بنك الإمارات دبي الوطني
Emirates NBD

60 years together 60 عاماً معاً

Celebrating

1963 2023

Years

Annual Report 2023

H.H. Sheikh Mohamed Bin Zayed Al Nahyan
President of the United Arab Emirates

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

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

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

Building the Future of Finance Since 1963

Emirates NBD marks a significant milestone this year as the Group is celebrating its 60th anniversary. The landmark occasion also marks Emirates NBD's journey and tremendous progress from a homegrown local UAE bank to an international banking brand, with a rich legacy and landmark achievements across its business.

Emirates NBD has demonstrated the strength of its vision and brand to the world, positioning itself as a regional leader in global banking innovation. Today, Emirates NBD is one of the forerunners for the region's financial services industry.

This integrated report covers our Strategic and Operational overview, ESG Summary, Corporate Governance Report, Shariah Report, Directors' Report and Financial Statements as at 31 December 2023.

The report is the culmination of rigorous monitoring and evaluation of our activities across the entirety of our operations, business units, and sustainability efforts.

Purpose

Create opportunities to prosper

Vision

To be the most innovative bank for our customers, people and communities

Values

Collaboration

Ownership

Drive

Enterprising

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Chairman’s Message

Pioneering Banking Excellence in the Region

As we celebrate the 60th anniversary of Emirates NBD, we take enormous pride in everything that has been achieved. Turning all challenges of this year and decades past into opportunities for growth, Emirates NBD has continued to serve as a financial bedrock, trusted partner and beacon of innovation for Dubai, the UAE and beyond.

"Through effective execution of its strategy, Emirates NBD will continue to fulfil its purpose to ‘create opportunities to prosper’ for all its stakeholders.”

Emirates NBD’s transformation from a local ambitious bank into a respected international financial institution mirrors the rise of Dubai and exemplifies its constant drive to be a champion of the UAE banking sector. In 2023, Emirates NBD set new financial benchmarks, demonstrating the Group’s unique proposition in the market and reputation as the most reliable partner to its customers, who are at the heart of its sustainable success.

With almost 900 branches, employing more than 30,000 people from more than 90 nationalities, serving over 9 million active customers in 13 countries, Emirates NBD is the largest bank in Dubai and one of the largest and one of the most profitable banks in the Gulf Cooperation Council (“GCC”). In 2023, Emirates NBD continued to build on its achievements with record income and profit, pioneering technology, greater sustainability and further diversification, reinforcing its commitment to its shareholders.

The direction and aims of the Group are deep rooted in its six-decade history, with strong leadership at the helm and a philosophy of integrity, transparency and devotion to the success of the UAE. Through effective execution of its strategy, it will continue to fulfil its purpose to ‘create opportunities to prosper’ for all its stakeholders.

The Group’s environmental, social and governance (“ESG”) commitments have always been important priorities, overseen by the Board of Directors, which monitors evolving international standards to ensure strategic alignment. The Group is updating its corporate governance framework to ensure alignment with international best practices, applicable standards and a culture of accountability across the organisation, while also serving to identify, assess and address potential strategic, environmental and social risks.

Emirates NBD has led by example in promoting sustainable practices across its operations and communities, as exemplified in its role as Principal Banking Partner for COP28. The Group also introduced carbon trading this year, making it the first UAE bank to empower customers in offsetting carbon emissions, in alignment with the UAE’s Net Zero action plan. Emirates NBD also pioneered innovative green financing solutions to support customers throughout the UAE and around the world.

This outstanding progress on all fronts has been the result of the Group’s entire workforce coming together with focus and dedication throughout the year. From management and customer services, to technical experts and marketing, the outstanding talent across Emirates NBD continues to raise the bar. We are proud to be a champion in gender equality with women now making up 40% of the Group’s total employee base and we are the first UAE bank to commit to a female leadership target, aiming for women to fill 25% of Senior Management positions by 2027.

As an organisation, our greatest priority remains to align with the UAE Vision and create sustainable value for our stakeholders. We are fully committed to nurturing Emirati talent at every level, delivering a world-class banking experience to customers, and advancing the nation’s progress at home and on the global stage. In the years ahead, Emirates NBD Group will continue to serve as it has for the past 60 years, with dedication to our leaders, belief in our goals and confidence in our actions.

In conclusion, I would like to thank H.H. Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi, and H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, for their ambitious vision and wise leadership. I would also like to thank the Group’s Board of Directors, Senior Leadership team and all the Group’s employees for their unwavering dedication to the success of Emirates NBD during this year and for many years to come.

H.H. Sheikh Ahmed Bin Saeed Al Maktoum
Chairman

A Successful Year of Strategic Growth and Innovation

As we celebrated our 60th anniversary, Emirates NBD reinforced its position as one of the most distinguished banking institutions in the Middle East, North Africa and Türkiye ("MENAT") region. Through a successful year of strategic growth and innovation, we have ushered in a new era of banking for our loyal customer base and welcomed a new generation of customers to benefit from the best that Emirates NBD has to offer.

Supported by the visionary leadership of the UAE throughout a year of strong growth and diversification for the country, Emirates NBD has delivered another outstanding performance in 2023. Our significant loan growth, stable low-cost funding base, increased transaction volumes and substantial recoveries exceeded the ambitious targets we had set for ourselves.

In parallel with income growth of 32% on record volumes, our highest ever profit rose by 65% to AED 21.5 billion. This came on the back of Current Accounts and Saving Accounts ("CASA"), coupled with higher margins, growing non-funded income and a lower cost of risk driven by significant recoveries. In addition, Emirates NBD's market-leading deposit franchise grew by a further impressive AED 82 billion.

Retail Banking and Wealth Management delivered an exceptional performance, generating its highest ever revenue and strongest ever loan growth. Lending increased by 18% to AED 114 billion, with deposits growing to AED 293 billion, compared to AED 258 billion in 2022.

As confidence in private enterprise continued to return to the region, our essential support to small and medium size businesses, the backbone of the UAE economy, grew significantly in 2023.

In addition, Emirate NBD's one-third market share of the entire UAE credit card market played a significant part in the 2023 results as card spend grew by 25% year-on-year.

Emirates NBD's Corporate and Institutional Banking division also delivered outstanding results, increasing profits by 90% due to significant growth in revenue on increased lending, higher cross-selling and strong recoveries.

Among many landmark corporate deals, highlights include the ESG-Linked Supply Chain Finance Programme pioneered in collaboration with Emirates Global Aluminium, as well as the AED 10 billion hybrid credit facilities and the AED 13 billion revolving credit facility closed for large multinational customers. Additionally, we have successfully launched 'Emirates NBD Pay', our Merchant Acquiring services.

Our Global Markets and Treasury unit generated an income of AED 3.7 billion in 2023, an increase of 91%, driven by favourable balance sheet positioning and a significant increase in banking book investment income. Foreign Exchange trading reported a growth of 70% and in a major triumph for the unit, Group Funding issued an AED 2.8 billion green bond – the largest ever from a regional bank. The unit also issued the first ever Dirham-denominated public bond since the Ministry of Finance's establishment of a local currency yield curve, supporting this important initiative.

Emirates NBD's wholly owned subsidiary, DenizBank, which has significantly enhanced our geographic profile, also delivered impressive profits of AED 1.6 billion, driven by higher income and strong recoveries.

All business units have generated a substantial increase in income in 2023, resulting in outstanding Group results, while we have also continued to invest and build capabilities as the bank of the future. This will pave the way for future growth and diverse revenue streams, through substantially increased investment in pioneering products, highly specialist human resources and ground-breaking technology.

Our mobile banking app ENBD X combined state-of-the-art features with heightened security and the latest user trends, propelling it to the number one banking app in the region.

Electronic and social media banking combined with advances in artificial intelligence ("AI") played a significant role in our business in 2023 and have driven the most successful advancements in digital products and services in the UAE banking sector to date. Furthermore, our superior IT architecture enables us to integrate new products and services effectively and efficiently to enhance our customer experience and convenience.

In appreciation of Emirates NBD's growing emphasis on technology, the Group was recognised at the 'Innovation in Digital Banking Awards in the Middle East' by The Banker, and won 'Best Private Bank Digital Solutions for Clients in the Middle East and UAE' at Global Finance World's Best Private Banks Awards.

"We have shown tremendous resilience in times of global challenges and an innate ingenuity when opportunities arise."

In 2023, Emirates NBD justified and further strengthened its rightful place as the largest bank in Dubai and one of the most profitable bank in the region. In keeping with our 60-year history, we have continued to set the pace in our sector and create new milestones of our own. We have shown tremendous resilience in times of global challenges and an innate ingenuity when opportunities arise. We have anticipated evolving market trends and are determined to invest in the next generation of corporate and private banking to further that advantage.

In closing, I would like to thank our Chairman, H.H. Sheikh Ahmed Bin Saeed Al Maktoum, the Board of Directors and the Senior Management team, as well as the Emirates NBD staff for all their contributions. I would also like to thank our customers and shareholders for their continued support and trust. We look forward to rewarding that trust with further progress and value creation in the years ahead.

Hesham Abdulla Al Qassim
Vice Chairman and Managing Director

A Momentous Year of Record Profit

Emirates NBD has once again delivered many significant milestones in another momentous year which helped to deliver the Group's highest ever profit. We consolidated our position as a leading banking Group in the UAE, while our expansion in the Kingdom of Saudi Arabia strengthens our geographical footprint and standing in the region and beyond.

Our key priorities are balance sheet growth, strategic diversification, customer excellence and technological innovation which will help maintain our position of leadership.

Each business unit exceeded expectations, with Retail Banking and Wealth Management achieving its highest ever revenue of AED 16.2 billion and substantial balance sheet growth. Corporate and Institutional Banking strengthened its strategic partnership with major government entities and corporations by enhancing digitised service platforms, and Global Markets and Treasury delivered an outstanding performance on successful balance sheet positioning, generating revenue of AED 3.7 billion.

Non-funded income from Emirates NBD's subsidiary, DenizBank, Türkiye's fifth largest bank with 659 branches and 15,000 employees, delivered excellent results due to higher healthy lending growth.

> "Our strategic progress and performance in 2023 have been among the best we have ever achieved."

We have facilitated many innovative funding solutions to customers, and have developed a reputation as a leader in sustainable financing opportunities for clients.

Our accelerated investment in digital and mobile banking was also a major contributor to our 2023 achievements, as we deliver a new generation of corporate, retail, wealth management and individual customers products and services.

With these goals in mind, the Group made an equity investment in Komgo, a world-class Geneva-based blockchain trade financing platform, to complement our digital ambitions and regional expertise with the agility and innovation of a leading fintech company.

In addition, as we look to cultivate the next generation of fintech talent in the UAE, Emirates NBD launched the National Digital Talent Incubator programme as part of a strategic partnership with the Dubai International Financial Centre, in order to broaden insights into the nation's venture capital building and fintech growth.

We have also introduced new personal banking options, expanding the range of products and services while ensuring best-in-class, secure customer access. The ENBD X mobile banking app's global dashboard gives customers a 360-degree view of their entire financial portfolio. With more than 150 services, ENBD X has the capability to update Emirates ID and passport details, open a fixed deposit, obtain account balance certificates and reference letters, and apply for a loan in real time. ENBD X also integrates the Emirates NBD Wealth Management platform, giving customers access to 11,000 global equities.

With the UAE's economy thriving and the nation becoming an attractive destination for ultra-high-net-worth individuals from across the world, Emirates NBD competently caters to all sectors of the wealth spectrum.

Our strategic progress and performance in 2023 have been among the best we have ever achieved. Emirates NBD continues to meet customers' needs and our ability to innovate ensures that we are pioneers in the regional finance sector. The range of products we offer to our entire range of customers, combined with the long-term strategic direction of the Group, will ensure we remain at the forefront of corporate banking, retail banking and wealth management.

In conclusion, I would like to thank our Chairman, H.H. Sheikh Ahmed Bin Saeed Al Maktoum, Vice Chairman and Managing Director, Hesham Abdulla Al Qassim, the Board of Directors and the Senior Management team, as well as Emirates NBD's talented and dedicated staff for their contributions to another successful year. We look forward to 2024 with optimism and confidence that Emirates NBD will maintain its position as an inspirational market leader.

Shayne Nelson
Group Chief Executive Officer

Emirates NBD is building the 'Bank of the Future' by excelling at its core business whilst fulfilling its future potential. Our stable, low-cost funding base, strong brand recognition and market-leading digital platform have delivered healthy profit and dividend growth. Our investment in technology and regional expansion, powered by a dynamic and agile workforce, is transforming Emirates NBD to harness future growth opportunities and create sustainable value for our shareholders and all our stakeholders.

Leading Financial Institution in Growing Emerging Markets
- Leading Bank in the UAE and one of the leading foreign banks in the Kingdom of Saudi Arabia, both economies with strong current growth momentum and future potential
- Presence in other emerging markets like Egypt, Türkiye and India with strong growth potential

Strong Sovereign Shareholder Base
- 41% owned by the Government of Dubai

Strong Retail, Corporate, Islamic and Investment Banking Franchise in the UAE
- One-third market share of credit card spend
- Integrated digital wealth platform, provides a one-stop customer solution
- Landmark deals for large multinational customers
- Leading investment bank for regional IPOs and ESG funding solutions
- Improving credit profile with strong coverage ratios

Leader in Digital Banking
- Leading digital banking app in the region
- IT infrastructure now 100% cloud native
- 98% of transactions via straight through processing, driving cost efficiencies
- Investing in fintechs and disruptive technologies with strategic relevance

Regional Banking Champion with Growing International Footprint
- Almost 900 branches with a presence in 13 countries
- Over 9 million active customers
- Expanding regional network is attracting new-to-bank customers and driving growth
- Well positioned to capture trade and customer flows across our network of countries
- Well-diversified revenue streams and asset portfolio

Socially Responsible Towards our Customers, Communities and Employees
- Ambitious environmental and social commitments
- Supporting customers on their transformation with innovative ESG solutions
- Upskilling employees and building a dynamic, high-performing workforce to support our strategic ambition

Profitability Driven, Stable, Low-cost Funding Base and Solid Balance Sheet
- Stable, diversified, low-cost Corporate and Retail CASA franchise
- Strong capital – with capital ratios well above regulatory requirements, liquidity and healthy credit quality ratios

Shaping the Future:

Our Commitment to People and Progress

For six decades, Emirates NBD has stood at the forefront of fostering talent and embracing diversity. With over 30,000 employees from more than 90 nationalities, our journey from a local entity to a global powerhouse mirrors the UAE's vibrant multicultural ethos.

This diversity is a driving force behind our innovative approach and has been integral to our ability to understand and cater to a diverse customer base spread across 13 countries. A key to this success is our unwavering commitment to Emiratisation, evident in our 70% Emirati Senior Management team.

Through strategic upskilling and global development programmes, Emirates NBD has not only contributed to the UAE's financial sector but has also sculpted a workforce reflective of the nation's dynamic spirit and inclusive vision.

Furthermore, the Group's dedication to gender diversity stands out as a beacon in the financial sector. With a 40% female workforce, Emirates NBD not only surpasses global benchmarks but also actively fosters an environment where women can thrive.

"Diversity is the driving force behind our innovative approach and has been integral to our ability to understand and cater to a diverse customer base."

Pioneering Digital Frontiers:

Our Technological Transformation

"Over the past six decades, the Group has revolutionised the MENAT region's banking sector with its digital-first approach."

In an era where digital innovation is paramount, Emirates NBD stands as a beacon of progress. Over the past six decades, the Group has revolutionised the MENAT region's banking sector with its digital-first approach. Remarkably, 97% of our transactions are now conducted outside traditional branches, showcasing our successful transition to digital platforms.

This marks a paradigm shift in customer engagement, offering convenience and personalisation at a scale previously unimaginable. The Group's commitment to technological advancement is not just about staying ahead – it is about inclusivity and environmental responsibility, ensuring that every innovation benefits its 9 million active customers and supports the evolving digital landscape of Dubai and the UAE for generations to come.

Banking on a Better Tomorrow: Our Sustainable Journey

Emirates NBD's 60-year journey is more than just financial success, it is a testament to sustainable and responsible business practices that resonate deeply within communities. With commitments and initiatives aligning with the United Nations Global Compact and Principles for Responsible Investment, the Group has shown its dedication to sustainable development.

Our commitment to sustainability is multi-faceted, addressing both economic and social aspects. As a key player in the UAE's economy, Emirates NBD has been instrumental in supporting the nation's economic growth and development. Our role in financing the UAE's economy extends beyond banking – it is about enabling job creation, driving value for local businesses, and being an active participant in the country's key sectors.

As we mark our 60th anniversary, during the UAE's "Year of Sustainability" and the landmark hosting of COP28, we celebrate a legacy of transformation. Our commitment to sustainable practices has positively impacted the lives and livelihoods of millions of people across the UAE and beyond.

> "As a key player in the UAE's economy, Emirates NBD has been instrumental in supporting the nation's economic growth and development."

Strategic Report

At a Glance

Transforming the Group by Becoming Digital at Core

Emirates NBD is the leader in digital banking and largest digital lifestyle bank in the region. It is the largest financial institution in Dubai, one of the largest and one of the most profitable banks in the GCC.

Emirates NBD Group serves its customers (individuals, businesses, governments, and institutions) and helps them realise their financial objectives through a range of banking products and services including retail banking, corporate and institutional banking, Islamic banking, investment banking, private banking, asset management, global markets and treasury, and brokerage operations. Emirates NBD offers Islamic products through its wholly owned subsidiary Emirates Islamic. Emirates Islamic has a presence across the UAE with 40 branches.

DenizBank, a 100% owned subsidiary, became one of the foremost names in the Turkish banking industry. DenizBank has 659 branches.

The Group has operations in the UAE, Egypt, India, Türkiye, the Kingdom of Saudi Arabia ("KSA"), Singapore, the United Kingdom, Austria, Germany, Russia and Bahrain and representative offices in China and Indonesia.

Branches
856

Subsidiaries
17

Representative Offices
2

Award and Recognition

EUROMONEY MARKET LEADERS
Forbes
GLOBAL FINANCE

See P56 for more information

Emirates NBD's International Presence

Emirates NBD
1. UAE (109)
2. Egypt (68)
3. KSA (15)
4. India (3)
5. London (1)
6. Singapore (1)

DenizBank
7. Türkiye (643)
8. Austria (11)
9. Germany (3)
10. Moscow (1)
11. Bahrain (1)

Emirates NBD Representative Offices
12. Jakarta
13. Beijing

Business segments

Business segment	Offerings
Corporate and Institutional Banking We make banking better in the ways that matter, with precision, innovation and a focus on business growth of our clients across Public Sector, Private Sector, Multinationals and Financial Institutions.	• Lending & Financing • Investment Banking • Global Markets and Treasury • Transaction Banking • Payments and Digital Banking • Islamic Banking • Brokerage and Margin lending
Retail Banking and Wealth Management We empower your financial journey: Unmatched personalised banking expertise and tailored wealth management for individuals, HNIs and businesses.	• Current and Savings Account • Fixed Deposits • Cards • Loans and Advances • FX • Wealth and Insurance • Trade Finance • Islamic Banking
Global Markets and Treasury Global Markets and Treasury provide a broad range of clients with market insight, execution services, structured products and financing solutions across credit, rates and foreign exchange products.	• FX • Interest Rates • Commodities • Funding/Investment • Fixed Income and Credit • Islamic Products • Structured Products
DenizBank Providing a wide variety of financial products and services to wide range of corporate and retail customers together with its subsidiaries as a financial supermarket.	• Wholesale (inc. SME & Agri) + Retail (inc. Private & Digital) Banking – Loans, Credit Cards, Savings Accounts, Deposit Accounts, Specialised Products for Agri Business and SMEs, Payments, Online Banking • Treasury, Investment, Asset Management, Leasing, Factoring, Insurance – FX and Commodities, Trading, other Investment Products, Operational and Financial Leasing, Factoring and Bancassurance Products

Business Model

Who we are

Organisational Structure

Emirates NBD Bank (P.J.S.C.)

- DenizBank
- Emirates Islamic
- Emirates NBD Egypt
- Other Branches and Subsidiaries

How We Create Value

Capital
Money obtained from shareholders and retained profits.

The Emirates NBD difference: Healthy capital ratios, well above regulatory requirements.

CET-1, 2023
vs 15.4% 2022

14.9%

Debt
Funding received from lenders and deposits from customers.

The Emirates NBD difference: Healthy liquidity ratio, well above regulatory requirement.

Net Interest Margin, 2023
vs 6.8% 2022

4.9%

Risk Management
Identifying, evaluating, and building a strong asset base, while following robust risk management practices.

The Emirates NBD difference: Comprehensive product suite to meet customer needs.

Total Assets, 2023
vs AED 742bn 2022

AED 863bn

Income
Revenue generated by interest income and non-interest income including fee income.

The Emirates NBD difference: Strong balance sheet and offerings to generate sustainable income.

Total Revenue, 2023
vs AED 32.5bn 2022

AED 43.0bn

Profits
Earnings after accounting for all expenses including provisions.

The Emirates NBD difference: Continue to drive income, while managing costs and risk.

Net Profit, 2023
vs AED 13.0bn 2022

AED 21.5bn

Return on Equity
Measure of our profitability in relation to equity.

The Emirates NBD difference: One of the market-leading return profiles.

ROE, 2023
vs 14.7% 2022

21.2%

Stakeholder Value Created in 2023

Customers
Customer experience is at the core of our strategy, driven by our key principles of "customer focus" and "service excellence".

Total Active Customers

9+ million

Investors
We strive towards delivering robust returns and long-term wealth creation for our investors.

Dividend Proposed

120 fils per share

Employees
We work towards creating a diverse, inclusive, engaged and effective workforce.

Suppliers/Partners
We engage in fair supplier selection and partnership.

Government
We are well aligned with the government's vision and strategic objectives, with an aim towards creating long-term socio-economic impact.

Community
We engage in meaningful partnerships with community organisations for empowering local communities.

Our Strategy

Building on the strong growth momentum and record financial performance in 2023, Emirates NBD Group is well positioned to capitalise on key opportunities across our network and further increase our market share across products and services in 2024. The organisation consistently strives to deliver an excellent customer experience, spearhead digital innovation and be compliant with all regulatory standards, while delivering strong shareholder value.

Strategic Objectives

In 2024, Emirates NBD maintains a positive outlook for growth and will continue to deliver robust performance by laying emphasis on the following core pillars:

- Deliver an Excellent Customer Experience
- Drive Core Businesses
- Focus on Future Potential
- Drive International Diversification
- Build Market-Leading Infrastructure
- Develop a Dynamic Organisation

Deliver an Excellent Customer Experience

In line with our vision to be the most innovative bank for our customers, people and communities, the Group has continued to focus on developing and launching innovative offerings. With the launch of ENBD X mobile application, the focus has been to deliver a faster and smoother experience all at the touch of a button thanks to implementing straight-through processing across our services and products and propelling it to the number one finance app in the region with over one million users on the application. The Group also launched ENBD Securities App, a completely new mobile app with enhanced UI/UX and biometrics authentication, further leveraging the network benefits accruing from digitisation. Emirates Islamic has also launched a revamped mobile banking application called EI 2.0, with 220k customers migrating to it already. To enhance customer touchpoints, we launched WhatsApp banking, with usage up two times since launch. With the launch of instant banking services, corporate customers can request, track, and receive banking services in real time with just a few clicks, with immediate delivery through straight through processing.

Other key focus areas for 2024 include continuing to elevate our customer service by driving omni-channel experiences by setting up best-in-class customer relationship management systems and leveraging advanced analytics capabilities to personalise customer interactions in real time. Implementation of robust infrastructure for credit business to deliver faster turnaround times and a market-leading client experience, along with simplifying processes through technology-driven solutions to service clients are also a part of Emirates NBD's strategic roadmap. We plan to launch a new upgraded mobile app for corporate channels and continue enhancing our equity brokerage capabilities by increasing margin trading offering and expanding our market-leading mobile banking app to institutional clients, which will be pivotal for delivering an excellent overall customer experience.

Drive Core Business

Keeping a firm focus on core business, Emirates NBD continued to be one of the leading retail franchises in the UAE markets, recording a record performance. Our business banking vision is underpinned by goals around asset growth, trade penetration improvement, and foreign exchange services leadership amplifications. In 2024, we will continue to leverage our strong customer deposit base while simultaneously enhancing our loan disbursal processes for our business banking clients. Our approach includes deploying cutting-edge technologies for rapid credit assessments and decision making, complemented by staff training to provide tailored loan solutions. This strategy aims to make our loan services more efficient and customer centric.

The organisation, in line with its 2023 key strategic focuses, achieved significant growth in CASA balances across all its customer segments, underpinned by its compelling cash management proposition for the real estate sector, becoming the leading escrow bank in Dubai. By focusing on our customers through active client engagements, we were able to increase our foreign exchange growth and increase our Net Fee Income through active cross-selling. With our local community in mind, we were the first bank to issue AED-denominated bonds and sukuks, underlining the Group's commitment to deepening the UAE's local currency market. As demonstrated in 2023, we will continue to reorganise business segments for effective customer management. Efficient risk management is another key priority area as far as driving core business is concerned.

Focus on Future Potential

Wealth Management remains a core strategic priority with strong potential for growth. We made significant changes in our Wealth Management division including people changes, functional realignment of the department, and expanding the range of wealth management products, with a focus on Discretionary Portfolio Management, structured products, and other innovative financial instruments. We launched our Digital Wealth proposition early in 2023, wherein customers can easily establish investment accounts and start trading in global and UAE equities, all from the convenience of ENBD X, a single application for all banking needs. In 2024, our focus remains on adding new products and services to the platform, to provide a one-stop shop for all our customers' investment needs. Coupled with an enhanced digital platform, these efforts aim to position us as leaders in wealth management. In line with our strategy to build new generation products and platforms, we have launched a multitude of new products and platforms, we have provided fractional bonds for a select list of bonds and sukuks to our customers where they will be able to now place orders with a minimum cap of USD 50,000.

Furthermore, our ambition to increase our market share in Abu Dhabi is rooted in enhanced and expanded product propositions, differentiated customer service models, and a broader ATM/CDM network. We're tailoring our financial products to the unique needs of the Abu Dhabi market, introducing innovative banking solutions, and ensuring each customer interaction adds value and strengthens relationships.

Our Strategy continued

Growing Emirates Islamic is a priority in 2024 with our strategy entailing strengthening the sales force, enhancing foreign exchange advisory capabilities, and a concentrated focus on Islamic business banking in aims to attract new customers and deposit growth.

ESG remains a core strategic priority for the Group and in 2023, we accelerated our journey through measures like publishing our Sustainable Finance Framework allowing green and sustainability-linked bond issuance. We have issued the largest green bond issuance in the region amounting to USD 750 million, and we have executed the UAE's inaugural ESG-linked trade finance transaction in the manufacturing sector. With the ever-changing landscape and our support of the UAE's initiative to reduce its carbon footprint, we have launched our carbon trading platform establishing ourselves in both compliance and voluntary carbon markets, to enable our customers to trade in this asset class. As a part of our 2024 focus areas, we will continue to enhance our product suite on global markets to offer dynamic hedging and investment solutions to our clients.

"Our international network across key strategic markets places us at a unique advantage to capitalise on important trade and investment corridors in the MENAT region."

Drive International Diversification

International growth and diversification remain one of the core pillars of Emirates NBD's strategy as it aims to capitalise on key opportunities across its unique network. Our international network across key strategic markets places us at a unique advantage to capitalise on important trade and investment corridors in the MENAT region. This is reflected in the robust year-on-year growth of the international portfolio across key performance metrics; as well as healthy performance across our key presence in markets in Türkiye, KSA, Egypt, the UK, Singapore and India.

Emirates NBD KSA made significant progress on expansion efforts in the Kingdom, with seven additional branches across the cities of Jeddah, Riyadh, Dammam, Al-Ahsa and Qassim. With a 15-branch strong franchise, we are well poised to participate in the wave of growth the market expects to witness. In Egypt as well, we have delivered significant year-on-year growth in revenues despite the steep currency devaluation; and are working on further deepening our local market imprint.

Diversifying business streams and expanding opportunities across the network, including DenizBank, remain key imperatives going forward. In 2024, the Group will focus on increasing market share in key markets across Corporate Banking, Retail Banking and Wealth Management including further expansion of branch presence in KSA, enhancing our product proposition with a focus on digital channels and platforms in Egypt and KSA; and further developing competitive niches in the UK, Singapore and India. Maintaining strong business momentum while managing risk factors will be vital to counter evolving macroeconomic challenges. The Group also continues to assess new growth avenues by evaluating select markets and potential targets for organic and inorganic growth.

Build Market-Leading Infrastructure

In 2023, we aimed at enhancing and stabilising the infrastructure for our digital channels while significantly increasing adoption of new technologies. A cornerstone of this year's progress was the modernisation of our digital channels, core platforms and infrastructure. This played a pivotal role in enabling increased Straight-Through Processing through advanced automation, re-engineered processes, and paperless customer journeys. Leveraging on our modern technology infrastructure, we have successfully launched a variety of new products and enhanced our existing offerings. Our focus on instant services and digital capabilities has been fundamental in improving our customer experience. In our journey towards increased adoption of cloud infrastructure, we are building a new data centre in UAE while we have successfully migrated our core platforms to the public cloud for operations in the KSA. This marks a key expansion in our global technology infrastructure footprint and shall allow us to build scale while ensuring we can adapt to rapidly changing market conditions and customer needs.

With our API Souq, our application programming interface ("API") banking portfolio has been growing steadily with 51 APIs developed and 50 clients registered on our API Souq. We also conducted the first trade API-based transaction in the region underlying a key focus of the organisation to develop disruptive innovative products that add value to our customers.

As we move into 2024, we plan to continue leveraging technology advancements, deepen our AI capabilities, build partnerships for innovative solutions, and continue to invest in enhancing customer experience and operational excellence. We look to especially step up our focus on fortifying the resilience, reliability, and security of our technology infrastructure. We shall fully transition to our new data centre in the UAE, modernise our key platforms, continue to leverage public cloud, strengthen our security posture, and invest in maturing our agile operating model. We aim to build a strong and market-leading offering for merchant acquiring and end-to-end integrated payment solutions for our corporate customers. These efforts are part of our comprehensive strategy to position ourselves as the most reliable and resilient bank of the future, ready to meet the evolving demands of our customers and stakeholders and safeguard the interests of our customers and stakeholders.

"Emirates NBD remains committed to build a high-capacity organisation and create a culture that enables the "Workplace of the Future"."

Develop a Dynamic Organisation

At an organisational level, Emirates NBD strives to constantly improve efficiency drivers to accelerate growth and truly become the 'Bank of the Future'. Emirates NBD remains committed to build a high-capacity organisation and create a culture that enables the "Workplace of the Future". The Group's biggest strategic achievement in 2023 was launching three employee initiatives communicated holistically under a "Future of Work" umbrella. Firstly, a new and innovative career architecture framework was introduced, bringing increased agility to career progression and remuneration, accompanied by a comprehensive corporate title refresh. Enhancing career mobility was the second Future of Work initiative, providing more opportunities for employees to consider new and diverse career paths across Emirates NBD and its subsidiaries. The aim of this is to ultimately ensure both Emirates NBD and our workforce build all the future skills and career agility needed to be successful in the future of banking. Thirdly, we launched HR Connect as our new digital workplace tool. It features a mobile app to elevate our digital employee experience, with a specific focus on enhancing key people-focused areas like recruitment, as well as performance and talent management.

Emiratisation continued being a strategic imperative during 2023. We implemented a multi-faceted strategy including hiring UAE Nationals for critical senior roles, robust succession planning, offering accelerated career development opportunities and benefits like university sponsorship programmes to our Emirati population, and by nurturing new talent through our Ruwad and Bedaya graduate programmes. Extensive collaboration with leading UAE universities and targeted internship programmes also ensured a strong and talented pipeline of new Emiratis entering Emirates NBD during 2023.

We also continued bolstering our Diversity and Inclusion efforts, signing the UAE Gender Balance Pledge to reinforce our commitment to gender equality alongside other prominent UAE organisations. Additionally, we launched our new Career Comeback Programme, providing a supportive pathway for experienced professional women returning to full-time employment. The implementation of Group-wide unconscious bias awareness training underscored our dedication to fostering an inclusive environment too, amongst other internal efforts.

In the area of learning and development, we continued our extensive upskilling and reskilling efforts, especially through our comprehensive School of Data Sciences and specialist programmes like Qada to provide new career paths for our network of branch managers. We strengthened our relationships with prestigious institutions like Oxford University and INSEAD, providing our best employees with invaluable learning opportunities and qualifications.

Market Overview

The UAE economy and its banking sector demonstrated strength and resilience in 2023, delivering robust growth despite a challenging global economic backdrop.

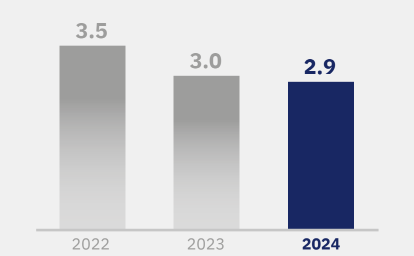
Global Economic Slowdown and Sustained High Inflation

Global economic growth slowed in 2023 as high inflation and tightening monetary policy weighed on economic activity. Advanced economies have borne the brunt of the slowdown, with the exception of the US, which has proven to be remarkably resilient in the face of significantly higher interest rates.

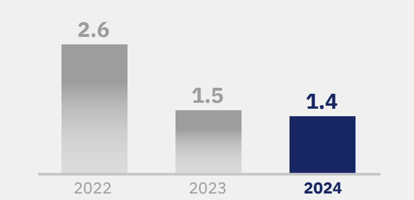
Emerging markets have fared relatively well in terms of growth, but debt sustainability is increasingly in focus as higher interest rates and a strong US dollar make it more difficult for countries with high levels of debt to meet their payment obligations.

Inflation has slowed in 2023, largely due to declining energy and food prices, but also as tighter monetary policy has started to impact demand. Major central banks are likely at the top of their interest rate cycles, but with inflation still well above target in most developed economies, policy makers are pushing back against market expectations for rate cuts as early as Q2 2024.

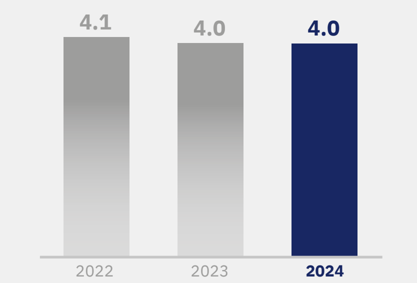
Global Economy
GDP Growth (%)



Advanced Economies
GDP Growth (%)

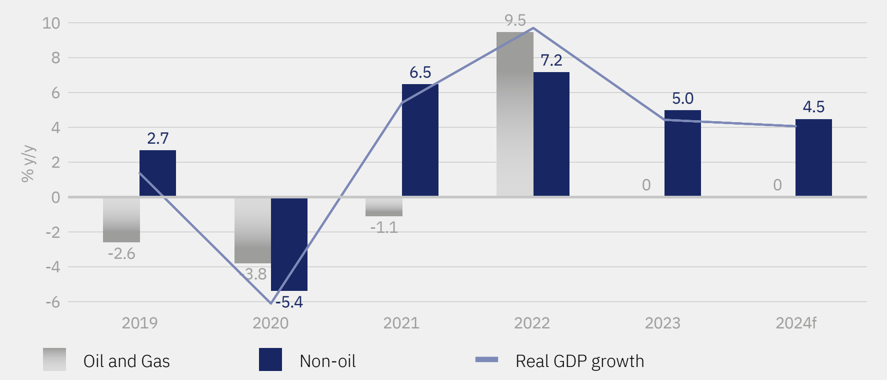


Emerging Market & Developing Economies
GDP Growth (%)



Source: IMF World Economic Outlook, October 2023

UAE: Non-oil Sectors Drive Growth in 2023



Source: Haver Analytics, Emirates NDB Research

UAE Strong Growth and Continued Diversification

The UAE is on track to deliver strong growth, with the non-oil sectors expected to grow by 5% in 2023. Demand has held up well despite higher interest rates and a weaker global backdrop. Data on school enrolments and mobile phone subscriptions point to population growth in the UAE this year, which along with increased government spending has likely contributed to overall demand growth.

Travel and tourism have been key drivers of economic activity in the UAE in 2023, and Dubai in particular. Even as global merchandise trade volumes have softened, international travel has continued to rebound post-pandemic, boosting passenger numbers through Dubai's airports and contributing to growth in the retail and hospitality sectors.

OPEC+ production cuts are expected to weigh on crude oil output and headline GDP growth in the UAE in 2023. Nevertheless, Emirates NBD estimates headline GDP growth of around 3.6% in 2023.

Inflation has moderated in 2023 on lower energy prices and slowing services inflation. However, population growth has helped to push up the cost of housing and household durables, and Emirates NBD expects inflation to average 3.5% in 2023.

Uncertainty around the outlook for 2024 remains high, with global growth uneven and as geopolitical risks abound. Nevertheless, the UAE's strong fiscal position and progress on structural reform should continue to underpin investment and growth in 2024 and beyond.

Group Chief Financial Officer's Message

Emirates NBD delivered excellent results in 2023, registering records across the board, with income and profits outperforming all previous figures. Driven by the ongoing surge in the Dubai economy and subsequent increase in spending confidence, the Group's burgeoning deposits and lending volumes reiterated its market leadership.

Delivering Excellent Results

"Having experienced a year of such remarkable successes, we look forward to building on that platform for even greater achievements."

Patrick Sullivan
Group Chief Financial Officer

With a total net income of AED 43 billion and non-funded income of AED 12.9 billion, Emirates NBD recorded a net profit of AED 21.5 billion, the highest in its six-decade history and a remarkable 65% increase over 2022.

Deposits grew by AED 82 billion – a 16% increase – including AED 26 billion on CASA alongside 5% loan growth on strong retail lending momentum, with the Corporate and Institutional Banking unit closing landmark deals across the region.

Maintaining our exemplary balance sheet growth, the Group surpassed AED 850 billion for the first time ever. Improvement in capital, liquidity and credit quality and strong profit remain core strengths. In total, the Group rounded off the year with total assets of AED 863 billion, up by 16% over 2022, and improved its Non-Performing Loan ratio to 4.6%, confirming our excellent credit quality. In addition, our Liquidity Coverage Ratio ("LCR") stood at 210%, an increase of 27%, a resounding affirmation of our ability to meet all short-term as well as long-term obligations.

By the end of the year, our Common Equity Tier 1 capital ("CET1") stood at 14.9% significantly well above the Basel Minimum CET1 limit, and Capital Ratios were well above the UAE Central Bank ("CBUAE") minimum requirement of 11%/12.5%/14.5%.

Income Statement

(AED billion)	2023	2022	% Change
Net interest income	30.1	23.2	30%
Non-funded income	12.9	9.3	39%
Total income	**43.0**	**32.5**	**32%**
Operating expenses	(11.7)	(9.3)	26%
Operating profit before impairment	**31.3**	**23.3**	**35%**
Impairment allowances	(3.4)	(5.2)	(33)%
Profit before tax & others	**27.9**	**18.1**	**54%**
Hyperinflation adjustment	(4.2)	(3.1)	37%
Tax	(2.1)	(2.0)	9%
Profit	**21.5**	**13.0**	**65%**

Note: Rounding differences may appear throughout the document.

Emirates NBD's higher Net Interest Margins reflected an improving loan and deposit mix, although there was some contraction as expected via DenizBank through regulatory impacts and increased interest rates. However, this was partially offset by higher Emirates NBD margins.

With regards to our non-funded income, Emirates NBD and DenizBank achieved a 39% increase from local and international retail card business, strong investment banking revenue and increased trade finance. In total, the Group achieved fee and commission income of AED 9 billion, compared to AED 7 billion in 2022.

Other operating income rose by 47%, due to an increased volume of retail customer FX remittance, additional corporate hedging and greater foreign exchange transactions via DenizBank, boosted by lower swap funding costs in Türkiye. Furthermore, property and investment securities accounted for an additional AED 1.6 billion.

A substantial increase in loans across many of our products and services played a leading role in delivering our record results in 2023.

Gross lending was up by 25 million with an increase of 18% in retail lending. Corporate loans rose by 19% due to new ventures, business expansion, manufacturing, trade, transport and communication throughout the region.

Our deposit franchise once again proved a key strength of Emirates NBD in 2023, with a growth of AED 82 billion, including an outstanding AED 26 billion increase in CASA, representing 60% of total Group deposits.

Gross Loans by Sector (%)

Personal	**27%**
Sovereign	**17%**
FI and Management Companies	**13%**
Transport and Services	**12%**
Real Estate	**9%**
Trade	**7%**
Manufacturing	**6%**
Construction and Hotels	**4%**
Other	**3%**
Agriculture	**1%**

Net Loans by Geography (%)

UAE	**75%**
International	**21%**
GCC	**4%**

Our divisional performances delivered more impressive results in every aspect of their business in 2023. Retail Banking and Wealth Management continued its excellent performance with its highest-ever revenue, strongest-ever acquisition, and substantial balance sheet growth. Income increased by 31% to AED 16.2 billion, driving a rise in profits of 7% to AED 8.0 billion.

Corporate and Institutional Banking delivered profits of AED 7.1 billion, compared to AED 3.8 billion in 2022, an increase of 90%, and Global Markets and Treasury exceeded all expectations with profits of AED 3.4 billion, including the issuance of a USD 750 million green bond, the largest ever from a regional bank.

The Group's geographical and financial growth is firmly governed by its cost control strategy as we look to the future. With a cost to income ratio at 27.2% in 2023, we are comfortably within our expansion parameters for increased investment supported by higher income.

As we look back on 2023, Emirates NBD can be immensely proud of all that it has achieved and look ahead with even greater ambition. The common vision of all departments and divisions to succeed, coupled with the efforts and expertise of each individual to deliver on each of our goals has been truly remarkable. These record results are a true reflection of our belief in both the Group and the brand.

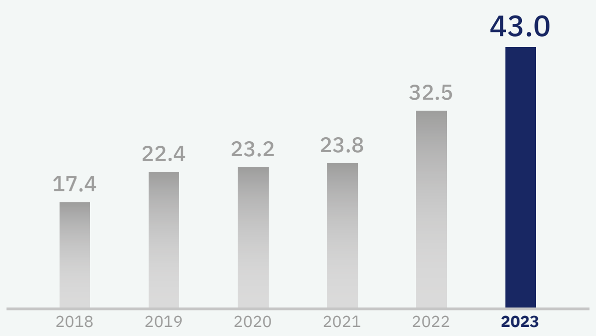
Our key strategies for expansion, innovative technology and business and environmental sustainability will continue to be our overarching priorities for the years to come. We look forward to the challenges and successes they will bring.

In closing, I would like to thank our Chairman, H.H. Sheikh Ahmed Bin Saeed Al Maktoum, the Board of Directors and the senior management team, the Emirates NBD staff for their unrelenting efforts, and our customers for their loyalty and trust. Having experienced a year of such remarkable successes, we look forward to building on that platform for even greater achievements.

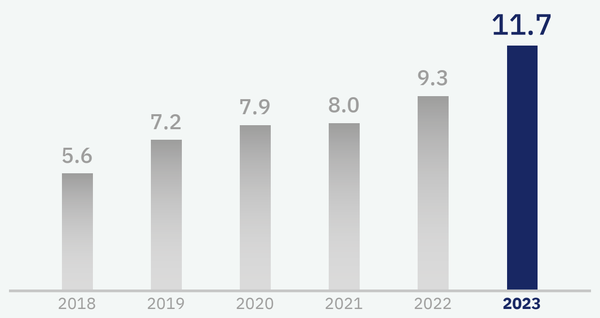
Performance Highlights

Revenues and Costs

Revenues (AED billion)

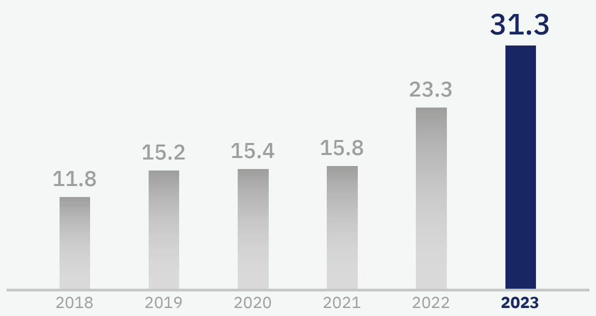


Costs (AED billion)

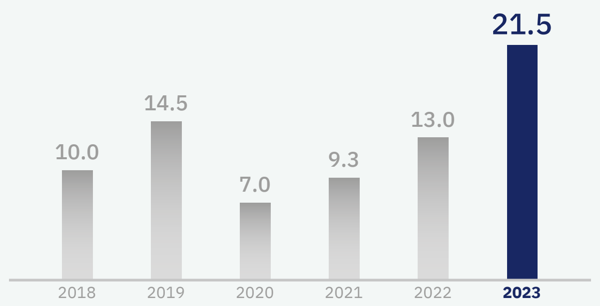


Profits

Pre-Provision Operating Profits (AED billion)

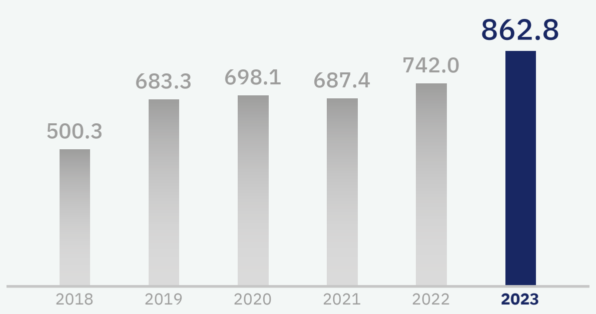


Net Profits (AED billion)

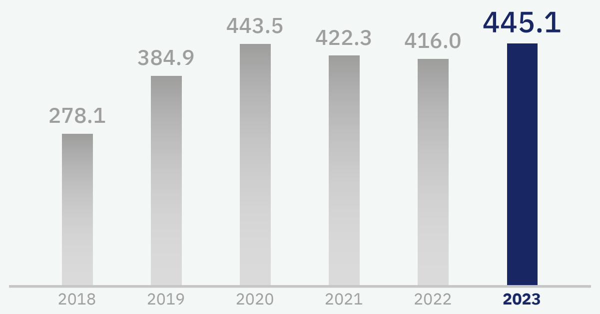


Assets and Financing

Assets (AED billion)

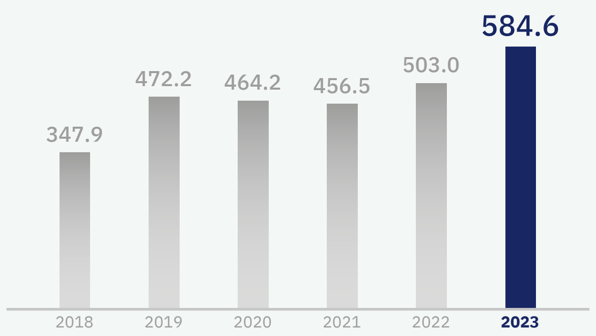


Financing Receivables Net (AED billion)

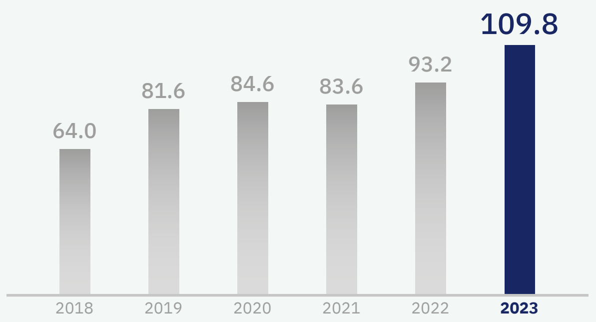


Customer Accounts and Equity

Customer Accounts (AED billion)

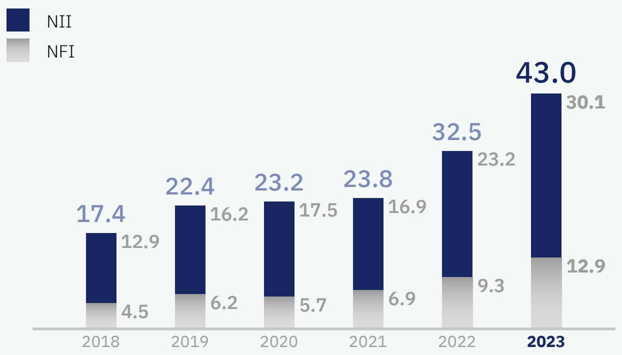


Equity (AED billion)



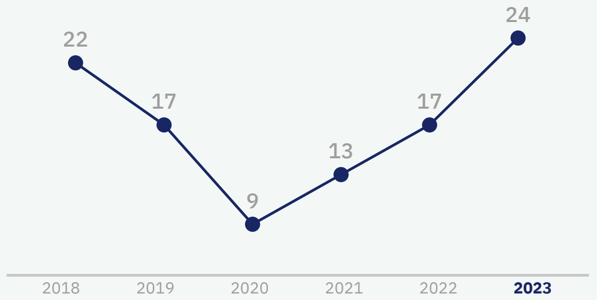
Sources of Operating Income

(AED billion)



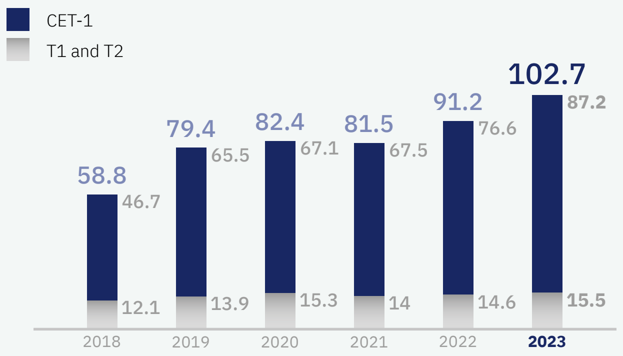
Return on Tangible Equity

%

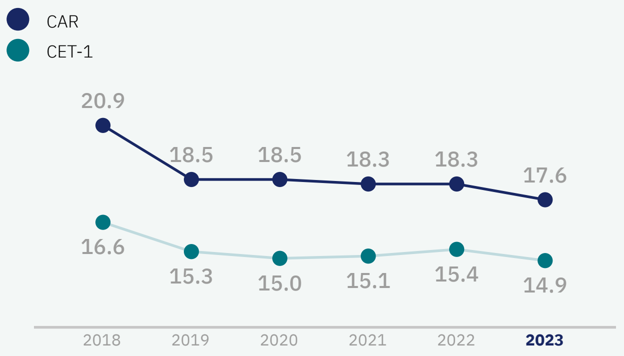


Capitalisation

(AED billion)



%



Corporate and Institutional Banking

Ahmed Al Qassim
Group Head of
Wholesale Banking

With a record total income of AED 7.7 billion and a net profit of AED 7.1 billion, 2023 was a pivotal year for Corporate and Institutional Banking ("C&IB"), bolstering its market leadership in both lending and deposits. C&IB's ability to understand, anticipate and react to market conditions, combined with digital investment and product innovation, have provided business units of C&IB with the tools to maximise both its resources and its revenue.

Income (AED)
7.7bn
(+24% YoY Growth)

Net Profit (AED)
7.1bn
(+90% YoY Growth)

Customer Advances (AED)
306bn
(+5% YoY Growth)

Customer Deposits (AED)
216bn
(+22% YoY Growth)

During the year C&IB was instrumental in significantly growing its lending book to facilitate the funding requirements across Government Related Entities ("GREs") and private sectors that helped to more than offset major repayments from Sovereign, reflecting the strong economic growth environment.

C&IB also grew its CASA balances across all its customer segments, underpinned by its compelling cash management proposition for the real estate sector. This strategic positioning led to Emirates NBD emerging as the leading escrow bank in Dubai. C&IB also witnessed a significant increase in its non-funded income, primarily driven by increased cross-selling across all products and a dedicated strategy towards innovative client-centric solutions.

In 2023, as the UAE proudly hosted COP28, C&IB was instrumental in supporting its clients as a trusted transition partner in their sustainability journeys.

C&IB championed sustainability-linked financing solutions, including the UAE's first ESG-linked trade finance transaction and trading opportunities in carbon credit markets. In addition, the Investment Banking team arranged ESG issuances (conventional and Islamic), closing multiple deals, including first ESG issuances for strategic clients.

In terms of technology and innovation, C&IB continued to take the lead in providing digital solutions, accelerating digital transformation, not only enhancing client experiences but also delivering specialised products and increasing efficiency across multiple sectors and regional markets.

Corporate Banking

Corporate Banking continued its momentum, driven by a surge in lending and an uplift in non-funded income from Investment Banking and Global Markets and Treasury products. International units also delivered strong results in 2023, driven by a strategic focus on channelling trade and investment flows between network corridors and the UAE.

Financial Institutions

It was also a strong year for C&IB's Financial Institutions team, bolstered by growth in lending, trade finance and deposits, supporting the Group's international expansion.

FI's strong relationships across banks, non-banking financial institutions, supranational organisations and sovereigns, as well as its global partnerships, offered new opportunities across domestic and international markets to offer its wide range of lending solutions across transaction banking, global markets, lending and investment banking.

Investment Banking and Securities Services

It was also a hallmark year for Emirates NBD Investment Banking, which increased its activities across all business verticals loan syndications, global capital markets, and corporate finance. Amidst a regional surge in capital market issuances, the team led milestone issuances for strategic clients across the GCC, Türkiye and Egypt, contributing to the strong growth in the Group's non-funded income. In debt capital markets, the Investment Bank emerged as a market leader in both conventional and Islamic issuance, providing clients with new and diversified pool of investors.

The Loan Syndication team continued its strong performance with record transaction values and volumes in primary and secondary markets, capitalising on the opportunities provided by high levels of regional liquidity. As a result, the unit earned the number one spot on Bloomberg's MENA Bookrunner League table.

Emirates NBD Securities held its leading market position, distinguished by best-in-class digital initiatives that significantly enhanced access to regional capital markets, while enabling access to new investors on the regional bourses. The unit presented a distinct offering by providing end-to-end instant digital onboarding for the ever-growing volume of customers on both the Abu Dhabi Securities Exchange and Dubai Financial Market ("DFM").

Transaction Banking

Transaction banking at Emirates NBD was marked by exceptional growth, driven by a diverse product portfolio and the introduction of pioneering digital solutions in trade finance, supply chain finance and cash management.

The year saw a continued emphasis on enhancing API banking, particularly Emirates NBD's API Souq, which has developed into the region's premier financial API developer portal. This has provided fintechs, developers and corporate clients with an integrated ecosystem to rapidly develop financial solutions, setting a new standard in client acquisition.

C&IB pioneered in launching instant banking services for corporate clients during 2023. This customer-centric initiative led to seamless integration into Emirates NBD's digital banking ecosystem with businessONLINE offering clients a transformative banking experience. The new suite of instant banking services provides Emirates NBD's clients with the ability to request, track and receive a wide range of banking services in real time with just a few clicks. With immediate STP, the proposition aims to fast-track clients' banking operations, reduce transaction timeframes and conduct business more efficiently.

Supply Chain Finance continued to remain a key focus area, as the unit launched Long-term Future Receivable Discounting, Syndicated Receivable Finance and ESG-Linked Supply Chain Finance. In addition, excellent growth in escrow balances, especially against the backdrop of a buoyant UAE real estate market, underscored the Group's proficiency in digital initiatives and its client-centric approach.

Islamic Banking

Emirates Islamic continued to extend support across all areas of business in the UAE and KSA, including its collaboration with the Investment Banking team, which launched several sukuks and Islamic syndicated financing transactions across the region.

"C&IB championed sustainability-linked financing solutions, including the UAE's first ESG-linked trade finance transaction and trading opportunities in carbon credit markets."

Retail Banking and Wealth Management

Retail Banking and Wealth Management ("RBWM") delivered excellent growth in 2023 across all financial performance parameters. Total income surged by 31% over 2022 to AED 16.2 billion and net profit for the year increased by 7% to AED 8 billion. Total income growth was primarily driven by record volume growth in customer lending and deposits supported by a low-cost funding base, higher transaction volumes across foreign exchange, wealth management and cards with enhanced cross-selling.

Marwan Hadi
Group Head of Retail Banking and Wealth Management

Income (AED)
16.2bn
(+31% YoY Growth)

Net Profit (AED)
8.0bn
(+6.8% YoY Growth)

Customer Advances (AED)
113.6bn
(+19% YoY Growth)

Customer Deposits (AED)
292.8bn
(+13.4% YoY Growth)

Customer lending grew by AED 18.1 billion across all products during the year taking the loan book to AED 113.6 billion. Customer deposits registered double-digit growth of 13%, prompted by innovative product proposition, strong customer acquisitions and enhanced digital footprint. The CASA to total deposit ratio stands at an impressive 77%. Cards business also experienced strong growth, with debit and credit card spend rising by 25% year on year.

New Product Launches and Campaigns

The introduction of new digital platforms with an improved onboarding experience has facilitated incremental customer acquisitions across all products. This was supported by RBWM's investment in contact centres, new branches and operational setups through digitisation and automation leading to reduced turn around time on customer service matters.

We launched the 10th edition of the Mega Liabilities campaign and Mega FX campaign, along with the Direct Remit to UK service, which went live on ENBD X, offering real-time transfers to any bank account in the UK.

During the year, new initiatives and partnerships were completed with auto dealers, property developers and new digital platforms to boost coverage and product offering to the customer.

RBWM reinforced its commitment to empowering UAE Nationals with tailored solutions and bespoke offerings across account cards, loans, accounts and investment products.

Distribution/Customer Service

RBWM continues to stay committed to delivering top-tier customer service through expansion of branch network and extension of the branch operating hours. The network currently stands at 195 branches, following the latest additions at Al Zahia and Reem Mall in the UAE.

In the Kingdom of Saudi Arabia, new state-of-the-art branches were opened in the Qurtubah and Al-Suwaidi districts in Riyadh, along with the first in-mall branch in Jeddah Park Mall and two new branches in the Eastern Province, located in Dammam and Al-Ahsa cities. The total number of branches in KSA reached 15 by the end of 2023.

Customer service was enhanced with continuous drive and focus to monitor performance and resolve issues, simplify social media-based customer engagement, and fast-track services for key processes. This was supplemented by ongoing service training academies, customer happiness days and a Group-wide customer experience month initiative which further bolstered RBWM's service culture. The above has resulted in the Net Promoter Score ("NPS") for all Retail Banking segments crossing 42 and reaching 55 for Private Banking.

Digital Innovation

Mobile Banking App – RBWM completed the rollout of ENBD X and EI+ in the UAE, the Group's enhanced mobile banking app, offering user-friendly, top-level security and the largest array of products and services in the market.

ENBD X and EI+ offers a seamless experience, allowing customers to open a digital account in less than three minutes. The app's global dashboard provides users with a 360-degree view of their entire financial portfolio, as well as more than 150 services, including updating Emirates IDs and passport details.

Customers can also invest and trade through a pioneering digital wealth platform on 21 global exchanges. In total, the platform offers more than 11,000 global equities and 150 regional equities with a unique secure sign feature, allowing customers with high trading volumes to update and sign investment documents to complete any trade, eliminating the necessity for branch visits.

Tablet banking
Instantly open an account, process credit card and personal loan requests

CRM platform
Optimised service requests, with real-time services

WhatsApp banking
Seamless migration from phone banking to WhatsApp

Personal Banking

Personal Banking continued to be a significant contributor to RBWM in 2023, with total income growing by 13% year on year.

In line with the segment's value focus, the acquisition of emerging affluent customers was ramped up significantly through Personal Banking's 'Beyond' segment, leading to a more diversified client base. Personal Banking's income improved and products per customer increased during the year, due to various initiatives launched to enhance customer experience. In addition, non-funded income grew robustly due to an increase in customer uptake of savings, insurance plans and remittances. The payroll relationship management team, meanwhile, continued efforts to expand the Group's salaried customer base through customised retail banking solutions for key corporate clients.

Priority Banking

Priority Banking also reported an excellent performance in 2023, with total income growing by 38% year on year.

Among the many RBWM initiatives launched in 2023, Signature by Priority Banking is tailored exclusively for ultra-high-net-worth customers and is an extension of our offshore booking centre in Singapore.

It maintained high levels of customer engagement through a refreshed 'Moments of Wow' programme, customer happiness days and several customer-connect events resulting in the customer NPS remaining consistently near 36 mark through the year.

"ENBD X and EI+ offer a seamless experience, allowing customers to open a digital account in less than three minutes."

Business Banking

Business Banking total income grew by 59% year-on-year, driven by strong growth in non-funded income.

The FX business grew strongly, supported by an enhanced product suite of forwards and derivative products and a targeted customer campaign. Trade income rose by 42%, supported by client activation programmes as well as innovative product promotions. Ever focused on raising the bar on customer service, Business Banking also enhanced the next-generation digital onboarding solution, allowing seamless and efficient onboarding for customers.

Various service improvement initiatives have resulted in an NPS score of 44.

Private Banking

Private Banking's total income grew by 48% as compared to 2022, on the back of an expansive effort to grow the overall geographic footprint and presence, leading to greater client acquisitions and product penetration.

Along with that, Private Banking also collaborated with the Group Sustainability & ESG and CIO Office to educate clients on COP28 and potential impact investment opportunities for UHNWIs.

Liv

Liv total income grew by 19% compared to 2022 on the back of a loyal and engaged customer base, innovative product offerings and a superior digital experience.

Liv, powered by Emirates NBD, is the first and largest digital offering in the UAE and continues to target Generation Now (Gen Now). With the tagline 'Be ready for more money', new Liv products included the Bonus Multiplier Account and the Money Ahead Deposit. Liv also enhanced its existing products, including the Goal Accounts; World and Platinum credit cards, and Liv Young.

Global Markets and Treasury

Global Markets and Treasury delivered an outstanding performance in 2023, drawing robust contributions across all products and customer segments. A combination of active balance sheet management, strong customers flows, and adept proprietary trading resulted in record revenue of AED 3.7 billion.

Ammar Al Haj
Group Treasurer and
Head of Global Markets

Income (AED)

3.7bn

(+90% YoY Growth)

Net Profit (AED)

3.4bn

(+101% YoY Growth)

As part of balance sheet management activity for the Group, the investment book was strategically positioned to benefit from the high interest rate regime. The Global Markets and Treasury sales team delivered strong growth by leveraging cross-sell opportunities across customer segments covering foreign exchange, structured products and fixed income solutions. Proprietary trading on the back of customer flows returned a strong performance despite volatility from geopolitical developments and shifts in global monetary policy.

Global Markets and Treasury serves as a leading primary dealer in the Dirham sovereign market and Emirates NBD was the first bank to issue a UAE Dirham-denominated bond and Sukuk, emphasising the Group's commitment to deepening the nation's local currency market.

New Products and Innovation

Global Markets and Treasury continues to invest heavily in new products, digitisation and prioritise automation to enhance the customer experience, including its upgraded Foreign Exchange infrastructure, which enables us to quote competitive rates while enhancing the efficiency of risk management. The unit was also the first in the region to launch fractional bonds, enabling existing investors to diversify their portfolio while providing access for new investors to fixed income instruments.

Sustainability

Global Markets and Treasury remains committed to the Group's ESG values. In a milestone for the Group, Global Markets and Treasury issued a USD 750 million green bond, the largest ever from a regional bank. Moreover, it has established its footprint in both compliance and voluntary carbon markets, empowering its customers to trade in this asset class.

> "Global Markets and Treasury was the first in the region to launch fractional bonds, enabling existing investors to diversify their portfolio while providing access for new investors to fixed income instruments."

Review of Performance

DenizBank

Hakan Ateş
Chief Executive Officer – DenizBank, Türkiye

DenizBank remained resilient in 2023, overcoming a range of economic headwinds. Total income increased by 6% to reach AED 11.3 billion, whereas net profit remained flat at AED 1.6 billion, despite a significant hyperinflation charge of AED 4.2 billion. As Türkiye's fifth largest bank, the bank retained its strong financial standing, with total assets of AED 147 billion, gross loans of AED 74 billion and deposits of AED 91 billion.

Income (AED)
11.3bn
(+6% YoY Growth)

Net Profit (AED)
1.6bn
(Growth remain flat)

Customer Advances (AED)
74bn
(+7% YoY Growth)

Customer Deposits (AED)
91bn
(+12% YoY Growth)

The Turkish economy remained resilient despite the devastating earthquake in February. DenizBank played an integral role in the recovery and reconstruction initiatives by providing uninterrupted banking services and maintaining staunch support to key sectors, including SMEs, agriculture and tourism. Emirates NBD Group made an immediate TRY 350 million (AED 45 million) donation to the relief efforts.

Despite tightening the monetary policies initiated in June and weak domestic demand, Türkiye recorded 4.7% growth in the first three quarters of the year and is expected to close the year with over 4% growth in GDP.

In the second half of 2023, Türkiye implemented a new economic programme that aims to reallocate price stability and support macro-financial stability through tight monetary policies, fiscal discipline and structural reforms, to combat the country's high inflation. To this end, the Central Bank of the Republic of Türkiye, in addition to quantitative tightening, selective credit tightening and restructuring of the macroprudential environment, raised the policy interest rate from 8.5% in June to 42.5% at the end of the year. As of year-end, the Turkish Lira is more stable, external financing conditions are more positive and official reserves are improving, as a result of the effects of tight monetary policies on financial condition, reinforcing policy makers' determination to control inflation in 2024.

Continued Growth through a Sustainable Banking Approach

During the year, DenizBank continued its prudent growth in assets, loans and deposits from a financial perspective. Total assets increased by AED 24 billion to reach AED 147 billion as of year-end 2023.

The Turkish Lira time deposits also increased during 2023, rising by AED 15 billion to reach AED 42 billion. This was achieved through an increase in the customer base by 7% from 2022, facilitated through a large network of 659 branches operating in 81 provinces across Türkiye, and by operations in Bahrain and Kyrenia.

Providing Fresh Funding for the Economy

During the year, DenizBank issued long-term sustainability-related financing of USD 610 million (AED 2.2 billion), with a maturity of up to seven years, under its Diversified Payment Rights ("DPR") programme. This fund was used to support female entrepreneurs, to finance energy efficiency and green energy to eliminate the climate change risks, and to support individuals and businesses affected by the earthquakes in Kahramanmaraş and Hatay early in the year. Moreover, DenizBank secured USD 530 million (AED 2.2 billion) of equivalent syndicated loans, which incorporate sustainability performance targets with a 117% roll-over ratio.

In the second half of the year, DenizBank acquired USD 109 million (AED 400 million) of fresh resources from the European Bank for Reconstruction and Development ("EBRD") in order to support the development process and meet the financing needs of the zones suffering directly from the results of the earthquake. It also secured USD 118 million (AED 433 million) from the International Finance Corporation ("IFC"), Société de Promotion et de Participation pour la Coopération Economique ("Proparco") and European Fund for Southeast Europe ("EFSE") to support the individuals affected by the earthquakes and development of the agricultural sector in the region.

In addition to the sustainability-related financing, DenizBank rolled over its syndicated loan, consisting of two tranches worth USD 845 million (AED 1.8 billion) in total, which was the most widely participated syndicated loan in the second half of this year.

Another milestone transaction celebrated in the second half of the year was the Murabaha syndication of USD 285 million (AED 1.0 billion), to be applied for projects involving environmental or social developmental impact. This was the first Murabaha syndication among conventional commercial banks in Türkiye.

Collectively, DenizBank under the Emirates NBD Group's right of possession, secured USD 2.1 billion (AED 7.7 billion) of sustainability-related financing and earthquake support funding for the Turkish economy.

Expanding Footprint

Another major development in 2023 was DenizBank's expansion of its international network. It opened the Turkish Republic of Northern Cyprus Country Directorate and a branch in Kyrenia to offer an uninterrupted and accessible banking service in the Turkish Republic of Northern Cyprus.

Enhancing Sustainability

DenizBank is dedicated to complete integration sustainable practices across all its business operations and processes. To achieve this, it focused on four principal areas: (i) identification of key fundamental values based on its Sustainability Strategy; (ii) identification of KPIs for executives; (iii) creation of a decarbonisation strategy roadmap; and (iv) clarification of risks and opportunities arising via climate change.

DenizBank's Sustainable Finance Framework, based on principles and guidelines of the International Capital Market Association ("ICMA") and Loan Market Association ("LMA"), was approved by ISS Corporate Solutions as a Second Party Opinion ("SPO"). Both the Framework and its SPO report are publicly available at the DenizBank's website. Eligible projects under the Framework directly contribute to the achievement of United Nations Sustainable Development Goals ("UNSDGs") and European Union ("EU") Environmental Objectives. It is also important to note that DenizBank became the first Turkish bank to contribute to SDG 2: Zero Hunger in the "Food Security and Sustainable Food Systems" category under Eligible Social Project. DenizBank intends to obtain a limited assurance report by its auditor to assess the allocation of the net proceeds of sustainable finance instruments to eligible projects, on an annual basis until full allocation.

In 2023, DenizBank became a member and/or official participant of the following four initiatives: Business Council for Sustainable Development Türkiye, Integrated Reporting Türkiye, UN Global Compact, and Partnership for Carbon Accounting Financials ("PCAF").

For the first time, DenizBank assessed its own carbon footprint, which was verified by an external auditor based on ISAE 3000 (Revised). Also, it is the only Turkish bank to become a member of PCAF, whose methodology will be followed to measure financed emissions in its net zero journey.

DenizBank, in appreciation of its achievements and efforts, was honoured as "Bank of the Year 2023 Türkiye" by The Banker, in recognition of the following activities:

(i) the "Risk Insight Map-RAROC" technology infrastructure project; (ii) the Erguvan climate and financial technology initiative, a strategic partnership of Deniz Ventures and Emirates NBD; and (iii) the application of "Sea to Land" (Deniz'den Toprağa), for which NEOHUB is undertaking the infrastructure works. DenizBank also received the "Excellence in ESG Integration Award" by the World Union of Arab Bankers ("WUAB") in recognition of its work in the field of sustainability.

Supporting Start-ups

DenizBank is formalising its business practices in order to increase its clients' awareness of and resilience to climate risks, including start-ups, which form a significant part of the country's economy.

As part of their shared commitment to supporting entrepreneurship, Emirates NBD Group and Deniz Ventures invested in a start-up in 2023. Erguvan provides digital infrastructure to financial institutions and corporate organisations to manage the effects and risks of climate change. The start-up offers its Erguvan Marketplace, the only environmental commodity of Türkiye, while also providing solutions on API-based carbon footprint management though its Erguvan Climate Action Platform.

Looking Forward

With the support of thousands of employees who collaborated for the common goal of benefiting the nation and its people, DenizBank is focused on building on its success during 2023 to achieve even greater heights in 2024 and build the future of Turkish banking in the years ahead.

DenizBank will also retain its status as a significant pillar of Emirates NBD Group's international network and will verify the assets and incomes outside the UAE. It remains committed to driving increasing value for the Group and its customers, through its strong capital base, customer-centric approach, and expertise in technology and innovation.

Review of Performance

Emirates Islamic

Emirates Islamic ("EI") is the flagship Islamic banking arm of Emirates NBD Group and the third largest Islamic bank in the UAE by assets and branch network. With a total balance sheet of AED 87.8 billion, EI recorded its highest ever net profit of AED 2.1 billion in 2023, while total income grew by 50% to reach AED 4.8 billion for the year.

During 2023, EI reaffirmed its status as one of the nation's leading Shariah-compliant banks. Its strong performance was largely based on higher income and a prudent cost of risk, reflecting improved business sentiment as well as dynamic and robust strategic and control frameworks.

Compared to 2022, EI reported an 82% increase in operating profit as well as an improvement in impairment allowances. Furthermore, strong capital and liquidity combined with a healthy deposit mix enabled the EI to support its increasingly diversified client base.

With CASA representing 76% of total deposits, EI continued its strong and stable funding profile, providing low-cost funding to support balance sheet growth.

Emirates Islamic's gross financing also increased in 2023, including the consistent delivery of favourable productivity and return on assets.

EI continues to lead the market with Shariah product innovation, issuing a Dirham-denominated Sukuk worth AED 1 billion, the first by a bank in the UAE.

Innovation

As EI continues to drive innovation, EI launched a global fintech accelerator campaign in collaboration with the world's leading innovation platform, Plug and Play Abu Dhabi.

The campaign is a call to action for leading Islamic FinTechs and financial start-ups to enhance customer journeys across SME financing, trade finance and financial wellbeing. EI also prides itself in partnering extensively with the Government of Dubai (Mohammed Bin Rashid Housing Establishment) and Government of Sharjah Housing Programmes to offer Shariah-compliant home finance.

Products and Services

EI maintains its commitment to Consumer Protection Regulations and exemplary standards of CBUAE, in line with its strategic agenda of becoming the Islamic bank of choice for Emiratis.

During 2023, it continued to invest in numerous initiatives for clients across international markets, including the extension of its quick remittance service to the UK, expanding existing international corridors for the personal banking segment.

Small Businesses

EI is committed to accelerating SME development and diversification, supporting the UAE Vision to increase its Global Entrepreneurship Indicator ranking and enhance SME contribution to non-oil GDP.

In 2023, EI launched the Emirati Absher Business Account, designed exclusively to provide a comprehensive suite of premium banking solutions for Emirati start-ups. This innovative account supports small and medium-sized businesses owned by UAE citizens via dedicated programmes and initiatives.

Responsible Finance

Emirates Islamic commits not only to national and regional development goals, but also to international targets, such as the SDGs. Furthermore, EI is committed to reducing its environmental impact in line with the UAE's Net Zero 2050 strategy.

With a solid foundation in environmental compliance, Emirates Islamic adopts the Emirates NBD Group approach to responsible environmental stewardship through its financing and internal operations.

EI promotes a broad spectrum of responsible financing by supporting business growth across renewable energy, low carbon, clean technology, waste management, community development and infrastructure, among others.

As part of our 2023 sustainability strategy, EI collaborated with the Group to publish its first Sustainable Finance Framework, stimulating the issuance of green and sustainable debt instruments. This includes Islamic structures to finance projects which facilitate the transition to a climate-resilient economy.

Reasserting its environmental commitment, EI was also proud to represent Emirates NBD as its Islamic partner brand while the Group joined the COP28 UN Climate Change Conference as a Principal Banking Partner.

Social Responsibility

As a Shariah-compliant bank, EI strives to contribute towards society in promoting the equitable creation of wealth and a prosperous economy. In 2023, EI contributed AED 50.5 million to a range of charitable initiatives through the Emirates Islamic Charity Fund.

Based on core Shariah values, the Emirates Islamic Charity Fund provides financial aid to those most in need, with a focus on food, shelter, health, education and social welfare contributions.

Looking Forward

In terms of outlook, Emirates Islamic is well positioned to benefit from the opportunities in the economic, environmental and digital landscapes that surround the industry by delivering on its strategic priorities.

This includes continuing to achieve strong core business line performance, especially across its customer, SME and corporate banking segments and creating additional value for its customers through differentiated products and services.

As technology redefines the way banks and their customers conduct their business, EI will fully embrace the Group's digital-first approach to drive product and service innovation, as well as internal operational efficiencies.

International

International delivered exceptional results across key markets in 2023, with a 8% growth in revenue over the previous year, while effectively and efficiently managing operating costs and risk. Continued business momentum yielded a significant 9% increase in loans and a 12% rise in deposits, in line with its accelerated expansion strategy. Emirates NBD KSA opened seven new branches, more than doubling its presence in International's over 80 overseas branches, which covers five key markets in Egypt, KSA, the UK, Singapore and India.

With an increasingly diverse workforce of more than 4,300 employees, International is instrumental in expanding Emirates NBD Group's geographic and economic reach. A growing focus on digital transformation, combined with cultural insight and market expertise continues to drive optimal network benefits and business excellence.

Egypt

In spite of a significant economic downturn in Egypt since the beginning of 2022, Emirates NBD Egypt produced an outstanding performance last year, delivering record-high profits through strong balance sheet growth, healthy margins and prudent lending activities. In addition, robust asset growth improved ancillary income flows.

In order to maintain those benchmark achievements, the focus continues to be on profitable products and enhanced value propositions, while combatting higher inflation with a cost-conscious approach to stable profitability.

As part of its commitment to the environment, Emirates NBD Egypt embarked on a journey to imbed sustainability into its own practices and culture, shaping business processes and operations across different products, segments, channels and activities.

Saudi Arabia

During 2023, the Kingdom of Saudi Arabia delivered excellent operating profits despite unprecedented rises in benchmark rates and the resultant increase in the cost of funding. Loan volumes reached new highs with good portfolio growth in both corporate and retail banking, driving record levels of revenue. The Kingdom is a core strategic market for Emirates NBD, with ambitious growth strategies to further expand operations, demonstrated by the opening of seven new branches in 2023. The total number is now 15, with plans to increase that presence to 24 branches by 2025.

Emirates NBD KSA launched Apple Pay and has significantly progressed on localised systems in line with the Saudi Central Bank's concept of achieving a "high level of knowledge and awareness through science and technology".

Over the coming year, as the Group continues to invest in digital and IT systems, the franchise will achieve further key milestones on this digitisation and automation journey.

As Emirates NBD KSA continues to embrace sustainability practices, four additional Emirates NBD branches achieved Gold-level Leadership in Energy and Environmental Design ("LEED") certification last year, an indication of its environmental ambitions to come.

United Kingdom

The London branch of Emirates NBD continued its accelerated growth path supported by the diversity of its revenue streams across both C&IB and Private Banking. There is now an increased focus on a third income generator through Global Markets and Trading with a view to drive growth from 2024 onwards.

During 2023, the branch delivered another outstanding performance with significant revenue increases, largely through the addition of a number of new products to the C&IB segment. Private Banking successfully navigated a period of deleveraging, adjusting to higher interest rates and is gearing up for growth in 2024, particularly through its investment platform, which continues to focus on multi-generational wealth.

Both businesses are well supported by a strong Treasury desk that is efficiently managing the balance sheet, while capitalising on favourable funding sources and optimising ancillary income opportunities.

Governance, culture and conduct risk remain key cornerstones of the business strategy, supported by a continuously enhanced and updated committee and risk management framework.

Singapore

Representing the hub of Emirates NBD's South East Asia business, the Singapore branch delivered a stable performance in 2023. C&IB continued to expand network operations, ramping up supply chain financing solutions and facilitating trade flows within the Emirates NBD structure.

PB in Singapore continued to focus on broadening and strengthening its wealth management products, benefiting Group-wide private banking clients. The country's long-held reputation as an internationally renowned wealth hub and Emirates NBD's proven history as a world-class financial institution continue to attract GCC-based clients seeking market diversification.

India

Emirates NBD India completed six years of operations in 2023, delivering consistent balance sheet, revenue and net profit growth. The franchise has always been a highly strategic market for Emirates NBD as the only UAE-based bank in the country, with branches established in Mumbai, Gurugram and Chennai. India is a key growth opportunity, enhanced by the signing of the historic Comprehensive Economic Partnership Agreement between the two nations in 2022.

Emirates NBD India, with its comprehensive suite of products across corporate banking, trade finance and treasury, is well positioned to act as a bridge to capture trade flows within the Group network. Additionally, the business facilitated numerous local corporates, banks and non-banking finance companies to raise funds through offshore debt issuances throughout 2023.

Emirates NBD India continued to be instrumental in meeting the banking needs of Indian clients as they expanded their presence in MENAT and it proactively supports Non-Resident Indians in the UAE with cross-border solutions, remittance and a wide range of other solutions.

China and Indonesia

Our China and Indonesia representative offices continued to play an important role in 2023, providing referrals and business and economic insights to the rest of the network.

Risk Management

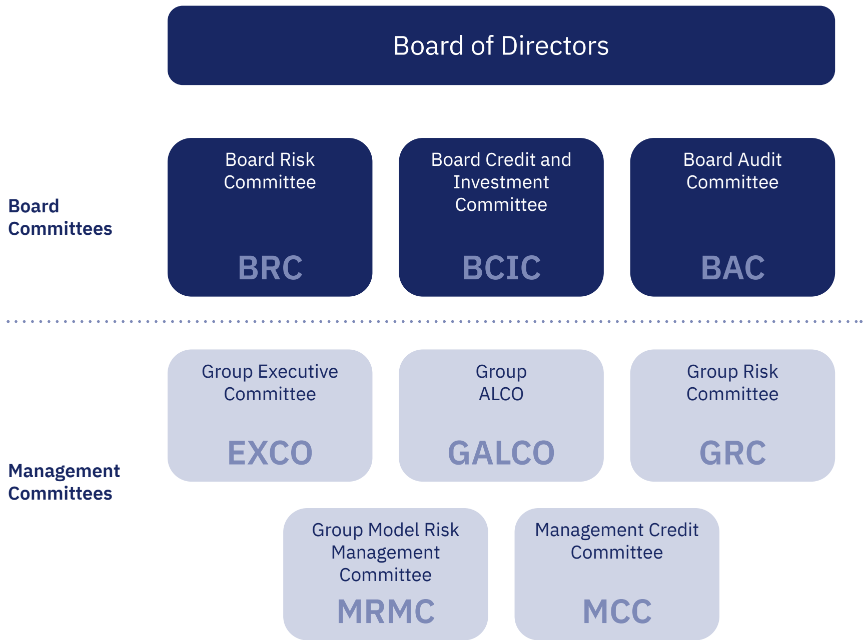
Emirates NBD proactively identifies, monitors and mitigates a wide range of risks which enables effective execution of its strategy and business performance. The Group has comprehensive risk governance and management frameworks, which are regularly reviewed and updated, and implemented at every level of the organisation to ensure that every Group function and employee are aware of and contribute to the mitigation of risk factors.

Risk Management Framework

The Group faces a range of risks in pursuit of its strategic objectives. We maintain a comprehensive risk management framework that defines our approach to management of both financial and non-financial risks. The framework, underpinned by our culture and values, supports effective Group-wide risk management across the risk management lifecycle.

Risk Governance

The Board of Directors (the "Board") plays a critical role in overseeing a Group-wide approach to risk management and conducts its oversight mainly through the Board Risk Committee ("BRC"), which presides over the establishment and operations of the risk management framework. This role is further strengthened through the support of the Group Risk Committee ("GRC"), which is a management-level committee with representation from both the risk-taking and risk control units to emphasise shared risk management responsibilities.



The Group uses the three lines of defence model as an integral component of its risk governance:

First Line of Defence 1

Business units (Relationship and Product) originate risk and are responsible and accountable for ongoing management of such risks. This includes direct assessment, control and mitigation of risks.

Second Line of Defence 2

Risk management, finance and a compliance function complement the business lines' risk activities through their monitoring and reporting responsibilities. They are responsible for overseeing the Group's risk-taking activities and assessing risks and issues independently from the business line. These functions promote the importance of the role of Senior Management and business line managers in identifying and documenting risk owners as part of New Product and Process Approval ("NPPA") and assessment of risks in a critical manner.

Third Line of Defence 3

An independent and effective internal audit function provides independent review and objective assurance on the quality and effectiveness of the Group's internal control system and the first and second lines of defence.

Risk Management continued

Principal Risks

The Group risk management framework defines the material risks the Group faces in the ordinary course of business. These risks are actively reviewed and updated to ensure that we remain agile in a dynamic market environment. The Group maintains a Risk Appetite Statement ("RAS") which is an articulation of the target risk profile that the Group intends to accept, underwrite, and/or be exposed to in the normal course of its business conduct.

The Group RAS is based on the strategic objectives of the Group and is reviewed at least annually. It proactively monitors principal risk exposures against pre-defined thresholds across a set of key risk metrics. These metrics guide alignment of business, client and product strategy with risk appetite at an overarching level. The Group Enterprise and Regulatory Risk function provides an overarching view of emerging risks and facilitates the coordination between key risk functions in order to achieve strategic objectives cohesively and effectively, while adhering to the Group risk appetite.

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring & Reporting
Credit Risk	This is the risk of a borrower's default on a debt due to failure to meet their payment obligations to the Group. This could arise in various business segments such as Corporate & Institutional Banking, Business Banking, Private Banking and Retail Banking.	There is a well-defined governance structure in place to manage credit risk, including credit concentration risk and country and transfer risk. The BRC, BCIC, GRC and MCC are the main Board and management committees with oversight of credit risk and are supported by the Group Corporate and Group Retail Credit units. Their governance is supplemented by forums, systems, policies, underwriting standards, procedures and processes. These stipulate an end-to-end approach for the management of credit risk across the credit lifecycle, from loan origination to final settlement. The Group follows prudent lending policies with adjustments made based on portfolio performance and the external environment. There is a team dedicated to recovery from delinquent customers to ensure efficient collections and remedial measures, and to reduce the flow of new Non-Performing Loans ("NPLs") to minimise the impact of NPLs on the Group's performance.	The Group proactively monitors portfolios and implements strategies considering the external environment, focusing on growth across business segments. The Group's well-defined credit policy covers various aspects including the early alert process, monitoring processes, and sectoral appetites. Limit frameworks against name, sector and geography (amongst others) ensure that exposures or potential exposures do not exceed the risk appetite or regulatory limits. The Group follows the CBUAE regulations/International Financial Reporting Standards 9 requirements, ensuring compliance to classification and provisioning requirements.
Counterparty Credit Risk	Counterparty credit risk ("CCR") is the risk that the counterparty to a transaction could default before the final settlement. The value of derivative transactions will change with fluctuations in factors such as interest rates, foreign exchange rates, equities or commodities. The Group is exposed to CCR from its sales, trading and balance sheet management activities.	CCR is managed though the Counterparty Credit Risk Policy. The BCIC is the Board-level committee with oversight of counterparty credit risk. The MCC, GRC and MRMC are the management-level committees responsible for the same and have oversight of policies, methodologies and the limit framework.	CCR positions are monitored on a daily basis against approved limits. These limits are reviewed annually in accordance with applicable credit policies, processes and approval delegation. Interim reviews are undertaken where necessitated by change in counterparty creditworthiness and/or business plans.
Market Risk	This is the risk that arises from changes in market variables such as interest rate, foreign exchange rates, credit spreads, equity prices, commodity prices, their correlations and implied volatilities. The Group is exposed to market risk from its trading, client servicing, and balance sheet management activities.	The Group ALCO, GRC and MRMC are the Senior Management committees that support the Group in managing market risk. They establish the market risk management policy, methodology and limit framework governing prudent market risk-taking backed by measurement and monitoring systems and internal controls. They are supported by the Group's Market and Treasury Credit Risk unit. It supports the Group to operationalise the market risk management framework to support business conduct while ensuring adequate risk control and oversight.	The market risk management strategy and market risk limits are established within the Group's risk appetite and business strategies (taking into account macroeconomic and market conditions). The treasury trading book market risk positions are monitored on a daily basis against approved and allocated market risk limits by independent support units.

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring & Reporting
Asset Liability Management Risk	Asset Liability Risk Management ("ALM") is the strategic management of the Group's balance sheet structure and liquidity requirements covering liquidity sourcing, diversification, interest rate and structural foreign exchange management.	The Group ALCO is responsible for the management of the Group's balance sheet and liquidity risks. The GRC and MRMC establish the ALM policy, methodology and limit framework. It is supported by the ALM desk within the treasury unit for day-to-day management with independent oversight from Group Market & Treasury Credit Risk and Group Finance units.	ALM metrics covering liquidity, interest rate risk in the banking book ("IRRBB") and structural FX are reported to the Group ALCO on a monthly basis and BRC on a quarterly basis by Group Market & Treasury Credit Risk and Group Finance.
Capital Risk	This is the risk of the Group's capital composition or level falling below levels sufficient to support its strategy and meet regulatory thresholds. Capital Adequacy (Reporting/Assessment) Process is a comprehensive activity undertaken by the Group on a periodic basis to estimate the capital requirements generated by its assets. This covers both regulatory capital reporting (Pillar I and III) as well as Internal Capital Adequacy Assessment Process ("ICAAP") and stress testing (Pillar II).	The Group maintains a capital management policy which establishes mechanisms and procedures to ensure that the appropriate level of capital is maintained. The BAC and BRC have oversight of the regulatory capital reporting process and are supported by Group Finance and Group Capital Analytics units.	The regulatory capital adequacy reporting process is done by the Group on a quarterly basis while ICAAP is conducted annually. These processes follow the guidelines set by the CBUAE or relevant supervisory body where the Group is benchmarked against the regulatory and RAS thresholds.
Operational Risk	This is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events.	The BRC is the Board-level committee with oversight of operational risk. GRC supports the BRC in the oversight of framework, policies and methodology documents. Group Operational Risk maintains the overall operational risk management framework that includes management of fraud risk, cyber risk, outsourcing risk and business continuity management. The unit works closely with the Group's business lines and subsidiaries to raise awareness of operational risk. Key risks are identified and discussed at functional and operational risk meetings and the GRC. These form the cornerstone of the Group's operational risk management activity.	Group Operational Risk develops and implements the methods for the identification, assessment, measurement and monitoring of operational risk throughout the Group and provides regular and comprehensive reporting on operational risks to Senior Management and the BRC.

Risk Management continued

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring & Reporting
Conduct Risk	This is the risk that the Group, its staff, or third parties associated with the Group conduct business in an inappropriate or negligent manner that leads to negative customer outcomes, or has an adverse effect on market stability/reputation, or fair competition.	The Conduct Risk Framework details the process for management of conduct risk at Emirates NBD. The framework is maintained by Group Operational Risk with oversight from the GRC and BRC.	Regular updates are provided to the GRC and the BRC on conduct risk exposure to ensure that the management is aware of the risks enabling informed decision making and prioritisation of actions.
Reputational Risk	This is the risk of loss of earnings and future revenue, loss in market value, or lack of liquidity supply due to deterioration of reputation, and threat to the brand value.	The Reputational Risk Policy defines the approach employed by the Group to measure and assess potential reputational risk. The Group BRC and Group EXCO have oversight of reputational risk management.	Reputational risk exposure is assessed principally via the risk assessment methods of the Group. Following assessment, key risks are monitored via the Key Risk Indicator or Key Control Assessment.
Compliance Risk	This is the risk of legal and/or regulatory sanctions, fines and losses associated with damage to the Group's reputation as a result of its failure to comply with applicable laws, regulations, policies or good practices.	Compliance is the responsibility of all staff and the Group's systems of internal controls are critical to detect and prevent the Group and the wider international financial system from being used to support terrorism, sanctioned targets and crime. A key internal control to support this measure is employee vigilance. The GRC, BAC and BRC are the main management and board committees with compliance risk oversight.	An independent unit within the Group is responsible for assisting the Group's Senior Management in designing, implementing, delivering and supporting a framework to ensure appropriate measures are in place to mitigate and manage the Group's compliance risks. All relevant regulatory and compliance matters are reported and discussed at the Group's Senior Management and respective Board committees i.e., GRC, BAC and BRC.
Legal Risk	This is the risk of imposition of penalties, damages or fines, or regulatory or reputational loss or harm from the failure of the Group to meet its legal obligations, including regulatory or contractual arrangements, customer relationships, and/or products and/or services, or failure of operational processes and controls.	The overall responsibility for legal risk is with the Board. An independent unit within the Group manages legal affairs. The unit reports directly to the Group CEO and works closely with the first and second lines of defence to monitor and mitigate legal risk across the Group. It provides ongoing legal risk education/training for internal stakeholders about relevant legal developments and steps the Group and stakeholders are expected to take to help manage legal risks.	Group Legal records and maintains a comprehensive database of civil legal cases filed for and against the Group. The risk profiles of material cases against the Group are discussed with Senior Management and reported to the GRC and BRC.
Strategic Risk	Strategic risk implies the risk of disruption to the defined Group strategic priorities, either through changes in core assumptions or changes in internal or external parameters driving the strategy.	Strategic risk is defined, managed and monitored at a Group level. Various management committees monitor progress against specific strategic areas across the Group via periodic activities. These include the Group EXCO, Group ALCO, GRC, IT Steering Committee and the Digital, Analytics and Fintech Committee.	Initiatives and priorities defined and agreed on as part of the Group Strategy, and those percolated down to the segments/units/international subsidiaries are monitored on an ongoing basis, in order to timely identify any potential risks to the defined strategy and table any required adjustments to the various committees.

Principal Risk	Risk Description	Risk Oversight	Risk Monitoring & Reporting
Shariah Risk	This is the risk emanating from the non-compliance of the Islamic banking activities of the Group with the guidelines, resolutions, Shariah pronouncements and Shariah standards issued by the Higher Shariah Authority ("HSA") at the CBUAE and the Group's Internal Shariah Supervision Committee ("ISSC") and that can lead to reputational risk, regulatory risk and financial losses.	The ISSC undertakes Shariah oversight and supervision of the operations, business and the code of conduct of the Islamic window of the Group.	Shariah compliance monitoring in the Group is done across the three lines of defence. ISSC issues an annual report stating the extent of the Group's compliance with Shariah principles. The report is presented to General Assembly following the Higher Shariah Authority approval.
Model Risk	Model risk is the potential loss the Group may incur from making decisions based on inaccurate or erroneous model output due to the mistakes made in model development, implementation or inappropriate usage of models. The potential loss could be in the form of financial loss, reputational risk events or regulatory sanctions or fines.	A Group Model Risk Management Committee ("MRMC") is in place to support the Board in the oversight of model management. It oversees the implementation of the Group Model Governance and Management Framework, which establishes an operational framework to govern and manage all steps in the model lifecycle, including the development, validation, approval, implementation, monitoring, and use of risk quantification models, in alignment with CBUAE Model Management Standards and Guidance.	Model risk control is also conducted at the Group level. It is supported by the Group-wide model inventory which records comprehensive information for risk quantification models used by the Group. The Group Model Validation ("GMV") is responsible for model validation, model risk assessment, and tracking.
Environmental & Social Risk	This is the potential negative consequences to the Group that could result from our impacts on the natural environment or communities. The Group considers climate risk as part of the broader environmental and social risks ("ESR").	The BRC has oversight of ESR management. Our strategy on these risks is being incorporated into the Group risk management framework and is guided by the three lines of defence approach. We are in the process of implementing an ESR Policy ("ESRP") Framework, which aims to foster decision making that aligns with our commitment to delivering responsible financial services. Our goal is to collaborate with clients in advancing environmental and social enhancements, while steering clear of business dealings that fail to meet the standards set out in our ESRP Framework.	

Group IT and Tanfeeth

In a year of remarkable advancements and substantial growth, the Group Digital Office and Group IT units cemented their commitment to digital excellence and innovation. They ensured the delivery of the best-in-class products and services to customers, implementing rapidly evolving technologies and embracing digital transformation to reaffirm the Group's position as an innovative force in the national banking industry.

Through continuous improvement in the Group's STP capabilities across sales, servicing and transactions, it has elevated the effectiveness of our market-leading digital platforms while driving superior customer experience. A pivotal part of the Group's evolution has been the design capabilities within the Group Digital Office. Its robust design value chain, encompassing UX Research, Design Strategy and Service Design, User Experience Design, and Interaction Design, has been instrumental in shaping the Group's industry-leading digital platforms.

Forging Strategic Alliances

Strategic partnerships took centre stage in 2023, as the Group joined forces with industry giants such as Dubai International Financial Centre, Microsoft, VISA, DELL Technologies, Future100 and Hub71. These collaborations are shaping the future of digital talent and business models, aligning with the UAE's vision for a digital economy.

Initiatives, including the Digital Assets Labs, Generative AI Hackathon and National Digital Talent Incubator, have further solidified Group's position at the forefront of innovation, and the activation of our SEED Model epitomises our commitment to exploring and integrating global innovations.

Accelerating Customer Experience and Product Evolution

The Group IT's focus during 2023 was to further elevate customer experience across all touchpoints. The launch of the ENBD X mobile banking app and its subsequent recognition as the number one banking app in the region reflect our technological progress and prowess. In addition, our Digital Wealth platform, revamped public website, and the introduction of the WhatsApp Banking service have reaffirmed both our commitment and achievements in digital banking.

Teams in action during the hackathon

Group IT's dedication to business agility and growth has been unwavering. The substantial strides made in the Group's Cloud, API and Data Platforms, including the opening of the new ATM Lab and implementation of the Cloudera Big Data Platform, are revolutionising personalised banking.

Our dedication to security is unrivalled, with heightened measures to protect sensitive data and proactive efforts to fortify our defence against cyber threats. Our security strategy includes a comprehensive cybersecurity culture and awareness programme that runs across the Group including international locations to help protect our information assets and make the employee workforce resilient against cyber threats.

The Cybersecurity Awareness Month ("CSAM") in 2023 was a significant initiative that educated 14,000 employees and business leaders on the latest cybersecurity threats and how to prevent them. It included roadshows that demonstrated the latest threats of AI while promoting cybersecurity best practices and engagement programmes, such as online gaming tournaments, secure developer competitions, and social media engagements for customers, were innovative ways to promote cybersecurity awareness. Finally, a closing ceremony was held to recognise and reinforce the engaged employees, which was an excellent way to encourage cybersecurity best practices. Through these efforts, the Group reaffirms its commitment to cybersecurity and ensuring the safety of its customers' data.

The enhancements and initiatives undertaken by Group Digital Office and Group IT have improved our digital footprint and substantially enhanced the Group's operational performance. These efforts have also supported Emirates NBD and Emirates Islamic in growing their customer base, assets and transactions.

As we forge ahead, our focus on harnessing the power of innovation to offer unparalleled banking experiences is paramount. We will continue to invest in new technologies, foster new partnerships and nurture a new culture of continuous learning and improvement. The journey of digital transformation is ever-evolving and at Emirates NBD, Group Digital Office and Group IT are poised to lead this evolution, setting new benchmarks in the financial industry.

Technology Initiatives
250+

Cloud Native IT Architecture
100%

Data Processed in Enterprise Data Platform
1 Petabyte

API Calls Daily across Multiple Channels
200 million

Real-time Messages per Second for Personalised Interaction with Customers
6,000+

API Calls per Second
18,000

Employees Engaged throughout CSAM
14,000

Engineers Showcased Secure Coding Skills
200+

Positioned for Further Transformation and Impact

Group IT progress over the course of 2023 has been remarkable. The alliances that were forged with leading local and international organisations have contributed to the Group's outstanding progress and digital transformation.

Our in-house pioneers and innovators continue to design and implement products and services that push the limits of customer experience and our digital commitment and commercial ability will ensure that we remain the most dynamic Group in the region.

Tanfeeth

Tanfeeth's progress in 2023 underscores the organisation's commitment to collaboration with the Group in pursuit of strategic objectives and future aspirations. This commitment is exemplified by the consistent delivery of service excellence and cost-effective solutions to the Group and its valued customers.

In the past two years, both Emirates NBD and Emirates Islamic have significantly increased their customer base, assets, and volume of new accounts. This growth has cascaded to Tanfeeth, which has seen increases of 46% in customer service interactions and 75% in retail credit applications. Simultaneously, Tanfeeth's efficiency has exceeded growth in transaction volumes and has reduced the costs of its services to most areas of the organisation. This efficiency was driven by our continuous drive to automate and digitise processes, such as STP and Robotics Process Automation ("RPA").

Throughout the year, Tanfeeth remained dedicated to implementing a range of strategic initiatives that harmonised with the overarching vision and mission of the Group. These were designed to achieve heightened process efficiency, significant cost savings, and the modernisation and simplification of operational procedures.

Omni-Channel Optimisation Programme ("OCOP")

As part of the Contact Centre Operations ("CCO") Transformation Programme, Tanfeeth started a multi-channel transformation agenda in 2021. Through that programme, in 2023, a series of services for customers on ENBD X were launched, as well as a range of online and website channels.

The OCOP team converted some high-demand services into STP and also deployed a conversational AI-enabled chatbot to efficiently and effectively address customer queries via convenient and relevant channels. This resulted in a significant increase in the number of customers who preferred digital platforms.

In 2023, Emirates NBD customers benefited from 107,606 successful engaged sessions on conversational chatbot, 156,263 requests from the new website, online and ENBD X services, and CCO fulfilled 39,306 STP services. The OCOP team continues to improve customer journeys by progressively increasing the scope and leveraging Generative AI with use cases directly impacting customer experience.

Team by Team Transformations

In 2023, Tanfeeth began to roll out Lean Team by Team ("TxT") transformation implementation across Product Operations units. As part of the TxT transformations, Tanfeeth not only reviewed and simplified processes, but also looked at how teams can benefit from performance management, voice of the customer, and voice of the employee perspectives. More than 800 employees took part in the TxT transformations during 2023, and the plan is to significantly increase that number in 2024.

ESG – Go Paperless Strategy

Tanfeeth has made consistent efforts to eliminate the need for printing paper, by optimising processes across units through robotics, STP, SharePoint sites and Lean process redesign. All these initiatives have had an enormous impact, resulting in approximately 55% less paper in 2023, compared to 2019 (pre-COVID-19) operating capacity.

Group Compliance

Compliance risk can be defined as the risk of legal and/or regulatory sanctions, fines and losses associated with damage to the Group's reputation as a result of its failure to comply with applicable laws, regulations, policies or good practices. Group Compliance is responsible for assisting the Group's Senior Management in designing, implementing, delivering and supporting a framework to ensure appropriate measures are in place to mitigate compliance risks in all of the jurisdictions the Group operates in.

Emirates NBD is primarily regulated by the CBUAE and is required to comply with the laws and regulations of the UAE as well as those of all other jurisdictions that the Group operates in. Emirates NBD also aligns its policies and procedures with the international industry practices expected by our correspondent banks.

The Group maintains a good working relationship with regulators and correspondent banks and continues to proactively meet with its major correspondent banks to discuss progress on key compliance-related initiatives. All relevant regulatory and compliance matters are regularly reported and discussed at the Group and Board committee meetings.

The Group has continued to observe an increasing level of regulatory activity in the financial crime compliance space as a result of the 2020 Financial Action Task Force ("FATF") Mutual Evaluation Report of the UAE, as well as a significant increase in sanctions levied against Russia by the countries controlling key global currencies. This has included the issuance of a large number of regulatory notices and guidance documents, and the launch of Public Private Partnerships ("PPP") at the Dubai, Abu Dhabi and Federal levels. The CBUAE has also increased the level of thematic-style reviews in addition to follow-up examinations as part of its risk-based supervision regime. One of the most significant regulatory changes introduced by the CBUAE was the reduction in the timeline for submission of Suspicious Activity Reports ("SARs") from the industry standard of 90 days to 35 working days of alert generation. The CBUAE has also been proactive in the conduct of business area with the implementation of regulations around areas such as Consumer Protection, Outsourcing and Corporate Governance.

In line with these regulatory changes, the function continued to enhance its compliance framework and infrastructure accordingly including changes to policies, procedures, training, systems, controls and assurance processes. These include:

1. Continued enhancement of the effectiveness and efficiency of Group Compliance systems, with a focus on increasing screening coverage and efficiency, and upgrading Anti Money Laundering ("AML") transaction monitoring systems.
2. Continued improvements to the Group's mandatory AML and Sanctions Compliance training programmes with updated content in line with new regulatory requirements and tailored to better support the Group's main businesses taking into account staff in customer-facing/non-customer-facing roles.
3. Revision of Group Compliance Policies covering AML/CTF, Sanctions, Breaches, Personal Account Dealing and Conflict of Interest.

Events

Emirates NBD holds its 16th General Assembly Meeting

Emirates NBD and Emirates Islamic ring Nasdaq Dubai's market-opening bell to celebrate ground-breaking Dirham bond and Sukuk listings

Emirates NBD Board of Directors recognises its ICAEW qualified UAE National Chartered Accountant employees

Emirates NBD Group signs UAE Gender Balance Pledge, further solidifying its commitment to gender equality and diversity

Emirates NBD marks UAE Flag Day at Head Office

Emirates NBD partners with DIFC to advance the shared goal of supporting the Dubai Economic Agenda D33

Emirates NBD awarded 'Best Bank in the Middle East' and 'Best Bank in the UAE' at the Euromoney Awards for Excellence 2023

DFM and Nasdaq Dubai expand custody services in collaboration with Emirates NBD Capital

Emirates NBD and DIFC announce National Digital Talent Incubator programme to build the next generation of UAE global founders

Events continued

Emirates NBD Group marks the 52nd UAE National Day

Emirates NBD marks UAE Flag Day at the Meydan offices

Emirates NBD Securities offers trading account opening through DFM application

Emirates NBD launches Digital Asset Lab and announces founding council members

Apparel Group signs pioneering ESG-linked term finance deal with Emirates Islamic and Emirates NBD

Emirates NBD is the first bank in the Middle East to receive Parksmart Gold certification for its Nad Al Sheba parking facility

Emirates NBD drives innovation and sustainability initiatives in partnership with Microsoft

Awards and Accolades

Best Bank and Best Regional Bank Awards – Emirates NBD

Euromoney Awards for Excellence 2023

- Best Bank in the Middle East
- Best Bank in the UAE
- Best Bank for ESG in the UAE

The Banker

- Bank of the Year UAE 2023
- Innovation in Digital Banking Award (Middle East)

Euromoney Real Estate Awards 2023

- Best Bank in the Middle East

Euromoney Global Private Banking Awards 2023

- Middle East's Best Private Bank for Digital
- Best Domestic Private Bank in the UAE

Euromoney Cash Management Financial and Non-Financial Institutions Survey 2023

- Best Service in the Middle East for UAE Dirham Currency
- Best Service in the Middle East
- Best Service in the UAE for Oil and Gas
- Best Service in the Middle East
- Best Service in the UAE for Technology

The Banker's Top 1000 World Banks

- Ranked 1st in Tier One Capital
- 2nd by Total Assets in the UAE
- Ranked 4th in the Top 25 banks in the Middle East

Product, Digital and Frictionless Awards

- Strongest Bank in UAE
- Best Mobile Banking Service for "ENBD X"

International and Domestic Transaction Finance Awards

- Best Transaction Bank in UAE

Financial Technology Innovation Awards

- Best Digital Infrastructure and Architecture Implementation

Financial Technology Innovation Awards by The Asian Banker Global – Middle East and Africa Awards 2023

- Best Core Banking Technology Implementation

Forbes' World's Best Banks 2023

- Ranked 1st in the UAE

Forbes Middle East's Top 100 Listed Companies 2023

- Ranked 9th

Forbes Middle East Most Valuable Banks 2023

- Ranked 7th

Global Finance Global Private Banking Awards 2023

- Best Private Bank Digital Solutions for Clients in the Middle East and UAE

MENA Banking Excellence Awards 2023

- Best Retail Bank UAE
- Excellence in Client On-Boarding for Mobile App
- Best Social Media Marketing Campaign
- MENA Wealth Manager of the Year
- Outstanding Wealth Management Service for the Affluent

International Finance Awards

Best Foreign Bank in KSA

- Best Green Building Initiative – Banking KSA 2022

Global Economics Awards

- Most Innovative Retail Bank – Saudi Arabia 2022

Bonds, Loans & Sukuk Middle East Awards

- Regional Investment Bank of the Year
- Local Equity Capital Markets House of the Year
- Loan House of the Year
- Islamic Syndications House of the Year
- Local Currency Bond Deal of the Year
- Corporate Bond Deal of the Year
- Global Corporate Sukuk Deal of the Year
- Aircraft Finance Deal of the Year
- Global Bank/FI Sukuk Deal of the Year
- Global Sovereign Sukuk Deal of the Year
- Sovereign, Supra & Agency Bond Deal of the Year
- Mid-Cap Debt Deal of the Year
- Equity Capital Markets Deal of the Year
- Syndicated Loan Deal of the Year
- Acquisition Finance Deal of the Year
- Real Estate Finance Deal of the Year

EMEA Finance – Middle East Banking Awards 2022

- Best Investment Bank in the Middle East
- Best Local Investment Bank in the UAE
- Best Debt House in the UAE
- Best Loan House in the UAE
- Best Foreign Bank in the Kingdom of Saudi Arabia: Emirates NBD KSA

Islamic Finance News Awards 2022

- Best Islamic Investment Bank (Global)
- IFN Syndicated Deal of the Year
- IFN Türkiye Deal of the Year
- Best Investment Bank in the UAE

MENA Banking Brand Value

- 3rd most valuable brand

The Banker's 2023 Brand Valuation

- UAE's most valuable banking brand

Emirati Women's Day Campaign at the Dubai Lynx Awards 2023

- Grand Prix in 'Glass: The Award for Change'

Emirates Islamic

World Finance Islamic Finance Awards 2023

- Best Islamic Bank in the UAE
- Best Cash Management Bank
- Best Treasury Management Bank
- Best Retail Bank in the UAE
- Best SME Bank

Islamic Finance News Awards 2022

- Best Retail Bank in the UAE
- Most Innovative Bank in the UAE
- Best Digital Offering in the UAE

The Banker Islamic Banking Awards 2023

- Most Innovative Sukuk

Euromoney Islamic Finance Awards 2023

- Best Islamic Real Estate Deal

International Finance Awards 2023

- Most Innovative Islamic Bank in the UAE
- Best Islamic SME Bank in the UAE

Awards and Accolades continued

DenizBank Awards

Bank of the Year 2023 Türkiye Award

- DenizBank was accredited with "Bank of the Year 2023 Türkiye" Award by The Banker in the field of technology

Silver PSM Award

- Won the Silver PSM Award for "DenizKartım Gamification (Captain's Duty)" project in the category of "Best Promotion and Marketing Achievement", and for "DenizKartım & turna.com End-to-End Experience Integration" project in the category of "Innovative Customer Interaction and Experience"

International Award to DenizBank AG

- DenizBank AG, the subsidiary in Austria, won "2022 Elite Quality Appreciation Award" by JP Morgan

Two Awards at Smarties

- DenizBank and NEOHUB received the Martech Awards – "Best Marketing Automation" Award
- Won the Silver Award in the category of "MMA Smarties Creator Economy" with the communication project it realized together with TikTok creators within the scope of the cash advance with instalments campaign, while NEOHUB received the Silver Award in the category of "User Experience and Design" with its "New Era in Marketing and UX" project

Four Awards to Intertech

- Intertech was granted the "Special Award for Contribution to the Turkish Economy – Finance Banking Sector Software Category Winner", "Sectoral Software Category Winner of the Year" and "Türkiye-Based Manufacturer Category Winner of the Year" awards at Bilişim 500 (TOP 500 IT COMPANIES) and the "Hosting Project of the Year Award" by its business partner NGN, one of Türkiye's leading companies, for its financial cloud platform inter-Cloud

Excellence in Terms of ESG Integration Award

- Granted the "Excellence in terms of ESG Integration Award" by WUAB (the World Union of Arab Bankers)

Advertising and Communication Awards

- Won the Achievement award with its work in the field of advertising and media, in the category of Corporate Image for DenizBank First Screenplay First Movie commercial
- Received the achievement award in the category of Community Management category in Social Media for our DenizBank TikTok account
- In the category of Film-TV and Cinema/Media, Broadcasting, Digital Platforms and Culture-Arts; Felis awards were followed by "Crystal Apple Award"; MMA Smarties "Real Time Marketing Silver Award"; "Culture and Arts Sponsorship Award" for First Screenplay First Movie commercial at the Istanbul Marketing Awards, and "PSM Award"

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ESG Summary

Group Head of ESG and Chief Sustainability Officer's Message

Building a Prosperous and Sustainable Legacy

"The Group successfully launched its Sustainable Finance Framework in 2023 and raised USD 750 million with the largest green bond ever issued by a bank in the MENAT region."

Vijay Bains
Group Head of ESG and Chief Sustainability Officer

At Emirates NBD Group, we are proud to be a part of the UAE's growth story, helping it to develop and prosper as a country with one of the world's strongest financial and banking sectors. Our contribution to UAE's green agenda 2030 reflects through our recognition as the 'Best Bank for ESG in the UAE' at the Euromoney Awards for Excellence 2023. Emirates NBD was awarded for its robust growth in ESG metrics, swift introduction of green products, changes to internal ESG structure and landmark sustainable deals. We are also a proud signatory of the UAE Climate-Responsible Companies Pledge initiated by the UAE Ministry of Climate Change and Environment.

The UAE announced 2023 as the Year of Sustainability, emphasising its commitment to taking collective action towards sustainability. The historic hosting of the 28th Conference of the Parties ("COP28") to the UN Framework Convention on Climate Change in Dubai this year was a clear demonstration of the country's leadership and intent in the region to deliver real-world climate action. Emirates NBD joined COP28 as the Principal Banking Partner, asserting our pledge to reach our own operational sustainability targets, as well as our leadership in financing and supporting private and public sector partners to achieve their climate goals. Testament to that commitment are our consistent actions throughout 2023 to implement carbon emission reduction goals in line with the UAE's 2050 Net Zero goal.

The Group successfully launched its Sustainable Finance Framework this year which is supported by Second Party Opinion provided by Institutional Shareholder Services ESG and raised USD 750 million with the largest green bond ever issued by a bank in the MENAT region, helping our customers align with UAE Vision 2030. Our new Sustainable Finance Framework allows for the issuance of green and sustainable debt instruments to finance projects that enable the transition to a low-carbon and climate-resilient economy. The Framework also allows for the issuance of social debt instruments towards positive societal impact. Furthermore, we have committed to playing an important role in supporting the Micro, Small and Medium Enterprises ecosystem to enhance the economic output in the UAE.

This year, we also published our inaugural Sustainable Finance Framework for DenizBank which is supported by Second Party Opinion provided by Institutional Shareholder Services ESG , allowing the issuance of green and sustainable debt instruments with a focus on food security and sustainable food systems.

As a financial institution, we are committed to helping our customers to advance in their sustainability journey. We took a step ahead in this direction by pioneering our ESG-Linked Supply Chain Finance Programme in collaboration with Emirates Global Aluminium ("EGA"). The innovative programme is a first for EGA and the broader manufacturing sector in the UAE.

Of equal importance is our ongoing commitment to promoting gender equality and representation of women in leadership roles. Emirates NBD aims to achieve 25% representation of women in senior roles by 2027. This commitment to gender diversity reflects our belief in fostering an inclusive and equitable workplace, promoting diversity in leadership, and ensuring equal opportunities. Upholding the highest standards of corporate governance, ESG oversight and business practices is critically important to us.

As the Group moves ahead with our ESG strategy, we are confident that we can achieve our collective mission to a fairer, lower carbon economy where sustainability and prosperity is shared by all. Our resolve to this mission advanced in 2023 as Emirates NBD became the first bank in the UAE to offer carbon future contracts trading, fulfilling growing demands from customers to offer carbon emissions offsetting solution.

The Group is committed to sharing ESG vision with our stakeholders, reporting on ESG-related activities, and disclosing results in line with international best practices. To this end, we produce a suite of comprehensive reports which are available on our website, including our annual ESG Report, Momentum Report, and Task Force on Climate-Related Financial Disclosures Report.

"Emirates NBD aims to achieve 25% representation of women in senior roles by 2027. This commitment to gender diversity reflects our belief in fostering an inclusive and equitable workplace, promoting diversity in leadership, and ensuring equal opportunities."

Our ESG Priorities

Our ESG priorities are integrated within all our business divisions and across all our subsidiaries, with qualitative and quantitative targets as highlighted below.

Environmental	Social	Governance
Commitment to become water efficient by 5% per year and support the Third Update of the Second Nationally Determined Contribution ("NDC")	Emirates NBD's strategy aligns with the UNSDGs through initiatives such as developing the SME ecosystem and economic output in the UAE	Strategic ESG matters are the responsibility of the Board of Directors and the Board Nomination, Remuneration, and ESG Committee
Scope 2 emissions fell by approximately 20% in 2023 compared to 2022 while the Group's total emissions remained relatively unchanged as the coverage of categories for Scope 3 increased in 2023	Dedicated Diversity and Inclusion department in place since 2021	The Board of Directors monitors how evolving global standards are selected and incorporated into the ESG framework
Emissions tracking enhanced with application of Partnership for Carbon Accounting Financials ("PCAF") standards to include Scope 3 – Category 15 (Investments) to cover Financed Emissions	40% female in our employee base	The Group is in the process of instituting a governance framework that ensures open and transparent communication within the organisation concerning matters that pose potential environmental and social risks
	Commitment to have 25% women in senior leadership ("WIL") roles by 2027	
	National Leadership Programme launched in 2014 to develop future Emirati leaders	

Our Materiality Analysis Approach and our Stakeholders

The Group conducts a thorough Materiality Analysis on an annual basis to identify relevant sustainability topics for reporting. The reporting for 2023 is in accordance with the latest standards put forth by Global Reporting Initiative ("GRI") 2021 Universal Standards and Sustainability Accounting Standards Board ("SASB") standards.

Our Materiality Analysis takes a four-phase approach, which allows us to:

1. Understand the impact of regulations and identify internal and external stakeholders
2. Identify gaps in disclosures, engage with stakeholders and create the list of material topics
3. Conduct materiality assessment surveys and assess the most significant topics
4. Reflect the material topics and integrate them within our sustainability reporting and ESG strategy

The assessment allows us to assess ESG-related issues in the context of our business and value chain, explore issues that matter to internal and external stakeholders, and identify, access, and manage risk and opportunities for the business.

The results of the assessments are signed off by senior management and senior directors and serve as guidance on the Group's strategy and operations.

ESG Stakeholder Engagement

The Group's long-term vision is focused on the sustainability of our business, as well as the planet and its people. Our comprehensive ESG strategy ensures that all Group stakeholders, including our employees, valued clients, and the broader community, play a pivotal role in shaping our approach. In line with this strategy, we engage with an extensive list of stakeholder groups. Details on our engagement with stakeholders can be found on our main ESG report.

Our Stakeholders

- Customers
- Government & Regulators
- Local Communities
- Investors
- Employees
- Suppliers

Our Material Topics

In 2023, we conducted Materiality Analysis to identify our most relevant (or "material") reporting topics from an ESG perspective. Based on the feedback from the materiality analysis exercise, we were able to identify the below listed as our top five material topics.

Our Top Five Material Topics

- Sustainable Finance
- Climate Related Risks & Opportunities
- Diversity and Inclusion
- Data Privacy and Cyber Security
- Corporate Governance and Ethics

The results of our 2023 Materiality Analysis are generally consistent with our previous materiality assessment, undertaken in 2022. They reflect the ongoing importance of issues connected to sustainable finance, climate-related risks and opportunities, diversity and inclusion, data privacy and cyber security and governance and ethics.

Visit our website to find out more

Key Sustainability Achievements in 2023

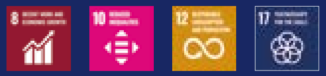
- Principal Banking Partner of COP28, marking Emirates NBD's commitment to UAE's Year of Sustainability
- ESG-Linked Supply Chain Finance Programme pioneered in collaboration with Emirates Global Aluminium
- Winner of Best Bank for ESG in the UAE at the Euromoney Excellence Awards 2023
- Sustainable Finance Framework published allowing green and sustainability-linked bond issuance
- USD 750 million green bond issued, the largest ever from a regional bank
- Net Zero goals commitment by signing UAE Climate-Responsible Companies Pledge
- Gender equality commitment by signing UAE Gender Balance Pledge
- Global SustainTech Accelerator Programme launched with the aim to support green fintechs to develop innovative solutions to support a climate-resilient future
- Carbon future contracts trading introduced as Emirates NBD becomes first UAE bank to offer carbon emission offsetting solution to customers
- DenizBank Ventures makes Innovation Fund investment in sustainability start-up Erguvan
- Launched Emirates NBD's and DenizBank's Sustainable Finance Framework
- Joined the Partnership for Carbon Accounting Financials ("PCAF"), advancing the Bank's sustainable journey
- Partnered with CoriolisESG by TradeSun to provide automated ESG scoring solutions
- Collaborated with Microsoft to successfully deploy Microsoft Sustainability Manager
- Revamped the digital banking app ENBD X
- Eight LEED Certifications were achieved in 2023
- Earned the Parksmart Gold Certification for our parking facility in Nad Al Sheba, Dubai

Focus Areas

Sustainable Finance

We are dedicated to supporting the long-term health and stability of the marketplace. Through responsible lending and investment practices, we ensure our financial services contribute to a more sustainable world.

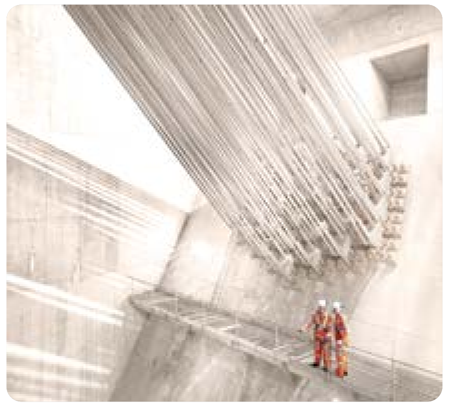
UNSDGs



2023 Sustainable Finance Highlights

- Named "ESG Loan Houses of the Year" at the Bonds, Loans, and ESG Capital Markets CEE, CIS, and Türkiye Awards
- Emirates NBD launched its Sustainable Finance Framework allowing for the issuance of green and sustainable debt instruments
- DenizBank also published its Sustainable Finance Framework with an intent to issue green, social or sustainability bonds
- Emirates NBD made history by raising USD 750 million for its first green bonds, the largest ever green bond issued by a regional bank
- Issued sustainability-linked loans for our clients
- Emirates NBD Capital ("EmCap") raised approximately USD 21 billion via 30 sustainable and green financings in the loans and debt capital markets
- EmCap lead arranged the first sustainability-linked bonding transaction in the region which was also the largest-ever transaction for Emirates NBD in the Engineering, Procurement and Construction ("EPC") space
- EmCap acted as the only regional structuring bank on the first-of-its-kind sukuk on behalf of the Public Investment Fund
- Executed five ESG bond and sukuk issuances raising around USD 3.6 billion on behalf of clients
- Worked as Joint Coordinator and Bookrunner for a USD 265,500,000 sustainability-linked term loan for Türkiye's leading private bank, Akbank

Case Study: Innovative supply chain finance for Emirates Global Aluminium



Emirates NBD and manufacturing giant Emirates Global Aluminium ("EGA") this year partnered to launch an ESG-linked Supply Chain Finance ("SFC") programme. The programme aims to enhance the UAE aluminium sector's sustainability by encouraging current and potential suppliers to adopt and invest in sustainable practices, technologies, and materials. This innovative form of financing allows suppliers to receive early payment for matching EGA's sustainability goals and showing clear improvement in their own sustainability performance. EGA suppliers have so far accessed more than USD 1.5 billion of supply chain financing through other EGA-facilitated programmes since the start of 2022.

Positive Environmental Impact

We are committed to enhancing the environmental management of our operations to meet our 2050 net-zero target. Our focus is on reducing our carbon footprint, conserving resources, and promoting eco-friendly practices.

UNSDGs

Case Study: Emirates NBD commemorates 60th anniversary with mangrove forest planting

The Emirates NBD Mangrove Forest is set on nine acres of land and will be home to a forest of 60,000 mangroves. The initiative showcases Emirates NBD's commitment to environmental stewardship and community involvement. All members of the Group Executive Committee, led by Group CEO, took part in the 60th Anniversary commemoration ceremony held by planting the first 60 mangrove saplings at the Emirates NBD Mangrove Forest, located in Jebel Ali Wildlife Sanctuary. Volunteers from across the Emirates NBD Group will have the opportunity to visit the forest and plant the remaining mangrove saplings. Emirates NBD will continue to expand the mangrove forest every year as part of the Group's efforts towards building a greener UAE.

2023 Environmental Highlights

- Awarded Platinum status by the US Green Building Council's Leadership in Energy and Environmental Design (LEED) programme, this is the first for a bank in the MENAT region
- Earned ISO 14001:2015 certification for our environmental management systems, which covers 100% of our operations in the UAE
- Collaborated with Microsoft to successfully deploy Microsoft Sustainability Manager, a Microsoft cloud-based sustainability solution, to track GHG emissions
- Expanded our GHG emissions tracking to produce comprehensive data for all scopes
- Reduced our Scope 1 emissions by approximately 8% and our Scope 2 emissions by approximately 20%
- Partnered with SirajPower to implement solar technologies at two of our key sites
- 4,200 mangrove saplings restored in UAE to support the Mastercard Priceless Planet Coalition
- Committed to plant 60,000 mangroves in Jebel Ali Wildlife Sanctuary to commemorate 60th anniversary of Emirates NBD
- Three water stations installed as part of the Dubai Can initiative, helped to save the use of more than half a million plastic water bottles

Responsible Social Impact

As a responsible Group, we prioritise the well-being of our employees, customers, and communities. Our initiatives range from employee welfare programmes to community support, aiming to foster growth and prosperity.

UNSDGs

2023 Social Impact Highlights

- Signed the UAE Gender Balance Pledge to achieve 25% representation of women in senior leadership roles by 2027
- Piloted assisted technologies for People of Determination at 20 of our branches
- Employed 68 Emiratis in Senior Leadership positions
- Provided approximately 425,086 training hours to employees
- In 2023, 228 female employees and 362 male employees took parental leave
- Raised a significant amount for registered charities via the ENBD X app
- Supported more than 2,000 students by donating IT and school supplies
- Tallied 8,820 volunteer hours through the Exchanger Programme
- Joined UNGC (United Nations Global Compact) Target Gender Equality Program, advancing commitment to Gender Equality

Case Study: Females in Leadership

To mark International Women's Day 2022, we launched a video campaign highlighting our goal of filling 25% of senior leadership roles with women by 2027, this being continued throughout 2023.

Building leadership capacity is one of our top objectives. We aim to involve all interested colleagues and provide them the chance to actively participate in the financial and economic sectors of the UAE by building a strong leadership bench and effective succession planning for our future requirements. This mentorship program is a key in building our strong diversity program.

Governance and Ethics

We are committed to enhancing the environmental management of our operations to meet our 2050 net-zero target. Our focus is on reducing our carbon footprint, conserving resources, and promoting eco-friendly practices.

UNSDGs

2023 Governance and Ethics Highlights

- Supplier Code of Conduct aligned to the ten UNGC principles on human rights, labour, environment and anti-corruption and in accordance with the Modern Slavery Act
- Launched series of activities, conducted trainings internally and collaborated with Dubai Police to create cyber security awareness
- Modern Slavery Transparency Statement approved by the Board, in compliance with section 54 of the UK Modern Slavery Act 2015 (the "Act")
- Refreshing the BAC, BRC and BNRESGC terms of reference to reflect current regulations and best practice, and to keep the composition and scope of each Board Committee under review
- Ensuring compliance with all applicable international and local data privacy laws, by appointing a Group Data Protection Officer to oversee the implementation of the Group Data Privacy Framework

For further details, please refer to the Emirates NBD Corporate Governance Report

Corporate Governance

Governance at a Glance

During 2023, Emirates NBD Group continued to enhance its corporate governance approach, in line with international best practices and local regulations. Strong governance, along with a culture of responsibility, accountability, transparency and fairness, enables the Group to deliver its business strategy effectively, in line with a robust risk management framework, ensuring the creation of sustainable value for the Group's shareholders and other stakeholders.

Board Meeting Attendance

98%

Board Independence

44%

Non-Executive Directors

100%

Diversity in Staff (Emirates NBD)

Male	Female
56%	44%

Gender Diversity at Board Level

Male	Female
89%	11%

Number of Board and Committee Meetings

92

Board Tenure

(Number of Directors)

0-2 years	3
3-5 years	1
6-12 years	1
12+ years	4

Regulatory Compliance

All Group entities comply with the governance principles set out in the Emirates NBD Governance Framework and with relevant local regulatory requirements, including those issued by the following regulators:

- Central Bank of the UAE ("CBUAE")
- Securities and Commodities Authority ("SCA")
- Dubai Financial Market ("DFM")

Group Company Secretary

Dr. Ahmed Alkhalfawi

Contents

Chairman's Statement

Embracing and Embedding a Strong Corporate Governance Culture

Emirates NBD has always embraced and embedded a strong corporate governance culture across our Group, which we believe supports long-term sustainable shareholder value, within a framework of prudent and effective controls.

In 2023, we continued to enhance our corporate governance approach, in line with international best practices and local regulations, embracing our core Group values of "Collaboration, Ownership, Drive and Enterprising". We completed several key governance initiatives during the year, including refreshing Board Committee terms of reference, conducting an internal Board evaluation, and enhancing governance alignment and consistency across the Group. For more details on our governance progress please see the highlights section on pages 78-79.

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

- Responsibility for the clear division and delegation of authority.
- Accountability in the relationships between the management of Emirates NBD and the Board, and between the Board and the shareholders of Emirates NBD and other stakeholders.
- Transparency and disclosure to enable stakeholders to assess the Group's financial performance and position.
- Fairness in the treatment of all stakeholders.

Throughout the year, Emirates NBD continued to monitor and comply with all relevant UAE regulations in the financial sector, including those of the CBUAE and the SCA. During the year, the CBUAE also completed a rigorous thematic review of our key corporate governance policies and processes, which we welcomed. As part of our commitment to strong corporate governance, Emirates NBD continually monitors, reviews and implements new/existing governance related regulations and best practices, both local and international.

> "Our corporate governance approach enables the Emirates NBD Board of Directors and Senior Management to discharge their duties effectively and ensures that risks are managed prudently."

Emirates NBD also keeps its policies under regular review – particularly in the areas of corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit and outsourcing – to ensure that they meet all relevant regulatory requirements. Updates and amendments to existing policies are approved by or on behalf of the Board of Emirates NBD. Specifically, during the year, the Board Risk Committee ("BRC") approved the Group Risk Management Framework and Risk Appetite Statement, the Board Audit Committee ("BAC") reviewed the Internal Audit Charter, and the Board Nomination, Remuneration and ESG Committee ("BNRESGC") approved revisions to the Group Remuneration Policy.

During 2023, Emirates NBD advanced its sustainability agenda, integrating environmental, social and governance ("ESG") principles into its core strategies. As the Principal Banking Partner at COP28, hosted by the UAE, we are proud of our substantial role in this landmark event, which underscored our commitment to environmental sustainability and climate action. This participation marked a pivotal moment in our journey towards a sustainable future. Our role as the Principal Banking Partner at COP28 demonstrated our dedication to environmental stewardship and our commitment to aligning with global sustainability goals.

Looking forward to 2024, we will continue to enhance our governance approach to ensure that it remains streamlined and effective. In particular, we shall:

- Continue to keep our Board and Board Committee terms of reference and corporate governance policies under review.
- Carry out an externally facilitated independent Board and Board Committee evaluation.
- Focus on training of Board Members and staff on emerging corporate governance regulations and best practices.
- Embed and integrate our practices in relation to powers of attorney and delegations of authority into core business processes.

I would like to take this opportunity to thank all my colleagues on the Board, our outstanding Senior Management team and each and every one of our employees for their commitment, hard work and dedication towards enhancing our key governance objectives and approach during 2023.
I look forward to working closely together in 2024 and beyond to build on our strong performance and many achievements delivered this year.

H.H. Sheikh Ahmed Bin Saeed Al Maktoum
Chairman, Board of Emirates NBD

Governance Highlights 2023

Key Governance Highlights in 2023

Corporate Governance

- Enhancing the corporate governance function within Emirates NBD, with the addition of skilled and experienced governance professionals.
- Embedding our Emirates NBD Corporate Governance Framework into 'business as usual' operations.
- Enhancing several key disclosures for further transparency, including enhanced disclosures on Board composition and structure, related party transactions and conflicts of interest.
- Refreshing our BAC, BRC and BNRESGC terms of reference to reflect current regulations and best practice, and to keep the composition and scope of each Board Committee under review.
- Updating our Group website to make it more transparent and easier to navigate for our stakeholders.
- Completing Board and Board Committee evaluations, which confirmed that the Board and its Committees are strong, effective and diverse; that Directors have a good overall understanding of the business; and that the quantity of information provided to the Board is sufficient and aligned to Emirates NBD's long-term strategy.
- Enhancing and streamlining our practices in relation to powers of attorney and delegations of authority.
- Aligning governance across the Group to the Group Corporate Governance Framework, subject to complying with local laws and regulations.

Human Capital, Diversity, Compensation and Incentivisation

- Conducting an extensive review of our human capital policies and practices to ensure compliance with laws, regulations and standards from various regulatory bodies.
- Establishing transparency in the identified career paths for employees based on skills through a career mobility framework.
- Streamlining, digitising and automating core HR processes to improve employee experience and manage the amount of manual data inputs and handoffs.
- Ensuring that diversity and inclusion continued to be key focus areas and considerations for staff and clients. Further details are provided in the BNRESGC summary on page 108.
- Reinforcing Emirates NBD's leading role in Emiratisation, launching new initiatives to attract and retain UAE National talent, both within Emirates NBD and for the benefit of the broader banking sector.
- Continuing to promote Emiratisation and the empowerment of Emiratis by providing training and hands-on experience on critical functional and leadership skills.

Technology and Digitisation Governance

- Modernising the Group's digital channels, core platforms, and infrastructure, significantly enhancing straight-through processing capabilities through advanced automation, re-engineered processes, and paperless customer interactions.
- Enhancing the IT Governance Portfolio Management Framework aligned with changes in the agile operating model.
- Improving the features of the portfolio and project management application, incorporating capacity and capability management and establishing it as a central platform.
- Launching a major awareness campaign to highlight the Group IT Governance's capabilities, offering support and guidance to the employees.
- Increasing the coverage of Quality Assurance Reviews to over 90% ongoing projects, ensuring better compliance with internal standards and ISO 9001.
- Establishing a centralised cloud finance management function within the IT Governance department for handling all public cloud financials in the UAE and international locations.
- Sustaining the effectiveness of the annual cybersecurity culture awareness programme for all employees, stakeholders, and consumers, with a focus on AI/ML technologies and their impact on security, enhancing collaboration with third-party partners to strengthen supply chain security and foster more robust business ecosystems.

Cybersecurity Governance

- Recognising the rapid evolution of the digital landscape, and continuing to evolve our cybersecurity processes, policies, controls and structures to strengthen protection of the organisation's sensitive and customer data, ensuring the security of our digital assets.
- Aligning our cybersecurity strategy with the National Institute of Standards and Technology framework and the Information Security Forum Standard.
- Bolstering our defences by adopting a multi-layered information security approach. This strategy is managed by a coalition of specialised units which include Business units, the Group Information Security Office, Group Cyber Risk, and Group Internal Audit.
- Employing a sophisticated Threat Conditioning Framework to manage Enterprise Cyber Threats. The key components of our cybersecurity and data management strategy include security controls, cybersecurity culture, business continuity, incident response, third-party assessments, vendor data management, regulatory compliance, data retention policy, audits, employee training, data breach record and customer awareness.
- Continuing to ensure that cybersecurity governance within Emirates NBD is overseen by an Information Security Committee, chaired by the Group Chief Operating Officer and Head of Operational Risk.

Data Privacy Governance

- Establishing a dedicated Data Privacy Office to create and implement a robust data privacy framework across the Group, in line with the various data privacy regulations applicable to the Group.
- Ensuring compliance with all applicable international and local data privacy laws. To do so, the Board has appointed a Group Data Protection Officer to oversee the implementation of the Group Data Privacy Framework. The Data Privacy Office has also appointed local Data Protection Officers, who manage and oversee the data privacy implementation programme across the Group.
- Driving the Data Privacy Office's compliance efforts, developing data privacy policies and procedures governing data privacy to protect and uphold the Group's customers' rights.
- Conducting several key training and awareness programmes, significantly raising the profile of the function as well as educating key stakeholders on the relevant data privacy laws.

ESG Governance

- Reinforcing the importance of ESG for Emirates NBD and its stakeholders, led by the Group Chief Sustainability Officer and Group Head of ESG.
- Ensuring full alignment of Emirates NBD's ESG Framework with key global and country commitments, including the United Nations Sustainable Development Goals and the UAE's Vision 2030.
- Continuing to develop Emirates NBD's approach to ESG in line with evolving standards, as strategic initiatives emerge and evolve, both nationally and internationally, including in the areas of net zero, sustainability accounting, and audit and ethics standards.
- For further details, please refer to the Emirates NBD ESG Report.

Board of Directors

H.H. Sheikh Ahmed Bin Saeed Al Maktoum
Chairman, Non-Independent Non-Executive Director

Date of Appointment:
25 June 2011

Career and Experience:
- H.H. Sheikh Ahmed Bin Saeed Al Maktoum ("H.H. Sheikh Ahmed") is the President of the Dubai Civil Aviation Authority, Chairman of Dubai Airports, Chairman and Chief Executive of Emirates Airline and the Emirates Group.
- H.H. Sheikh Ahmed has been at the forefront of Dubai's remarkable economic development for nearly four decades, having led Dubai's aviation sector since 1985, which is a major contributor to Dubai's GDP, and formulating economic, investment and fiscal policies in support of the Emirate's overarching vision.
- Outside of aviation, he holds several prominent government positions and plays an increasingly pivotal role in leading the Emirate's finance and energy sectors.
- H.H. Sheikh Ahmed holds a Bachelor's degree in Political Science from the University of Denver, Colorado, USA, and has received many international honours, including the fellowship of the British Royal Aeronautical Society, the Commandeur de l'Ordre de la Legion d'Honneur (the Legion of Honour) of France, the highest French civilian award, and the Verfassungsportugaleser, one of Germany's highest honours.

Board Appointments to other Public Joint Stock Companies
- Chairman: Noor Takaful

Mr. Hesham Abdulla Al Qassim
Vice Chairman and Managing Director, Non-Independent Non-Executive Director

Date of Appointment:
25 June 2011

Career and Experience:
- Mr. Hesham Abdulla Al Qassim ("Mr. Al Qassim") is the Vice Chairman and Managing Director of Emirates NBD Bank (P.J.S.C.), the Chairman of Emirates Islamic Bank P.J.S.C., one of the leading Islamic banks in the region, and the Chairman of Emirates NBD Egypt and DenizBank A.Ş Türkiye, both subsidiaries of Emirates NBD Bank (P.J.S.C.).
- Mr. Al Qassim is the Chief Executive Officer of Wasl Asset Management Group, responsible for leading its transformation into a world-class asset management company. He is also the and the Vice Chairman of Dubai Real Estate Corporation.
- Mr. Al Qassim has more than 20 years' experience in the banking industry. His professional and vocational qualifications include a Bachelor's degree in Banking and Finance and a Master's degree in International Business Management and in Executive Leadership Development.

Board Appointments to other Public Joint Stock Companies
- Director of Emirates Telecommunications Group Company (Etisalat)
- Chairman, Emirates Islamic

Mr. Buti Obaid Buti Al Mulla
Non-Independent Non-Executive Director

Date of Appointment:
18 July 2007

Career and Experience:
- Mr. Buti Obaid Buti Al Mulla ("Mr. Al Mulla") is Chairman of Mohamad and Obaid Al Mulla Group, a Dubai-based market leader in key strategic economic sectors including hospitality, healthcare & pharmaceuticals, real estate, travel & tourism and investments.
- Mr. Al Mulla has over 33 years of professional experience that spans the banking, finance, real estate, hospitality and investment sectors.
- Mr. Al Mulla holds a diploma in Business Administration from Newberry College, Boston.

Board Appointments to other Public Joint Stock Companies
- Director of Emaar Properties
- Director of Dubai Refreshment
- Vice Chairman, Emirates Islamic

H.E. Mohamed Hadi Ahmed Al Hussaini
Non-Independent Non-Executive Director

Date of Appointment:
25 June 2011

Career and Experience:
- H.E. Mohamed Hadi Al Hussaini ("H.E. Al Hussaini") is the Minister of State for Financial Affairs and has wide professional experience across the banking, finance, real estate and investment sectors.
- H.E. Al Hussaini holds a Master's degree in International Business from Webster University in Geneva, Switzerland.
- H.E. Al Hussaini is also a Board member of Investment Corporation of Dubai, Vice Chairman of Emirates Investment Authority, Vice Chairman of the Federal Tax Authority, Chairman of Etihad Credit Bureau, Director of Dubai Real Estate Corporation and Chairman of the Development Committee of the World Bank Group.

Board Appointments to other Public Joint Stock Companies
- Director of Emirates Islamic

Mr. Ali Humaid Ali Al Owais
Independent Non-Executive Director

Date of Appointment:
27 March 2013

Career and Experience:
- Mr. Ali Humaid Ali Al Owais ("Mr. Al Owais") is Chairman and a Board Member of various companies, instrumental in bringing about major changes through his entrepreneurial skills and business contacts.
- Mr. Al Owais holds a Bachelor's degree in Business E-Commerce.

Board Appointments to other Public Joint Stock Companies
- Chairman of United Food Company
- Vice Chairman of Dubai Refreshments Co.
- Director of Oman Refreshments
- Director of Emirates Islamic

Board of Directors
Profiles continued

Mr. Salem Mohammed Obaidalla
Non-Independent Non-Executive Director

Date of Appointment:
20 February 2019

Career and Experience:
- Mr. Salem Mohammed Obaidalla ("Mr. Obaidalla") is Senior Vice President – Commercial Operations Americas for Emirates Airline.
- Mr. Obaidalla has extensive professional experience and contributed to the success of launching various destinations, such as Amsterdam, Prague, Madrid, Geneva, Copenhagen, St. Petersburg, Dublin, Barcelona and Lisbon.
- Mr. Obaidalla holds a Business Administration degree from Wentworth Institute of Technology in Boston, USA.

Board Appointments to other Public Joint Stock Companies
- Director of Emirates Islamic

H.E. Huda Sayed Naim AlHashimi
Independent Non-Executive Director

Date of Appointment:
23 February 2022

Career and Experience:
- H.E. Huda Sayed Naim AlHashimi ("H.E. AlHashimi") is the Deputy Minister of Cabinet Affairs for Strategic Affairs. Part of this role involves leading the process of articulating the UAE Leadership's Vision, setting an ambitious long-term strategy for the implementation of "We The UAE 2031".
- H.E. AlHashimi led the setup and leads the operations of the Mohammed Bin Rashid Centre for Government Innovation. She also leads the Government Accelerators, and is responsible for governance and institutional restructuring at the Prime Minister's Office.
- H.E. AlHashimi is a member of the Metaverse Steering Committee and the Future of Technology Policy Council at the World Economic Forum.
- H.E. AlHashimi holds a BSC in Business Administration from the Higher Colleges of Technology, where she graduated with honours and received the Sheikh Rashid Award for Scientific Excellence. She is also an alumnus of London Business School, and a policy fellow at the Centre for Science and Policy at the University of Cambridge.
- H.E. AlHashimi completed the Mohammed bin Rashid Center for Leadership Development programme and received a Certificate from IMD for Board governance.

Board Appointments to other Public Joint Stock Companies
- Director of Emirates Islamic

Mr. Jassim Mohammed Abdulrahim Al Ali
Independent Non-Executive Director

Date of Appointment:
23 February 2022

Career and Experience:
- Mr. Jassim Mohammed Abdulrahim Al Ali ("Mr. Al Ali") is Managing Director of Al Ali Property Investments.
- Mr. Al Ali has extensive professional experience, particularly in directing and controlling company operations and providing strategic guidance.
- Mr. Al Ali holds a Business Administration degree in Public Administration from the American University of Sharjah.

Board Appointments to other Public Joint Stock Companies
- Board Member and Member of the Audit Committee and Risk Committee of Emaar Properties

H.E. Khalid Juma Al Majid
Independent Non-Executive Director

Date of Appointment:
23 February 2022

Career and Experience:
- H.E. Khalid Juma Al Majid ("H.E. Al Majid") is Vice Chairman of Juma Al Majid Group of Companies, the conglomerate Juma Al Majid Group, which is one of the most recognised names in the United Arab Emirates with regional and global reach.
- H.E. Al Majid served as the Vice Chairman of Central Bank of the UAE from 2010 until 2019, and was a Director of Emirates NBD from 2009 to 2017. In June 2021, H.E. Al Majid was appointed as a Director of Dubai Chamber of Commerce.
- H.E. Al Majid obtained a Bachelor's degree in Business Administration from The University of Arizona, USA in 1989.

Board Appointments to other Public Joint Stock Companies
None

Group Company Secretary

Dr. Ahmed Mohammed Saeed Mohammed Alkhalfawi
Group Company Secretary

Date of Appointment:
23 October 2022

Career and Experience:
- Dr. Ahmed Mohammed Saeed Mohammed Alkhalfawi ("Dr. Alkhalfawi") was appointed as the Group Company Secretary of Emirates NBD in October 2022. Dr. Alkhalfawi is a UAE National, and has a Master's in Private Law and PhD in Shariah and Judiciary Law, with over 17 years of experience in legal, leadership and management roles. As Group Company Secretary, Dr. Alkhalfawi is responsible, amongst other things, for ensuring that Emirates NBD complies with all relevant laws and regulations and has effective governance processes.
- Dr. Alkhalfawi previously held senior legal roles in government and semi-government entities, including DP World, Jebel Ali Free Zone ("FZE") and Jebel Ali Authority, Dubai Islamic Bank and HSBC.

Board Appointments to other Public Joint Stock Companies
None

Senior Management

Mr. Shayne Nelson
Group Chief Executive Officer

Year Joined:
2013

Experience:
Mr. Nelson's solid experience, across various functions and geographies, is a testament to his diverse background within banking. Prior to joining Emirates NBD, he was the CEO of Standard Chartered Private Bank in Singapore, Chairman of Standard Chartered Saadiq Advisory Board, and a Board Member of Standard Chartered Bank (China) Ltd.

Mr. Nelson's other previous high-profile positions in the banking arena include Regional CEO of Standard Chartered Bank Middle East and North Africa, Chairman of Standard Chartered (Pakistan) Limited, and Chairman of the Banking Advisory Council to the Board of the Dubai International Financial Centre (DIFC). He also held the position of Chief Executive Officer and Managing Director of Standard Chartered Bank, Malaysia Berhad based in Kuala Lumpur.

Earlier in his career, his positions included Standard Chartered Chief Risk Officer for Wholesale Banking based in Singapore, Regional Head of Corporate and Institutional Banking Audit for the Asia Pacific Region and India, as well as Regional Head of Credit in Hong Kong, China and North East Asia, with the latter two positions based in Hong Kong. He was also the Head of Corporate and Institutional Banking for Westpac Banking Corporation for Western Australia based in Perth.

He is currently also the Advisory Board Member, University of Wollongong; Director, Marsh Emirates Consultancy LLC and Director, Marsh Insurances Brokerage LLC.

Education & Qualifications:
- Graduate Member of the Australian Institute of Company Directors
- Associate Fellow of the Australian Institute of Managers
- Company Directors Course, Australian Institute of Company Directors
- Bachelor of Business, The Western Australian College of Advanced Education

Mr. Patrick Sullivan
Group Chief Financial Officer

Year Joined:
2020

Experience:
Mr. Sullivan is a Chartered Accountant with 30 years' experience in banking and finance in the UK, China, Hong Kong, Russia, New Zealand, and the UAE. He joined Emirates NBD from Standard Chartered Bank, where he held a number of senior finance roles, including Group Financial Controller, SC China CFO and Greater China Head of Finance, Wholesale Banking. Prior to that he worked with PricewaterhouseCoopers in Banking & Capital Markets in multiple countries.

Education & Qualifications:
- Chartered Accountant from Chartered Accountants Australia and New Zealand
- Bachelor of Business Studies, Massey University, New Zealand

Mr. Abdulla Qassem
Group Chief Operating Officer

Year Joined:
1988

Experience:
Mr. Qassem has over 30 years' experience in technology and operations. He is responsible for defining and executing Emirates NBD's operational, technology and digital strategy. In late 2017, a new Group Digital Office was established under Mr. Qassem's leadership. Since then, Emirates NBD launched its millennial targeted banking platform with over 700,000+ customers and addressed the challenges of the SME and Micro SME businesses, through an online digital banking platform.

Prior to 2017, Mr. Qassem served as Chairman of the Board of Network International, the UAE's leading payments company, and was key to raising USD 3.3 billion as the largest payments company to list on the FTSE Index in 2019.

He is currently also the Director, UAE Banks Federation; Director, Smartstream Technologies and Director, Daman Investments.

Mr. Ahmed Al Qassim
Group Head – Wholesale Banking

Year Joined:
2013

Experience:
Mr. Al Qassim is an experienced banking and management professional with more than 19 years of experience in commercial and investment banking. He leads the Wholesale Banking unit with his role expanding in 2023 to include Global Markets, Treasury and Research at Emirates NBD Group. Mr. Al Qassim champions the adoption of digital innovation, Advanced Analytics and customer experience to enhance the Group's corporate banking proposition. He has led product development across Investment Banking, Trade and Supply Chain finance, Cash Management and Islamic banking solutions.

Mr. Al Qassim was formerly Chief Executive Officer of Emirates NBD Capital, the investment banking arm of Emirates NBD, and the General Manager of Corporate Banking at Emirates NBD, where he managed the successful transformation of the business units, built capabilities, created synergies in cross-functional teams and managed key risks. Before joining Emirates NBD, Mr. Al Qassim was the Chief Executive Officer of Dubai Group, a Dubai Holding subsidiary, and has also held senior roles at General Electric and Mubadala – GE Capital.

He is also the Board Member at Emirates Post Group and an Independent Non-executive Director at TECOM Group P.J.S.C.

Education & Qualifications
- Bachelor's degree in Engineering Management from Higher Colleges of Technology, UAE
- Master of Business Administration degree from the University of Victoria, Canada
- Advanced Management Program Certification from Wharton, University of Pennsylvania, USA

Mr. Marwan Hadi
Group Head – Retail Banking & Wealth Management

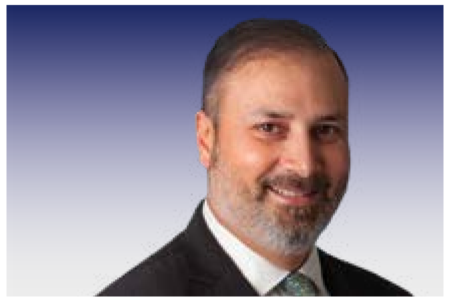
Year Joined:
2019

Experience:
In an extensive career over 19 years in banking, Mr. Hadi has consistently demonstrated profound expertise across the spectrum of financial services. His strategic influence extends seamlessly across Emirates NBD's operations encompassing Retail Banking, Business Banking, Private Banking, Consumer Finance, and Asset Management. He has been instrumental in establishing new benchmarks in product innovation and elevating customer experience across key global markets, including the UAE, Egypt, Saudi Arabia, the UK, and Singapore.

Mr. Hadi joined Emirates NBD as the Head of Retail Banking for the UAE, steering the unparalleled success of the Retail business. His strategic foresight and hands-on leadership have played a pivotal role in navigating the complexities of the financial landscape and positioning Retail Banking & Wealth Management for sustained growth. Mr. Hadi's impactful legacy in banking highlights his leadership and change-driving capabilities. His vision and unwavering commitment position Emirates NBD at the forefront of the global financial landscape.

Prior to Emirates NBD, Mr. Hadi held a series of senior appointments during his 15 year tenure at HSBC, predominantly in retail, wealth management and commercial banking. These roles included Head of Retail Banking and Wealth Management ("RBWM") for the UAE, Managing Director of HSBC Middle East Finance Company ("MEFCO") and Head of Business Management for Commercial Banking ("CMB").

Education & Qualifications
- Master of International Business from University of Wollongong, Dubai



Mr. Aazar Ali Khwaja
Group Head International and Advisor to Group CEO for DenizBank

Year Joined:
2012

Experience:
Mr. Khwaja has over 30 years of international banking experience across a number of geographies. Prior to his current role, he was responsible for Global Markets and Treasury Group as Senior Executive Vice President and Group Treasurer. Before joining Emirates NBD, Mr. Khwaja worked with Barclays Bank PLC as Regional Treasurer for Emerging Markets/Africa covering 15 markets. He was a member of the EM Executive Committee and chaired the EM Assets and Liabilities Committee.

Previous roles include Managing Director and Head of Financial Markets in Citigroup's Central and Eastern European Division, Group Treasurer for Saudi Hollandi (ABN AMRO) Bank in the Kingdom of Saudi Arabia, Managing Director of Markets & Treasury Division for ABN AMRO/K&H Bank in Hungary, General Manager of Treasury for ABN AMRO in Romania and Country Treasurer for Citibank NA in Pakistan.

Education & Qualifications
- International Directors Program (IDP-C) from INSEAD France
- MBA (Finance) from Institute of Business Administration, Karachi Pakistan
- Bachelor of Commerce from University of Karachi, Pakistan

Senior Management
Profiles continued

Mr. Manoj Chawla
Group Chief Risk Officer

Year Joined:
2013

Experience:
Mr. Chawla is a senior banker with over 25 years of experience in risk management, including enterprise and regulatory risk, model development and validation, wholesale and retail credit, global markets, private banking and operational risk management. At Emirates NBD Group, he is responsible for overall risk governance covering people, policy, portfolio, processes, and risk systems. His role covers Group-wide enterprise risk management, environmental and social risk, ensuring alignment of risk-taking activities within risk appetite across all business lines and geographies, maximising value of distressed assets, market risk, operational and cyber risk, model risk and risk analytics.

Within Emirates NBD, Mr. Chawla has been a key architect in implementing a Group-wide risk management framework across all risk streams, providing strategic risk leadership and institutionalising a sound risk culture that ensures alignment of risk-taking activities with Emirates NBD's risk appetite. He Chairs the Group Risk Committee ("GRC"), which exercises risk oversight and governance at the highest levels of management and the Model Risk Management Committee, which covers all aspects of model risk management across the Bank. He is a Member of the Management Credit Committee ("MCC"), with respect to Group CRO responsibilities. He is a member of all key management committees that oversee the Bank's strategy and transformation agenda, including digitisation.

Education & Qualifications
- Chartered Accountant from The Institute of Chartered Accountants of India
- Company Secretary from The Institute of Company Secretaries of India
- Bachelor of Law from Delhi University, India
- Bachelor of Science (Physics honours) from St. Stephen's College, University of Delhi, India

Mrs. Eman Abdulrazzaq
Group Chief Human Resource Officer

Year Joined:
2020

Experience:
Mrs. Abdulrazzaq has many years of experience in strategic human resources and has been instrumental in leading a dynamic and proactive working practice and cultural change at Emirates NBD, as well as driving Future Skills development to reskill and build out an agile workforce that can embrace the developing digital landscape.

Before joining Emirates NBD, she worked at HSBC Bank Middle East Limited as Regional Head of Human Resources, Strategy and Planning and Chief of Staff for the Middle East, North Africa and Türkiye, working on a number of strategic projects to help drive business and revenue growth. Mrs. Abdulrazzaq started her career with HSBC originally as a Corporate Banker before moving to Human Resources. Globally connected, she also worked in close partnership with Senior Management in the HSBC Group to manage mergers and acquisitions transactions in the region as well as successfully drive growth across the region, enhanced by her ability to build strong external stakeholder, customer, and regulatory body relationships.

She is also a Board Member & Chairman, Nomination & Rem Comm at Emaar Properties; Board Member, Dubai Refreshment Company; Board Member, Emirates Institute of Finance ("EIF") and a Member, HR Committee at UAE Banking Federation ("UBF").

Education & Qualifications
- Bachelor in Business Administration from HCT Dubai Women's College, United Arab Emirates

Mr. Farid Al Mulla
Chief Executive Officer – Emirates Islamic

Year Joined:
1991

Experience:
Mr. Al Mulla started his career over 30 years ago with the Emirates NBD Group and has helped shape the success of Emirates Islamic, the Islamic banking arm of the Group. A seasoned banker with extensive experience, Mr. Al Mulla has strengthened Emirates Islamic's ("EI") market standing with a focus on consumer-centric banking and the introduction of several first-to-market products and services. He also led EI's digital transformation, contributing to a substantial increase in EI's online and mobile banking transactions. His contributions towards EI's long-term Emiratisation strategy of developing UAE Nationals for key executive roles and succession planning is a key driver in shaping the Bank's success.

Before taking over as CEO, Mr. Al Mulla was Head of Consumer Banking and Wealth Management at EI and was responsible for EI's personal and business banking segments, branches and ATM network, products, customer experience, wealth management and digital banking. Mr. Al Mulla has held several other positions at EI, including Deputy Head – Consumer Banking and Wealth Management, Head of Home Finance and Head of Distribution.

Mr. Hakan Ateş
Chief Executive Officer – DenizBank, Türkiye

Year Joined:
1997

Experience:
Mr. Ateş was appointed CEO of DenizBank, Türkiye in June 1997 as the Founder President and is the Chairman of various DenizBank subsidiaries, including Deniz Yatırım Menkul Kıymetler A.Ş., Intertech A.Ş., DenizBank AG Vienna and Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş. He is also a member of the Boards of Emirates NBD Egypt and Metlife Emeklilik ve Hayat A.Ş.

Before that, Mr. Ateş held several senior roles in the banking industry, including the positions of Internal Auditor at İşbank, Branch Manager at Elmadağ, Şişli, Bakırköy, İzmir, and Executive Vice President in charge of Financial Affairs and Operations at Bank Ekspres. He also established Garanti Bank Moscow in Russia.

He is also the Chairman of Board of Directors, Deniz Yatirim Menkul Kiymetler A.S.; Chairman of Board of Directors, Intertech Bilgi Islem Ve Pazarlama Ticaret; and Chairman of Board of Directors, Neohub Teknoloji Yazilim Pazarlama Ve Danismanlik A.S. In addition, he is also a Board Member at Turkiya Kurumsal Yonetim Dernegl and Metlife Emeklilik Ve Hayat A.S.; and an Advisor at Mastercard.

Education & Qualifications
- Attended Orta Dogu Teknik University and Middle East Technical University

Mr. Neeraj Makin
Group Head – Strategy, Analytics and Venture Capital

Year Joined:
2008

Experience:
Mr. Makin is a member of the Group Executive Committee and supports the Group CEO and Board on strategy development across the Group and the development and execution of the strategic vision and aspirations of Emirates NBD and its entities/businesses, along with managing its strategic acquisitions and international growth plans. He leads the Advanced Analytics Centre of Excellence ("AACoE") for Emirates NBD, which drives Group-wide efforts to leverage data and analytics. He also heads the newly set up Corporate Venture Capital Fund for Emirates NBD to invest in fintechs and tech companies to drive innovation for the Bank.

Mr. Makin previously led the International Business for the Group with overall business management responsibility for International Subsidiaries and Branches of Emirates NBD from 2019 to 2022. He played a pivotal role in leading Emirates NBD's international expansion, including the successful acquisition of BNP Paribas Egypt and DenizBank in Türkiye, as well as the branch licences in India and Saudi Arabia. Between 2016 and 2019 he served as an Advisory Board member for Network International. Before joining Emirates NBD, Mr. Makin was a Senior Manager with Ernst & Young's Transaction Advisory services working with clients across a diverse range of industries. Before joining Ernst & Young, he worked at global strategy firm McKinsey and Co. from 2000 to 2004, working on various client projects in the telecom industry vertical.

Education & Qualifications
- Bachelor's degree in Physics and Mathematics
- MBA in Finance from International Management Institute in India

Mr. Victor Matafonov
Group Chief Compliance Officer

Year Joined:
2014

Experience:
Mr. Matafonov has more than 36 years of international banking experience across Australasia, Europe, Americas, the Middle East, Africa and Asia with Standard Chartered, Grindlays and ANZ, including more than 14 years in external/internal audit and 24 years in regulatory and financial crime compliance dealing with regulators, industry bodies, correspondent banks and systems vendors. He started his career with Coopers and Lybrand in Melbourne.

He is also the Outgoing Chairman of the Compliance Committee of the UAE Banking Federation and a founding member of the MENA Financial Crime Compliance Group.

Education & Qualifications
- Bachelor of Commerce degree from Deakin University in Australia

Senior Management
Profiles continued

Mr. Simon Copleston
Group General Counsel

Year Joined:
2021

Experience:
Mr. Copleston has overall responsibility for management of legal risk, as well as legal service quality and service delivery, across the Group. He has more than 20 years' experience as a lawyer and more than 15 years of experience in the local banking sector. He has worked in the UAE since 2006, initially at a sovereign wealth fund and then at a prominent local bank. His experience spans the banking and asset management industries, financial services, corporate finance, procurement, IT, real estate, treasury, data privacy, regulation and governance.

He has extensive exposure to highly regulated sectors and geographies and broad international, cross-border and emerging markets experience. In the past, Mr Copleston has held positions on the boards of several local and international entities, including Damas Jewellery, a bond issuer, a local asset manager, and a licensed Islamic bank.

Education & Qualifications
- Post Graduate Diploma in Legal Practice from The College of Law, UK
- Diploma in Law from The College of Law, UK

Mr. Amer Kazim
Group Chief Audit Officer

Year Joined:
2019

Experience:
Mr. Kazim is a senior executive with over 27 years of professional experience, having worked in various sectors including aviation, telecommunications, and real estate. Mr. Kazim began his career with Ernst & Young as an external auditor during which time he earned the Certified Public Accountant (CPA) qualification. He subsequently joined Emirates Airline's Internal Audit function while earning the Certified Internal Auditor (CIA) qualification. Mr. Kazim has held senior finance roles across a number of leading organisations including the Emirates Group, Meraas, and Dubai Airports. Prior to Joining Emirates NBD, he was the Chief Financial Officer at Emirates Integrated Telecommunications Company (Du).

He is currently a Member of the Board of Directors of Etihad Credit Insurance; Member of the Board Audit, Risk, and Compliance Committee of Emirates Development Bank; and a Member of the Audit Committee – UAE Banking Federation ("UBF").

Education & Qualifications
- Bachelor of Science degree in Accounting from the University of Denver, USA
- Member of the American Institute of Certified Public Accountants ("AICPA")

Mr. Vinod Ramabhadran
Group Chief Credit Officer

Year Joined:
2022

Experience:
Mr. Ramabhadran has over 34 years of banking experience largely with Standard Chartered Bank in top leadership roles, such as Regional Chief Credit Officer, Regional Chief Risk Officer and Regional Chief Operating Officer – Africa and Middle East. Previously Mr. Ramabhadaran was Director of Standard Chartered Bank, Pakistan, and served as the Chairman of the Board of Directors of Global Business Services, Standard Chartered Bank Group, overseeing a team of approximately 40,000.

His experience spans diverse areas of banking, such as Corporate Relationship management, Group Audit, Group Treasury,Corporate Governance and all areas of Risk management.

Education & Qualifications
- Master's degree in Law from Kings College, London
- Chartered Accountant from the Institute of Chartered Accountants of India
- Certified Financial Analyst from AIMR USA
- Certified Financial Risk Manager from GARP USA
- Several risk management certifications

Mr. Ammar Al Haj
Group Treasurer and Head of Global Markets

Year Joined:
2007

Experience:
Mr. Al Haj is a seasoned professional with over 15 years of profound expertise in Global Markets & Treasury, renowned for his comprehensive understanding and strategic leadership in financial domains.

He is currently responsible for driving bespoke Sales, Trading, and Research services across Foreign Exchange, Rates, Fixed Income, Equities, and Commodities within the group. His responsibilities extend to the management of Group Assets and Liabilities, showcasing his adeptness in balancing and optimising financial portfolios. He has also managed the Group's Global Markets and Treasury in international markets, including London, Singapore, Egypt, and Saudi Arabia.

His journey in the financial landscape encompasses a diverse range of experiences, from Foreign Exchange Trading to Interest Rates Derivatives Trading, Global Funding & Principal Investments, and Assets and Liability Management. Mr Al Haj also possesses a distinctive proficiency in Islamic products and structures. Notably, Ammar served as the Head of Global Treasury and Markets for Emirates Islamic Bank, where his visionary leadership significantly impacted the bank's financial strategies.

Throughout his illustrious career, Mr Al Haj has consistently demonstrated an ability to navigate the complexities of the financial landscape, contributing to the success and growth of the organisation he has been part of. His commitment to innovation and strategic thinking continues to shape the future of Global Markets & Treasury under his guidance.

Education & Qualifications
- Certificate of Finance from London Business School, UK
- MBA in Finance from Canadian University of Dubai

Other Key Members of Management

Mr. Vijay Bains
Group Head of ESG and Chief Sustainability Officer

Year Joined:
2022

Experience:
Mr. Bains is the Group Head of ESG, Chief Sustainability Officer for Emirates NBD Group and leads the Sustainability strategy and implementation across the Emirates NBD Group. He is responsible for the Sustainable & Transition Finance Strategy & Implementation for the Emirates NBD Group, as well as implementation of Environmental, Social, and Governance programmes.

Mr. Bains has worked in Sustainability for 20 years across Banking for the European Bank of Reconstruction & Development, World Bank, Lloyds Banking Group, as well as working in consulting for KPMG UK in Sustainable Finance & ESG Strategy. He has extensive experience of Sustainable Finance framework design, due diligence, and sustainability risk management practices.

He is a member of the World Economic Forum of Sustainability Leaders & member of S & P Sustainability Leadership Council. He is also a member of the UAE Banking Federation Sustainable Finance Committee, DIFC Sustainable Finance Committee & ADGM Sustainable Finance Committee

Education & Qualifications
- Chartered Environmentalist
- Royal Geographical Society Chartered Geographer
- Sustainability Leadership Certificate University of Cambridge

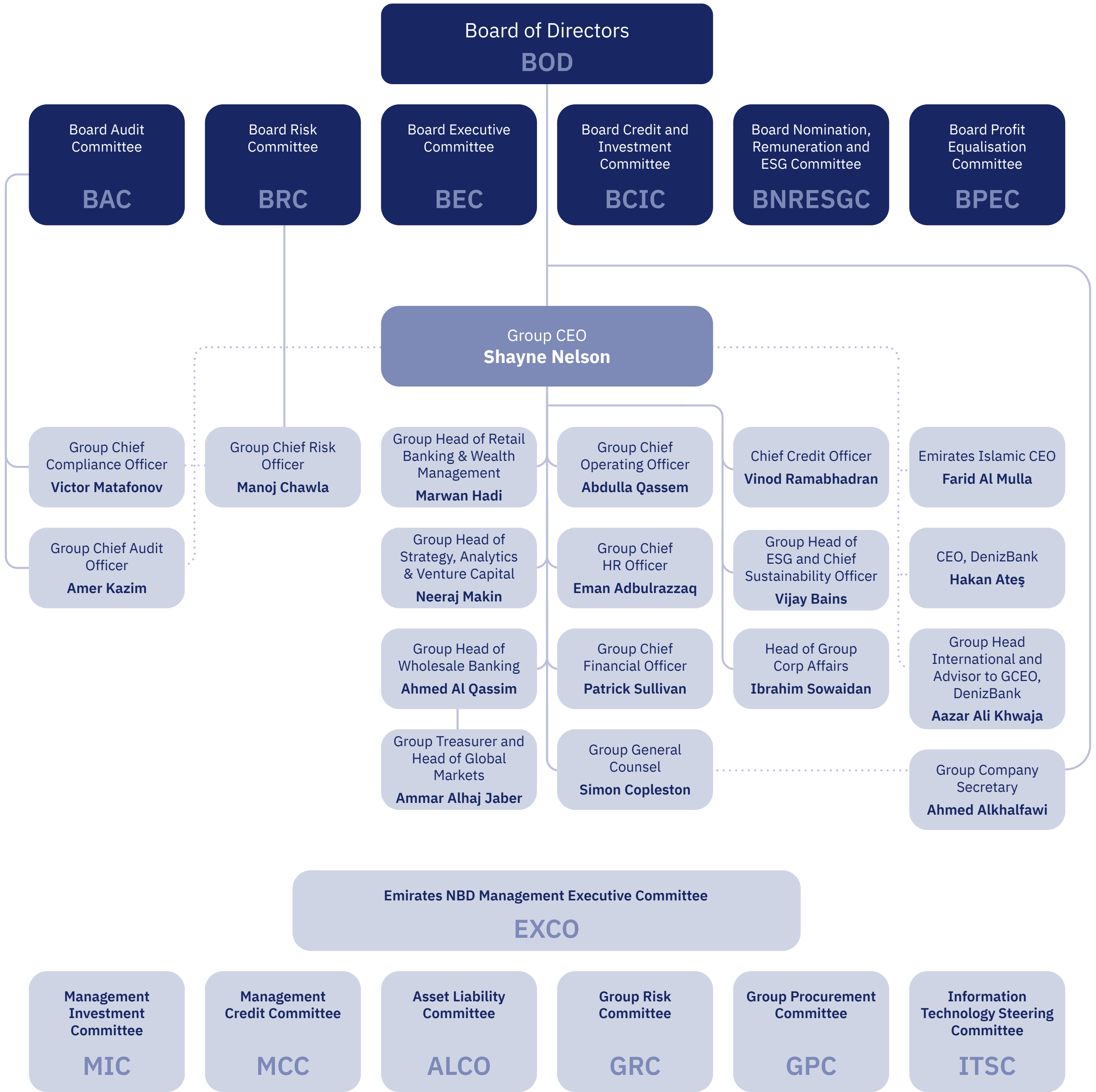
Mr. Ibrahim Sowaidan
Head of Group Corporate Affairs

Year Joined:
1999

Experience:
Mr. Sowaidan is a senior executive with more than 20 years' experience in financial services, media, advertising and public relations in the Arabian Gulf Region. He operates at a strategic level, taking into consideration the implementation of tactical actions. His current position is a Group role in which responsibilities are broad-based but concentrate on the Group's communications and public relations campaigns, press office management, community sponsorship activities, Group events and financial announcements.

Education & Qualifications
- Bachelor of Arts degree in Economics from The American University of Beirut, Lebanon
- Master in Business Administration from the Bradford School of Management, UK

Group Corporate Governance Model



Emirates NBD's Group Corporate Governance Framework is based on the principles of responsibility, accountability, transparency and fairness to support sound and prudent decision making. The Corporate Governance Framework consists of Emirates NBD's Corporate Governance Manual, Board Charter and a series of Board policies, all of which are published on the Emirates NBD website.

The Corporate Governance Manual identifies the responsibilities and accountabilities of the Board and individual Board of Directors, Board Committees and supporting management functions. It also provides an overview of the overall governance approach within Emirates NBD. The Board Charter details the protocols and policies of the Board and is supplemented by specific Board policies related to conflicts of interest, fitness and propriety, remuneration and performance evaluation.

The Corporate Governance Manual sets out four broad tiers/levels of roles:
(i) Board: The Board has the ultimate responsibility for ensuring that an appropriate and effective governance framework is established and maintained to manage and control the Group's activities.
(ii) Board-level and Senior Management Committees: The Board delegates authority to Committees and establishes standards for the control and governance of the Group. Committees have responsibilities and authorities as defined in their terms of reference.
(iii) Functions: Individual functions perform business and control activities, which are compliant with all internal policies, procedures, guidelines, external laws and regulations.
(iv) Individuals: The business and function heads are delegated with required authorities to ensure effective governance and compliance.

As such, the governance framework guides the Board and Senior Management in the discharge of their duties, aligns their interests with those of shareholders and other key stakeholders and ensures risks are managed prudently. All Group entities comply with the framework, suitably adjusted to local regulations. As a result, the commitment to good corporate governance provides a strong basis for the future development and positive corporate performance of the Group.

Delegation of Authority

All authority throughout Emirates NBD is ultimately derived from the Board, which ensures an effective system of internal control.

The Responsibilities of the Board

The Board has overall responsibility for the Group, including approving and overseeing the implementation of the Group's strategic objectives, complying with all laws and regulations applicable to the Board, governance framework and corporate culture. The Board is responsible for the overall direction, management, supervision and control of the business affairs of the Group and provides leadership in the development and implementation of the vision and mission of the Group. The Board is also responsible for providing oversight of Senior Management.

The Responsibilities of the Chairman of the Board

The Memorandum of Association of the Group confers authority upon the Chairman to act on behalf of the Group. The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the business of Emirates NBD and setting high governance standards. The Chairman plays a pivotal role in fostering the effectiveness of the Board and of the individual Directors. The Chairman, on behalf of the Board, delegates specific powers and responsibilities to the Group Chief Executive Officer by virtue of a duly notarised Power of Attorney ("POA"), who subsequently sub-delegates specific authorities to members of Senior Management of the Group.

The Responsibilities of the Board Committees

Whilst the Board is ultimately responsible for the conduct of Emirates NBD's affairs, for greater efficiency and to assist it in carrying out its responsibilities, Board Committees have been established with formally delegated objectives, authorities, responsibilities and terms.

The Board has established six permanent Board Committees. Each Committee has its own Board-approved terms of reference, which sets out the responsibilities of the Committee and how it reports to the Board. Each Committee conducts a self-evaluation annually. The Chairman of each Committee determines the frequency of Committee meetings, consistent with the Committee's terms of reference and the requirements of Emirates NBD.

The Board regularly reviews the composition of the Board Committees. The BAC and the BRC have an Independent Director appointed as the Chair, and the Board Risk Committee has a majority of Independent Members, as required by CBUAE regulations.

Further details of Board Committees can be found in the Board Committee Reports section on pages 104 to 113.

The Responsibilities of the Management Committees

The Board has established various Management Committees to assist in the day to day management of the Group's activities, with duly approved terms of reference, which set out the responsibilities of the Committee and how it reports to the Board. Further details of key Management Committees can be found in the Management Committee section on page 116.

Board Composition

Board Composition

The Board composition is in line with all relevant regulations which, amongst other things, state that:

- The Board shall have at least one female Director (Emirates NBD has one female Director).
- At least one-third of the Directors shall be assessed to be independent (four of nine of our Board Directors are assessed to be independent).
- The Chairman of the Board and a majority of the Directors shall be UAE Nationals (all of our Directors are UAE Nationals).

Our Board composition is also in line with the following guiding principles:

- The Board comprises a sufficient number of independent Directors to meet all relevant regulatory requirements, and to demonstrate effective challenge, enquiry and appropriate "independence of mind and spirit".
- Directors are qualified, individually and collectively, to discharge their fiduciary duties. They understand their role and are able to exercise sound, objective judgement about the affairs of the Group.
- All Board appointments are made in line with the approved Fit and Proper Policy. This includes a review of candidates' experience, knowledge, skills and independence of mind, record of integrity and good repute, and time available to carry out their duties. Further details are set out in the Board Charter and Fit and Proper Policy.
- The Board devotes sufficient time, annually, to devising appropriate training programmes for the Directors.

Board Skills

Collectively, the Board comprises nine Non-Executive Directors contributing a wide range of skills, competencies, diversity, expertise and experience from a range of backgrounds, including in the areas of banking, finance, audit, strategic planning, corporate governance, ESG, risk management, technology and digital and Islamic banking.

Board Diversity

- The UAE continues to enhance gender diversity through corporate governance regulations, including those set by the CBUAE and SCA.
- Current regulations stipulate that at least 20% of the candidates considered for appointment to the board of a listed company must be female and every board must have at least one member who is female.
- The Emirates NBD Board is committed to supporting gender diversity. H.E. Huda Sayed Naim AlHashimi was appointed as its first female Board member in early 2022.
- The Board currently has 11% female representation in line with the Emirates NBD Board Charter and regulatory requirements. The BNRESGC supports the nomination of female candidates and will continue to review opportunities to include gender diversity as part of the Board succession process.
- The Group is also committed to playing a progressive role in promoting gender diversity across the organisation and Emirates NBD's employee base is currently 44% female.

Board Appointments

- Emirates NBD recognises that an effective Board and well-qualified and experienced Directors are critical to ensuring that the Board meets its primary responsibility of promoting the success of the Group.
- The BNRESGC plays an important role in the selection and recommendation of potential Directors for appointment to the Board, ensuring that the Board comprises individuals with a balance of skills, diversity and expertise who collectively possess appropriate qualifications required for the size, complexity and risk profile of the Group.
- It is ensured that at least 20% of candidates for nomination to the Board are female, in line with regulatory requirements.
- All candidates for Board membership are subject to a Fit and Proper Process to ensure they have sufficient competence, knowledge and experience to effectively carry out their duties. In particular, the BNRESGC may consider the candidate's profile and experience and the specific requirements of the Board at that time.
- Board appointments are made in line with the cumulative voting requirements under the UAE Commercial Companies Law and the Emirates NBD Articles of Association. Directors are elected by an Ordinary Resolution passed by shareholders at the Group's General Assembly Meeting ("GAM") and their appointments are subject to approval by the CBUAE.
- In the event of a vacancy, the Board, assisted by the BNRESGC, may identify candidates with the appropriate expertise and experience, using external consultants and/or by placing advertisements, as appropriate. The most suitable candidate will be appointed by the Board within a maximum period of 30 days but must stand for election by the shareholders at the next GAM to confirm such candidate's appointment or appoint another instead.
- As stipulated in Emirates NBD's Articles of Association, all Directors hold office for a term of three (3) years and are eligible for re-appointment after that.

Board Induction

Board induction and ongoing Board awareness programmes are vital to ensure that Directors keep up to date on key matters. They ensure that Directors have the necessary skills and knowledge to discharge their fiduciary responsibilities effectively and to provide constructive challenge and enquiry to the business of the Board.

Therefore, the BNRESGC, working with Senior Management, provides a tailored induction programme for new Directors joining the Board, in order to ensure that they are properly orientated and well equipped to fulfil their duties and fiduciary responsibilities.
The induction programme includes:

- Information about Directors' rights, duties and responsibilities, the Group's strategic plans, its significant financial, accounting and risk management issues, its compliance programmes, its corporate governance manual and framework, its Code of Conduct, its management structure and an overview of the regulatory environment applicable to the Group, including the Corporate Governance Regulations.
- Discussions with the Group Chief Executive Officer, Senior Management, the Group Company Secretary, the internal auditors and (where required or considered appropriate) external auditors.
- Appropriate reading materials, tutorials and workshops.

The Board dedicates sufficient time, budget and other resources for its induction programme and regularly reviews it to ensure that Directors acquire, maintain, and enhance knowledge and skills relevant to their duties and fiduciary responsibilities.

Board Management of Corporate Culture

Emirates NBD continued to embrace a strong corporate culture during the year, which supports long-term sustainable shareholder value. During 2023, the Board and the Group Executive Committee ("Group EXCO") continued to enhance and embed a strong corporate culture in a number of ways, including:

- Continuing to apply a written code of conduct, conflict of interest policy, whistleblowing policy mechanism, culture and values programmes (applying the values of Collaboration, Ownership, Drive and Enterprising), championing consumer protection and encouraging a strong "speak-up" culture.
- Setting the "tone from the top" by playing a lead role in establishing, promoting, embedding and monitoring the Group's corporate culture and values to ensure that all business is conducted in a legal and ethical manner.
- Monitoring and influencing the culture, reputation and ethical standards of the Group.
- Ensuring strong engagement with staff and confirming that they are aware that appropriate disciplinary or other actions will result from unacceptable behaviours and transgressions that do not adhere to the Group's purpose and values.
- Embedding employee engagement scores into Senior Management scorecards.

Board Leadership

Board Meetings held during 2023

- The Board and Board Committee meeting dates, times and key “standing” agenda items are established at the beginning of the year.
- Board meetings take place regularly, usually six times per year, or more, if and when required.
- As highlighted above, and in order to ensure that all relevant and appropriate agenda items are tabled for review/noting/approval during the year, it is the Group’s practice to develop a key standing annual agenda schedule, setting out the standing agenda items to be tabled during the year.
- The attendance of individual Directors is recorded at each Board and Board Committee meeting.
- The Group’s policy is that Directors should demonstrate “constructive challenge and enquiry,” and also be of “independent mind and spirit”. The Chairman also ensures that there is effective debate, encouraging a wide variety of views, and that each Director has an opportunity to contribute fully. This is to make sure that all decisions take all key matters into account, all in the best interests of the Group.
- The Board and Board Committee agendas are drafted by the Office of the Group Company Secretary and shared with the Chairman for review/approval, as well as with the Group CEO.
- During 2023, six scheduled Board meetings were held to discuss fundamental matters of the Group, including reviewing and approving strategic and business performance and other key matters as set out on page 95.

Board Attendance during 2023

The following table sets out the Board meetings attended by each Director during 2023. Where a Director is unavoidably absent from a Board or Board Committee meeting, he/she still receives and reviews the agenda and papers for that meeting. Generally, a Director unable to attend shall provide verbal or written input ahead of the meeting, usually through the Chairman of the Board. This is to ensure that his/her views are considered at the meeting. Whilst Directors make all effort to attend every meeting, this may not always be possible, particularly where additional Board meetings are, exceptionally, arranged at short notice for urgent matters.

Board of Directors Names		Board Meeting Dates and Attendance in 2023					
		25 Jan	26 Apr	26 Jul	25 Oct	6 Dec	13 Dec
H.H. Sheikh Ahmed Bin Saeed Al Maktoum	Chairman	✓	✓	✓	–	✓	✓
Mr. Hesham Abdulla Al Qassim	Vice Chairman	✓	✓	✓	✓	✓	✓
H.E. Mohamed Hadi Ahmed Al Hussaini	Director	✓	✓	✓	✓	✓	✓
Mr. Jassim Mohammed Abdulrahim Al Ali	Director	✓	✓	✓	✓	✓	✓
Mr. Buti Obaid Buti Al Mulla	Director	✓	✓	✓	✓	✓	✓
Mr. Salem Mohammed Obaidalla	Director	✓	✓	✓	✓	✓	✓
Mr. Ali Humaid Ali Al Owais	Director	✓	✓	✓	✓	✓	✓
H.E. Huda Sayed Naim AlHashimi	Director	✓	✓	✓	✓	✓	✓
H.E. Khalid Juma Al Majid	Director	✓	✓	✓	✓	✓	✓

Key Board Agenda Items during 2023

In 2023, six Board meetings were held and the following key strategic matters were considered:

Strategic and Financial Performance

- Review of financial performance, including performance against the strategy and agreed budgets for each of the business lines.
- Budgets for 2024, all in the context of the approved strategy and risk appetite.
- Strategy for the next three years, aligned to the Group’s mission and values.
- Review of key business strategies, decisions and risks in light of the regulatory, economic and market environment.

Corporate Governance

- Updates of the BRC, BAC, BNRESGC and BCIC terms of reference to comply with regulatory requirements and international best practices.
- Approval of the Emirates NBD Corporate Governance Framework and related policies.
- Updates of the Emirates NBD Memorandum and Articles of Association to comply with relevant regulations and best practice.
- Review of related party transactions.
- Review of Group organisational structure.
- Completion of the 2023 Board evaluation process.
- Completion of Board training, in line with the 2023 training plan.
- Appointment of external auditors for 2023.
- Review of Board Committee reports and updates.

Disclosure and Transparency

- Review and report approval of various disclosures, including those in the Annual Report, Directors’ Report, Financial Results, Corporate Governance, ESG disclosures and the Annual Shariah Report.
- Notice of the General Assembly Meeting (“GAM”).

Continuing Awareness Programmes, Succession Planning and Evaluation

Board Awareness Programmes
Emirates NBD provides ongoing Board awareness programmes during the year on a variety of topics relevant to the business. These awareness topics are developed in consultation with the Board and cover key issues that are considered relevant and appropriate, commensurate with the ongoing or evolving challenges and risks of the business and any regulatory requirements.

During 2023, the following Board awareness programmes, including programmes on regulations, governance and emerging technologies, were delivered to the Board:

At the request of the BNRESGC, Senior Management will provide additional presentations for Directors, on any matters that may help them gain deeper understanding and knowledge of the Group.

The Board dedicates sufficient time, budget and other resources for its awareness programmes and regularly reviews them to ensure that Directors acquire, maintain, and enhance knowledge and skills relevant to their duties and fiduciary responsibilities.

Board Succession Planning
Emirates NBD reviews its Board composition regularly to keep it aligned to regulatory requirements and to support the principles of Board independence, diversity and effectiveness. Our continual reviews take account of:

- The skills required of the Board as a whole and of each of its Committees.
- The skills and tenure of each of its Directors.
- The diversity of the Board.
- Board independence.
- Other regulatory requirements.

Board Awareness Programmes

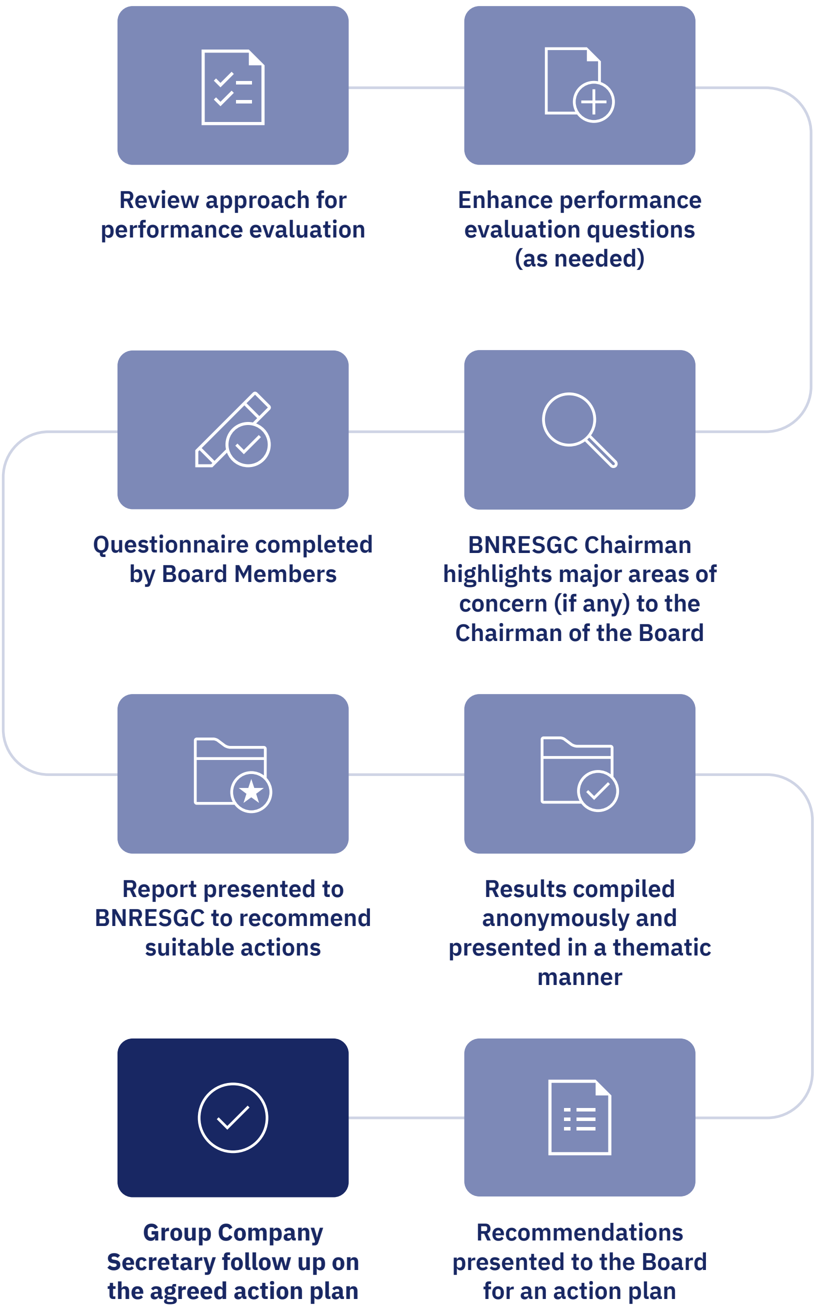
Environmental, Social and Corporate Governance

- What is ESG and its Impact on Investors and Regulators?
- ESG Reporting Landscape
- The Board's Role in Overseeing ESG

AML/CFT

- Regulatory Environment
- Board and Senior Management Responsibilities
- Emerging Threats

Emirates NBD Internal Board Evaluation Process



Board Evaluation
Emirates NBD Board is committed to monitor and improve its performance as well as to implement international best practices.

- The Board reviews and evaluates the performance of the Board, each of the Board Committees and each of its members annually, under the Emirates NBD Directors' Performance Evaluation Policy. This process provides the Board with an understanding of how Board Members view their own effectiveness, highlights areas of strengths and improvements and provides an integrated picture of the performance of the Board and its Committees.
- At least once every five years, an independent evaluation of the Board, each of the Board Committees and individual Directors, using an independent external consultant, is conducted in line with the CBUAE regulations.

During 2024, Emirates NBD will appoint an external consultant to independently evaluate the performance of the Board, Board Committees and individual Directors.

Results of the 2023 Internal Evaluation Process
As part of the 2023 Board Evaluation survey, the Board requested to receive regular ESG updates, ensure sufficient time is devoted to debate key matters, and encouraged additional meetings to take place as may be necessary from time to time.

Overall, the 2023 Board Evaluation survey supported the following conclusions:

- The Board and its Committees perform well, and are strong and diverse.
- Directors have a good overall knowledge of the business and of the Emirates NBD Group as a whole, and a wide range of business skills.
- The quantity of information provided to the Board is sufficient and is aligned to Emirates NBD's long-term strategy.

Managing Conflicts and Related Party Transactions

Conflicts of Interest

- The Group has adopted a Conflict of Interest Policy to ensure that details of all transactions in which a Director might have potential interests are presented to the Board for its review and approval.
- Each Director, once appointed and on a quarterly basis thereafter, must disclose all actual or potential conflicts to the Group.
- As a result of written declarations submitted by each Director, the Board satisfies itself that the other commitments of the Directors do not conflict with their duties, or where conflicts arise, that the Board is sufficiently aware, and policies are in place to minimise the risks.
- A Director who, in any way, has a conflict of interest in relation to a contract or proposed contract or arrangement with the Group shall declare the nature of that interest at a meeting of the Board and record the nature of such interest in the minutes. The Director may not vote on the resolution concerning such contract or arrangement.
- Each year, Group Compliance requests an annual declaration from Senior Management, which it reviews to ensure that the external appointments for each Senior Management member are in line with the UAE Corporate Governance Regulation for Banks and in accordance with the Group's policy/procedures.

Related Party Transactions

In accordance with the CBUAE Corporate Governance Regulations, Related Party Transactions ("RPTs") must be defined and identified, to prevent any potential or actual conflict of interest that might arise.

Emirates NBD has developed an RPT framework and guidelines, which details the processes in place to identify, assess, monitor and report the Group's exposures towards related parties. RPTs are entered into on an arm's length basis, on normal commercial terms and continue to be monitored by or on behalf of the Board. Emirates NBD maintains a register of related parties and details for each related party transaction.

Related Party Transactions and Balances for 2023 and 2022 are set out in the following table:

No.	Clarifying the Nature of the Relationship	Type of Transaction and Balances	Value (AED million) 2023	Value (AED million) 2022
1	Majority shareholder of the parent	Loans and receivables	76,028	105,984
2	Majority shareholder of the parent	Customer and Islamic deposits	8,297	5,777
3	Parent	Loans and receivables	2,278	1,275
4	Parent	Investment	6,377	6,354
5	Parent	Customer and Islamic deposits	553	1,399
6	Funds managed by ENBD	Fees received	23	35
7	Other related parties	Payments made	17	17
8	Directors	Directors sitting and other fee	18	17
9	Directors and related companies	Loans and receivables	1,658	1,506
10	Key management	Key management compensation	106	104

Note: As at 31 December 2023, deposits from and loans to Dubai government related entities amount to 5% (2022: 4%) and 10% (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.

Overboarding

Overboarding

Through the application of the Conflict of Interest Policy and the Fit and Proper Policy, the Board ensures that any external directorships or other interests held by any Director (or designate Director being appointed to the Board):

- Are not excessive in number, as required by relevant regulations.
- Do not take up an unreasonable amount of time, to the prejudice of Emirates NBD Board duties.
- Do not create any conflict of interest.

Emirates NBD complies with all regulatory requirements in relation to overboarding, including the following provisions:

- A Director may hold memberships in the boards of up to five (5) Public Joint Stock Companies ("P.J.S.C.") in the UAE, to include P.J.S.C.s inside the banking Group.
- A Director may hold memberships in the Board of only one (1) bank in the UAE and up to four (4) banks outside the UAE.
- Directors must obtain permission from the Board before accepting nomination to serve on another Board and no conflict of interest must be present.
- Each Director must confirm annually that he/she has sufficient time available to manage the time commitments required from the role in the Group.

The following table sets out the P.J.S.C. appointments held by each Director and their compliance with the regulations.

Board Members	Number of P.J.S.C. Appointments Held*	Number of Appointments Held in Banks Outside the UAE**	Compliant to Regulation	Sufficient Time Available for Emirates NBD
H.H. Sheikh Ahmed Bin Saeed Al Maktoum	2	None	✓	✓
Mr. Hesham Abdulla Al Qassim	3	2	✓	✓
Mr. Buti Obaid Buti Al Mulla	4	None	✓	✓
H.E. Mohamed Hadi Ahmed Al Hussaini	2	None	✓	✓
Mr. Ali Humaid Ali Al Owais	5	None	✓	✓
Mr. Salem Mohammed Obaidalla	2	None	✓	✓
H.E. Huda Sayed Naim AlHashimi	2	None	✓	✓
Mr. Jassim Mohammed Abdulrahim Al Ali	2	None	✓	✓
H.E. Khalid Juma Al Majid	1	None	✓	✓

*Including Emirates NBD
**Including Emirates NBD Group banking subsidiaries

Statement of Directors' Ownership in Shares & Securities

Statement of Ownership and Transactions (both Purchase and Sale) of the Board Directors

The following table shows the ownership and transactions of shares (both purchase and sale) of the Board Directors, together with their spouses and children, in the securities of Emirates NBD during the year ended 31 December 2023:

Board Members as at 31 December 2023	Position Held	Shares/Securities Held as at 1 January 2023 (Director, spouse and children)	Total Shares Purchased during 2023	Total Shares Sold during 2023	Shares/Securities Held as at 31 December 2023 (Director, spouse and children)
H.H. Sheikh Ahmed Bin Saeed Al Maktoum	Chairman	655,598	None	None	655,598
Mr. Hesham Abdulla Al Qassim	Vice Chairman and Managing Director	135,200	None	None	135,200
Mr. Buti Obaid Buti Al Mulla	Director	7,395,043	None	None	7,395,043
H.E. Mohamed Hadi Ahmed Al Hussaini	Director	None	None	None	None
Mr. Ali Humaid Ali Al Owais	Director	296,479	None	None	296,479
Mr. Salem Mohammed Obaidalla	Director	None	None	None	None
H.E. Huda Sayed Naim AlHashimi	Director	None	None	None	None
Mr. Jassim Mohammed Abdulrahim Al Ali	Director	None	None	None	None
H.E. Khalid Juma Al Majid	Director	1,404,781	None	None	1,404,781

Risk Management and Internal Controls

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

The risk management framework enables the Group to identify, measure, monitor, mitigate and report key risks. Key risk types are categorised into 'financial risks' and 'non-financial risks'. Whilst financial risks are driven by events in the financial markets, non-financial risks are driven by other market-related events.

The Group operates a three lines of defence risk management model, which incorporates the segregation of responsibility, controls, monitoring and reporting as appropriate for a bank of its size, nature and regulatory environment:

- Business units (Relationship and Product Management) make up the first line of defence. They originate risk and are responsible and accountable for ongoing management of such risks. This includes direct assessment, control and mitigation of risks.
- The second line of defence includes the Risk Management, Finance and Compliance functions. These functions complement the risk activities of the business lines through their monitoring and reporting responsibilities. They are responsible for overseeing the Group's risk-taking activities and assessing risks and issues independently from the business lines. These functions promote the importance of the role of Senior Management and business line managers in identifying and documenting risk owners as part of the New Product and Process Approval and Assessment process. A risk owner may or may not sit with the Group Risk function.
- The third line of defence consists of an independent and effective Internal Audit function. They provide independent review and objective assurance on the quality and effectiveness of the Group's internal control system and its first and second lines of defence.

Emirates NBD Group faces a broad range of risks, and the key risks are included in the Group Risk Appetite Statement with appropriate thresholds. The Group's approved Risk Appetite Statement is a critical component of the risk management framework, establishing the boundaries t o ensure Emirates NBD operates within acceptable levels of risk and maintains compliance with its obligations and commitments. The Board is also supported by a prudent internal control framework, which provides assurance on the financial and non-financial operations of Emirates NBD, including internal and external audits.

The internal control system is designed to follow a multi-tiered approach and is implemented at various governance levels throughout the Group. The internal control system relies on accountability, delegation and collaboration within the various departments and business functions, encouraging the Group-wide alignment of objectives, resources and the mechanisms deployed. It is based on the clear identification of best practice governance standards and responsibilities; appropriate policies and procedures are implemented to serve each department and business unit across the Group. Functions that contribute to the internal control system include the Internal Audit and External Audit, Risk, Compliance, Finance, Legal and Corporate Governance functions.

The Internal Audit, Compliance and Risk functions report on a quarterly basis to the Board Committees, including the BRC and the BAC. Both the BRC and the BAC report any significant matters, as and when required, to the Board.

- The BRC sets the overall risk strategy and approves risk-related frameworks. It reviews risk exposures, risk profiles and risk concentration reports on a regular basis, through quarterly risk monitoring supported by the risk management department. The BRC has oversight of the establishment and operation of risk management systems and receives regular updates on their effectiveness.
- The BAC plays a key role in assessing and assuring the quality and integrity of Group disclosures, financial statements, financial reporting and compliance to regulatory requirements. The BAC reviews effectiveness of the Group's internal controls and corporate governance environment and provides oversight of the Internal and External Audit and Compliance functions, as well as Internal Shariah Audit and Internal Shariah Control functions in coordination with the Group's Internal Shariah Supervision Committee.
- The BNRESGC oversees incentives and other emoluments, which includes consideration of the risk structures for appropriate corporate performance, risk-taking and responsibility, and corporate culture.
- A separate independent Committee, the Internal Shariah Supervision Committee, with Members appointed by shareholders, considers Shariah risks and controls.

More details on these Committees are included in later sections of this report.

Board of Directors' Remuneration

Board of Directors' Remuneration

The Directors' Remuneration Policy is consistent with Emirates NBD's culture, control environment and long-term objectives. The BNRESGC reviews and makes annual recommendations to the Board on the form and amount of Directors' remuneration, taking into consideration the amount of time they give to Emirates NBD, as well as the extent and complexity of their responsibilities, including serving on Board Committees. Committee Members were paid an allowance of AED 20,000 for each meeting they attended in 2023. The amount of Directors' remuneration is recommended to shareholders by the Board.

The following table sets out the total Board fees paid to each of the Emirates NBD Board Directors during the year ended 31 December 2023:

Board Members	Role	Remuneration paid in 2023 (AED)
H.H. Sheikh Ahmed Bin Saeed Al Maktoum	Chairman	5,000,000
Mr. Hesham Abdulla Al Qassim	Vice Chairman	5,000,000
Mr. Buti Obaid Buti Al Mulla	Director	2,000,000
H.E. Mohamed Hadi Ahmed Al Hussaini	Director	2,000,000
Mr. Ali Humaid Ali Al Owais	Director	2,000,000
Mr. Salem Mohammed Obaidalla	Director	2,000,000
H.E. Huda Sayed Naim AlHashimi	Director	2,000,000
Mr. Jassim Mohammed Abdulrahim Al Ali	Director	2,000,000
H.E. Khalid Juma Al Majid	Director	2,000,000

A collective total of AED 24 million for the Board Directors was approved by shareholders for each of the 2021 and 2022 financial years. It is proposed that the same level of remuneration of AED 24 million for the 2023 financial year be recommended for approval by the shareholders at the 2024 General Assembly Meeting.

Board Audit Committee ("BAC")

Mr. Jassim Mohammed Abdulrahim Al Ali

Remit

The responsibilities of the BAC include oversight of:

- the qualifications, independence and performance of the Group's external auditors.
- the qualifications, independence and performance of the Group Internal Audit, Group Compliance and Internal Shariah Audit and Internal Shariah Control departments.
- the Group's internal control system to ensure it is adequately covers the conduct of the Group's business, taking into account the Group's internal controls over financial reporting and disclosure.
- the adequacy and effectiveness of the corporate governance environment.
- the Group's compliance with applicable legal and regulatory requirements (including Shariah regulations), and with the Group's policies (unless specifically delegated to other Board Committees).

Statement from Chairman of the BAC

In 2023, five meetings were held by the BAC, during which it reviewed the Group financial results for the year ended 2022 and quarterly financial results for 2023, and provided oversight over internal audit, governance, compliance, internal Shariah audit and internal Shariah control related matters.

During the year, the BAC:

- reviewed the External Auditor's report on annual and quarterly financials and also reviewed the external auditor's fees structure to ensure best in class service and independence.
- ensured that the Group's Internal Audit function remained independent, that the Internal Audit Plan for 2023 focused on assuring that Emirates NBD's internal governance and controls remained robust and continually reviewed the progress of significant issues raised by Internal Audit. It also focused on controls established to ensure fraud mitigation.
- received from the Group Chief Compliance Officer status updates on the progress of the Group's implementation of key regulatory changes as required, as well as updates on Emirates NBD's activities in relation to monitoring and managing financial crime risks, including money laundering, terrorist financing, sanctions and proliferation financing risks.
- reviewed/approved the Compliance Monitoring Plan and Gifts and Hospitality Register.
- received regular updates on the CBUAE and Financial Audit Authority ("FAA") baseline examinations and findings (including the CBUAE thematic review of Corporate Governance). The BAC also met the representatives of the FAA and reviewed and monitored the progress of issues raised by them.

During the year, the BAC also updated its terms of reference to align to regulatory requirements and best practices.

The BAC's schedule in 2024 will include a minimum of four meetings focused on, amongst other things, the integrity of Emirates NBD's financial statements, IFRS 9 governance practices, emerging risks, assessment and oversight of the activities and performance of Group Internal Audit, Group Compliance, Internal Shariah Audit and internal Shariah control departments, as well as the performance of Emirates NBD's external auditor.

The BAC will also ensure that Emirates NBD's Group Internal Audit Plan mirrors emerging risks and provides the necessary assurances in the current evolving economic and operational environment.

As Chairman of the BAC, I hereby acknowledge my responsibility to discharge the responsibilities of the BAC under its terms of reference and ensure its effectiveness.

Mr. Jassim Mohammed Abdulrahim Al Ali
Chairman, Board Audit Committee

Committee Composition

The BAC Chairman and Members have been appointed by the Board, after duly considering the recommendations of the BNRESGC. The BAC composition is compliant with the CBUAE regulatory requirements, which require three (3) Non-Executive Directors, including an Independent Chair distinct from the Chair of Board and other Committees, who collectively have experience in audit practices, financial reporting, accounting and compliance.

Mr. Jassim Mohammed Abdulrahim Al Ali
Chairman
Independent Non-Executive Director

Mr. Hesham Abdulla Al Qassim
Member
Non-Independent Non-Executive Director

Mr. Salem Mohammed Obaidalla
Member
Non-Independent Non-Executive Director

BAC Meetings in 2023

Date of Meeting	Key Agenda Items	Number of Attendees
25 January	• Review of Group financial results for the year ended 2022 and external auditors' report • Review of external audit fees • Review of compliance to CBUAE corporate governance regulations • Independence of internal audit function • Review of internal audit and internal Shariah Audit plan for 2023 • Review of internal audit, compliance, Shariah audit and control and governance-related matters	3/3
15 February	• Review of FAA report for the year 2022	3/3
26 April	• Review of Group financial results for Q1 2023 and external auditors' review report • Review of CBUAE examiner's reports • External quality assessment review of internal audit function • Review of internal audit, compliance, Shariah audit and control and governance-related matters	3/3
26 July	• Review of Group financial results for Q2 2023 and external auditors' review report • Review of CBUAE examiner's report of thematic review of corporate governance and other reports • Review of internal audit, compliance, Shariah audit and control and governance-related matters	3/3
25 October	• Review of Group financial results for Q3 2023 and external auditors' review report • Update of BAC terms of reference • Review of internal audit, compliance, Shariah audit and control and governance-related matters	3/3

Board Committees
Board Committee Reports

Board Risk Committee ("BRC")

Mr. Ali Humaid Ali Al Owais

Remit

The BRC provides oversight of risk management, as part its responsibility to advise the Board on the overall risk strategy, risk appetite and risk tolerance of the Group.

The scope of risks covered by the BRC includes, but is not limited to: Credit Risk, Market Risk, Asset-Liability Risk, Capital Risk, Operational Risk, Conduct Risk (ensuring compliance with the Consumer Protection Regulations and Standards from the CBUAE), Reputational Risk, Compliance / Financial Crime Risk, Legal Risk, Strategic Risk, Shariah Risk, Model Risk and Environmental and Social Risk. The BRC oversees the ICAAP and stress testing process to ensure that the Group's level of capital is sufficient to meet regulatory thresholds and support its strategy even in a challenging environment.

The BRC assists the Emirates NBD Board fulfil its duties by overseeing:

- alignment of Emirates NBD's strategic objectives with risk profile and risk appetite.
- development and implementation of the Group risk management framework and adequate policies, procedures, processes, systems and controls.
- management of risk measurement and pricing models, tools and monitoring of the effectiveness of such tools.
- maintaining effective governance and oversight of the management of conduct and compliance risks.
- compliance with regulatory requirements relating to risk management.
- the Group's public reporting on risk management matters.
- the independence and effectiveness of the risk management departments throughout the Group.

Statement from the Chairman of the BRC

During 2023, the BRC held four meetings, during which it discharged its duties in accordance and in compliance with the BRC's terms of reference. During the year, the BRC:

- ensured that the Group had a comprehensive risk management framework and Risk Appetite Statement to manage these risks and ensured adherence to the same.
- received, from the Group Chief Compliance Officer, status updates on the progress of the Group's implementation of key regulatory changes as required, as well as updates on the Group's activities in relation to monitoring and managing financial crime risks, including money laundering, terrorist financing, sanctions and proliferation financing risks.
- reviewed the establishment of a comprehensive Consumer Protection framework.
- provided effective oversight of the Internal Capital Adequacy Assessment Process ("ICAAP") and stress testing process to ensure that the Group's level of capital is sufficient to meet regulatory thresholds and support its strategy even in a challenging environment.
- provided oversight of climate risk management, which is fast-evolving, and regulatory and compliance risks, including the financial crime risk assessment, in line with regulatory requirements.
- provided oversight of the Group's Risk, Credit and other policies to ensure regulatory compliance and effective implementation.
- reviewed a wide number of other matters, including top and emerging risks, customer experience and ratings and outsourcing arrangements of the Group.

During 2023, the BRC composition was restructured to meet the regulatory requirement that the BRC Chairman, and a majority of BRC Members, should be independent. Mr. Jassim Mohammed Abdulrahim Al Ali joined the BRC as an Independent Non-Executive Director in place of Mr. Salem Mohammed Obaidalla. The BRC terms of reference were also refreshed to reflect regulatory requirements and best practice.

Committee Composition

The BRC Chairman and Members have been appointed by the Board, after duly considering the recommendations of the BNRESGC. The BRC composition is compliant with the CBUAE regulatory requirements, which require three (3) Non-Executive Directors, including a majority of Independent Members and an Independent Chairman distinct from the Chair of Board and any other Committees. The Members collectively have experience in risk management issues and practices.

Mr. Ali Humaid Ali Al Owais
Chairman
Independent Non-Executive Director

Mr. Hesham Abdulla Al Qassim
Member
Non-Independent Non-Executive Director

Mr. Jassim Mohammed Abdulrahim Al Ali
(replaced Mr. Salem Mohammed Obaidalla as a Member of the BRC in June 2023)
Member
Independent Non-Executive Director

Looking into 2024, the BRC will continue to focus on Emirates NBD's risk governance framework and risk appetite. The BRC will also keep its top and emerging risks under continual review, in the context of a fast-evolving global and regional geopolitical environment and market conditions. The BRC will also continue to ensure that its risk governance framework remains robust and effective in the context of the Group's operating environment and strategy, duly aligned with changing market conditions, regulatory requirements, and the nature, size and complexity of Emirates NBD.

In 2024, the BRC is scheduled to meet at least four (4) times to fulfil its responsibilities and escalate key matters to the Board.

As Chairman of the BRC, I hereby acknowledge my duty to discharge the responsibilities of the BRC under its terms of reference and ensure its effectiveness.

Mr. Ali Humaid Ali Al Owais
Chairman, Board Risk Committee

BRC Meetings in 2023

Date of Meeting	Key Agenda Items	Number of Attendees
15 February	• Group Risk Appetite Statement & monitoring report • Review of consumer protection framework • Material outsourcing arrangements • Compliance reports • Key emerging risk trends • Regulatory reports and updates • Portfolio updates • Review of policies • Liquidity risk updates	3/3
17 May	• Regulatory reports and updates • Group risk appetite monitoring report • Key emerging risk trends • Policies and terms of reference • Compliance reports • Portfolio updates • Liquidity risk updates • Group ICAAP report • Material outsourcing arrangements • International branches updates	3/3
13 September	• Update of the BRC terms of reference • Policy updates • ICAAP reports for international locations • Regulatory reports and updates • Group risk appetite monitoring report • Compliance reports • Portfolio updates • Liquidity risk updates • Conduct risk management report	3/3
15 November	• Regulatory reports and updates • Group risk appetite monitoring report • Key emerging risk trends • Policy updates • Compliance reports • Portfolio updates • Material outsourcing arrangements	3/3

Board Committees
Board Committee Reports

Board Nomination, Remuneration and ESG Committee ("BNRESGC")

Mr. Buti Obaid Buti Al Mulla

Remit

The responsibilities of the BNRESGC include:

- matters relating to the Board, including the composition, nomination, assessment, succession plans and remuneration policies for the Directors.
- the Board induction plan and Board awareness programme.
- reporting on corporate governance and remuneration matters, and the development of the corporate governance framework, systems and controls.
- ESG and corporate sustainability strategy
- corporate culture and values, including the Group's governance culture.
- selection, assessment, succession and remuneration policies for Senior Management.
- HR strategy including Emiratisation and talent acquisition strategies and workforce diversity and retention strategies.
- independence of Directors and ensuring that Independent Directors remain independent on a continuing basis.
- workforce planning and alignment with goals and strategies.

Statement from the Chairman of the BNRESGC

During 2023, the BNRESGC held five meetings and discharged its duties in accordance and in compliance with its terms of reference. During the year, key activities conducted by the BNRESGC included:

- providing oversight of Emirates NBD's ESG framework and reviewed the ESG policies and disclosures.
- reviewing the organisational structure of the Group succession planning for Senior Management.
- monitoring the performance and remuneration of Senior Management.
- reviewing and approving the restructure of the BNRESGC to ensure required independence.
- reviewing the Emiratisation strategy of Emirates NBD in line with the updated guidelines from the CBUAE, ensuring that its Emiratisation framework effectively develops UAE National talent and meets Emiratisation targets set by the CBUAE.
- monitoring the implementation of major HR projects, including transforming Emirates NBD's HR technology landscape into a single comprehensive suite of applications to provide coverage, integration and control over end-to-end journeys of the employee lifecycle; and developing a new career architecture model to provide a blueprint of roles, accountabilities, skills and experiences, allowing individuals to map their career options across the organisation and the business to more effectively access and manage talent based on skills.
- monitoring the overall development of Emirates NBD's culture to promote a healthy environment and employee engagement conducive to organisational success.

In 2024, the BNRESGC is scheduled to meet at least four times and will continue to prioritise the development of Emirates NBD's Emiratisation strategy, focusing on improvements in recruitment, retention of Emirati talent and diversity and inclusion, in order to ensure that Emirates NBD remains an employer of choice.

The BNRESGC will also continue to oversee remuneration policies and processes to ensure they remain suitable for Emirates NBD's talent pool and contribute to future success and progress, in accordance with regulatory requirements.

From an ESG perspective, the BNRESGC will continue to focus on areas to increase the Group's ESG ratings and disclosures, in line with regulatory and market requirements, and will oversee the development of the sustainable finance framework.

As Chairman of the BNRESGC, I hereby acknowledge my duty to discharge the responsibilities of the BNRESGC under its terms of reference and ensure its effectiveness.

Mr. Buti Obaid Buti Al Mulla
Chairman, Board Nomination, Remuneration and ESG Committee

Committee Composition

The BNRESGC composition is compliant with the CBUAE regulatory requirements, which consists of three (3) Non-Executive Directors, including an independent Director.

Mr. Buti Obaid Buti Al Mulla
Chairman
Non-Independent Non-Executive Director

Mr. Hesham Abdulla Al Qassim
Member
Non-Independent Non-Executive Director

Mr. Ali Humaid Ali Al Owais
Member
Independent Non-Executive Director

BNRESGC Meetings in 2023

Date of Meeting	Key Agenda Items	Number of Attendees
1 February	• Senior management pay and performance • 2022 performance bonus analysis • Emiratisation update • Remuneration policy review (including deferred cash plan rules) • Review of Directors' appointment letters and evaluation forms • Consequence management framework • Roles classified as material risk-takers • Deferred plan rules • Workforce analysis	3/3
9 April	• Update of BNRESGC terms of reference • Review of Board performance evaluation • Emiratisation update • Remuneration policy review (including benefits) • ESG update • Workforce analysis • HR policy update	3/3
12 July	• Review of Group organisational structure • Restructure of the BRC • Emiratisation update • Workforce analysis	3/3
8 November	• HR initiatives on digital transformation, including the rollout of HR Connect to international subsidiaries, and career mobility • Roles classified as material risk-takers • Board training plan for 2024 • Senior Management succession planning • ESG update • Emiratisation update • Performance bonus model and alignment with regulations • Workforce analysis	3/3
13 December	• Review of HR matters	3/3

Board Executive Committee ("BEC'')

Mr. Hesham Abdulla Al Qassim

Remit

The BEC serves as a subgroup of the Board of Directors who have been nominated and appointed by the Board to handle specific governance and decision-making functions between regular Board meetings, when necessary, especially on urgent or time-sensitive matters in cases where it is not possible to convene a meeting of the Board, and to manage other matters delegated by the Board. The BEC exercises the powers of the Board in the supervision and oversight of the Group's affairs. The BEC plays a pivotal role in ensuring transparency, sound governance and prudent financial stewardship.

Committee Composition

Mr. Hesham Abdulla Al Qassim
Chairman
Non-Independent Non-Executive Director

H.E. Mohamed Hadi Ahmed Al Hussaini
Member
Non-Independent Non-Executive Director

Mr. Ali Humaid Ali Al Owais
Member
Independent Non-Executive Director

Mr. Salem Mohammed Obaidalla
Member
Non-Independent Non-Executive Director

Statement from the Chairman of the BEC

During 2023, the BEC held 17 meetings, during which it reviewed a number of urgent matters on behalf of the Board, enabling the business of Emirates NBD to be completed in an effective and timely manner. Key matters reviewed by the BEC during the year included, amongst other things:

- the Group corporate governance framework, and key board governance policies, including the conflicts of interest policy.
- vital financial interests for the Group and exploring strategic investment and disposal opportunities.
- related party transactions, in line with the Group Related Party Transaction policy.
- key insurance renewals, including licence agreements and ratification of appointments of key advisers.
- strategic banking relationship with COP28.

During 2024, the BEC will continue its work to provide review of urgent matters on behalf of the Board, ensuring the effective and timely completion of key strategic and business matters.

As Chairman of the BEC, I hereby acknowledge my responsibility to discharge the responsibilities of the BEC, under its terms of reference, and ensure its effectiveness.

Mr. Hesham Abdulla Al Qassim
Chairman, Board Executive Committee

BEC Meetings in 2023

Number of Meetings and Attendee	Key Agenda Items
During 2023, 17 BEC meetings were held, 15 meetings were attended by all four (4) members and two (2) meetings were attended by three (3) members. All meetings had a valid quorum.	• Review and approve key business decisions on behalf of the Board • Review and approve governance-related matters

Board Credit and Investment Committee ("BCIC")

Mr. Hesham Abdulla Al Qassim

Remit

The responsibilities of the BCIC include overseeing:

- management of credit exposures and investment portfolio.
- effectiveness of the Group's credit and investment risk strategy and policies.
- approval of new products and services, including Group and country lines, credit facilities and investments.
- review of credit risk alignment with business strategy and risk appetite.
- delegation of lending authorities to Management Committees, credit and business approvers and credit underwriting standards.
- review of new products and services, credit underwriting standards, Group and country lines.

Committee Composition

Mr. Hesham Abdulla Al Qassim
Chairman
Non-Independent Non-Executive Director

H.E. Mohamed Hadi Ahmed Al Hussaini
Member
Non-Independent Non-Executive Director

Mr. Ali Humaid Ali Al Owais
Member
Independent Non-Executive Director

Mr. Salem Mohammed Obaidalla
Member
Non-Independent Non-Executive Director

Statement from the Chairman of the BCIC

During 2023, the BCIC held 51 meetings during which it reviewed and approved the following:

- the effectiveness of the credit and investment risk strategy and policies, and delegated lending authorities to Management Committees and credit and business approvers.
- the portfolio composition, portfolio quality, performance and compliance, including approval of high value credit exposures and policy exceptions.
- the underwriting position for the Group, any material breaches of risk limits and the adequacy of proposed actions.
- new products and services, Group and country lines, proposals for credit facilities, investments, asset management, financial restructuring and remedial unit, as per applicable DLA frameworks.

During the year, the BCIC also updated its terms of reference to align to regulatory requirements.

In 2024, the BCIC will continue to meet weekly to focus on Emirates NBD's strategy and monitor the effectiveness of credit and investment and relevant policies. Specifically, the BCIC will:

- examine tactical and short-term efficiency measures pertaining to credit and investment portfolios, due to changes in the market conditions and cost optimisation, changes to operating models, and digitisation against the backdrop of changing market conditions.
- continue to track Emirates NBD's implementation of its strategy and risk appetite.
- oversee applicable Emirates NBD policies, approve and note Group and country lines, credit proposals, portfolio reports, DLA framework, and new products and services.

As Chairman of the BCIC, I hereby acknowledge my responsibility to discharge the responsibilities of the BCIC under its terms of reference and ensure its effectiveness.

Mr. Hesham Abdulla Al Qassim
Chairman, Board Credit and Investment Committee

BCIC Meetings in 2023

Number of Meetings and Attendees	Key Agenda Items
During 2023, 51 BCIC meetings were held, 46 meetings were attended by all four (4) members and five (5) meetings were attended by three (3) members. All meetings had a valid quorum.	• Credit facilities • Credit and investment policies • Business performance • Credit and investment risk strategy • Compliance with CBUAE and other relevant regulations • Review portfolio composition, quality, performance and compliance

Board Profit Equalisation Committee (“BPEC”)

Remit

The primary responsibilities of the BPEC include overseeing:

- policies and strategies for Islamic investments, and strategies for the management of displaced commercial risk.
- regular reviews of the Islamic investment policies and the performance of the asset portfolio in which Islamic account holders’ funds are invested.
- monitoring and scrutiny of the utilisation of reserves such as Profit Equalisation Reserve (“PER”) and Investment Risk Reserve (“IRR”) and to make appropriate recommendations to the Board.
- the implementation of the governance policy framework, with the primary objective of protecting the interests of stakeholders, in line with Higher Shariah Authority and Internal Shariah Supervision Committee resolutions.

Committee Composition

Mr. Hesham Abdulla Al Qassim
Chairman
Non-Independent, Non-Executive Director

Mr. Buti Obaid Buti Al Mulla
Member
Non-Independent, Non-Executive Director

Dr. Salim Al Ali
External member
CB Shariah, ISSC representative

Mr. Hesham Abdulla Al Qassim

Statement from the Chairman of the BPEC

During 2023, the BPEC met four (4) times and continued its work in line with its terms of reference, with the primary objective of protecting the interests of stakeholders, other than the shareholders, in line with Higher Shariah Authority and Internal Shariah Supervision Committee resolutions. Key matters reviewed by the BPEC during 2023 included, amongst other things:

- policies and strategies of investments, and strategies for the management of displaced commercial risk.
- investment policies and the performance of the asset portfolio in which investment account holders’ funds are invested.
- utilisation of reserves such as PER and IRR, scrutinising the same and making appropriate recommendations to the Board.
- oversight policy, processes, and procedures relating to financing and investment activities undertaken by the Group using investment account holders’ funds; and the fiduciary duties performed by the Group.
- the level of reserve allocation, ensuring that it was appropriate and fair to both existing and new investment account holders.
- disclosures made by the Group regarding its asset allocation and investment strategies in respect of investment accounts, in order to monitor closely the performance of the Group as managers of such accounts.
- approval of key items relating to compliance with a regulatory requirements on profit equalisation.

The BPEC regularly updated the Board on the work completed by the BPEC, kept its membership under review and conducted an assessment of the effectiveness of the BPEC during the year.

During 2024, the BPEC will continue its work in line with its terms of reference and all relevant regulatory requirements.

As Chairman of the BPEC, I hereby acknowledge my responsibility to discharge the responsibilities of the BPEC under its terms of reference and ensure its effectiveness.

Mr. Hesham Abdulla Al Qassim
Chairman, Board Profit Equalisation Committee

BPEC Meetings in 2023

Date of Meeting	Key Agenda Items	Number of Attendees
15 February	• Commercial risk review and reserves updates • Investment policies and strategies review • Regulatory reports updates for compliance with regulatory requirement on profit equalisation • Committee terms of reference and policies updates • Profit distribution updates	3/3
17 May	• Commercial risk review and reserves updates • Profit distribution updates	3/3
13 September	• Commercial risk review and reserves updates • Profit distribution updates	3/3
15 November	• Displaced commercial risk review and reserves recommendation	3/3

Board Committee Meetings

Board Committee Meetings Attended during the Year Ended 31 December 2023

Member Name	Board Audit Committee Board Executive Committee	Board Risk Committee	Board Nomination, Remuneration and ESG Committee	Board Credit and Investment Committee	Board Executive Committee	Board Profit Equalisation Committee
	5 Scheduled Meetings	4 Scheduled Meetings	5 Scheduled Meetings	51 Scheduled Meetings	17 Scheduled Meetings	4 Scheduled Meetings
Mr. Hesham Abdulla Al Qassim	M (5/5)	M (4/4)	M (5/5)	C (51/51)	C (17/17)	C (4/4)
H.E. Mohamed Hadi Ahmed Al Hussaini	NA	NA	NA	M (51/51)	M (17/17)	NA
Mr. Buti Obaid Buti Al Mulla	NA	NA	C (5/5)	NA	NA	M (4/4)
Mr. Ali Humaid Ali Al Owais	NA	C (4/4)	M (5/5)	M (46/51)	M (15/17)	NA
Mr. Salem Mohammed Obaidalla	M (5/5)	FM (2/4)	NA	M (51/51)	M (17/17)	NA
Mr. Jassim Mohammed Abdulrahim Al Ali	C (5/5)	M (2/4)	NA	NA	NA	NA
Dr. Salim Al Ali, Internal Shariah Supervision Representative	NA	NA	NA	NA	NA	M (4/4)

Note: C=Chair, M=Member & FM = Former Member. The figure in brackets represents number of meetings attended.
Committee Members were paid an allowance of AED 20,000 for each meeting they attended in 2023.

Diversity in Senior Management Team

Gender

Male
15

Female
1

Tenure

Tenure	
< less than 3 years	13%
3-5 years	27%
5-7 years	0%
7+ years	60%

Nationality

Nationality	
UAE	50%
Indian	19%
European	13%
Other	18%

Senior Management Compensation

Our remuneration policy and structures are designed to attract, retain and motivate talented employees. An appropriate balance between fixed and variable remuneration is maintained.

The Emirates NBD Group operates a discretionary annual bonus scheme for eligible employees. Bonus pool funding is determined at a Group level with due consideration of the Group's risk appetite and the relative performance of business units. When assessing the performance of a business unit/location, performance assessment is based on both financial and non-financial criteria. The discretionary annual bonus scheme is fully flexible, allowing for the possibility of variable compensation award values being zero.

Variable pay levels will not exceed 100% of fixed compensation unless, in certain circumstances, Emirates NBD seeks to increase these levels to either 150% of fixed compensation – with approval by the Board or 200% of fixed compensation – with approval by the General Assembly of the Group.

Awards granted under the discretionary annual bonus scheme comprise cash bonuses, paid after the end of the performance year, and deferred awards, granted under the terms and conditions of the relevant plan rules. Deferred awards will vest in tranches over multi-year periods and are subject to performance adjustment, forfeiture, malus and clawback under certain events and conditions.

Variable compensation awards are subject to ex-post risk adjustment in the form of in-year adjustments, as part of the year-end compensation process, after vesting, or after the awards have been paid out.

The applicable claw back period shall be the later of three years after the date of payment or the date of vesting of the relevant award. Ex-post risk adjustment may be applied on an individual or a collective basis, depending on the circumstances of the event and in a range of circumstances, including but not limited to, material restatement or downturn of financial results for the relevant period, fraud or gross negligence by an individual or group of employees, material error or failures of risk management controls.

For the year 2023, total remuneration awarded to Senior Management amounted to AED 106 million. Total remuneration is comprised of fixed pay (including employer pension contributions and accrued post employment benefits) and variable compensation awarded in the year 2023.

For further details of remuneration policy, and the design and structure of remuneration processes, please refer to the PILLAR 3 report.

Management Committees

Emirates NBD has several Management Committees, including the Group EXCO. A number of additional Management Committees have been established to help execute the objectives of the Group, and assist in the efficiency and effectiveness of running, controlling and monitoring of the business of Emirates NBD.

Each Management Committee has an approved terms of reference that outlines its authority, responsibilities, meeting frequency and practices. The Group's Management Committees help drive decision making across a number of areas of the business, including the management of assets, risk, credit and investment, procurement and information security.

Group EXCO	Management Committee	Number of Meetings Held in 2023	Committee Responsibilities
The key responsibilities of the Group EXCO include the following: • To collectively monitor the performance of the Group (consisting of businesses, support functions and subsidiaries) and make Group-level decisions within the authority limits delegated by the Board. • To make specific recommendations to the Board on decisions that fall outside its delegated authority limits. • To review proposals/papers (other than those reviewed by ALCO, Audit and Credit & Investment Committees) prior to their circulation to the Board. • To monitor monthly financial performance of the business divisions in the Group. • To validate new product and project proposals and approve/decline them in accordance with the Group EXCO's authority limits. • To define guidelines for strategic and business plans/budgets prior to their presentation to the Board. • To validate any overarching policy, process and organisational changes (within the budget) that can significantly impact the performance of the Group and approve/decline them. • To validate and decide on talent pool membership and staff reward proposals (within the budget). • To monitor and validate progress and implementation results of large projects. • To set internal and external communication policies. 13 Group EXCO meetings were held during 2023	Management Investment Committee ("MIC")	1	Ensures the Group's investment portfolios conform to the strategic vision of the Group and monitors and reports the performance of these portfolios to the Board.
	Management Credit Committee ("MCC")	99	Manages credit and Group risk facilities, debt settlement, provisioning and write-offs, amendments to pricing, grades and waivers pertaining to credit facilities.
	Asset Liability Committee ("ALCO")	11	Oversees the Group's capital adequacy assessment, reviewing liquidity tolerance and interest rate risk mismatches, and managing maturity gaps and funding plans. Manages the Group's borrowing and lending strategy and acquisition funding.
	Group Risk Committee ("GRC")	5	Ensures that the risk exposures for all types of risk across the Group remain within the overall risk appetite. Also oversees and monitors performance of the credit portfolio of the Group and provides guidance through modified credit strategies.
	Group Procurement Committee ("GPC")	13	Provides oversight and reviews non-FTE expenditure across the Group, with the view to identifying opportunities for synergies and operating efficiencies.
	Information Technology Steering Committee ("ITSC")	9	Ensures effective and cost-efficient application of information technologies, related personnel resources and funding to meet the goals and needs of the Group.

General Assembly Meeting ("GAM")

The 2023 GAM was chaired by the Chairman of the Emirates NBD Board. The Directors, the external auditor, a representative of the SCA and shareholders were in attendance (in-person and online).

The meeting minutes were taken by the Group Company Secretary and the GAM resolutions were made available to the SCA and shareholders through a market announcement before opening of the next market trading day. During the 2023 GAM, the business of the meeting included several standard GAM items subject to ordinary resolution (being a simple majority of the eligible votes) and a number of matters that required special resolutions of 75% of the eligible votes. All the resolutions tabled for approval were duly approved at the 2023 GAM. A summary of resolutions tabled and passed (approved) by the shareholders is set out in the following table:

Matters Tabled for Approval at the 2023 GAM	Resolution Type
Financial statements and Directors' report • To approve the report of the Board on the Group's activities and the financial statements for the year ended 31 December 2022.	Ordinary
Report of the external auditor • To approve the report of the external auditor of Emirates NBD for the year ended 31 December 2022.	Ordinary
Internal Shariah Supervision Committee report • To approve the report of the Internal Shariah Supervision Committee in respect of Emirates NBD's Islamic banking window for the year ended 31 December 2022.	Ordinary
Balance sheet and profit and loss account • To approve the audited balance sheet and the profit and loss account of Emirates NBD for the year ended 31 December 2022.	Ordinary
Distribution of Dividend • To approve the Board's proposal to distribute cash dividends for the year ended 31 December 2022.	Ordinary
Board Remuneration • To approve the remuneration of the Board for the year ended 31 December 2022.	Ordinary
Absolving the Board • To absolve Members of the Board from liability for their work during the year ended 31 December 2022.	Ordinary
Release, dismiss or file liability claims against auditor, as the case may be • To absolve the external auditor from liability for work conducted during the year ended 31 December 2022, or to dismiss and pursue the auditor, as the case may be.	Ordinary
Appointment of the external auditor • To approve the appointment of the external auditor for the year 2023 and to determine the fees for the same year.	Ordinary
Approval of the proposals for Non-convertible Securities Programmes • To approve the Board's proposals with respect to non-convertible securities to be issued by Emirates NBD subject to obtaining the necessary approvals from the relevant regulatory authorities.	Special
Amendment of the Memorandum and Articles of Association of Emirates NBD • To approve the amendment of Emirates NBD's Memorandum and Articles of Association in accordance with Decree No. 32 of 2021 and the regulations and legislation issued by the CBUAE and SCA without limitation.	Special
Financial advisory activity • To approve the addition of financial advisory activity to Emirates NBD's commercial licence.	Special
Authority to the Board • To authorize the Board of Directors of the Group, and/or any person so authorised by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement the ordinary and Special Resolutions to be adopted by the general assembly in the 2023 GAM.	Special

External Auditor

Selection of the External Auditor

The external auditor appointed by shareholders at the 2023 GAM for the 2023 financial year was Deloitte & Touche (M.E). Deloitte & Touche (M.E) has served for five consecutive years as the external auditor of Emirates NBD. The Audit Partner at Deloitte & Touche (M.E) in charge of the external audit rotates every 3 years. External audit firms may only be appointed for a maximum of six consecutive years.

In addition to the key responsibilities of the BAC referred to above, the BAC also reviews and approves the external audit approach, including the evaluation, independent appointment or re-appointment, and terms of engagement and rotation of the auditing firm and/or the principal partner in charge of the audit. The selection criteria include ensuring capacity of the audit firm to manage the audit effectively and competently, taking into account the scale and complexity of the Group, as well as ensuring independence, no conflicts of interest, and a strong and capable audit partner and team.

The BAC also reviews the audit scope and approach for the year proposed by the external auditor. The BAC communicates with the external audit team on a number of occasions during the year, without the presence of any of the Senior Management, to discuss periodic and annual reporting, audit findings, changes in accounting and reporting standards, and other necessary business. The BAC reviews the performance, independence and quality of the external auditor annually, including any regulatory conditions and thresholds on independence, rotation, and qualifications of the audit firm and its staff.

Name of the audit office and partner auditor	Deloitte & Touche (M.E.) Mr. Yahia Shatila
Number of consecutive years served by partner auditor	2 years
Total fees for auditing Emirates NBD's consolidated financial statements for 2023	AED 2.3m
Fee for long-form audit report	AED 0.7m
Fee for other regulatory and Group reporting	AED 0.5m
Fee for any non-audit services	NIL

Fees

The BAC approves the fee for in-scope external audit services at the beginning of each year. The scope of services includes audit services, audit-related services and any other relevant services. The BAC may approve additional fees for the services of external auditors that may arise throughout the year or where the fee exceeds the prior approved amount.

Special (Non-Audit) Services

There were no special (non-audit) services provided by the external auditor during 2023, and accordingly, no fee was rendered for non-audit services.

2023 Audit

No reservations were raised by the external auditor with respect to the year ended 31 December 2023.

Islamic Banking

Emirates NBD offers Shariah-compliant products and services through Emirates NBD Islamic, an Islamic window licensed by the CBUAE. This business unit applies a robust Shariah governance mechanism to ensure that all products and services offered are duly accredited and in line with Shariah principles and the CBUAE Higher Shariah Authority ("HSA") guidelines and regulations.

In line with the CBUAE Shariah governance framework, the Islamic window has established a 'three lines of defence approach', comprising the Islamic window business team, the Shariah Control Unit and the Internal Shariah Audit Unit, respectively. These units support Emirates NBD's Islamic governance activities, oversight and reporting.

The Islamic window is governed by the Internal Shariah Supervision Committee ("ISSC") comprising independent Shariah scholars. Members of the ISSC are appointed by the shareholders in the GAM, upon nomination by the Board and approval from the CBUAE HSA. Emirates NBD has well-established policies, procedures and controls that are approved by the ISSC and facilitate business activities in a manner that is Shariah compliant.

The ISSC operates in accordance with the resolutions, standards and guidelines issued by the CBUAE HSA, and undertakes supervision of all Shariah-compliant businesses, activities, products and services. The ISSC has an approved charter that covers the framework for referring matters to the ISSC, issuance of fatwas and the decision-making process. The fatwas and resolutions issued by the ISSC are binding upon Emirates NBD.

The ISSC issues an annual report on its activities, including assurance that Emirates NBD Islamic consistently complied with the Shariah principles and agreed fatwas, and outlining any instances of non-compliance. The report is approved by the CBUAE HSA and is also presented to the Group's shareholders in its GAM. During 2023, 12 were held by the ISSC. There were no absentees.

Islamic Banking continued

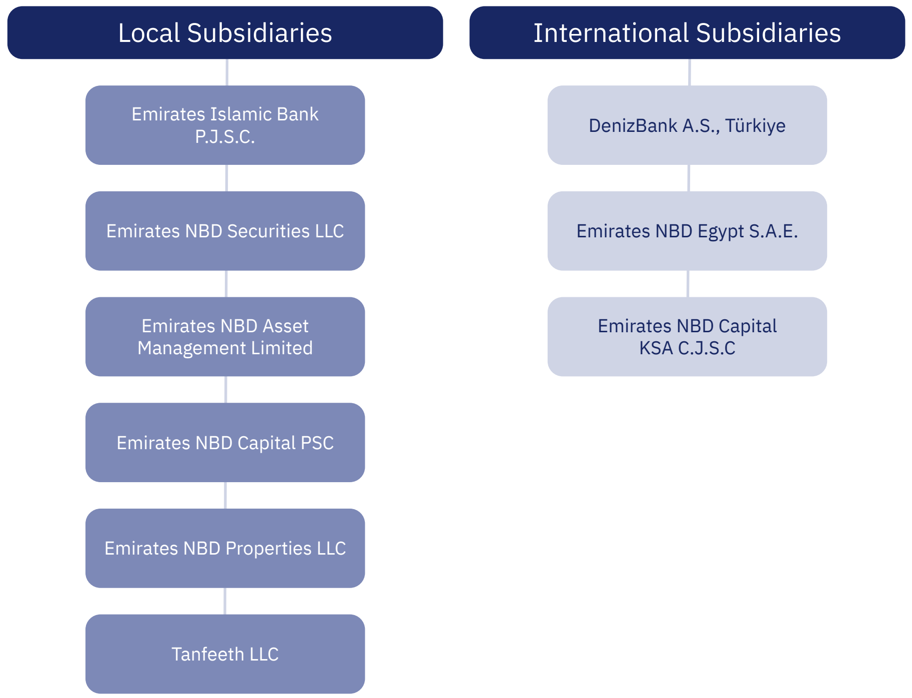
The current Members of the ISSC are as follows:

Professor Dr. Mohamed Ali Elgari (appointed 10 May 2020)	Professor Dr. Mohamed Ali Elgari ("Dr. Elgari") holds the distinction of being a former Professor of Islamic Economics at King Abdulaziz University, Jeddah, Saudi Arabia, and former Director of the Centre for Research in Islamic Economics at the same university. Dr. Elgari has authored several books on Islamic finance, both in Arabic and English, holds a PhD from the University of California, and: • Is an Expert at the Islamic Jurisprudence Academy of the Organisation of Islamic Cooperation ("OIC") and the Islamic Jurisprudence Academy of the Islamic World League. • Is a Member of the Board of Trustees of the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOFI") as well as its Shariah Council. • Is Chairman and Member of numerous Shariah Boards of Islamic banks and Takaful companies worldwide.
Professor Dr. Mohammad Abdul Rahim Sultan Al Olama (appointed 10 May 2020)	Professor Dr. Mohammad Abdul Rahim Sultan Al Olama ("Dr. Al Olama") is a Professor of Jurisprudence and its fundamentals at the College of Law at the United Arab Emirates University in Al Ain, in addition to being a certified expert in financial affairs concerning compliance with Islamic Shariah principles. Dr. Al Olama holds a PhD in Comparative Islamic Jurisprudence from Umm Al-Qura University in Makkah Al-Mukarramah, in the Kingdom of Saudi Arabia, and: • Leads the Shariah Committee at the Zakat Fund in the United Arab Emirates. • Is a member of a number of Fatwa and Shariah Supervisory Boards for Islamic financial institutions and Takaful companies.
Dr. Salim Ali Al Ali (appointed 26 July 2020)	Dr. Salim Ali Al Ali ("Dr. Al Ali") is an Assistant Professor at the Department of Shariah and Islamic Studies at the College of Law at the United Arab Emirates University, where he teaches a variety of courses related to Islamic law and Islamic banking, and: • Was educated in the United Kingdom, where he received his PhD in Financial Law from the University of London. • Holds a Bachelor's degree in Shariah (Jurisprudence and its Fundamentals) and a Master's degree in Islamic Banking and Finance. • Was a part-time lecturer for the LLM Programme at the BPP Law School, BPP University, based in London, where he lectured on a broad spectrum of jurisprudence matters, including Islamic, English and comparative laws. • Is a member of the Internal Shariah Supervisory Committee for a number of institutions offering Islamic financial services.
Dr. Muhammad Qaseem (appointed 1 August 2021)	Dr. Muhammad Qaseem ("Dr. Qaseem") is a well-known Shariah scholar and Islamic banking expert, and: • Is a member of the Internal Shariah Supervisory Committee for a number of institutions offering Islamic financial services. • Has taught in the International Islamic University of Islamabad for more than two decades. • Has contributed immensely to the growth and regulation of the Islamic banking industry in various capacities.
Dr. Amin Fateh (appointed 1 July 2021)	Dr. Amin Fateh ("Dr. Fateh") holds a Bachelor's degree and Master's degree in Honourable Hadith, a PhD in Islamic studies, and: • Has been involved in the Islamic banking industry since 1988. • Is a member of the Internal Shariah Supervisory Committee for a number of institutions offering Islamic financial services. • Has lectured in many universities and is a bilingual Islamic finance trainer, providing many Islamic finance training courses around the world.

Group Oversight of International and Local Subsidiaries

Emirates NBD Group has a total of 856 branches and 4,213 ATMs/SDMs across its international footprint, with operations in the UAE, Egypt, India, Türkiye, Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Russia and Bahrain, as well as representative offices in China and Indonesia.

The following entity chart shows the key subsidiaries of the Group.



As the ultimate parent company, Emirates NBD is responsible for the operations of Emirates NBD Group and ensuring that risks are effectively managed. All parts of the business across the Group, including the Group subsidiary Boards and branches, have appropriate and effective governance arrangements in place that comply with all local laws and regulations.

To provide effective oversight across the Group, Emirates NBD follows high-level principles of best governance practice to be applied consistently across the Group, under which, each Group entity must:

- Comply with all local legal, regulatory and governance requirements.
- Operate within the Group strategy and manage its business in alignment with the Group risk management framework.
- Promote a culture that is aligned to the Group's purpose and values.
- Be led by an effective Board, with an appropriate balance of skills, diversity, experience and knowledge.
- Inform the Emirates NBD Board of any changes to its Board or Committees.
- Provide regular updates to the Emirates NBD Board on business performance, business strategy, material risks, challenges and any other key matters.

Violations, Causes and Avoidance

Emirates NBD maintains a process to ensure effective compliance with relevant regulations and to report any violations or matters of significance. During 2023, there were no material violations identified or reported. All material issues were identified and reported to the Board and/or Board Committees by the Group Chief Audit Officer, Group Chief Compliance Officer and/or Group Chief Risk Officer. No reservations were noted by the external auditor for the 2023 financial year.

Statement of Cash and In-Kind Contributions to Local Community and Preserving Environment

Emirates NBD operates under the principle of Creating Shared Value, a robust framework that underscores our dedication to surrounding communities. The Group takes responsibility for improving the social and environmental conditions of its neighbourhoods and aims to enrich the lives of the people who live and work in the communities where it operates.

Philanthropy plays a vital part of Emirates NBD's strategy, symbolising the Group's commitment to redistributing its success to the UAE's citizens and the broader community. The Group's philanthropic spirit serves to solidify its position as a socially responsible entity, reaffirm its dedication to growing together with its surroundings, and fulfil its public duties. Emirates NBD's progress in these sectors is documented for transparency and further information in the Group's ESG Report 2023.

Emiratisation

For 60 years, Emirates NBD has been one of the largest employers of UAE Nationals in the UAE. We offer Emiratis accelerated career opportunities, world-class professional development, and the chance to directly support our nation's continued economic development through carefully curated career development programmes.

As at year-end 2023, we have 49 Emiratis employed in Senior Leadership positions in Emirates NBD and 1,876 total Emirati employees in Emirates NBD, who play critical roles across every level of the organisation.

	2021	2022	2023
% of Emiratis (Emirates NBD)	34%	34%	33%

Emirates NBD aims to attract, develop, engage and retain Emirati talent at every level of our organisation.

Our flagship initiatives are designed to identify potential and provide the required training and support that our Emirati employees need to step into demanding leadership positions and help Emirates NBD to build the future of the Group and the UAE.

Investor Relations and Company Performance

Emirates NBD's Investor Relations department, which reports to the Group Chief Financial Officer, is responsible for engaging with a range of key external stakeholders, including shareholders, debt holders, rating agencies and the professional investment community.

It coordinates the release of the Group's quarterly results to the public and updates stakeholders on performance and outlook. It also coordinates with Corporate and Institutional Banking Compliance to maintain and monitor an "Insider" register, in line with all relevant laws and regulations.

According to the Group's Articles of Association, up to 40% of the shares of the Group may be held by foreign investors.

The Investor Relations function is led by:
Mr. Patrick Clerkin
Head of Group Funding & Investor Relations
Email: IR@EmiratesNBD.com – Patricke@emiratesnbd.com
Phone: +971 4 609 3009
Mobile: +971 50 921 1570
www.emiratesnbd.com/en/investor-relations/meet-the-team/

The breakdown of shareholder types as at 31 December 2023 is set out in the following table:

Shareholder Classification	Percentage of Owned Shares			
	Individual	Companies	Government	Total
Local	11%	34%	41%	86%
Arab	1%	1%	0%	3%
Foreign	1%	10%	0%	11%
Total	13%	46%	41%	100%

The following table sets out a statement of the shareholders who held 5% or more of the ENBD's shares as at 31 December 2023:

Name	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
Investment Corporation of Dubai	2,584,499,640	40.92%
DH 7 LLC	937,500,000	14.84%
Capital Assets LLC	336,614,121	5.33%

The following table sets out a statement of shareholders distribution by the size of equity as at 31 December 2023:

Share Ownership	Number of Shareholders	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
Less than 50,000	1,897	14,182,861	0.22%
From 50,000 to less than 500,000	790	148,213,663	2.34%
From 500,000 to less than 5,000,000	424	662,536,928	10.49%
5,000,000 or more	74	5,491,664,801	86.94%

Total number of Emirates NBD shares in issue throughout 2023 = **6,316,598,253**

ENBD share price in the market (closing price, highest and lowest price) at the end of each month during 2023.

Month (2023)	Monthly High (AED)	Monthly Low (AED)	Monthly Close (AED)
January	13.15	12.70	12.95
February	13.75	13.25	13.60
March	13.60	12.50	13.15
April	14.10	13.00	14.10
May	14.15	13.60	13.65
June	14.90	13.65	14.85
July	17.00	15.30	17.00
August	17.45	16.30	16.35
September	18.50	16.45	17.80
October	18.15	16.00	16.95
November	18.10	17.15	17.60
December	17.85	16.85	17.30

ENBD's comparative performance with general market during 2023.

Month (2023)	Emirates NBD (AED)	DFMGI	Financials
January	12.95	3303.27	2336.18
February	13.60	3437.76	2489.72
March	13.15	3406.72	2330.57
April	14.10	3544.79	2486.88
May	13.65	3576.63	2491.38
June	14.85	3791.99	2623.58
July	17.00	4059.27	2830.14
August	16.35	4082.87	2806.39
September	17.80	4163.58	2873.74
October	16.95	3877.08	2725.04
November	17.60	3992.36	2793.62
December	17.30	4059.80	2823.68

Definitions

In this governance report, the following expressions have the following meanings:

ALCO: Asset Liability Committee

Board: Refers to the Board of Directors, the governing body of the Company

BAC: Board Audit Committee

BRC: Board Risk Committee

BEC: Board Executive Committee

BCIC: Board Credit and Investment Committee

BNRESGC: Board Nomination Remuneration and ESG Committee

BPEC: Board Profit Equalisation Committee

CBUAE: Central Bank of the UAE

Corporate Governance Regulations: Includes the CBUAE Corporate Governance Regulation for Banks (Circular No.83/2019 dated July 18, 2019) and the SCA Chairman's Resolution No. 03/TM of 2020 Regarding the Approval of the Public Joint-Stock Companies Governance Guide, in addition to other relevant laws, rules and regulations applicable to banking and listed companies on the DFM.

DFM: Dubai Financial Market

Emirates NBD / Group: Refers to Emirates NBD Group and its subsidiaries

ESG: Environmental, social and governance

EXCO: Emirates NBD Executive Committee

GAM: General Assembly Meeting

GRC: Group Risk Committee

HSA: Higher Shariah Authority

ICAAP: Internal Capital Adequacy Assessment Process

ISSC: Internal Shariah Supervision Committee

MIC: Management Investment Committee

MCC: Management Credit Committee

P.J.S.C.: Public Joint Stock Company

POA: Power of Attorney

RPT: Related Party Transactions

SCA: Securities and Commodities Authority

Directors' Report and The Annual Shariah Report

Directors' Report

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Emirates NBD Bank (P.J.S.C.) ("the Bank") and its subsidiaries (collectively known as "the Group") for the year ended 31 December 2023.

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

Basis of Preparation of Financial Statements

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

Financial Commentary

The Group reported a consolidated profit (attributable to equity holders) of AED 21,480 million for the year 2023, which represents an increase of 65 percent over 2022 on significant loan growth, a stable low-cost funding base, increased transaction volumes and substantial recoveries. The Group has continued to focus on:

- Deliver an Excellent Customer Experience
- Drive Core Businesses
- Focus on Future Potential
- Drive International Diversification
- Build Market Leading Infrastructure
- Develop a Dynamic Organisation

2023 witnessed strong Retail lending momentum with Corporate and Institutional Banking closing landmark deals for large multinational customers. All business units delivered an outstanding performance, driving income 32% higher as we continued financing the real economy.

The impressive results and solid balance sheet helped to maintain Group's strong investment-grade credit ratings from both Moody's and Fitch.

International expansion continues with additional branches in the Kingdom of Saudi Arabia and accelerated investment in our digital capabilities to support future growth. The Group continues to diversify with 32% percent of income coming from international operations.

GCC economies have been resilient against a weaker global backdrop and higher interest rates. PMI surveys indicate robust activity in non-oil sectors in 2023 across the region. Emirates NBD Research revised up their forecast for UAE non-oil GDP growth to 5.0% for 2023. The UAE's national energy strategy expects up to AED 200 billion of investment as it triples the contribution of renewable energy by 2030. Other economic sectors such as tourism are flourishing with Dubai recording record visitor numbers. The UAE's property market remains buoyant on international demand and population growth. In the wider MENAT region, Egypt continues to explore asset sales reflecting their commitment to revamp the economy and Türkiye increased interest rates to help address inflation.

These strong results demonstrate the financial resilience of the Group's diversified business model with all business units delivered an increase in profit. The Group's balance sheet strengthened with improvements in deposit mix, credit quality, core capital and liquidity. Emirates NBD continues to support businesses and customers while investing in its digital platform and international network to drive future growth.

Group earnings per share was AED 3.32 (2022: AED 1.98) and the Group adjusted earnings per share (excluding the impact of hyperinflation) was AED 3.99 (2022: 2.47).

The Group achieved a return on average tangible equity of 24.3 percent (2022: 17.1 percent) and a return on average total assets of 2.7 percent (2022: 1.8 percent).

Equity and Note Holders' Funds

Total equity and note holders' funds as at the end of 2023 stands at AED 109,799 million (2022: AED 93,199 million).

Proposed Appropriations

The Directors also propose the following appropriations from retained earnings:

	AED million
Retained earnings as at 1 January 2023	62,346
Group profit for the year (attributable to equity holders)	21,480
Other comprehensive income / (loss) for the year	(104)
Retained earnings available for appropriation	83,722
(a) 2022 Cash dividend paid during 2023	(3,786)
(b) Interest on Tier 1 Capital Notes	(511)
(c) Directors' fees for 2023	(31)
(d) Zakat	(21)
Balance of retained earnings as at 31 December 2023	**79,373**

Board and Board Committee meetings during 2023

Emirates NBD Board of Directors

H.H. Sheikh Ahmad Bin Saeed Al Maktoum	Chairman
Mr. Hesham Abdulla Al Qassim	Vice Chairman
H.E. Mohamed Hadi Al Hussaini	Director
H.E. Huda Sayed Naim Al Hashimi	Director
H.E. Khalid Juma Al Majid	Director
Mr. Buti Obaid Al Mulla	Director
Mr. Salem Mohammed Obaidalla	Director
Mr. Ali Humaid Al Owais	Director
Mr. Jassim Mohammed Al Ali	Director

Total Number of Meetings: 6

Emirates NBD Board Executive Committee

Mr. Hesham Abdulla Al Qassim	Chairman of the Committee
HE. Mohamed Hadi Ahmad Al Hussaini	Member
Mr. Ali Humaid Ali Al Owais	Member
Mr. Salem Mohammed Obaidalla	Member

Total Number of Meetings: 17

Directors' Report continued

Board and Board Committee meetings during 2023 continued

Emirates NBD Board Audit Committee

Mr. Jassim Mohammed Abdulrahim Al Ali	Chairman of the Committee
Mr. Hesham Abdulla Al Qassim	Member
Mr. Salem Mohammed Obaidalla	Member

Total Number of Meetings: 5

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

Mr. Buti Obaid Buti Al Mulla	Chairman of the Committee
Mr. Hesham Abdulla Al Qassim	Member
Mr. Ali Humaid Ali Al Owais	Member

Total Number of Meetings: 5

Emirates NBD Board Risk Committee

Mr. Ali Humaid Ali Al Owais	Chairman of the Committee
Mr. Hesham Abdulla Al Qassim	Member
Mr. Salem Mohammed Obaidalla	Member (resigned June 2023)
Mr. Jassim Mohammed Abdulrahim Al Ali	Member (appointed June 2023)

Total Number of Meetings: 4

Emirates NBD Board Credit and Investment Committee

Mr. Hesham Abdulla Al Qassim	Chairman of the Committee
HE. Mohamed Hadi Ahmad Al Hussaini	Member
Mr. Ali Humaid Ali Al Owais	Member
Mr. Salem Mohammed Obaidalla	Member

Total Number of Meetings: 51

Board Profit Equalization Committee

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

Total Number of Meetings: 4

Auditors:

Deloitte and Touche (M.E.) were appointed as auditors of the Emirates NBD Group for the 2023 financial year at the Annual General Meeting held on 22 February 2023.

On behalf of the Board

H.H. Sheikh Ahmad Bin Saeed Al Maktoum
Chairman

Dubai, UAE
24 January 2024

The Annual Shariah Report

Annual Report of the Internal Shariah Supervision Committee of Emirates NBD – Islamic

Issued on: 15/01/2024

To: Shareholders of Emirates NBD Bank (P.J.S.C.)

After greetings,
Pursuant to requirements stipulated in the relevant laws, regulations and standards (the “Regulatory Requirements”), the Internal Shariah Supervision Committee (the “ISSC”) of the Islamic Window of Emirates NBD Bank (P.J.S.C.) Group (the “Institution”) presents to you the ISSC’s Annual Report regarding Shariah compliant businesses and operations of the Institution for the financial year ending on 31 December 2023.

1. Responsibility of the ISSC:

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

a. undertake Shariah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution’s policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders (“Institution’s Activities”) and issue Shariah resolutions in this regard.
b. Determine Shariah parameters necessary for the Institution’s Activities, and the Institution’s compliance with Islamic Shariah within the framework of the rules, principles, and standards set by the Higher Shariah Authority (“HSA”) to ascertain compliance of the Institution with Islamic Shariah.

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

2. Shariah Standards:

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

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

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

a. Convening (17) meetings during the year.
b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution’s Activities.
c. Monitoring compliance of what was presented of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
e. Supervision through the internal Shariah control department and the Internal Shariah Audit Department, of the Institution’s Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Shariah control Department and the Internal Shariah Audit Department – and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue (if any) to be disposed towards charitable purposes.
g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
h. Communicating with the Vice Chairman of the Board as authorized by the Board, the Board’s subcommittees and the senior management of the Institution (as needed) concerning the Institution’s compliance with Islamic Shariah.

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

4. Independence of the ISSC:

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

5. The ISSC’s Opinion on the Shariah Compliance Status of the Institution:

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shariah, the ISSC has concluded with a reasonable level of confidence, that the Institution’s Activities are in compliance with Islamic Shariah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard. The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Shariah Supervision Committee of the Institution:

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

Signed version is available at the registered Head office.

Financial Statements

Contents

Deloitte.

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Independent Auditor's Report

The Shareholders
Emirates NBD Bank (P.J.S.C.)
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emirates NBD Bank (P.J.S.C.) (the "Bank") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group, as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards").

Basis for Opinion

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

Key Audit Matters

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

Akbar Ahmad (1141), Cynthia Corby (995), Faeza Sohawon (5508), Firas Anabtawi (5482), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.)

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments – Estimation uncertainty with respect to expected credit losses for loan and advances to customers	
The assessment of the Group's determination of impairment allowances for loans and advances to customers require management to make judgements over the staging of financial assets and measurement of the Expected Credit Loss (ECL). The audit was focused on this matter due to the materiality of the loans and advances to customers (representing 52% of total assets) and the complexity of the judgements, assumptions and estimates used in the ECL models. Refer to Note 6 to the consolidated financial statements for the accounting policy and Note 46 for the credit risk disclosure. The material portion of the non-retail portfolio of loans and advances to customers is assessed individually for the significant increase in credit risk (SICR) or credit impairment and the related measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging movements in accordance with the Group's policies and the requirements of IFRS 9 *Financial Instruments* ("IFRS 9"). The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention. It is important that models and their parameters (Probability of Default, Loss Given Default, Exposure At Default and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation / monitoring process by an independent reviewer.	We gained an understanding of the loan origination process, credit risk management process and the estimation process of determining impairment allowances for loans and advances to customers and tested the operating effectiveness of relevant controls within these processes. On a sample basis, we selected individual loans and performed a detailed credit review and challenged the Group's identification of SICR (Stage 2), the assessment of credit-impaired classification (Stage 3) and whether relevant impairment events had been identified in a timely manner. We challenged the assumptions underlying the impairment allowance calculation, such as estimated future cash flows, collateral valuations, and estimates of recovery. We evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances. We evaluated key assumptions such as criteria used to determine SICR and forward-looking macroeconomic scenarios including the related weighting. For loans tested collectively, we evaluated controls over the modelling process, including model inputs, monitoring, validation and approval. We challenged key assumptions, reviewed the calculation methodology and traced a sample back to source data. We tested the IT application used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. We evaluated system-based and manual controls over the recognition and measurement of impairment allowances. We evaluated post model adjustments and management overlays in order to assess the reasonableness of these adjustments. We further assessed the forward-looking information incorporated into the impairment calculations by involving our specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments – Estimation uncertainty with respect to expected credit losses for loan and advances to customers (continued)	
	The Group performed independent validation / monitoring of the PD and LGD models including macro-economic model during the reporting period, as well as an external validation for some of the newly implemented models. We considered the process of the independent and external validations of the models and its impact on the results of the impairment estimate. We have updated our assessment of the methodology and framework designed and implemented by the Group as to whether the impairment models' outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Group to determine future economic conditions at the reporting date. We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.
IT systems and controls over financial reporting	
We identified IT systems and controls over financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Group and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to address the potential risk for fraud and error as a result of change to applications or underlying data.	We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to the identified automated controls and Information Produced by the Entity (IPEs) covering access security, program changes, data center and network operations. We examined certain Information Produced by the Entity (IPEs) used in the financial reporting from relevant applications and key controls over their report logics as well as preparation and maintenance. We performed testing on the key automated controls on significant IT systems relevant to business processes. We tested the interfaces between the identified systems in order to determine if information is being transmitted in an accurate and complete manner.
Concentration of related party balances	
Related party assets as at 31 December 2023 are disclosed in Note 39 to these consolidated financial statements with the description of the accounting policy disclosed in Note 6. We focused on this area as significant management judgement is required to determine the disclosures required under IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7") and IAS 24 *Related Party Disclosures* ("IAS 24") with regards to significant credit risk concentrations and related party disclosures. IFRS 7 requires that specific information be disclosed for each type of risk arising from financial instruments. These include qualitative disclosures around how exposures arise and how they are measured and managed, summary quantitative data about an entity's exposure to each type of risk, and information about an entity's credit risk exposure, including significant credit risk concentrations. In addition, for government-controlled entities such as Emirates NBD Bank (P.J.S.C.), disclosure is required under IAS 24 of a qualitative or quantitative indication of the extent of transactions with the government or related entities.	We obtained from those charged with governance and management information identifying all known related parties. We evaluated and tested key controls over the identification and monitoring of related party transactions. We evaluated and tested key controls over the initial recognition and monitoring of loans. We reviewed minutes of board meetings and management meetings to determine if there were any related party transactions of which we were previously unaware. We obtain a confirmation for the balance in writing from the relevant related party. We vouched individual related party transactions on a sample basis to supporting documentation. Finally, we evaluated the adequacy of the disclosures by assessing whether a reasonable user of the consolidated financial statements could understand the exposure of the Group to concentration and related risks, and by considering the ability of such a user to reasonably estimate the extent of transactions with the majority shareholder of the parent, including the income arising from the balance due from them, based on the disclosures provided.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Key Audit Matters continued

Key audit matter	How our audit addressed the key audit matter
Accuracy of the hyperinflation accounting for the results of DenizBank A.S.	
As disclosed in note 8 to the consolidated financial statements, the economy of the Republic of Türkiye was deemed a hyperinflationary economy in accordance with the requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29"). The Group performed the hyperinflation calculations which included utilising the consumer price indices as a key input into the calculations. The consolidated financial results of DenizBank A.S. ("DenizBank") are translated to the Group's reporting currency, AED, using the official exchange rate published by the Central Bank of the Republic of Türkiye as at 31 December 2023. The loss on the monetary position is calculated as the difference resulting from the restatement of net non-monetary assets, equity and items in the statement of profit or loss and other comprehensive income ("OCI"), and adjustment of index linked assets and liabilities. The application of IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21") in conjunction with the application of IAS 29 resulted in a net monetary loss of AED 4.2 billion being recognised in profit or loss for the year. Overall, the hyperinflation adjustment results in a net other comprehensive income of AED 0.7 billion. The application of the requirements of IFRS Accounting Standards relative to hyperinflation and the assessment of the applicable exchange rate were areas that required significant auditor attention. Given the significance of the quantitative impact, the complexities associated with hyperinflationary accounting and the extent of audit effort required, the application of hyperinflation accounting for the Group's operations located in the Republic of Türkiye and the related disclosures were deemed to be a Key Audit Matter.	We obtained an understanding of the process implemented by the Group to determine the hyperinflation adjustments and disclosures. We assessed the controls over this area to determine if they had been designed and implemented appropriately. We utilised our internal IFRS accounting specialists to conclude on the appropriate application of IAS 21 and IAS 29. We assessed the inputs into the hyperinflation calculations with specific emphasis on the consumer price indices used by agreeing them to independent sources. We reperformed the mathematical accuracy of the hyperinflation adjustments. We reperformed the mathematical accuracy of the calculations to determine the disclosure of sensitivities. We determined if the exchange rates used to translate the hyperinflated consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows were determined in accordance with the requirements of IFRS Accounting Standards. We assessed the disclosure in the consolidated financial statements relating to this area against the requirements of IFRS Accounting Standards.

Other information
The Board of Directors is responsible for the other information. The other information comprises the annual report of the Group, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte.

Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on Other Legal and Regulatory Requirements
As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Group;
- Note 11 to the consolidated financial statements discloses the Group's purchases or investments in shares during the year ended 31 December 2023;
- Note 39 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted and principles of managing conflict of interest;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or in respect of the Bank, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- Note 48 to the consolidated financial statements of the Group discloses social contributions made during the year ended 31 December 2023.

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

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No. 872
24 January 2024
Dubai
United Arab Emirates

Group Consolidated Statement of Financial Position
As at 31 December 2023

	Notes	2023 AED million	2022 AED million
Assets			
Cash and deposits with Central Banks	9	**96,031**	74,618
Due from banks	10	**92,302**	73,467
Investment securities	11	**173,246**	125,807
Loans and receivables	12	**445,105**	416,604
Positive fair value of derivatives	35	**15,284**	17,206
Customer acceptances		**8,468**	9,029
Property and equipment		**5,264**	4,106
Goodwill and intangibles	14	**5,683**	5,779
Other assets	15	**21,390**	15,346
Total assets		**862,773**	**741,962**
Liabilities			
Due to banks	16	**40,321**	37,279
Customer deposits	17	**584,561**	502,953
Debt issued and other borrowed funds	18	**66,116**	53,487
Sukuk payable	19	**4,673**	3,673
Negative fair value of derivatives	35	**17,389**	20,206
Customer acceptances		**8,468**	9,029
Other liabilities	20	**31,273**	22,030
Total liabilities		**752,801**	**648,657**
Equity			
Issued capital	21	**6,317**	6,317
Treasury shares		**(46)**	(46)
Tier 1 capital notes	22	**9,129**	9,129
Share premium reserve	21	**17,954**	17,954
Legal and statutory reserve	23	**3,158**	3,158
Other reserves	23	**2,945**	2,945
Fair value reserve	23	**(1,570)**	(1,296)
Currency translation reserve	23	**(7,461)**	(7,308)
Retained Earnings		**79,373**	62,346
Total equity attributable to equity and note holders of the Group		**109,799**	**93,199**
Non-controlling interest		**173**	106
Total equity		**109,972**	**93,305**
Total liabilities and equity		**862,773**	**741,962**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 138 to 143.

H.H. Sheikh Ahmad Bin Saeed Al Maktoum
Chairman

Mr. Hesham Abdulla Al Qassim
Vice Chairman

Shayne Nelson
Chief Executive Officer

Group Consolidated Statement of Income
For the year ended 31 December 2023

	Notes	2023 AED million	2022 AED million
Interest and similar income		**50,031**	30,779
Interest and similar expense		**(25,239)**	(10,878)
Net interest income	24	**24,792**	**19,901**
Income from Islamic financing and investment products	25	**7,288**	4,059
Distribution on Islamic deposits and profit paid to Sukuk holders	26	**(2,000)**	(738)
Net income from Islamic financing and investment products		**5,288**	**3,321**
Net interest income and net income from Islamic financing and investment products		**30,080**	**23,222**
Fee and commission income		**8,959**	7,004
Fee and commission expense		**(4,086)**	(2,923)
Net fee and commission income	27	**4,873**	**4,081**
Net gain on trading securities	28	**480**	52
Other operating income	29	**7,595**	5,152
Total operating income		**43,028**	**32,507**
General and administrative expenses	30	**(11,696)**	(9,254)
Operating profit before impairment		**31,332**	**23,253**
Net impairment loss	31	**(3,448)**	(5,184)
Operating profit before taxation and others		**27,884**	**18,069**
Hyperinflation adjustment on net monetary position	8	**(4,229)**	(3,095)
Profit for the year before taxation		**23,655**	**14,974**
Taxation charge		**(2,134)**	(1,964)
Profit for the year		**21,521**	**13,010**
Attributable to:			
Equity holders of the Group		**21,480**	13,003
Non-controlling interest		**41**	7
Profit for the year		**21,521**	**13,010**
Earnings per share (AED)	34	**3.32**	**1.98**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 138 to 143.

Group Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023 AED million	2022 AED million
Profit for the year	**21,521**	13,010
Other comprehensive income		
Items that will not be reclassified subsequently to the income statement:		
Actuarial gains / (losses) on retirement benefit obligations	**(104)**	(4)
Movement in fair value reserve (equity instruments):		
– Net change in fair value	**142**	(18)
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	**105**	74
Cash flow hedges:		
– Effective portion of changes in fair value	**322**	(902)
Fair value reserve (debt instruments):		
– Net change in fair value	**(818)**	675
– Net amount transferred to the income statement	**(380)**	(104)
– Related deferred tax	**355**	(295)
Currency translation reserve	**(4,964)**	(3,230)
Hedge of a net investment in foreign operations	**(42)**	47
Hyperinflation adjustment (note 8)	**4,853**	4,174
Other comprehensive income / (loss) for the year	**(531)**	417
Total comprehensive income for the year	**20,990**	**13,427**
Attributable to:		
Equity holders of the Group	**20,949**	13,420
Non-controlling interest	**41**	7
Total comprehensive income for the year	**20,990**	**13,427**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 138 to 143.

Group Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	2023 AED million	2022 AED million
Operating activities		
Profit for the year before taxation	**23,655**	14,974
Adjustment for non-cash items (refer Note 42)	**8,214**	6,617
Operating profit before changes in operating assets and liabilities	**31,869**	**21,591**
(Increase) / decrease in interest free statutory deposits	**(20,759)**	(6,395)
(Increase) / decrease in certificate of deposits with Central Banks maturing after three months	**1,000**	2,000
(Increase) / decrease in amounts due from banks maturing after three months	**(21,869)**	(19,041)
Increase / (decrease) in amounts due to banks maturing after three months	**(12,534)**	(7,455)
(Increase) / decrease in other assets	**(7,007)**	(4,860)
Increase / (decrease) in other liabilities	**1,950**	1,607
(Increase) / decrease in positive fair value of derivatives	**2,307**	(7,328)
Increase / (decrease) in negative fair value of derivatives	**(2,817)**	11,020
Increase / (decrease) in customer deposits	**81,608**	46,469
(Increase) / decrease in loans and receivables	**(32,967)**	349
Net cash flows generated from / (used in) operations	**20,781**	**37,957**
Taxes paid	**(1,454)**	(1,426)
Net cash flows generated from / (used in) operating activities	**19,327**	**36,531**
Investing activities		
(Increase) / decrease in investment securities	**(45,787)**	(18,621)
(Increase) / decrease of property and equipment	**(1,447)**	(656)
Dividend income received	**7**	15
Net cash flows generated from / (used in) investing activities	**(47,227)**	**(19,262)**
Financing activities		
Issuance of debt issued and other borrowed funds	**22,386**	6,994
Repayment of debt issued and other borrowed funds	**(8,050)**	(12,963)
Interest on Tier I capital notes	**(511)**	(511)
Dividends paid	**(3,786)**	(3,155)
Issuance of Sukuk	**1,000**	–
Net cash flows generated from / (used in) financing activities	**11,039**	**(9,635)**
Increase / (decrease) in cash and cash equivalents (refer Note 42)	**(16,861)**	**7,634**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 138 to 143.

Group Consolidated Statement of Changes In Equity
For the year ended 31 December 2023

	Issued capital (a) AED million	Treasury shares AED million	Tier I capital notes (b) AED million	Share premium reserve (a) AED million	Legal and statutory reserve (c) AED million	Other reserve (c) AED million	Fair value reserve (c) AED million	Currency translation reserve (c) AED million	Retained earnings AED million	Total AED million	Non-controlling interest AED million	Group Total AED million
	Attributable to equity and note holders of the Group											
Balance as at 1 January 2023	6,317	(46)	9,129	17,954	3,158	2,945	(1,296)	(7,308)	62,346	93,199	106	93,305
Profit for the year	–	–	–	–	–	–	–	–	21,480	21,480	41	21,521
Other comprehensive income for the year	–	–	–	–	–	–	(274)	(153)	(104)	(531)	–	(531)
Interest on Tier 1 capital notes	–	–	–	–	–	–	–	–	(511)	(511)	–	(511)
Increase in non-controlling interest	–	–	–	–	–	–	–	–	–	–	26	26
Dividends paid*	–	–	–	–	–	–	–	–	(3,786)	(3,786)	–	(3,786)
Directors' fees (refer Note 32)	–	–	–	–	–	–	–	–	(31)	(31)	–	(31)
Zakat	–	–	–	–	–	–	–	–	(21)	(21)	–	(21)
Balance as at 31 December 2023	6,317	(46)	9,129	17,954	3,158	2,945	(1,570)	(7,461)	79,373	109,799	173	109,972

	Issued capital (a) AED million	Treasury shares AED million	Tier I capital notes (b) AED million	Share premium reserve (a) AED million	Legal and statutory reserve (c) AED million	Other reserve (c) AED million	Fair value reserve (c) AED million	Currency translation reserve (c) AED million	Retained earnings AED million	Total AED million	Non-controlling interest AED million	Group Total AED million
	Attributable to equity and note holders of the Group											
Balance as at 1 January 2022	6,317	(46)	9,129	17,954	3,158	2,945	(726)	(8,299)	53,088	83,520	60	83,580
Profit for the year	–	–	–	–	–	–	–	–	13,003	13,003	7	13,010
Other comprehensive income for the year	–	–	–	–	–	–	(570)	991	(4)	417	–	417
Interest on Tier 1 capital notes	–	–	–	–	–	–	–	–	(511)	(511)	–	(511)
Increase in non-controlling interest	–	–	–	–	–	–	–	–	–	–	39	39
Dividends paid*	–	–	–	–	–	–	–	–	(3,155)	(3,155)	–	(3,155)
Directors' fees (refer Note 32)	–	–	–	–	–	–	–	–	(31)	(31)	–	(31)
Zakat	–	–	–	–	–	–	–	–	(44)	(44)	–	(44)
Balance as at 31 December 2022	6,317	(46)	9,129	17,954	3,158	2,945	(1,296)	(7,308)	62,346	93,199	106	93,305

*Dividends paid are net of the amount attributable to treasury shares.
The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditors' report on the Group consolidated financial statements is set out on pages 138 to 143.

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

Notes to the Group Consolidated Financial Statements
For the year ended 31 December 2023

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.

The consolidated financial statements for the year ended 31 December 2023 comprise the financial statements of the Bank and its subsidiaries (together referred to as the "Group").

The Bank is listed on the Dubai Financial Market (TICKER: "EMIRATESNBD"). The Group's principal business activities are corporate and institutional banking, retail banking, treasury and Islamic banking. The Bank's website is www.emiratesnbd.com. For details of activities of subsidiaries, refer to Note 37.

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

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

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

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

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

4 BASIS OF MEASUREMENT
The Group consolidated financial statements have been prepared under the historical cost basis except for the following:
- derivative financial instruments are measured at fair value;
- financial instruments classified as trading and at fair value through profit or loss (FVTPL) are measured at fair value;
- financial assets at fair value through other comprehensive income are measured at fair value; and
- recognised assets and liabilities that are hedged are measured at fair value in respect of the risk that is hedged.

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

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

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

(i) Financial instruments
Judgments made in applying accounting policies that have most significant effects on the amounts recognised in the Group consolidated financial statements for the year ended 31 December 2023 pertain to:
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

5 USE OF JUDGEMENTS AND ESTIMATES continued

(i) Financial instruments continued

- Calculation of expected credit losses (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 2023. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Inputs, assumptions and techniques used for ECL calculation

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

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

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

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

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

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

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

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

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

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

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

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

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

The table below summarises key macroeconomic indicators included in the economic scenarios for respective operating regions relevant to their markets on Q4 2023 and for the years ending 2024 to 2027:

	Base Scenario					Upside Scenario					Downside Scenario				
	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
UAE															
Oil Price – USD	84	87	76	74	74	84	89	77	74	74	84	69	59	69	72
GDP – Change %	3.1	4.0	4.3	3.1	3.2	3.1	5.8	5.7	3.2	3.2	3.1	0.2	−0.2	4.1	4.9
Imports – AED in Bn	1,436	1,500	1,561	1,602	1,639	1,436	1,521	1,604	1,669	1,722	1,436	1,372	1,325	1,365	1,410
KSA															
Oil GDP – SAR in Trn	1.28	1.25	1.35	1.38	1.41	1.28	1.27	1.39	1.43	1.45	1.28	1.20	1.24	1.29	1.34
Unemployment – %	9.1	9.2	9.0	9.0	9.0	9.1	8.9	8.7	8.8	9.0	9.1	10.4	10.9	10. 5	9.9
Türkiye															
Real GDP Growth – %	5.0	3.0	3.8	4.6	–	5.2	3.4	4.3	5.0	–	4.9	0.7	0.4	5.0	–
Unemployment – %	9.8	10.6	10.8	10.2	–	9.7	10.2	9.8	8.9	–	9.8	11.0	12.5	12.0	–

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

Definition of default

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

Expected Life

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

Governance

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

(ii) Fair value of financial instruments

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

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

(iii) Impairment of goodwill

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

(iv) Contingent liability arising from litigations

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES
The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements.

(a) Principles of consolidation
(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control.

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

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

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

Basis of consolidation
The Group consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the Group consolidated financial statements are prepared for the same reporting date as the Bank. Consistent accounting policies are applied to all transactions and events in similar circumstances.

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

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

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 6 (r) (i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:
a. the Group has power over the SPE;
b. the Group has exposure to, or rights, to variable returns from its involvement with the SPE; and
c. the Group has the ability to use its power over the SPE to affect the amount of the Group's returns.

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued

(c) Interest

Effective interest rate

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

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

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

Amortised cost

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

Gross carrying amount

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

Calculation of interest income and expense

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

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

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

Presentation

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

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

(d) Fees and commission

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

Fee income is accounted for as follows:

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

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

(e) Net trading income

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

(f) Dividend income

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

(g) Property related income

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

(h) Leases

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

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

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

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

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

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

(i) Income taxes and deferred taxation

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

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

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

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

(j) Financial assets and financial liabilities

(i) Classification of financial assets and financial liabilities

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued

(j) Financial assets and financial liabilities continued

(i) Classification of financial assets and financial liabilities continued

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

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

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

All other financial assets are classified as measured at FVTPL.

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

(ii) Recognition and initial measurement

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

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

Business model assessment:

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

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

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

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

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

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

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

Reclassifications:

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

(iii) Impairment

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

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

No impairment loss is recognised on equity investments.

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

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

Measurement of ECL

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

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

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

Purchased or originated credit-impaired assets (POCI)

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued
(j) Financial assets and financial liabilities continued
(iii) Impairment continued
Revolving facilities

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

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

Write-off

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

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

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

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

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

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

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

(vii) Investment securities
The 'investment securities' caption in the Group consolidated statement of financial position includes:
- debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVTPL or designated as at FVTPL: these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.
- interest revenue using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued
(j) Financial assets and financial liabilities continued
(xi) Fair value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of principal market, in the most advantageous market for the asset and liabilities.

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

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

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

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

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:
(a) The liabilities are managed, evaluated and reported internally on a fair value basis; or
(b) The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

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

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

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

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

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

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

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

The Group also performs rebalancing of hedging relationships, whereby, if a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the

Group shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

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

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

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

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

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:
- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or
- Hedge of net investment in a foreign operation.

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

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

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

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

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued
(m) Derivatives held for risk management purposes and hedge accounting continued
(v) Embedded derivatives
Derivatives embedded in financial assets, liabilities and non-financial host contacts, are treated as separate derivatives and recorded at fair value if they meet the definition of a derivative, their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVTPL. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the Group consolidated statement of income.

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

(i) Definitions
The following terms are used in Islamic financing:

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

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

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

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

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

(ii) Revenue recognition
Revenue is recognised on the above Islamic products as follows:

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

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

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

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

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

Profit equalisation reserve
Profit equalisation reserves are amounts appropriated out of the common mudaraba pool's income, before allocating the mudarib's share of profit, in order to maintain a certain level of return on investments for all the investment account holders and other investors in the common mudaraba pool. The allocation and distribution to depositors is approved by the Profit Equalisation Committee, Internal Shariah Supervision Committee of the Group and the Islamic banking subsidiary respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued
(r) Intangible assets
(i) Goodwill
Goodwill arises on the acquisition of subsidiaries.

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

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

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

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

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

(ii) Capitalised software
Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

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

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

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

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

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

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

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

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

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

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

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

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

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

(w) Dividends distribution on shares
Dividends on ordinary shares classified as equity are recognised in equity in the year in which they are declared. Dividends on ordinary equity shares are recorded in the year in which they are declared and, in respect of the final dividend, have been approved by the shareholders. Approval is also required from the Central Bank of the UAE in order to make a dividend payment.

The Board considers a number of factors such as Group's profitability, growth ambitions, opportunities for future investment and desire to maintain healthy capital ratios in excess of the minimum regulatory requirements. Retained earnings that are not paid out as dividends are deployed within the business to support future profit growth and drive sustainable dividend growth.

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

6 SIGNIFICANT ACCOUNTING POLICIES continued

(aa) Related parties

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

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

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

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

(ab) Revenue recognition

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

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

(ac) 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, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) – Pillar Two rules by the countries where the Group operates and the implementation of a top-up tax regime by UAE MOF.

As per the Group's assessment, there is no material deferred tax impact on account of the CT Law in the Group consolidated financial statements for the year ended 31 December 2023. The deferred tax recognised in the consolidated financial statements relates to the overseas subsidiaries.

7 STANDARDS ISSUED BUT NOT YET ADOPTED

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2023, with the Group not opting for early adoption.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements	1 January 2024

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

8 HYPERINFLATION

Since Q2 2022, Türkiye 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 Türkiye, to be restated to reflect their current prices using the Consumer Pricing Index (CPI) in the local currency of DenizBank before translation to the Group's functional currency.

As at 31 December 2023, the three-year cumulative inflation rate has been 268% based on the Turkish CPI. The consumer price index at the beginning of the reporting period was 1,128 and closed at 1,859 resulting in an increase of 65%.

- The Group has recognised in the Group consolidated other comprehensive income (OCI) an amount of AED 0.6 billion which represents the impact of indexing of non-monetary items from the date these were acquired by applying fluctuation in the CPI from the date of acquisition to 31 December 2021 to the extent determined to be recoverable.
- Net non-monetary position (excluding equity) have been indexed by applying the difference in CPI from 31 December 2022 to 31 December 2023 resulting in a gain of AED 2.3 billion in the Group consolidated statement of income to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the statement of income, amounting to AED 5.6 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 year ended 31 December 2023, the indexation impact on the Group consolidated statement of income is as follows:

31 December 2023	Hyperinflation impact AED billion
Total operating income	1.8
General administrative expenses	(0.7)
Net impairment loss on financial assets	(0.1)
Taxation charge	(0.1)

During year ended 31 December 2023, the loss due to hyperinflation accounting for DenizBank was AED 4.2 billion and is recognised in the Group consolidated 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.

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

The positive impact of 26 bps, arising from the AED 2 billion non-monetary items credit adjustment to equity partially offset by AED 3.6 billion indexation impact on risk-weighted assets, has been excluded from the capital adequacy computation.

9 CASH AND DEPOSITS WITH CENTRAL BANKS

	2023 AED million	2022 AED million
Cash	**5,950**	5,981
Statutory and other deposits with Central Banks	**72,320**	51,570
Interest-bearing placements with Central Banks	**487**	220
Murabahas and interest-bearing certificates of deposits with Central Banks	**17,285**	16,849
Less: Expected credit losses	**(11)**	(2)
	96,031	74,618

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

10 DUE FROM BANKS

31 December 2023	Local (UAE) AED million	Foreign AED million	Total AED million
Time loans	**14,260**	**62,583**	**76,843**
Overnight, call and short notice	**561**	**15,052**	**15,613**
Gross due from banks	**14,821**	**77,635**	**92,456**
Less: Expected credit losses			**(154)**
			92,302

31 December 2022	Local (UAE) AED million	Foreign AED million	Total AED million
Time loans	10,642	49,625	60,267
Overnight, call and short notice	232	13,050	13,282
Gross due from banks	10,874	62,675	73,549
Less: Expected credit losses			(82)
			73,467

The average yield on the above placements averaged 6.16% p.a. (2022: 1.87% p.a.).

11 INVESTMENT SECURITIES

31 December 2023	Domestic* AED million	Regional** AED million	International*** AED million	Total AED million
Trading securities measured at FVTPL				
Government Bonds	**3,434**	**2,495**	**1,138**	**7,067**
Corporate Bonds	**1,051**	**765**	**443**	**2,259**
Equity	**–**	**–**	**112**	**112**
Others	**–**	**–**	**491**	**491**
	4,485	**3,260**	**2,184**	**9,929**
Designated as at FVTPL				
Equity	**–**	**74**	**2**	**76**
Others	**–**	**3**	**5**	**8**
	–	**77**	**7**	**84**
Measured at amortised cost				
Government Bonds	**75,407**	**19,809**	**32,290**	**127,506**
Corporate Bonds	**5,124**	**2,857**	**3,625**	**11,606**
	80,531	**22,666**	**35,915**	**139,112**
Less: Expected credit losses				**(71)**
				139,041
Measured at FVOCI – debt instruments				
Government Bonds	**–**	**823**	**14,719**	**15,542**
Corporate Bonds	**4,388**	**1,589**	**2,015**	**7,992**
	4,388	**2,412**	**16,734**	**23,534**
Less: Expected credit losses				**(40)**
				23,494
Measured at FVOCI – equity instruments				
Equity	**97**	**60**	**541**	**698**
	97	**60**	**541**	**698**
Gross Investment securities	**89,501**	**28,475**	**55,381**	**173,357**
Net Investment securities				**173,246**

As at 31 December 2023, the fair value of investment securities measured at amortised cost amounted to AED 135,468 million (31 December 2022: AED 91,802 million).

31 December 2022	Domestic* AED million	Regional** AED million	International*** AED million	Total AED million
Trading securities measured at FVTPL				
Government Bonds	2,821	820	508	4,149
Corporate Bonds	1,052	627	106	1,785
Equity	–	–	90	90
Others	–	–	233	233
	3,873	1,447	937	6,257
Designated as at FVTPL				
Equity	107	74	2	183
Others	–	3	78	81
	107	77	80	264
Measured at amortised cost				
Government Bonds	59,182	14,964	13,417	87,563
Corporate Bonds	3,122	1,887	2,181	7,190
	62,304	16,851	15,598	94,753
Less: Expected credit losses				(23)
				94,730
Measured at FVOCI – debt instruments				
Government Bonds	–	1,374	16,015	17,389
Corporate Bonds	4,010	970	1,688	6,668
	4,010	2,344	17,703	24,057
Less: Expected credit losses				(45)
				24,012
Measured at FVOCI – equity instruments				
Equity	97	69	378	544
	97	69	378	544
Gross Investment securities	70,391	20,788	34,696	125,875
Net Investment securities				125,807

* 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.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

12 LOANS AND RECEIVABLES

	2023 AED million	2022 AED million
(a) By Type		
Gross loans and receivables	**480,885**	456,009
Less: Expected credit losses	**(35,780)**	(39,405)
Net loans and receivables	**445,105**	416,604
At Amortised Cost		
Overdrafts	**22,926**	103,602
Time loans	**326,305**	233,250
Loans against trust receipts	**8,216**	9,389
Bills discounted	**8,001**	5,125
Credit card receivables	**24,472**	18,679
Gross loans – conventional	**389,920**	370,045
Murabaha	**63,500**	59,667
Ijara	**24,621**	24,046
Wakala	**935**	1,069
Istisna'a	**1,688**	1,307
Credit cards receivable	**2,877**	2,287
Others	**537**	271
Less: Deferred income	**(3,193)**	(2,683)
Gross Islamic financing receivables	**90,965**	85,964
Gross loans and receivables	**480,885**	456,009
Total of credit impaired loans and receivables	**22,022**	27,254
(b) By Business Units		
Corporate and Institutional Banking	**303,393**	292,636
Retail Banking	**141,712**	123,968
	445,105	416,604

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 13 and 19).

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

13 LOANS SECURITISATION

Securitisation of Islamic Financing Receivables

The Group transferred certain identified Ijara assets totalling to AED 2.9 billion (the "co-owned assets") of its Subsidiary, Emirates Islamic Bank, to EIB Sukuk Company Limited – (the "Issuer"), a special purpose vehicle formed for the issuance of these sukuk.

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

14 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition				Total
31 December 2023	AED million	Banking license AED million	Customer relationships AED million	Core deposit intangibles AED million	Brands AED million	AED million
Cost						
Balance as at 1 January 2023	**5,540**	**105**	**495**	**913**	**111**	**7,164**
Exchange and other adjustments*	**(8)**	**(20)**	**–**	**–**	**(40)**	**(68)**
Balance as at 31 December 2023	**5,532**	**85**	**495**	**913**	**71**	**7,096**
Less: Amortisation and impairment						
Balance as at 1 January 2023	**5**	**–**	**479**	**901**	**–**	**1,385**
Amortisation and impairment for the year	**–**	**–**	**16**	**12**	**–**	**28**
Balance as at 31 December 2023	**5**	**–**	**495**	**913**	**–**	**1,413**
Net Goodwill and Intangibles	**5,527**	**85**	**–**	**–**	**71**	**5,683**
31 December 2022						
Cost	5,540	105	495	913	111	7,164
Less: Amortisation and impairment	5	–	479	901	–	1,385
Net Goodwill and Intangibles	5,535	105	16	12	111	5,779

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

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

Impairment testing of goodwill

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

The goodwill has been allocated to four cash-generating units:
- Corporate and Institutional Banking
- Retail Banking and Wealth Management
- Global Markets and Treasury
- Emirates NBD Egypt S.A.E.

Key assumptions used in impairment testing for goodwill

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

The calculation of value in use in the cash-generating units is most sensitive to the following assumptions:
- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product ("GDP"); and
- Local inflation rates.

Interest margins

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

Discount rates

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

14 GOODWILL AND INTANGIBLES continued

Projected growth rate, GDP and local inflation rates

Assumptions are based on published industry research.

The recoverable amount of goodwill of CGUs, determined on the basis of value in use calculation, uses cash flow projections covering a five year period, with an appropriate terminal growth rate applied thereafter. The forecast cash flows have been discounted using the WACC (7.47% for UAE and 35.23% for Egypt) in the jurisdiction where the CGU operates. A one percentage point change in the discount rate or the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

Cash generating units (CGUs)	Goodwill allocated to CGUs (AED million)	Recoverable amount (AED million)	One percentage change in discount rate (AED million)	One percentage change in terminal growth rate (AED million)
Corporate and Institutional Banking	3,589	119,986	18,519	15,882
Retail Banking and Wealth Management	1,700	137,534	21,228	18,205
Global Markets and Treasury	206	102,909	17,251	14,306
Emirates NBD Egypt S.A.E.	32	2,309	82	30

Based on the current impairment assessment, goodwill is not impaired as at 31 December 2023.

Intangibles

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

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

- Be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- Arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

The banking license and brands have indefinite lives and are tested for impairment annually. For impairment testing purposes, the banking license and brands are allocated to the relevant cash generating unit. Based on the current assessment, banking license and brands are not impaired as at 31 December 2023.

15 OTHER ASSETS

	2023 AED million	2022 AED million
Accrued interest receivable	**6,358**	4,246
Islamic profit receivable	**320**	227
Prepayments and other advances	**2,693**	1,292
Sundry debtors and other receivables	**3,322**	2,014
Inventory	**3,746**	3,264
Deferred tax asset	**493**	1,052
Investment properties	**359**	454
Others	**4,099**	2,797
	21,390	15,346

16 DUE TO BANKS

	2023 AED million	2022 AED million
Demand and call deposits	**3,297**	1,777
Balances with correspondent banks	**2,702**	2,154
Repurchase agreements with banks	**7,294**	2,888
Time and other deposits	**27,028**	30,460
	40,321	37,279

The interest incurred on the above averaged 4.29% p.a. (2022: 1.94% p.a).

17 CUSTOMER DEPOSITS

	2023 AED million	2022 AED million
(a) By Type		
Demand, call and short notice	**245,523**	235,439
Time	**236,085**	180,051
Savings	**67,181**	68,376
Others (including escrow)	**35,772**	19,087
	584,561	502,953
(b) By Business Units		
Corporate and Institutional Banking and Treasury	**248,649**	202,225
Retail Banking	**335,912**	300,728
	584,561	502,953

Included in the above customer deposits are Islamic deposits totalling to AED 84,531 million (2022: 72,748 million)

The interest incurred and profit distribution to depositors on the above deposits averaged 4.10% p.a. (2022: 1.61% p.a.).

18 DEBT ISSUED AND OTHER BORROWED FUNDS

	2023 AED million	2022 AED million
Medium term note programme	**51,233**	45,739
Term loans from banks	**11,909**	6,415
Borrowings raised from loan securitisations	**2,974**	1,333
	66,116	53,487

Some of the Debts issued and other borrowed funds have been hedged for cash flow and fair value risks and amount to AED 28,180 million (2022: AED 25,246 million). For details of hedging instruments please refer to Note 35.

	2023 AED million	2022 AED million
Balance as at 1 January	**53,487**	63,387
New issuances	**22,386**	6,994
Repayments	**(8,050)**	(12,963)
Other movements*	**(1,707)**	(3,931)
Balance as at 31 December	**66,116**	53,487

* 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.

Notes to the Group Consolidated Financial Statements continued
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18 DEBT ISSUED AND OTHER BORROWED FUNDS continued

As at 31 December 2023, the outstanding medium term borrowings totalling AED 66,116 million (2022: AED 53,487 million) is falling due as below:

	2023 AED million	2022 AED million
2023	**–**	8,601
2024	**19,278**	10,893
2025	**11,063**	7,691
2026	**7,639**	5,940
2027	**4,660**	3,972
Beyond 2027	**23,476**	16,390
	66,116	53,487

The interest rate paid on the above averaged 5.06% p.a in 2023 (2022: 4.03% p.a).

19 SUKUK PAYABLE

	2023 AED million	2022 AED million
Balance as at 1 January	**3,673**	3,673
New issuances*	**1,000**	–
Balance as at 31 December	**4,673**	3,673

* During the year, the Group issued Sukuk amounting to AED 1 billion under a Shariah compliant Sukuk financing arrangement maturing in February 2026.

As at 31 December 2023, the outstanding Sukuk is falling due as follows:

	2023 AED million	2022 AED million
2025	**1,836**	1,836
2026	**2,837**	1,837
	4,673	3,673

The profit rate paid on the above averaged 2.60% p.a in 2023 (2022: 2.01% p.a).

20 OTHER LIABILITIES

	2023 AED million	2022 AED million
Accrued interest payable	**6,114**	2,844
Profit payable to Islamic depositors	**533**	139
Managers' cheques	**2,690**	2,409
Trade and other payables	**8,014**	5,809
Staff related liabilities	**1,805**	1,573
Provision for taxation (refer Note 33)	**489**	866
Others	**11,628**	8,390
	31,273	22,030

21 ISSUED CAPITAL AND SHARE PREMIUM RESERVE

Authorised, issued and fully paid: 6,316,598,253 ordinary shares of AED 1 each (2022: 6,316,598,253 ordinary shares).

At the forthcoming Annual General Meeting, the Group is proposing a cash dividend of AED 1.20 per share for the year (2022: AED 0.60 per share) amounting to AED 7,580 million (2022: AED 3,790 million).

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

23 RESERVES

Legal and statutory reserves

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

Other reserve

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

	Legal and statutory reserve AED million	Regular reserve AED million	Other reserves AED million	Total AED million
At 1 January 2023	**3,158**	**631**	**2,314**	**6,103**
Transfer from retained earnings*	**–**	**–**	**–**	**–**
At 31 December 2023	**3,158**	**631**	**2,314**	**6,103**

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

Fair value reserve

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

Currency translation reserve

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

24 NET INTEREST INCOME

	2023 AED million	2022 AED million
Interest and similar income		
Loans and receivables to customers	**35,568**	24,185
Loans and receivables to banks	**6,431**	1,337
Investment securities at FVOCI	**2,990**	2,952
Investment securities at amortised cost	**3,487**	1,577
Trading securities and designated at FVTPL investment securities	**209**	136
Others	**1,346**	592
Total interest income	**50,031**	30,779
Interest and similar expense		
Deposits from customers	**(19,265)**	(7,085)
Borrowings from banks and financial institutions	**(1,622)**	(974)
Debt issued and other borrowed funds	**(4,140)**	(2,656)
Others	**(212)**	(163)
Total interest expense	**(25,239)**	(10,878)
Net interest income	**24,792**	19,901

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25 INCOME FROM ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	2023 AED million	2022 AED million
Murabaha	**3,559**	1,946
Ijara	**1,459**	853
Others	**2,270**	1,260
	7,288	4,059

26 DISTRIBUTION ON ISLAMIC DEPOSITS AND PROFIT PAID TO SUKUK HOLDERS

	2023 AED million	2022 AED million
Distribution to depositors	**1,885**	664
Profit paid to sukuk holders	**115**	74
	2,000	738

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

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

27 NET FEE AND COMMISSION INCOME

	2023 AED million	2022 AED million
Fee income*	**7,581**	5,878
Commission income on Trade finance products / services	**1,074**	878
Brokerage fees	**69**	54
Portfolio and other management fees	**235**	194
Total fee and commission income	**8,959**	7,004
Fee and commission expense	**(4,086)**	(2,923)
	4,873	4,081

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

28 NET GAIN ON TRADING SECURITIES

	2023 AED million	2022 AED million
Realised gain / (loss) on trading securities	**468**	27
Unrealised gain / (loss) on trading securities	**12**	25
	480	52

29 OTHER OPERATING INCOME

	2023 AED million	2022 AED million
Dividend income on equity investment measured at FVOCI	**–**	1
Dividend income on equity investments measured at FVTPL	**7**	14
Gain from sale of debt investment securities measured at FVOCI	**380**	104
Gain / (loss) from investment securities designated at fair value through profit or loss	**33**	10
Rental income	**62**	48
Gain on sale of investment properties / inventories	**389**	25
Foreign exchange and derivative income / (loss)*	**5,946**	4,218
Other income (net)	**778**	732
	7,595	5,152

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

30 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 AED million	2022 AED million
Staff cost	**6,772**	5,350
Occupancy cost	**314**	293
Equipment and supplies	**244**	240
Information technology cost	**627**	430
Communication cost	**379**	299
Service, legal and professional fees	**366**	275
Marketing related expenses	**317**	194
Depreciation	**825**	784
Amortisation of intangibles	**28**	163
Others	**1,824**	1,226
	11,696	9,254

31 NET IMPAIRMENT LOSS

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

	2023 AED million	2022 AED million
Net impairment of cash and deposits with Central Banks	**9**	1
Net impairment of due from banks	**86**	60
Net impairment of investment securities	**42**	29
Net impairment of loans and receivables (refer note 46 I)	**4,466**	5,319
Net impairment of unfunded exposures	**922**	154
Bad debt written off / (recovery) – net	**(2,173)**	(379)
Net impairment on financial assets	**3,352**	5,184
Net impairment of non-financial assets	**96**	–
	3,448	5,184

32 DIRECTORS FEES

This comprises of fees payable to the directors of the Group of AED 31 million (2022: AED 31 million).

33 TAXATION

At 31 December 2023 provisions for tax primarily relates to overseas branch operations and subsidiaries amounting to AED 489 million (2022: AED 866 million) (refer Note 20).

Notes to the Group Consolidated Financial Statements continued
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34 EARNINGS PER SHARE

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

	2023 AED million	2022 AED million
Profit for the year attributable to equity holders	**21,480**	13,003
Deduct: Interest on Tier 1 capital notes	**(511)**	(511)
Net profit attributable to equity holders	**20,969**	12,492
Weighted average number of equity shares in issue (million)	**6,311**	6,311
Earnings per share* (AED)	**3.32**	1.98
Adjusted earnings per share** (AED)	**3.99**	2.47

* The diluted and basic earnings per share were the same for the year ended 31 December 2023.

** Adjusted EPS for the year ended 31 December 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.

35 DERIVATIVES

A. Derivatives held for risk management

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

31 December 2023 notional amounts by term to maturity

	Positive fair value AED million	Negative fair value AED million	Notional amount AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Derivatives held for trading:								
Forward foreign exchange contracts	**1,250**	**(936)**	**227,032**	**158,840**	**53,202**	**11,289**	**3,133**	**568**
Foreign exchange options	**40**	**(24)**	**6,632**	**3,466**	**2,351**	**210**	**257**	**348**
Interest rate swaps/caps	**13,268**	**(11,794)**	**634,063**	**61,273**	**143,233**	**215,396**	**113,695**	**100,466**
Commodity options	**36**	**(36)**	**2,454**	**95**	**821**	**1,332**	**206**	**–**
	14,594	**(12,790)**	**870,181**	**223,674**	**199,607**	**228,227**	**117,291**	**101,382**
Derivatives held as cash flow hedges:								
Interest rate swaps	**350**	**(786)**	**31,815**	**4,152**	**2,315**	**24,170**	**349**	**829**
Derivatives held as fair value hedges:								
Interest rate swaps	**340**	**(3,808)**	**30,170**	**3,143**	**40**	**6,180**	**7,663**	**13,144**
Derivatives held as hedge of a net investment in foreign operations:								
Forward foreign exchange contracts	**–**	**(5)**	**623**	**330**	**293**	**–**	**–**	**–**
Total	**15,284**	**(17,389)**	**932,789**	**231,299**	**202,255**	**258,577**	**125,303**	**115,355**

Hedging instruments are issued to hedge against interest rate and foreign exchange risks pertaining to hedged items. Hedged items include certain Loans and receivables amounting to AED 24,527 million (note 12), Investment securities amounting to AED 9,278 million (note 11), Customer deposits amounting to AED Nil (note 17) and Debt issued and borrowed funds amounting to AED 28,180 million (note 18). All the hedges were determined to be effective as on 31 December 2023.

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

31 December 2022 notional amounts by term to maturity

	Positive fair value AED million	Negative fair value AED million	Notional amount AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Derivatives held for trading:								
Forward foreign exchange contracts	844	(892)	277,647	189,762	68,449	15,044	3,750	642
Foreign exchange options	239	(190)	26,092	22,300	3,363	130	–	299
Interest rate swaps/caps	15,653	(14,233)	618,967	64,960	96,617	241,217	120,652	95,521
Commodity options	19	(19)	1,329	332	857	140	–	–
	16,755	(15,334)	924,035	277,354	169,286	256,531	124,402	96,462
Derivatives held as cash flow hedges:								
Interest rate swaps	137	(947)	20,762	1,860	3,121	8,827	6,319	635
Derivatives held as fair value hedges:								
Interest rate swaps	277	(3,925)	28,095	1,929	118	4,585	7,553	13,910
Derivatives held as hedge of a net investment in foreign operations:								
Forward foreign exchange contracts	37	–	734	355	379	–	–	–
Total	17,206	(20,206)	973,626	281,498	172,904	269,943	138,274	111,007

Hedging instruments are issued to hedge against interest rate and foreign exchange risks pertaining to hedged items. Hedged items include certain Loans and receivables amounting to AED 12,769 million (note 12), Investment securities amounting to AED 6,934 million (note 11), Customer deposits amounting to AED 3,908 million (note 17) and Debt issued and borrowed funds amounting to AED 25,246 million (note 18). All the hedges were determined to be effective as on 31 December 2022.

Derivative product types

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

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

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

Derivative related credit risk

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

Derivatives held or issued for trading purposes

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

Interest rate derivatives trading is conducted under Board approved limits.

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

The Group designates its derivatives held or issued for hedging purposes as:
- Fair value hedges: Hedges of the fair value of recognised assets or liabilities or firm commitments;
- Cash flow hedges: Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a highly probable forecast transaction; and
- Net investment hedges: Hedges of net investments in foreign operations.

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

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

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

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

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

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

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

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

36 OPERATING SEGMENTS
The Group is organised into the following main businesses:

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

Transactions between operating segments is on an arm's-length basis in a manner similar to transactions with third parties.

Audited 31 December 2023	Corporate and Institutional banking AED million	Retail Banking and Wealth Management AED million	Global Markets and Treasury AED million	DenizBank AED million	Others AED million	Total AED million
Net interest income and income from Islamic products net of distribution to depositors	**5,545**	**11,512**	**3,276**	**5,971**	**3,776**	**30,080**
Net fees, commission and other income	**2,160**	**4,699**	**462**	**5,312**	**315**	**12,948**
Total operating income	**7,705**	**16,211**	**3,738**	**11,283**	**4,091**	**43,028**
General and administrative expenses	**(754)**	**(4,319)**	**(217)**	**(3,663)**	**(2,743)**	**(11,696)**
Net impairment loss	**249**	**(3,866)**	**(49)**	**30**	**188**	**(3,448)**
Hyperinflation adjustment on net monetary position	**–**	**–**	**–**	**(4,229)**	**–**	**(4,229)**
Profit for the year before taxation	**7,200**	**8,026**	**3,472**	**3,421**	**1,536**	**23,655**
Taxation charge	**(52)**	**(16)**	**(106)**	**(1,852)**	**(108)**	**(2,134)**
Profit / (loss) for the year	**7,148**	**8,010**	**3,366**	**1,569**	**1,428**	**21,521**
Segment Assets	**346,409**	**143,513**	**222,723**	**147,441**	**2,687**	**862,773**
Segment Liabilities and Equity	**233,050**	**300,891**	**32,413**	**133,902**	**162,517**	**862,773**

From 01 January 2023, business activities of Emirates Islamic Bank P.J.S.C., 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.

Audited 31 December 2022	Corporate and Institutional banking AED million	Retail Banking and Wealth Management AED million	Global Markets and Treasury AED million	DenizBank AED million	Others AED million	Total AED million
Net interest income and income from Islamic products net of distribution to depositors	4,288	8,368	1,616	7,551	1,399	23,222
Net fees, commission and other income	1,925	4,033	345	3,011	(29)	9,285
Total operating income	6,213	12,401	1,961	10,562	1,370	32,507
General and administrative expenses	(674)	(3,498)	(185)	(2,448)	(2,449)	(9,254)
Net impairment loss	(1,713)	(1,374)	(21)	(1,709)	(367)	(5,184)
Hyperinflation adjustment on net monetary position	–	–	–	(3,095)	–	(3,095)
Profit for the year before taxation	3,826	7,529	1,755	3,310	(1,446)	14,974
Taxation charge	(73)	(36)	(79)	(1,724)	(52)	(1,964)
Profit / (loss) for the year	3,753	7,493	1,676	1,586	(1,498)	13,010
Segment Assets	318,986	117,346	180,912	124,021	697	741,962
Segment Liabilities and Equity	191,211	263,712	33,112	111,228	142,699	741,962

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37 SUBSIDIARIES
The direct subsidiaries of the Group are as follows:

As at 31 December 2023

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

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

	Names	Nature of business
1	Emirates NBD Global Markets Limited	SPE for funding purpose
2	EIB Sukuk Company Limited	SPE for asset securitisation
3	EI Funding Limited	SPE for asset securitisation

(1) Under liquidation

During the year 2023, ENBD Asset Finance Company No.1 DAC and ENBD Asset Finance Company No.2 Limited were liquidated.

38 COMMITMENTS AND CONTINGENCIES
(a) At 31 December 2023, the Group's commitments and contingencies are as follows:

	2023 AED million	2022 AED million
Letters of credit	**16,180**	18,981
Guarantees	**65,428**	55,266
Liability on risk participations	**379**	188
Irrevocable loan commitments*	**66,018**	59,824
	148,005	134,259

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

As at 31 December 2023 ECL on unfunded exposures amounted to:

	2023			2022		
AED million	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Exposure	**150,590**	**4,013**	**1,870**	135,182	6,840	1,266
Expected credit losses	**(972)**	**(572)**	**(627)**	(516)	(181)	(509)
	149,618	**3,441**	**1,243**	134,666	6,659	757

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

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

(c) Capital Commitments
The Group has capital commitments as at 31 December 2023 for branch refurbishments and automation projects of AED 928 million (2022: AED 560 million).

39 RELATED PARTY TRANSACTIONS
Emirates NBD Group is partly owned by Investment Corporation of Dubai (40.92%, 2022: 55.75%), entity which is wholly owned by the Government of Dubai.

Deposits from and loans to Dubai government related entities, other than those that have been individually disclosed, amount to 5% (2022: 4%) and 10% (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:

	2023 AED million	2022 AED million
Loans and receivables:		
To majority shareholder of the parent	**76,028**	105,984
To parent	**2,278**	1,275
To directors and related companies	**1,658**	1,506
	79,964	108,765

	2023 AED million	2022 AED million
Customer and Islamic deposits:		
From majority shareholder of the parent	**8,297**	5,777
From parent	**553**	1,399
	8,850	7,176

Notes to the Group Consolidated Financial Statements continued
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39 RELATED PARTY TRANSACTIONS continued

	2023 AED million	2022 AED million
Investment in Government of Dubai bonds	**6,377**	6,354
Payments made to other related parties	**17**	17
Fees received in respect of funds managed by the Group	**23**	35
Directors sitting and other fee	**18**	17
Key management compensation:		
Short term employment benefits	**104**	99
Post-employment benefits	**2**	5
	106	104

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

40 GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES

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

31 December 2023	UAE AED million	Other GCC AED million	International AED million	Total AED million
ASSETS				
Cash and deposits with Central Banks	**62,375**	**1,797**	**31,859**	**96,031**
Due from banks	**14,821**	**14,683**	**62,798**	**92,302**
Investment securities	**89,501**	**23,220**	**60,525**	**173,246**
Loans and receivables	**333,465**	**18,411**	**93,229**	**445,105**
Positive fair value of derivatives	**1,783**	**389**	**13,112**	**15,284**
Customer acceptances	**7,561**	**94**	**813**	**8,468**
Property and equipment	**2,933**	**155**	**2,176**	**5,264**
Goodwill and Intangibles	**5,496**	**–**	**187**	**5,683**
Other Assets	**10,384**	**492**	**10,514**	**21,390**
TOTAL ASSETS	**528,319**	**59,241**	**275,213**	**862,773**
LIABILITIES				
Due to Bank	**6,401**	**4,936**	**28,984**	**40,321**
Customer deposits	**423,003**	**23,067**	**138,491**	**584,561**
Debt issued and other borrowed funds	**–**	**–**	**66,116**	**66,116**
Sukuk Payable	**4,673**	**–**	**–**	**4,673**
Negative fair value of derivatives	**1,887**	**550**	**14,952**	**17,389**
Customer acceptances	**7,561**	**94**	**813**	**8,468**
Other liabilities	**19,135**	**540**	**11,598**	**31,273**
Total equity	**109,972**	**–**	**–**	**109,972**
TOTAL LIABILITIES AND EQUITY	**572,632**	**29,187**	**260,954**	**862,773**
Geographical distribution of letters of credit and guarantees	**50,886**	**7,251**	**23,471**	**81,608**
31 December 2022				
Geographical distribution of assets	466,960	46,402	228,600	741,962
Geographical distribution of liabilities and equity	482,721	30,405	228,836	741,962
Geographical distribution of letters of credit and guarantees	46,093	5,285	22,869	74,247

41 FINANCIAL ASSETS AND LIABILITIES

A. Classification of financial assets and financial liabilities

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

31 December 2023	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instruments AED million	FVOCI– equity instruments AED million	Amortised cost AED million	Hedging instruments AED million	Total carrying value* AED million
Financial assets							
Cash and deposits with Central Banks	**–**	**–**	**–**	**–**	**96,031**	**–**	**96,031**
Due from banks	**–**	**–**	**–**	**–**	**92,302**	**–**	**92,302**
Investment securities	**9,929**	**84**	**23,494**	**698**	**139,041**	**–**	**173,246**
Loans and receivables	**–**	**–**	**–**	**–**	**445,105**	**–**	**445,105**
Positive fair value of derivatives	**14,594**	**–**	**–**	**–**	**–**	**690**	**15,284**
Others	**–**	**–**	**–**	**–**	**22,567**	**–**	**22,567**
	24,523	**84**	**23,494**	**698**	**795,046**	**690**	**844,535**
Financial liabilities							
Due to banks	**–**	**–**	**–**	**–**	**40,321**	**–**	**40,321**
Customer deposits	**–**	**–**	**–**	**–**	**584,561**	**–**	**584,561**
Debt issued and other borrowed funds	**–**	**–**	**–**	**–**	**66,116**	**–**	**66,116**
Sukuk payable	**–**	**–**	**–**	**–**	**4,673**	**–**	**4,673**
Negative fair value of derivatives	**12,790**	**–**	**–**	**–**	**–**	**4,599**	**17,389**
Others	**–**	**–**	**–**	**–**	**39,741**	**–**	**39,741**
	12,790	**–**	**–**	**–**	**735,412**	**4,599**	**752,801**

31 December 2022	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instruments AED million	FVOCI– equity instruments AED million	Amortised cost AED million	Hedging instruments AED million	Total carrying value* AED million
Financial assets							
Cash and deposits with Central Banks	–	–	–	–	74,618	–	74,618
Due from banks	–	–	–	–	73,467	–	73,467
Investment securities	6,257	264	24,012	544	94,730	–	125,807
Loans and receivables	–	–	–	–	416,604	–	416,604
Positive fair value of derivatives	16,755	–	–	–	–	451	17,206
Others	–	–	–	–	18,313	–	18,313
	23,012	264	24,012	544	677,732	451	726,015
Financial liabilities							
Due to banks	–	–	–	–	37,279	–	37,279
Customer deposits	–	–	–	–	502,953	–	502,953
Debt issued and other borrowed funds	–	–	–	–	53,487	–	53,487
Sukuk payable	–	–	–	–	3,673	–	3,673
Negative fair value of derivatives	15,334	–	–	–	–	4,872	20,206
Others	–	–	–	–	31,059	–	31,059
	15,334	–	–	–	628,451	4,872	648,657

* The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different to their fair values, except for investment securities at amortised cost, disclosed in note 11.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

41 FINANCIAL ASSETS AND LIABILITIES continued

B. Fair value of financial instruments

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

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

31 December 2023	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Investment securities				
Trading securities at FVTPL				
Government Bonds	7,067	–	–	7,067
Corporate Bonds	2,259	–	–	2,259
Equity	112	–	–	112
Others	491	–	–	491
	9,929	–	–	9,929
FVOCI – debt instruments				
Government Bonds	15,521	21	–	15,542
Corporate Bonds	7,992	–	–	7,992
	23,513	21	–	23,534
FVOCI – equity instruments	582	1	115	698
Designated at FVTPL				
Equity	10	–	66	76
Others	8	–	–	8
	18	–	66	84
Positive fair value of derivatives				
Derivatives held for trading	–	14,594	–	14,594
Derivatives held as cash flow hedges:				
Interest rate swaps	–	350	–	350
Derivatives held as fair value hedges:				
Interest rate swaps	–	340	–	340
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	–	–	–	–
	–	15,284	–	15,284
Negative fair value of derivatives				
Derivatives held for trading	–	(12,790)	–	(12,790)
Derivatives held as cash flow hedges:				
Interest rate swaps	–	(786)	–	(786)
Derivatives held as fair value hedges:				
Interest rate swaps	–	(3,808)	–	(3,808)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	–	(5)	–	(5)
	–	(17,389)	–	(17,389)
	34,042	(2,083)	181	32,140

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 AED million	Designated at FVTPL AED million	FVOCI – debt instrument AED million	FVOCI– equity instrument AED million	Total AED million
Balance as at 1 January 2023	–	66	–	102	168
Total gains or losses:					
– in profit or loss	–	7	–	–	7
– in other comprehensive income	–	–	–	1	1
Purchases	–	–	–	12	12
Issues	–	–	–	–	–
Settlements and other adjustments	–	(7)	–	–	(7)
Transfers into Level 3	–	–	–	–	–
Transfers out of Level 3	–	–	–	–	–
Balance as at 31 December 2023	–	66	–	115	181

31 December 2022	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Investment securities				
Trading securities at FVTPL				
Government Bonds	4,149	–	–	4,149
Corporate Bonds	1,785	–	–	1,785
Equity	90	–	–	90
Others	233	–	–	233
	6,257	–	–	6,257
FVOCI – debt instruments				
Government Bonds	17,369	20	–	17,389
Corporate Bonds	6,668	–	–	6,668
	24,037	20	–	24,057
FVOCI – equity instruments	441	1	102	544
Designated at FVTPL				
Equity	10	107	66	183
Others	81	–	–	81
	91	107	66	264
Positive fair value of derivatives				
Derivatives held for trading	–	16,755	–	16,755
Derivatives held as cash flow hedges:				
Interest rate swaps	–	137	–	137
Derivatives held as fair value hedges:				
Interest rate swaps	–	277	–	277
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	–	37	–	37
	–	17,206	–	17,206
Negative fair value of derivatives				
Derivatives held for trading	–	(15,334)	–	(15,334)
Derivatives held as cash flow hedges:				
Interest rate swaps	–	(947)	–	(947)
Derivatives held as fair value hedges:				
Interest rate swaps	–	(3,925)	–	(3,925)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	–	–	–	–
	–	(20,206)	–	(20,206)
	30,826	(2,872)	168	28,122

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

41 FINANCIAL ASSETS AND LIABILITIES continued
B. Fair value of financial instruments continued
The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instrument AED million	FVOCI– equity instrument AED million	Total AED million
Balance as at 1 January 2022	–	152	–	101	253
Total gains or losses:					
– in profit or loss	–	(50)	–	–	(50)
– in other comprehensive income	–	–	–	–	–
Purchases	–	–	–	1	1
Settlements and other adjustments	–	–	–	–	–
Transfers out of Level 3	–	(36)	–	–	(36)
Balance as at 31 December 2022	–	66	–	102	168

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

There have been no transfers between Level 1 and Level 2 during the years ended 31 December 2023 and 31 December 2022.

42 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	2023 AED million	2022 AED million
(a) Analysis of changes in cash and cash equivalent during the year		
Balance at beginning of year	**36,366**	28,732
Net cash inflow / (outflow)	**(16,861)**	7,634
Balance at end of year	**19,505**	36,366
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	**96,031**	74,618
Due from banks	**92,302**	73,467
Due to banks	**(40,321)**	(37,279)
	148,012	110,806
Less: deposits with Central Banks for regulatory purposes	**(72,320)**	(51,570)
Less: certificates of deposits / placements with Central Banks maturing after three months	**–**	(1,000)
Less: amounts due from banks maturing after three months	**(64,215)**	(42,432)
Add: amounts due to banks maturing after three months	**8,028**	20,562
	19,505	36,366
(c) Adjustment for non-cash items		
Net impairment loss / (reversal) on cash and deposits with central banks	**9**	1
Net impairment loss on loans and receivables	**4,466**	5,319
Net impairment loss / (reversal) on investment securities	**42**	29
Net impairment loss on unfunded exposures	**922**	154
Net impairment loss / (reversal) on due from banks	**86**	60
Amortisation of fair value	**108**	117
Premium / (discount) on Investment securities	**(2,433)**	(678)
Unrealised foreign exchange loss / (gain)	**50**	1,164
Depreciation / impairment of property and equipment / investment property	**933**	802
Unrealised (gain) / loss on investments	**38**	(122)
Dividend income on equity investments	**(7)**	(15)
Unrealised gain or loss on FV hedged item	**132**	(3,447)
Loss / (gain) on sale of properties (investment properties/inventories)	**(389)**	(25)
Amortisation of intangibles	**28**	163
Hyperinflation adjustment on net monetary position	**4,229**	3,095
	8,214	6,617

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

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

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

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

Regulatory Capital
The Group's capital base is divided into three main categories, namely CET1, AT1 and Tier 2, depending on their characteristics.

- CET1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- Tier 2 capital comprises qualifying subordinated debt, and undisclosed reserve.

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

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

	2023 AED million	2022 AED million
Available capital		
Common equity tier 1 capital	**87,150**	76,582
Tier 1 capital	**96,279**	85,711
Total eligible capital	**102,653**	91,180
Risk-weighted assets		
Credit risk	**509,947**	437,576
Market risk	**14,477**	12,970
Operational risk	**59,356**	48,324
Total risk-weighted assets	**583,780**	498,870

Capital Ratio	2023	2022
a. Total capital ratio for consolidated Group	**17.58%**	18.28%
b. Tier 1 ratio only for consolidated Group	**16.49%**	17.18%
c. CET1 ratio only for consolidated Group	**14.93%**	15.35%

Notes to the Group Consolidated Financial Statements continued
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43 CAPITAL MANAGEMENT AND ALLOCATION continued
The capital adequacy ratios as per Basel III capital regulation are given below:

	2023 AED million	2022 AED million
Common Equity Tier 1 Capital		
Share Capital	**6,317**	6,317
Share premium account	**17,954**	17,954
Eligible reserves	**(11,052)**	(6,452)
Transitional arrangement: Partial addback of IFRS 9 ECL impact to CET1	**2,777**	3,223
Retained earnings	**85,399**	65,247
Dividend expected/proposed	**(7,580)**	(3,790)
Eligible amount of non-controlling interest	**–**	–
CET1 capital before the regulatory adjustments and threshold deduction	**93,815**	82,499
Less: Regulatory deductions	**(6,665)**	(5,917)
Total CET1 capital after the regulatory adjustments and threshold deduction	**87,150**	76,582
Total CET1 capital after transitional arrangement for deductions (CET1) (A)	**87,150**	76,582
Additional Tier 1 (AT1) Capital		
Eligible AT1 capital	**9,129**	9,129
Other AT1 Capital (e.g. Share premium, non-controlling interest)	**–**	–
Total AT1 capital	**9,129**	9,129
Total AT1 capital after transitional arrangements (AT1) (B)	**9,129**	9,129
Tier 2 Capital		
Tier 2 Instruments e.g. subordinated loan	**–**	–
Other Tier 2 capital (including General Provisions, etc.)	**6,374**	5,469
Total Tier 2 Capital	**6,374**	5,469
Total Tier 2 capital after transitional arrangements (C)	**6,374**	5,469
Total Regulatory Capital (A+B+C)	**102,653**	91,180

44 FUND MANAGEMENT
The Group manages a number of funds which are not consolidated in the financial statements. The funds have no recourse to the general assets of the Group and further the Group has no recourse to the assets of the funds. Third party funds managed by the Group were AED 39,756 million at 31 December 2023 (2022: AED 29,409 million).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Model Risk Management Committee is a sub-committee of GRC responsible for the oversight of model risks within the Group. The MRMC oversees all stages of the model life-cycle for effective identification, measurement, monitoring, controlling, mitigation and reporting of model risk in a consistent manner and in compliance with applicable internal and regulatory standards.

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ECL measurement
IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit-quality since initial recognition as summarised below:
- A financial instrument that is not credit-impaired on initial recognised is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on a lifetime basis.
- ECL is measured after factoring forward-looking information.
- ECL on Purchase or originated credit-impaired financial assets is measured on a lifetime basis.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued
D. Credit risk continued
Credit risk measurement continued
Significant increase in credit risk
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Corporate and Institutional Banking, Business Banking and Private Banking:
Significant increase in credit risk is measured by comparing the risk of default estimated at origination with the risk of default at reporting date.

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

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

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

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

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

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

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

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

Forward-looking information incorporated in the ECL model
The forward-looking information is incorporated through macro adjusted PD and LGD parameters which thereby affect the stage and ECL. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued

E. Analysis by economic activity for assets:

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

	2023		2022	
	Loans and Receivables AED million	Others* AED million	Loans and Receivables AED million	Others* AED million
Manufacturing	**28,305**	**1,614**	23,962	1,178
Construction	**11,535**	**338**	12,498	315
Trade	**32,397**	**142**	30,644	142
Transport and communication	**32,798**	**1,501**	17,006	1,215
Utilities and services	**27,711**	**2,041**	32,307	1,365
Sovereign	**81,432**	**150,115**	112,696	109,101
Personal	**132,727**	**–**	114,702	–
Real estate	**45,605**	**–**	48,485	–
Hotels and restaurants	**9,476**	**–**	9,431	–
Management of companies and enterprises	**37,694**	**–**	15,554	–
Financial institutions and investment companies	**23,220**	**108,865**	23,088	85,227
Agriculture	**4,359**	**–**	5,054	–
Others	**16,819**	**1,197**	13,265	881
Total Assets	**484,078**	**265,813**	458,692	199,424
Less: Deferred Income	**(3,193)**	**–**	(2,683)	–
Less: Expected credit loss	**(35,780)**	**(265)**	(39,405)	(150)
	445,105	**265,548**	416,604	199,274

* Others include due from banks and investment securities.

F. Classification of investment securities as per their external ratings

As of 31 December 2023

Ratings	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instruments AED million	FVOCI– equity instruments AED million	Amortised cost AED million	Total AED million
AAA	**–**	**2**	**40**	**–**	**2,713**	**2,755**
AA– to AA+	**3,773**	**–**	**2,845**	**–**	**95,304**	**101,922**
A– to A+	**1,071**	**–**	**4,362**	**–**	**19,648**	**25,081**
Lower than A-	**4,257**	**3**	**15,802**	**1**	**13,886**	**33,949**
Unrated	**828**	**79**	**485**	**697**	**7,561**	**9,650**
Less: Expected credit losses	**–**	**–**	**(40)**	**–**	**(71)**	**(111)**
	9,929	**84**	**23,494**	**698**	**139,041**	**173,246**

Of which issued by:

Ratings	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instruments AED million	FVOCI– equity instruments AED million	Amortised cost AED million	Total AED million
Governments	**7,067**	**–**	**15,542**	**–**	**127,506**	**150,115**
Public sector enterprises	**2,053**	**–**	**6,954**	**1**	**10,989**	**19,997**
Private sector and others	**809**	**84**	**1,038**	**697**	**617**	**3,245**
Less: Expected credit losses	**–**	**–**	**(40)**	**–**	**(71)**	**(111)**
	9,929	**84**	**23,494**	**698**	**139,041**	**173,246**

As of 31 December 2022

Ratings	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instruments AED million	FVOCI– equity instruments AED million	Amortised cost AED million	Total AED million
AAA	2	2	–	–	5,617	5,621
AA– to AA+	2,289	–	848	–	58,609	61,746
A– to A+	851	–	3,368	–	11,909	16,128
Lower than A-	1,578	3	19,333	1	7,097	28,012
Unrated	1,537	259	508	543	11,521	14,368
Less: Expected credit losses	–	–	(45)	–	(23)	(68)
	6,257	264	24,012	544	94,730	125,807

Of which issued by:

Ratings	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instruments AED million	FVOCI– equity instruments AED million	Amortised cost AED million	Total AED million
Governments	4,149	–	17,389	–	87,563	109,101
Public sector enterprises	1,572	–	5,420	1	6,492	13,485
Private sector and others	536	264	1,248	543	698	3,289
Less: Expected credit losses	–	–	(45)	–	(23)	(68)
	6,257	264	24,012	544	94,730	125,807

G. Risk gross maximum exposure:

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

	2023 AED million	2022 AED million
Deposits with Central Banks	**90,081**	68,637
Due from banks	**92,302**	73,467
Investment securities	**171,861**	124,676
Loans and receivables	**445,105**	416,604
Positive fair value of derivatives	**15,284**	17,206
Customer acceptances	**8,468**	9,029
Total (A)	**823,101**	709,619
Contingent liabilities	**81,987**	74,435
Irrevocable loan commitments	**66,018**	59,824
Total (B)	**148,005**	134,259
Total credit risk exposure (A + B)	**971,106**	843,878

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued

H. Credit quality analysis:

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

31 December 2023	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	399,698	29,057	27,254	456,009
Transfers from stage 1	(10,056)	8,040	2,016	–
Transfers from stage 2	3,994	(10,230)	6,236	–
Transfers from stage 3	33	81	(114)	–
New financial assets, net of repayments	43,933	(1,923)	(6,810)	35,200
Amounts written off during the year	–	–	(8,059)	(8,059)
Exchange and other adjustments	(4,383)	619	1,499	(2,265)
Total gross loans and receivables	433,219	25,644	22,022	480,885
Expected credit losses	(6,266)	(7,596)	(21,918)	(35,780)
Carrying amount	426,953	18,048	104	445,105
By business units				
Corporate Banking	295,918	18,144	18,336	332,398
Retail Banking	137,301	7,500	3,686	148,487
Total gross loans and receivables	433,219	25,644	22,022	480,885

31 December 2022	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	399,021	31,277	29,160	459,458
Transfers from stage 1	(7,313)	6,763	550	–
Transfers from stage 2	3,348	(6,048)	2,700	–
Transfers from stage 3	–	627	(627)	–
New financial assets, net of repayments	8,906	(1,613)	(1,252)	6,041
Amounts written off during the year	–	–	(1,902)	(1,902)
Exchange and other adjustments	(4,264)	(1,949)	(1,375)	(7,588)
Total gross loans and receivables	399,698	29,057	27,254	456,009
Expected credit losses	(4,819)	(7,786)	(26,800)	(39,405)
Carrying amount	394,879	21,271	454	416,604
By business units				
Corporate Banking	280,742	22,405	23,731	326,878
Retail Banking	118,956	6,652	3,523	129,131
Total gross loans and receivables	399,698	29,057	27,254	456,009

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

Corporate and Institutional banking – Performing includes AED 2,200 million (2022: AED 2,467 million) for exposure against watchlist customers.

I. Amounts arising from ECL

Loans and receivables

31 December 2023	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	4,819	7,786	26,800	39,405
Transfers from stage 1	(452)	361	91	–
Transfers from stage 2	390	(2,360)	1,970	–
Transfers from stage 3	16	71	(87)	–
Allowances for impairment made during the year	1,549	881	7,337	9,767
Write back / recoveries made during the year	–	–	(5,301)	(5,301)
Amounts written off during the year	–	–	(8,059)	(8,059)
Exchange and other adjustments*	(56)	857	(833)	(32)
Closing Balance	6,266	7,596	21,918	35,780

31 December 2022	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	3,847	6,929	26,409	37,185
Transfers from stage 1	(290)	233	57	–
Transfers from stage 2	278	(1,582)	1,304	–
Transfers from stage 3	–	228	(228)	–
Allowances for impairment made during the year	975	1,973	4,660	7,608
Write back / recoveries made during the year	–	–	(2,289)	(2,289)
Amounts written off during the year	–	–	(1,902)	(1,902)
Exchange and other adjustments*	9	5	(1,211)	(1,197)
Closing Balance	4,819	7,786	26,800	39,405

The contractual amount outstanding on loans and receivables which were written off during the year and are still subject to enforcement activity amounted to AED 8,059 million (2022: AED 1,902 million).

* This includes provision against unfunded exposures transferred to other liabilities amounting to AED 627 million.

J. Impairment reserve under the CBUAE guidance

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

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

	2023 AED million	2022 AED million
Impairment reserve: General		
General provisions under Circular 28/2010 of CBUAE	7,649	6,564
Less: Stage 1 and Stage 2 provisions under IFRS 9	(13,862)	(12,605)
General provision transferred to the impairment reserve*	–	–
Impairment reserve: Specific		
Specific provisions under Circular 28/2010 of CBUAE	21,605	26,421
Less: Stage 3 provisions under IFRS 9	(21,918)	(26,800)
Specific provision transferred to the impairment reserve*	–	–
Total provision transferred to the impairment reserve	–	–

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued

K. Market risk

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

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

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

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

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

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

Market risk oversight and management process

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

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

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

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

	December 2023		
	Market risk measure		
	Total AED million	**Trading Portfolio AED million**	**Non Trading Portfolio AED million**
Assets subject to market risk			
Cash and deposits with Central Banks	**96,031**	**–**	**96,031**
Due from banks	**92,302**	**–**	**92,302**
Loans and receivables	**445,105**	**–**	**445,105**
Investment securities	**173,246**	**9,929**	**163,317**
Positive fair value of derivatives	**15,284**	**14,594**	**690**
Liabilities subject to market risk			
Due to banks	**40,321**	**–**	**40,321**
Customer deposits	**584,561**	**–**	**584,561**
Debt issued and other borrowed funds	**66,116**	**–**	**66,116**
Sukuk payable	**4,673**	**–**	**4,673**
Negative fair value of derivatives	**17,389**	**12,790**	**4,599**

	December 2022		
	Market risk measure		
	Total AED million	Trading Portfolio AED million	Non Trading Portfolio AED million
Assets subject to market risk			
Cash and deposits with Central Banks	74,618	–	74,618
Due from banks	73,467	–	73,467
Loans and receivables	416,604	–	416,604
Investment securities	125,807	6,257	119,550
Positive fair value of derivatives	17,206	16,755	451
Liabilities subject to market risk			
Due to banks	37,279	–	37,279
Customer deposits	502,953	–	502,953
Debt issued and other borrowed funds	53,487	–	53,487
Sukuk payable	3,673	–	3,673
Negative fair value of derivatives	20,206	15,334	4,872

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

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

1. Non statistical metrics: Interest rate sensitivity, (DV01/PV01), FX sensitivity (FX01), Net open/ Net Gross outstanding positions, Maximum notional and tenor measures, Derivatives' Greek sensitivities (Delta, Gamma, Vega), and Stop Loss limits;
2. Statistical metrics: Value-at-Risk (VaR), by Desk as well as total for the whole Trading Book. Stressed VaR (sVaR) for Trading Book and Banking Book Investments.

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

Value-at-Risk

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

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

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

	2023 AED million				2022 AED million			
	Average	**Maximum**	**Minimum**	**Actual***	Average	Maximum	Minimum	Actual*
By Trading desk								
Interest rate risk	**14**	**28**	**5**	**14**	9	18	2	10
Foreign exchange risk	**2**	**12**	**–**	**1**	2	7	–	1
Credit trading risk	**5**	**8**	**2**	**4**	4	8	1	6
Total	**14**	**26**	**7**	**14**	10	23	3	12

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued
K. Market risk continued
Value-at-risk continued
Major currency-wise open positions of the Group are as follows:

	2023 Long / (Short) AED million	2022 Long / (Short) AED million
U.S. Dollar (USD)	**11,482**	(1,178)
Omani Riyal (OMR)	**21**	(192)
Euro (EUR)	**(496)**	(236)
Saudi Riyal (SAR)	**(1,095)**	(473)
Turkish Lira (TRY)	**(8)**	(8)
Egyptian Pound (EGP)	**(218)**	(48)
Bahraini Dinar (BHD)	**(44)**	(19)
Indian Rupee (INR)	**111**	92

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

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

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

The Group's Internal Audit department as the third line of defence, provides independent assurance to the Board of Directors.

Operational Risk Management Process
The Group has set up the operational risk function within the risk management unit to establish the framework and governance structure set out in the operational risk policy. The risk management process comprises mainly of the below elements,
- Risk Identification and Assessment
- Risk Monitoring and Review
- Risk Treatment
- Risk Reporting

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

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

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

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

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

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

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

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

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

The Group has established a comprehensive cyber security framework based on three lines of defence model.

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

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

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

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

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

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

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued

N. Maturity analysis of assets and liabilities

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

31 December 2023	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Undated and Over 5 years AED million	Total AED million
Cash and deposits with Central banks	**88,802**	**7,229**	**–**	**–**	**–**	**96,031**
Due from banks	**56,558**	**29,948**	**5,796**	**–**	**–**	**92,302**
Investment securities	**24,351**	**49,624**	**34,920**	**23,799**	**40,552**	**173,246**
Loans and receivables	**147,215**	**60,763**	**87,608**	**55,651**	**93,868**	**445,105**
Positive fair value of derivatives	**1,860**	**2,118**	**4,902**	**2,994**	**3,410**	**15,284**
Customer acceptances	**8,468**	**–**	**–**	**–**	**–**	**8,468**
Property and equipment	**–**	**–**	**–**	**–**	**5,264**	**5,264**
Goodwill and intangibles	**–**	**–**	**–**	**–**	**5,683**	**5,683**
Other assets	**12,675**	**–**	**–**	**–**	**8,715**	**21,390**
TOTAL ASSETS	**339,929**	**149,682**	**133,226**	**82,444**	**157,492**	**862,773**
LIABILITIES						
Due to banks	**17,960**	**18,613**	**1,486**	**155**	**2,107**	**40,321**
Customer deposits	**458,956**	**100,182**	**17,524**	**2,896**	**5,003**	**584,561**
Debt issued and other borrowed funds	**8,333**	**10,945**	**18,702**	**11,672**	**16,464**	**66,116**
Sukuk payable	**–**	**–**	**4,673**	**–**	**–**	**4,673**
Negative fair value of derivatives	**1,787**	**1,675**	**4,781**	**3,066**	**6,080**	**17,389**
Customer acceptances	**8,468**	**–**	**–**	**–**	**–**	**8,468**
Other liabilities	**8,941**	**10,704**	**–**	**–**	**11,628**	**31,273**
Total equity	**–**	**–**	**–**	**–**	**109,972**	**109,972**
TOTAL LIABILITIES AND EQUITY	**504,445**	**142,119**	**47,166**	**17,789**	**151,254**	**862,773**
OFF BALANCE SHEET						
Letters of credit and guarantees	**29,285**	**28,919**	**11,037**	**3,502**	**8,865**	**81,608**
31 December 2022						
ASSETS	348,961	95,126	125,357	73,094	99,424	741,962
LIABILITIES AND EQUITY	460,948	98,040	37,206	19,367	126,401	741,962
OFF BALANCE SHEET ITEMS	29,681	24,882	9,689	2,497	7,498	74,247

O. Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2023 based on contractual undiscounted repayment obligations.

Repayments which are subject to notice are treated as if notice was given immediately. However, the Group expects that many customers will not request repayment on the earliest date, the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

As at 31 December 2023	Carrying amount AED million	Gross nominal outflows AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Financial liabilities							
Due to banks	**40,321**	**(42,262)**	**(18,994)**	**(19,353)**	**(1,630)**	**(175)**	**(2,110)**
Customer deposits	**584,561**	**(593,997)**	**(462,500)**	**(104,651)**	**(18,327)**	**(3,484)**	**(5,035)**
Debt issued and other borrowed funds	**66,116**	**(78,151)**	**(9,210)**	**(12,936)**	**(22,970)**	**(14,681)**	**(18,354)**
Sukuk payable	**4,673**	**(4,950)**	**(31)**	**(93)**	**(4,826)**	**–**	**–**
	695,671	**(719,360)**	**(490,735)**	**(137,033)**	**(47,753)**	**(18,340)**	**(25,499)**
Letters of credit and guarantees	**81,608**	**(81,608)**	**(29,285)**	**(28,919)**	**(11,037)**	**(3,502)**	**(8,865)**
Irrevocable loan commitments	**66,018**	**(66,018)**	**(23,712)**	**(30,401)**	**(11,888)**	**–**	**(17)**

As at 31 December 2022	Carrying amount AED million	Gross nominal outflows AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Financial liabilities							
Due to banks	37,279	(39,092)	(18,369)	(14,729)	(4,761)	(247)	(986)
Customer deposits	502,953	(506,700)	(425,483)	(70,530)	(7,524)	(2,504)	(659)
Debt issued and other borrowed funds	53,487	(63,653)	(4,099)	(6,718)	(22,333)	(11,749)	(18,754)
Sukuk payable	3,673	(3,915)	(18)	(55)	(1,973)	(1,869)	–
	597,392	(613,360)	(447,969)	(92,032)	(36,591)	(16,369)	(20,399)
Letters of credit and guarantees	74,247	(74,247)	(29,681)	(24,882)	(9,689)	(2,497)	(7,498)
Irrevocable loan commitments	59,824	(59,824)	(24,043)	(22,631)	(13,138)	–	(12)

P. Interest rate risk in the banking book

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

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

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

	As at 31 December 2023 Impact AED million	As at 31 December 2022 Impact AED million
Rates Up 200 bps	**2,441**	3,012
Rates Down 200 bps	**(4,113)**	(4,532)

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

Q. Interest rate repricing analysis*

31 December 2023	Less than 1 month AED million	Over 1 month to 3 months AED million	Over 3 months to 6 months AED million	Over 6 months to 1 year AED million	Over 1 year AED million	Non-interest bearing AED million	Total AED million
ASSETS							
Cash and deposits with Central Banks	**10,045**	**7,716**	**–**	**–**	**–**	**78,270**	**96,031**
Due from banks	**37,580**	**23,864**	**13,437**	**10,658**	**820**	**5,943**	**92,302**
Investment securities	**12,691**	**17,873**	**27,688**	**23,991**	**89,618**	**1,385**	**173,246**
Loans and receivables	**187,526**	**133,873**	**53,567**	**22,151**	**47,988**	**–**	**445,105**
Positive fair value of derivatives	**–**	**–**	**–**	**–**	**–**	**15,284**	**15,284**
Customer acceptances	**–**	**–**	**–**	**–**	**–**	**8,468**	**8,468**
Property and equipment	**–**	**–**	**–**	**–**	**–**	**5,264**	**5,264**
Goodwill and Intangibles	**–**	**–**	**–**	**–**	**–**	**5,683**	**5,683**
Other assets	**–**	**–**	**–**	**–**	**–**	**21,390**	**21,390**
TOTAL ASSETS	**247,842**	**183,326**	**94,692**	**56,800**	**138,426**	**141,687**	**862,773**

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2023

46 RISK MANAGEMENT continued

Q. Interest rate repricing analysis* continued

31 December 2023	Less than 1 month AED million	Over 1 month to 3 months AED million	Over 3 months to 6 months AED million	Over 6 months to 1 year AED million	Over 1 year AED million	Non-interest bearing AED million	Total AED million
LIABILITIES AND EQUITY							
Due to banks	**13,283**	**6,467**	**4,963**	**9,092**	**1,222**	**5,294**	**40,321**
Customer deposits	**209,953**	**50,563**	**45,291**	**48,475**	**12,303**	**217,976**	**584,561**
Debt issued and other borrowed funds	**1,923**	**24,317**	**884**	**2,872**	**36,120**	**–**	**66,116**
Sukuk payable	**–**	**–**	**–**	**–**	**4,673**	**–**	**4,673**
Negative fair value of derivatives	**–**	**–**	**–**	**–**	**–**	**17,389**	**17,389**
Customer acceptances	**–**	**–**	**–**	**–**	**–**	**8,468**	**8,468**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**31,273**	**31,273**
Total equity	**–**	**–**	**–**	**–**	**–**	**109,972**	**109,972**
TOTAL LIABILITIES AND EQUITY	**225,159**	**81,347**	**51,138**	**60,439**	**54,318**	**390,372**	**862,773**
ON BALANCE SHEET GAP	**22,683**	**101,979**	**43,554**	**(3,639)**	**84,108**	**(248,685)**	**–**
OFF BALANCE SHEET GAP	**(20,879)**	**(15,515)**	**203**	**373**	**35,818**	**–**	**–**
INTEREST RATE SENSITIVITY GAP – 2023	**1,804**	**86,464**	**43,757**	**(3,266)**	**119,926**	**(248,685)**	**–**
CUMULATIVE INTEREST RATE SENSITIVITY GAP – 2023	**1,804**	**88,268**	**132,025**	**128,759**	**248,685**	**–**	**–**
CUMULATIVE INTEREST RATE SENSITIVITY GAP – 2022	56,092	119,175	138,589	134,483	237,457	–	–

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

R. Reputational risk

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

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

S. ICAAP and Stress Testing:

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

T. Regulatory/compliance risk

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

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

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

U. Environmental, social and governance (ESG) risk

The rapidly changing global landscape, marked by challenges such as climate change, the evolving expectations of our stakeholders, as well as a continuous evolution of international standards, particularly in the areas of sustainability accounting, audit and ethics necessitates a proactive approach to ESG. The Group continues to develop its approach to ESG in line with progressing standards, both regionally and globally.

Climate related risk

Climate risks relate to the financial and non-financial impacts that may arise as a result of climate change. There are two categories of climate risks: physical risks, which can arise from changes in weather and climate and transition risks which can arise from the shift to a low-carbon economy.

The Group considers climate risk as part of the broader environmental and social risks. Our strategy on climate risk is being incorporated into the Group Risk Management Framework and is guided by the three-lines of defence approach.

The Group's Board of Directors bears the final responsibility for all aspects concerning climate related risks. The Board actively participates in shaping our ESG strategy and is regularly briefed on the progress of this strategy by the Executive Committee.

Impact of climate risk on accounting judgments and estimates

At this time, the Group believes that the effects climate related risks which could arise in the short and medium term will have limited effect on accounting judgements and estimates.

V. Internal Audit's role in overall risk management

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

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

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

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

W. Risk management framework and processes at Group entities

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

X. Risk Management at DenizBank

DenizBank has a structured risk governance process in place to identify, measure, manage, control and report (risk) to assist in risk-based decision-making and oversight across all operations of DenizBank.

The Board of Directors have the ultimate responsibility for the establishment of the risk management system of DenizBank in accordance with regulations and best practices. Main responsibilities of the Board of Directors related to risk management include:

- Reviewing and approving the policies for the management of risks and supervising their implementation,
- Approving the risk appetite that is appropriate for its business strategy and that matches with its financial strength,
- Following up the effectiveness of the risk management system of DenizBank,
- Ensuring the establishment and the implementation of the internal capital adequacy assessment process.

The Board of Directors carries out its oversight of the Bank-wide risk management processes through Board Level committees. These roles are further trickled down to Management Level Committees and respective business and risk control units.

ENBD Group oversees the processes of establishing DenizBank's Risk Management Framework and risk policies, monitoring of the limits, realized figures and breaches of the risks subject to the Risk Appetite Statement. All of which govern following risk areas.

46 RISK MANAGEMENT continued

X. Risk Management at DenizBank continued

Credit Risk

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

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

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

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

Enterprise Risk Management

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

Market Risk

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

Structural Interest Rate Risk and Foreign Exchange Risk

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

Liquidity Risk

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

Operational Risk

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

The relevant risk teams work to ensure comprehensive alignment in different risk areas taking into account the local and European regulatory requirements. As part of this process policies and procedures are reviewed to ensure necessary alignment with Group.

47 LEGAL PROCEEDINGS

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group is party to legal proceedings and regulatory matters arising out of its normal business operations. The Group has proper controls and policies for managing legal claims. The recognition of provisions is determined in accordance with the accounting policies set out in Note 6. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2023. Any provision recognised does not constitute an admission of wrongdoing or legal liability. Based on the information available, no material adverse impact on the financial position of the Group is expected to arise from legal claims as at 31 December 2023 other than to the extent already provided.

48 SOCIAL CONTRIBUTIONS

The social contributions (including donations and charity) made during the year amount to AED 58 million (2022: AED 115 million).

49 COMPARATIVE AMOUNTS

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

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