

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 September 2022 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



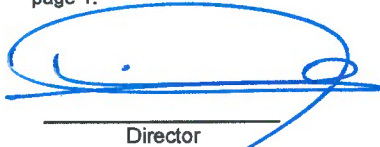
Musa Ramahi
Registration No.: 872
26 October 2022
Dubai
United Arab Emirates

EMIRATES NBD BANK PJSC

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

	Notes	Unaudited	Audited
		30 September 2022	31 December 2021
		AED 000	AED 000
ASSETS			
Cash and deposits with Central Banks	3	65,242,602	70,753,613
Due from banks	4	65,817,679	45,343,248
Investment securities	5	118,771,393	106,156,886
Loans and receivables	6	419,063,394	422,272,390
Positive fair value of derivatives	19	19,138,008	10,658,925
Customer acceptances		9,015,543	11,343,522
Property and equipment		4,057,991	3,747,621
Goodwill and intangibles	7	5,829,376	5,981,491
Other assets	8	13,787,071	11,178,922
TOTAL ASSETS		720,523,057	687,436,618
LIABILITIES			
Due to banks		40,097,354	43,755,207
Customer deposits		480,835,194	456,483,888
Debt issued and other borrowed funds	9	55,185,328	63,387,228
Sukuk payable	10	3,672,500	3,672,500
Negative fair value of derivatives	19	22,162,420	9,186,321
Customer acceptances		9,015,543	11,343,522
Other liabilities	11	20,880,185	16,028,263
TOTAL LIABILITIES		631,848,524	603,856,929
EQUITY			
Issued capital		6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	13	9,128,652	9,128,652
Share premium reserve		17,954,164	17,954,164
Legal and statutory reserve		3,158,299	3,158,299
Other reserves		2,945,393	2,945,393
Fair value reserve		(1,989,408)	(725,815)
Currency translation reserve		(7,538,030)	(8,299,265)
Retained earnings		58,623,589	53,088,213
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		88,553,062	83,520,064
Non-controlling interest		121,471	59,625
TOTAL EQUITY		88,674,533	83,579,689
TOTAL LIABILITIES AND EQUITY		720,523,057	687,436,618

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



Director



Chief Executive Officer

26 OCT 2022

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

		Unaudited	Unaudited	Unaudited	Unaudited
		three months period ended 30 September 2022	three months period ended 30 September 2021	nine months period ended 30 September 2022	nine months period ended 30 September 2021
	Notes	AED 000	AED 000	AED 000	AED 000
Interest and similar income		8,077,956	6,125,326	20,584,470	17,801,346
Interest and similar expense		(2,908,345)	(2,384,335)	(7,352,522)	(6,828,736)
Net interest income		5,169,611	3,740,991	13,231,948	10,972,610
Income from Islamic financing and investment products		1,114,316	831,643	2,719,844	2,129,573
Distribution on Islamic deposits and profit paid to Sukuk holders		(200,593)	(125,153)	(428,009)	(506,394)
Net income from Islamic financing and investment products		913,723	706,490	2,291,835	1,623,179
Net interest income and income from Islamic financing and investment products net of distribution to depositors		6,083,334	4,447,481	15,523,783	12,595,789
Fee and commission income		1,805,894	1,565,039	5,133,816	4,937,322
Fee and commission expense		(743,548)	(654,309)	(2,072,699)	(1,902,838)
Net fee and commission income		1,062,346	910,730	3,061,117	3,034,484
Net gain / (loss) on trading securities		(45,496)	23,179	(2,841)	138,109
Other operating income	14	1,387,587	379,161	4,110,962	1,531,942
Total operating income		8,487,771	5,760,551	22,693,021	17,300,324
General and administrative expenses	15	(2,327,103)	(1,955,980)	(6,397,772)	(5,719,671)
Operating profit before impairment		6,160,668	3,804,571	16,295,249	11,580,653
Net impairment loss on financial assets	16	(1,376,685)	(1,105,370)	(3,257,836)	(3,719,770)
Operating profit after impairment		4,783,983	2,699,201	13,037,413	7,860,883
Share of profit of associate and loss on its disposal		-	-	-	(21,137)
Group profit for the period before tax		4,783,983	2,699,201	13,037,413	7,839,746
Taxation charge		(465,829)	(193,622)	(1,531,049)	(549,867)
Group profit for the period after tax		4,318,154	2,505,579	11,506,364	7,289,879
Hyperinflation adjustment on net monetary position	2	(538,106)	-	(2,407,882)	-
Group profit for the period		3,780,048	2,505,579	9,098,482	7,289,879
Attributable to:					
Equity holders of the Group		3,776,203	2,505,493	9,073,733	7,285,642
Non-controlling interest		3,845	86	24,749	4,237
Group profit for the period		3,780,048	2,505,579	9,098,482	7,289,879
Earnings per share	18	0.58	0.38	1.38	1.08

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

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	Unaudited three months period ended 30 September 2022 AED 000	Unaudited three months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
Group profit for the period	3,780,048	2,505,579	9,098,482	7,289,879
Other comprehensive income				
Items that will not be reclassified subsequently to the income statement:				
Movement in fair value reserve (equity instruments):				
- Net change in fair value	68,144	(27)	(72,414)	97,831
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	66,938	(121,044)	124,817	(91,426)
Cash flow hedges:				
- Effective portion of changes in fair value	(272,956)	(43,358)	(941,236)	(125,762)
Fair value reserve (debt instruments):				
- Net change in fair value	413,156	(116,941)	(202,757)	(335,265)
- Net amount transferred to income statement	(12,102)	(8,401)	(67,478)	(163,757)
- Related deferred tax	(154,753)	34,465	(104,525)	104,820
Currency translation reserve	(1,061,125)	(326,377)	(2,840,744)	(1,783,648)
Hedge of a net investment in foreign operations	17,265	(8,901)	38,951	20,347
Hyperinflation adjustment (note 2)	522,665	-	3,563,028	-
Other comprehensive income / (loss) for the period	(412,768)	(590,584)	(502,358)	(2,276,860)
Total comprehensive income for the period	3,367,280	1,914,995	8,596,124	5,013,019
Attributable to:				
Equity holders of the Group	3,363,435	1,914,909	8,571,375	5,008,782
Non-controlling interest	3,845	86	24,749	4,237
Total comprehensive income for the period	3,367,280	1,914,995	8,596,124	5,013,019

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

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

		Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
	Notes		
<u>OPERATING ACTIVITIES</u>			
Group profit for the period before tax		13,037,413	7,839,746
Adjustment for non-cash and other items	22	1,655,525	4,729,910
Operating profit before changes in operating assets and liabilities		14,692,938	12,569,656
(Increase) / decrease in interest free statutory deposits		(2,770,615)	957,824
(Increase) / decrease in certificate of deposits with Central Banks maturing after three months		3,000,000	25,500,000
(Increase) / decrease in amounts due from banks maturing after three months		(16,654,445)	(7,118,523)
Increase / (decrease) in amounts due to banks maturing after three months		(11,044,956)	(4,754,435)
(Increase) / decrease in other assets		(3,903,163)	(3,222,842)
Increase / (decrease) in other liabilities		1,204,644	(2,340,473)
(Increase) / decrease in positive fair value of derivatives		(9,256,551)	3,760,144
Increase / (decrease) in negative fair value of derivatives		12,976,099	(2,741,609)
Increase / (decrease) in customer deposits		24,351,306	2,310,687
(Increase) / decrease in loans and receivables		(176,606)	1,266,669
		12,418,651	26,187,098
Taxes paid		(858,397)	(351,480)
Net cash flows generated from / (used in) operating activities		11,560,254	25,835,618
<u>INVESTING ACTIVITIES</u>			
(Increase) / decrease in investment securities		(12,663,413)	(25,698,385)
(Increase) / decrease of property and equipment		(370,324)	(457,133)
Dividend income received		8,172	11,703
Disposal of associate		-	105,393
Net cash flows generated from / (used in) investing activities		(13,025,565)	(26,038,422)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	9	4,600,746	21,883,577
Repayment of debt issued and other borrowed funds	9	(8,616,103)	(12,750,404)
Repayment of sukuk borrowing		-	(3,672,500)
Issuance of Tier I capital notes		-	2,748,866
Repayment of Tier I capital notes		-	(4,000,000)
Interest on Tier I capital notes		(383,030)	(464,556)
Dividends paid		(3,155,347)	(2,524,278)
Net cash flows generated from / (used in) financing activities		(7,553,734)	1,220,705
Increase / (decrease) in cash and cash equivalents (refer Note 22)		(9,019,045)	1,017,901

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EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Group Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(725,815)	(8,299,265)	53,088,213	83,520,064	59,625	83,579,689
Profit for the period	-	-	-	-	-	-	-	-	9,073,733	9,073,733	24,749	9,098,482
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	(1,263,593)	761,235	-	(502,358)	-	(502,358)
Tier I capital notes issued during the period (note 13)	-	-	-	-	-	-	-	-	-	-	-	-
Tier I capital notes redeemed during the period (note 13)	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(383,030)	(383,030)	-	(383,030)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	37,097	37,097
Dividends paid*	-	-	-	-	-	-	-	-	(3,155,347)	(3,155,347)	-	(3,155,347)
Balance as at 30 September 2022	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(1,989,408)	(7,538,030)	58,623,569	88,553,062	121,471	88,674,533
Balance as at 1 January 2021	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	476,692	(3,607,673)	47,014,778	84,591,862	26,236	84,618,098
Profit for the period	-	-	-	-	-	-	-	-	7,285,642	7,285,642	4,237	7,289,879
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	(513,559)	(1,763,301)	-	(2,276,860)	-	(2,276,860)
Tier I capital notes issued during the period (note 13)	-	-	2,748,866	-	-	-	-	-	-	2,748,866	-	2,748,866
Tier I capital notes redeemed during the period (note 13)	-	-	(4,000,000)	-	-	-	-	-	-	(4,000,000)	-	(4,000,000)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(464,556)	(464,556)	-	(464,556)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	25,307	25,307
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Balance as at 30 September 2021	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(36,867)	(5,370,974)	51,311,586	85,360,676	55,780	85,416,456

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

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

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

1 CORPORATE INFORMATION

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

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

The Bank is listed on the Dubai Financial Market (TICKER: “EMIRATESNBD”). The Group’s principal business activities are corporate banking, consumer banking, treasury and Islamic banking. The Bank’s website is www.emiratesnbd.com.

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s financial statements as at and for the year ended 31 December 2021. In addition, results for the nine months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2022.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

As at 30 September 2022, the three-year cumulative inflation rate has been 145% based on the Turkish consumer price index ('CPI'). The consumer price index at the beginning of the reporting period was 687 and closed at 1,047 resulting in an increase of 52%

- Net non-monetary position (excluding equity) have been indexed by applying the difference in CPI from 31 December 2021 to 30 September 2022 resulting in a gain of AED 0.7 billion in the statement of income to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the income statement, amounting to AED 2.8 billion with an equal corresponding credit to other comprehensive income (OCI).
- Current period statement of profit or loss is indexed using the respective period index movement for the year 2022. For the period ended 30 September 2022, total operating income includes hyperinflation adjustment of AED 0.6 billion, general and administrative expenses include hyperinflation adjustment of AED 0.2 billion, net impairment loss on financial assets include hyperinflation adjustment of AED 0.1 billion and taxation charge includes hyperinflation adjustment of AED 0.2 billion resulting in an immaterial impact to the Group's net profit after tax.
- The Group has recognised in OCI an amount of AED 0.6 billion which represents the impact of indexing of non-monetary items from the date these were acquired by applying fluctuation in the CPI from the date of acquisition to 31 December 2021 to the extent determined to be recoverable.

During the nine months period ended 30 September 2022, the loss due to hyperinflation accounting for DenizBank was AED 2.4 billion and is recognised in the condensed consolidated interim income statement as hyperinflation adjustment on net monetary position. Overall, the hyperinflation adjustment results in a credit of AED 1.2 billion in OCI.

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

The positive impact of 20 bps as a result of hyperinflation adjustment has been excluded from the capital adequacy computations.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Cash	5,180,365	6,023,245
Statutory and other deposits with Central Banks	47,946,241	45,176,256
Interest bearing placements with Central Banks	214,737	203,074
Murabahas and interest-bearing certificates of deposits with Central Banks	11,903,598	19,353,171
Less: Expected credit losses	(2,339)	(2,133)
	65,242,602	70,753,613

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

4 DUE FROM BANKS

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Due from banks in UAE	11,141,997	4,834,929
Due from foreign banks	54,546,078	40,561,060
Less: Expected credit losses	(70,396)	(52,741)
	65,617,679	45,343,248

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>Unaudited 30 September 2022</u>				
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	2,027,157	554,341	382,851	2,964,349
Corporate Bonds	620,653	380,881	230,424	1,231,958
Equity	-	-	91,430	91,430
Others	-	-	109,090	109,090
	2,647,810	935,222	813,795	4,396,827
<u>DESIGNATED AS AT FVTPL</u>				
Equity	36,635	113,956	26,178	176,769
Others	-	3,570	77,581	81,151
	36,635	117,526	103,759	257,920
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	61,135,778	15,111,242	9,524,338	85,771,358
Corporate Bonds	3,076,582	1,197,465	2,029,901	6,303,948
	64,212,360	16,308,707	11,554,239	92,075,306
Less: Expected credit losses				(21,323)
				92,053,983
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	1,647,357	13,615,998	15,263,355
Corporate Bonds	3,675,015	955,797	1,701,342	6,332,154
	3,675,015	2,603,154	15,317,340	21,595,509
Less: Expected credit losses				(22,138)
				21,573,371
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	97,389	67,027	324,876	489,292
	97,389	67,027	324,876	489,292
Gross Investment securities	70,669,209	20,031,636	28,114,009	118,814,854
Net Investment securities				118,771,393

*Domestic: These are securities issued within the UAE.

**Regional: These are securities issued within the Middle East excluding the UAE.

***International: These are securities issued outside the Middle East region.

5 INVESTMENT SECURITIES (CONTINUED)

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

*Domestic: These are securities issued within the UAE.

**Regional: These are securities issued within the Middle East excluding the UAE.

***International: These are securities issued outside the Middle East region.

6 LOANS AND RECEIVABLES

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Gross loans and receivables	456,997,528	459,457,866
Less: Expected credit losses	(37,934,134)	(37,185,476)
Net loans and receivables	419,063,394	422,272,390
	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
<u>At Amortised Cost</u>		
Overdrafts	105,605,947	141,178,599
Time loans	233,575,715	227,088,997
Loans against trust receipts	10,144,170	9,236,631
Bills discounted	4,933,820	3,892,605
Credit card receivables	16,340,213	13,353,455
Gross loans - conventional	370,599,865	394,750,287
Murabaha	61,821,508	41,489,900
Ijara	23,203,951	20,862,452
Wakala	782,386	975,081
Istisna'a	1,106,035	873,178
Credit cards receivable	2,054,159	1,646,713
Others	82,532	675,088
Less: Deferred income	(2,652,908)	(1,814,833)
Gross Islamic financing receivables	86,397,663	64,707,579
Gross loans and receivables	456,997,528	459,457,866
Total of credit impaired loans and receivables	26,599,317	29,159,717

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

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	24,439,919	20,508,463
Construction	12,533,396	16,110,888
Trade	33,707,967	32,717,137
Transport and communication	16,718,286	12,892,388
Utilities and services	33,216,976	15,231,685
Sovereign	113,617,512	152,416,647
Personal	109,999,342	98,184,765
Real estate	48,531,286	49,337,859
Hotels and restaurants	9,514,787	11,723,275
Management of companies and enterprises	16,308,196	12,689,036
Financial institutions and investment companies	23,219,809	20,903,075
Agriculture	4,994,205	5,825,162
Others	12,848,755	12,732,319
Gross loans and receivables	459,650,436	461,272,699
Less: Deferred Income	(2,652,908)	(1,814,833)
Less: Expected credit losses	(37,934,134)	(37,185,476)
Net loans and receivables	419,063,394	422,272,390

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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	Goodwill	Intangibles on Acquisition			Total	
		Banking license	Customer relationships	Core deposit intangibles	Brands	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Unaudited 30 September 2022						
Cost						
<u>Balance as at 1 January 2022</u>	5,561,676	162,977	446,178	876,862	154,997	7,202,690
Foreign exchange movement*	(11,759)	(31,098)	32,414	23,881	(43,081)	(29,643)
Balance as at 30 September 2022	5,549,917	131,879	478,592	900,743	111,916	7,173,047
Less: Amortisation and impairment						
<u>Balance as at 1 January 2022</u>	4,903	-	384,715	831,581	-	1,221,199
Amortisation and impairment for the period	-	-	70,518	51,954	-	122,472
Balance as at 30 September 2022	4,903	-	455,233	883,535	-	1,343,671
Net Goodwill and Intangibles	5,545,014	131,879	23,359	17,208	111,916	5,829,376
Audited 31 December 2021						
Cost	5,561,676	162,977	446,178	876,862	154,997	7,202,690
Less: Amortisation and impairment	4,903	-	384,715	831,581	-	1,221,199
Net Goodwill and Intangibles	5,556,773	162,977	61,463	45,281	154,997	5,981,491

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

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

8 OTHER ASSETS

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Accrued interest receivable	3,919,932	3,107,720
Islamic profit receivable	197,291	187,898
Prepayments and other advances	1,071,550	837,789
Sundry debtors and other receivables	2,041,553	1,938,780
Inventory	2,817,641	1,529,478
Deferred tax asset	783,652	929,142
Investment properties	562,483	440,351
Others	2,392,969	2,207,764
	<u>13,787,071</u>	<u>11,178,922</u>

9 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Medium term note programme	46,423,746	54,560,648
Term loans and certificates of deposits	6,412,658	6,405,566
Borrowings raised from loan securitisations	2,348,924	2,421,014
	<u>55,185,328</u>	<u>63,387,228</u>

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Balance as at 1 January	63,387,228	54,662,670
New issuances	4,600,746	25,636,942
Repayments	(8,616,103)	(13,313,409)
Other movements*	(4,186,543)	(3,598,975)
Balance at end of period / year	<u>55,185,328</u>	<u>63,387,228</u>

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

As at 30 September 2022, the outstanding medium term notes and borrowings totalling AED 55,185 million (31 December 2021: AED 63,387 million) are falling due as below:

	Unaudited 30 September 2022 AED millions	Audited 31 December 2021 AED millions
2022	4,821	12,640
2023	7,989	7,398
2024	10,853	10,145
2025	7,763	7,098
2026	5,783	6,219
Beyond 2026	17,976	19,887
	<u>55,185</u>	<u>63,387</u>

10 SUKUK PAYABLE

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

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

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

11 OTHER LIABILITIES

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Accrued interest payable	2,142,609	1,783,235
Profit payable to Islamic depositors	83,131	109,477
Managers' cheques	2,581,138	1,509,281
Trade and other payables	5,329,623	4,369,047
Staff related liabilities	1,357,125	1,405,347
Provision for taxation	710,458	226,940
Others	8,676,101	6,624,936
	<u>20,880,185</u>	<u>16,028,263</u>

12 EQUITY HOLDER FUNDS

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

13 TIER I CAPITAL NOTES

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

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

14 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
	-----	-----
Dividend income on equity investment measured at FVOCI	766	680
Dividend income on equity investments measured at FVTPL	7,406	11,023
Gain / (loss) from sale of debt investment securities measured at FVOCI	67,478	163,757
Gain / (loss) from investment securities designated at fair value through profit or loss	(26,811)	10,404
Rental income	36,428	19,783
Gain / (loss) on sale of investment properties / inventories	126,145	2,335
Foreign exchange and derivative income / (loss)*	3,311,563	807,701
Other income (net)	587,987	516,259
	-----	-----
	<u>4,110,962</u>	<u>1,531,942</u>

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

15 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
Staff cost	3,836,246	3,336,481
Occupancy cost	208,327	202,471
Equipment & supplies	167,275	154,316
Information technology cost	290,885	251,467
Communication cost	219,002	195,773
Service, legal and professional fees	180,739	152,040
Marketing related expenses	97,430	87,769
Depreciation	557,293	585,835
Amortisation of intangibles	122,472	122,472
Others	718,103	631,047
	<u>6,397,772</u>	<u>5,719,671</u>

16 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
Net impairment of cash and deposits with Central Banks	630	3,255
Net impairment of due from banks / other assets	29,068	(1,923)
Net impairment of investment securities	4,297	(12,249)
Net impairment of loans and receivables	3,385,603	3,956,961
Net impairment of unfunded exposures	126,910	(60,789)
Bad debt written off / (recovery) and modification adjustment - net	(288,672)	(165,485)
Net impairment loss for the period	<u>3,257,836</u>	<u>3,719,770</u>

17 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
Letters of credit	17,952,931	19,545,126
Guarantees	56,409,847	56,705,248
Liability on risk participations	187,569	218,757
Irrevocable loan commitments*	49,257,795	39,998,828
	<u>123,808,142</u>	<u>116,467,959</u>

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

18 EARNINGS PER SHARE

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

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
Profit for the period attributable to equity holders	9,073,733	7,285,642
Deduct : Interest on Tier 1 capital notes	(383,030)	(464,556)
Net profit attributable to equity holders	8,690,703	6,821,086
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	1.38	1.08
Adjusted earnings per share** (AED)	<u>1.76</u>	<u>1.08</u>

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

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

19 DERIVATIVES

	Unaudited 30 September 2022			Audited 31 December 2021		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	18,641,703	(16,893,077)	1,137,871,209	10,133,018	(7,966,273)	757,094,774
Derivatives held as cash flow hedges	169,069	(1,026,450)	22,752,323	238,462	(121,895)	29,221,176
Derivatives held as fair value hedges	298,155	(4,242,893)	27,513,737	287,445	(1,088,283)	30,004,652
Derivatives held as hedge of a net investment in foreign operations	29,081	-	733,597	-	(9,870)	452,876
Total	19,138,008	(22,162,420)	1,188,870,866	10,658,925	(9,186,321)	816,773,478

20 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- Corporate and Institutional banking represents current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate customers, investment banking, Islamic products under ENBD Islamic and structured financing primarily in the UAE, Egypt and KSA;
- Retail banking and Wealth Management represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing primarily in the UAE, Egypt and KSA;
- Global Markets and Treasury activities comprise of managing the Group's portfolio of investments, funds management and interbank treasury operations primarily in the UAE, Egypt and KSA;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;
- DenizBank is considered as a separate operating segment; and
- Other operations of the Group include Tanfeeth, property management, operations and support functions.

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20 OPERATING SEGMENTS (CONTNUED)**Unaudited 30 September 2022**

	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,761,299	4,801,516	737,211	1,579,211	4,920,150	724,396	15,523,783
Net fees, commission and other income	1,335,637	2,510,853	235,521	606,263	2,503,443	(22,479)	7,169,238
Total operating income	4,096,936	7,312,369	972,732	2,185,474	7,423,593	701,917	22,693,021
General and administrative expenses	(419,169)	(1,923,490)	(118,470)	(987,354)	(1,702,451)	(1,246,838)	(6,397,772)
Net impairment loss on financial assets	(1,217,649)	(657,957)	7,619	(143,646)	(836,389)	(409,814)	(3,257,836)
Share of profit of associate and loss on its disposal	-	-	-	-	-	-	-
Group profit for the period before tax	2,460,118	4,730,922	861,881	1,054,474	4,884,753	(954,735)	13,037,413
Taxation charge	(64,451)	(31,275)	(66,420)	-	(1,337,480)	(31,423)	(1,531,049)
Group profit for the period after tax	2,395,667	4,699,647	795,461	1,054,474	3,547,273	(986,158)	11,506,364
Hyperinflation adjustment on net monetary position	-	-	-	-	(2,407,882)	-	(2,407,882)
Group profit for the period	2,395,667	4,699,647	795,461	1,054,474	1,139,391	(986,158)	9,098,482
Segment Assets	295,453,310	78,720,109	155,512,996	71,869,152	120,033,603	(1,066,113)	720,523,057
Segment Liabilities and Equity	172,941,902	202,308,030	37,983,991	62,991,170	108,791,685	135,506,279	720,523,057

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 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

20 OPERATING SEGMENTS (CONTNUED)

Unaudited 30 September 2021	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	3,152,915	4,085,763	(196,010)	1,268,288	3,953,086	331,747	12,595,789
Net fees, commission and other income	1,175,727	1,902,871	138,358	529,395	946,654	11,530	4,704,535
Total operating income	4,328,642	5,988,634	(57,652)	1,797,683	4,899,740	343,277	17,300,324
General and administrative expenses	(413,388)	(1,613,552)	(117,218)	(807,651)	(1,678,018)	(1,089,844)	(5,719,671)
Net impairment loss on financial assets	(1,532,788)	(512,173)	6,681	(185,794)	(1,287,270)	(208,426)	(3,719,770)
Share of profit of associate and loss on its disposal	-	-	-	-	-	(21,137)	(21,137)
Group profit for the period before tax	2,382,466	3,862,909	(168,189)	804,238	1,934,452	(976,130)	7,839,746
Taxation charge	(10,539)	(54,875)	(42,921)	-	(416,059)	(25,473)	(549,867)
Group profit for the period	2,371,927	3,808,034	(211,110)	804,238	1,518,393	(1,001,603)	7,289,879
Segment Assets	312,307,421	65,984,963	128,668,500	64,321,843	125,116,295	2,668,111	699,067,133
Segment Liabilities and Equity	186,104,753	178,611,675	23,450,167	55,255,862	113,685,293	141,959,383	699,067,133

21 RELATED PARTY TRANSACTIONS

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

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 5% (December 2021: 5%) and 9% (December 2021: 6%) respectively, of the total deposits and loans of the Group.

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

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

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

	Unaudited 30 September 2022 AED 000	Audited 31 December 2021 AED 000
	-----	-----
<u>Loans and receivables:</u>		
To majority shareholder of the parent	107,509,788	148,117,393
To parent	1,291,855	1,273,898
To directors and related companies	1,643,781	872,993
	-----	-----
	110,445,424	150,264,284
	=====	=====
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	6,026,967	5,367,019
From parent	735,332	1,967,593
	-----	-----
	6,762,299	7,334,612
	=====	=====
Investment in Government of Dubai bonds	6,400,959	6,481,084

21 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
Payments made to associates	-	99
Payments made to other related parties	16,656	17,874
Fees received in respect of funds managed by the Group	12,794	12,370
Directors sitting fee	8,580	13,188

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

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	75,898	66,952
Post employment benefits	4,503	1,178

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

22 NOTES TO THE GROUP CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	28,732,343	20,911,912
Net cash inflow/(outflow)	(9,019,045)	1,017,901
Balance at end of period	<u>19,713,298</u>	<u>21,929,813</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	65,242,602	71,764,452
Due from banks	65,617,679	46,194,157
Due to banks	(40,097,354)	(47,359,398)
	<u>90,762,927</u>	<u>70,599,211</u>
Less: deposits with Central Banks for regulatory purposes	(47,946,241)	(41,981,849)
Less: certificates of deposits with Central Banks maturing after three months	-	(8,000,000)
Less: amounts due from banks maturing after three months	(40,075,393)	(27,905,360)
Add: amounts due to banks maturing after three months	16,972,005	29,217,811
	<u>19,713,298</u>	<u>21,929,813</u>

**22 NOTES TO THE GROUP CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)**

	Unaudited nine months period ended 30 September 2022 AED 000	Unaudited nine months period ended 30 September 2021 AED 000
	-----	-----
(c) Adjustment for non cash and other items		
Impairment loss / (reversal) on cash and deposits with Central Banks	630	3,255
Impairment loss / (reversal) on due from banks	29,068	(1,923)
Impairment loss / (reversal) on investment securities	4,297	(12,249)
Impairment loss / (reversal) on loans and receivables	3,385,603	3,956,961
Impairment loss / (reversal) on unfunded exposures	126,910	(60,789)
Amortisation of fair value	88,291	99,304
(Discount) / premium on Investment securities	(353,251)	(25,237)
Unrealised foreign exchange loss / (gain)	1,703,068	1,336,047
Amortisation of intangibles	122,472	122,472
Depreciation / impairment on property and equipment / Investment property	570,177	601,812
Share of profit of associate and loss on its disposal	-	21,137
Dividend income on equity investments	(8,172)	(11,703)
Unrealised (gain) / loss on investments	(49,314)	5,610
Unrealised (gain) / loss on FV Hedged item	(3,838,109)	(1,302,452)
(Gain) / loss on sale of investment properties / inventories	(126,145)	(2,335)
	-----	-----
	<u>1,655,525</u>	<u>4,729,910</u>

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

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

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

<u>Unaudited 30 September 2022</u>	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
<u>Investment Securities</u>				
Trading securities at FVTPL	4,396,827	-	-	4,396,827
FVOCI - debt instruments	21,576,941	18,568	-	21,595,509
FVOCI - equity instruments	386,510	871	101,911	489,292
Designated at FVTPL	115,214	-	142,706	257,920
	26,475,492	19,439	244,617	26,739,548
<u>Derivatives</u>				
<u>Positive fair value of derivatives</u>				
Derivatives held for trading	-	18,641,703	-	18,641,703
Derivatives held as cash flow hedges	-	169,069	-	169,069
Derivatives held as fair value hedges	-	298,155	-	298,155
Derivatives held as hedge of a net investment in foreign operations	-	29,081	-	29,081
	-	19,138,008	-	19,138,008
<u>Negative fair value of derivatives</u>				
Derivatives held for trading	-	(16,893,077)	-	(16,893,077)
Derivatives held as cash flow hedges	-	(1,026,450)	-	(1,026,450)
Derivatives held as fair value hedges	-	(4,242,893)	-	(4,242,893)
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	(22,162,420)	-	(22,162,420)
	26,475,492	(3,004,973)	244,617	23,715,136
Audited 31 December 2021	19,944,467	1,489,739	253,307	21,687,513

23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instrument	FVOCI – equity instrument	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2022	-	152,359	-	100,948	253,307
Total gains or losses:					
- in profit or loss	-	(9,653)	-	-	(9,653)
- in other comprehensive income	-	-	-	99	99
Purchases	-	-	-	730	730
Settlements and other adjustments	-	-	-	134	134
Balance as at 30 September 2022 (unaudited)	-	142,706	-	101,911	244,617
Balance as at 31 December 2021 (audited)	-	152,359	-	100,948	253,307

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

During the period ended 30 September 2022 no financial assets measured at fair value were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2021: AED Nil).

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

24 RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2021.

Stage-wise financing exposures and the related Expected Credit Losses (ECL) as at 30 September 2022 are given below:

(Gross carrying amounts)**Loans and receivables****AED 000****30 September 2022 (unaudited)**

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	399,020,797	31,277,352	29,159,717	459,457,866
Transfers from stage 1	(4,848,258)	4,431,914	416,344	-
Transfers from stage 2	3,209,349	(5,215,126)	2,005,777	-
Transfers from stage 3	-	621,010	(621,010)	-
New financial assets, net of repayments and others	3,086,879	(1,185,706)	(2,965,848)	(1,064,675)
Amounts written off during the period	-	-	(1,395,663)	(1,395,663)
Total gross loans and receivables*	400,468,767	29,929,444	26,599,317	456,997,528
Expected credit losses	(4,440,086)	(7,631,613)	(25,862,435)	(37,934,134)
Carrying amount	396,028,681	22,297,831	736,882	419,063,394

AED 000**30 September 2021 (unaudited)**

	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	421,733,474	26,974,893	29,817,914	478,526,281
Transfers from stage 1	(12,883,667)	12,536,673	346,994	-
Transfers from stage 2	3,578,941	(6,430,781)	2,851,840	-
Transfers from stage 3	-	433,991	(433,991)	-
New financial assets, net of repayments and others	(306,909)	512,742	(2,127,964)	(1,922,131)
Amounts written off during the period	-	-	(1,220,797)	(1,220,797)
Total gross loans and receivables*	412,121,839	34,027,518	29,233,996	475,383,353
Expected credit losses	(3,942,277)	(7,116,117)	(26,007,120)	(37,065,514)
Carrying amount	408,179,562	26,911,401	3,226,876	438,317,839

*The credit-impaired loans and receivables of AED 26,599 million (2021: AED 29,160 million) comprises of AED 25,794 million (2021: AED 28,138 million) credit-impaired loans and receivables and AED 805 million (2021: AED 1,022 million) classified as purchased or originated credit impaired (POCI) acquired at fair value.

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

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

<u>AED 000</u> <u>30 September 2022 (unaudited)</u>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	3,847,334	6,929,276	26,408,866	37,185,476
Transfers from stage 1	(229,595)	177,623	51,972	-
Transfers from stage 2	253,442	(1,332,507)	1,079,065	-
Transfers from stage 3	-	225,159	(225,159)	-
Allowances / (reversals) made during the period	690,980	1,647,280	2,862,434	5,200,694
Write back / recoveries made during the period	-	-	(1,815,091)	(1,815,091)
Amounts written off during the period	-	-	(1,395,663)	(1,395,663)
Exchange and other adjustments	(122,075)	(15,218)	(1,103,989)	(1,241,282)
Closing Balance	4,440,086	7,631,613	25,862,435	37,934,134

<u>AED 000</u> <u>30 September 2021 (unaudited)</u>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	4,612,683	5,697,198	24,674,930	34,984,811
Transfers from stage 1	(345,785)	328,761	17,024	-
Transfers from stage 2	477,304	(1,763,011)	1,285,707	-
Transfers from stage 3	-	91,360	(91,360)	-
Allowances / (reversals) made during the period	(727,461)	2,935,572	2,802,364	5,010,475
Write back / recoveries made during the period	-	-	(1,053,514)	(1,053,514)
Amounts written off during the period	-	-	(1,220,797)	(1,220,797)
Exchange and other adjustments	(74,464)	(173,763)	(407,234)	(655,461)
Closing Balance	3,942,277	7,116,117	26,007,120	37,065,514

25 IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

The Group closely monitors the market and the output from the various industry working groups managing the transition to new benchmark interest rates. GBP LIBOR has already transitioned to SONIA and management continues to run the project on the Group's transition activities on USD LIBOR to SOFR and engages with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.

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