

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	Page
INDEPENDENT AUDITOR'S REPORT	1
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION	2
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME	3
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	4
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	5
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.....	6
1 CORPORATE INFORMATION	7
2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES	7
3 CASH AND DEPOSITS WITH CENTRAL BANKS.....	9
4 DUE FROM BANKS.....	9
5 INVESTMENT SECURITIES.....	10
6 LOANS AND RECEIVABLES.....	12
7 OTHER ASSETS	13
8 DEBT ISSUED AND OTHER BORROWED FUNDS.....	14
9 SUKUK PAYABLE	15
10 OTHER LIABILITIES.....	15
11 EQUITY HOLDER FUNDS.....	15
12 TIER 1 CAPITAL NOTES.....	16
13 OTHER OPERATING INCOME	16
14 GENERAL AND ADMINISTRATIVE EXPENSES	17
15 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS.....	17
16 COMMITMENTS AND CONTINGENCIES.....	18
17 EARNINGS PER SHARE.....	18
18 DERIVATIVES	19
19 OPERATING SEGMENTS	19
20 RELATED PARTY TRANSACTIONS.....	22
21 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS.....	24
22 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	26
23 RISK MANAGEMENT	28
24 IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)	30
25 CORPORATE TAX IN UAE.....	30

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 September 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 nine 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.

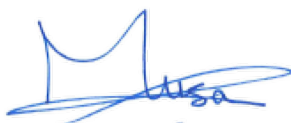
Scope of review

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
25 October 2023
Dubai
United Arab Emirates

EMIRATES NBD BANK PJSC

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

		Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
ASSETS			
Cash and deposits with Central Banks	3	79,634,945	74,617,905
Due from banks	4	89,868,512	73,466,575
Investment securities	5	151,950,995	125,806,964
Loans and receivables	6	455,106,214	416,604,392
Positive fair value of derivatives	18	19,979,641	17,205,811
Customer acceptances		8,064,904	9,029,309
Property and equipment		5,022,861	4,105,853
Goodwill and intangibles		5,687,954	5,779,053
Other assets	7	20,246,834	15,345,691
TOTAL ASSETS		835,562,860	741,961,553
LIABILITIES			
Due to banks		37,159,120	37,278,985
Customer deposits		570,187,213	502,953,216
Debt issued and other borrowed funds	8	60,192,318	53,486,827
Sukuk payable	9	4,672,500	3,672,500
Negative fair value of derivatives	18	23,408,543	20,205,915
Customer acceptances		8,064,904	9,029,309
Other liabilities	10	26,569,701	22,030,652
TOTAL LIABILITIES		730,254,299	648,657,404
EQUITY			
Issued capital		6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	12	9,128,652	9,128,652
Share premium reserve		17,954,164	17,954,164
Legal and statutory reserve		3,158,299	3,158,299
Other reserves		2,945,393	2,945,393
Fair value reserve		(2,177,650)	(1,296,468)
Currency translation reserve		(7,772,342)	(7,308,184)
Retained earnings		75,635,441	62,345,938
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		105,142,380	93,198,217
Non-controlling interest		166,181	105,932
TOTAL EQUITY		105,308,561	93,304,149
TOTAL LIABILITIES AND EQUITY		835,562,860	741,961,553

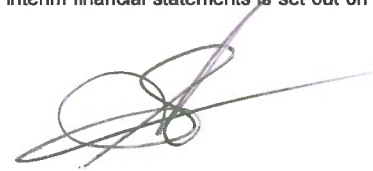
The attached notes 1 to 25 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.



Director



Director



Chief Executive Officer

25 OCT 2023

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

		Unaudited	Unaudited	Unaudited	Unaudited
		three months	three months	nine months	nine months
		period ended	period ended	period ended	period ended
		30 September	30 September	30 September	30 September
		2023	2022	2023	2022
	Notes	AED 000	AED 000	AED 000	AED 000
Interest and similar income		13,408,683	8,077,956	34,990,837	20,584,470
Interest and similar expense		(6,921,075)	(2,908,345)	(16,640,222)	(7,352,522)
Net interest income		6,487,608	5,169,611	18,350,615	13,231,948
Income from Islamic financing and investment products		1,890,778	1,114,316	5,274,853	2,719,844
Distribution on Islamic deposits and profit paid to Sukuk holders		(538,118)	(200,593)	(1,359,601)	(428,009)
Net income from Islamic financing and investment products		1,352,660	913,723	3,915,252	2,291,835
Net interest income and net income from Islamic financing and investment products		7,840,268	6,083,334	22,265,867	15,523,783
Fee and commission income		2,393,803	1,805,894	6,402,591	5,133,816
Fee and commission expense		(1,116,409)	(743,548)	(2,886,762)	(2,072,699)
Net fee and commission income		1,277,394	1,062,346	3,515,829	3,061,117
Net gain / (loss) on trading securities		139,909	(45,496)	329,765	(2,841)
Other operating income	13	2,174,424	1,387,587	6,607,246	4,110,962
Total operating income		11,431,995	8,487,771	32,718,707	22,693,021
General and administrative expenses	14	(2,895,851)	(2,327,103)	(8,355,326)	(6,397,772)
Operating profit before impairment		8,536,144	6,160,668	24,363,381	16,295,249
Net impairment loss on financial assets	15	(553,273)	(1,376,685)	(1,502,362)	(3,257,836)
Operating profit before taxation and others		7,982,871	4,783,983	22,861,019	13,037,413
Hyperinflation adjustment on net monetary position	2	(1,810,043)	(538,106)	(3,162,290)	(2,407,882)
Profit for the period before taxation		6,172,828	4,245,877	19,698,729	10,629,531
Taxation charge		(938,698)	(465,829)	(2,205,951)	(1,531,049)
Profit for the period		5,234,130	3,780,048	17,492,778	9,098,482
Attributable to:					
Equity holders of the Group		5,220,587	3,776,203	17,458,950	9,073,733
Non-controlling interest		13,543	3,845	33,828	24,749
Profit for the period		5,234,130	3,780,048	17,492,778	9,098,482
Earnings per share (AED)	17	0.81	0.58	2.71	1.38

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

EMIRATES NBD BANK PJSC

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

	Unaudited three months period ended 30 September 2023 AED 000	Unaudited three months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
Profit for the period	5,234,130	3,780,048	17,492,778	9,098,482
Other comprehensive income				
Items that will not be reclassified subsequently to the statement of income:				
Movement in fair value reserve (equity instruments):				
- Net change in fair value	(23,412)	68,144	113,469	(72,414)
Items that may be reclassified subsequently to the statement of income:				
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:				
Net changes in the cost of hedging	(117,136)	66,938	24,800	124,817
Cash flow hedges:				
- Effective portion of changes in fair value	147,331	(272,956)	236,878	(941,236)
Fair value reserve (debt instruments):				
- Net change in fair value	19,644	413,156	(1,320,274)	(202,757)
- Net amount transferred to income statement	(88,761)	(12,102)	(362,710)	(67,478)
- Related deferred tax	25,939	(154,753)	426,655	(104,525)
Currency translation reserve	(386,294)	(1,061,125)	(4,317,577)	(2,840,744)
Hedge of a net investment in foreign operations	6,449	17,265	(39,846)	38,951
Hyperinflation adjustment (note 2)	2,062,585	522,665	3,893,265	3,563,028
Other comprehensive income / (loss) for the period	1,646,345	(412,768)	(1,345,340)	(502,358)
Total comprehensive income / (loss) for the period	6,880,475	3,367,280	16,147,438	8,596,124
Attributable to:				
Equity holders of the Group	6,866,932	3,363,435	16,113,610	8,571,375
Non-controlling interest	13,543	3,845	33,828	24,749
Total comprehensive income for the period	6,880,475	3,367,280	16,147,438	8,596,124

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

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**

		Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
	Notes		
<u>OPERATING ACTIVITIES</u>			
Profit for the period before taxation		19,698,729	10,629,531
Adjustment for non-cash and other items	21	2,826,947	4,063,407
Operating profit before changes in operating assets and liabilities		22,525,676	14,692,938
(Increase) / decrease in interest free statutory deposits		(9,851,556)	(2,770,615)
(Increase) / decrease in certificate of deposits with Central Banks maturing after three months		1,000,000	3,000,000
(Increase) / decrease in amounts due from banks maturing after three months		(13,483,385)	(16,654,445)
Increase / (decrease) in amounts due to banks maturing after three months		340,329	(11,044,956)
(Increase) / decrease in other assets		(4,885,625)	(3,903,163)
Increase / (decrease) in other liabilities		(1,802,263)	1,204,644
(Increase) / decrease in positive fair value of derivatives		(2,551,999)	(9,256,551)
Increase / (decrease) in negative fair value of derivatives		3,202,628	12,976,099
Increase / (decrease) in customer deposits		67,233,997	24,351,306
(Increase) / decrease in loans and receivables		(40,138,616)	(176,606)
		21,589,186	12,418,651
Taxes paid		(1,411,041)	(858,397)
Net cash flows generated from / (used in) operating activities		20,178,145	11,560,254
<u>INVESTING ACTIVITIES</u>			
(Increase) / decrease in investment securities		(25,636,040)	(12,663,413)
(Increase) / decrease of property and equipment		(796,648)	(370,324)
Dividend income received		4,605	8,172
Net cash flows generated from / (used in) investing activities		(26,428,083)	(13,025,565)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	8	14,213,091	4,600,746
Repayment of debt issued and other borrowed funds	8	(5,311,017)	(8,616,103)
Issuance of Sukuk		1,000,000	-
Interest on Tier I capital notes		(383,030)	(383,030)
Dividends paid		(3,786,417)	(3,155,347)
Net cash flows generated from / (used in) financing activities		5,732,627	(7,553,734)
Increase / (decrease) in cash and cash equivalents (refer Note 21)		(517,311)	(9,019,045)

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

EMIRATES NBD BANK PJSC

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

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total	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 2023	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(1,296,468)	(7,308,184)	62,345,938	93,198,217	105,932	93,304,149
Profit for the period	-	-	-	-	-	-	-	-	17,458,950	17,458,950	33,828	17,492,778
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	(881,182)	(464,158)	-	(1,345,340)	-	(1,345,340)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(383,030)	(383,030)	-	(383,030)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	26,421	26,421
Dividends paid*	-	-	-	-	-	-	-	-	(3,786,417)	(3,786,417)	-	(3,786,417)
Balance as at 30 September 2023	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(2,177,650)	(7,772,342)	75,635,441	105,142,380	166,181	105,308,561
Balance as at 1 January 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(725,815)	(8,299,265)	53,088,213	83,520,064	59,625	83,579,689
Profit for the period	-	-	-	-	-	-	-	-	9,073,733	9,073,733	24,749	9,098,482
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	(1,263,593)	761,235	-	(502,358)	-	(502,358)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(383,030)	(383,030)	-	(383,030)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	37,097	37,097
Dividends paid*	-	-	-	-	-	-	-	-	(3,155,347)	(3,155,347)	-	(3,155,347)
Balance as at 30 September 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(1,989,408)	(7,538,030)	58,623,569	88,553,062	121,471	88,674,533

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

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

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

1 CORPORATE INFORMATION

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

The condensed consolidated interim financial statements for the period ended 30 September 2023 comprise the interim 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.

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

The parent of the Group is Investment Corporation of Dubai, which is wholly owned by the Government of Dubai.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 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 nine months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2023.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Hyperinflation

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

As at 30 September 2023, the three-year cumulative inflation rate has been 254% based on the Turkish CPI. The consumer price index at the beginning of the reporting period was 1,128 and closed at 1,691 resulting in an increase of 50%.

- The Group has recognised in other comprehensive income (OCI) AED 0.6 billion which represents the impact of indexing of non-monetary items from the date these were acquired by change in the CPI from the date of acquisition to 31 December 2021 to the extent determined to be recoverable.
- Net non-monetary position (excluding equity) has been indexed by applying the difference in CPI from 31 December 2022 to 30 September 2023 resulting in a gain of AED 2.1 billion in the statement of income to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the statement of income, amounting to AED 4.4 billion with an equal corresponding credit to OCI.
- Group consolidated statement of income is indexed using the respective period index movement for the period. For the period ended 30 September 2023, the indexation impact on the Group consolidated statement of income is as follows:

30 September 2023	AED billion Hyperinflation Impact
Total operating income	1.30
General and administrative expenses	(0.45)
Net impairment loss on financial assets	0.14
Taxation charge	(0.08)

During the nine months period ended 30 September 2023, the loss due to hyperinflation accounting for DenizBank was AED 3.2 billion and is recognised in the condensed consolidated interim statement of income as hyperinflation adjustment on net monetary position. Overall, the hyperinflation adjustment results in a credit of AED 0.7 billion in OCI after netting off loss on net monetary position recognised in the Group condensed consolidated interim statement of income.

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

The positive impact of 28 bps, arising from the AED 2 billion non-monetary items credit adjustment to equity partially offset by AED 3 billion indexation impact on risk-weighted assets, has been excluded from the capital adequacy computation.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Cash	6,055,942	5,980,818
Statutory and other deposits with Central Banks	61,418,886	51,570,086
Interest bearing placements with Central Banks	301,676	219,699
Murabahas and interest-bearing certificates of deposits with Central Banks	11,863,356	16,849,685
Less: Expected credit losses	(4,915)	(2,383)
	<u>79,634,945</u>	<u>74,617,905</u>

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

4 DUE FROM BANKS

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Due from banks in UAE	11,417,271	10,873,595
Due from foreign banks	78,530,707	62,674,982
Less: Expected credit losses	(79,466)	(82,002)
	<u>89,868,512</u>	<u>73,466,575</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**5 INVESTMENT SECURITIES****Unaudited 30 September 2023****TRADING SECURITIES
MEASURED AT FVTPL**

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
Government Bonds	2,097,591	1,498,297	917,102	4,512,990
Corporate Bonds	757,078	820,781	314,917	1,892,776
Equity	-	-	100,308	100,308
Others	-	-	466,712	466,712
	<u>2,854,669</u>	<u>2,319,078</u>	<u>1,799,039</u>	<u>6,972,786</u>

DESIGNATED AS AT FVTPL

Equity	-	73,964	1,777	75,741
Others	-	2,258	5,377	7,635
	<u>-</u>	<u>76,222</u>	<u>7,154</u>	<u>83,376</u>

**MEASURED AT AMORTISED
COST**

Government Bonds	63,439,399	19,225,423	31,014,035	113,678,857
Corporate Bonds	5,095,865	2,685,856	3,671,764	11,453,485
	<u>68,535,264</u>	<u>21,911,279</u>	<u>34,685,799</u>	<u>125,132,342</u>
Less: Expected credit losses				(26,325)
				<u>125,106,017</u>

**MEASURED AT FVOCI - DEBT
INSTRUMENTS**

Government Bonds	-	763,646	11,288,208	12,051,854
Corporate Bonds	4,022,122	1,144,559	1,948,910	7,115,591
	<u>4,022,122</u>	<u>1,908,205</u>	<u>13,237,118</u>	<u>19,167,445</u>
Less: Expected credit losses				(35,860)
				<u>19,131,585</u>

**MEASURED AT FVOCI - EQUITY
INSTRUMENTS**

Equity	97,388	53,309	506,534	657,231
	<u>97,388</u>	<u>53,309</u>	<u>506,534</u>	<u>657,231</u>
Gross Investment securities	<u>75,509,443</u>	<u>26,268,093</u>	<u>50,235,644</u>	<u>152,013,180</u>
Net Investment securities				<u>151,950,995</u>

As at 30 September 2023, the fair value of investment securities measured at amortized cost amounted to AED 120,031 million (31 December 2022: AED 91,802 million).

EMIRATES NBD BANK PJSC

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

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

*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.

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**6 LOANS AND RECEIVABLES**

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Gross loans and receivables	494,278,042	456,009,164
Less: Expected credit losses	(39,171,828)	(39,404,772)
Net loans and receivables	<u>455,106,214</u>	<u>416,604,392</u>
	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
<u>At Amortised Cost</u>		
Overdrafts	90,779,610	103,602,274
Time loans	274,617,213	233,249,784
Loans against trust receipts	8,930,579	9,389,147
Bills discounted	7,802,505	5,125,489
Credit card receivables	22,574,972	18,679,279
Gross loans - conventional	<u>404,704,879</u>	<u>370,045,973</u>
Murabaha	62,212,402	59,666,850
Ijara	24,772,113	24,044,962
Wakala	1,001,361	1,068,869
Istisna'a	1,600,012	1,306,557
Credit cards receivable	2,876,567	2,287,312
Others	30,815	271,366
Less: Deferred income	(2,920,107)	(2,682,725)
Gross Islamic financing receivables	<u>89,573,163</u>	<u>85,963,191</u>
Gross loans and receivables	<u>494,278,042</u>	<u>456,009,164</u>
Total of credit impaired loans and receivables	<u>26,972,063</u>	<u>27,253,983</u>

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

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**6 LOANS AND RECEIVABLES (CONTINUED)**

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	25,014,800	23,962,168
Construction	12,559,874	12,497,888
Trade	34,241,371	30,644,042
Transport and communication	29,536,806	17,005,663
Utilities and services	27,545,785	32,306,786
Sovereign	111,139,633	112,696,509
Personal	127,584,352	114,701,863
Real estate	45,591,016	48,484,643
Hotels and restaurants	9,499,812	9,430,950
Management of companies and enterprises	25,998,183	15,554,374
Financial institutions and investment companies	27,771,206	23,088,161
Agriculture	3,870,653	5,053,860
Others	16,844,658	13,264,982
	497,198,149	458,691,889
Less: Deferred Income	(2,920,107)	(2,682,725)
Gross loans and receivables	494,278,042	456,009,164
Less: Expected credit losses	(39,171,828)	(39,404,772)
Net loans and receivables	455,106,214	416,604,392

7 OTHER ASSETS

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Accrued interest receivable	5,947,559	4,245,902
Islamic profit receivable	368,199	226,875
Prepayments and other advances	2,280,385	1,292,363
Sundry debtors and other receivables	4,001,893	2,014,308
Inventory	4,449,933	3,263,847
Deferred tax asset	753,633	1,051,673
Investment properties	356,173	453,587
Others	2,089,059	2,797,136
	20,246,834	15,345,691

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**8 DEBT ISSUED AND OTHER BORROWED FUNDS**

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Medium term note programme	45,943,229	45,739,355
Term loans from banks	11,030,527	6,415,051
Borrowings raised from loan securitisations	3,218,562	1,332,421
	<u>60,192,318</u>	<u>53,486,827</u>

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Balance as at 1 January	53,486,827	63,387,228
New issuances	14,213,091	6,994,466
Repayments	(5,311,017)	(12,962,943)
Other movements*	(2,196,583)	(3,931,924)
Balance at end of period / year	<u>60,192,318</u>	<u>53,486,827</u>

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

As at 30 September 2023, the outstanding medium term notes and borrowings totalling AED 60,192 million (31 December 2022: AED 53,487 million) are falling due as below:

	Unaudited 30 September 2023 AED million	Audited 31 December 2022 AED million
2023	5,101	8,601
2024	14,404	10,893
2025	9,573	7,691
2026	7,508	5,940
2027	4,609	3,972
Beyond 2027	18,997	16,390
	<u>60,192</u>	<u>53,487</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**9 SUKUK PAYABLE**

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Balance as at 1 January	3,672,500	3,672,500
New issuances*	1,000,000	-
Balance at end of period / year	<u>4,672,500</u>	<u>3,672,500</u>

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

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

	Unaudited 30 September 2023 AED million	Audited 31 December 2022 AED million
2025	1,836	1,836
2026	2,837	1,837
	<u>4,673</u>	<u>3,673</u>

10 OTHER LIABILITIES

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Accrued interest payable	4,606,258	2,844,425
Profit payable to Islamic depositors	469,217	139,371
Managers' cheques	2,913,253	2,409,426
Trade and other payables	8,033,143	5,808,539
Staff related liabilities	1,482,106	1,572,680
Provision for taxation	575,359	865,820
Others	8,490,365	8,390,391
	<u>26,569,701</u>	<u>22,030,652</u>

11 EQUITY HOLDER FUNDS

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

12 TIER 1 CAPITAL NOTES

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

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

13 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
Dividend income on equity investment measured at FVOCI	801	766
Dividend income on equity investments measured at FVTPL	3,804	7,406
Gain from sale of debt investment securities measured at FVOCI	362,710	67,478
Gain / (loss) from investment securities designated at fair value through profit or loss	32,996	(26,811)
Rental income	42,424	36,428
Gain on sale of investment properties / inventories	117,801	126,145
Foreign exchange and derivative income / (loss)*	5,282,882	3,311,563
Other income (net)	763,828	587,987
	<u>6,607,246</u>	<u>4,110,962</u>

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

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**14 GENERAL AND ADMINISTRATIVE EXPENSES**

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
Staff cost	5,010,795	3,836,246
Occupancy cost	235,171	208,327
Equipment & supplies	187,181	167,275
Information technology cost	418,862	290,885
Communication cost	279,425	219,002
Service, legal and professional fees	243,522	180,739
Marketing related expenses	142,802	97,430
Depreciation	603,126	557,293
Amortisation of intangibles	28,168	122,472
Others	1,206,274	718,103
	<u>8,355,326</u>	<u>6,397,772</u>

15 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
Net impairment of cash and deposits with Central Banks	2,756	630
Net impairment of due from banks / other assets	(64,297)	29,068
Net impairment of investment securities	6,408	4,297
Net impairment of loans and receivables	1,636,794	3,385,603
Net impairment of unfunded exposures	546,983	126,910
Bad debt written off / (recovery) - net	(626,282)	(288,672)
Net impairment loss for the period	<u>1,502,362</u>	<u>3,257,836</u>

16 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Letters of credit	16,905,449	18,981,083
Guarantees	61,356,313	55,266,154
Liability on risk participations	371,193	187,569
Irrevocable loan commitments*	51,691,219	59,823,665
	130,324,174	134,258,471

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

17 EARNINGS PER SHARE

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

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
Profit for the period attributable to equity holders	17,458,950	9,073,733
Deduct : Interest on Tier 1 capital notes	(383,030)	(383,030)
Net profit attributable to equity holders	17,075,920	8,690,703
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	2.71	1.38
Adjusted earnings per share** (AED)	3.21	1.76

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

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

18 DERIVATIVES

	Unaudited 30 September 2023			Audited 31 December 2022		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	19,137,394	(17,278,722)	944,351,609	16,754,646	(15,334,137)	924,036,577
Derivatives held as cash flow hedges	516,040	(1,066,532)	31,688,886	136,493	(947,031)	20,762,763
Derivatives held as fair value hedges	325,580	(5,060,224)	27,471,291	277,264	(3,924,747)	28,094,674
Derivatives held as hedge of a net investment in foreign operations	627	(3,065)	622,828	37,408	-	733,597
Total	19,979,641	(23,408,543)	1,004,134,614	17,205,811	(20,205,915)	973,627,611

19 OPERATING SEGMENTS

The Group is organised into the following main businesses:

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

19 OPERATING SEGMENTS (CONTINUED)

Unaudited 30 September 2023	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	4,155,553	8,534,786	2,607,084	4,294,189	2,674,255	22,265,867
Net fees, commission and other income	1,739,069	3,521,900	368,507	4,731,578	91,786	10,452,840
Total operating income	5,894,622	12,056,686	2,975,591	9,025,767	2,766,041	32,718,707
General and administrative expenses	(515,855)	(3,021,261)	(148,804)	(2,664,363)	(2,005,043)	(8,355,326)
Net impairment loss on financial assets	401,610	(2,654,130)	(344)	633,468	117,034	(1,502,362)
Hyperinflation adjustment on net monetary position	-	-	-	(3,162,290)	-	(3,162,290)
Profit for the period before taxation	5,780,377	6,381,295	2,826,443	3,832,582	878,032	19,698,729
Taxation charge	(78,425)	(13,847)	(64,303)	(1,981,870)	(67,506)	(2,205,951)
Profit / (loss) for the period	5,701,952	6,367,448	2,762,140	1,850,712	810,526	17,492,778
Segment Assets	358,422,498	135,785,051	204,941,487	135,561,822	852,002	835,562,860
Segment Liabilities and Equity	226,383,755	294,658,474	37,440,352	122,216,453	154,863,826	835,562,860

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

EMIRATES NBD BANK PJSC

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

19 OPERATING SEGMENTS (CONTINUED)

<u>Unaudited 30 September 2022</u>	Corporate and Institutional banking AED 000	Retail banking and Wealth Management AED 000	Global Markets and Treasury AED 000	DenizBank AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	3,084,859	5,902,293	806,900	4,920,150	809,581	15,523,783
Net fees, commission and other income	1,459,339	2,985,240	232,922	2,503,443	(11,706)	7,169,238
Total operating income	4,544,198	8,887,533	1,039,822	7,423,593	797,875	22,693,021
General and administrative expenses	(477,761)	(2,504,734)	(133,177)	(1,702,451)	(1,579,649)	(6,397,772)
Net impairment loss on financial assets	(1,213,710)	(803,782)	6,871	(836,389)	(410,826)	(3,257,836)
Hyperinflation adjustment on net monetary position	-	-	-	(2,407,882)	-	(2,407,882)
Profit for the period before taxation	2,852,727	5,579,017	913,516	2,476,871	(1,192,600)	10,629,531
Taxation charge	(64,451)	(31,275)	(66,420)	(1,337,480)	(31,423)	(1,531,049)
Profit / (loss) for the period	2,788,276	5,547,742	847,096	1,139,391	(1,224,023)	9,098,482
Segment Assets	317,969,015	113,157,159	170,408,686	120,033,603	(1,045,406)	720,523,057
Segment Liabilities and Equity	185,825,943	247,948,850	38,562,091	108,791,685	139,394,488	720,523,057

20 RELATED PARTY TRANSACTIONS

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

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

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

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

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

	Unaudited 30 September 2023 AED 000	Audited 31 December 2022 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	105,426,137	105,984,325
To parent	2,278,261	1,274,664
To directors and related companies	1,582,197	1,506,379
	109,286,595	108,765,368
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	22,236,931	5,777,386
From parent	145,855	1,399,212
	22,382,786	7,176,598
Investment in Government of Dubai bonds	6,324,069	6,354,232

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)
20 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
Payments made to other related parties	16,645	16,656
Fees received in respect of funds managed by the Group	18,121	12,794
Directors sitting fee	8,708	8,580

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

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	90,656	87,749
Post employment benefits	2,081	4,778

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

EMIRATES NBD BANK PJSC

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

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

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	36,366,138	28,732,343
Net cash inflow/(outflow)	(517,311)	(9,019,045)
Balance at end of period	<u>35,848,827</u>	<u>19,713,298</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	79,634,945	65,242,602
Due from banks	89,868,512	65,617,679
Due to banks	(37,159,120)	(40,097,354)
	<u>132,344,337</u>	<u>90,762,927</u>
Less: deposits with Central Banks for regulatory purposes	(61,418,886)	(47,946,241)
Less: certificates of deposits with Central Banks maturing after three months	-	-
Less: amounts due from banks maturing after three months	(55,978,569)	(40,075,393)
Add: amounts due to banks maturing after three months	20,901,945	16,972,005
	<u>35,848,827</u>	<u>19,713,298</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)**21 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(CONTINUED)**

	Unaudited nine months period ended 30 September 2023 AED 000	Unaudited nine months period ended 30 September 2022 AED 000
(c) Adjustment for non cash and other items		
Net impairment loss / (reversal) on cash and deposits with Central Banks	2,756	630
Net impairment loss / (reversal) on due from banks	(64,297)	29,068
Net impairment loss / (reversal) on investment securities	6,408	4,297
Net impairment loss / (reversal) on loans and receivables	1,636,794	3,385,603
Net impairment loss / (reversal) on unfunded exposures	546,983	126,910
Amortisation of fair value	75,939	88,291
(Discount) / premium on Investment securities	(1,716,460)	(353,251)
Unrealised foreign exchange loss / (gain)	(222,358)	1,703,068
Amortisation of intangibles	28,168	122,472
Depreciation / impairment on property and equipment / Investment property	614,756	570,177
Dividend income on equity investments	(4,605)	(8,172)
Unrealised (gain) / loss on investments	59,201	(49,314)
Unrealised (gain) / loss on FV hedged item	(1,180,827)	(3,838,109)
(Gain) / loss on sale of investment properties / inventories	(117,801)	(126,145)
Hyperinflation adjustment on net monetary position	3,162,290	2,407,882
	<u>2,826,947</u>	<u>4,063,407</u>

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

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

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

Unaudited 30 September 2023**Investment Securities**

	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Trading securities at FVTPL	6,972,786	-	-	6,972,786
FVOCI - debt instruments	19,146,671	20,774	-	19,167,445
FVOCI - equity instruments	553,728	874	102,629	657,231
Designated at FVTPL	17,427	-	65,949	83,376
	<u>26,690,612</u>	<u>21,648</u>	<u>168,578</u>	<u>26,880,838</u>

DerivativesPositive fair value of derivatives

Derivatives held for trading	-	19,137,394	-	19,137,394
Derivatives held as cash flow hedges	-	516,040	-	516,040
Derivatives held as fair value hedges	-	325,580	-	325,580
Derivatives held as hedge of a net investment in foreign operations	-	627	-	627
	-	<u>19,979,641</u>	-	<u>19,979,641</u>

Negative fair value of derivatives

Derivatives held for trading	-	(17,278,722)	-	(17,278,722)
Derivatives held as cash flow hedges	-	(1,066,532)	-	(1,066,532)
Derivatives held as fair value hedges	-	(5,060,224)	-	(5,060,224)
Derivatives held as hedge of a net investment in foreign operations	-	(3,065)	-	(3,065)
	-	<u>(23,408,543)</u>	-	<u>(23,408,543)</u>
	<u>26,690,612</u>	<u>(3,407,254)</u>	<u>168,578</u>	<u>23,451,936</u>

Audited 31 December 2022

	<u>30,824,523</u>	<u>(2,872,778)</u>	<u>168,512</u>	<u>28,120,257</u>
--	-------------------	--------------------	----------------	-------------------

22 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instrument	FVOCI – equity instrument	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2023	-	66,074	-	102,438	168,512
Total gains or losses:					
- in profit or loss	-	6,970	-	-	6,970
- in other comprehensive income	-	-	-	191	191
Purchases	-	-	-	-	-
Settlements and other adjustments	-	(7,095)	-	-	(7,095)
Balance as at 30 September 2023 (unaudited)	-	65,949	-	102,629	168,578
Balance as at 31 December 2022 (audited)	-	66,074	-	102,438	168,512

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

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

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

23 RISK MANAGEMENT

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

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

Loans and receivables**AED 000****Unaudited 30 September 2023**

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	399,698,546	29,056,635	27,253,983	456,009,164
Transfers from stage 1	(7,314,921)	5,720,953	1,593,968	-
Transfers from stage 2	3,707,050	(6,782,317)	3,075,267	-
Transfers from stage 3	-	64,333	(64,333)	-
New financial assets, net of repayments	51,492,243	(1,841,964)	(3,750,479)	45,899,800
Amounts written off during the period	-	-	(1,948,479)	(1,948,479)
Exchange and other adjustments	(5,798,486)	(696,093)	812,136	(5,682,443)
Total gross loans and receivables	441,784,432	25,521,547	26,972,063	494,278,042
Expected credit losses	(5,654,652)	(7,459,149)	(26,058,027)	(39,171,828)
Carrying amount	436,129,780	18,062,398	914,036	455,106,214

AED 000**Unaudited 30 September 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	(4,848,258)	4,431,914	416,344	-
Transfers from stage 2	3,209,349	(5,215,126)	2,005,777	-
Transfers from stage 3	-	621,010	(621,010)	-
New financial assets, net of repayments	10,481,230	(456,216)	(1,922,984)	8,102,030
Amounts written off during the period	-	-	(1,395,663)	(1,395,663)
Exchange and other adjustments	(7,394,351)	(729,490)	(1,042,864)	(9,166,705)
Total gross loans and receivables	400,468,767	29,929,444	26,599,317	456,997,528
Expected credit losses	(4,440,086)	(7,631,613)	(25,862,435)	(37,934,134)
Carrying amount	396,028,681	22,297,831	736,882	419,063,394

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

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

AED 000**Unaudited 30 September 2023**

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	4,819,205	7,785,378	26,800,189	39,404,772
Transfers from stage 1	(235,113)	162,026	73,087	-
Transfers from stage 2	321,708	(1,205,238)	883,530	-
Transfers from stage 3	-	30,282	(30,282)	-
Allowances / (reversals) made during the period	989,003	643,100	3,617,132	5,249,235
Write back / recoveries made during the period	-	-	(3,612,441)	(3,612,441)
Amounts written off during the period	-	-	(1,948,479)	(1,948,479)
Exchange and other adjustments	(240,151)	43,601	275,291	78,741
Closing Balance	5,654,652	7,459,149	26,058,027	39,171,828

AED 000**Unaudited 30 September 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	(229,595)	177,623	51,972	-
Transfers from stage 2	253,442	(1,332,507)	1,079,065	-
Transfers from stage 3	-	225,159	(225,159)	-
Allowances / (reversals) made during the period	690,980	1,647,280	2,862,434	5,200,694
Write back / recoveries made during the period	-	-	(1,815,091)	(1,815,091)
Amounts written off during the period	-	-	(1,395,663)	(1,395,663)
Exchange and other adjustments	(122,075)	(15,218)	(1,103,989)	(1,241,282)
Closing Balance	4,440,086	7,631,613	25,862,435	37,934,134

24 IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

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

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

25 CORPORATE TAX IN UAE

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

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

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

As per the Group's assessment, there is no deferred tax impact on account of the CT Law in the interim financial statements for the period ended 30 September 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.