's international expansion in both Egypt and Turkey.

Simon Copleston
Group General Counsel

Simon Copleston was appointed as the Group General Counsel at Emirates NBD in January 2021. He has overall responsibility for management of legal risk, as well as legal service quality and service delivery across the Group. Mr. Copleston has worked in the UAE since 2006, initially at a sovereign wealth fund and then at a prominent local bank. He has more than 20 years' experience as a lawyer and more than a decade's experience in the local banking sector. His experience spans the banking and asset management industries, financial services, corporate finance, procurement, IT, real estate, treasury, regulation and governance. He has extensive exposure to highly regulated sectors and geographies and broad international, cross border and emerging markets experience.

In the past, Mr Copleston has held positions on the boards of several local and international entities, including Damas Jewellery, a bond issuer and a local asset manager. Mr Copleston has also served on the board of a licensed Islamic bank. Since 2021, Mr Copleston has been Chairman of the UAE Banks Federation's Legal Committee.

Victor Matafonov
Group Chief Compliance Officer

Victor Matafonov was appointed as the Group Chief Compliance Officer at Emirates NBD in June 2014. He has more than 35 years of international banking experience across Australasia, Europe, Americas, the Middle East, Africa and Asia with Standard Chartered, Grindlays and ANZ. This includes more than 15 years in external / internal audit and 20 years in regulatory and financial crime compliance dealing with regulators, industry bodies, correspondent banks and systems vendors. He is also the outgoing Chairman of the Compliance Committee of the UAE Banking Federation and a founding member of the MENA Financial Crime Compliance Group. He started his career with Coopers and Lybrand in Melbourne and holds a Bachelor of Commerce Degree from Deakin University in Australia, majoring in Accounting and Economics.

Amer Kazim
Group Chief Audit Officer

Amer Kazim has been the Group's Chief Audit Officer since November 2019. With a career spanning over 26 years, Amer has worked in various sectors including Aviation, Telecommunications and Real Estate besides others. Prior to Joining Emirates NBD, Mr. Kazim was the Chief Financial Officer at Emirates Integrated Telecommunications Company (du). He is currently a member of the Board of Directors of Etihad Credit Insurance and the Board Audit Risk & Compliance Committee of Emirates Development Bank. He has a Bachelor's degree in Accounting from the University of Denver and his professional qualifications include - Certified Public Accountant (CPA), Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA).

Vinod Ramabhadran
Chief Credit Officer

Vinod Ramabhadran was appointed as Chief Credit Officer of Emirates NBD in October 2022. He has over 33 years of banking experience with Standard Chartered Bank in top leadership roles such as Regional Chief Credit Officer, Regional Chief Risk Officer and Regional Chief Operating Officer- Africa and Middle East. In addition, he was also director of Standard Chartered Bank, Pakistan and has also served as the Chairman of the Board of Directors of Global Business Services, Standard Chartered Bank Group overseeing a team of approx. 40,000. His experience spans diverse areas of banking such as Corporate Relationship management, Group Audit, Group Treasury, Corporate governance and all areas of Risk management. Mr. Ramabhadran is a qualified Chartered Accountant and a Chartered Financial Analyst. In addition to having several Risk Management certifications, he also holds a Master's degree in Law from Kings College, London with specialization in Commercial and Corporate laws.

Vijay Bains
Head of ESG

Vijay Bains was appointed as the Group Head of ESG in October 2022. Mr. Bains is responsible for embedding environment, social and governance principles across our growing organization and business. He is responsible for the end-to-end ESG strategy including the introduction of more sustainable practice, policies and outcomes across the Group. Vijay works with our business units to increase our sustainable finance offerings and investments, and provide customers with greater advisory services to support their net zero transition. He will also work with our Group Company Secretariat on our corporate governance framework. Vijay brings over 15 years of sustainability experience to the role across the Middle East, UK, Europe and North America. He joined from KPMG in the UK, where he was their Sustainable Finance Lead since 2019. Prior to that, Vijay held senior Sustainable Finance roles across other leading organisations including Ernst and Young and Lloyds Bank. Through these roles, Vijay has extensive experience building and implementing ESG strategies and teams. He has designed and marketed highly successful sustainable finance products including sustainability loans and green bonds, while advising on sustainability for IPOs, as well as designing and building ESG finance products such as mortgages, loans and insurances.

Ibrahim Sowaidan
Head of Group Corporate Affairs

Ibrahim Sowaidan is a Senior Executive Professional with more than 20 years' experience in Financial Services media, advertising and public relations in the Arabian Gulf Region. Mr. Sowaidan operates at a strategic level, taking into consideration the implementation of tactical actions. His current position is a Group role in which responsibilities are broad-based but concentrate on the Group's communications and public relations campaigns, press office management, community sponsorship activities, group events, and financial announcements. His role requires significant involvement and sensitive coordination with key internal decision makers and high level media and other external players. Mr. Sowaidan holds a Master in Business Administration from the United Kingdom Bradford School of Management. He also possesses a Bachelor of Arts degree in Economics from The American University of Beirut.

Key Senior Management Compensation

For the year 2022, Shayne Keith Nelson, Group Chief Executive Officer, appointed on 3 November 2013, was paid Total Compensation* of AED 13,400,000; Patrick John Sullivan, Group Chief Financial Officer, appointed on January 1, 2020 was paid Total Compensation* of AED 4,200,000; and Manoj Chawla, Group Chief Risk Officer, appointed on August 1, 2013 was paid Total Compensation* of AED 5,117,000.

*Total Compensation is comprised of contractual pay and variable cash compensation paid in the year 2022. It does not include, deferred compensation awarded for the 2022 performance year with payment dates in future years' employer contributions to pension, medical and life insurance or gratuity.

Our remuneration policy and structures are designed to attract, retain and motivate talented employees. An appropriate balance between fixed and variable remuneration is maintained.

The Emirates NBD Group operates a discretionary annual bonus scheme for eligible employees. Bonus pool funding is determined at a Group level with due consideration of the Group's risk appetite and the relative performance of business units. When assessing the performance of a business unit/ location, performance assessment is based on both financial and non-financial criteria. The discretionary annual bonus scheme is fully flexible, allowing for the possibility of variable compensation award values being zero.

Variable pay levels will not exceed 100% of fixed compensation unless, in certain circumstances, Emirates NBD seeks to increase these levels to either 150% of fixed compensation – with approval by the Board or 200% of fixed compensation – with approval by the General Assembly of the Bank.

Awards granted under the discretionary annual bonus scheme comprise cash bonuses, paid after the end of the performance year, and deferred awards, granted under the terms and conditions of the relevant plan rules.

Deferred awards will vest in tranches over multi-year periods and are subject to performance adjustment, forfeiture, malus and clawback under certain events and conditions.

Variable compensation awards are subject to ex-post risk adjustment in the form of in-year adjustments, as part of the year-end compensation process, after vesting, or after the awards of have been paid out. The applicable claw back period shall be the later of three years after the date of payment or the date of vesting of the relevant award.

Ex-post risk adjustment may be applied on an individual or a collective basis, depending on the circumstances of the event and in a range of circumstances, including but not limited to, material restatement or downturn of financial results for the relevant period, fraud or gross negligence by an individual or group of employees, material error or failures of risk management controls.

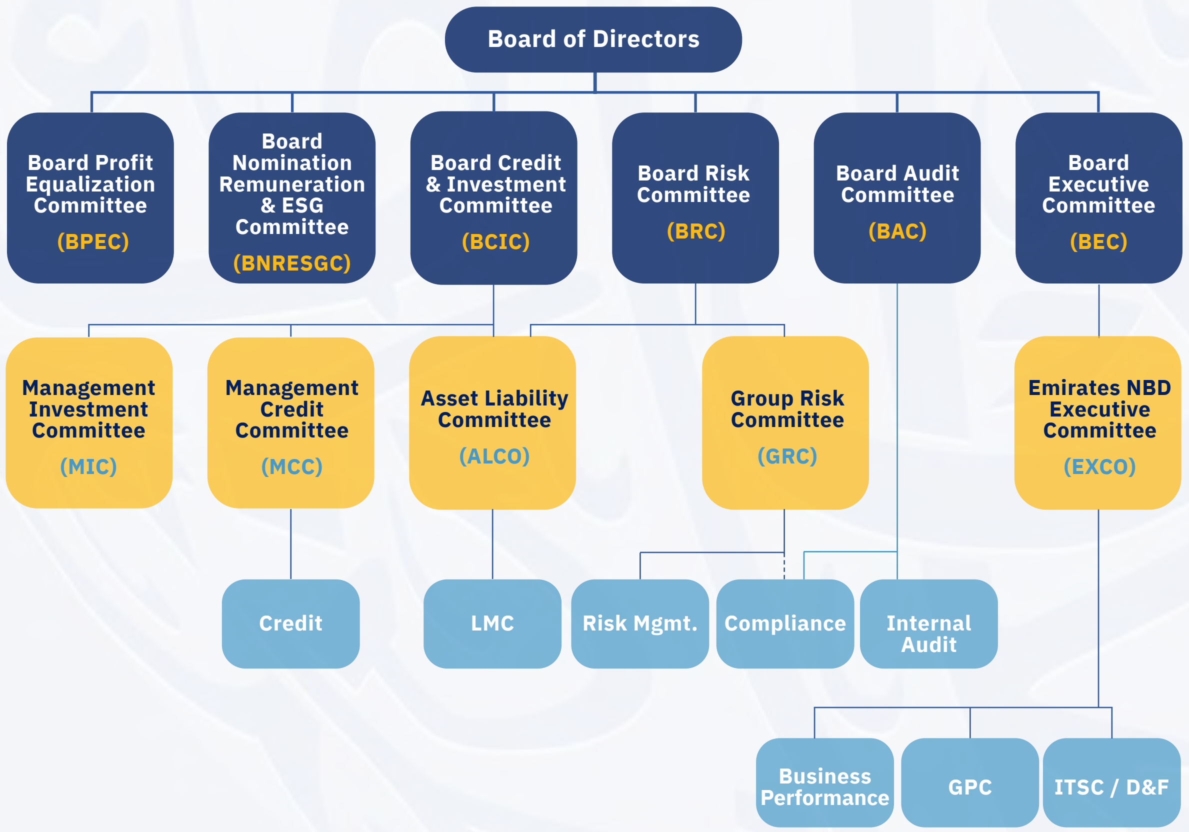
For further details of remuneration policy, design and structure of remuneration processes please refer to PILLAR 3 report.

MANAGEMENT COMMITTEES

Emirates NBD has several management committees, including the Group Executive Committee ("Group EXCO"). A number of additional management committees have been established to help execute the objectives of the Group EXCO and assist in the efficiency and effectiveness of running, controlling and monitoring of the business of Emirates NBD.

Each management committee has an approved terms of reference that outlines its authority, responsibilities, meeting frequency and practices. The management committees help drive decision making across a number of areas of the business, including the management of assets, risk, credit and investment, procurement and information security.

Emirates NBD Board and Management Governance



Management Committee	Number of Meetings Held in 2022	Responsibilities of the Committees
Group EXCO	11	The Group EXCO collectively monitors the performance of the Group and makes Group-level decisions within authority limits delegated by the Board. Such decisions involve the day to day running of the Group, its strategic growth and the implementation of any decisions by Board. This Senior Management team regularly updates the Board on all material matters, including compliance with regulatory requirements.
Management Investment Committee (MIC)	2	MIC supports the Board via the BCIC in the management of the investment portfolios of the Bank, so that they conform to the strategic vision of the Bank, and to support the Board in monitoring and reporting the performance of these portfolios to the Board. It ensures that the strategic objectives of the Group are well-communicated to the investment managers; recommends new or changes to investment strategies to the BCIC; and reviews periodically, but at least twice a year, the reports and performance of the investment portfolios.
Management Credit Committee (MCC)	93	MCC supports BCIC to achieve the strategic objectives of the Group by assessing, approving or recommending new, enhanced, renewal of existing credit and bank risk facilities, debt settlement, provisioning and write offs, amendments to pricing, grades and waivers pertaining to credit facilities, within parameters set by BCIC. It also reviews and oversees exposures on common accounts of the Bank and Emirates Islamic, as deemed necessary, as well as supporting on property investment, and new products and services.
Asset Liability Committee (ALCO)	11	ALCO is responsible for overseeing the Group's capital adequacy assessment, reviewing liquidity tolerance and interest rate risk mismatches and managing maturity gaps and funding plans. ALCO's responsibilities include Emirates NBD's borrowing and lending strategy and funds acquisition to meet key objectives as interest rates change in the market.
Group Risk Committee (GRC)	5	GRC is responsible for ensuring effective risk oversight across the Group, including reviewing and approving all group-wide risk policy documents, procedures, risk measurement and methodology documents. The GRC regularly updates the Board on all material risk-related matters.
Group Procurement Committee (GPC)	12	The GPC provides oversight of all outsourcing arrangements and associated risks across the Group.
Information Technology Steering Committee (ITSC)	7	The ITSC provides oversight of the application of cybersecurity frameworks across the Group, and reviews, recommends and agrees on solutions to enhance information security in various domains and international locations.

GENERAL ASSEMBLY MEETINGS

The 2022 GAM was chaired by the Chairman of the Emirates NBD Board. All Directors, the external Auditor, a representative of SCA and shareholders were in attendance. The meeting minutes were taken by the Group Company Secretary and made available to the SCA and shareholders through a market announcement before opening of the next market trading day.

During the 2022 GAM, the business of the meeting included several standard GAM items subject to ordinary resolution (being a simple majority of the eligible votes), cumulative voting for the Directors, and a number of matters which required special resolutions of 75% or above of the eligible votes. The resolutions passed by the shareholders were as follows:

Matter	Resolution Type
Directors' Report	Ordinary
Auditors' Report	Ordinary
Internal Shari'ah Supervision Committee Report	Ordinary
Consolidated Financial Statements of Emirates NBD Group as at 31 December 2021	Ordinary
Appointment to the Internal Shari'ah Supervision Committee	Ordinary
Distribution of Dividends	Ordinary
Directors' Remuneration	Ordinary
Absolving the Directors of the Board for the 2021 Financial Year	Ordinary
Absolving the External Auditors for the 2021 Financial Year	Ordinary
Appointment of Directors for a New Term of Three years	Cumulative
Appointment of External Auditor and their Remuneration for the 2022 Financial Year	Ordinary
Appointment of Representatives for Emirates NBD Shareholders and their Remuneration	Ordinary
Approval of the Proposals for Non-convertible Securities Programmes	Special
Amendment of the Memorandum and Articles of Association of Emirates NBD	Special

EXTERNAL AUDITOR

Selection of the External Auditor

The External Auditor appointed by shareholders in the 2022 GAM for the 2022 financial year is Deloitte & Touche (M.E). Deloitte & Touche (M.E) has served for four consecutive years as the External Auditor of Emirates NBD. The Audit Partner at Deloitte & Touche (M.E) in charge of the external audit rotated after three years. External audit firms may only be appointed for a maximum of six years.

In addition to the key responsibilities of the BAC referred to above, the BAC also reviews and approves the external audit approach, to include the evaluation, independence appointment or re-appointment, terms of engagement and rotation of the auditing firm and/or the principal partner in charge of the audit. The selection criteria includes ensuring capacity of the audit firm to manage the audit effectively and competently, taking account of the scale and complexity of the Emirates BND Group, and also ensuring independence, no conflicts of interest, and a strong and capable audit partner and team.

The BAC also reviews the proposed audit scope and approach for the year proposed by the external auditor. The BAC communicates with the external audit team on a number of occasions during the year without the presence of any of the senior executive management, to discuss periodic and annual reporting, audit findings, changes in accounting and reporting standards, and other necessary business. The BAC reviews the performance, independence and quality of the external auditor annually, including any regulatory conditions and thresholds on independence, rotation and qualifications of the audit firm and its staff.

Name of the audit office and partner auditor	Deloitte & Touche (M.E.) Mr. Yahia Shatila
Number of years he served as the company external auditor	One year
Total fees for auditing ENBD consolidated financial statements for 2022 (in AED)	AED 2.1 m
Fee for Long form Audit Report	AED 1.1 m
Fee for other regulatory and Group reporting	AED 0.4 m

Fees

The Board Audit Committee annually approves the fee for external audit services included in scope at the beginning of the year. The list of services includes audit services, audit-related services and any other relevant services. The BAC can approve additional fees for the services of external auditors that may arise throughout the year or where the fee exceeds the prior approved amount.

There were no special services provided by the external auditor during 2022.

2022 Audit

No reservations were raised by the external auditor in respect of the year ended 31 December 2022.

ISLAMIC BANKING GOVERNANCE

Emirates NBD offers Shari'ah-compliant products and services through Emirates NBD Islamic, an Islamic window licensed by the UAE Central Bank. This business unit applies a robust Shari'ah governance framework to ensure that all products and services offered are duly accredited and in line with Shari'ah principles and UAE Central Bank Higher Shari'ah Authority guidelines and regulations.

In line with the UAE Central Bank Shari'ah Governance Framework, the Islamic window has established a 'three lines of defence approach', comprising the Islamic window business team, the Internal Shari'ah control unit and the Internal Shari'ah Audit unit, respectively. These units support Emirates NBD's Islamic governance activities, oversight and reporting.

The window is governed by the Internal Shari'ah Supervision Committee ("ISSC") comprising independent Shari'ah scholars. Members of the ISSC are appointed by the shareholders in the General Assembly Meeting upon nomination by the Board and approval from UAE Central Bank Higher Shari'ah Authority.

Emirates NBD has well established policies, procedures and controls that are approved by the ISSC and facilitate business activities in a manner that is compliant with Shari'ah.

The ISSC operates in accordance with the resolutions, standards and guidelines issued by the Higher Shari'ah Authority of the UAE Central Bank("HSA") and undertakes supervision of all Shari'ah compliant businesses, activities, products and services. The ISSC has an approved charter that covers the framework for referring matters to the ISSC, issuance of fatwas, and the decision-making process. The fatwas and resolutions issued by ISSC are binding upon Emirates NBD.

The ISSC issues a yearly report on its activities, including assurance that Emirates NBD Islamic consistently complied with the Shari'ah principles and agreed fatwas, and outlining any instances of non-compliance. The report is approved by UAE Central Bank Higher Shari'ah Authority and also presented to the Bank's shareholders in its General Assembly.

During the year 2022 198 meetings were held by the ISSC, there were no absentees.

The current Members of the Internal Shari'ah Supervision Committee are as follows:

Prof Dr. Mohamed Ali Elgari

(appointed 10 May 2020)

Prof Dr. Elgari holds the distinction of being a Former Professor of Islamic Economics at King Abdulaziz University, Jeddah, Saudi Arabia, and Former Director of the Center for Research in Islamic Economics, at the same university. He is an Expert at the Islamic Jurisprudence Academy of the OIC and the Islamic Jurisprudence Academy of the Islamic World League. Dr. Elgari is also a Member of the Board of Trustees of AAOFI as well as their Shari'ah Council.

Dr. Elgari is also Chairman and Member of numerous Shari'ah Boards of Islamic banks and Takaful companies worldwide. He has authored several books on Islamic finance, both in Arabic and English. Dr. Elgari holds a PhD from the University of California.

Prof. Dr. Mohammad Abdul Rahim Sultan Al Olama

(appointed 10 May 2020)

Prof. Dr. Al Olama is a professor of jurisprudence and its fundamentals at the College of Law at the United Arab Emirates University in Al Ain, in addition to being a certified expert in financial affairs concerning compliance with Islamic Shari'ah principles. Notably, he leads the Shari'ah committee at the Zakat Fund in the United Arab Emirates. He is a member of a number of Fatwa and Shari'ah Supervisory Boards for Islamic financial institutions and Takaful companies. Prof. Dr. Al Olama holds a PhD in Comparative Islamic Jurisprudence from Umm Al-Qura University in Makkah Al-Mukarramah, in the Kingdom of Saudi Arabia.

Dr. Salim Ali Al Ali

(appointed 26 July 2020)

Dr. Al Ali is an assistant professor at the Department of Shari'ah and Islamic Studies at the College of Law at the United Arab Emirates University, where he teaches a variety of courses related to Islamic law and Islamic banking. He was educated in the United Kingdom, where he received his PhD in Financial Law from the University of London. He holds a Bachelor's Degree in Shari'ah (Jurisprudence and its Fundamentals) and a Master's Degree in Islamic Banking and Finance.

Dr. Al-Ali was also a part-time lecturer for the LLM program at the BPP Law School, BPP University, based in London, where he lectured on a broad spectrum of jurisprudence matters, including Islamic, English, and comparative laws. He is a member of the internal Shari'ah Supervisory Committee for a number of institutions offering Islamic financial services.

Dr. Muhammad Qaseem

(appointed 1 August 2021)

Dr. Qaseem is a well-known Shari'ah scholar and Islamic banking expert. He is a member of the internal Shari'ah Supervisory Committee for a number of institutions offering Islamic financial services. He has taught in the International Islamic University of Islamabad for more than two decades. He has contributed immensely to the growth and regulation of the Islamic banking industry in various capacities.

Dr. Amin Fateh

(appointed 1 July 2021)

Dr. Fateh holds a Bachelor's Degree and Master's Degree in Honourable Hadith, and a PhD in Islamic studies. He has been involved in the Islamic Banking industry since 1988. He is a member of the internal Shari'ah Supervisory Committee for a number of institutions offering Islamic financial services. Dr. Fateh has also lectured in many universities and is a bilingual Islamic Finance trainer, providing many Islamic Finance training courses across the world.

SUBSIDIARIES AND INTERNATIONAL

The Group has strategically established an international footprint across the Middle East, Europe, Africa and Asia, operating through a number of subsidiary companies, branches and representative offices. This international footprint includes significant operations in Turkey, Egypt, Saudi Arabia and United Kingdom as well as operations in several Asian countries.

Each of the Group's international entities are required to comply with the Group's Corporate Governance Policies and with the applicable laws and regulations that apply in their jurisdiction.

VIOLATIONS, CAUSES AND AVOIDANCE

Emirates NBD maintains a process to ensure effective compliance with relevant regulations and to report any violations. During 2022, no material violations were identified or reported.

No major issues were identified and reported to the Board by the Group Chief Audit Officer, Chief Compliance Officer or Chief Risk Officer. No reservations were noted by the external auditor for the 2022 financial year.

STATEMENT OF CASH AND IN-KIND CONTRIBUTIONS TO LOCAL COMMUNITY AND PRESERVING ENVIRONMENT

Emirates NBD's Social Responsibility approach is based on a framework of 'Creating Shared Value' for our surrounding communities. We share the responsibility of improving the social and environmental conditions for our neighbourhoods and hope to enrich the lives of those who graciously share their space with us.

Philanthropy is a vital part of our purpose of creating opportunities to prosper and is our demonstration of sharing our good fortune with our fellow citizens and communities. Through our philanthropic spirit, we position ourselves as a socially responsible institution, validate our dedication to growing together with our surroundings, and fulfil our public duties.

For further details on the Group's ESG activities, please see the Group's ESG Report for 2022.

INVESTOR RELATIONS AND COMPANY PERFORMANCE

The Investor Relations department is primarily responsible for dialogue and interaction with external stakeholders including shareholders, debt holders, rating agencies and the professional investment community. Investor Relations coordinates the release of the Group's quarterly results to the public and updates stakeholders on performance and outlook.

Investor Relations coordinates with Corporate and Institutional Banking Compliance to maintain and monitor an "Insider" register in line with all relevant laws and regulations.

Up to 40% of the shares of the Group may be held by foreign investors according to the Articles of Association.

Mr. Patrick Clerkin is Senior Managing Director – Group Funding & Investor Relations.
Email: IR@EmiratesNBD.com - Patricke@emiratesnbd.com
Phone: +971 4 609 3009
Mobile: +971 50 921 1570
https://www.emiratesnbd.com/en/investor-relations/meet-the-team/

Investor Relations reports to the Group Chief Financial Officer.

The breakdown of shareholder types as at 31 December 2022 is set out in the following table:

	Shareholders Classification	Percentage of Owned Shares			
		Individuals	Companies	Government	Total
1	Local	12.47%	20.22%	55.76%	88.45%
2	Arab	0.07%	0.00%	0	0.07%
3	Foreign	0.70%	9.49%	1.29%	11.48%
4	Total	13.24%	29.71%	57.05%	100%

The following table sets out a statement of the shareholders who held 5% or more of the ENBD's shares as at 31 December 2022.

	Name	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
1	Investment Corporation of Dubai	3,521,999,640	55.7579%
2	Capital Assets LLC	336,614,121	5.329%

The following table sets out a statement of shareholders distribution by the size of equity as at 31 December 2022.

	Share(s) Ownership	Number of Shareholders	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
1	Less than 50,000	1,428	13,594,376	0.215
2	From 50,000 to less than 500,000	676	124,221,373	1.967
3	From 500,000 to less than 5,000,000	375	596,695,255	9.447
4	5,000,000 or more	71	5,582,087,249	88.372

Total number of Emirates NBD shares in issue = **6,316,598,253**

Statement ENBD share price in the market (closing price, highest and lowest price)at the end of each month during 2022.

No.	Month & Year	Monthly High	Monthly Low	Monthly Close
1	Jan 2022	13.900	12.650	13.35
2	Feb 2022	14.500	13.050	14.3
3	Mar 2022	15.500	13.800	15
4	Apr 2022	15.300	14.500	15.25
5	May 2022	15.300	12.500	13.15

No.	Month & Year	Monthly High	Monthly Low	Monthly Close
6	Jun 2022	14.000	13.000	13.2
7	Jul 2022	13.800	11.800	13.8
8	Aug 2022	14.100	13.350	13.35
9	Sep 2022	13.600	12.400	12.85
10	Oct 2022	13.300	12.800	13.25
11	Nov 2022	13.300	12.850	13.25
12	Dec 2022	13.400	12.700	13

Statement ENBD's comparative performance with general market during 2022.

No.	Month & Year	EMIRATESNBD	DFMGI	FINANCIALS
1	Jan 2022	13.35	3203.08	2416.75
2	Feb 2022	14.3	3354.64	2549.30
3	Mar 2022	15	3526.6	2587.59
4	Apr 2022	15.25	3719.63	2659.38
5	May 2022	13.15	3347.24	2399.45
6	Jun 2022	13.2	3223.29	2312.80
7	Jul 2022	13.8	3337.96	2368.10
8	Aug 2022	13.35	3443.11	2359.33
9	Sep 2022	12.85	3339.15	2381.43
10	Oct 2022	13.25	3331.76	2351.51
11	Nov 2022	13.25	3323.96	2348.51
12	Dec 2022	13	3336.07	2354.84

NEW PROJECTS AND INITIATIVES

During 2022, Emirates NBD reviewed and enhanced its governance policies and procedures in line with current regulations, to ensure a governance approach that is effective. Emirates NBD continued to develop key governance projects and initiatives during 2022, including implementing an electronic Board portal system to ensure effective, efficient and timely delivery of Board and committee papers in a streamlined and secure way.

Key governance initiatives planned for 2023 include enhancing processes around:

- Delegations of authority;
- Powers of attorney;
- Board and committee annual agenda planning; and
- Oversight of international activities.

Oversight for ESG matters will also be enhanced through the BNRESGC, with ultimate oversight by the Board.

Looking to the Future with Confidence

ESG REPORT 2022

Emirates NBD

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About this Report

REPORT SCOPE AND BOUNDARIES

With this report, we provide insights into our environmental, social, and governance practices, while showcasing our performance across 2022, as well as 2021 and 2020 where possible, recognizing both achievements and areas of improvement. Unless otherwise stated, all data is as of December 31, 2022. The report has been prepared in accordance with the GRI Standards, Core Option. It also aligns with the United Nations Global Compact (UNGC) Principles, the United Nations Sustainable Development Goals (SDGs), and the Dubai Financial Market (DFM) ESG Reporting Guide. The report covers our operations in the United Arab Emirates only (Emirates NBD Bank, Tanfeeth, Emirates Islamic, Emirates NBD Asset Management, Emirates NBD Capital), unless otherwise indicated. The report also provides highlight stories from DenizBank and our Egypt operations.

The use of the name "Emirates NBD" or "the Bank" in this report refers to Emirates NBD, Tanfeeth, and Emirates Islamic in the UAE, unless otherwise stated. The use of "Emirates NBD Group" or "the Group" refers to the entire group globally, with all its subsidiaries.

Overview of Emirates NBD Group

CORPORATE PROFILE AND GROUP STRUCTURE

With 98% of all financial transactions and customer requests carried out through digital channels, the Group is a major player in the worldwide digital banking market and has an extensive retail banking franchise in the UAE. The Group runs Liv., the millennials' lifestyle digital bank, which continues to be the fastest-growing retail offering in the UAE and KSA.

With a variety of financial products and services encompassing retail banking, corporate and institutional banking, Islamic banking, investment banking, private banking, asset management, global markets and treasury, and brokerage operations,

Emirates NBD provides financial products and services to individuals, businesses, governments, and institutions.

With a total of 900 branches and over 4,000 ATMs / SDMs, Emirates NBD

Group operates in the United Arab Emirates, Egypt, India, Türkiye, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Russia, and Bahrain, as well as through representative offices in China and Indonesia.

Emirates Islamic

Emirates Islamic, founded in 2004, has become a significant player in the UAE's fiercely competitive financial services industry. With a network of over 40 branches and around 200 ATMs/ CDMs throughout the UAE, Emirates Islamic (EI) offers a broad range of Shari'ah-compliant products and services throughout the personal, commercial, and corporate banking spectrum. EI is a pioneer in the rapidly expanding field of online and mobile banking. It was the first Islamic bank in the UAE to introduce a mobile banking app and make Apple Pay available, as well as the first Islamic bank worldwide to introduce chat services for customers using WhatsApp.

EI donates money to individuals in need as part of its commitment to the UAE community, with a focus on contributions for food, shelter, health, education, and social welfare.

DenizBank

DenizBank joined the Emirates NBD Group in July 2019. DenizBank, is a full-service commercial bank, with a vast network of more than 3,000 ATMs / SDMs, close to 700 branches in Türkiye, and an additional 25+ branches in Austria, Germany, and Bahrain. DenizBank employs more than 14,000 people to serve its more than 15 million+ customers.

International Emirates NBD Branches and Representative Offices

UAE, Group HO
~100 branches

DenizBank (Turkey HO)
Presence in 5 countries **(~700 branches in Turkey and ~30 in other locations)**

Saudi Arabia
~8 branches

India
3 branches

Egypt
~70 branches

Branches
1 each

Representative Offices

We are committed not just to national and regional development goals, but also international targets such as the Sustainable Development Goals (SDGs). The SDGs significantly inform our sustainable business strategy and management approach. Below we have highlighted how our initiatives align with specific SDGs, how they relate to our sustainability agenda and overall business and provide more detail on our recent achievements linked to the SDGs and the Emirates NBD business goals associated with them.

	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
Contribution to Emirates NBD sustainability agenda	Ensure healthy lives and promote well-being for all at all ages	Ensure inclusive and equitable quality education and pro-mote lifelong learning opportunities for all	Achieve gender equality and empower all women and girls	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Reduced inequality within and among countries
Relevance for Emirates NBD business strategy and performance	Employee well-being and security and safety at work, avoidance of accidents and injury	Development of em-ployee skills to better undertake their roles	Benefit from the skills female employees can bring to the organization and the positive image this creates for the company among all sections of society	Contribute to staff motivation and retention and productivity	Contribute to a prosperous society which helps ensure future commercial opportunities for the company and pool of potential employee talent and forward thinking customers
Emirates NBD recent achievements linked to the SDGs, our sustainability agenda and business strategies	• Life and health insurance plans • Comprehensive employee wellness programmes • Health and safety training courses for all staff	• Training to SME clients for business development • ESG certification for staff • Disability Etiquette and sign language workshops • Training and development of employees, dedicated programmes for Emiratis • Financial literacy and wellbeing initiatives and trainings for our customers, employees and students	• Sustainability Linked Loan with KPI of improving gender diversity at the Senior Management level • 'See Her Empowered' (SHE) programme and LetsLink Women's Club • Flexible working hours and increased maternity leave • First female board member elected in 2022 • 41% female workforce	• MOU with Emirates Development Bank to develop the SME ecosystem and economic output in the UAE • Provision of accessible banking services including Disability Friendly Branches, trained staff and Assistive Technologies • Employment opportunities for Persons with Disabilities through Careers Network platform	• Committed to the Targeted Economic Support Scheme (TESS) by the Central Bank of the UAE • Collaboration with UAE's Nonperforming Debt Relief Fund • #TogetherLimitless focuses on the social and financial inclusion of Persons with Disabilities • Compliant with the Central Bank of the UAE Consumer Protection Regulation

	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Contribution to Emirates NBD sustainability agenda	Make cities and human settlements inclusive, safe, resilient and Sustainable	Ensure sustainable consumption and production patterns	Take urgent action to combat climate change and its impacts	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Strengthen the means of implementation and revitalize the global partnership for sustainable development
Relevance for Emirates NBD business strategy and performance	Enhance local communities so that Emirates NBD is seen as a valuable entity within society, in turn helping with brand recognition and trust	Foster a culture of in-novation, efficiencies linked to sustainability and the creation of re-liable and trustworthy products and services	Reduce associated climate risks for the company and the region	Ensure that the company is always on the right path towards good governance and ethical behaviour	Furthering of in-house knowledge and global outlooks to inform corporate strategy
Emirates NBD recent achievements linked to the SDGs, our sustainability agenda and business strategies	• LEED certified buildings – 4 LEED Gold certified branches in UAE • Green Auto Loans/ Finance • Masdar Green REIT	• Green products such as Bio Cards with less plastic content • ESG Bonds and Sukuk including Sustainability Linked Loan with KPI of reducing water consumption • Efficient resource use (Energy, fuel and water) • Waste management and initiatives to Reduce, reuse and recycle • Certified Environmental Management Systems standard ISO 14001:2015. • Sustainable Procurement Policy	• 15% reduction in electricity consumption intensity compared to 2021 • 7% reduction in GHG intensity compared to 2021	• Emirates Islamic – Internal Shari'ah Supervisory committee • Employee Code of Conduct • Cyber security • Fraud, Anti-Bribery and corruption, Whistleblower policy • Business Continuity and Crisis Management	• Partnership with UN Principles for Responsible Investment • Partnership with UN Global Compact

DUBAI CHAMBER COMMERCE | CENTRE FOR RESPONSIBLE BUSINESS CSR LABEL 2022

Emirates NBD has been awarded the Dubai Chamber CSR Label for the second year in a row, which is designed to provide organizations with a diagnosis and a development tool that will help them refine and improve their CSR strategy, policies and practices.

The Label considers a company's approach to CSR and Sustainability across four impact areas: Workplace, Marketplace, Community and Environment.

Our Strategic Approach

OUR STRATEGIC APPROACH

The United Arab Emirates celebrated its 50th Golden Jubilee in 2021 and this milestone event also inspired us to refocus our goals, renew our mission as the impetus for all our actions, and redefine our values, which set forth our guiding principles and expectations. We are highly in tune with the need for innovation in the modern world. To enhance our technology capabilities and thinking, we revamped our organisation.

To better the lives of our customers, employees, and communities, we continuously innovate to understand their needs and challenges and go beyond the obvious to see what next helps us define our innovation strategy. Our focus is on advancement, but people are where our centre of gravity lies.

We are motivated by the pursuit of new ideas in order to enhance our operations, our output, and - most crucially - our environment, workplace and community relations. These factors taken together, drive our actions beyond banking services and solutions to have a positive and lasting influence on all our stakeholders, as well as the communities in which we operate.

Our vision unites us as a team to work together, accept responsibility, put energy and enthusiasm into our job every day and remain entrepreneurial, while continuing to learn new skills and pursue new possibilities to expand our business for the benefit of all our stakeholders.

Our activities are always guided by our principles, from making strategic choices to interacting with clients and colleagues. The community is at the core of our values and principles, thanks to our corporate culture.

By adopting our new **Vision, Purpose, and Values approach,** we bolster our position as an innovative financial services provider that personifies a brand new approach to banking and reflects the dynamism, aspiration, and entrepreneurial spirit of our wonderful country.

VISION, PURPOSE AND VALUES

Vision
To be the most innovative bank for our customers, people and communities

Purpose
To create opportunities to prosper

Values
Collaboration, Ownership, Drive, Enterprising (CODE)

We use these renewed Vision, Purpose and Values as guiding principles to help us re-energize our sustainability mission moving forward.

Sustainability Mission at EMIRATES NBD

Vision	Purpose	Values
To be an innovative bank	To create opportunities for all	Collaboration, responsibiity, entrepreneurship

MESSAGE FROM GROUP CEO

Emirates NBD is pleased to present its seventh Annual ESG Report of 2022, reflecting our Environmental, Social, and Governance performance.

Our commitment to embed ESG in our core culture, operations and strategy can be seen, not only in the achievements outlined in this report, but also with the appointment of a Group Head of ESG, Vijaypal Singh Bains. As we advance on our sustainability journey, this dedicated function will align the organisation's adherence to ESG principles and practices, and develop our ESG framework set to be published in 2023.

2022 saw progress being made in reducing our emissions at a Group level, and across international branches in Singapore, Egypt, Turkey, India, Saudi Arabia and United Kingdom. Scope 1, 2 and 3 emissions were disclosed in our 2021 report, and moving forward we aim to improve and align our tracking mechanics to global standards?

Our framework for sustainable investments also saw newly onboarded fund strategies managed by UN PRI signatories. Emirates NBD Capital has been expanding its sustainable financing offerings and is now a regional leader in this field, having led 24 ESG bond issues from China, India, Russia, KSA, Turkey and the UAE in 2021. Notable issuances also include the first-ever USD corporate green Sukuk and the first-ever COVID-19 Sustainability Sukuk.

We continue to strive towards gender parity. New female hires have more than doubled between 2020 and 2022, and the number of women in middle management has also grown by an impressive 28% over the same period. A female leadership target has also been set, aiming at 25% of senior roles to be filled by women by 2027.

ESG awareness and education across the organisation, from Board of Directors and executive management to staff, is a key priority, as continuous learning ensures stakeholders are up to date on latest sustainability standards and regulations.

Finally, we take inspiration from the national vision of the UAE, and HH Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai's priorities for the year 2023, which include advocating for the environment and sustainability, in solidifying our own commitment to a sustainable future.

Vijaypal Singh Bains

Chief Sustainability Officer,
Group Head of ESG

MESSAGE FROM GROUP HEAD OF ESG

Among Emirates NBD's key sustainability milestones, our new, independent ESG Department marks an important step towards further advancing our ESG strategy and framework. This report, which demonstrates how we have incorporated ESG into the core of our culture and operations, provides an overview of Emirates NBD's performance against global ESG criteria in line with GRI Standards. Emirates NBD's 2022 ESG Report has also been generated in accordance with United Nations Sustainable Development Goals (SDGs) metrics and the Dubai Financial Market (DFM) ESG Reporting Guide.

In this report, we showcase our achievements, including being awarded the Dubai Chamber CSR Label for the second consecutive year. We take great pride in such recognition, which we believe is the result of our continuous efforts towards operating more responsibly. Our Materiality Analysis is among the many exercises we use to strengthen our sustainability proposition, with the 2022 edition yielding highly relevant input and an updated matrix for future stakeholder and business impact.

As we work towards our goals, we renew our commitment to ESG education, which is crucial to driving tangible results by integrating ESG principles into business strategy and operations. The Emirates NBD Board, executive management and staff are placing greater emphasis on acquiring the knowledge and skills needed to promote sustainable development across the group, a key driver for the successful implementation of ESG integration.

Whether it is newly onboarded strategies, enhanced product offerings, or a focus on sustainability criteria, our ambition knows no bounds as we continually realign our framework with the UAE's Net Zero 2050 initiative. Today, we remain committed to the UAE's sustainability vision and the sustainable future of banking.

OUR STAKEHOLDERS

Communication with a wide range of stakeholders is essential for tracking our progress towards sustainability goals; preparing for potential obstacles; and finding solutions for them. The core stakeholder groups, primary methods of engagement, and frequency of engagement are listed below.

STAKEHOLDERS	ENGAGEMENT METHODS	KEY TOPICS RAISED
Employees	Bank's Intranet and In-Person engagement	Latest news, appreciations, learning and development, internal vacancies, referrals, employee management, service charter, etc.
Board of Directors	Board of Directors meetings held 6 times a year	Strategy planning and oversight
Investors	Investors Relations Team and website section	Financial and non-financial performance
Customers	Voice of Customer' satisfaction surveys	Exceptional customer experience
Suppliers	Tenders and RFPs	Fair suppliers' selection and partnership
Local Community	Partnerships with community organisations	Empowering local communities
Government	Compliance with the UAE Central Bank, Dubai Financial Services Authority and other regulator's directives. Alignment with the Government's vision and strategic objectives.	Creating long-term socio-economic impact
Environment	Partnerships with environmental organisations, both locally and globally	Reduce emissions and carbon footprint, actively contribute to improving the environmental impact
Media	Radio/TV interviews, daily market commentary, weekly and monthly newsletters and press releases	Keep the public and our customers informed about our activities, products and services as well as create awareness about cyber security topics

OUR MATERIAL ISSUES

We regularly perform a Materiality Analysis exercise to stay current on the opinions of our stakeholders regarding different environmental, social, and governance issues that could have an impact on our operations. In addition to being supported by GRI Standards, this practice encourages internal and external dialogues and places an emphasis on fresh, different viewpoints in order to identify and address issues that are crucial to us today and in the future.

2019 saw a re-ordering of the materiality subjects based on our analysis. Once every three years is the target frequency for the materiality assessment. In 2022 we undertook our latest stakeholder survey to identify current material issues, following a five step research process which we summarise below.

Five Step Materiality Analysis

1. **Reviewed publicly available documents (including the Annual Report and Responsible Business Report) to understand Emirates NBD's stakeholders – who we identify below – and the method and frequency of Emirates NBD's engagement with them**
2. **Reviewed Emirates NBD's stakeholder engagement plan, and discussed with management how they engage with their stakeholders**
3. **Conducted interviews with management and subject matter experts to support our desktop research**
4. **Agreed the full list of stakeholders with Emirates NBD management to confirm completeness**
5. **Engaged with community representatives who consider future generations to understand the views of those we cannot easily identify**

Our Materiality Analysis undertaken in 2022 resulted in the identification of all relevant inputs and stakeholders together with an updated materiality matrix, and these various elements are summarised graphically below.

Overview of materiality inputs

ESG regulation and frameworks
- Global Reporting Initiative
- SASB
- EU Taxonomy

Key stakeholders
- Customers
- Consumers
- Government
- Local communities
- Investors
- Employees
- Regulators
- Suppliers / contractors

Regulators
- CBUAE
- EU
- International Regulators in countries of operation

Public information
- Annual report, responsible business report (and other ESG reporting)
- WEF Global Risks Report

Management
- Internal documents provided by ENBD (e.g., minutes, risk register)
- Management interviews

Industry peers
- Regional and Global peers as agreed with ENBD

Our stakeholders identified

International Branches	Business Partners	UAE and International Communities	Global ESG Regulators
External Experts	Employees	National Governments	Contractors
Government Partners, Industry Bodies, NGOs	Debt Investors	Lenders	Media
Management	UAE Customers	International Customers	Equity Investors

Overview of materiality inputs

1 Define

Long list of topics with corresponding positive and negatve impacts

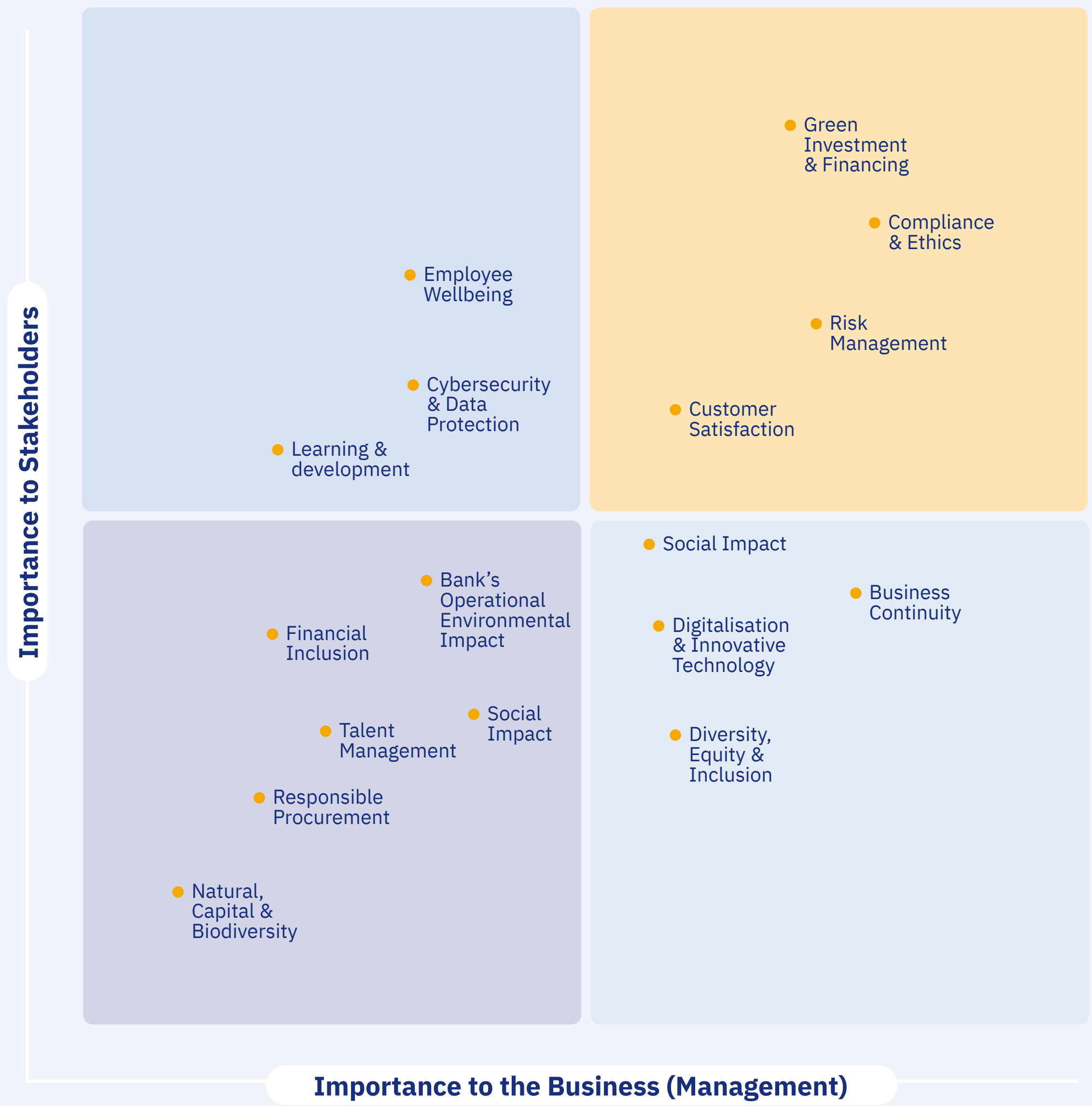
2 Assess

- **Impact Materiality**: Stakeholders view; Management Views
- **Financial Materiality**: ENBD Finance Team

3 Refine & Validate

- Final list of prioritised material topics
- ENBD Management
- Final approval from ENBD exec. committee

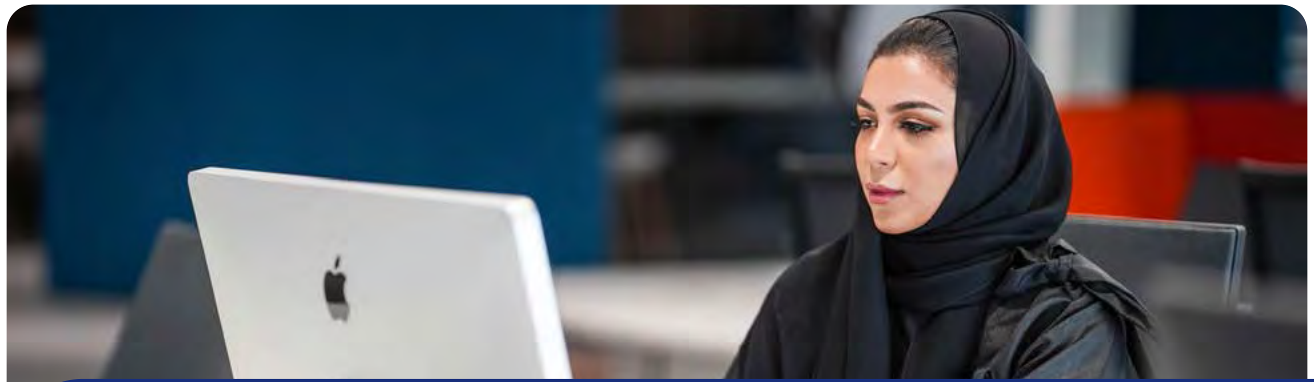
Materiality matrix defined



GOVERNANCE

Good governance encourages accountability, transparency, efficiency, and the rule of law at all levels, allowing for effective management of human, environmental, economic, and financial resources for equitable and long-term development. We have a rich history of sturdy governance committees, policies, and practices, which can be understood as the fair distribution of responsibilities, privileges, and powers among organisational hierarchies to ensure compliance with values as well as regulations.

For more information regarding Emirates NBD Group corporate governance framework, Board of Directors and Committees, cybersecurity and privacy policy, please refer to Corporate Governance Report 2022.



ESG OVERSIGHT AND MONITORING

ESG is embedded into the culture, operations and strategy of Emirates NBD, and supports all strategic decision-making. Strategic ESG matters, including corporate sustainability strategy, are the responsibility of the Emirates NBD Board of Directors and the Board Nomination, Remuneration and ESG Committees, to include how ESG is embedded into strategic initiatives, projects and general operations. The Board of Directors also monitors how evolving global standards are selected and incorporated into the ESG framework.

The Group Head, ESG, is a senior member of key management committees within Emirates NBD. Regular updates on ESG will be provided to the Board of Directors. Emirates NBD's ESG framework is aligned strongly with key global and country commitments, for example the Sustainable Development Goals of the United Nations and the UAE Vision 2030.

As more strategic initiatives are adopted nationally, including those relating to Net Zero and energy, and as international standards continue to evolve and develop, particularly in the areas of sustainability accounting, audit and ethics standards, Emirates NBD continues to develop its approach to ESG in line with these evolving standards, both regionally and globally.

Group Risk Management

As a financial institution, we face risks including cybersecurity, fraud, bribery and corruption, business continuity, and crisis management, and we are also accountable for them. Since our primary services are provided to our clients and the general public, it is crucial that we organise our risk-reduction procedures to guarantee that their demands are served consistently and ethically and that their information is kept private and secure.

In addition to assessing and influencing the Group's forward-looking strategy, Emirates NBD Risk Management has been proactive and instrumental in identifying key existing and emerging risks and risk drivers, measuring and managing such risks against the backdrop of changing macroeconomic conditions.

The major committees at the Board level that supervise risk management for the Group are the Board Risk Committee, Board Audit Committee, and Board Credit and Investment Committee. The Group continues to use an enterprise-wide approach to risk management in accordance with best practice. In order to reduce risks and successfully accomplish business goals, the Enterprise and Regulatory Risk unit supports coordination across key risk operations and offers a comprehensive perspective of emerging threats.

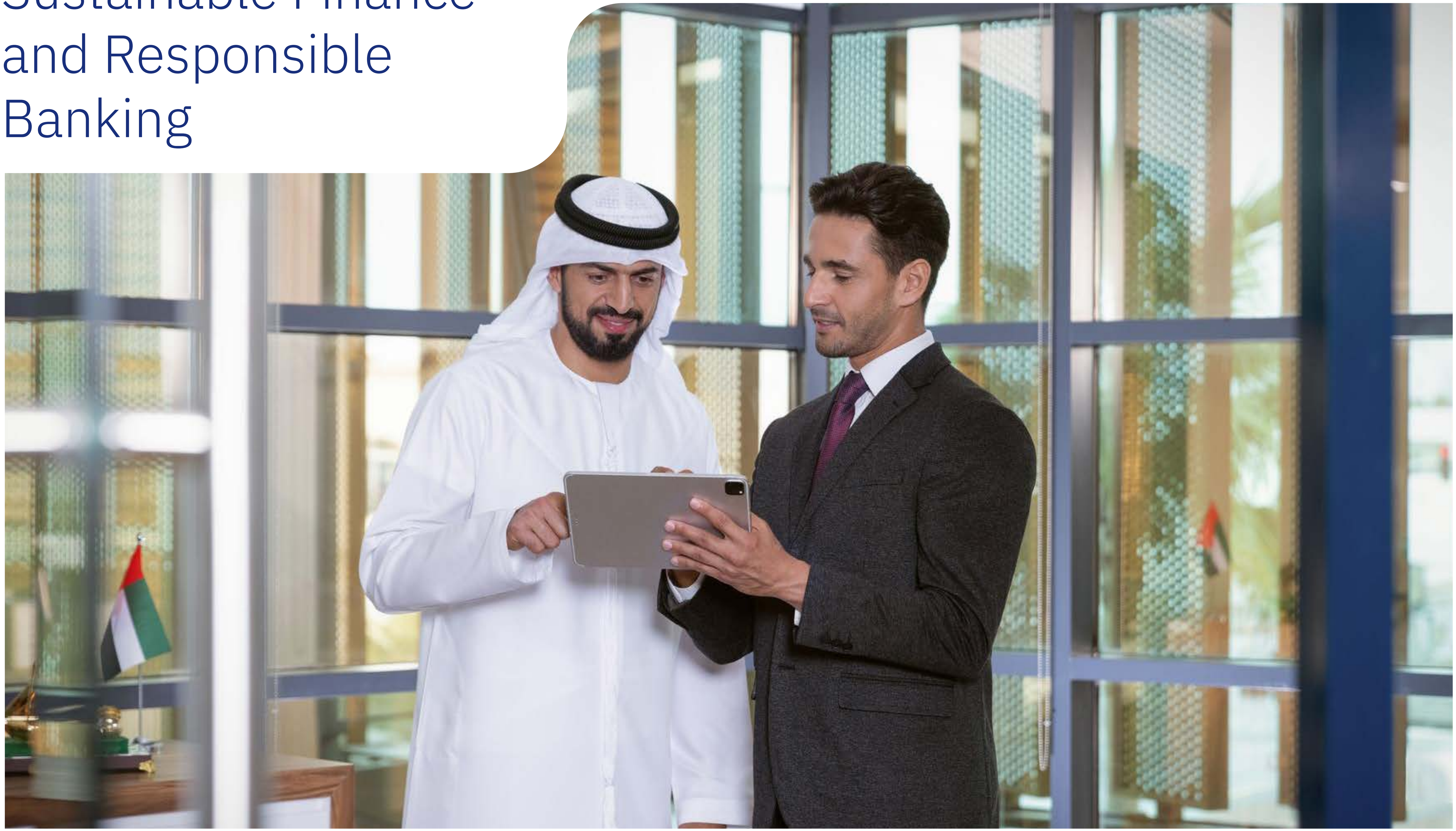
For more information about the risk management processes please refer to our 2022 Corporate Governance report.

Climate Risks

The Bank is in the process of designing a holistic climate risk policy intended to integrate within the existing risk management framework. The key objectives of this policy are the following:

- **Enhance resilience to and management of climate risk through sound risk management practices.**
- **Incorporate material climate risks into the overall risk strategy and risk appetite framework of the bank.**
- **Create a common definition for climate risks and taxonomy across the bank.**
- **Promote capacity development an develop climate risk awareness and understanding at all levels of the Bank.**

Sustainable Finance and Responsible Banking



ECONOMIC GROWTH AND IMPACT

Community and social contributions via our corporate taxation obligations

Tax is one of the ways in which institutions contribute to the societies in which they operate. Despite the absence of a corporate tax regime in UAE, in 2022, total global tax borne by the Group was AED 1,426 million (as at December 2022) which was primarily on business profits and in 2021, total taxes paid by the Group were AED 689 million. These tax contributions are primarily in overseas jurisdictions such as Türkiye, United Kingdom, Singapore, Kingdom of Saudi Arabia, Egypt and India.

As part of the Group's commitment to maintain a transparent, appropriate and prudent tax approach, the Group complies with tax laws and regulations of the relevant local tax regulators and authorities and we also pay taxes due on our profits in line with the spirit of local tax laws. We also ensure that we manage our tax affairs in accordance with our principles, that our returns are filed on time and that the correct amount of tax is paid.

The Group constantly ensures an effective interaction with tax authorities and aims to maintain a constructive and professional relationship with tax authorities. This includes giving full co-operation when dealing with enquiries raised by tax authorities. When it is unclear how tax law should be applied, we may engage with tax authorities to confirm the correct application of tax law.

For more information on our financial overview and economic impact, please refer to our **2022 Annual Report** and for more information on our audit fee disclosure please refer to **Appendix B.**

SUSTAINABLE FINANCE

Our strategy for responsible finance and investing emphasises the significance of environmental, social, and governance aspects to investors as well as the long-term health and stability of the market. We understand that sound social, environmental, and economic systems are necessary for long-term sustainable profitability. To promote the transition to a low-carbon economy, handle climate-related risk, and investigate sustainable, green financing alternatives, we are further expanding our organisation's competence, knowledge and skills.

Sustainable Investment Framework

We recognise the influence we can have by involving, and offering sustainable products to, our customers, as well as the part we play in developing processes to be more sustainable. Our Wealth Management and Sustainable Investment Framework is created with this objective in mind. A framework for sustainable investments is one **which does not borrow from the future**, respects i**nter-generational equity** and which shows:

- Respect for stakeholders, the environment, and society in addition to having strong financial characteristics;
- Consideration for the long-term impact on future generations;
- Funding activities consistent with a safe, healthy, and equitable society.

In Phase I of our sustainable investing module, we began with a straightforward yet effective framework comprising three categories - "average," "aware," and "engaged" - that consistently apply to all our advised financial instruments, including stocks, bonds, funds, and structured products. A "not rated" category will be used for assets that have a lower impact in terms of sustainability (cash, typically). In terms of industries, we exclude businesses having a predominance of exposure to alcohol and tobacco. In later phases of our strategy development, we may also examine other ethical restrictions. Finally, it is critical to emphasise that this is just the beginning of our Wealth Management efforts to raise awareness and influence investment decisions. In the years to come, specialised solutions, focus issue reports and position papers will be added to our approach, enhancing it thoroughly and continuously.
added to our approach, enhancing it thoroughly and continuously.

Phase 1 - Three ESG Categories across instruments

Average

The quality screening for selecting all our recommended instruments implies no outright contradiction with sustainability goals, however no factual element supports an explicit sustainability qualification.

This category includes all our recommended instruments which are not in the two others.

Aware

The investment includes sustainable attributes and elements of alignment with Sustainable Developments Goals, proven by factual elements (ESG rating, policy, commitments, initiatives...)

This category relies on specific criteria for each type of instruments (see below).

Engaged

The investment includes an explicit sustainability target which may be as important as the expected financial return. This investment targets a "double return": financial and extra financial.

Investments in this category are explicitly selected by the underlying specialist with a judgmental opinion on top of factual criteria.

The selection process for all our advised investments - bonds, stocks, and other products - includes sustainability considerations. Regarding the latter, our open architecture fund carefully tracks the sustainability strategy on two fronts: the asset management firm and the investing procedure for the particular products under consideration.

All our newly on-boarded fund strategies are managed by UN PRI signatories who take sustainable criteria into account at the company-wide level. About half the products we recently added to our Focus List were explicitly sustainable, with high ESG standards and thematic selections. Thematic and regional equities, global and regional fixed income, and multi asset funds are just a few of the categories where we provide products that are either ESG enhanced or focused.

Emirates NBD Asset Management

The Dubai Financial Services Authority regulates Emirates NBD Asset Management Limited (Emirates NBD AM), which is the Bank's sole asset management division (DFSA). We provide services for portfolio management as well as conventional and Shari'ah compliant funds. Emirates NBD AM manages funds spanning a wide range of asset classes and regions, some of which are headquartered in the EU, and here Funds are compliant with the Sustainable Finance Disclosure Regulations (SFDR).

Emirates NBD AM has joined more than 4,000 other organisations worldwide that have publicly affirmed their commitment to responsible investment by becoming a signatory to the United Nations Principles for Responsible Investment (UN PRI). This choice took over a year of deliberation and research, showcasing our dedication to sustainable investing. In order to develop and execute new policies and systems that incorporate ESG factors into our style of operations, a committee of senior management members was established as the first stage of our involvement.

To better incorporate ESG factors at all levels, including research, portfolio management, and internal investment committees, we improved our research and investment processes for major asset classes in 2022. Beginning with the initial phases of an investment opportunity, we evaluate ESG factors in what has become a normal component of our investment process.

The Board of Directors, Executive Management, and staff of Emirates NBD AM place a strong emphasis on the process of ESG learning and awareness. As the ESG market is always changing, Emirates NBD AM makes sure that staff members are up to date with the most recent trends and sustainability standards by providing training sessions and awareness-raising activities led by outside specialists. As a result, Emirates NBD AM will be better able to implement the agendas and decision-making procedures of important stakeholders and develop a shared awareness of ESG throughout the business. All employees of Emirates NBD AM have completed certification training from a group of highly regarded organisations, such as the CFA Institute, Candriam Academy, and Chartered Institute for Securities Investment (CISI).

In a number of its managed funds and portfolios, Emirates NBD AM adheres to Shari'ah standards, and we include sustainability in all of our investment strategies. Emirates NBD AM is of the opinion that by taking environmental, social, and governance aspects into account when making investment decisions and by doing so in accordance with Islamic principles, we should be better able to manage risks associated with ESG and spot opportunities. Emirates NBD AM does not own any stocks of companies that engage in the sale of alcohol, cigarettes, gambling, or other products that are prohibited by Shari'ah law or United Arab Emirates law.

Our responsible investing approach summary

ESG Investing

The selection process for all of our advised investments includes sustainability considerations. Regarding the latter, our open architecture fund carefully tracks the sustainability strategy on two fronts: the asset management firm and the investing procedure for the particular products under consideration.

Shari'ah Law

Around 50% of the funds and mandates that we manage are Shari'ah compliant which means we screen each underlying security to make sure that no investments are directed towards companies / security issuers which are socially or morally not acceptable, such as Ammunition, Tobacco, Pornography, Gambling,

Regulations

The Sustainable Finance Disclosure Regulation (SFDR) imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants. Given that we manage funds that are domiciled in Luxembourg, we revised our prospectus to include the necessary SFDR disclosure requirements.

Training

All employees of Emirates NBD Asset Management have been tasked to attend at least one ESG related course or certification, lasting at least 6 hours. This has been made part of the KPI for all employee reviews and job description and will be part of their performance evaluation at the end of the year.

ESG Integration

All internal stakeholders (investment teams, IT and sales & marketing) are undergoing training and education to gradually integrate ESG factors into investment decisions and ownership practices. We also aim to help the production team with record keeping for engagement, educate our sales & marketing teams with ESG reporting and target discussions with asset owners.

Unless specifically mandated by asset owners to follow a certain ESG-integration approach, we have established the following guiding principles for ESG integration at Emirates NBD AM.

- We are preparing to follow a full ESG integration approach with quantitative and qualitative analysis of ESG information using leading third-party sources – Sustainalytics, Moody's and Bloomberg, and internal analysis with information from periodic engagements with investee companies
- We aim to use ESG data from the above-mentioned third-party sources alongside traditional fundamental analysis to achieve ESG integration (and do not pursue a screening, exclusions or best in class approach)
- The investment team is establishing a separate framework for sovereigns (fixed income) and corporates/banks (fixed income, equities and money-market instruments). The underlying analysis, governed by this framework, is currently being prepared for submission to the Responsible Investment Committee (RIC)
- The Responsible Investment Policy, which is the overarching document governing Emirates NBD AM's commitment to ESG adoption, will be available for external publication as soon as our ESG integration approach is adopted for at least 50% of assets under management

Sustainable Real Estate Investing

In order to create and assist in managing the first sustainable real estate investment trust (REIT) in the UAE, Emirates NBD AM entered into a deal with Masdar, a Mubadala company. Masdar Clean Energy is a pioneer in the development and management of utility-scale renewable energy projects, community grid initiatives, and energy services advisory services. The goal of the Masdar Green REIT is to invest in green real estate assets created in Masdar City, the first green urban development and technology and innovation centre in the world, and the United Arab Emirates. Masdar City is a low-carbon development made up of a residential neighbourhood, a business free zone, and a clean-tech cluster that is quickly expanding.

The portfolio of the REIT includes several businesses in Masdar City. According to LEED and Estidama Pearl Building Rating System baselines, buildings within Masdar City are intended to reduce energy and water consumption by at least 40% (audited in accordance with Masdar's GRI-based sustainability report), achieving a minimum "3 Pearl" rating under Estidama standards. The company also oversees the Shari'ah-compliant EMIRATES NBD REIT, which is listed on the Nasdaq Dubai Exchange. It has also agreed to use the US Green Building Council's Arc Platform to track the sustainability and LEED certification of all the assets in the EMIRATES NBD REIT portfolio.

Emirates NBD Capital

For the Emirates NBD group of companies, Emirates NBD Capital (EmCap) is a full-service, international investment bank. EmCap offers a comprehensive package of solutions to its international clientele across debt and equity. EmCap is based in the Dubai International Financial Centre (DIFC) and is subject to regulation by the Dubai Financial Services Authority (DFSA) and the Securities and Commodities Authority (SCA) for onshore UAE activities. EmCap KSA, which has been fully authorised by the Capital Markets Authority (CMA) in the Kingdom of Saudi Arabia (KSA) to offer a full range of investment banking services in KSA, supports the team in Dubai.

EmCap has been expanding its sustainable financing offerings and is now a regional leader in this field. For issuers and borrowers in China, India, Türkiye, and the UAE, EmCap has led multiple sustainable financing transactions in both the loan capital markets and debt capital markets. Notable issuances include the first-ever USD corporate green Sukuk.

EmCap has set up a dedicated desk to offer sustainable financing options to its international clientele across the full breadth of its investment banking product offering as part of its ongoing commitment to deliver best-in-class service.

EmCap Sustainable Solutions

Loans & Syndications	Debt Capital Markets	Equity Capital Markets & Corporate Finance
Structuring of green / social / sustainability loans including creation of frameworks and advising on use of proceeds	Structuring of green / social / sustainability bonds & Sukuk including creation of frameworks and advising on use of proceeds	ESG Rating Advisory
Structuring of Sustainability-Linked Loans including negotiation and creation of KPIs and Sustainability Performance Target (SPTs)	Structuring of Sustainability-Linked bonds & Sukuk including negotiation and creation of KPIs and SPTs	Transition / change management advisory
Transition Finance Advisory & Structuring	Transition Finance Advisory & Structuring	General ESG Advisory
ESG Rating Advisory	ESG Rating Advisory	
General ESG advisory	General ESG advisory	

Promoting the transition of Türkiye to low carbon economy, DenizBank gives priority to financing the investments in energy efficiency and renewable energy. It is planned to comprehensively monitor the environmental and social impact levels of the investments to be financed in the upcoming period, with physical measurement and assessment systems. DenizBank has provided a project financing support of USD 1.1 billion for renewable energy projects and sustainability to date.

Emirates NBD Capital as a Regional Leader in ESG Issuances

Extensive Experience in leading ESG Issuances across products, industries and regions

Dubai Islamic Bank	USD 750m	Senior Unsecured Sustainable Sukuk	5.493% due 2027	A3/-/A	Joint Bookrunner	UAE	Nov 2022
Majid Al Futtaim	USD 500m	Reset Subordinated Perpetual Green Bond	7.875% PNC 5.25	-/BBB/BBB	Joint Bookrunner	UAE	Jun 2022
ICBC Singapore Branch	USD 600m	Senior Unsecured Green Bond	SOFR+75bps due 2025	A1/A/-	Joint Bookrunner	Singapore	May 2022
兴业银行 Industrial Bank Co. Ltd	USD 650m	Senior Unsecured Green Bond	3.25% due 2025	Baa2/-/BBB	Joint Bookrunner	China	May 2022
KuveytTürk	USD 350m	Tier 2 Sustainable Sukuk	6.125% 10.25yrs NC 5.25yrs	Unrated	Joint Bookrunner	Turkey	Sep 2021
adani Renewables	USD 750m	Senior Unsecured Green Bond	4.375% due 2024	Ba3/-/-	Joint Bookrunner	India	Sep 2021
Axis Bank	USD 600m	Additional Tier 1 Sustainable Bond	4.100% Perp. NC 5yrs	B1/-/-	Joint Bookrunner	India	Sep 2021
adani Electricity Mumbai	USD 300m	Senior Secured Sustainability Bond	3.867% due 2031	Baa3/BBB-	Joint Bookrunner	India	Jul 2021
Continuum	USD 561m	Senior Secured Green Bond	4.500% 6yrs NC 3yrs	Ba2/-/BB+	Joint Bookrunner	India	Feb 2021
Sovcombank	USD 300m	Senior Unsecured Social Bond	3.400% due 2026	Ba1/-/BB+	Joint Bookrunner	Russia	Jan 2021
Shriram	USD 500m	Senior Secured Social Bond	4.400% due 2024	-/BB-/BB	Joint Bookrunner	India	Jan 2021
VakifBank	USD 750m	Senior Unsecured Sustainable Bond	6.500% due 2026	B2/-/B+	Joint Bookrunner	Turkey	Dec 2020

ENBD is a leader in arranging ESG issuances across conventional & Sukuk format

Set out opposite and overleaf is a summary of the ESG transactions we have led over the last three years

In each of the transactions, we have acted as a gateway to connect ESG issuers with the growing ESG liquidity within the Middle East region and beyond

Emirates Islamic

Emirates Islamic (EI) closely adheres to Shari'ah law in all business dealings and the products it delivers. The goal of EI is to offer the highest standards of Islamic finance, and all of EI's operations are under the direction of the EI Shari'ah Committee. The terms of a transaction or a new product (where appropriate) are submitted to the EI Shari'ah Committee for approval prior to execution or

JSW Infrastructure	USD 400m	Sustainability linked bond	4.95% due 2029	Baa2/-/BB+	Joint Bookrunner	India	Jan 2022
Shriram	USD 475m	Senior Secured Social Bond	4.15% due 2025	-/BB-/BB	Joint Bookrunner	India	Jan 2022
SNB	USD 750m	Senior Unsecured Sustainable Sukuk	2.342% due 2027	-/A-/A-	Joint Bookrunner	Saudi Arabia	Jan 2022
中国银行 Bank of China	USD 300m	Senior Unsecured Sustainability Re-Linked Bond	1.000% due 2024	A1/A/A	Joint Bookrunner	China	Oct 2021
兴业银行 Industrial Bank Co. Ltd	USD 600m & HK$ 2.5bn	Senior Unsecured Green Bond	USD: 0.875% due 2024 HKD: 0.750% due 2024	Baa2/-/-	Joint Bookrunner	China	Jun 2021
中国银行 Bank of China	USD 500m	Senior Unsecured Green Bond	0.800% due 2024	A1/A/A	Joint Bookrunner	China	May 2021
Delhi Indira Gandhi International Airport	USD 450m	Senior Green Bond	6.250% due 2025	Ba3/-/BB	Joint Bookrunner	India	Mar 2021
Shriram	USD 225m	Senior Secured Social Bond (Tap)	4.40% due 2024	-/BB-/BB	Joint Bookrunner	India	Mar 2021
兴业银行 Industrial Bank Co. Ltd	USD 450m & HKD 3,000m	Senior Unsecured Green Bonds	USD: 1.125% due 2023 HKD: 1.100% due 2022	-Baa2/-/-	Joint Bookrunner	China	Oct 2020
Etihad Airways	USD 600m	Senior Transition Sukuk	2.394% due 2025	-/-/A	Joint Bookrunner	UAE	Oct 2020
IsDB Islamic Development Bank	USD 1,500m	Senior Unsecured Sustainability Sukuk	0.908% due 2025	Aaa/AAA/AAA	Joint Bookrunner	KSA	Jun 2020
Shriram	USD 500m	Senior Secured Social Bond	5.100% due 2023	-/BB+/BB+	Joint Bookrunner	India	Jan 2020

We have led a number of **"world first"** ESG issuances including the first and second ever USD corporate Green Sukuk, the first ever USD Sustainability and CoVID-19 relief Sukuk and the first ever Transition Sukuk

We have also **led several debut ESG issuance**s for issuers in China, India and Turkey

Sustainable Loan Solutions

Achieving Our Clients' Environmental, Social & Governance Objectives

Türk Eximbank

USD 136m, EUR 404.2m & CNY 350m

367-day Sustainability-Linked Term Loan

Joint Coordinator, Mandated Lead Arranger and Bookrunner

Turkey | Nov 2022

- ✓ Increasing sustainable agricultural loans
- ✓ Percentage change in purchases turnover of the Borrower's producer card

DenizBank

USD 276.5m & EUR 329.5m

367-day Sustainability-Linked Term Loan

Joint Coordinator, ESG Coordinator, Mandated Lead Arranger & Bookrunner

Turkey | Nov 2022

- ✓ Increasing female SME customer loan portfolio
- ✓ Increasing ESG training among staff
- ✓ Measure GHG emissions for HQ and branches

İşbank

USD 257m & EUR 483m

367-day Sustainability-Linked Term Loan

ESG Coordinator Mandated Lead Arranger & Bookrunner

Turkey | Jun 2022

- ✓ Increasing disabled friendly ATMs
- ✓ Paper savings to be achieved through digitized processes

DenizBank

USD 196m, EUR 204.3m & CNY 255m

367-day Sustainability-Linked Term Loan

ESG Coordinator Mandated Lead Arranger & Bookrunner

Turkey | Jun 2022

- ✓ Increasing female SME customer loan portfolio
- ✓ Increasing ESG training among staff
- ✓ Measure GHG emissions for HQ and branches

Garanti BBVA

USD 283.5m & EUR 290.5m

367-day Sustainability-Linked Term Loan

Mandated Lead Arranger

Turkey | May 2022

- ✓ Increasing social financing supporting women-owned enterprises
- ✓ Increasing financing supporting SMEs
- ✓ Commitment to list under Gender-Equality Index in 2023

VakıfBank

USD 222.5m & EUR 328m

367-day Sustainability-Linked Term Loan

Joint (ESG) Coordinator, Mandated Lead Arranger, Bookrunner and Documentation Agent

Turkey | Nov 2022

- ✓ Increasing the amount of lending to women-inclusive SMEs
- ✓ Reduction of paper consumption at HQ level

Garanti BBVA

USD 155m & EUR 238.5m

367-day Sustainability-Linked Term Loan

Join Coordinator, Sustainability Coordinator and Arranger

Turkey | Nov 2022

- ✓ Increasing commitment towards social mobilization financing supporting woman-owned enterprises
- ✓ Increasing financing supporting SMEs

Akbank

USD 225m & EUR 177.5m

367-day Sustainability-Linked Term Loan

(ESG) Coordinator, Mandated Lead Arranger & Bookrunner

Turkey | Sep 2022

- ✓ Replacement of Credit PVC cards with rPVC
- ✓ Increasing use of renewable energy

ING

EUR 300m equiv.

367-day Sustainability-Linked Term Loan

Mandated Lead Arranger & Bookrunner

Turkey | Jun 2022

- ✓ Sustainable asset growth
- ✓ Increasing ESG training among staff
- ✓ Increasing female manager employee levels

VakıfBank

USD 199.5m & EUR 738.7m

367-day Sustainability-Linked Term Loan

ESG Coordinator Mandated Lead Arranger & Bookrunner

Turkey | May 2022

- ✓ Increasing use of renewable energy
- ✓ Reduction in GRG emissions
- ✓ Obtaining a LEED Gold Certification for the Head Office Building

YapıKredi

USD 349.5m & EUR 431.5m

367-day Sustainability-Linked Term Loan

Mandated Lead Arranger & Bookrunner

Turkey | May 2022

- ✓ The ESG risk management rating
- ✓ Increasing use of renewable energy
- ✓ Reducing scope 1 & 2 GHG emissions

Türk Eximbank

USD 205.8m & EUR 479m

367-day Sustainability-Linked Term Loan

Mandated Lead Arranger & Bookrunner

Turkey | May 2022

- ✓ Increasing use of renewable energy
- ✓ Percentage reduction of GHG emissions

Ziraat Bankası

USD 325.5m & EUR 814m

367-day Sustainability-Linked Term Loan

ESG Coordinator Mandated Lead Arranger & Bookrunner

Turkey | Apr 2022

- ✓ Favorable loan terms for women and young farmers
- ✓ Facilitating gender and opportunity equality
- ✓ Increasing disabled friendly ATMs

Responsible Banking

RESPONSIBLE BANKING

As one of UAE's leading financial institutions, a central tenet of our corporate mission is to conduct all our banking services in a responsible and sustainable manner and in way which has a positive impact on our customer base. We are firmly of the view that a sustainable business approach can foster long-term returns for our shareholders while at the same time contributing to customer satisfaction and consumer welfare.

Our products and services, especially in the areas of digitalisation and sustainable finance, are innovative and designed with global best practice standards on responsible banking in mind.

In addition to conventional banking, our services also reflect our local customer base and we offer Sharia'h compliant financing solutions that are rooted in Islamic principles. Within the context of the global business environment Islamic finance concepts are strongly linked to financial stability and corporate social responsibility. They provide mutuality, sustainability, and a stake in the business for all parties involved.

Also in line with the regional agenda, we have committed to playing an important role in growing the SME economy in the UAE. Small and Medium Enterprises (SMEs) receive special focus from the UAE Government as they are considered 'vital for the economic diversification and growth and also because they help in building national human resources'[1]. We consider that positioning ourselves as an important hub for local economic development aligns well with our mission and strengthens our commercial presence, as it embeds our brand into local communities and businesses in the region.

DELIVERING VALUE FOR OUR CUSTOMERS AND OUR BUSINESS

We have taken action to update our commercial infrastructure, create cutting-edge products and services for our clients, and start new relationships as part of our transformation path. The development of the financial sector in the UAE has benefitted from our efforts, and we have solidified our position as one of the industry's leaders. By doing this, we not only increase the strength of our own company by gaining market share, but we also significantly advance society as a whole.

We respect our relationships with customers and see their steadfast support as a sign of our ongoing success. We are dedicated to getting to know each and every one of our clients, providing what matters most to them at every step of their financial journey, and providing them with easy access to forward-thinking financial solutions.

Our sustainability plan includes serving our customers by providing optimal products and services with a focus on sustainability and by being honest and fair in all customer interactions. Every customer is important to us, and we work hard to effectively protect their data and privacy.

PRODUCTS AND SERVICES

Sustainable products and services will be the new norm in order to generate substantial impact through our financing activities and to satisfy our customers' growing demand to support ESG ideals. New products and services must address environmental issues such as climate change, waste and excess consumption; social issues such as human rights, disadvantaged members of society, while also having protected our customers during the pandemic and beyond. They must also directly contribute to the sustainable finance ecosystem to be considered sustainable. Evaluating our product offerings in this way also means we are better equipped to recognize, evaluate, control, and reduce potential ESG-linked reputational risks as a bank.

In the following sections we list our distinctive goods and services and provide more details about them. These aspects of our banking business demonstrate our dedication to developing progressive client solutions that are in step with the burgeoning digitalisation trend and take into account SMEs, national development, and contactless technologies.

In the summary table below we illustrate how our customer service activities support client needs while at the same time enhancing our reputation.

Banking Service

	Corporate	Retail	Digital
Focus Areas	SMEs	Individuals	Millennials/SMEs
Added Services	• Business 'Online' • Market segment cards	• Bio Cards • Green auto loans • Sanad	• Contactless • UAE Pass • Supply chain management
Value to customers	• Supports UAE Vision 2021 • Enterprise growth • Employment support	• Environmental savings • Switching to green transport • Disabled assistance	• Alignment with millennial values • Ease of transactions
Value to Emirates NBD	• Alignment with national economic development plans • Sharing in future economic prosperity	• Customers see Emirates NBD as supportive of their environmental and welfare needs	• Broader accessibility • Good fit with younger generation

[1] https://u.ae/en/information-and-services/business/small-and-medium-enterprises/small-and-medium-enterprises

Corporate Banking

As emphasised in the UAE Vision 2021 pillar "Competitive Knowledge Economy," our Corporate Banking division understands the significance of supporting SMEs. As fund providers, we are dedicated to helping the UAE improve its position on the Global Entrepreneurship Indicator and increase the contribution of SMEs to Non-oil GDP. By offering goods and services that hasten the development and diversification of SMEs, we contribute to both. Our product and package suites are created using customer input and prioritise business needs, and proposals are frequently examined using benchmarking and client surveys. As a result, we have updated our product lines, introduced a brand-new online platform for SMEs called "Business ONLINE," and created banking card product lines tailored to particular market segments.

Additionally, we provide SME clients with training on subjects like developing prospects and leveraging online channels for successful business development. Our SME clients are encouraged to adopt online banking to conserve paper and lessen negative environmental effects. These initiatives all help to foster good levels of trust among our SME clients.

DenizBank, considers the support of agricultural production as a Turkish national issue since day one, gratifying to be the top-ranked private bank with its extensive support for sustainable agriculture.

In 2022, Denizbank ranked top among private banks with the highest market share (38%) in agricultural lending.

Digital Banking

Digitalisation is a key component of our strategy for communicating with clients. Through our digital banking platform, we provide a wide range of digital banking solutions.

Liv.

Liv., Emirates NBD's digital bank, was established in line with UAE Vision 2021's strategic objectives of creating a smart innovation-driven economy. Liv. offers a first-of-its-kind complete digital banking experience, with a mobile only proposition that is completely paperless from account opening to service queries. Over the years Liv. has continued to deliver value based on advanced technology and anticipating the needs of a new generation of customers. Some of the key products launched include OLIVIA chatbot, a conversational AI chatbot that provides customers with access to account information and answer to queries, Liv. credit card, which allows easy switching between reward programs and offers a range of lifestyle benefits, and Liv. Young, which enables parents and guardians to open a mobile bank account for their 8-to-17-year-old wards.

As a lifestyle banking app, Liv. is focused on understanding and meeting the changing tastes and needs of our clients. Liv. has no physical locations and is entirely digital and online. To cut down on plastic waste, it is producing eco-friendly cards, and it is also introducing paperless welcome kits. We regard this as one of our flagship products that positions us well for the future banking expectations among consumers.

Tablet Banking

Over the last year, we equipped over half our sales workforce with tablets to provide our customers with a seamless and instant banking experience. We have further revolutionized customer experience with a new omnichannel CRM platform offering a faster and more intuitive experience to our customers. These initiatives translated into paper savings of roughly 3.3 million and reduced real estate space required for storage of documents.

Enhanced Digital Services

As a pioneer in digital banking and payments technologies, we strive to leverage our intellectual and technological assets to innovate and revolutionize the digitization of banking services in the UAE. Recently an enhanced version of the Bank's mobile app ENBD X was launched to deliver a new standard of excellence to customers. Designed according to the latest global design and user experience trends, the app delivers a faster and smoother experience, offers over 100 simplified services many of which are instant and paperless, and provides users an easy-to-manage preferences center. Adoption of the Bank's digital products and services continued to ramp up during the year, with 84% of customers becoming digitally active and contactless payments increasing rapidly to now account for about 95% of all point-of-sale transactions.

For more information about our digital services, please visit our website.

Retail Banking

In the new normal of 21st Century banking, our retail banking sector is well-positioned to support client success and prosperity. In 2021, we concentrated on addressing the pandemic's ongoing problems as well as our clients' quickly evolving needs. Additionally, Emirates NBD is aware of the excellent opportunity to promote ESG in local neighbourhoods, highlight sustainability advancements, and encourage the green transition through our retail banking operations and services.

Bio Cards

Early in 2021, we introduced our Bio Debit Card, the first of its type in the UAE. The card is free of chlorine and styrene and made from 85% recycled PVC created from production waste. It also includes a sustainable and environmentally-friendly infrastructure that can be recycled without emitting any harmful gases.

In 2022, we continued to migrate our Cards to Bio-Cards and have successfully moved the Bio-Card issuance from 42% last year to 75% With this, we were able to achieve the environmental benefits listed below.

In additions to the rPVC, we started experimenting with other bio-based materials. Bio- sourced PLA cards is a sustainable plastic substitute made with renewable bio-sourced resources such as corn. It is non-petroleum-based and non-toxic if incinerated.

The production of rigid polyvinyl chloride (rPVC) cards produces 12.1 grams of CO_2e compared to conventional first-use PVC cards. With all cards issued in 2022, we were able to avoid almost 16 tons of CO_2e emissions.

We reduced the use of virgin plastic in our cards annually by approximately 4,228 kg after switching to rPVC cards. By using recycled plastic materials, we achieve a saving of 3.18 grams of plastic per card.

Migrating from PVC to recycled PVC achieves approximately 30% reduction in water use by avoiding virgin oil extraction and refining at the source.

Green Auto Loan

By holding exclusive marketing activations and showroom events, our Retail Banking team committed to promoting the adoption of Electric Vehicles (EVs) in 2021. With a rise of almost 72% over 2020, the team has significantly increased the volume of our Green Auto Loans.

Emirates NBD has continued to support the adoption of Electric Vehicles (EVs) in 2022 with exclusive marketing activations and showroom events. 2022 has been a milestone year with strong penetration achieved on the electric vehicle financing front. This year the green auto loan volume growth has shown substantial growth with an increase of approximately 200% versus 2021. In addition to the green auto loan programme, together with DenizBank, we are working towards moving our fleet to EVs and PHEVs.

CUSTOMER EXPERIENCE

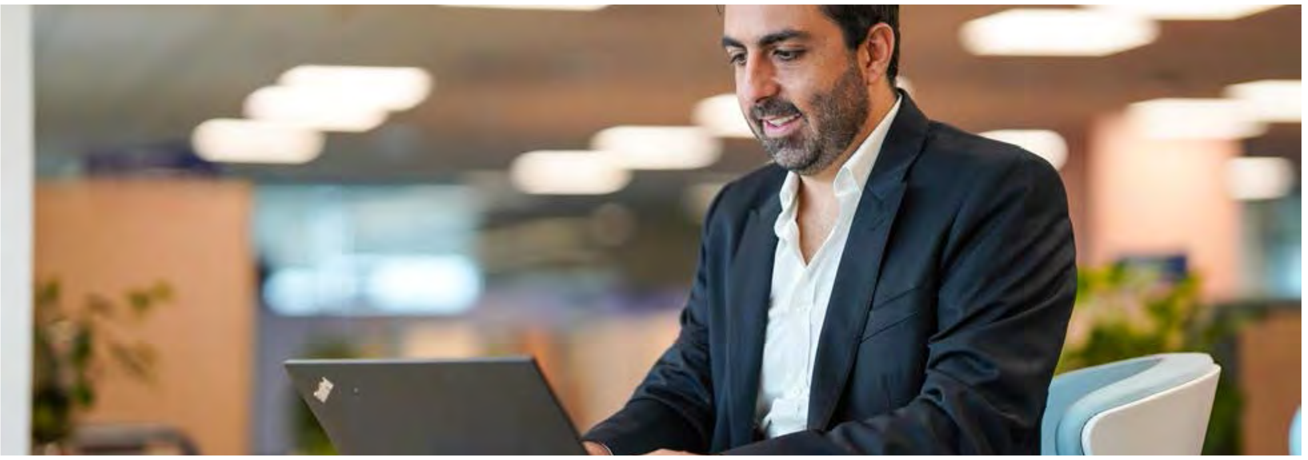
Customer Experience is at the core of our strategy, driven by our key principles of "customer focus" and "service excellence." These values are driven and communicated across the organization by the senior leadership team. Furthermore, they carry a significant weight in our performance based balanced scorecard.

There are eight customer-centric components in our customer service charter which underpin our customer service, as follows:

Our 8-point customer service charter

1. **Availability** - ensuring that our services are always available
2. **Transparency** - about our services and charges
3. **Understanding** - our customers' financial needs and aspirations
4. **Courtesy** – treating our customers with respect
5. **Responsiveness** – prioritisation and timeliness dealing with customer requests
6. **Convenience** – straightforward banking
7. **Protection** - keeping customers' personal and financial information confidential
8. **Fairness** - in all our interactions with our customers

We received the customer vote for "Most Recommended Retail Bank in the UAE" and the "Most Recommended Bank in the Middle East" awards for Mobile Banking, Personal Loans, and Remittances in recognition of our efforts to improve client experiences.



Promoting Fair Treatment of Customers/Driving Conduct and Trust (examples)

Emirates NBD is committed to providing a safe and enhanced experience to our customers. Our customers trust us to put their interests first while offering products and services and during interactions with them. We have the following policies in place to promote fair dealing and trust with our customers.

1. The Code of Fair Treatment, reflects our daily actions in accordance with our vision, purpose, and values. We promise to make sure the goods and services we offer live up to expectations. The goal of the policy is to give customers the knowledge they need to comprehend all the products and procedures they encounter while working with us, to safeguard the customer by ensuring that they are aware of their rights, and to enable them to exercise those rights in the event that service performance standards are not met.

2. Our new CRM system aims to maximize Service and Marketing Automation and improve the User and Customer experience by introducing the following:

- New Customer 360 has a user-friendly design and two-click access to critical customer information for products, services, and sales opportunities,
- More automated processes with more STPs for client demands,
- Strong Service Engine with maximum flexibility for designing new processes and optimization of current service flows.
- A Google-style keyword search and expedite SR and complaint submission,
- Improved marketing and sales capability, including automated trigger-based campaigns and next best offers.
- New homepage with role-based access and real-time access to all user tasks and 'to-dos'.

Training

We believe empowering our employees with the right skill-set will enable them to forge relationships with customers by serving their needs. In 2022, we launched Customer Experience related programmes across the group. These training programmes included "Service - CODE" with 900 participants and "Future Ready CX" with 897 participants.

1. The **"Service - CODE"** workshop was created to give learners all the practical tools and skills required to hone their approach to producing exceptional client experiences. Participants in this training acquire knowledge on how to leverage the Bank's new values in customer service interactions and produce an optimum customer experience.

1. The **"Future Ready CX"** programme seeks to provide learners with the abilities and information necessary to provide excellent customer experiences and optimal lifetime customer value

Customer Journeys

Customer journey mapping involves an overview of the multiple interactions a customer has with the bank across their relationship with us. Journeys are designed and tailor-made by closely listening to our customers and analysing their feedback to ascertain 'moments of truth'. Our primary goal when building customer journeys, is to improve existing customer experiences, address operational pain points, and create new user experiences.

12 client journeys were designed in 2022 with the goal of enhancing on-boarding engagement, self-service, and overall customer experience.

Voice of Customer

We value customer feedback and strive to improve the experience we deliver by listening to them. We have employed various Voice of Customer methodologies to capture and understand the needs of our customers and to create the right experiences based on their expectations. On a monthly basis we reach out to our customers via various platforms, such as, phone, SMS, email, social media and face-to-face interactions. It helps us to set our goals and continuously improve our service delivery.

Furthermore, we have an effective feedback loop process, to respond to customer feedback and address their queries and concerns.

We evaluate performance on key Customer Experience (CX) and revenue KPIs which enables us to achieve four specific goals in the areas of retention and remediation:

1. Prioritise initiatives that drive retention
2. Identify channels that are underperforming
3. Provide insights at an individual level for Relationship Managers to better serve our customers
4. Prevent customer attrition by taking action at a fast TAT

Net Promoter Score

The Net Promoter Score (NPS) measures customer experience and predicts business growth.

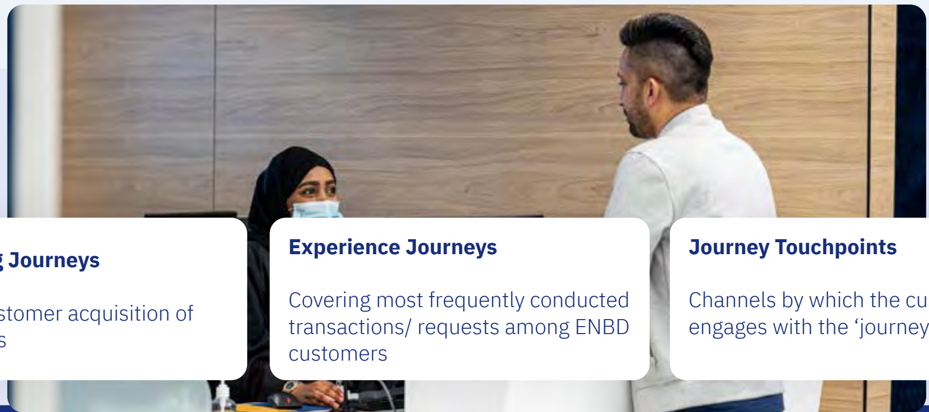
CX SCORES

● NPS ● CSAT

	2020	2021	2022
NPS	42	36	37
CSAT	8.4	8.4	8.4

Score	Description
Score 9 - 10	**Promoters (score 9 - 10) are loyal enthusiasts who keep using the Bank and also refer others, fuelling growth**
Score 7 - 8	**Passives (score 7 - 8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings**
Score 0 - 6	**Detractors (score 0 - 6) are unhappy customers who can damage the brand and impede growth through negative word-of-mouth.**

Mystery Shopping: The objective is to measure overall journey health across key elements, including customer satisfaction, customer effort needed, TAT to conduct specific tasks, staff interaction, effectiveness of disclosures and accuracy of information provided to customers.



Onboarding Journeys

Covering customer acquisition of key products

- Account opening
- Credit card
- Personal Loan
- Wealth products

Experience Journeys

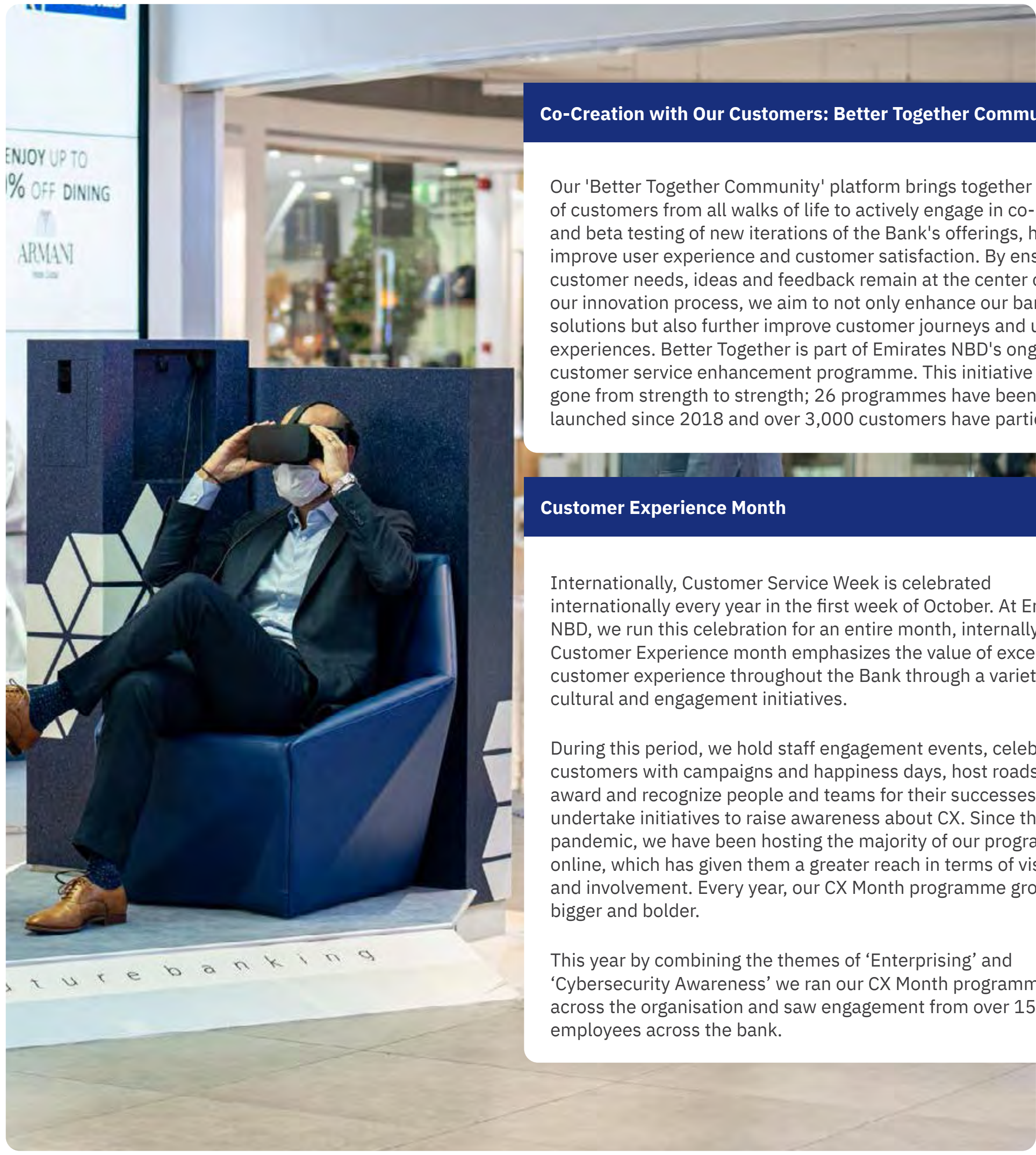
Covering most frequently conducted transactions/ requests among ENBD customers

- Account Maintenance
- Liability Letter Request
- Telegraphic Transfers

Journey Touchpoints

Channels by which the customer engages with the 'journey'

- Branch
- Call Center
- Website
- Sales Staff
- Online Banking
- Mobile Banking



Co-Creation with Our Customers: Better Together Community

Our 'Better Together Community' platform brings together a panel of customers from all walks of life to actively engage in co-creation and beta testing of new iterations of the Bank's offerings, helping improve user experience and customer satisfaction. By ensuring customer needs, ideas and feedback remain at the center of our innovation process, we aim to not only enhance our banking solutions but also further improve customer journeys and user experiences. Better Together is part of Emirates NBD's ongoing customer service enhancement programme. This initiative has gone from strength to strength; 26 programmes have been launched since 2018 and over 3,000 customers have participated.

Customer Experience Month

Internationally, Customer Service Week is celebrated internationally every year in the first week of October. At Emirates NBD, we run this celebration for an entire month, internally. The Customer Experience month emphasizes the value of exceptional customer experience throughout the Bank through a variety of cultural and engagement initiatives.

During this period, we hold staff engagement events, celebrate our customers with campaigns and happiness days, host roadshows, award and recognize people and teams for their successes, and undertake initiatives to raise awareness about CX. Since the pandemic, we have been hosting the majority of our programmes online, which has given them a greater reach in terms of visibility and involvement. Every year, our CX Month programme grows bigger and bolder.

This year by combining the themes of 'Enterprising' and 'Cybersecurity Awareness' we ran our CX Month programme across the organisation and saw engagement from over 15,000 employees across the bank.

Customer inclusivity at Emirates NBD

Emirates NBD has developed an inclusion strategy to ensure that all its customers, including minority and vulnerable groups, have appropriate access to our banking services. Our policy incorporates the following objectives to ensure that:

- Vulnerable consumers have access to the Bank's services on the same terms as other customers.
- The design of financial products and services, as well as business operations, premises, ATMs, and processes, is appropriate and accessible to consumers from a variety of vulnerable groups in line with international standards of public access.
- All information regarding financial product features, risks, terms and conditions must be suitable for and comprehensible to vulnerable consumers.
- Branches and points of services used for public access and ATMs can accommodate the needs of vulnerable consumers.
- Employees are trained to recognise, assist, and support vulnerable consumers regardless of family status, gender, disability, minority group status or age.

Vulnerable consumers are those who are particularly vulnerable to abuse, discrimination, and harm as a result of their personal circumstances, particularly when licensed financial institutions fail to operate with appropriate levels of fairness and due care.

People with Disabilities (PwD)

Types of Disability	Accommodating their needs
PwD with speech and hearing impairment	Sign language interpretation, wherever applicable for digital platforms. They can read and comprehend written information like all other literate customers.
PwD with mobility impairment	They can read and comprehend information like all other literate customers.
PwD with visual impairment	E-reader compatibility of content. Have information available in Braille.
PwD with cognitive/learning impairment	Content should not include acronyms, jargons, and idioms. Simple and short sentences, more visuals to be used.
PwD Illiterate	Audio content to be made available in different languages.
Low income (salary below AED 5,000)	
Illiterate people (unable to read or write)	
Elderly people (65+)	

Disability Etiquette and Trainings to Serve Vulnerable Groups

Inclusivity training has been an integral part of the Bank's advocacy approach for people with disabilities. In 2016, we initiated in person "disability etiquette" training and further expanded this to "workplace inclusion" training and also included training in American sign language.

In 2021, we delivered over 175 inclusivity training sessions for more than 2.500 staff across branches and back offices, at all levels. In 2022, with the initiation of the Central Bank's CPR project, the Group HR and Learning and Development Team digitized these training sessions to an e-module that was accessible to all and ensured the Bank is compliant with the regulatory guidelines stipulated by Central Bankof UAE.

In line with our newly launched Financial Inclusion policy, the following three modules were developed and determined as mandatory for all staff to attend as part of the Emirates NBD learning academy.

Course Title	Enrolled	Completed	Completion %
American Sign Language	5,759	5,375	93
Disability Etiquette	5,878	5,878	100
Serving Customers of Vulnerable Groups	5,769	5,374	91

Accessibility and #TogetherLimitless

Three out of every five Emirates NBD branches are now disability-friendly thanks to our #TogetherLimitless campaign, which also provides solutions and assistive technologies to improve the customer experience for people with disabilities. These locations provide low-height ATMs, teller desks, and counters for writing cheques, in addition to ramps with railings. Braille and tactile floor markers have been added to make it easier to find the way around. KinTrans, a device that enables two-way communication between sign language communicators and those who use spoken languages, is also used. Additionally, across all our branches, more than 10,000 employees have received training on disability etiquette and sign language comprehension.

In 2022, DenizBank continued converting its branches and non-branch channels with assistive technologies based on local rules and regulations.

In this regard, the ratio of ATMs suitable for orthopedically handicapped customers increased from 20% in 2021 to 20,8%. All ATMs are suitable for visually impaired customers.

Currently there are 41 branches in the network that have been converted into “Disability Friendly Branches (DFB)” that have some or all of the features listed below. In our branch expansion strategy, all new branches are being designed to include all DFB facilities.

Assistive Technologies

KinTrans – translates sign language into speech, and converts speech into text, in real time. Available in 1 branch.

Hearing loop – wire encircling a room connected to a sound system. Sound is sent electromagnetically by the circuit and picked up by the telecoil in the hearing aid or cochlear implant. This amplifies and clarifies the sounds for the listener.

Sign language (basics of sign language to handle general conversation and banking requirements) is being taught to frontline staff.

Disability etiquette training provided to staff in these branches

Ramps and handrails are installed

Accessible entrance doors

Low height teller counters

Low height cheque desks

Wide doorways

PwD dedicated waiting area

Disabled parking lot

‘Beyond’ Package for Sanad Cardholders

Special privileges and facilities are provided to our customers using this package. The Sanad card is a smart card issued by the Community Development Authority for people with disabilities according to Law No. 3 of 2022, relating to the Protection of the Rights of Persons with Disabilities in the Emirate of Dubai.

This card is used to introduce people falling under this determination, to ensure they have access to privileges and services meeting their needs, provided by different entities. The Sanad Card is the main tool to build a database of people with disabilities in the Emirate of Dubai.

Special privileges and facilities include:

- No account opening fees.
- Access to disability friendly branches with features including assistive technology, reserved parking availability, placement of ramps, and staff trained in sign language and disability etiquette.
- Braille currency transactions at all our disability friendly branches for visually impaired customers.
- Priority queuing assisted by service ambassadors.

Operational Impact

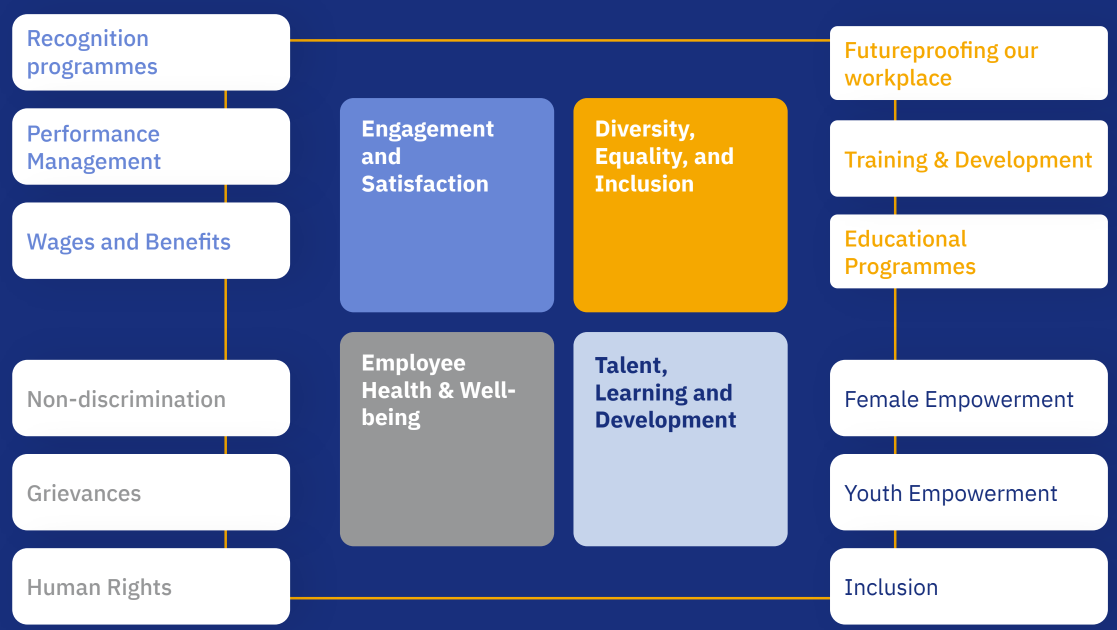
Social Impact

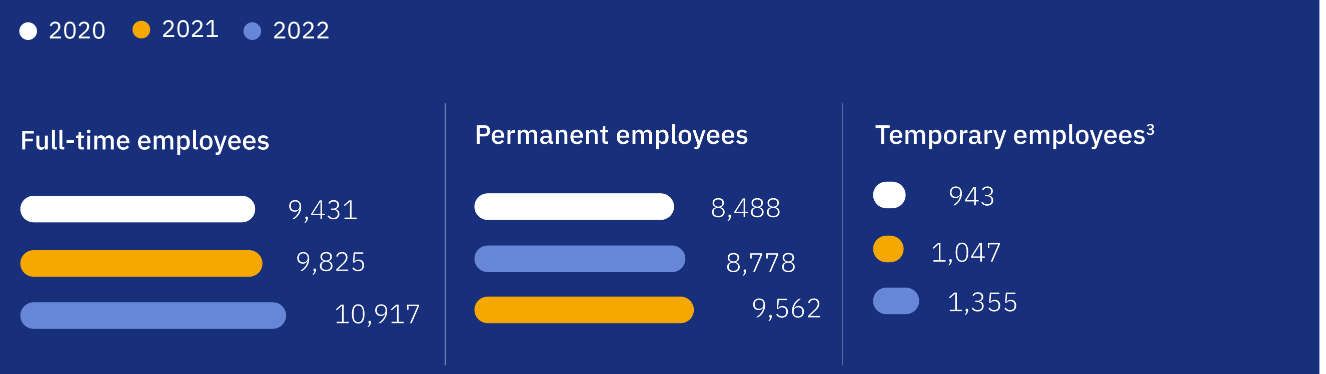
We demonstrate our commitment to society by investing in both community development and human resources. Being one of the top financial institutions in the UAE allows us to directly and indirectly make a contribution to socio-economic progress in the region through employment and social investment, which in turn contributes to our corporate social responsibility agenda and business strategy.

CORPORATE CULTURE AND EMPLOYMENT

A strategic focus for the Group is the nurturing of our employees and the development of leaders from within the organisation. Being a top employer will help us attract and keep the most motivated employees who are dedicated to realizing our vision and assisting the Group's transformation into a highly progressive and modern employer. To do this, we understand that we must provide our employees with a workplace culture they value by fostering both their personal and professional growth. We also fully comprehend that achieving this has a positive influence on local economies as well as on our business.

In the chart below we depict the four key policy dimensions that help determine our workplace culture; also highlighted are the programmes within them that link together to create a positive environment for employees, and how this in turn supports the development of our company.





[3]Temporary employees includes temporary, sales contract employees and consultants.

TALENT, LEARNING AND DEVELOPMENT

We are committed to creating a learning environment that enhances the skills of our employees so that they can thrive and develop, not only for their own professional goals and the Group's own commercial goals, but also for the good of the wider economy.

Futureproofing our workplace

LEADERS OF TOMORROW

Building leadership capacity is one of our top objectives. We want to involve Emirati and Expatriate populations and provide them the chance to actively participate in the financial and economic sectors of the UAE by building a strong leadership bench and effective succession planning for our future leadership requirements. Concentrating on top talent is part of the Group's long-term strategy for increasing its impact in the UAE and elsewhere.

To be considered as a "Talent," employees must have a track record of exceptional performance and strong leadership potential. Our training programmes, which include online learning, mentorship, coaching, exposure stints, and special projects, enable employees to commit to their personal growth, advance their professional skills, and qualify for promotions within the Group.

The programmes and techniques we implement are designed to encourage employees to improve their skills and foster loyalty. Planning for succession in all managerial roles inside the organisation is a part of this and is critical to the future success of the Group. We support employee mobility, encourage conversations about career aspirations, and enable early adoption of the various mechanisms (such as mentoring, job rotation, or formal training) that enable employees to achieve their goals by encouraging them to nominate themselves for new or more senior roles.

GETTING FUTURE READY

At Emirates NBD, we are preparing for the future of work to ensure the mutual success of the Group and our employees, especially by future-proofing their skills and embedding a learning mindset. Every job will change in the coming years in some way or another. The future demands that we re-skill and upskill ourselves to adapt to the changes that are predicted and to meet customer expectations. The focus is on several key priorities with respect to employee training and development which we outline in the next section.

'Future Skills' is all about nurturing agility, adaptability, and re-skilling. Three areas become increasingly critical for us, whether an employee is a line manager or individual member of staff, these are:

- Data Literacy
- Digital Literacy
- Developing Future Skills

Training and Development

Three focus areas collectively form a part of our learning journey to **"Get Future Ready".**

1. Self-Learning Culture:

Emirates NBD is working on creating a self-learning culture, providing 24/7 access to digital content to all learners in a convenient, interesting and meaningful manner. Staying on the cutting edge of global learning trends, the organisation is engaged in using new and innovative technologies to deliver easy, convenient, and effective learning opportunities. At Emirates NBD, 80% of total structured learning is through digital content.

2. Feedback and Coaching:

A coaching culture improves not only the way employees interact with each other, but also the interactions they have with customers and potential clients. It enables radical organisational transformation by building conversational and coaching skills on a daily basis. At Emirates NBD coaching culture creates a climate where people can freely:

- Give and receive feedback.
- Support and stretch each other's thinking.
- Challenge each other with support, and stress-test ideas where appropriate; and
- Engage in development conversations.

Coaching has also been integrated into leadership and talent development framework and the Internal Coaching Programme at Emirates NBD:

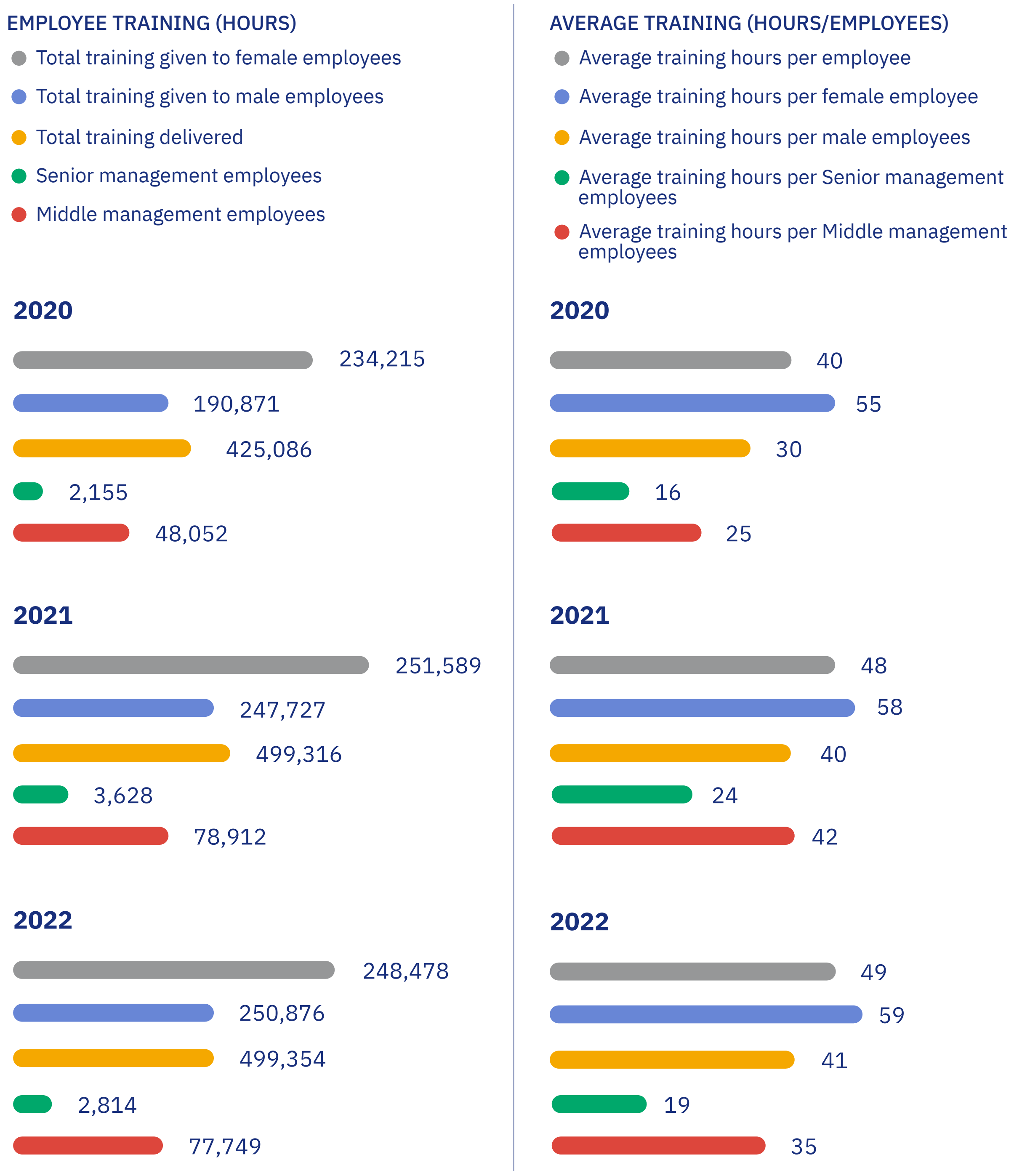
- Provide non-training support to our aspiring Talent to develop and engage them.
- Develop coaching skills among Senior Leaders thereby enhancing their overall leadership capabilities.
- Embed a coaching approach in our employees' mindsets and strengthen the overall coaching culture within the Group.

3. Performance Improvement:

Emirates NBD is committed to support the learning needs of the organisation that emerge from our business strategies and developing the required capabilities among people to execute those strategies and deliver value to the business. The Group is proactive in identifying learning opportunities and solutions and plays the role of a business enabler and a performance consultant. It embraces innovation and change to design state of the art solutions and delivery channels to meet the diverse learning needs of our employees, managers and businesses. Below are some examples that support performance enhancement at Emirates NBD:

- New hires training.
- Role specific learning paths.
- Product, process, and technical training.
- Performance Improvement Plan.

Emirates NBD offers full support both with training as well as certifications from recognised global bodies such as Association of Certified Anti-Money Laundering Specialists (ACAMS), Scrum Alliance, SANS Cyber Security, Chartered Institute for Securities & Investment (CISI), Data Science certifications, Chartered Financial Analyst (CFA), Certificate in Finance, Accounting and Business (CFAB).



Educational Programmes

Emirates NBD collaborates with world's leading business schools such as Oxford University, INSEAD, HULT and Wharton to bring the best leadership development programmes and executive education to our employees.

We have also tied up with Emirates Institute of Banking and Financial Studies (EIBFS) to provide specialised knowledge in core areas of Banking and Finance.

School of Data Sciences

Everyone who takes these courses will have access to the core curriculum and courses they need to upskill and re-skill in order to become future-ready in the fields of data analytics and data literacy.

School of Leadership

All programmes under this school are based on future skills and competencies to lead themselves, teams and functions. All managers are mandated to complete this programme.

UAE National Development Plan

This is a platform providing a ready-to-use and customisable Development Plan for UAE nationals. It leverages World Class programmes and training providers to help UAE nationals get a head-start in their development journey, and also focuses National Development on Future Readiness.

Below we summarise some of our various employee learning platforms.

Learning Platforms

Data Science School (DSS) at DenizBank was established in 2018 aimed at preparing all employees for competencies of the future, and designs their personal learning journeys in line with the "Upskill and Reskill" approach. From 2019 to 2021, 122 data scientists graduated from DSS. 40 employees continued their programme in 2022 and will graduate in 2023.

DenizBank supports online/in-class training of DSS with an online platform (Coursera). This platform provides not only Data Science core training, but also leadership and soft skill training. In addition to the online platform, experienced Data Scientists mentor new joiners to support their progress.

DIVERSITY, EQUALITY, AND INCLUSION

We appreciate how variety in the workplace promotes tolerance, cultivates open-mindedness, and nurtures an acceptance of differences of opinion. These qualities are necessary for creating high-performing teams.

To further strengthen and promote the Group's level of diversity, which already counts 85+ nationalities working across 13 countries, Group Human Resources established a dedicated Diversity and Inclusion department in 2021. Our Emirates NBD operations have an employee base that is 40% female and we have a track record of hiring people with disabilities.

Female Empowerment in the Workplace

In April 2022 aligned with the United Nations Sustainable Development Goal (UN SDG) of achieving "gender equality", and UAE Vision 2021 and Agenda 2030 to have UAE be amongst the world's top 25 countries in gender equality, the Bank made a big commitment to have 25% women in senior leadership (WIL) roles by 2027 across the Bank.

As a starting point, departments across the Bank have been allocated WIL targets and are being supported with programmes to build a pipeline of high potential women ready for career advancement to the next level. The programme, led by Group HR and in collaboration with third party vendor Aurora 50, aims to drive female excellence at the workplace.

On International Women's Day in 2022 as a next step in our DE&I journey, a series of activities have taken place in support of the announcement such as:

- Video release on Social Media- With our ambition to see a quarter of all senior leadership roles filled by females by 2027, on International Women's Day our current leaders shared their thoughts and advice on how more women can be supported to reach the top.
- Luncheon with the GCEO and GCHRO- Top 10 performing women across the Bank were hosted to a luncheon with the GCEO and GCHRO to celebrate their achievements and share their success stories.

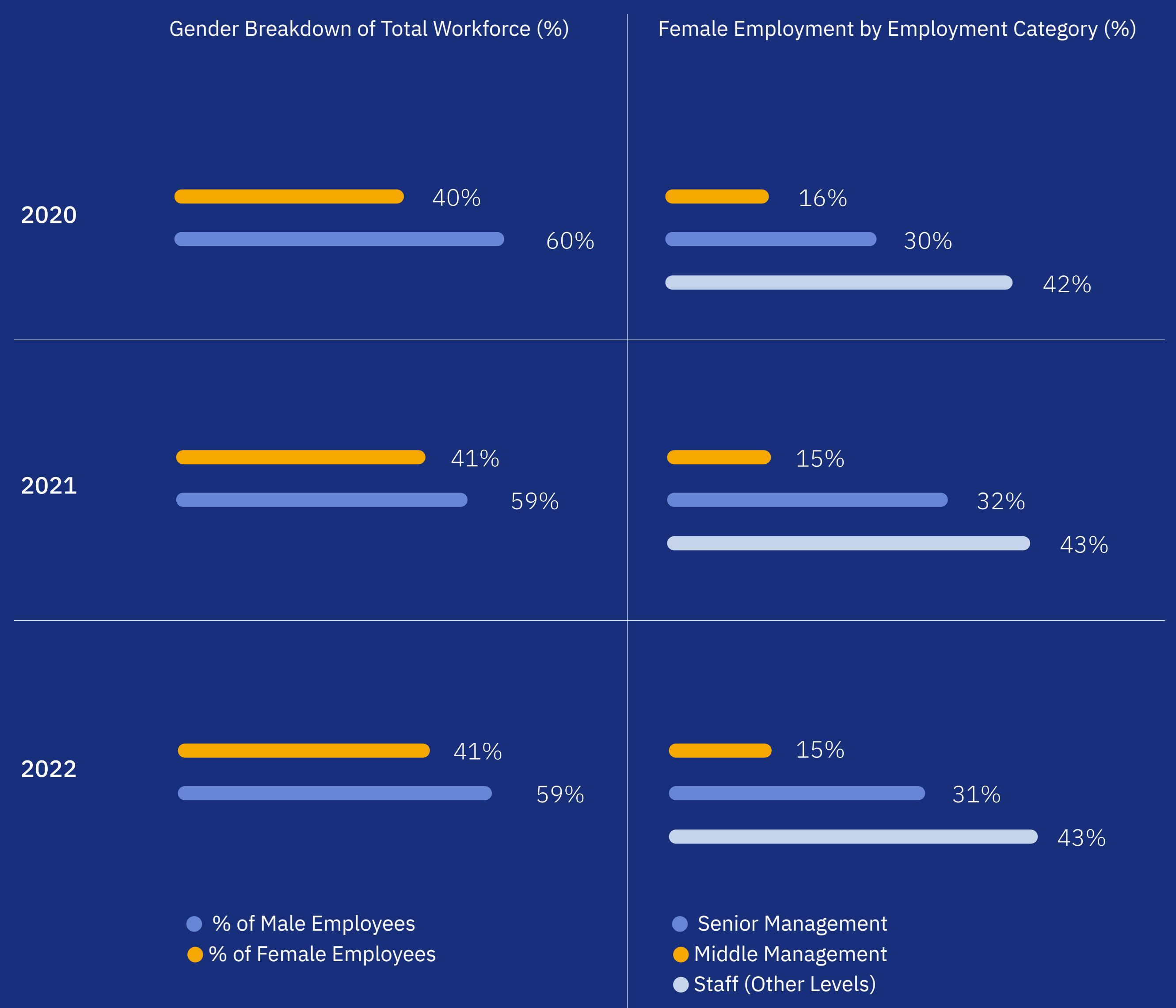
Partnerships to Promote Equality

Aligned with our vision of achieving our 25% female leadership target over the next five years, we strongly believe in building strong governmental and lobal partnerships. Being signatories to UN Women aligning with the UN SDG and representing the Bank on regional taskforces & forums is key to our journey's success.

We are members to Dubai Chamber's "Sustainability network" and participate on multiple taskforces related to DEI, environment and sustainability sharing best practices and ensuring we work together as a community to make social impact.

We have partnered with Dubai Pearl to share our inclusion and accessibility case studies and delivered workshops for member companies on topics of DEI, workplace inclusion and disability etiquette.

We have started discussions with UAE Gender Balance Council to align our DEI policies with the UAE government's vision for gender balance and having more women take up leadership roles. We plan to take the pledge and work together with them on delivering gender balance policies across the Bank and build a pathway for women's professional growth and development.



DenizBank prioritizes providing itsour employees with an egalitarian, inclusive, participatory, healthy and safe work environment which respects human rights and adds value to society. Currently, 54.4% of all DenizBank employees are women and 35.4% of employees holding department manager posts and in senior positions are female.

Tanfeeth – SHE programme

Tanfeeth's "See Her Empowered" (SHE) program is a recruitment initiative targeting mothers who are looking to take on the challenge of returning to the workforce. Since the launch of the initiative in 2021, we have successfully hired a large number of mothers through this program. The initiative aims to attract SHE candidates in Dubai and surrounding Emirates, and prioritizes their talents using a merit-based approach. It also offers a common introduction programme along with process training to ensure they succeed in their new roles.

NUMBER OF MOTHERS HIRED

2021	2022
50	18

LetsLink Women's Club

A dedicated team of passionate women came together in 2019 to set up a social engagement platform for women across the Bank - the "Lets Link" Women's Club. Supported by Group HR the club has grown in size and its activities and has successfully launched quite a few engaging, interactive and growth opportunities for women.

EMPOWERING EMIRATIS AND SUPPORTING DIVERSITY

We pursue the government's aim to develop Emirati talent and recognise the importance of 'Emiratization' for our business. Our strategy for attracting and keeping Emirati talent involves working with external organisations including colleges and universities to employ talent, establish customised training programmes to upskill recent graduates, and create succession planning and career progression mapping for them.

Through competency-based evaluations, development programmes, and encouraging work conditions that contribute to the prosperity of the country, we strive to continue developing, nurturing, and empowering our nation's talent. Our flagship initiatives are designed to spot potential and give the training employees need to step into demanding leadership positions and help Emirates NBD build its future.

Al Misha'al

Al Misha'al is a 6 month training program designed for Diploma holders and High school graduates interested in roles such as Tellers and Customer Care Advisory. Through the program, UAE Nationals will learn key fundamentals of business etiquette, intensive English for banking and delivering excellent customer service.

Bedaya

Bedaya is a 12-month introductory to the workplace program for Emirati university graduates. By gaining on-the-job exposure from different departments and completing complimentary classroom trainings, Bedaya Trainees will gain hands-on experience and build critical skills to then transition into one of our targeted 'Specialist' or 'Assistant Manager' roles.

We offer a specific range of roles to Bedaya graduates across our various departments and teams including Retail Banking, Corporate and Institutional Banking, Liv., Advanced Analytics, Digital Office, and Information Technology.

The program was revamped in 2022 with the aim of equipping fresh graduates on the fundamentals of banking, digital knowledge, and analytical thinking with the support of a dedicated program manager and a coach to track and manage their performance.

Ruwad

Ruwad is Emirates NBD's elite leadership development program launched in September 2021 to tap high-potential Emirati talent in response to the government's federal NAFIS program, announced as part of the UAE's "Projects of the 50". The 24-month journey prepares UAE Nationals for leadership roles at Emirates NBD, based on their career ambitions and the roles that represent the future of banking.

		Al-Misha'al	Bedaya	Ruwad
2021	Male	8	8	
	Female	14	14	
	Total	22	54	
2022	Male	14	14	22
	Female	54	54	17
	Total	68	113	39

Community Upskilling Initiatives

Education Sponsorship

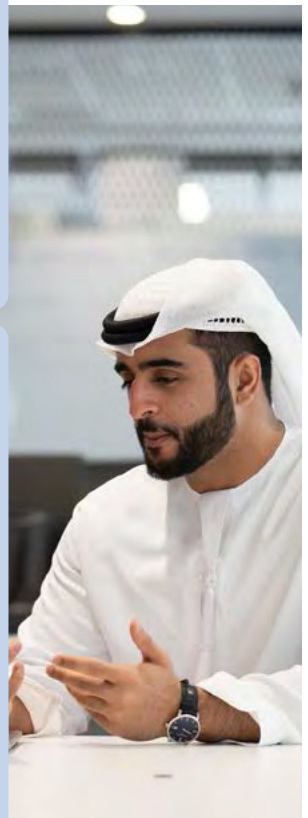
The Education sponsorship program was developed in 2022 and will be launched in Jan-2023 with appropriate and enhanced focus on upskilling.

The Education Sponsorship scheme aims to support the professional development of UAE Nationals by offering education sponsorship for those who are interested in furthering their education in fields that are on-demand and in line with the business requirements of the Bank.

National Leadership Program (NLP)

Emirates NBD launched a National Leadership Program (NLP) in 2014 to develop future Emirati leaders who can grow into Executive Committee (ExCo) and N-1 level Unit Head roles in the next 3 to 5 years. The NLP is conceived as a vehicle to fulfil the Board of Directors' aspiration to nationalize most of the EXCO and Senior Management jobs in the Bank in the next few years.

All participants take part in rigorous leadership potential and readiness assessment centres followed by individual feedback, coaching and development planning sessions. All of the participants have active, individualized development programs aimed at accelerated and full-round leadership exposure, training, and growth. Enrolment with the world's leading business schools, such as the University of Oxford, is an integral part of the program.



NUMBER OF PARTICIPANTS IN NLP

2021 2022

12

12

[3]An executive who is a direct report of the Chief Executive Officer is an N-1.

UNIVERSITY TIE-UPS

Emiratisation ensures maintaining strong relations with universities within the UAE and abroad with the aim of promoting jobs within Emirates NBD Group. We conduct roadshows within universities and offer career coaching and advisory sessions on most suitable roles within banking industry as per candidates' profiles. We visited several universities in 2022 including virtual roadshow for Virtual Forum 50 in Washington, DC (USA). Both "SDG 8: Decent Work and Economic Growth" and "UAE Vision 2021" place a strong emphasis on the development of Emirati youth. In order to help Emirati students with educational and professional development activities that will advance the country's competitive economy and promote Emirati culture in the workplace, we have taken on this responsibility.

AGE BREAKDOWN OF TOTAL WORKFORCE IN 2022 (%)

Age 18-30 Age 31-50 Age 51+

23% 72% 5%

With the aim of attracting young talent to the institution, DenizBank established three different internship programmes. Since 2013, thousands of students have completed their internships at DenizBank. One of the programmes, Deniz'in İncileri Plus, designed for senior students, employed 1,124 interns upon completion.

INCLUSION

We encourage an environment where diversity is accepted and valued among staff,that is supportive, rewarding, and respectful. Regardless of gender, age, religion, disabilities, ethnicity, experience, or background, we treat all our employees equally.

Social and Economic inclusion of People of Determination through Careers Network

People of Determination represent a talented, untapped labour market. Hiring and including People of Determination into the workplace have proven to improve corporate culture, reduce workforce attrition, and increase a company's bottom line. Their inclusion now features in the UAE vision to create a fully inclusive society for people with determination and turn the Emirates into one of the most disabled-friendly regions in the world.

In partnership with Manzil and the Community Development Authority, Emirates NBD launched the "#TogetherLimitless Careers Network" to connect work-ready individuals with disabilities to employers interested in bringing diversity into their workforce. As well as providing equal access to employment and advancement, the scheme recognizes the importance of having a diverse and skilled workforce and helps provide employees and employers with the right tools and skills to succeed.

The Bank's Inclusion Framework is aligned with the United Nations Sustainable Development Goals (SDGs), the UAE Vision 2021 and the Bank's own vision, mission and values. "UN SDG 10.2" seeks to promote socio-economic inclusion of People of Determination. In addition to government agenda, "UAE Vision 2021" and the "Dubai Plan 2021", "#TogetherLimitless" aligns with the "My Community Initiative" transforming Dubai into a disability-friendly by 2020 (workplace inclusion being one of five pillars of My Community).

Emirates NBD's "#TogetherLimitless Careers Network" is the only programme in the region that provides an inclusive recruitment process offering holistic support services, free of cost to employers and candidates. The programme was designed with each main stakeholder in mind to address their concerns and needs.
The Careers Network executes two stakeholder journeys: employers and job candidates that were developed using human- centred design thinking techniques.

Since inception in 2016, Emirates NBD's Careers Network project has helped place more than 80 people of determination, with a 90% retention rate, in long-term employment with different companies across the UAE through an inclusive recruitment process, workplace accommodations, job coaching, and additional support for the employer and employee after jobs are secured. The numbers reduced during the pandemic but has gradually increased in 2022. At present there are 49 people of determination who are part of the program.

Emirates NBD currently employs more than 30 people of determination, with different kinds of disabilities, who are actively provided support to ensure they are assigned meaningful responsibilities and are successfully performing their roles.

PwD hired through Career Networks

2020 2021 2022

8 2 6

Employee Engagement and Satisfaction

The Arabic word "souwti" means My Voice. Our My Voice approach represents an employee engagement effort with the goal of comprehending employee viewpoints on issues affecting Emirates NBD and identifying major priority areas that have a significant influence on Group employees so that we take appropriate action.and take appropriate action.

Employee Engagement Activities

Multiple campaigns took place throughout the year, as enumerated below, focusing on **Employee Engagement, enhancing performance and productivity and improving employee well-being.**

Launched **Company Communicator** as Emirates NBD Group's first digital internal channel outside email, also enabling internal analytical capabilities for the first time. This enables measurements and streamlines audience targeting.

Global employee **photography competition** launched for global employee engagement, and which has now been converted into a User Generated Content campaign for social media

Annual internal **Customer SAT survey** launched in November to identify key successes across departments and areas for continuous improvement

Communicated **Dubai Fitness Challenge** events and activities across the UAE to encourage participation and support.

Created a **communication campaign** around the annual engagement ceremony, including videos, and the weekly circular which is shared to all Emirates NBD Group employees.

Promoted **Wellness Fair** initiative by creating multiple videos shared across the Emirates NBD Group Dubai facilities, and a strategic EDM campaign.

More Than a Banker campaign – highlighting employee success stories focusing on how their passions and hobbies influence the way they work and add value as Emirates NBD employees.

Live online events featuring interviews and lectures covered performance management and a range of topics including healthy eating, medical insurance, women empowerment, self-care, energy management and leadership.

NEOHUB, the new generation subsidiary of DenizBank started its operations under a structure where Deniz Aquarium, Deniz Ventures and fastPay interact with each other. The Company which provides network- and experience-oriented physical support for Türkiye's entrepreneurship ecosystem has a wide range of competencies ranging from a software house to sales and marketing unit, from product development/ management to open banking practices. NEOHUB provides training programs, consultancy services and support to DenizBank employees as well as working closely with start-ups in the ecosystem. As part of this, NEOHUB aims to stand behind new ideas and projects by spreading the entrepreneurship culture with an In-House Entrepreneurship and Innovation Program called Fikir Limanı. It also plays a leading role in encouraging employees to lay the foundations of entrepreneurship through the Entrepreneurship Certificate Program which is a special training programme for DenizBank staff.

OUR RECOGNITION PROGRAMMES

GEM (Going the Extra Mile) Annual Awards

The goal of the GEM Programme is to inspire our staff to "go the additional mile" and earn recognition as the role models. This programme's objectives are to establish and maintain a **motivating workplace**, encourage teams and individuals to go above and beyond their targets, and reinforce the organisation's values via staff actions.

GEM Annual Awards by Category

Sapphire Award (Individual Excellence up to Manager level)	**Emerald Award** (Team excellence led by Managers and Associate VPs)	**Ruby Award** (Unit Excellence led by VPs and Senior VPs)	**Diamond Award** (Division Excellence led by Executive VPs and Senior Executive VPs)
126	20	7	4

Bravo – Employee to Employee Appreciation

The Bank's online employee-to-employee appreciation platform, Bravo, allows staff to send an electronic card or virtual high five to any member of the Bank in any of their locations. Through teamwork, accountability, and active engagement, the platform fosters the fundamental value of collaboration.

NUMBER OF BRAVO AWARDEES

	2021	2022
Number of Bravo awardees	14,611	7,430

Milestone - Long Service Awards

We appreciate and recognise the contributions made by all our employees, but especially by those who work with us for a long period of time. Our accomplishments would not have been possible without their dedication, loyalty, and efforts.

Milestone Long Services Award Awardees Employed 10+ Years at ENBD

10 years	15 years	20 years	25 years	Total
223	398	53	24	698

PERFORMANCE EVALUATION AND APPRAISAL

In assessing performance, we continue to focus on 'how' goals are achieved in addition to 'what' is achieved, and this applies to all levels of the Group, including business units and at the individual level. The assessment of the 'how' is aligned with employee behaviour including but not limited to abiding by organisational values and demonstration of good conduct or managing conduct risk.

Individual performance assessment is a key element in our 'pay for performance' principle, which focuses on providing fair and equitable compensation, which is differentiated based on employee performance and level of contribution aligned to the achievement of business objectives. Where appropriate, specific customer conduct objectives are included within individual performance objectives.

In 2022, the Group continued to embed the key principles of our Performance Management framework including:

- Better differentiation in employee performance with the introduction of a simplified rating scale to promote pay for performance.
- Further support for a coaching culture which provides for multi-dimensional, real time performance conversations and effective feedback to develop talent within the Group.
- Adaptation to evolving regulatory requirements and landscape.
- Assessment of conduct in line with the Conduct Risk Policy and Framework which was implemented mid-2022.

REMUNERATION

The Group has a Remuneration Policy designed to ensure the implementation of appropriate remuneration policies and practices across the Group, with a focus on attracting and retaining the best talent, while ensuring sound and effective risk management. The Remuneration Policy incorporates key aspects which include, but are not limited to, the Group's Compensation Philosophy, Remuneration Governance framework and Remuneration Structure. The Policy was updated in June 2022 to align with the UAE remuneration regulatory requirements.

The Group's general remuneration policies and practices aim to provide a Total Reward offering that recognizes and rewards performance aligned to our business strategy, within a sound risk management and governance framework that clearly emphasizes 'how' goals are achieved in addition to 'what' is achieved and has the following set objectives:

Attract, retain and motivate talent through fair and equitable remuneration, with an offering that is clear and easy to understand and appropriately balanced between fixed and variable compensation.

Foster a pay-for-performance culture, with appropriate differentiation based on performance and contribution aligned to the achievement of business objectives.

Support a culture that generates sustainable growth and value over the long term to our stakeholders, customers, employees and communities.

Align, drive and reinforce our culture, values and desired behaviours that are integral to the attainment of individual and team results and the achievement of organizational goals.

Integrate risk management and compensation, promoting conduct based on prudent decision-making and highest ethical standards and guided by internal controls and regulatory compliance.

Instil a sense of ownership in our employees by providing them with opportunities to share in the company's success through our competitive total reward offering that is linked to exceptional performance and financial results.

Fixed remuneration is decided fairly and based on market pay levels, an individual's expertise, professional experience, role responsibilities and seniority of the employee, and regulatory and governance requirements. Pay reviews are conducted regularly and any pay decisions are based on performance, market situation and affordability.

Variable remuneration is used to incentivize and recognize performance and the Group operates a discretionary bonus scheme and incentives scheme:

- The Group's bonus scheme applies the pay-for-performance principle and operates on a discretionary basis. Bonus allocations to employees are determined based on the overall risk-adjusted Group performance, business performance and individual performance, the employee's role and responsibilities, and performance assessment based on both financial and non-financial criteria, including conduct and behaviour. In line with UAE regulatory requirements, variable remuneration for UAE regulated employees identified by Group includes a deferral element.
- Incentives apply to certain businesses and sales roles (or operations roles which support the sales roles) and/or roles responsible for recoveries against outstanding collections. The incentives also operate on the pay-for-performance principle. Incentives are calculated based on value-add and conduct, quality and risk measures apply to the performance assessment of the employee and impact the overall incentive pay-out to the employee.
- The Group applies Ex-Post Risk Adjustment in the form of in-year adjustments as part of the year-end remuneration process or via operation of Malus Adjustment and/or Clawback Adjustment on variable compensation made during periods of material restatement or downturn of financial results for the relevant period.

Denizbank, in 2022, promoted a total of 1,648 employees and filled 94% of the managerial appointments from within the organization. It also continuously monitors employee engagement and satisfaction and sets an action plan based on the results. In the Employee Engagement Survey conducted in 2022, Denizbank raised its score by 2 points compared to the previous year, exceeding the banking industry's average in Turkey.

EMPLOYEE BENEFITS

Benefits reviews are conducted regularly to ensure compliance with local regulatory and governance requirements and alignment with the prevailing market practice in the relevant location. Benefits provided at Emirates NBD include, but are not limited to:

- **Relocation benefits to promote international mobility of talent.**
- **Enhanced Medical and Life Insurance which is competitive in the market.**
- **Salary advances and Staff financial facilities to support employees financially in times of need.**
- **Wellness initiatives that focus on the health of employees, physically, emotionally and mentally.**
- **Enhanced leave in support of families, such as maternity, paternity, adoption and parental leave over and above Labor Law requirements, and flexible work arrangements.**

PARENTAL LEAVE

We are aware of how difficult and overwhelming becoming a new parent can be. We provide parental leave packages to support our employees' parental journeys. We support adoptive parents by providing leave benefits for adoption that are similar to parental leave benefits.

● Male Employees ● Female Employees ● Total

	2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees who took parental leave	192	222	414	203	218	421	240	303	543
Total number of employees who returned to work after parental leave ended (return to work)	192	222	414	203	218	421	238	303	541
Total number of employees returned from parental leave who were still employed twelve months after return to work (retention)	178	210	338	193	207	400	226	286	512
Return to work rate (%)	100%	100%		100%	100%		99%	100%	
Retention rate (%)	93%	95%		95%	95%		95%	94%	

FLEXIBLE WORK IN EMIRATES NBD

We have continued to promote and encourage the flexible work pattern through 2022 focused at enhancing our employees' work-life balance. Both Senior Management and the Board of Directors have been very supportive of this arrangement and our employees have been provided with robust infrastructure to be able to able to work remotely without compromising the Group's security parameters.

In addition, enhanced flexibility is offered to support key moments/life changing events of employees such as during childbirth, return to school season, Ramadan month etc., over and above the regular flexible working pattern.

Employee Health and Well-being

We provide a secure and supportive work environment for our employees so they can realise their full potential. We are dedicated to enhancing the health and wellness of our workforce to enable employees to flourish in their roles. We are committed to enabling our employees to have fulfilling and rewarding lives by giving them the tools they need to be in optimum physical and mental health.

Fatalities / Injuries	Unit	2022
Employee fatalities	Number	0
Employee workplace injuries	Number	6

OUR WELLNESS PROGRAMMES

Our Employee Wellness program, which falls under Group HR, is committed to ensuring that our employees enjoy the greatest possible levels of physical and emotional health. Below are a few of the initiatives we offer to our employees:

On-Site Wellness Centres and Doctor Consultation Facilities - employees have access to wellness centres and medical consultation rooms where they may see a doctor on-site, get lab work done, and have their biometrics checked.

Annual Flu Shots - we offer free on-site flu vaccines at all of our main offices and some branches.

Employee Wellness Fair - employees are invited to participate via different informational booths and free health screenings.

Wellness Sessions - to ensure that employees have the right information and knowledge with regards to their health and mental wellbeing, in partnership with accredited health service providers, we conduct monthly wellness sessions on various topics.

HEALTH & SAFETY TRAINING

Training Name	Unit	2021	2022
Fire & Safety Fundamentals	Hours	567	1,048
First Aiders Training	Hours	729	747
OHS and Physical Security Awareness	Hours	6,926	N/A

Human Rights

Emirates NBD abides by the legal requirements set forth in the UAE Federal Law which regulates labour relations and addresses the employment of minors. Vendors and suppliers are subject to the same rules and legislation.

Emirates NBD strives to create a workplace that values our employees and promotes inclusivity. The Group's Code of Conduct, which is applicable to all employees and demonstrates Emirates NBD's commitment to protecting our employees while also abiding by legal prohibitions against forced labour included in UAE Federal Law.

Through the Group's online learning platform, Cornerstone Academy, employees receive annual training in relation to their rights as employees, the Code of Conduct, and on corporate governance rules.

Non- Discrimination and Grievances

Emirates NBD complies with the legal requirements set forth in UAE Federal Law which governs labour relations and safeguards employees from harassment and discrimination at work. To safeguard employees and hold transgressors accountable, the Group has developed and implemented robust disciplinary and grievance procedures. Discrimination and harassment are also prohibited under the Code of Conduct.

Employee complaints, including those alleging discrimination and harassment, are handled independently under Emirates NBD's grievance policy and such cases are heard by an independent body or formal committee depending on the type of complaint.

Employee complaints are handled confidentially and without prejudice. Each complaint is assessed on its own merit and a preliminary investigation is conducted for each case presented to the Group's independent review body. The employee may elect to escalate a workplace complaint to the next level of management if the employee finds the grievance unresolved or was not handled satisfactorily. The employee is required to provide a statement of the grounds for the referral.

The Group also provides a further mechanism by way of a whistleblowing channel that is available to customers and employees to raise complaints anonymously. The Group applies disciplinary measures where an allegation of discrimination and/or harassment is well founded following a substantive investigation.

A BANK FOR OUR COMMUNITIES

Since our inception, giving back to the community has been a core belief and a top priority for our organisation. Our goal is to create opportunities to prosper, and through philanthropy and social impact initiatives, we demonstrate our care and commitment to supporting and uplifting the communities in which we live and operate.

Our philosophy of "creating shared value" for our communities serves as the foundation for our social responsibility strategy. Our Social Engagement Framework functions both at a national level to align and support the country's agendas including regional, demographic, and social demands, as well as at a corporate level within the organisation.
As a major bank in the region, we have a dual purpose at both national and international levels;
.

As a major bank in the region, we have a dual purpose at national and international levels;

to offer products and services reflecting the needs of our customers	to contribute more broadly to the welfare of society and local environments

Our Social Engagement Framework has been designed with these two goals in mind. The principal elements of this framework map several mission-driven material sustainability issues that we have identified for our business, such as recognition of the SDGs, environmental impacts, support for diversity and community learning, as illustrated in our framework model below.
In this section, we showcase how various community-investing activities, linked to our corporate strategy and important role in the region such as volunteering, education and community well-being, are implemented. These initiatives include our Exchanger Programme (for community good), Dubai Can and Mangrove Conservation (for environment) and Financial Literacy and Security (society and good governance).

Key Drivers	• United Nations Sustainable Development Goals • UAE Sustainable Finance Framework 2021-2030 • Emirates NBD Vision, Purpose, Values
Focus Areas	• Financial Wellness • Environmental • Diversity & Inclusion • Community Outreach
Implementation Mechanisms	• Volunteering • Programme Development • Partnerships and Collaboration • Community and Engagement
Impact Measurement	• Social Return on Investment (SROI) • Stakeholder Engagement • Monitoring and Evaluation

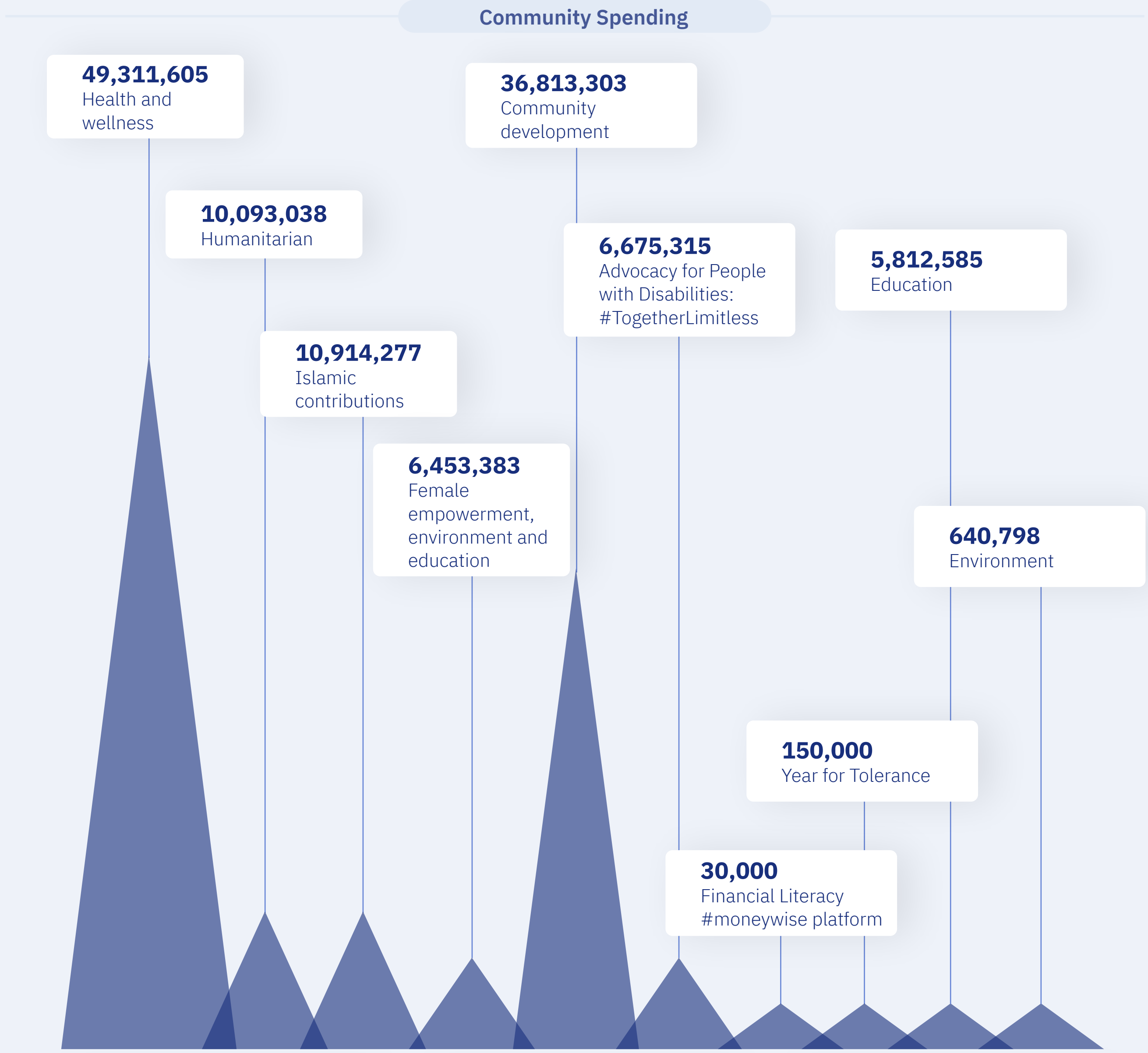
In every focus area within our Social Engagement Framework, we activate the following four elements to create multi-dimensional impact:

Human Assets
- Utilising our human captital to tap into their expertise and enable them to give back to the community

Community
- Partnering with social development institutions and the public to create impact in the wider community

Products
- Using the Bank's expertise in product innovation to create products of benefit to the community

Services
- Identifying existing and creating new services that can address challenges andd create opportunities to empower the community



120,440,921
Total UAE

2,694,020
International (KSA, Egypt, India, Türkiye)

123,134,941
Total Group

Beyond our community investing activities we also operate various channels for receiving donations and our latest totals are shown below:

AED 4,218,930,83

Online Donation

Donations made through Emirates NBD online channels by employees and customers of the bank.

Offline donation

Direct & physical donations made by emirates NBD to charity partners.

Exchanger Programme

The Exchanger Programme, an award-winning staff volunteer programme, promotes volunteer work among Emirates NBD Group staff members, and expands its advocacy for issues related to three main areas of focus:

- financial wellness,
- diversity and inclusion,
- and community outreach.

Since the programme's inception in 2015, it has grown significantly among employees. As a result, volunteering opportunities have been extended to include employees' families, friends, and business partners.

In 2021, we supported the UAE's National Strategy for Voluntary Work 2021 and still continue this engagement. To utilise our resources to support the sustainability agenda, we also joined IMPACT2030, the United Nations' corporate volunteering arm. With the aid of its network and toolkits for fostering employee engagement and teamwork, IMPACT2030 works to address the Sustainable Development Goals. Thanks to the Exchanger programme, the Bank was recognised as an IMPACT2030 Innovation Award Winner.

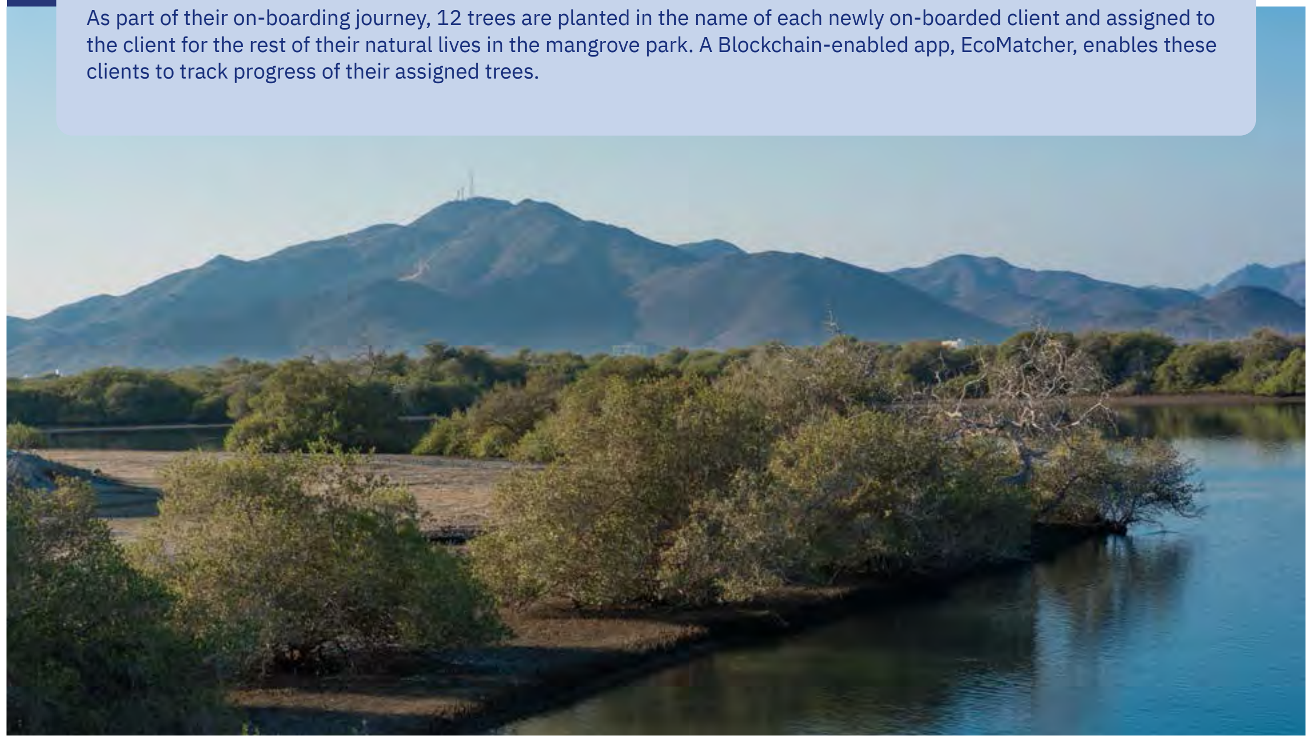
In the table and chart below, we illustrate the number of volunteer hours and deployments across our various Exchanger programmes in 2022, supporting community initiatives, people with disabilities and the environment.

	Units	2020	2021	2022
Total Volunteer Deployments	Number	1,084	902	1,985
Total Volunteering hours	Number	5,216	4,777	10,301
Volunteering Events and Opportunities	Numbers	218	192	248

Private Banking conservation initiative to support mangroves in UAE

Launched in October 2022, this initiative aims to support Emirates NBD's vision to align with the UAE's ambition to preserve biodiversity and help achieve Net Zero emissions. New Private Banking clients are given an opportunity to be part of this exclusive conservation programme within the Bank, allowing the planting of 3,000 mangrove trees at Jubail Mangrove Park, a nature reserve in Abu Dhabi.

As part of their on-boarding journey, 12 trees are planted in the name of each newly on-boarded client and assigned to the client for the rest of their natural lives in the mangrove park. A Blockchain-enabled app, EcoMatcher, enables these clients to track progress of their assigned trees.



Dubai Can

A Government of Dubai initiative, Dubai Can, was launched in 2022, aimed at reducing single-use plastic water bottles. Water stations were installed across various locations in the city, providing free water to communities, as well as encouraging the use of re-usable bottles.

Emirates NBD supported this initiative by funding:

Two water stations, at the Greens & Views and South Ridge Downtown in February 2022

As at December 2022, at these two installed stations:
186,338
litres of water were consumed resulting in
372,676 x 500ml
plastic water bottless saved

A third water dispenser installation is in progress at Zayed Sports City.

Staff Initiatives

Staff Initiatives

To support the Dubai Can city-wide campaign, Emirates NBD also carried out several initiatives for staff:

- Banned single-use plastic water bottles across the Bank from September 1, 2022
- Awareness sessions conducted by Dubai Can team for approximately 300 staff, on the importance of reducing plastic.
- Art gallery-style exhibits were created in staff communal areas, showcasing key messages about the importance of reducing plastic usage.

Financial Literacy

Through community awareness and training efforts, we aim to increase financial literacy among specific populations, including young people, persons with low incomes, and immigrants. Our financial literacy campaigns, social media posts, and training workshops help the public and our customer base become more financially aware, and they benefit from receiving guidance and advice on savings and spending habits, tips on borrowing and investing. This initiative is a part of our strategy to assist in the development of a more knowledgeable public, who can become empowered in making financial decisions.

We carried out several Financial Literacy workshops for students in 2021. As we are committed to helping our audiences navigate choices which will improve their future, in this regard, in 2022 we focused on developing a comprehensive, long-term programme called "Financial Wellness with Emirates NBD" to be launched in 2023.

Banker for a day

'Banker for a Day' offers school students an interactive one-day internship window into the world of banking. The programme gives first-hand access to how a bank works, the functioning of the finance industry and the professions practiced within. It also gives them an insight into how the banking sector makes for a rewarding career choice. In 2022, we conducted 27 sessions, with participation from over 600 students. This programme also allowed our Exchanger volunteers to extend their support for this initiative.

27
Sessions Conducted

+600
Students participation

85 Volunteering Hours
also contributed by our Exchangers (staff volunteer programme)

Environmental Impact

We are committed to running our operations in ways that are equitable, efficient, and progressive in a time of accelerated resource depletion. We have made an effort to do this across the full spectrum of our business, from facilities management to paper recycling.

We are dedicated to minimising the effects that our operations have on the environment, both directly and indirectly. In order to attain net zero emissions by 2050, the UAE launched a Net Zero 2050 policy in October 2021 and revised its Nationally Determined Contribution, which increases the 2030 climate target of reducing greenhouse gas (GHG) emissions from 23.5% to 31% of a business-as-usual scenario for the year 2030, and we are eager to play a big part in assisting the UAE in achieving these goals.

We have an excellent track record of adhering to environmental regulations, and the Bank has never faced fines or other non-financial penalties for failing to do so. Our dedication to environmentally-friendly practices and policies encompasses both large-scale initiatives to meet highest international standards and local activities to help local eco-system needs. We also recognise that achievement of environmental efficiencies, especially in areas such as energy and water use, have positive impacts for our business.

We hold an ISO 14001:2015 certification for our environmental management systems, which cover 100% of our operations in the UAE. In order to maintain this standard, we continually work to enhance our environmental management systems through projects focused on energy and water conservation, the installation of solar energy stations, the reduction of plastic consumption and paper waste, water pressure reduction, and leakage sensor installations.

Our Environmental Policies and Targets

Our approach to environmental management follows the well-established and hierarchical Reduce, Reuse & Recycle (Triple R) model, as described below and which includes policy goals, we have established in each of the three Rs. We consider that management of our environmental impacts must start with more efficient use of resources, and this is reflected in our reduction targets in key areas such as energy and water use.

Environmental Management

Reduce	Re-use	Recycle
Avoid generation of general waste where possible	Elements of discarded items used again in same or different application e.g. printer cartridges re-filled	Elements of discarded items that can be used to make new products
Reduction in consumption of natural resources, e.g. monitoring of water abd electricity consumption	Rain & HVAC condensation water reuse where possible e.g. irrigationa system	If recycling capabilities not available in-house, external (third party) sources used for recycling waste.
Process modification e.g. moving from paper based to electronic systems where possible		

Environmental Goals and Targets 2023

Objective	Performance target
Year on year CO_2 emissions reductions	Reduction of CO2 emissions by 3%
Reduced water consumption per member of staff	Reduction of water consumption by 5% per staff member
Improved ratio of diverted waste to general waste	Ratio of diverted waste to general waste 10%
To develop potential renewable energy strategies	To implement across all aspects of the business and cover all members of staff
To develop an Emirates NBD International Sustainability consultancy solutions committee	
To align all environmental goals to national net zero policies where relevant and applicable to our size of operations	

Various environmental protection and compliance actions, including on-going monitoring of our RRR model, staff awareness training, water- and energy-saving measures, are carried out as part of the EMS.

Emirates NBD Procurement is preparing to launch a number of programs in 2023 to motivate employees to appreciate the value of sustainability and the environment. In the table below we highlight some of our key environmental objectives and targets for 2023.

	UNITS	2020	2021	2022
TOTAL AMOUNT INVESTED, ANNUALLY, IN CLIMATE-RELATED INFRASTRUCTURE, RESILIENCE, AND PRODUCT DEVELOPMENT	AED million	8.4	3.9	2.1

● 2019 ● 2021 ● 2022

Energy Management and Greenhouse Gas Emissions

Our three main areas of impact and potential for improved efficiencies in relation to energy use are:

- **Energy consumption**
- **Transport fuel**
- **Greenhouse gas emissions (GHGs)**

In this section we provide information on our performance and initiatives.

TRANSPORT AND FUEL CONSUMPTION

We have partnered with the Emirates National Oil Company (ENOC) for our Bank Fleet vehicles in order to more effectively manage and monitor our fuel consumption. The ENOC Corporate Customer Portal is used by the Emirates NBD Transport Desk to track consumption, which is reported through monthly invoicing. Additionally, we offer free shared transportation options to our employees in an effort to promote optimal use of vehicles.

We encourage our staff to use company transport rather than their own vehicles. To meet staff commuting needs, the Transportation Unit frequently examines route optimisation. In addition to helping the environment, this offers a dependable and practical alternative to private commuting.

	TRANSPORTATION PROGRAMME DURING THE YEAR
Focus	CO_2 emission from transportation activities.
Objectives	Enhancing economic performance, developing from within, empowering communities, responsible operations
Background	Reduction and possible elimination of CO_2 emission related to staff transportation activity to and from work premises. At the end of the survey period, we intend to reward the EMIRATES NBD location with the least transportation related CO_2 emissions
Footprint	Total number of litres used for transportation: 1,350,955. Total emissions in the year 2022 were: 3,132.62 tonnes CO_2e
Outcome	Still ongoing due to the expansion of data collection process

ENERGY CONSUMPTION

We regularly track and report energy consumption, using a digital platform for benchmarking and trend monitoring, and we also put suitable control mechanisms in place to cut consumption, which in turn helps to lessen our impact on global warming. Along with these measures we also:

Put motion sensors in place to prevent unnecessary energy use,

Control temperature through a building management system (BMS) system

Replace outdated equipment with more energy-efficient equipment such as:

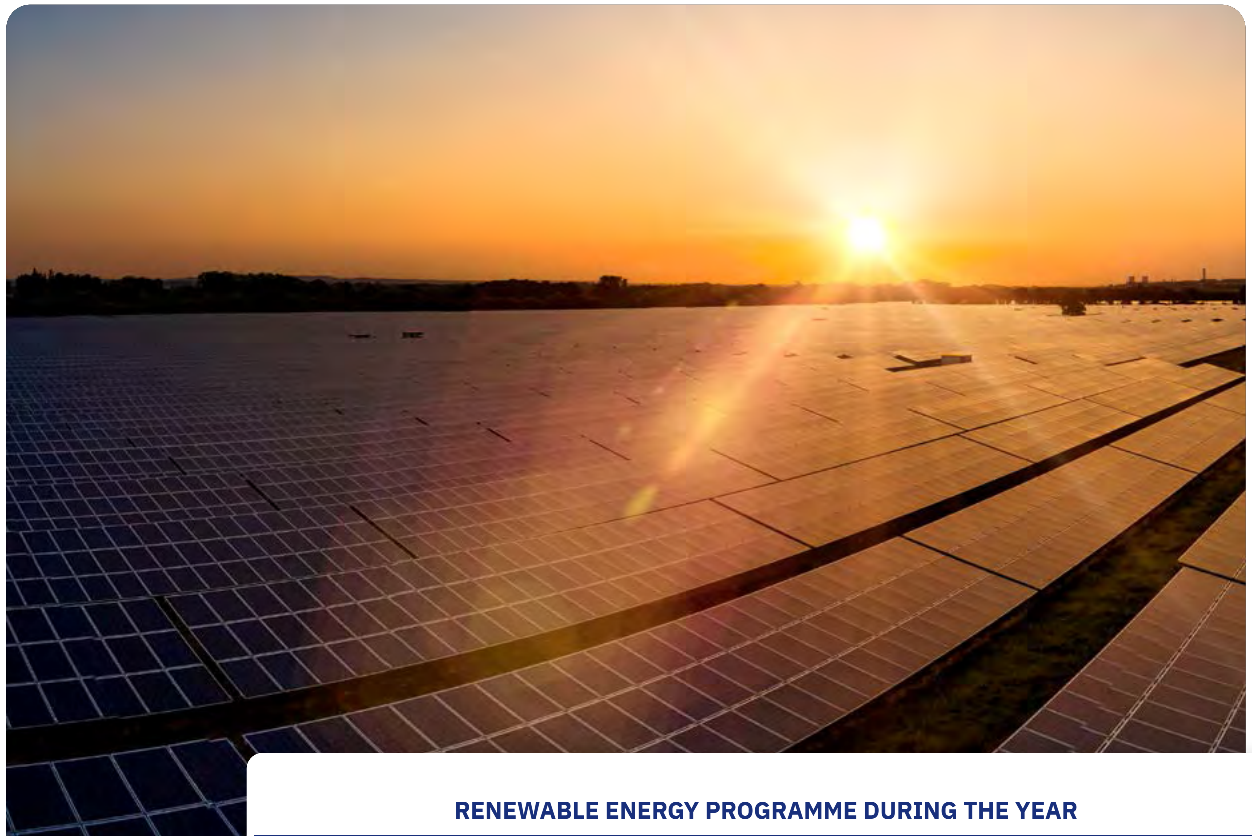
- chillers,
- chilled water pumps,
- air handling units (AHU), and
- fresh air handling units (FAHU).

	Units	2020	2021	2022
Direct energy consumption				
Petrol consumption from vehicles (Owned, leased or outsourced)	Litres	379,720	952,029	1,350,600
Indirect energy consumption				
Electricity consumption (office, storage, facilities, etc.)	MWh	65,361.88	57,932.47	53,132.95
Renewable energy consumption (office, storage, facilities, etc.)	MWh	-	-	71,040
Direct energy consumption	GJ	40.2	96.8	126.2
Indirect energy consumption	GJ	6,93	5.89	4.96

Our energy-saving objectives and initiatives have been made clear through internal communications with our staff. We cut our electricity usage by 8% in 2022 compared to previous year.

RENEWABLE ENERGY

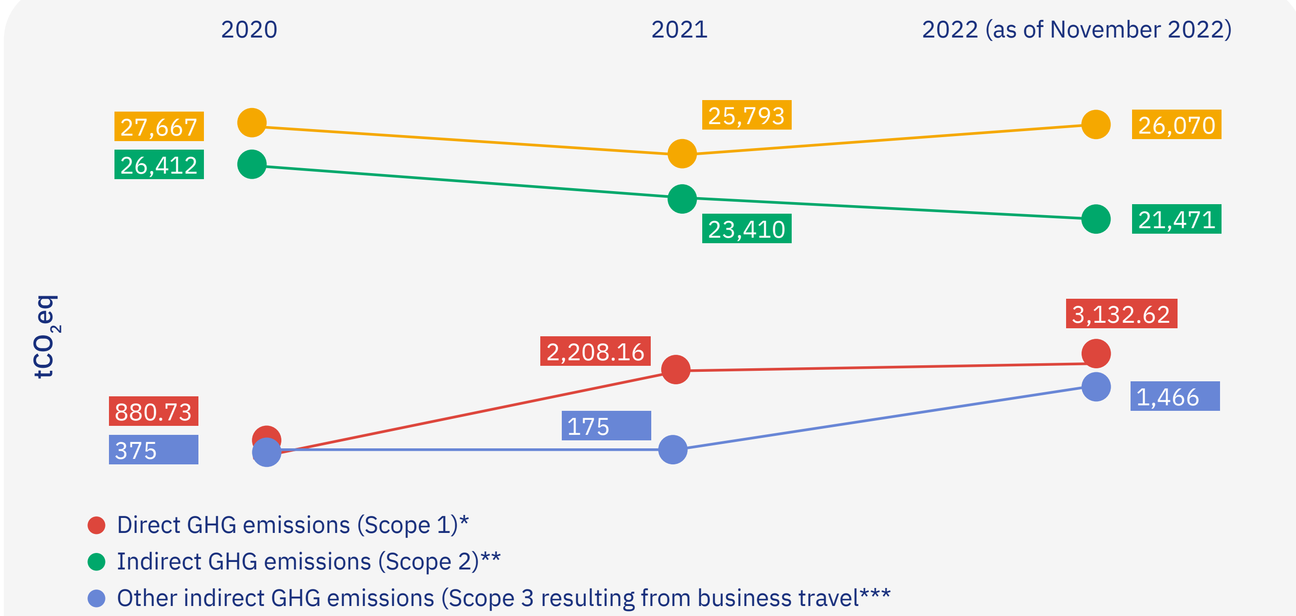
We have undertaken some initial steps to develop our renewable energy capacity as highlighted below.



RENEWABLE ENERGY PROGRAMME DURING THE YEAR	
Focus	Green parking lot
Objectives	Developments of renewable sources of energy
Background	Emirates NBD is looking towards shifting to renewable sources of energy
Footprint	**Our newly built parking lot elements feature solar system technology which will offset 50% of non-renewable energy consumption**
Outcomes	**Non-renewable energy consumption has been cut by a daily average of 50%.**
Assessment and Future Planning	**In future, we will look to extend renewable sources of energy to all locations**

GREENHOUSE GAS EMISSIONS

We track CO_2 emissions from our operations each year. By doing so, we can evaluate our results, spot areas for improvement, and prepare any necessary corrective actions. By adopting cutting-edge technology and creating carbon offset plans for all our lines of business, we have committed to reducing carbon emissions by 30% by 2030. Our total greenhouse gas emissions fell by over 5.5% between 2020 and 2022.



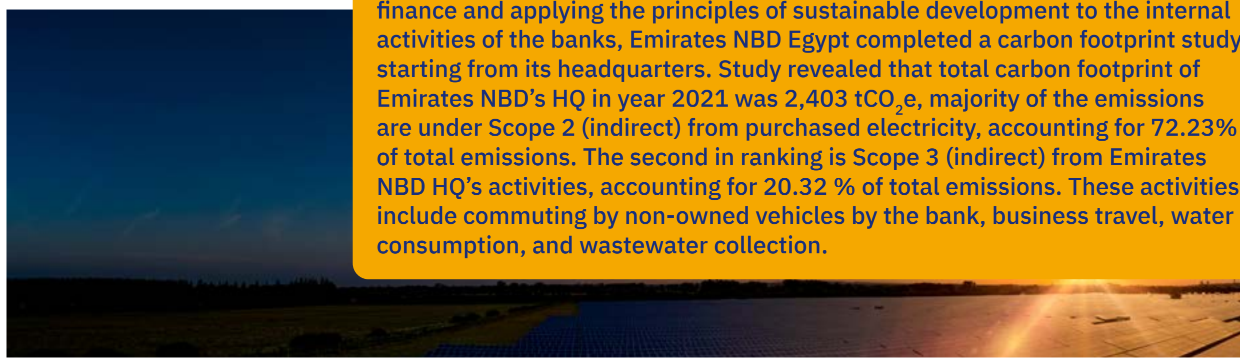
GHG INTENSITY			
	2.93	2.62	2.43

The emissions figures for 2020, 2021 and 2022 Scope 1 and Scope 3 emissions are revised to reflect the latest emission factors.

*Scope 1 calculated as per EPA - Emissions Factors for GHG Inventories 2018, WRI and GHG Protocol - Emissions Factors from Cross Sector Tools 2014

**Scope 2 calculated as per 2020 Dubai Electricity and Water Authorities (DEWA) Guidelines

***Scope 3 calculated as per UK DEFRA, Business Travel - air, 2020, 2021 and 2022 emission factors



In light of the commitment of the Central Bank of Egypt (CBE) towards climate finance and applying the principles of sustainable development to the internal activities of the banks, Emirates NBD Egypt completed a carbon footprint study, starting from its headquarters. Study revealed that total carbon footprint of Emirates NBD's HQ in year 2021 was 2,403 tCO_2e, majority of the emissions are under Scope 2 (indirect) from purchased electricity, accounting for 72.23% of total emissions. The second in ranking is Scope 3 (indirect) from Emirates NBD HQ's activities, accounting for 20.32 % of total emissions. These activities include commuting by non-owned vehicles by the bank, business travel, water consumption, and wastewater collection.

Water Use Management

We are conscious of the need to be efficient and responsible in our water usage and are committed to adopting sustainable water management practices, while also tackling water insecurity through our business operations. This philosophy is fully in line with the UAE's Water Security Strategy 2036 and also relates to our efforts to meet the KPIs set out in our Sustainability-Linked Loan to reduce water consumption.

We have:

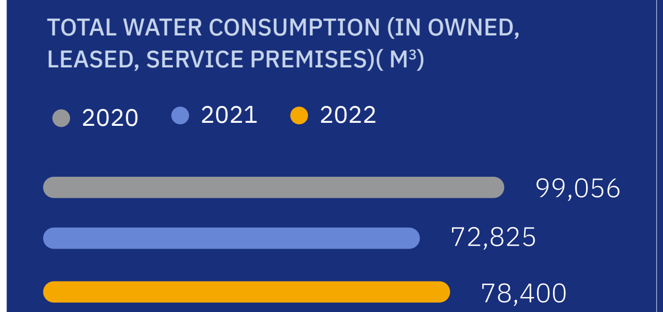
Installed water aerators

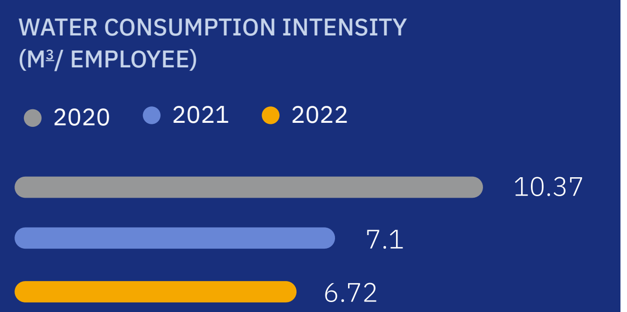
Water tank leakage sensors

Reduced water pressure in water taps without negatively affecting end users, to improve overall water management across the Bank.

We have also put water monitoring meters in our buildings to keep track of how much water is used by various service providers, including vehicle washes, cleaning services, and irrigation systems.

As shown below we have reduced our absolute and per capita water consumption levels between 2020-2022 and the intensity rate remained well below the target threshold during the period.





Waste Management

We understand that increasing staff awareness of the need for recycling and waste minimisation is necessary for the efficient management of resources. We can track waste production, recycling, and energy use thanks to our operational control procedures. To encourage waste reduction, reuse, and recycling, we have conducted awareness-raising campaigns.

By using specific garbage bins for various sorts of waste, we have devised a method that enables us to separate our waste from our premises. To improve our ratio of waste that was diverted from disposal, we increase usage of sustainable materials whenever possible. As a bank our waste management approach relates primarily to office related impacts with a focus on paper and plastics waste.

Category	Waste Type	2020	2021	2022
Sent for Recycling	Paper (kg)	1,721.00	2,010.00	3,718.00
	Carton (kg)	5,758.00	8,218.00	12,166.00
Donated for Reuse	Electronics (kg)	758	680	N/A
Sent to Landfill	General Waste (m³)	11,022.80	9,467.26	11,383.74

Paper Consumption

Within the Bank, we have implemented various initiatives to reduce the printing of paper. These include our contracts and computer system generated files being available via DocuSign for all respective parties. This will eliminate the printing of contracts.

Docusign

DocuSign is a digital solution that enables electronic internal approval for workflow and ensures we have legally binding signed contracts with our strategic vendors without the need for paper copies.

Go Paperless

2020 saw the launch of our Go Paperless programme as part of our sustainability strategy. This effort charts our progress towards environmental sustainability by promoting responsible paper use, tree preservation, and carbon footprint reduction.

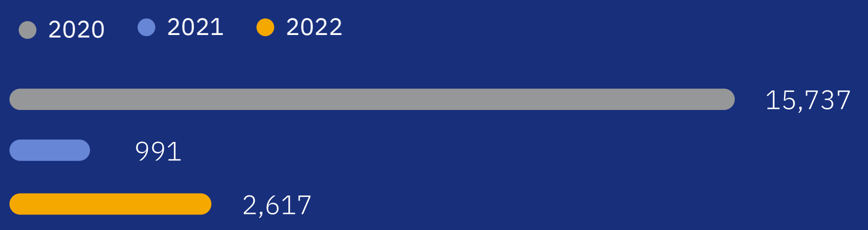
Also, we have mandated all our service providers to send invoices as soft copies. This will potentially eliminate the usage of paper. Below is shown our reduction in paper usage for the 2020-2022 period.

SayNoToPlastic Initiative

2020 saw the launch of our Go Paperless programme as part of our sustainability strategy. This effort charts our progress towards environmental sustainability by promoting responsible paper use, tree preservation, and carbon footprint reduction.

Also, we have mandated all our service providers to send invoices as soft copies. This will potentially eliminate the usage of paper. Below is shown our reduction in paper

REDUCTION IN PAPER USE (KG)



Other Environmental Initiatives

LEED Certifications

The U.S. Green Building Council's (USGBC) LEED (Leadership in Energy and Environmental Design) certification is an internationally recognised mark of leadership and success in sustainability. Being regarded as a pioneer in sustainable development makes us proud. Seven of Emirates NBD's locations have earned LEED Gold certification, compared to five locations in 2021.

Denizbank Head Office building is the first project in Europe certificated at LEED v4 Gold level

EV CHARGING STATIONS

At various branch locations, including Emirates NBD Al Awir, Emirates NBD Meydan, and Emirates NBD Nad Al Sheba, we have put in place EV charging stations. We added 28 in 2022, a significant increase in the 3 installed in 2021.

VEHICLES CHARGED BY EV CHARGER / YEAR

Denizbank added 404 new hybrid vehicles to its fleet in 2022, reaching a total of 533, to support sustainable modes of employee commuting.

In order to analyse and choose suppliers and contractors based on human and labour rights standards, environmental performance, social development, ethics and integrity, and product and service quality, we have designed and maintained appropriate procedures.

Along with business factors, we take sustainability factors into consideration while making purchases. Our sustainable procurement policy's goal is to outline standards for procurement practices with reference to the following sustainable procurement-related issues.

Sustainable Procurement Policy - Main Guidelines

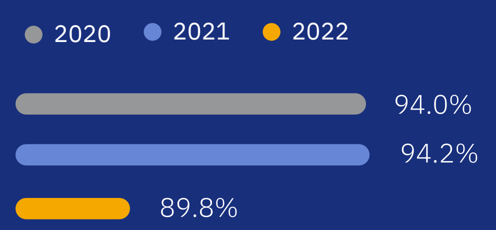
- Manage our purchasing decisions to lessen our impact on the environment.
- Minimize and conserve our natural resources whenever possible.
- To ensure the sustainability of the environment, we must reduce our carbon footprint.
- Encourage contractors and suppliers to utilise more environmentally friendly technology and products.
- Show the community and other stakeholders that we are leaders in the field of sustainable practices.

The UAE Centennial 2071 and a number of other international programs emphasize the importance of promoting possibilities for local suppliers. As a result, in 2022, we allocated roughly X% ofour operational expenditure to vendors with registered addresses in the UAE.

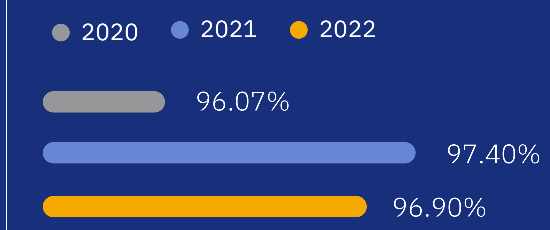
Sustainable Procurement

All our commercial connections, including those with our suppliers, are important to us. By using responsible sourcing methods, we look for progressive supply chain opportunities and work to reduce the risks in our supply chain, thereby streamlining our operations and performance.

% OF LOCAL SUPPLIERS ENGAGED



% OF SPENDING ON LOCAL SUPPLIERS



For more details about Emirates NBD procurement data, please visit Appendix A.

Appendices

APPENDIX A.

ESG PERFORMANCE TABLES

Workforce by gender profile	Units	2020	2021	2022
Full time employees by gender profile	Number	9,431	9,825	10,917
Female full-time employees	Number	3,729	3,996	4,431
Male full-time employees	Number	5,702	5,829	6,486
Permanent employees by gender profile	Number	8,488	8,778	9,562
Female permanent employees	Number	3,588	3,771	4,120
Male permanent employees	Number	4,900	5,007	5,442
Temporary employees by gender profile	Number	943	1,047	1,355
Female permanent employees	Number	141	225	311
Male permanent employees	Number	802	822	1,044
Total employees aged 18-30		2,201	2,205	2,489
Female	Number	1,255	1,303	1,456
Male	Number	946	902	1,033
Total employees aged 31-50		6,768	7,115	7,862
Female	Number	2,339	2,525	2,791
Male	Number	4,429	4,590	5,071
Total employees aged 51+		462	505	566
Female	Number	135	168	184
Male	Number	327	337	382

New employee hires by gender	Units	2020	2021	2022
New employee hires by gender		533	1407	2319
Total Permanent New Hires		380	1,031	1,651
Female permanent employees	Number	218	508	736
Male permanent employees	Number	162	523	915
Total Temporary New Hires		153	376	668
Female Temporary employees	Number	48	160	203
Male Temporary employees	Number	105	216	465
New employee hires by age		533	1407	2319
New employee hires aged 18-30	Number	298	762	1,020
New employee hires aged 31-50	Number	219	635	1,272
New employee hires aged 51+	Number	16	10	27
Employee turnover (employees that left the company) by gender	1638	1029	1200	2319
Female	596	403	501	1,020
Male	1,042	626	699	1,272
Employee turnover (employees that left the company) by age	1638	1029	1200	2319
Employees that left the organization aged 18-30	260	258	386	1,020
Employees that left the organization aged 31-50	1,188	719	761	1,272
Employees that left the organization aged 51+	190	52	53	27

Nationalisation in workforce	Units	2020	2021	2022
Nationals among total full-time workforce	Number	1,754	2,050	2,237
National full-time employees in senior management	Number	50	50	47

Nationalisation (by gender)	Units	2020	2021	2022
Female National full-time employees	Number	1,286	1,478	1,626
Male National full-time employees	Number	468	572	611

Workforce by age profile (FTEs only)	Units	2020	2021	2022
Age 18-30	Number	2,227	2,247	2,079
Age 31-50	Number	6,537	7,218	6,476
Age 51+	Number	463	511	467

New employee hires by country	Units	2020	2021	2022
Africa	Number	131	130	135
Arab	Number	830	835	905
Egypt	Number	693	739	816
GCC	Number	41	39	42
India	Number	3,204	3,283	3,583
Other Asia	Number	186	178	197
Other Sub Cont.	Number	300	306	374
Pakistan	Number	1,184	1,154	1,247
Philippines	Number	715	716	740
UAE	Number	1,919	2,204	2,377
Western	Number	228	241	275

Total training delivered	Units	2020	2021	2022
Total training delivered	hours	425,086	499,316	481,186
Senior management employees	hours	2,155	3,628	2,773
Middle management employees	hours	48,052	78,912	67,365
Male employees	hours	190,871	247,727	240,395
Female employees	hours	234,215	251,589	240,790
Average training per employee				
Average employees	Hours/total employees	40	48	40
Male employees	Hours/total employees	30	40	34
Female employees	Hours/total employees	55	58	49
Senior management employees	Hours/total employees	16	24	19
Middle management employees	Hours/middle management employees	25	42	30
Number of employees who completed sustainability-related awareness/ training programs	Number	N/A	N/A	N/A

Supply Chain Management	Units	2020	2021	2022
Total number of local suppliers engaged	Number	1,255	1,191	1,335
Procurement spending on local suppliers	AED	2,526,565,192	2,735,574,534	3,163,495,085
Total procurement spending	AED	2,629,718,583	2,808,684,125	3,265,032,423
Total number of suppliers engaged	Number	1,335	1,265	1,485
Percentage of spending on local suppliers	Percentage	96,07	97,4	96,9
Number of suppliers assessed against	Number	N/A	N/A	252
Number of suppliers that are subject to	Number	N/A	N/A	75
Number of suppliers identified as having	Number	N/A	N/A	4
Suppliers with which improvements were	Number	N/A	N/A	4

APPENDIX B.

AUDIT FEE DISCLOSURE

The External Auditor appointed by shareholders in the 2022 General Assembly Meeting for the 2022 financial year is Deloitte & Touche (M.E). They have served for four consecutive years as the External Auditor of Emirates NBD. The Audit Partner at Deloitte & Touche (M.E) in charge of the external audit rotated after three years. External audit firms may only be appointed for a maximum of six years. In addition to the key responsibilities of the BAC, the BAC also reviews and approves the external audit approach within Emirates NBD, to include the evaluation, independence appointment or re-appointment, terms of engagement and rotation of the auditing firm and/or the principal partner in charge of the Emirates NBD audit. The selection criteria include ensuring capacity of the audit firm to handle the audit effectively and competently, taking account of the scale and complexity of the Emirates BND Group, and also ensuring independence, no conflicts of interest, and a strong and capable audit partner and team.

Name of the audit office and partner auditor	Deloitte & Touche (M.E.) Mr. Yahia Shatila
Number of years he served as the company external auditor	One Year
Total fees for auditing ENBD consolidated financial statements for 2022 (in AED)	AED 2.1 million
Fee for Long form Audit Report	AED 1.1 million
Fee for other regulatory and Group reporting	AED 0.4 million
Total fees	AED 3.6 million