In the Name of Allah, the Merciful, the most Merciful



Emirates Islamic Bank

(Public Joint Stock Company)

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GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

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

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



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

Akbar Ahmad (1141), Cynthia Corby (995), Firas Anabtawi (5482), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

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

	Notes	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
ASSETS			
Cash and deposits with the Central Bank of the UAE	3	12,312,844	12,026,286
Due from banks	4	5,070,548	4,614,476
Investment securities	5	8,731,602	7,355,871
Financing receivables	6	50,984,248	48,368,978
Positive fair value of Islamic derivatives	14	200,729	184,118
Customer acceptances		718,387	923,843
Investment properties		206,835	280,547
Property and equipment		263,090	249,206
Other assets	7	830,662	760,393
TOTAL ASSETS		**79,318,945**	**74,763,718**
LIABILITIES			
Due to banks		1,840,259	1,880,081
Customer deposits		58,240,413	56,343,655
Sukuk payable	8	4,672,500	3,672,500
Negative fair value of Islamic derivatives	14	201,540	191,500
Customer acceptances		718,387	923,843
Other liabilities	9	3,127,214	2,491,797
TOTAL LIABILITIES		**68,800,313**	**65,503,376**
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		815,039	815,039
Other reserves		543,043	543,043
Fair value reserve		(329,238)	(375,476)
Retained earnings		4,059,366	2,847,314
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**10,518,632**	**9,260,342**
TOTAL LIABILITIES AND EQUITY		**79,318,945**	**74,763,718**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Chairman

Director

26 JUL 2023

Chief Executive Officer

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

	Notes	Unaudited three months period ended 30 June 2023 AED 000	Unaudited three months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
Income from financing receivables and investment products		1,137,583	574,035	2,171,871	1,082,943
Distribution on deposits and profit paid to Sukukholders		(221,587)	(69,272)	(398,318)	(116,408)
Net income from financing receivables and investment products		**915,996**	**504,763**	**1,773,553**	**966,535**
Fee and commission income		228,575	206,842	456,186	404,747
Fee and commission expense		(107,383)	(88,644)	(208,222)	(175,837)
Net fee and commission income		**121,192**	**118,198**	**247,964**	**228,910**
Other operating income	10	170,069	95,062	318,289	174,610
Total operating income		**1,207,257**	**718,023**	**2,339,806**	**1,370,055**
General and administrative expenses		(591,395)	(313,457)	(968,254)	(594,041)
Operating profit before impairment		**615,862**	**404,566**	**1,371,552**	**776,014**
Net impairment loss on financial assets	11	(77,237)	(45,370)	(238,672)	(74,919)
Net impairment (loss) / reversal on non-financial assets		72,558	-	79,172	-
Total net impairment loss		**(4,679)**	**(45,370)**	**(159,500)**	**(74,919)**
Net profit for the period		**611,183**	**359,196**	**1,212,052**	**701,095**
Earnings per share	13	**0.113**	**0.066**	**0.223**	**0.129**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

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

	Unaudited three months period ended 30 June 2023	Unaudited three months period ended 30 June 2022	Unaudited six months period ended 30 June 2023	Unaudited six months period ended 30 June 2022
	AED 000	AED 000	AED 000	AED 000
Net profit for the period	611,183	359,196	1,212,052	701,095
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to Income statement:				
Fair value reserve (Sukuk instruments):				
- Net change in fair value	(7,997)	(170,634)	46,257	(397,866)
- Net amount transferred to income statement	1	-	(19)	(24)
Other comprehensive income / (loss) for the period	(7,996)	(170,634)	46,238	(397,890)
Total comprehensive income for the period	**603,187**	**188,562**	**1,258,290**	**303,205**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

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

	Notes	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
OPERATING ACTIVITIES			
Net profit for the period		1,212,052	701,095
Adjustment for non cash items and other items	17	351,981	218,949
Operating profit before changes in operating assets and liabilities		**1,564,033**	**920,044**
(Increase) / decrease in balances with the Central Bank maturing after three months		(4,753,700)	2,418,711
(Increase) / decrease in amounts due from banks maturing after three months		(1,963,146)	(561,059)
Increase / (decrease) in amounts due to banks maturing after three months		194,451	-
(Increase) / decrease in positive fair value of Islamic derivatives		(16,611)	(31,608)
Increase / (decrease) in negative fair value of Islamic derivatives		10,040	34,600
(Increase) / decrease in other assets		(70,269)	41,809
Increase / (decrease) in other liabilities		545,127	297,417
Increase / (decrease) in customer deposits		1,896,758	7,072,015
(Increase) / decrease in financing receivables		(2,903,964)	(4,930,016)
Net cash flows generated from / (used in) operating activities		**(5,497,281)**	**5,261,913**
INVESTING ACTIVITIES			
(Increase) / decrease in investment securities		(1,364,962)	(459,375)
Dividend income received		29	5,647
(Increase) / decrease in investment properties		176,624	(1,609)
(Increase) / decrease in property and equipment		(56,591)	(20,880)
Net cash flows generated from / (used in) investing activities		**(1,244,900)**	**(476,217)**
FINANCING ACTIVITIES			
Issuance of sukuk borrowing		1,000,000	-
Net cash flows generated from / (used in) financing activities		**1,000,000**	**-**
Increase / (decrease) in cash and cash equivalents	**17**	**(5,742,181)**	**4,785,696**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

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

	Issued capital	Legal and Statutory reserve	Other reserves	Fair value reserve	Retained earnings	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2023	5,430,422	815,039	543,043	(375,476)	2,847,314	9,260,342
Net profit for the period	-	-	-	-	1,212,052	1,212,052
Other comprehensive income / (loss) for the period	-	-	-	46,238	-	46,238
Balance as at 30 June 2023	5,430,422	815,039	543,043	(329,238)	4,059,366	10,518,632
Balance as at 1 January 2022	5,430,422	691,025	543,043	112,390	1,774,104	8,550,984
Net profit for the period	-	-	-	-	701,095	701,095
Other comprehensive income / (loss) for the period	-	-	-	(397,890)	-	(397,890)
Balance as at 30 June 2022	5,430,422	691,025	543,043	(285,500)	2,475,199	8,854,189

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2023 as this will be effected at the year end.

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

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

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

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

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

	Date of incorporation & country	Principal activity	Ownership % 30 June 2023	Ownership % 31 December 2022
Emirates Islamic Financial Brokerage Co. LLC*	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%

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

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

*This subsidiary is in the process of being dissolved.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

3 CASH AND DEPOSITS WITH THE CENTRAL BANK OF THE UAE

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
Cash	367,368	517,586
Statutory and other deposits with the Central Bank of the UAE	6,726,955	4,321,753
Murabaha with the Central Bank of the UAE	5,218,521	7,186,947
	12,312,844	12,026,286

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

4 DUE FROM BANKS

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
Due from banks in the UAE	1,991,064	1,750,337
Due from foreign banks	3,086,347	2,873,239
Less: Expected credit losses	(6,863)	(9,100)
	5,070,548	4,614,476

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
Unaudited 30 June 2023	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	-	64,182	-	64,182
Others	-	-	141	141
	-	64,182	141	64,323
MEASURED AT AMORTISED COST				
Government Sukuk	414,289	1,213,763	73,480	1,701,532
Corporate Sukuk	439,941	311,389	363,586	1,114,916
	854,230	1,525,152	437,066	2,816,448
Less: Expected credit losses				(920)
				2,815,528
MEASURED AT FVOCI				
Government Sukuk	-	80,279	449,207	529,486
Corporate Sukuk	2,629,600	1,050,980	1,654,837	5,335,417
	2,629,600	1,131,259	2,104,044	5,864,903
Less: Expected credit losses				(13,152)
				5,851,751
Gross investment securities	3,483,830	2,720,593	2,541,251	8,745,674
Net investment securities				8,731,602

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

As at 30 June 2023, the fair value of investment securities measured at amortized cost amounted to AED 2,751 million (31 December 2022: AED 1,226 million).

5 INVESTMENT SECURITIES (CONTINUED)

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

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

6 FINANCING RECEIVABLES

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
At Amortised Cost		
Murabaha	34,850,369	32,616,411
Credit cards receivable	2,667,691	2,287,312
Wakala	360,625	364,502
Istissna'a	1,494,868	1,306,557
Ijara	17,967,899	17,820,042
Others	14,647	115,001
	57,356,099	54,509,825
Less: Deferred income	(1,534,683)	(1,428,178)
Gross financing receivables	55,821,416	53,081,647
Less: Expected credit losses	(4,837,168)	(4,712,669)
Net financing receivables	50,984,248	48,368,978
Total of impaired financing receivables	4,029,348	3,692,074

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

6 FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 June 2023	Audited 31 December 2022
Analysis by economic activity	AED 000	AED 000
Manufacturing	2,429,301	2,614,767
Construction	823,742	768,790
Trade	6,028,885	5,223,456
Transport and communication	108,548	83,295
Utilities and services	1,520,065	1,479,023
Sovereign	377,659	793,730
Personal	33,862,957	32,609,059
Real estate	4,407,657	3,832,212
Hotels and restaurants	117,912	91,214
Management of companies and enterprises	3,580,572	3,141,246
Financial institutions and investment companies	1,280,051	1,534,385
Others	2,818,750	2,338,648
	57,356,099	54,509,825
Less: Deferred Income	(1,534,683)	(1,428,178)
Gross financing receivables	55,821,416	53,081,647
Less: Expected credit losses	(4,837,168)	(4,712,669)
Net financing receivables	50,984,248	48,368,978

7 OTHER ASSETS

	Unaudited 30 June 2023 AED 000	Audited 31 December 2022 AED 000
Profit receivable	181,836	153,644
Prepayments and other advances	130,777	96,871
Sundry financing and other receivables	62,387	14,924
Deferred sales commission	22,695	21,852
Goods available-for-sale	44,619	77,855
Others	388,348	395,247
	830,662	760,393

8 SUKUK PAYABLE

a) During 2023, the Group issued Sukuk amounting to AED 1 billion to raise AED denominated medium term finance via a Shariah compliant sukuk financing arrangement. In years 2020 and 2021, Group had issued AED 3.7 billion to raise US Dollar denominated medium term finance via a Shariah compliant sukuk financing arrangement. As at 30 June 2023, the total outstanding sukuk payable is AED 4.7 billion.

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

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

The Bank transferred certain identified Ijara assets totaling to AED 2.9 billion (the “co-owned assets”) to its subsidiary, EIB Sukuk company limited – (the “Issuer”), a special purpose vehicle formed for the issuance of these sukuk. The Bank has further entered into a Murabaha with the Sukukholders for an amount of AED 1.9 billion. This medium term finance is carried at amortised cost.

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

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

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

8 SUKUK PAYABLE (CONTINUED)

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

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
2025	1,836,250	1,836,250
2026	2,836,250	1,836,250
	4,672,500	3,672,500

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

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

9 OTHER LIABILITIES

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
Profit payable to depositors	211,570	141,374
Staff related liabilities	135,968	158,055
Managers' cheques	525,965	504,412
Trade and other payables	407,142	333,159
Zakat payable	-	44,065
Others	1,846,569	1,310,732
	3,127,214	2,491,797

10 OTHER OPERATING INCOME

	Unaudited six months period ended 30 June 2023	Unaudited six months period ended 30 June 2022
	AED 000	AED 000
Dividend income on equity investments designated at FVTPL	29	5,647
Gain from sale of investment securities measured at FVOCI	19	24
Gain / (loss) from investment securities designated at fair value through profit or loss	27,830	(7,539)
Rental income (net of depreciation)	1,973	969
Gain on sale of properties (investment properties / inventories)	29,956	11,544
Foreign exchange and Islamic derivative income / (loss)*	243,346	155,411
Other income (net)	15,136	8,554
	318,289	174,610

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

11 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited six months period ended 30 June 2023	Unaudited six months period ended 30 June 2022
	AED 000	AED 000
Net impairment of due from banks	(2,238)	5,459
Net impairment of investment securities	(15,806)	4,201
Net impairment of financing receivables	288,694	176,181
Net impairment of unfunded exposures	90,290	119
Bad financing written off / (recovery) - net	(122,268)	(111,041)
Net impairment loss on financial assets	238,672	74,919

12 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
Letters of credit	441,819	648,689
Guarantees	5,847,508	5,461,759
Irrevocable financing commitments*	2,920,026	1,489,294
	9,209,353	7,599,742

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

13 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, if any.

	Unaudited six months period ended 30 June 2023	Unaudited six months period ended 30 June 2022
Net profit for the period (AED 000)	1,212,052	701,095
Weighted average number of equity shares in issue (000)	5,430,422	5,430,422
Earnings per share* (AED)	0.223	0.129

*The diluted and basic EPS were the same for the six months periods ended 30 June 2023 and 30 June 2022.

14 ISLAMIC DERIVATIVES

	Unaudited 30 June 2023		Audited 31 December 2022	
	Positive fair value AED 000	Negative fair value AED 000	Positive fair value AED 000	Negative fair value AED 000
Forward foreign exchange contracts	5,189	(2,200)	3,534	(2,524)
Foreign exchange options	6,177	(6,723)	3,505	(3,612)
Profit rate swaps / caps	189,363	(192,617)	177,079	(185,364)
Total	200,729	(201,540)	184,118	(191,500)

15 OPERATING SEGMENTS

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

Corporate and institutional banking

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

Retail banking and wealth management

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

Treasury

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

Others

Other operations of the Group include operations and support functions.

15 OPERATING SEGMENTS (CONTINUED)

Unaudited 30 June 2023	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	308,831	1,033,748	183,047	247,927	1,773,553
Net fees, commission & other income	93,169	410,951	30,888	31,245	566,253
Total operating income	402,000	1,444,699	213,935	279,172	2,339,806
General and administrative expenses	(40,952)	(480,929)	(10,794)	(435,579)	(968,254)
Net impairment loss	83,177	(337,814)	16,164	78,973	(159,500)
Net profit / (loss) for the period	444,225	625,956	219,305	(77,434)	1,212,052
Segment Assets	24,420,233	39,886,174	14,786,275	226,263	79,318,945
Segment Liabilities and Equity	12,796,355	50,565,196	208,967	15,748,427	79,318,945

Unaudited 30 June 2022	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	193,888	712,633	31,704	28,310	966,535
Net fees, commission & other income	86,365	303,223	806	13,126	403,520
Total operating income	280,253	1,015,856	32,510	41,436	1,370,055
General and administrative expenses	(36,863)	(377,107)	(9,478)	(170,593)	(594,041)
Net impairment loss	39,657	(108,724)	(5,704)	(148)	(74,919)
Net profit / (loss) for the period	283,047	530,025	17,328	(129,305)	701,095
Segment Assets	23,657,750	33,239,307	16,480,670	315,076	73,692,803
Segment Liabilities and Equity	13,406,389	44,369,392	2,276,583	13,640,439	73,692,803

16 RELATED PARTY TRANSACTIONS

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

Customer deposits from and financing to Government related entities, other than those that have been individually disclosed, amount to 14.4% and 4.2% (2022: 16.0% and 4.0%) respectively of the total customer deposits and financing receivables of the Group, respectively.

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

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

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

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

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

	Unaudited 30 June 2023	Audited 31 December 2022
	AED 000	AED 000
Financing and other receivables		
To parent and related companies	578,517	971,157
To directors and related companies	5,596	8,671
To key management personnel & affiliates	2,763	2,578
	586,876	982,406
Customer deposits and other payables		
From ultimate parent company	9	183,635
From parent and related companies	1,231,694	1,505,156
From directors and related companies	99	161
From key management personnel & affiliates	21,095	18,914
	1,252,897	1,707,866
Investment securities and derivatives		
Investment in ultimate parent company	188,136	191,577
Positive fair value of derivatives - Parent and related companies	94,525	103,257
Negative fair value of derivatives - Parent and related companies	(106,143)	(81,130)
Notional amount of derivatives - Parent and related companies	10,696,261	9,725,512

16 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited six months period ended 30 June 2023	Unaudited six months period ended 30 June 2022
	AED 000	AED 000
Group Consolidated Income Statement		
Recharges from group companies	220,918	170,220
Income from investment in ultimate parent company	3,890	3,233
Income on financing receivables		
From parent and related companies	21,575	3,923
Distribution on deposits		
To ultimate parent company	3,911	1,616
To parent and related companies	6,139	1,701

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

	Unaudited six months period ended 30 June 2023	Unaudited six months period ended 30 June 2022
	AED 000	AED 000
Key management compensation		
Short term employee benefits	21,038	16,038
Post employment benefits	528	2,547

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

	Unaudited six months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2022 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	7,097,319	56,430
Net cash inflow / (outflow)	(5,742,181)	4,785,696
Balance at end of period	1,355,138	4,842,126
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank of the UAE	12,312,844	12,395,152
Due from banks	5,077,411	4,936,243
Due to banks	(1,840,259)	(3,490,600)
	15,549,996	13,840,795
Less : Deposits with the Central Bank for regulatory purposes	(5,128,797)	(2,853,638)
Less: Murabaha with the Central Bank maturing after three months	(5,218,519)	(2,958,313)
Less : Amounts due from banks maturing after three months	(4,195,939)	(3,186,718)
Add : Amounts due to banks maturing after three months	348,397	-
	1,355,138	4,842,126
(c) Adjustment for non cash and other items		
Net impairment loss / (reversal) on due from banks	(2,238)	5,459
Net impairment loss / (reversal) on investment securities	(15,806)	4,201
Net impairment loss on financing receivables	288,694	176,181
Net impairment loss on unfunded exposure	90,290	119
Dividend income	(29)	(5,647)
Depreciation / impairment on property and equipment / investment properties	(30,249)	49,747
Unrealized loss on investment securities	51,275	433
Gain on sale of properties (investment property / inventories)	(29,956)	(11,544)
	351,981	218,949

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value of assets and liabilities

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

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

Unaudited 30 June 2023	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
Investment securities				
FVOCI - Sukuk instruments	5,851,751	-	-	5,851,751
Designated at FVTPL	-	-	64,323	64,323
Islamic Derivatives				
Positive fair value of Islamic derivatives	-	200,729	-	200,729
Negative fair value of Islamic derivatives	-	(201,540)	-	(201,540)
	5,851,751	(811)	64,323	5,915,263
Audited 31 December 2022	5,925,063	99,218	64,298	6,088,579

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Designated at FVTPL
	AED 000
Balance as at 1 January 2023	64,298
Total gains or losses:	
- in profit or loss	7,120
Settlements and other adjustments	(7,095)
Balance as at 30 June 2023	64,323
Balance as at 31 December 2022	64,298

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

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

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

19 RISK MANAGEMENT

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

Credit quality analysis:

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

AED 000 Unaudited 30 June 2023	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance at 1 January	48,129,717	1,259,856	3,692,074	53,081,647
Transfers from Stage 1	(1,366,088)	935,506	430,582	-
Transfers from Stage 2	170,563	(322,928)	152,365	-
Transfers from Stage 3	-	-	-	-
New financial assets, net of repayments and others	2,943,271	42,171	(81,478)	2,903,964
Amounts written off during the period	-	-	(164,195)	(164,195)
Total gross financing receivables	49,877,463	1,914,605	4,029,348	55,821,416
Expected credit losses	(1,019,113)	(359,847)	(3,458,208)	(4,837,168)
Carrying amount	48,858,350	1,554,758	571,140	50,984,248

AED 000 Unaudited 30 June 2022	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance at 1 January	42,289,030	900,348	3,843,720	47,033,098
Transfers from Stage 1	(213,226)	194,538	18,688	-
Transfers from Stage 2	75,083	(277,622)	202,539	-
Transfers from Stage 3	-	97,279	(97,279)	-
New financial assets, net of repayments and others	5,041,111	5,988	(117,083)	4,930,016
Amounts written off during the period	-	-	(151,585)	(151,585)
Total gross financing receivables	47,191,998	920,531	3,699,000	51,811,529
Expected credit losses	(741,538)	(218,161)	(3,483,971)	(4,443,670)
Carrying amount	46,450,460	702,370	215,029	47,367,859

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

19 RISK MANAGEMENT (CONTINUED)

Amounts arising from ECL

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

Financing receivables	Unaudited 30 June 2023				Unaudited 30 June 2022			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	955,482	274,920	3,482,267	4,712,669	717,111	249,248	3,452,715	4,419,074
Transfers from Stage 1	(67,154)	17,690	49,464	-	(7,190)	6,482	708	-
Transfers from Stage 2	8,376	(36,131)	27,755	-	18,290	(116,939)	98,649	-
Transfers from Stage 3	-	-	-	-	-	36,529	(36,529)	-
Allowances for impairment made during the period	122,409	103,368	332,044	557,821	13,327	42,841	205,554	261,722
Write back / recoveries made during the period	-	-	(269,127)	(269,127)	-	-	(85,541)	(85,541)
Amounts written off during the period	-	-	(164,195)	(164,195)	-	-	(151,585)	(151,585)
Closing Balance	**1,019,113**	**359,847**	**3,458,208**	**4,837,168**	**741,538**	**218,161**	**3,483,971**	**4,443,670**

20 IBOR TRANSITION (PROFIT RATE BENCHMARK REFORMS)

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

21 CORPORATE TAX IN UAE

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

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

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

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