

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 June 2022 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
27 July 2022
Dubai
United Arab Emirates

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (UNAUDITED)


		Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
ASSETS	Notes		
Cash and deposits with Central Bank	3	62,956,708	70,753,613
Due from banks	4	62,657,613	45,343,248
Investment securities	5	110,466,419	106,156,886
Loans and receivables	6	424,987,410	422,272,390
Positive fair value of derivatives	19	13,794,666	10,658,925
Customer acceptances		11,204,940	11,343,522
Property and equipment		4,051,960	3,747,621
Goodwill and intangibles	7	5,866,886	5,981,491
Other assets	8	14,653,009	11,178,922
TOTAL ASSETS		710,639,611	687,436,618
LIABILITIES			
Due to banks		45,804,240	43,755,207
Customer deposits		467,877,069	456,483,888
Debt issued and other borrowed funds	9	56,596,786	63,387,228
Sukuk payable	10	3,672,500	3,672,500
Negative fair value of derivatives	19	16,184,387	9,186,321
Customer acceptances		11,204,940	11,343,522
Other liabilities	11	23,865,441	16,028,263
TOTAL LIABILITIES		625,205,363	603,856,929
EQUITY			
Issued capital		6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	13	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		(2,097,835)	(725,815)
Currency translation reserve		(7,016,835)	(8,299,265)
Retained earnings		54,975,042	53,088,213
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		85,317,303	83,520,064
Non-controlling interest		116,945	59,625
TOTAL EQUITY		85,434,248	83,579,689
TOTAL LIABILITIES AND EQUITY		710,639,611	687,436,618

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

27 JUL 2022



Chief Executive Officer

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

		Unaudited	Unaudited	Unaudited	Unaudited
		three months	three months	six months	six months
		period ended	period ended	period ended	period ended
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
	Notes	AED 000	AED 000	AED 000	AED 000
Interest and similar income		6,777,281	5,731,310	12,506,514	11,676,020
Interest and similar expense		(2,366,526)	(2,184,800)	(4,444,177)	(4,444,401)
Net interest income		4,410,755	3,546,510	8,062,337	7,231,619
Income from Islamic financing and investment products		857,628	672,672	1,605,528	1,297,930
Distribution on Islamic deposits and profit paid to Sukuk holders		(129,802)	(159,250)	(227,416)	(381,241)
Net income from Islamic financing and investment products		727,826	513,422	1,378,112	916,689
Net interest income and income from Islamic financing and investment products net of distribution to depositors		5,138,581	4,059,932	9,440,449	8,148,308
Fee and commission income		1,782,330	1,604,999	3,327,922	3,372,283
Fee and commission expense		(713,967)	(582,765)	(1,329,151)	(1,248,529)
Net fee and commission income		1,068,363	1,022,234	1,998,771	2,123,754
Net gain on trading securities		31,962	55,070	42,655	114,930
Other operating income	14	1,551,571	239,189	2,723,375	1,152,781
Total operating income		7,790,477	5,376,425	14,205,250	11,539,773
General and administrative expenses	15	(2,077,949)	(1,895,911)	(4,070,669)	(3,763,691)
Operating profit before impairment		5,712,528	3,480,514	10,134,581	7,776,082
Net impairment loss on financial assets	16	(460,048)	(851,402)	(1,881,151)	(2,614,400)
Operating profit after impairment		5,252,480	2,629,112	8,253,430	5,161,682
Share of profit of associate and loss on its disposal		-	(30,317)	-	(21,137)
Group profit for the period before tax		5,252,480	2,598,795	8,253,430	5,140,545
Taxation charge		(737,343)	(136,716)	(1,065,220)	(356,245)
Group profit for the period after tax		4,515,137	2,462,079	7,188,210	4,784,300
Hyperinflation adjustment on net monetary position	2	(1,011,126)	-	(1,869,776)	-
Group profit for the period		3,504,011	2,462,079	5,318,434	4,784,300
Attributable to:					
Equity holders of the Group		3,500,123	2,458,590	5,297,530	4,780,149
Non-controlling interest		3,888	3,489	20,904	4,151
Group profit for the period		3,504,011	2,462,079	5,318,434	4,784,300
Earnings per share	18	0.53	0.36	0.80	0.70

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 COMPREHENSIVE INCOME
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

	Unaudited three months period ended 30 June 2022 AED 000	Unaudited three months period ended 30 June 2021 AED 000	Unaudited six months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2021 AED 000
Group profit for the period	3,504,011	2,462,079	5,318,434	4,784,300
Other comprehensive income				
Items that will not be reclassified subsequently to the income statement:				
Movement in fair value reserve (equity instruments):				
- Net change in fair value	(132,110)	(71,809)	(140,558)	97,858
Items that may be reclassified subsequently to the income statement:				
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:				
Net changes in the cost of hedging	156,526	52,322	57,879	29,618
Cash flow hedges:				
- Effective portion of changes in fair value	(247,102)	126,314	(668,280)	(82,404)
Fair value reserve (debt instruments):				
- Net change in fair value	(1,018,971)	335,378	(615,913)	(218,324)
- Net amount transferred to income statement	(10,064)	(6,257)	(55,376)	(155,356)
- Related deferred tax	191,805	(61,786)	50,228	70,355
Currency translation reserve	(537,713)	(544,569)	(1,779,619)	(1,457,271)
Hedge of a net investment in foreign operations	24,052	42,724	21,686	29,248
Hyperinflation adjustment (note 2)	1,075,769	-	3,040,363	-
Other comprehensive income for the period	(497,808)	(127,683)	(89,590)	(1,686,276)
Total comprehensive income for the period	3,006,203	2,334,396	5,228,844	3,098,024
Attributable to:				
Equity holders of the Group	2,989,430	2,330,907	5,171,524	3,093,873
Non-controlling interest	16,773	3,489	57,320	4,151
Total comprehensive income for the period	3,006,203	2,334,396	5,228,844	3,098,024

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**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

		Unaudited	Unaudited
		six months period ended 30 June 2022	six months period ended 30 June 2021
	Notes	AED 000	AED 000
<u>OPERATING ACTIVITIES</u>			
Group profit for the period before tax		8,253,430	5,140,545
Adjustment for non-cash items	22	557,390	3,686,159
Operating profit before changes in operating assets and liabilities		8,810,820	8,826,704
(Increase)/decrease in interest free statutory deposits		1,178,289	(5,494,371)
(Increase)/decrease in certificate of deposits with Central Banks maturing after three months		3,000,000	21,500,000
(Increase)/decrease in amounts due from banks maturing after three months		(26,998,139)	(115,493)
Increase/(decrease) in amounts due to banks maturing after three months		(2,172,867)	4,828
(Increase)/decrease in other assets		(4,567,904)	(4,776,592)
Increase/(decrease) in other liabilities		5,618,685	518,412
(Increase)/decrease in positive fair value of derivatives		(3,724,456)	2,987,178
Increase/(decrease) in negative fair value of derivatives		6,998,066	(2,478,693)
Increase/(decrease) in customer deposits		11,393,181	(6,310,750)
(Increase)/decrease in loans and receivables		(4,707,516)	2,504,367
		(5,171,841)	17,165,590
Taxes paid		(580,149)	(317,243)
Net cash flows generated from/(used in) operating activities		(5,751,990)	16,848,347
<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(4,938,853)	(15,551,609)
(Increase)/decrease of property and equipment		(150,027)	(300,103)
Dividend income received		6,159	10,810
Disposal of associate		-	105,393
Net cash flows generated from/(used in) investing activities		(5,082,721)	(15,735,509)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	9	3,704,253	20,251,772
Repayment of debt issued and other borrowed funds	9	(6,933,141)	(12,011,165)
Repayment of sukuk borrowing		-	(3,672,500)
Issuance of Tier I capital notes		-	2,748,866
Repayment of Tier I capital notes		-	(4,000,000)
Interest on Tier I capital notes		(255,354)	(336,879)
Dividends paid		(3,155,347)	(2,524,278)
Net cash flows generated from/(used in) financing activities		(6,639,589)	455,816
Increase/(decrease) in cash and cash equivalents (refer Note 22)		(17,474,300)	1,568,654

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EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (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 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(725,815)	(8,299,265)	53,088,213	83,520,064	59,625	83,579,689
Profit for the period	-	-	-	-	-	-	-	-	5,297,530	5,297,530	20,904	5,318,434
Other comprehensive income for the period	-	-	-	-	-	-	(1,372,020)	1,282,430	-	(89,590)	36,416	(53,174)
Tier I capital notes issued during the period (note 13)	-	-	-	-	-	-	-	-	-	-	-	-
Tier I capital notes redeemed during the period (note 13)	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(255,354)	(255,354)	-	(255,354)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid*	-	-	-	-	-	-	-	-	(3,155,347)	(3,155,347)	-	(3,155,347)
Balance as at 30 June 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(2,097,835)	(7,016,835)	54,975,042	85,317,303	116,945	85,434,248
Balance as at 1 January 2021	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	476,692	(3,607,673)	47,014,778	84,591,862	26,236	84,618,098
Profit for the period	-	-	-	-	-	-	-	-	4,780,149	4,780,149	4,151	4,784,300
Other comprehensive income for the period	-	-	-	-	-	-	(258,253)	(1,428,023)	-	(1,686,276)	-	(1,686,276)
Tier I capital notes issued during the period (note 13)	-	-	2,748,866	-	-	-	-	-	-	2,748,866	-	2,748,866
Tier I capital notes redeemed during the period (note 13)	-	-	(4,000,000)	-	-	-	-	-	-	(4,000,000)	-	(4,000,000)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(336,879)	(336,879)	-	(336,879)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	25,307	25,307
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Balance as at 30 June 2021	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	218,439	(5,035,696)	48,933,770	83,573,444	55,694	83,629,138

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

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

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

1 CORPORATE INFORMATION

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

The condensed consolidated interim financial statements for the period ended 30 June 2022 comprise the financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: “EMIRATESNBD”). The Group’s principal business activities are corporate banking, consumer 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 company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2021.

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 2021. In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2022.

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 2021.

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)

Adoption of IAS 29 Financial Reporting in Hyperinflationary Economies ('IAS 29')

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

As at 30 June 2022, the three-year cumulative inflation rate has been 133% based on the Turkish consumer price index ('CPI'). The consumer price index at the beginning of the reporting period was 687 and closed at 978 resulting in an increase of 42%

- Net non-monetary position (excluding equity) have been indexed by applying the difference in CPI from 31 December 2021 to 30 June 2022 resulting in a gain of AED 0.5 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 income statement, amounting to 2.4 billion with an equal corresponding credit to other comprehensive income (OCI).
- Current period statement of profit or loss is indexed using the respective period index movement for the year 2022. For the period ended 30 June 2022, total operating income includes hyperinflation adjustment of AED 0.4 billion, general and administrative expenses include hyperinflation adjustment of AED 0.1 billion, net impairment loss on financial assets include hyperinflation adjustment of AED 0.08 billion and taxation charge includes hyperinflation adjustment of AED 0.2 billion resulting in an immaterial impact to the Group's net profit after tax.
- The Group has recognised in OCI an amount of AED 0.6 billion which represents the impact of indexing of non-monetary items from the date these were acquired by applying fluctuation in the CPI from the date of acquisition to 31 December 2021 to the extent determined to be recoverable.

During the six months period ended 30 June 2022, the loss for DenizBank was AED 1.9 billion and is recognised in the statement of income as hyperinflation adjustment on net monetary position. Overall, the hyperinflation adjustment results in a credit of AED 1.1 billion in OCI.

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

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Cash	5,941,245	6,023,245
Statutory and other deposits with Central Banks	43,997,278	45,176,256
Interest bearing placements with Central Banks	299,962	203,074
Murabahas and interest-bearing certificates of deposits with Central Banks	12,720,667	19,353,171
Less: Expected credit losses	(2,444)	(2,133)
	62,956,708	70,753,613

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

4 DUE FROM BANKS

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Due from banks in UAE	9,652,372	4,834,929
Due from foreign banks	53,101,971	40,561,060
Less: Expected credit losses	(96,730)	(52,741)
	62,657,613	45,343,248

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>Unaudited 30 June 2022</u>				
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	1,283,408	466,943	54,864	1,805,215
Corporate Bonds	814,027	152,296	115,132	1,081,455
Equity	-	-	105,800	105,800
Others	-	-	15,970	15,970
	<u>2,097,435</u>	<u>619,239</u>	<u>291,766</u>	<u>3,008,440</u>
<u>DESIGNATED AS AT FVTPL</u>				
Equity	36,635	113,978	30,412	181,025
Others	-	3,711	78,757	82,468
	<u>36,635</u>	<u>117,689</u>	<u>109,169</u>	<u>263,493</u>
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	57,625,539	14,862,904	8,108,500	80,596,943
Corporate Bonds	3,078,990	971,007	1,839,296	5,889,293
	<u>60,704,529</u>	<u>15,833,911</u>	<u>9,947,796</u>	<u>86,486,236</u>
Less: Expected credit losses				(16,021)
				<u>86,470,215</u>
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	2,094,972	12,192,948	14,287,920
Corporate Bonds	3,506,732	903,978	1,634,926	6,045,636
	<u>3,506,732</u>	<u>2,998,950</u>	<u>13,827,874</u>	<u>20,333,556</u>
Less: Expected credit losses				(30,002)
				<u>20,303,554</u>
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	97,387	66,640	256,690	420,717
	<u>97,387</u>	<u>66,640</u>	<u>256,690</u>	<u>420,717</u>
Gross Investment securities	<u>66,442,718</u>	<u>19,636,429</u>	<u>24,433,295</u>	<u>110,512,442</u>
Net Investment securities				<u>110,466,419</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.

5 INVESTMENT SECURITIES (CONTINUED)

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

6 LOANS AND RECEIVABLES

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Gross loans and receivables	462,723,678	459,457,866
Less: Expected credit losses	(37,736,268)	(37,185,476)
	<u>424,987,410</u>	<u>422,272,390</u>
	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
<u>At Amortised Cost</u>		
Overdrafts	114,414,598	141,178,599
Time loans	233,541,947	227,088,997
Loans against trust receipts	11,010,340	9,236,631
Bills discounted	4,424,680	3,892,605
Credit card receivables	14,850,247	13,353,455
Gross loans - conventional	<u>378,241,812</u>	<u>394,750,287</u>
Murabaha	60,270,621	41,489,900
Ijara	22,783,106	20,862,452
Wakala	842,598	975,081
Istisna'a	985,880	873,178
Credit cards receivable	1,804,467	1,646,713
Others	242,078	675,088
Less: Deferred income	(2,446,884)	(1,814,833)
Gross Islamic financing receivables	<u>84,481,866</u>	<u>64,707,579</u>
Gross loans and receivables	<u>462,723,678</u>	<u>459,457,866</u>
Total of credit impaired loans and receivables	<u>28,302,890</u>	<u>29,159,717</u>

Corporate Ijara assets amounting to AED 2.2 billion (2021: AED 2.3 billion) were securitised for the purpose of issuance of Sukuk liability (refer Note 10).

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	23,790,746	20,508,463
Construction	13,060,713	16,110,888
Trade	33,401,465	32,717,137
Transport and communication	20,459,121	12,892,388
Utilities and services	25,632,579	15,231,685
Sovereign	123,611,885	152,416,647
Personal	103,666,752	98,184,765
Real estate	50,445,543	49,337,859
Hotels and restaurants	10,867,307	11,723,275
Management of companies and enterprises	14,928,652	12,689,036
Financial institutions and investment companies	25,657,131	20,903,075
Agriculture	5,528,666	5,825,162
Others	14,120,002	12,732,319
Total loans and receivables	465,170,562	461,272,699
Less: Deferred Income	(2,446,884)	(1,814,833)
Less: Expected credit losses	(37,736,268)	(37,185,476)
	424,987,410	422,272,390

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**7 GOODWILL AND INTANGIBLES**

	Goodwill	Intangibles on Acquisition			Total	
	AED 000	Banking license AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	Brands AED 000	AED 000
Unaudited 30 June 2022						
Cost						
<u>Balance as at 1 January 2022</u>	5,561,676	162,977	446,178	876,862	154,997	7,202,690
Foreign exchange movement*	(9,860)	(26,075)	19,311	14,228	(30,561)	(32,957)
Balance as at 30 June 2022	5,551,816	136,902	465,489	891,090	124,436	7,169,733
Less: Amortisation and impairment						
<u>Balance as at 1 January 2022</u>	4,903	-	384,715	831,581	-	1,221,199
Amortisation and impairment for the period	-	-	47,011	34,637	-	81,648
Balance as at 30 June 2022	4,903	-	431,726	866,218	-	1,302,847
Net Goodwill and Intangibles	5,546,913	136,902	33,763	24,872	124,436	5,866,886
Audited 31 December 2021						
Cost	5,561,676	162,977	446,178	876,862	154,997	7,202,690
Less: Amortisation and impairment	4,903	-	384,715	831,581	-	1,221,199
Net Goodwill and Intangibles	5,556,773	162,977	61,463	45,281	154,997	5,981,491

*Foreign exchange movement relates to translation of acquired Goodwill and intangibles pertaining to Emirates NBD Egypt and DenizBank using the period end exchange rate.

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

8 OTHER ASSETS

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Accrued interest receivable	3,433,787	3,107,720
Islamic profit receivable	202,847	187,898
Prepayments and other advances	897,588	837,789
Sundry debtors and other receivables	3,485,946	1,938,780
Inventory	2,464,837	1,529,478
Deferred tax asset	883,852	929,142
Investment properties	576,966	440,351
Others	2,707,186	2,207,764
	<u>14,653,009</u>	<u>11,178,922</u>

9 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Medium term note programme	47,267,259	54,560,648
Term loans and certificates of deposits	6,929,667	6,405,566
Borrowings raised from loan securitisations	2,399,860	2,421,014
	<u>56,596,786</u>	<u>63,387,228</u>

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Balance as at 1 January	63,387,228	54,662,670
New issues	3,704,253	25,636,942
Repayments	(6,933,141)	(13,313,409)
Other movements*	(3,561,554)	(3,598,975)
Balance at end of period / year	<u>56,596,786</u>	<u>63,387,228</u>

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

As at 30 June 2022, the outstanding medium term borrowings totalling AED 56,597 million (31 December 2021: AED 63,387 million) is falling due as below:

	Unaudited 30 June 2022 AED millions	Audited 31 December 2021 AED millions
2022	6,694	12,640
2023	7,635	7,398
2024	10,606	10,145
2025	7,620	7,098
2026	5,919	6,219
Beyond 2026	18,123	19,887
	<u>56,597</u>	<u>63,387</u>

10 SUKUK PAYABLE

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Balance as at 1 January	3,672,500	5,510,933
New issues	-	1,836,250
Repayments	-	(3,672,500)
Other movements	-	(2,183)
Balance at end of period / year	<u>3,672,500</u>	<u>3,672,500</u>

As at 30 June 2022, the outstanding Sukuk payable totalling AED 3,673 million (31 December 2021: AED 3,673 million) is falling due as follows:

	Unaudited 30 June 2022 AED million	Audited 31 December 2021 AED million
2025	1,836	1,836
2026	1,837	1,837
	<u>3,673</u>	<u>3,673</u>

11 OTHER LIABILITIES

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Accrued interest payable	1,909,461	1,783,235
Profit payable to Islamic depositors	87,630	109,477
Managers' cheques	2,515,670	1,509,281
Trade and other payables	6,626,793	4,369,047
Staff related liabilities	1,193,847	1,405,347
Provision for taxation	474,222	226,940
Others	11,057,818	6,624,936
	<u>23,865,441</u>	<u>16,028,263</u>

12 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 23 February 2022, shareholders approved payment of a cash dividend of 50% of the issued and paid up capital (AED 0.50 per share) amounting to AED 3,158 million which has been recognised in the condensed consolidated interim financial statements as of 30 June 2022.

13 TIER I CAPITAL NOTES

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

Issuance Month/year	Issued Amount	Coupon rate
May 2021	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset 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

14 OTHER OPERATING INCOME

	Unaudited six months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2021 AED 000
	-----	-----
Dividend income on equity investment measured at FVOCI	512	567
Dividend income on equity investments measured at FVTPL	5,647	10,243
Gain / (loss) from sale of debt investment securities measured at FVOCI	55,376	155,356
Gain / (loss) from investment securities designated at fair value through profit or loss	(21,411)	(3,013)
Rental income	17,767	13,026
Gain / (loss) on sale of properties (investment properties / inventories)	11,148	15,158
Foreign exchange income / (loss)*	(551,434)	(815,513)
Derivative income / (loss)	2,660,751	1,432,418
Other income (net)	545,019	344,539
	-----	-----
	<u>2,723,375</u>	<u>1,152,781</u>

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

15 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2022	30 June 2021
	AED 000	AED 000
Staff cost	2,440,252	2,179,157
Occupancy cost	134,609	132,236
Equipment & supplies	101,590	101,595
Information technology cost	190,017	165,776
Communication cost	142,429	131,871
Service, legal and professional fees	114,556	93,301
Marketing related expenses	58,121	55,796
Depreciation	343,027	387,902
Amortisation of intangibles	81,648	81,648
Others	464,420	434,409
	<u>4,070,669</u>	<u>3,763,691</u>

16 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	Unaudited six months period ended
	30 June 2022	30 June 2021
	AED 000	AED 000
Net impairment of cash and deposits with central bank	689	1,564
Net impairment of due from banks / other assets	49,301	(26,786)
Net impairment of investment securities	6,402	(9,454)
Net impairment of loans and receivables	1,992,497	2,810,548
Net impairment of unfunded exposures	10,246	(49,864)
Bad debt written off / (recovery) and modification adjustment - net	(177,984)	(111,608)
Net impairment loss for the period	<u>1,881,151</u>	<u>2,614,400</u>

17 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
Letters of credit	18,594,811	19,545,126
Guarantees	56,048,123	56,705,248
Liability on risk participations	214,210	218,757
Irrevocable loan commitments*	46,614,617	39,998,828
	<u>121,471,761</u>	<u>116,467,959</u>

* 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.

18 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, if any.

	Unaudited six months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2021 AED 000
Profit for the period attributable to equity holders	5,297,530	4,780,149
Deduct : Interest on Tier 1 capital notes	(255,354)	(336,879)
Net profit attributable to equity holders	5,042,176	4,443,270
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	0.80	0.70
Adjusted earnings per share** (AED)	<u>1.10</u>	<u>0.70</u>

*The diluted and basic earnings per share were the same for the six months period ended 30 June 2022.

**Adjusted EPS for the period ended 30 June 2022 represents net profit for the period attributable to equity holders excluding the non-cash impact of hyperinflation adjustment on net monetary position divided by weighted average number of equity shares in issue.

19 DERIVATIVES

	Unaudited 30 June 2022			Audited 31 December 2021		
	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	13,426,087	(11,834,603)	936,168,295	10,133,018	(7,966,273)	757,094,774
Derivatives held as cash flow hedges	158,898	(730,214)	21,529,916	238,462	(121,895)	29,221,176
Derivatives held as fair value hedges	197,865	(3,619,570)	28,090,520	287,445	(1,088,283)	30,004,652
Derivatives held as hedge of a net investment in foreign operations	11,816	-	733,597	-	(9,870)	452,876
Total	13,794,666	(16,184,387)	986,522,328	10,658,925	(9,186,321)	816,773,478

20 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 under ENBD Islamic and structured financing primarily in the UAE, Egypt and KSA;
- Retail banking and Wealth Management represents retail loans and deposits, private banking and wealth management, 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 and interbank treasury operations primarily in the UAE, Egypt and KSA;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;
- DenizBank is considered as a separate operating segment; and
- Other operations of the Group include Tanfeeth, property management, operations and support functions.

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)
20 OPERATING SEGMENTS (CONTNUED)

<u>Unaudited 30 June 2022</u>	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,829,239	3,028,456	248,498	966,535	3,026,329	341,392	9,440,449
Net fees, commission and other income	896,433	1,624,735	171,504	403,520	1,688,817	(20,208)	4,764,801
Total operating income	2,725,672	4,653,191	420,002	1,370,055	4,715,146	321,184	14,205,250
General and administrative expenses	(274,485)	(1,218,044)	(78,504)	(594,041)	(1,101,610)	(803,985)	(4,070,669)
Net impairment loss on financial assets	(811,220)	(325,340)	(14,303)	(74,919)	(245,717)	(409,652)	(1,881,151)
Share of profit of associate and loss on its disposal	-	-	-	-	-	-	-
Group profit for the period before tax	1,639,967	3,109,807	327,195	701,095	3,367,819	(892,453)	8,253,430
Taxation charge	(44,873)	(21,922)	(53,118)	-	(928,816)	(16,491)	(1,065,220)
Group profit for the period after tax	1,595,094	3,087,885	274,077	701,095	2,439,003	(908,944)	7,188,210
Hyperinflation adjustment on net monetary position	-	-	-	-	(1,869,776)	-	(1,869,776)
Group profit for the period	1,595,094	3,087,885	274,077	701,095	569,227	(908,944)	5,318,434
Segment Assets	302,907,894	76,928,972	142,036,409	72,733,613	115,188,253	844,470	710,639,611
Segment Liabilities and Equity	177,296,640	200,712,763	32,044,800	62,797,346	104,576,507	133,211,555	710,639,611

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

20 OPERATING SEGMENTS (CONTNUED)

Unaudited 30 June 2021	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,047,034	2,693,875	(151,764)	817,472	2,534,538	207,153	8,148,308
Net fees, commission and other income	851,115	1,297,433	97,859	362,196	778,303	4,559	3,391,465
Total operating income	2,898,149	3,991,308	(53,905)	1,179,668	3,312,841	211,712	11,539,773
General and administrative expenses	(268,915)	(1,053,713)	(77,515)	(525,651)	(1,135,024)	(702,873)	(3,763,691)
Net impairment loss on financial assets	(1,163,834)	(299,518)	1,321	(85,303)	(883,930)	(183,136)	(2,614,400)
Share of profit of associate and loss on its disposal	-	-	-	-	-	(21,137)	(21,137)
Group profit for the period before tax	1,465,400	2,638,077	(130,099)	568,714	1,293,887	(695,434)	5,140,545
Taxation charge	(17,755)	(39,832)	(28,486)	-	(257,439)	(12,733)	(356,245)
Group profit for the period	1,447,645	2,598,245	(158,585)	568,714	1,036,448	(708,167)	4,784,300
Segment Assets	317,618,888	66,590,143	117,415,303	66,220,212	125,861,354	76,795	693,782,695
Segment Liabilities and Equity	184,137,546	173,571,531	28,217,068	55,894,668	114,520,449	137,441,433	693,782,695

21 RELATED PARTY TRANSACTIONS

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

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 5% (December 2021: 5%) and 10% (December 2021: 6%) respectively, of the total deposits and loans of the Group.

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

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

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

	Unaudited 30 June 2022 AED 000	Audited 31 December 2021 AED 000
	-----	-----
<u>Loans and receivables:</u>		
To majority shareholder of the parent	117,966,722	148,117,393
To parent	1,498,839	1,273,898
To directors and related companies	860,488	872,993
	-----	-----
	120,326,049	150,264,284
	=====	=====
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	5,743,520	5,367,019
From parent	1,023,433	1,967,593
	-----	-----
	6,766,953	7,334,612
	=====	=====
Investment in Government of Dubai bonds	6,426,790	6,481,084

21 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2022	30 June 2021
	AED 000	AED 000
Payments made to associates	-	99
Payments made to other related parties	15,907	17,180
Fees received in respect of funds managed by the Group	10,963	10,160
Directors sitting fee	5,835	9,106

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

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2022	30 June 2021
	AED 000	AED 000
<u>Key management compensation:</u>		
Short term employment benefits	64,681	55,147
Post employment benefits	4,210	815

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

22 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2021 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	28,732,343	20,911,912
Net cash inflow/(outflow)	(17,474,300)	1,568,654
Balance at end of period	<u>11,258,043</u>	<u>22,480,566</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	62,956,708	82,562,885
Due from banks	62,657,613	38,706,883
Due to banks	(45,804,240)	(51,403,348)
	<u>79,810,081</u>	<u>69,866,420</u>
Less: deposits with Central Banks for regulatory purposes	(43,997,278)	(48,435,735)
Less: certificates of deposits with Central Banks maturing after three months	-	(12,000,000)
Less: amounts due from banks maturing after three months	(50,398,854)	(20,927,193)
Add: amounts due to banks maturing after three months	25,844,094	33,977,074
	<u>11,258,043</u>	<u>22,480,566</u>

22 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Unaudited six months period ended 30 June 2022 AED 000	Unaudited six months period ended 30 June 2021 AED 000
	-----	-----
(c) Adjustment for non cash and other items		
Impairment loss / (reversal) on cash and deposits with central banks	689	1,564
Impairment loss / (reversal) on due from banks	49,301	(26,786)
Impairment loss / (reversal) on investment securities	6,402	(9,454)
Impairment loss / (reversal) on loans and receivables	1,992,497	2,810,548
Impairment loss / (reversal) on unfunded exposures	10,246	(49,864)
Amortisation of fair value	58,634	67,398
(Discount) / premium on Investment securities	(140,773)	(17,723)
Unrealised foreign exchange loss / (gain)	1,269,516	1,392,255
Amortisation of intangibles	81,648	81,648
Depreciation / impairment on property and equipment / Investment property	351,648	400,585
Share of profit of associate	-	21,137
Dividend income on equity investments	(6,159)	(10,810)
Unrealized (gain) / loss on investments	2,072	18,233
Unrealized (gain) / loss on FV Hedged item	(3,107,183)	(977,414)
Gain on sale of properties (inventories)	(11,148)	(15,158)
	-----	-----
	557,390	3,686,159
	=====	=====

23 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).

<u>Unaudited 30 June 2022</u>	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Investment Securities</u>				
Trading securities at FVTPL	3,008,440	-	-	3,008,440
FVOCI - debt instruments	20,315,232	18,324	-	20,333,556
FVOCI - equity instruments	319,080	871	100,766	420,717
Designated at FVTPL	120,769	-	142,724	263,493
	23,763,521	19,195	243,490	24,026,206
<u>Derivatives</u>				
<u>Positive fair value of derivatives</u>				
Derivatives held for trading	-	13,426,087	-	13,426,087
Derivatives held as cash flow hedges	-	158,898	-	158,898
Derivatives held as fair value hedges	-	197,865	-	197,865
Derivatives held as hedge of a net investment in foreign operations	-	11,816	-	11,816
	-	13,794,666	-	13,794,666
<u>Negative fair value of derivatives</u>				
Derivatives held for trading	-	(11,834,603)	-	(11,834,603)
Derivatives held as cash flow hedges	-	(730,214)	-	(730,214)
Derivatives held as fair value hedges	-	(3,619,570)	-	(3,619,570)
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	(16,184,387)	-	(16,184,387)
	23,763,521	(2,370,526)	243,490	21,636,485
Audited 31 December 2021	19,944,467	1,489,739	253,307	21,687,513

23 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 2022	-	152,359	-	100,948	253,307
Total gains or losses:					
- in profit or loss	-	(9,635)	-	-	(9,635)
- in other comprehensive income	-	-	-	(316)	(316)
Purchases	-	-	-	-	-
Settlements and other adjustments	-	-	-	134	134
Balance as at 30 June 2022 (unaudited)	-	142,724	-	100,766	243,490
Balance as at 31 December 2021 (audited)	-	152,359	-	100,948	253,307

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, 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 2022 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2021: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2021.

24 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 2021.

Stage-wise financing exposures and the related ECL as at 30 June 2022 are given below:

(Gross carrying amounts)
Loans and receivables

AED 000
30 June 2022

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

AED 000
30 June 2021

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	421,733,474	26,974,892	29,817,914	478,526,280
Transfers from stage 1	(8,811,064)	8,588,038	223,026	-
Transfers from stage 2	3,143,870	(5,921,013)	2,777,143	-
Transfers from stage 3	-	258,596	(258,596)	-
New financial assets, net of repayments and others	(2,794,479)	1,732,797	(1,924,892)	(2,986,574)
Amounts written off during the period	-	-	(920,305)	(920,305)
Total gross loans and receivables*	413,271,801	31,633,310	29,714,290	474,619,401
Expected credit losses	(3,817,745)	(6,865,681)	(25,709,421)	(36,392,847)
Carrying amount	409,454,056	24,767,629	4,004,869	438,226,554

*The credit-impaired loans and receivables of AED 28,303 million (2021: AED 29,160 million) comprises of AED 27,417 million (2021: AED 28,138 million) credit-impaired loans and receivables and AED 886 million (2021: AED 1,022 million) classified as purchase or originated credit impaired (POCI) acquired at fair value.

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

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

AED 000
30 June 2022

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

AED 000
30 June 2021

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	4,612,683	5,697,198	24,674,930	34,984,811
Transfers from stage 1	(250,022)	234,492	15,530	-
Transfers from stage 2	366,721	(1,984,408)	1,617,687	-
Transfers from stage 3	-	54,571	(54,571)	-
Allowances / (reversals) made during the period	(877,378)	2,995,053	1,360,024	3,477,699
Write back / recoveries made during the period	-	-	(667,151)	(667,151)
Amounts written off during the period	-	-	(920,305)	(920,305)
Exchange and other adjustments	(34,259)	(131,225)	(316,723)	(482,207)
Closing Balance	3,817,745	6,865,681	25,709,421	36,392,847

Deferral amounts of UAE customers

As at 30 June 2022, the total deferrals provided to customers was AED 10.8 billion (2021: AED 10.7 billion). AED 8.9 billion has been repaid till date. Total active deferrals amounted to AED 1.9 billion (2021: AED 2.5 billion). Active deferrals for Corporate and Institutional Banking amount to AED 1.1 billion and Retail Banking and Wealth Management AED 0.8 billion.

Total number of customers supported is 134,178 customers out of which 133,614 relate to Retail Banking and Wealth Management and 564 relate to Corporate and Institutional Banking.

25 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. GBP LIBOR has already transitioned to SONIA and management continues to run the project on the Group's transition activities on USD LIBOR to SOFR and engages with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.

The Group's exposures to USD and GBP Libor including hedging instruments and hedged items is not materially different from those disclosed in the Group consolidated financial statements as at 31 December 2021.