Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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Independent auditor's report to the owner of Investment Corporation of Dubai

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investment Corporation of Dubai ("ICD" or the "Corporation") and its subsidiaries (together, the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2022;
- the consolidated statement of comprehensive income for the year ended 31 December 2022;
- the consolidated statement of financial position as at 31 December 2022;
- the consolidated cash flow statement for the year ended 31 December 2022;
- the consolidated statement of changes in equity for the year ended 31 December 2022; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach

Overview

Group scoping	Based on size, complexity and risk, we considered the Corporation's standalone operations and certain subsidiaries, associates and joint ventures, which mainly operate in the transportation and related services, banking and other financial services and oil and gas products/services segments besides companies in real estate, construction, industrial and retail industries, as significant components to be in scope for our audit of the Group. In determining the significant components, we considered the financial significance besides the qualitative risk profiles of the individual components. We also determined a number of other components to be in scope for the Group audit, in respect of which appropriate audit procedures were performed.
Key audit matters	• Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables • Concentration of related party balances • Passenger and cargo revenue recognition • Valuation of aircraft held for lease (as lessor)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

In addition to the Corporation's standalone operations, the Group has certain subsidiaries, associates and joint ventures which mainly operate in the transportation and related services, banking and other financial services and oil and gas products/services segments besides companies in real estate, construction, industrial and retail industries, that are significant to the Group's consolidated financial statements. The diversity of industries and decentralised structure of the Group increases the complexity of the Group's control environment as well as the complexity around our assessment of risk of material misstatement.

We obtained an understanding of management's consolidation process and performed audit procedures on the consolidation process. Through our risk assessment, we scoped significant components based on their financial significance to the consolidated financial statements and the individual component's risk profile. We obtained full scope audit opinions from component auditors for the significant components. We also requested certain other component auditors to perform audit procedures on components based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

How we tailored our group audit scope (continued)

We were in regular dialogue throughout the audit process with component auditors. The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included providing detailed formal instructions including the materiality levels to be used by each component. We obtained regular updates on progress and results of procedures through review of deliverables and the underlying work papers of the component auditors, as appropriate.

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.

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables Loans and receivables of the Group's banking component, Emirates NBD Bank PJSC and its subsidiaries (the "Bank"), represent a significant part of the total assets of the Group. The assessment of the Bank's determination of impairment allowances for loans and receivables requires management to make judgments over the staging of financial assets and measurement of ECL. The audit was focused on this matter due to the materiality of the loans and receivables and the complexity of the judgments, assumptions and estimates used in the ECL models.	- An understanding was gained of the loan origination process, credit risk management process and the estimation process of determining impairment allowance for loans and receivables. The operating effectiveness of relevant controls within these processes was tested. - On a sample basis, a detailed credit review was performed on the selected individual loans including challenging the Bank's identification of SICR (Stage 2), the assessment of credit-impaired classifications (Stage 3) and whether relevant impairment events had been identified in a timely manner. Challenged the assumptions underlying the impairment allowance calculation, such as estimated future cash flows, collateral valuations and estimates of recovery. Evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls that form part of the approval process for loan impairment allowances. - Evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios including the related weightings.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (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 (ECL) for loans and receivables (continued) The material portion of the non-retail portfolio of loans and receivables 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 judgment may also be involved in manual staging movements in accordance with the Bank's policies and the requirements of IFRS 9 Financial Instruments. The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the ECL models. Refer to note 2.5 of the consolidated financial statements for the significant accounting policies, note 2.6 for significant accounting judgments, estimates and assumptions and notes 22 and 37.1 for the credit risk disclosures.	- For loans tested collectively, evaluated controls over the modelling process, including model inputs, monitoring, validation and approval. Challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. - Tested the relevant IT applications 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. Evaluated system-based and manual controls over the recognition and measurement of impairment allowances. - Evaluated other post model adjustments and management overlays in order to assess the reasonableness of these adjustments. Assessed the reasonableness of forward-looking information incorporated into the impairment calculations by involving auditor's specialists to challenge the multiple economic scenarios chosen and weightings applied to capture non-linear losses. - The Bank performed an independent validation of the probability of default (PD) and loss given default (LGD) models including the macroeconomic model during the reporting period, as well as an external validation for some of the newly implemented PD and LGD models. Considered the process of this independent and external validation of the models and its impact on the results of the impairment estimate. - Updated our assessment of the methodology and framework designed and implemented by the Bank as to whether the impairment models' outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Bank to determine future economic conditions at the reporting date. - Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate and consistent with the requirements of IFRS.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Concentration of related party balances Concentration of related party balances as at 31 December 2022 is disclosed in note 36 to the consolidated financial statements, which discloses the Bank's exposure to the Government of Dubai (the "Government"). We focused on this area due to the materiality and the concentration of this balance within the related party balances. Further, significant management judgment is required to determine the extent of disclosures under IFRS 7 'Financial Instruments: Disclosures' and IAS 24 '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 ICD, a qualitative or quantitative indication of the extent of transactions with government entities is a required disclosure under IAS 24 'Related Party Disclosures'.	- Obtained from those charged with governance and management of the Bank, information identifying all known related parties. - Evaluated and tested key controls of the Bank over the identification and monitoring of related party transactions. - Evaluated and tested key controls of the Bank over the initial recording and monitoring of related party loans. - Reviewed minutes of board and management meetings of the Bank to determine if there were any related party transactions not previously identified. - Vouched individual related party transactions of the Bank on a sample basis to supporting documentation. - 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 Government, including the income arising from the material balance due from the Government, based on the disclosures provided in note 36. We also sighted the original written confirmation of this balance as at 31 December 2022.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Passenger and cargo revenue recognition Emirates, one of the Group's components operating in the aviation sector, provides commercial air transportation services, which include passenger and cargo services. Emirates contributes a significant portion of the total consolidated revenue of the Group. When a flight booking is made, passenger and cargo revenue is measured based on the sales price to the customer and allocated to each performance obligation under the contract. Revenue is initially deferred in the consolidated statement of financial position and subsequently recognised in the consolidated income statement when the related performance obligation has been fulfilled (typically when a passenger or the cargo has flown). The determination of the amount of revenue to be recognised for each flight requires complex IT systems and involves the exchange of information with industry systems and other airlines for a high volume of transactions. The accounting for passenger and cargo revenue is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents.	- Performed end-to-end walkthroughs of the finance and operational processes surrounding the revenue systems, to assess the design effectiveness of the related key internal controls and identify changes, if any, that have occurred during the current year. - Tested the operating effectiveness of these key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. - Tested key IT systems, including interfaces that impact the recognition of revenue from passenger and cargo sales, along with the IT change control procedures and related application controls. - Applied computer assisted audit techniques over passenger and cargo revenue to identify and test unexpected entries and correlate revenue movements during the year to accounts receivable and cash. - Substantively tested a sample of revenue from passenger and cargo sales at a booking and flight level to validate occurrence and cut-off of revenue. - Tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and the general ledger. - Obtained data supporting Emirates' historical expiry trend in respect of unused revenue documents. In addition to performing controls based testing as described above, the accuracy of historical expiry data was tested and compared to that used in the calculation of the amount of revenue to recognise from unused revenue documents, to assess reasonableness. - Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate and consistent with the requirements of IFRS.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Passenger and cargo revenue recognition (continued) The timing of revenue recognition for unused revenue documents requires judgment due to the timeframe over which revenue documents can be utilised and the large number of fare types sold by Emirates. Management of Emirates has determined the value of unused revenue documents that will not be utilised based on their terms and conditions and historical expiry trends. We focused on this area as a result of the complexity of the related IT systems, the potential for management override of controls and the level of judgment required by management in determining the timing of recognition of unused revenue documents, in addition to the significance of the revenue from Emirates to the Group. Refer to note 2.5 to the consolidated financial statements for the significant accounting policy relating to revenue recognition of airlines and note 2.6, which contains the disclosure of significant accounting judgments, estimates and assumptions relating to passenger and cargo revenue recognition.	

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter

Valuation of aircraft held for lease (as lessor)
 	
The Group's component, DAE Aviation Group Ltd ("DAE") is engaged in providing aircraft leases. Aircraft held for lease are included within property, plant and equipment under the category aircraft, aircraft engines and parts.
 	
DAE's management has performed an impairment test over the aircraft held for lease. No impairment charge was recognised in the current year ended 31 December 2022 (31 December 2021: nil).
 	
The recoverable amount attributable to each aircraft is determined as being the higher of the fair value and the value in use of the aircraft. The recoverable amount is compared to the carrying value of the aircraft in order to determine whether an impairment exists.
 	
The fair value is determined by reference to independent aircraft valuation reports provided by external appraisers.
 	
The value in use is determined by calculating the discounted cash flows expected to be generated by the aircraft. The calculation of value in use incorporates key assumptions including:
- Continuation of existing contracted lease rates for the period of the lease;
- Assumed future non-contracted lease rates with reference to independent appraiser data;
- Estimates relating to lease transition periods and related costs;
	- Obtained an understanding of DAE management's impairment model and key assumptions.
	
	- Tested this impairment model, in particular with regard to the appropriateness of key assumptions within the model, as follows:
	
	  - Agreed the carrying values of aircraft held for lease within the impairment model to the register of aircraft held for lease;
	
	  - With respect to the fair value of aircraft held for lease, agreed on a sample basis, the fair value of aircraft held for lease to independent aircraft valuation reports provided by external appraisers and other supporting evidence;
	
	  - With respect to the value in use calculation, agreed on a sample basis;
	
	    - existing contracted lease rates to signed lease contracts;
	
	    - the future non-contracted lease rentals to independent aircraft valuation reports provided by external appraisers and other supporting evidence; and
	
	    - the future value of the aircraft at the end of its useful life to independent aircraft valuation reports provided by external appraisers.
	
	  - Utilised our internal valuation specialists to perform an independent calculation of the discount rate, with particular reference to comparable companies and compared this calculation to the rate used by DAE's management; and
	
	  - Confirmed with senior operational personnel that the estimates relating to the lease transition periods and related costs were reasonable across the lease portfolio.

Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of aircraft held for lease (as lessor) (continued) - Assumed future aircraft fair values at the end of the aircraft's life with reference to external independent appraiser data; and - The discount rate applied to the cash flows within the value in use model. We focused on this area because the determination of whether an impairment loss should be recognised is inherently complex and requires management to exercise significant judgment over the calculation of the fair value and value in use of aircraft held for lease. Refer to note 2.5 to the consolidated financial statements for the significant accounting policy relating to property, plant and equipment (which includes aircraft held for lease) and impairment of non-financial assets, note 2.6 which contains the disclosure of significant accounting judgments, estimates and assumptions relating to aircraft held for lease and note 12 which contains the details of property, plant and equipment (which includes aircraft held for lease).	- Evaluated the competence, capabilities and objectivity of the external appraisers as independent aircraft appraisers. - Tested the mathematical accuracy of the impairment model. - Tested sensitivity analyses over the discount rates and the ranges of valuations obtained from the independent appraisers. - Assessed whether the related disclosures in the notes to the consolidated financial statements are consistent with the requirements of IFRS.

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Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report 2022 (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

When we read the Annual Report 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent auditor's report to the owner of Investment Corporation of Dubai (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control 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 Group's internal control.

- 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, actions taken to eliminate threats or safeguards applied.

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 or regulation precludes 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.

PricewaterhouseCoopers
17 April 2023

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Notes	***2022 AED'000***	*2021 AED'000*
Revenue	38	**267,419,731**	169,449,668
Cost of revenue		**(203,795,807)**	(136,073,557)
Net gains from derivative financial instruments	4	**3,501,012**	4,106,768
General and administrative expenses		**(22,585,792)**	(19,194,931)
Net impairment losses on financial assets	6	**(5,453,990)**	(6,304,672)
Net impairment losses on non-financial assets	5	**(1,544,466)**	(1,769,181)
Net other operating income	3	**2,733,674**	2,562,626
OPERATING PROFIT		**40,274,362**	12,776,721
Other finance income	7	**1,276,392**	610,699
Other finance costs	8	**(6,957,095)**	(6,970,809)
Share of results of associates and joint ventures	17	**8,151,451**	6,017,498
Other expenses – net	11(a), 17(a), 24 & 39.4	**(176,180)**	(880,668)
PROFIT FOR THE YEAR BEFORE INCOME TAX	38	**42,568,930**	11,553,441
Income tax expense – net	9	**(3,332,086)**	(1,450,603)
PROFIT FOR THE YEAR AFTER INCOME TAX	10	**39,236,844**	10,102,838
Hyperinflation adjustment on net monetary position	2.4	**(3,094,984)**	-
PROFIT FOR THE YEAR		**36,141,860**	10,102,838
Attributable to:			
The equity holder of Investment Corporation of Dubai ("ICD")		**29,773,443**	5,485,638
Non-controlling interests		**6,368,417**	4,617,200
		36,141,860	10,102,838

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
PROFIT FOR THE YEAR		**36,141,860**	10,102,838
Other comprehensive income			
Items that may be reclassified to consolidated income statement in subsequent periods:			
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI"):			
- Net change in fair value		**366,380**	(483,544)
- Net amount transferred to consolidated income statement	3	**(104,030)**	(182,728)
Net movement in fair value of cash flow hedges:			
- Net change in fair value		**1,314,669**	2,723,659
- Net amount transferred to consolidated income statement		**(1,033,494)**	(907,351)
Net movement in cost of hedging		**74,049**	(179,138)
Foreign currency translation differences:			
- Net exchange differences on translation of foreign operations		**(3,498,473)**	(4,838,250)
- Net amount transferred to consolidated income statement		**214,903**	190,078
Group's share in other comprehensive income of equity accounted investees	17	**(516,566)**	(506,727)
Hyperinflation adjustment	2.4	**4,174,227**	-
Net other comprehensive income that may be reclassified to consolidated income statement in subsequent periods		**991,665**	(4,184,001)
Items that will not be reclassified to consolidated income statement in subsequent periods:			
Net movement in fair value of equity instruments measured at FVOCI		**91,224**	427,467
Actuarial gain on defined benefit plans	28	**102,065**	26,274
Group's share in other comprehensive income of equity accounted investees	17	**(44,931)**	42,030
Net other comprehensive income that will not be reclassified to consolidated income statement in subsequent periods		**148,358**	495,771
Other comprehensive income for the year		**1,140,023**	(3,688,230)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**37,281,883**	6,414,608
Attributable to:			
The equity holder of ICD		**30,752,078**	4,419,409
Non-controlling interests		**6,529,805**	1,995,199
		37,281,883	6,414,608

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	*2022* *AED'000*	*2021* *AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	12	**161,760,118**	164,358,813
Right-of-use assets	13	**44,465,469**	47,803,803
Intangible assets	14	**28,134,257**	27,797,320
Investment properties	15	**26,694,220**	26,395,657
Development properties	16	**391,444**	462,206
Investments in associates and joint ventures	17	**60,760,145**	56,561,277
Deferred tax assets	9	**1,385,287**	1,191,272
Positive fair value of derivatives	30	**14,990,199**	7,345,057
Investment securities	18	**89,812,138**	64,779,933
Other non-current assets	19	**2,379,914**	2,940,567
Loans and receivables	22	**183,106,518**	164,608,305
Cash and deposits with banks	23	**3,475,737**	2,724,209
		617,355,446	566,968,419
Current assets			
Customer acceptances		**9,029,309**	11,343,522
Inventories	20	**17,567,118**	12,287,634
Positive fair value of derivatives	30	**3,241,305**	3,934,875
Investment securities	18	**58,925,338**	59,709,279
Trade and other receivables	21	**43,207,472**	34,098,428
Loans and receivables	22	**223,726,679**	248,072,396
Cash and deposits with banks	23	**201,934,506**	162,654,472
		557,631,727	532,100,606
Assets held for sale	24	**1,849,244**	2,008,948
		559,480,971	534,109,554
TOTAL ASSETS		**1,176,836,417**	1,101,077,973

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

	Notes	*2022 AED'000*	*2021 AED'000*
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	25	**85,914,627**	84,909,786
Retained earnings		**123,864,400**	100,568,822
Other reserves	27	**6,757,719**	5,129,682
		216,536,746	190,608,290
Non-controlling interests	34	**52,180,760**	47,773,951
Total equity		**268,717,506**	238,382,241
Non-current liabilities			
Employees' end of service benefits	28	**3,796,238**	3,721,650
Deferred tax liabilities	9	**2,145,209**	2,100,421
Borrowings and lease liabilities	29	**200,120,702**	222,989,992
Negative fair value of derivatives	30	**17,474,239**	6,833,593
Other non-current payables	31	**12,169,258**	12,431,836
Customer deposits	33	**4,797,235**	5,625,839
		240,502,881	253,703,331
Current liabilities			
Customer acceptances		**9,029,309**	11,343,522
Employees' end of service benefits	28	**19,440**	11,549
Borrowings and lease liabilities	29	**81,069,946**	86,726,094
Negative fair value of derivatives	30	**2,899,078**	2,926,383
Trade and other payables	32	**85,381,363**	66,564,807
Customer deposits	33	**485,728,151**	439,042,763
Current income tax liabilities		**2,717,503**	1,206,715
		666,844,790	607,821,833
Liabilities related to assets held for sale	24	**771,240**	1,170,568
		667,616,030	608,992,401
Total liabilities		**908,118,911**	862,695,732
TOTAL EQUITY AND LIABILITIES		**1,176,836,417**	1,101,077,973

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Director

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Director

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2022

	Notes	**2022** AED'000	2021 AED'000
OPERATING ACTIVITIES			
Profit for the year before income tax		**42,568,930**	11,553,441
Adjustments for:			
Net impairment losses on non-financial assets	5	**1,544,466**	1,769,181
Depreciation charge on property, plant and equipment, right-of-use assets and investment properties	10	**26,036,604**	25,870,142
Amortisation charge on intangible assets	10	**1,638,884**	1,450,079
Net Impairment losses on financial assets (excluding bad debt recovery – net of other losses)	6	**5,838,838**	6,697,308
Net losses / (gains) on disposal and write-off of property, plant and equipment, right-of-use assets, investment properties and intangible assets	3	**1,469,228**	(425,736)
Net gain on sale of debt instruments measured at FVOCI	3	**(104,030)**	(182,728)
Net change in fair value of investment securities measured at fair value through profit or loss ("FVTPL")	3	**(151,824)**	(1,108,832)
Other finance income	7	**(1,276,392)**	(610,699)
Other finance costs	8	**6,957,095**	6,970,809
Other expense - net	11(a), 17(a), 24 & 39.4	**176,180**	880,668
Share of results of associates and joint ventures	17	**(8,151,451)**	(6,017,498)
Provision for employees' end of service benefits	28	**1,444,762**	1,004,621
Unrealised losses / (gains) on derivatives and fair value hedged items – net		**90,937**	(649,891)
		78,082,227	47,200,865
Changes in:			
Inventories		**(2,851,347)**	(1,206,094)
Trade and other receivables		**(9,486,344)**	(1,833,032)
Trade and other payables		**13,860,996**	1,913,122
Loans and receivables (banking operations)		**528,171**	17,330,195
Statutory deposits (banking operations)		**(6,394,781)**	(2,232,450)
Deposits with banks with original maturity over three months (banking operations)		**(17,041,167)**	27,811,732
Customer deposits (banking operations)		**45,856,784**	(5,457,630)
Due to banks with original maturity over three months (banking operations)		**(7,455,345)**	(5,955,285)
Fair value of derivatives – net		**493,328**	304,634
Other non-current assets		**716,619**	4,667,218
Other non-current payables		**516,112**	(728,398)
		96,825,253	81,814,877
Employees' end of service benefits paid	28	**(1,097,724)**	(887,399)
Income tax paid		**(1,918,991)**	(1,058,390)
Foreign exchange and other movements		**13,460**	(366,856)
Net cash generated from operating activities		**93,821,998**	79,502,232

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 December 2022

	Notes	*2022* *AED'000*	*2021* *AED'000*
INVESTING ACTIVITIES			
Payments for addition in property, plant and equipment, right-of-use assets, intangible assets, investment properties and development properties		**(18,724,564)**	(21,241,201)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		**6,460,963**	6,615,951
Acquisition of subsidiaries – net of cash and cash equivalent acquired		**(3,931,706)**	72,120
Proceeds from disposal of a subsidiary – net of cash and cash equivalent		**10,075**	546,725
Proceeds from disposal of investments in associates and joint ventures		**81,886**	272,968
Other finance income received (non-banking operations)		**911,980**	654,969
Net other movement in investment securities		**(22,978,589)**	(35,984,387)
Investments made in associates and joint ventures		**(303,701)**	(310,335)
Dividend received from associates and joint ventures	17	**2,891,331**	1,604,177
Net movement in deposits with banks with original maturity over three months (non-banking operations)		**(5,502,284)**	(9,933,612)
Net cash used in investing activities		**(41,084,609)**	(57,702,625)
FINANCING ACTIVITIES			
Capital contributions from the Government of Dubai (the "Government")		**1,004,841**	2,504,858
Interest on Tier 1 Capital Notes		**(510,707)**	(592,233)
Repayment of Tier 1 Capital Notes	34(a)	**-**	(4,000,000)
Issuance of Tier 1 Capital Notes	34(a)	**-**	2,748,866
Distributions paid to the Government		**(5,773,246)**	(8,492,965)
Proceeds from borrowings	29(f)(i)	**53,419,517**	81,908,733
Principal repayments of borrowings and lease liabilities		**(81,912,029)**	(83,059,171)
Other finance costs paid (non-banking operations)		**(7,438,907)**	(7,377,563)
Dividend paid to the non-controlling interests		**(1,600,974)**	(1,272,902)
Contributions from non-controlling interests		**14,370**	48,322
Net cash used in financing activities		**(42,797,135)**	(17,584,055)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**9,940,254**	4,215,552
Cash and cash equivalents at the beginning of the year		**41,386,706**	37,171,154
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23.1	**51,326,960**	41,386,706

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Attributable to the equity holder of ICD					
	Capital	***Retained earnings***	***Other Reserves***	***Total***	***Non-controlling interests***	***Total equity***
	AED'000 (note 25)	***AED'000***	***AED'000 (note 27)***	***AED'000***	***AED'000 (note 34)***	***AED'000***
Balance at 1 January 2022	84,909,786	100,568,822	5,129,682	190,608,290	47,773,951	238,382,241
Profit for the year	-	29,773,443	-	29,773,443	6,368,417	36,141,860
Other comprehensive income for the year	-	102,875	875,760	978,635	161,388	1,140,023
Total comprehensive income for the year	**-**	**29,876,318**	**875,760**	**30,752,078**	**6,529,805**	**37,281,883**
Contributions from the Government	1,004,841	-	-	1,004,841	-	1,004,841
Distributions to the Government (note 26)	-	(5,688,246)	-	(5,688,246)	-	(5,688,246)
Dividend paid to non-controlling interests	-	-	-	-	(1,600,974)	(1,600,974)
Interest on Tier 1 capital notes	-	-	-	-	(510,707)	(510,707)
Transfers	-	(417,980)	417,980	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI	-	(340,957)	340,957	-	-	-
Other movements	-	(133,557)	(6,660)	(140,217)	(11,315)	(151,532)
Balance at 31 December 2022	**85,914,627**	**123,864,400**	**6,757,719**	**216,536,746**	**52,180,760**	**268,717,506**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2022

	Attributable to the equity holder of ICD					
	Capital AED'000 (note 25)	*Retained earnings AED'000*	*Other Reserves AED'000 (note 27)*	*Total AED'000*	*Non-controlling interests AED'000 (note 34)*	*Total equity AED'000*
Balance at 1 January 2021	82,404,928	104,499,883	5,690,656	192,595,467	48,663,426	241,258,893
Profit for the year	-	5,485,638	-	5,485,638	4,617,200	10,102,838
Other comprehensive income for the year	-	24,435	(1,090,664)	(1,066,229)	(2,622,001)	(3,688,230)
Total comprehensive income for the year	-	5,510,073	(1,090,664)	4,419,409	1,995,199	6,414,608
Contributions from the Government	2,504,858	-	-	2,504,858	-	2,504,858
Distributions to the Government (note 26)	-	(8,492,965)	-	(8,492,965)	-	(8,492,965)
Dividend paid to non-controlling interests	-	-	-	-	(1,272,902)	(1,272,902)
Change in Group's ownership in existing subsidiaries	-	(173,596)	23,818	(149,778)	149,778	-
Tier 1 capital notes issued (note 34(a))	-	-	-	-	2,748,866	2,748,866
Tier 1 capital notes redeemed (note 34(a))	-	-	-	-	(4,000,000)	(4,000,000)
Interest on Tier 1 capital notes	-	-	-	-	(592,233)	(592,233)
Transfers	-	(24,379)	24,379	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI	-	(570,629)	570,629	-	-	-
Other movements	-	(179,565)	(89,136)	(268,701)	81,817	(186,884)
Balance at 31 December 2021	84,909,786	100,568,822	5,129,682	190,608,290	47,773,951	238,382,241

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

1 ACTIVITIES

Investment Corporation of Dubai, an entity wholly owned by the Government of Dubai (the "Government"), was established in Dubai on 3 May 2006 under Law No. 11 of 2006 issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates ("UAE") and The Ruler of Dubai.

ICD is the principal investment arm of the Government and was capitalised with the transfer of certain investments under the Government's portfolio from the Department of Finance - Investments Division. ICD's role is to supervise the Government's portfolio of investments in commercial activities and add value through the implementation of best practice corporate governance, and invest in attractive opportunities to achieve appropriate risk-adjusted returns over the long-term.

The address of ICD's registered office is PO Box 333888, Dubai, UAE.

The consolidated financial statements of ICD and its subsidiaries (together referred to as the "Group") have been approved by the Board of Directors on 17 April 2023.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance
The consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement
These consolidated financial statements are prepared under the historical cost convention except for the measurement of:

- financial assets and liabilities measured at FVTPL;
- financial assets measured at FVOCI;
- derivative financial instruments measured at fair value;
- recognised assets and liabilities that are hedged and measured at fair value in respect of the risk that is hedged;
- assets held for sale (measured at lower of their carrying amount and fair value less costs to sell in accordance with IFRS 5); and
- plan assets related to employees' end of service benefits measured at fair value.

(c) Functional and presentation currency
The consolidated financial statements are presented in UAE Dirham ("AED"). The functional currency of ICD and a majority of its subsidiaries is AED. Certain subsidiaries have a functional currency other than AED. The balances of these subsidiaries have been translated into AED for the purpose of these consolidated financial statements.

Numbers have been rounded to the nearest thousand AED ("AED'000") except when otherwise indicated.

(d) Comparative information
Certain comparative figures have been reclassified either to conform to the current year's classification for a better presentation of the consolidated financial statements, where certain items of similar nature are aggregated, or in accordance with the relevant requirements of IFRS. These reclassifications had no impact on the total equity as at 31 December 2021 nor profit for the year ended 31 December 2021.

2 ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the previous year, except for the adoption of amendments to the existing standards and interpretations effective as of 1 January 2022. The adoption of these amendments to the existing standards and interpretations had no material impact on the consolidated financial statements for the year ended 31 December 2022, as described below. The Group has not early adopted any standards, interpretations and amendments that have been issued but are not yet effective.

Reference to the Conceptual Framework – Amendments to IFRS 3	The amendments were made to update the references to the Conceptual Framework for Financial Reporting in IFRS 3 and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 – Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.
Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.
Annual Improvements to IFRS Standards 2018–2020	The pronouncement contains amendments to: • IFRS 9 – Financial Instruments: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. • IFRS 16 – Leases: The amendment from illustrative Example 13 accompanying IFRS 16 removes the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 – Agriculture: The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41.
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before intended use	The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the income statement.

2 ACCOUNTING POLICIES (continued)

2.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards, amendments and interpretations relevant to the Group that have been issued as at the date of approval of these consolidated financial statements, but not yet effective for the year ended 31 December 2022 and have not been early adopted by the Group are listed below:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	The amendments require the Group to disclose its material accounting policy information rather than its significant accounting policies.	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
IFRS 17 Insurance Contracts	In May 2017, the IASB issued IFRS 17 Insurance Contract, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.	1 January 2023
Amendments to IFRS 16 – Lease liability in a sale and leaseback	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with convenants	The amendment clarifies that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.	1 January 2024

The Group is currently assessing the impact of the abovementioned amendments.

2. ACCOUNTING POLICIES (continued)

2.4 APPLICATION OF IAS 29 – FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

Turkey has been determined to be a hyperinflationary economy under IAS 29 with the previous three-year accumulated inflation exceeding 100%. As at 31 December 2022, the three-year cumulative inflation rate has been 156% based on the Turkish Consumer Pricing Index ("CPI"). The CPI at the beginning of the reporting period was 687 and it closed at 1,128, resulting in an increase of 64%.

Accordingly, the financial position and the results of DenizBank A.S. ("DenizBank"), a Turkish banking subsidiary of Emirates NBD Bank PJSC, have been restated to reflect their current prices using the CPI in the local currency of DenizBank before translation to the Group's functional currency, as described below:

a) The net non-monetary position (excluding equity) has been indexed by applying the difference in CPI from 31 December 2021 to 31 December 2022 resulting in a gain of AED 0.8 billion in the consolidated income statement to the extent determined to be recoverable.

b) The Group has recognised in other comprehensive income a credit of AED 0.6 billion which represents the impact of indexing 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.

c) 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.

d) The current year's income statement is indexed using the index movement for the year ended 31 December 2022, resulting in an immaterial impact to the Group's profit for the year.

During the year ended 31 December 2022, a loss of AED 3.1 billion has been recognised in the consolidated income statement as hyperinflation adjustment on net monetary position. The hyperinflation adjustments resulted in a credit of AED 1.1 billion in the consolidated statement of comprehensive income for the year ended 31 December 2022, after netting off the loss on net monetary position.

These hyperinflationary adjustments are not taxable or tax deductible, resulting in a permanent tax difference.

2. ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements comprise the financial statements of ICD and its subsidiaries. Subsidiaries are entities controlled by the Group. The list of the Group's significant subsidiaries, associates and joint ventures is provided in note 39.

The Group controls an investee if and only if the Group has all of the following:
- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Special Purpose Entities ("SPEs") are entities that are created to accomplish a well-defined objective; for instance, the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. These circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- contractual arrangements with other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's existing and potential voting rights.

Certain of the Group's subsidiaries manage and administer funds on behalf of investors. The financial statements of these funds are not included in these consolidated financial statements.

The Group reassesses 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. The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holder of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction in the consolidated statement of changes in equity.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill
In determining whether the acquired set of activities and assets is a business, the Group may elect to apply a concentration test to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this test is met, the Group recognises the transaction as an asset acquisition. If the test is not met or if the Group considers it would be inefficient to perform the test, the Group assesses whether the set of assets and activities meets the definition of a business given in IFRS 3. The Group performs this test on an acquisition-by-acquisition basis.

Business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are expensed in the consolidated income statement.

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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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 that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If the aggregate of the consideration transferred and the amount recognised for non-controlling interests is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in consolidated income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less 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 (“CGUs”) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU 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 on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, and that, if known, would have affected the amounts recognised at that date.

The measurement period ends as soon as the Group receives the necessary information about facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions involving entities under common control
Transactions involving entities under common control where the transaction has substance are accounted for using the acquisition method. For transactions involving entities under common control where the transaction does not have any substance, the Group adopts the pooling of interests method. Under the pooling of interests method, the carrying value of assets and liabilities in the books of the transferor (as adjusted to comply with Group accounting policies), are used to account for these transactions. No goodwill is recognised as a result of the transfer. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the net assets acquired is reflected as 'merger reserve' within equity.

A number of factors are considered in assessing whether the transaction has substance including the following:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not the transaction brings entities together into a 'reporting entity' that did not exist before.

Investments in joint arrangements and associates
A joint arrangement is an arrangement in which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group classifies its investments in joint arrangements into one of two types – joint operations and joint ventures.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Where it undertakes its activities under a joint operation, the Group as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for under the equity method.

Under the equity method, an investment in a joint venture or an associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture or associate since the acquisition date. The goodwill relating to a joint venture or an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in joint arrangements and associates (continued)
The consolidated income statement reflects the Group's net share of results of operations of joint ventures and associates. This represents the net results attributable to the equity holders of the joint ventures and associates.Where there has been a change recognised directly in the equity of joint ventures and associates, the Group recognises its share of any changes in the consolidated statement of changes in equity. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. If the joint venture or associate subsequently reports profits, the Group resumes the recognition of its share of those profits only after its share of the profits equals the share of losses not recognised.

To ensure consistency with the policies adopted by the Group, adjustments are made to the numbers reported by joint ventures and associates to the Group, where necessary.

Upon loss of joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture whose joint control has been lost and the sum of the fair value of the retained investment and the proceeds from disposal is recognised in the consolidated income statement.

When the Group retains significant influence over the remaining investment in the joint venture, the investment is accounted for as an investment in an associate. If the ownership in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated income statement, where appropriate.

Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of such an associate and the sum of the fair value of the retained investment and the proceeds from disposal is recognised in the consolidated income statement.

If the Group's ownership in an associate is reduced but the Group retains significant influence, any related gain or loss calculated as the difference between the net disposal proceeds and the proportionate carrying value of the associate that is disposed is recognised in the consolidated income statement. The Group also reclassifies a proportionate share of the amounts previously recognised in other comprehensive income relating to the reduction in the ownership interest to the consolidated income statement, if such amount would be required to be reclassified to the consolidated income statement on disposal of the related assets or liabilities.

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 between market participants 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 a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value; in doing so, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are classified within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels of the hierarchy by reassessing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign currency translation
The consolidated financial statements are presented in AED, which is ICD's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate of the functional currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured using the exchange rate of the functional currency at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement; this excludes monetary items that are designated as part of a hedge of a Group's net investment in a foreign operation; the differences on such monetary items are recognised in other comprehensive income until the disposal of the net investment, at which time their cumulative amount is reclassified to the consolidated income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised directly in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustment 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 closing rate.

Where the functional currency of a foreign operation is different from AED, the assets and liabilities of this subsidiary are translated into AED at the rate of exchange at the reporting date and its income statement is translated at the average exchange rate for the period. Exchange differences arising from this translation are taken directly to a separate component of other comprehensive income. Upon disposal of a foreign operation, the cumulative amount of such exchange differences recognised in equity relating to this foreign operation are recognised in the consolidated income statement.

Hyperinflation
The statement of financial position and the results of the subsidiaries operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using the official indices at the year-end, before translation into AED and, as a result, are stated in terms of the measuring unit current at the year-end.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

For contracts determined to be within the scope of IFRS 15, the Group is required to apply a five-step model to determine when to recognise revenue from contracts with customers, and the amount of revenue to be recognised:

Step 1: Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations to be met.

Step 2: Identify the performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or provide a service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time when the performance obligation is satisfied.

Principal versus agent

When more than one party is involved in a transaction for providing goods or services to a customer, the Group is required to determine whether it acts as a principal or an agent.

The Group acts as a principal if it controls a promised good or service before transferring it to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services. The factors considered in making this assessment are most notably whether the Group has discretion in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good.

Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent revenue is recorded as a net amount reflecting the margin earned.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. The variable consideration is estimated at the inception of the contract using either the expected value or the most likely amount, and this is included in revenue to the extent that it is highly probable that the revenue will not reverse.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Significant financing component
The Group is required to assess whether a contract with a customer contains a significant financing component if the period between the customer payment date and the date of transfer of goods or services (both for advance payments or payments in arrears) is greater than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk associated with the customer.

Contract modification
A contract modification occurs when the Group and the customer approve a change in a contract that either creates new enforceable rights and obligations, or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, verbal, or implied by customary business practices. The Group treats a contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Fees and commission income in banking operations
Fee income is measured by the Group based on the consideration specified in contracts with customers 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.

If a fee income forms an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and included in interest income.

Interest income and expense
Interest income and expense is recognised in the consolidated income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset (as defined below); or
- the amortised cost of the financial liability (as defined below).

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Group estimates future cash flows excluding ECL considering all contractual terms of the financial instrument. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 amortization 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 the financial asset before adjusting any loss allowance.

Calculation of interest income and expense
For the purpose of 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 their initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost 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.

For 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 of the financial asset. The calculation of interest income does not revert to a gross carrying amount, even if the credit risk of the asset improves.

Interest income and expense arising from banking operations are presented within ‘revenue’ and ‘cost of revenue’, respectively, in the consolidated income statement. Interest income and expense arising from non-banking operations are presented within ‘other finance income’ and ‘other finance cost’, respectively, in the consolidated income statement.

Income from Islamic financing and investment products
Islamic financing and investment products 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. The main classes of Islamic investment assets are:

Murabaha
A Murabaha is an agreement under which the Group sells to a customer a commodity or asset, which the Group has purchased and acquired, based on a promise received from the customer to buy the item purchased at a (deferred) selling price comprised of the cost of the commodity and an agreed profit margin.

The profit is quantifiable and contractually determined at the commencement of the contract. The profit is recognised on a time proportion basis over the life of the contract using an effective profit method on the outstanding balance.

Istissna’a
An Istissna’a is an agreement under which the Group sells to a customer a fully described property according to the agreed upon specifications. The Group constructs or develops the property either on its own or through a subcontractor and then hands it over to the customer on a fixed date for a deferred agreed price.

Istissna’a revenue and the associated profit margin (the difference between the cash price to the customer and the Group’s total Istissna’a cost) are accounted for on a time proportion basis.

Ijara
An Ijara is an agreement under which the Group (lessor) leases an asset to a customer (lessee) for a specific period of time against the payment of certain rent instalments. An Ijara ends by transferring the ownership of the asset to the lessee at the end of the Ijara agreement pursuant to a sale undertaking granted by the Group.

Ijara income is recognised on a time proportion basis over the period of the contract.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Income from Islamic financing and investment products (continued)

Mudaraba
A Mudaraba is an agreement between two parties under which the Rab-Ul-Mal, provides the funds and the other party, the Mudarib, provides efforts and expertise. The Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudaraba profit. In the event of a loss not attributable to any misconduct or negligence by the Mudarib, the Rab-Ul-Mal bears the loss of his funds while the Mudarib bears the loss of his efforts. However, in an event 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.

Income on Mudaraba financing is recognised on distribution of profits by the Mudarib, whereas losses are charged to the consolidated income statement on their declaration by the Mudarib.

Wakala
A Wakala is an agreement under which the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in the event of misconduct, negligence or violation of any of the terms and conditions of the Wakala.

The estimated income from the Wakala is recognised on time proportion basis over the period and adjusted for any differences with the actual income when received. Losses are accounted for on the date of declaration by the agent.

Sukuk
Investment in Sukuk is a certificate of equal value, representing undivided shares in the ownership of tangible assets, usufruct and services or assets of particular projects or special investment activities. Sukuk investment represents a common share in the ownership of the assets made available for investment.

Income is accounted for on a time proportion basis over the terms of the Sukuk.

Exchange house trading
Trading commission fees are recognised at the time when the underlying trade has been executed.

Airline revenue
The Group’s aviation activities principally generate revenue from commercial air transportation, which includes passengers, baggage, cargo, in-flight services and other services such as fast check-in, airport shuttle service, etc.

Passenger and cargo sales are recognised as revenue when (or as) the performance obligation for transportation service is fulfilled, and is presented net of discounts and taxes. The transaction price is allocated to each performance obligation based on the relative stand-alone selling price method. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under trade and other payables as ‘passenger and cargo sales in advance’. Revenue related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of services to the customer.

Revenue from the sale of consumer goods, food and beverages and catering operations is recognised when the control of goods is transferred or services are rendered to the customer and is stated net of discounts, taxes and returns.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Airport operations and travel services
Revenue from airport operations including ground and cargo handling services, while the revenue from travel services includes the sale of travel holiday packages and individual travel component bookings. Revenue from these services is recognised upon the performance of the related service obligation.

Where the Group acts as a principal, the total consideration received is allocated to the separate performance obligations based on relative stand-alone selling prices and revenue is recognised upon satisfaction of each performance obligation. Where the Group acts as an agent between the service provider and the end customer, the net commission is recognised as revenue upon satisfaction of the performance obligation.

Revenue from oil and gas products and services
A sale of goods is recognised when the Group has delivered products to the customers. Sales of crude oil arising from upstream operations exclude the share of crude oil attributable to abandonment and decommissioning barrels under the terms of Production Sharing Agreements ("PSA"). Revenue from services is recognised over time as services are provided.

Lease income
Lease income from assets under operating leases is recognised as income on a straight-line basis over the term of the lease. When the Group provides incentives to its customers, the cost of incentives is recognised on a straight-line basis over the lease, as a reduction of lease income.

Construction and real estate developer revenue
Where the outcome of a performance obligation can be estimated reliably, and when one of the criteria for recognising revenue over time is met in accordance with IFRS 15, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured using input method i.e as a proportion of contract costs incurred for work performed to date over the estimated total contract costs. In determining the contract cost incurred, the Group excludes the effect of any inputs that do not depict its performance in transferring control of goods and services to the customer. If the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

Revenue related to variation orders is recognised when it is probable that the customer will approve the variation and the amount of revenue arising from the variation can be reliably measured. Claims and incentive payments are recognised as contract revenue when settled or when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be reliably measured.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately and the contract is treated as an onerous contract.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned related to the satisfied performance obligation. Where the amount of consideration received from the customer exceeds the amount of revenue recognised, a contract liability is recognised.

If none of the criteria to recognise revenue over time is met, then the Group recognises revenue when it transfers control of goods or services to the customer, which may be the date of the hand over.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from hospitality operations
Hotel revenue includes all the revenue received from hotel guests. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to guests are representative of their stand-alone selling prices and are recognised when they have been delivered or rendered.

Revenue from room rentals of and provision of other ancillary services is recognised over time, net of discounts and municipality fees where applicable, when the rooms are rented and the services are rendered. Revenue from sale of food and beverage is recognised when they are sold.

When the Group acts as a hotel operator, it earns management fees from management contracts with third-party hotel owners. These fees are typically earned based on hotel revenue (e.g. base fees). They may also include an incentive fee subject to certain performance criteria. Base fees are typically billed and collected monthly, and revenue is recognised as services are provided. Incentive management fees are billed and recognised monthly based on each property's financial results, as long as the Group does not expect a significant reversal due to projected future hotel performance or cash flows in future periods.

Revenue from organisation of exhibitions and the provision of event services
Revenue derived from the organisation of exhibitions and the provision of event services is recognised immediately once the exhibition or event is held or the services rendered. If multiple services are rendered under a single arrangement, then the consideration is allocated based on their relative standalone selling prices determined based on the list price at which the Group would sells these services in separate transactions.

Licensing Fees
The Group earns revenue from the sale of licenses, which provide the customers with the right to use the underlying assets.

To determine whether the performance obligation is satisfied at a point in time or over time, the Group evaluates whether the nature of the promise is to provide the customer with a right to:

- access the intellectual property throughout the license period; or
- use the intellectual property as it exists at the point in time when the license is granted.

License fees earned by certain subsidiaries that operate free zones are recognised at the time when the license is issued. This license fee is a fixed and non-refundable fee that permits the licensee to operate freely under the terms of the license with no remaining obligation.

Revenue from retail operations
Revenue is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Dividend income
Dividend income is recognised when the Group's right to receive the corresponding payment is established.

Government grant
A government grant is recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives a grant of a non-monetary asset, the asset and the grant are recorded at a nominal amount.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill)
Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value of intangible assets as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recorded in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are 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 accounting estimates i.e. adjusted prospectively. The amortisation expense of intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives as follows:

Licenses	up to 50 years
Customer relationships and order backlog	up to 15 years
Computer software	up to 10 years
Service rights	up to 15 years
Trade names	up to 20 years
Contractual rights	Over the term of rights or based on the usage pattern of the underlying contract

Intangible assets include goodwill, brands and exclusive rights that have an indefinite life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Capital work-in-progress is stated at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised but instead tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the assessment that their life is indefinite continues to be supportable. If as a result of this assessment, it can no longer be supported, a change in the useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill) (continued)

Exploration and evaluation ("E&E") assets
E&E costs in respect of Group's oil and gas operations are initially capitalised within 'intangible assets'. Such E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Pre-license costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the consolidated income statement as they are incurred.

E&E assets related to each exploration license/prospect are not amortised; they are carried forward until the existence (or otherwise) of commercial reserves has been established or the determination process has been completed. If commercial reserves have been discovered, the related E&E assets are tested for impairment and any loss is recognised in the consolidated income statement. The carrying value, net of any impairment loss, of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment and is amortised as per the Group's depletion (depreciation) policy. No depletion is charged during the exploration and evaluation phase.

Tangible assets acquired for use in E&E activities are classified as property, plant and equipment. The depreciation of such tangible assets is recorded as part of the cost of E&E assets.

Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. This excludes the costs of day-to-day servicing. An item of property, plant and equipment should be recognised only if it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing, such as repair and maintenance of property, plant and equipment and which largely comprise labour costs and minor parts are recognised in the consolidated income statement as incurred. However, when expenditure involves replacing a significant part of an asset, this part should be capitalised as part of the property, plant and equipment, if the recognition criteria are met.

Land is not depreciated and is stated at cost less impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of property, plant and equipment as follows:

Buildings and leasehold improvements	up to 60 years
Furniture, fixture, and office equipment	up to 20 years
Plant, machinery, equipment and vehicles	up to 40 years
Aircraft, aircraft engines and parts (other than aircraft held for lease)	up to 23 years
Aircraft held for lease (given on operating leases to various operators)	up to 30 years from the date of manufacture

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

When significant parts of items of property, plant and equipment are required to be replaced at regular intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Similarly, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a separate part if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Major overhaul expenditure is depreciated over the shorter of the period to the next major overhaul, the lease term or the useful life of the asset concerned.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year when the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

Development and production assets
Development and production assets represent the cost of developing the commercial oil and gas reserves discovered and of bringing them into production, in addition to the E&E expenditure incurred in finding commercial reserves and transferred from intangible E&E assets. Costs of development and production assets also include the costs of license acquisition, drilling, infrastructure projects and a proportion of directly attributable administrative and overhead costs.

Inventory of drilling spares is classified under property, plant and equipment and is not depleted until it is put to use as development and production assets.

Depletion of development and production assets is computed using the unit-of-production method, with reference to the ratio of the production during the period and the estimated quantities of commercial reserves of oil and gas taking into account future development expenditure necessary to bring those reserves into production. Gas reserves are converted into barrels of oil equivalent based on the energy conversion rate for the purpose of determining the depletion charges. Changes in estimates of commercial reserves or future field development costs affecting the unit-of-production calculations for depletion are accounted for prospectively.

Commercial reserves
Commercial reserves are estimated quantities of proven and probable oil and gas reserves that available data demonstrates, with a specified degree of certainty, to be recoverable in the future from known reservoirs that are considered commercially producible. The working interest of the proven and probable commercial reserves are based on a reserves report produced by an independent engineer. Reserves estimates are reviewed by the independent engineer based on significant new data or a material change with a review of the field undertaken generally every year.

Capital work-in-progress
Assets in the course of construction are carried at cost less accumulated impairment losses. It also includes aircraft purchase deposits which represent the progress payment made to aircraft manufacturers for future aircraft deliveries.

Manufacturers' credits and liquidated damages
Group's subsidiaries engaged in the aviation business receive credits from manufacturers in connection with the acquisition of certain aircraft and related assets, or as an overall business consideration.

When credits from manufacturers relate to a consideration received for loss of income or incremental operating costs, it is recognised in the period to which costs pertain in the consolidated income statement, either as other operating income or as a reduction from operating costs, provided a contractual entitlement exists, amounts can be reliably measured and the receipt is virtually certain. These credits are recorded as a reduction of the cost of the aircraft and related assets when such credits do not relate to consideration for loss of income or for operating costs.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Aircraft held for lease
Aircraft held for lease are stated at cost less accumulated depreciation and impairment losses.

The maintenance right asset, a component of aircraft held for lease, arises from a business combination, it represents the value of the difference between the contractual right under the acquired lease to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition.

The maintenance right asset are amortised over the remaining useful life of the aircraft. Once the related maintenance work is performed, the unamortised amount will then be capitalised on to the aircraft. If the work is not performed during the term of the lease, the amount will be derecognised and any related maintenance reserves will be released, and the net impact is recorded in the consolidated income statement.

Major improvements to be performed by the Group pursuant to a lease agreement are accounted for as lease incentives and are amortised against revenue over the term of the lease, assuming there are no lease renewals. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to comply with return conditions of the flight equipment at the lease termination.

Major improvements and modifications incurred for an aircraft that is yet to be leased or those transitioning to a new lease are capitalised and depreciated over the remaining life of the aircraft held for lease when these increase the future economic benefit of related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition as part of a business combination, the Group evaluates whether the lease acquired with the aircraft is at fair value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognised when it is determined that the acquired lease's terms are above fair value; lease discounts are recognised when it is determined that the acquired lease's terms are below fair value. Lease premiums and discounts are capitalised as a portion of the aircraft held-for-lease value and are amortised as rental revenue on a straight-line basis over the lease term.

Expenditure incurred to transition an aircraft from one lessee to another, due to either a lease termination or a bankruptcy, is expensed.

Investment properties
Properties held for rental income or for capital appreciation, or with an undetermined future use, that are not occupied by the Group companies are classified as investment properties. The properties occupied by the Group are classified as 'property, plant and equipment'. For leased properties, the Group considers proportion of ancillary services to rental income and assesses whether the revenue from ancillary services are significant. When the revenue from ancillary services are considered significant, the Group classifies such properties as 'property, plant and equipement'.

The Group has adopted the cost model for accounting for its investment properties. Accordingly, investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Land is not depreciated and is stated at cost less impairment.

Properties under construction are carried at cost less accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of each investment property. These useful lives are estimated by management up to 50 years.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any amendment to the above is accounted for prospectively.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)
Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties or vice versa, the deemed cost of property for subsequent accounting is its cost less accumulated depreciation and impairment at the date of change in use. Expenditure incurred to replace a component of an investment property that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of investment properties. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gain or loss arising on derecognition of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated income statement in the year when the asset is derecognised.

Development properties
Properties in the course of construction for sale are classified as development properties and are stated at the lower of cost less accumulated impairment, or net realisable value.

Cost includes:
- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if it is material, less costs to complete the construction and the estimated cost of sale.

Management reviews the carrying value of development properties on an annual basis. No depreciation is charged during the development period.

With respect to real estate and development subsidiaries, the cost of land and the costs incurred in the course of development relating to properties sold during the year, for which revenue is recognised, are transferred to cost of revenue.

Development properties expected to be completed within twelve months are disclosed under ‘inventories’.

Leases

Identification of leases
At the inception of a contract, the Group assesses whether a contract is or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset. The asset may be identified by being explicitly or implicitly specified in the contract, and should be physically distinct or represent substantially all of the capacity of an asset. If the supplier has a substantive substitution right, the Group does not have the right to use an identified asset;
(b) the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Identification of leases (continued)

(c) the Group has the right to direct the use of the identified asset throughout the period of use. The Group has this right when either:

- it has the right to direct how and for what purpose the asset is used; or
- where the decision about how and for what purpose the asset is used is predetermined, the Group:
    - has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
    - designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose it will be used.

The Group acquires the right to purchase certain assets that are manufactured as per bespoke specifications and design, and are delivered through various financing arrangements. These are ‘in-substance purchases’ as it is certain that the title of these assets will eventually be transferred to the Group at the end of the financing term, and hence these assets are accounted for as property, plant and equipment under IAS 16. The related liabilities are treated as term loans under IFRS 9.

Group acting as a lessee

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for contracts that meet the definition of lease under IFRS 16.

Right-of-use-assets

For qualifying leases, a right-of-use asset is initially recognised and measured at cost, comprising of the initial measurement of lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or restore the underlying asset or the site on which it is located to the condition required by the terms of the lease. For contracts that contain one or more additional lease components, the consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component, estimated by maximising the use of observable information, if an observable standalone price is not readily available.

The right-of-use asset is subsequently depreciated over the shorter of the useful life or lease term of the right-of-use asset, except where the lessee has the option to purchase the leased asset at the end of the lease term and it is reasonably certain that it will do so; in this event, the right-of-use asset is depreciated over the useful life of the underlying asset. The estimated useful life of a right-of-use asset is determined on the same basis as that of property, plant and equipment. In addition, the right-of-use asset is periodically assessed for impairment and, if necessary, adjusted for remeasurements of the lease liability.

Right-of-use assets are recognised on a separate line item in the consolidated statement of financial position, except for the right-of-use assets that meet the definition of investment property, in which case they are presented as ‘investment properties’.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

***Group acting as a lessee* (continued)**

Lease liabilities
A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments, less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments to be made for an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

A lease liability is measured at amortised cost using the effective interest method. A lease liability is remeasured if there is a change in the lease term, in future lease payments arising from a change in an index or rate, in the amount expected to be payable under a residual value guarantee, or in the assessment of whether the Group will exercise an option to purchase the underlying asset. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the Group recognises the remaining amount of such remeasurement in the consolidated income statement.

The Group presents lease liabilities in ‘borrowings and lease liabilities’ in the consolidated statement of financial position.

Lease modifications
The Group accounts for a lease modification as a separate lease if both:
- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any adjustments to that stand-alone price reflect the circumstances of the particular contract.

For lease modifications that are not accounted for as a separate lease, at the effective date of the lease modification, the Group:
- allocates the consideration in the modified contract;
- determines the lease term of the modified lease; and
- remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term or, if that rate cannot be readily determined, the Group uses the incremental borrowing rate at the effective date of the modification.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group acting as a lessee (continued)

COVID-19 related rent concessions
The Group has applied an optional practical expedient available under IFRS to treat rent concessions occurring as a direct consequence of the COVID-19 pandemic in the same way as they would do if they were not lease modifications, provided these concessions meet the following conditions:
- the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

This practical expedient has been applied to all the leases other than leases of aircraft and aircraft engines.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

Group acting as a lessor
Leases where the Group transfers substantially all the risks and rewards incidental to the ownership of an underlying asset are classified as finance leases. All other leases are classified as operating leases. The classification is carried out at the lease inception date and is reassessed only if there is a lease modification.

Amounts due from lessees under finance leases are recognised as receivables from an amount equal to the net investment in the lease. Finance lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the Group's outstanding net investment in respect of the lease.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term or by using another systematic basis if it is more representative of the time pattern in which the benefit of the underlying asset is diminished.

If an arrangement contains both lease and non-lease components, the Group applies guidance provided in IFRS 15 to allocate the consideration in the contract.

Sale and leaseback transactions
In order to determine whether the transfer of an asset is accounted for as a sale, the Group applies the requirements to determine when a performance obligation is satisfied under IFRS 15. If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset:
(a) the Group (as seller-lessee) derecognises the underlying asset and recognises a right-of-use asset with a corresponding liability equal to the retained interest in the asset. Accordingly, the Group (as seller-lessee) recognises a gain or a loss that relates to the rights transferred to the buyer-lessor in the consolidated income statement; and
(b) the Group (as buyer-lessor) accounts for the purchase of the asset under the relevant IFRSs, and for the lease applies the lessor accounting requirements of IFRS 16.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:
(a) any below-market term is accounted for as a prepayment of lease payments; and
(b) any above-market term is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

If the transaction does not qualify as a sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements as 'bank and other borrowings' under 'borrowings and lease liabilities'.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. To assess its value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. To determine its fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Goodwill
Goodwill is reviewed for impairment test purposes annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount plus the carrying amount of the goodwill allocated to the CGU, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment at each reporting period either individually or at the CGU level, as appropriate.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss against the carrying value of Group's investments in its associates or joint ventures. The Group determines at each reporting date whether there is any objective evidence that an investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate or joint venture and its carrying value, and recognises the resulting impairment in the consolidated income statement.

Reversal of impairment losses on non- financial assets
For impaired non-financial assets other than goodwill, an assessment is made at each reporting date to ascertain whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the consolidated income statement.

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument. Regular-way purchases and sales of financial assets are recognised on trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. Derivatives embedded in contracts where the host is a financial asset are never bifurcated. Instead, the whole hybrid instrument is assessed for classification purposes.

i) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses related to these assets are recognised in the consolidated income statement.

ii) Financial assets measured at FVOCI

(a) Debt instruments
Debt instruments are measured at FVOCI where they meet both of the following conditions and are not designated as measured at FVTPL:

- the contractual cash flows are solely payments of principal and interest on the outstanding principal; and
- the objective of the Group's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method. Foreign exchange gains and losses and impairment losses (including reversals) are recognised in the consolidated income statement. Other net gains and losses are recognised in the consolidated statement of comprehensive income.

(b) Equity instruments
Equity instruments are normally measured at FVTPL. However, upon initial recognition of an equity instrument that is not held for trading, the Group may elect to designate it as measured at FVOCI and accordingly present subsequent changes in the fair value of the instrument in the consolidated statement of comprehensive income. This election is irrevocable and made on an instrument-by-instrument basis.

Foreign exchange gains or losses arising on these assets are recognised in the consolidated statement of comprehensive income. Dividends are recognised as income in the consolidated income statement unless the dividend represents a recovery of part of the cost of the investment, in which case it is recognised in the consolidated statement of comprehensive income.

iii) Financial assets measured at FVTPL

On initial recognition, the Group may irrevocably designate as measured at FVTPL a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL. This includes derivatives and financial assets held for trading.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

iii) Financial assets measured at FVTPL (continued)

Financial assets that are held for trading 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.

These assets are subsequently measured at fair value and net gains or losses are recognised in the consolidated income statement.

Business model assessment
The Group entities make an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and expectations about the future trading activity. However, information about trading 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;
- how the performance of the portfolio is evaluated and reported to management;
- 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 risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- 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;

Assessment whether contractual cash flows of a financial instrument are solely payments of principal and interest
For the purpose 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 the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows of a financial instrument are solely payments of principal and interest on the outstanding principal, 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 in such a way that it would not meet this condition.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

i) Financial liability measured at amortised cost

After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Financial liabilities (continued)

ii) Financial liability measured at FVTPL

A financial liability is classified as measured at FVTPL if it is held for trading, it is a derivative or it is designated as FVTPL on initial recognition.

Financial liabilities are classified as held for trading if they are incurred with the intention to repurchase them in the near term or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities may be designated at FVTPL on initial recognition, if the following criteria are met:

(a) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
(b) they are managed within a group of financial liabilities or of financial assets and financial liabilities whose performance is evaluated on a fair value basis; or
(c) The financial liability contains an embedded derivative that significantly modifies the cash flows of the contract or it is clear with little or no analysis when a similar hybrid instrument is first considered that the separation of the embedded derivative is not prohibited.

Financial liabilities at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest expense, are recognised in the consolidated income statement. Any gains and losses arising from changes in the entity's own credit risk are recognised in consolidated statement of comprehensive income.

Reclassification
The Group reclassifies financial assets other than equity instruments measured at FVOCI if, and only if, the objective of the business model for managing those financial assets is changed.

The Group determines the classification of financial liabilities on initial recognition. Their subsequent reclassification is not permitted.

Modifications
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. The difference on derecognition of the original financial asset is recognised as gain or loss in the consolidated income statement.

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 a modification gain or loss in the consolidated income statement.

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different, then 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 that of the new financial liability with modified terms is recognised in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) the rights to receive cash flows from the asset have expired; or
(b) the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
(c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group enters into transactions whereby it transfers assets recognised on its 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.

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.

Any gain or loss arising on the derecognition of financial assets measured at amortised cost is recognised in the consolidated income statement.

Upon derecognition of debt instruments measured at FVOCI, cumulative gains or losses recognised in the consolidated statement of comprehensive income are reclassified to the consolidated income statement.
Any cumulative gain or loss recognised in the consolidated statement of comprehensive income in respect of an equity instrument designated as FVOCI is reclassified to retained earnings upon derecognition.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. Any gain or loss arising on the derecognition of a financial liability is recognised in the consolidated income statement.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses ("ECLs") on the following instruments that are not measured at FVTPL:
- financial assets measured at amortised cost and debt instruments measured at FVOCI;
- lease receivables;
- financial guarantee contracts issued;
- loan commitments issued; and
- contract assets (as defined in IFRS 15).

No impairment loss is recognised on equity instruments that are financial assets.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Impairment of financial assets* (continued)**
The Group measures impairment allowances either using the general or simplified approach, as considered appropriate.

Under the general approach, impairment allowances are measured at an amount equal to 12-month ECL except when there has been a significant increase in credit risk ("SICR") since inception. In such cases, the Group measures impairment allowances at an amount equal to the credit loss expected over the life of the financial asset.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is a SICR since inception.

12-month ECL: These losses are the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL.

The Group uses simplied approach to measure the ECL mainly on trade receivables, retention receivables, contract receivables, loan receivables (non-banking operations) and finance lease receivables. The estimation of ECL is based on the historical credit loss experience adjusted for forward-looking information, primarily using provision matrix approach.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:
- financial assets that are not credit-impaired: measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired: measured as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: measured 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 upon such drawdown; and
- financial guarantee contracts: measured as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Credit losses are measured using a 'three-stage' approach based on changes in credit quality since initial recognition as summarised below:
- A financial instrument that is not credit-impaired on initial recognition is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a 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 as 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 all possible default events that can take place over the lifetime of the instrument.
- ECL is measured after factoring in forward-looking information.
- ECL on purchased or originated credit-impaired financial assets is measured on a lifetime basis by the Group.

The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of Default ("PD")
- Loss Given Default ("LGD")
- Exposure at Default ("EAD")

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Restructured or modified 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 the financial difficulties of the borrower, then an assessment is made to ascertain whether the financial asset should be derecognised and ECLs are measured as follows:

- if the expected restructuring or modification does not result in the derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in the calculation of cash shortfalls arising from the existing asset.
- if the expected restructuring results in the derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow arising from the existing financial asset at the time of its derecognition. This amount is included in the calculation of cash shortfalls arising 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.

Purchased or originated credit-impaired ("POCI") assets
POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value on original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. Lifetime ECL are only recognised or released to the extent that there is a subsequent change in the credit risk.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets measured 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 another financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties or other economic factors.

Revolving facilities
The Group's banking operations have a product offering that includes a variety of corporate and retail overdraft and credit cards facilities, for which Emirates NBD PJSC and its subsidiaries (together defined as the "Bank") has the right to cancel or reduce the facilities at a short notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Reversals of impairment
If the amount of an impairment loss decreases in subsequent periods, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the impairment allowance account accordingly. The write-back is recognised in the consolidated income statement.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. 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.

ECL, including those arising from banking operations, are presented as 'net impairment losses on financial assets' in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedging
The Group uses derivative financial instruments as trading investments as well as to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. Derivative financial instruments are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the consolidated income statement.

For the purpose of hedge accounting, a hedging relationship is categorised as either:

- hedge of an exposure to changes in the fair value of a recognised asset or liability or firm commitment (fair value hedge);
- hedge of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge); or
- hedge of a net investment in a foreign operation (net investment hedge).

Hedge accounting rules are governed by IFRS 9 and apply to financial instruments that qualify as hedging instruments and are designated in a hedging relationship such as one of the three categories listed above.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Hedge effectiveness is measured by the Group on a prospective basis at inception and prospectively over the term of the hedging relationship. Sources of ineffectiveness in hedge accounting include the impact of derivatives related credit risk on the valuation of the hedging derivative and hedged item.

Hedges that meet the criteria for hedge accounting as defined by IFRS 9 are accounted for as follows:

Fair value hedges
When a derivative is designated as the hedging instrument in a fair value hedge 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 the consolidated income statement 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, 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.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedging (continued)

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the 'hedge reserve' within equity. Any gain or loss in fair value relating to an ineffective portion of the hedge is recognised immediately in the consolidated income statement.

The accumulated gains and losses recognised in the other comprehensive income are reclassified to the consolidated income statement in the periods in which the hedged item will affect the profit or loss. However, when a 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 the hedging instrument expires or is sold, or when it no longer meets the criteria for hedge accounting, 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 income statement. 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 consolidated income statement.

Net investment hedges
Hedging instruments of a net investment in a foreign operation often consist of derivatives such as forward contracts that are accounted for in the a similar manner as cash flow hedges. The effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and presented in the 'translation reserve' within equity. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the consolidated income statement. The amount recognised in other comprehensive income is reclassified to the income statement upon disposal of the foreign operation.

Hedge rebalancings
When the Group performs a rebalancing of a hedging relationship, if the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for this designated hedging relationship remains unchanged, the Group may adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Borrowings
Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the consolidated income statement over the period of the borrowing using the effective interest method.

Interest or profit is payable on various facilities, bank borrowings and bank loans at normal commercial rates. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of this asset. The capitalisation of borrowing costs commences from the date of incurring the expenditure related to the qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Borrowing costs relating to the period after acquisition or construction are expensed.

Gains and losses arising from the derecognition of liabilities are recognised in the consolidated income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of liabilities for at least 12 months after the reporting date.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Sale and repurchase agreements
Liability arising from securities sold subject to repurchase agreements ("repos") is included as a separate deposit when the transferee has the right by contract or custom to sell or repledge the collateral. Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and receivables from other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Interest rate benchmark reforms related reliefs
The Group assumes that the benchmark interest rate will not be altered as a result of the IBOR reform for the following purposes:
- assessment of whether a forecast transaction (or component thereof) is highly probable for cash flow hedges;
- assessing when to reclassify the amount in the cash flow hedge reserve to consolidated income statement i.e. determination of whether a designated forecast transaction is no longer expected to occur; and
- assessment of the economic relationship between the hedged item and the hedging instrument.

The Group will prospectively cease to apply these reliefs at the earlier of when the uncertainty regarding the timing and amount of interest rate benchmark-based cash flows is no longer present, and when the hedging relationship is discontinued.

The Group will apply the following practical expedients when they become applicable:
- contractual changes, or changes to cash flows that are directly required by the IBOR reform, are to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- changes required by IBOR reform are to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- an alternative benchmark rate designated as a non-contractually specified risk component that is not separately identifiable, at the date when it is designated, will be deemed to have met the 'separately identifiable' criteria to be designated as a hedge item if the Group reasonably expects that it will meet the requirement within a period of 24 months from the date of the first designation.

Inventories
Inventories are stated at the lower of cost and estimated net realisable value. The cost of materials comprises of expenditure incurred in bringing each product to its present location and condition.The cost of finished goods and work in progress comprises of the cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but it excludes borrowing costs, and is mainly determined as below:

Petroleum products	weighted average
Airline consumer goods	weighted average
Other consumable goods	weighted average

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Properties held with the intention to be sold in the future are classified as inventory properties under inventory.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Crude oil overlifts and underlifts
Crude oil overlifts and underlifts arise on differences in quantities between the Group's entitlement production and the production either sold or held as inventory by the Group at the reporting date. Underlifts and overlifts of entitlement to crude oil production are measured at market value and recorded as a receivable and payable, respectively. The movement within an accounting period is adjusted through 'cost of revenue' in the consolidated income statement.

Work in progress and excess billings (in respect of construction contracts)
Work in progress is stated at cost plus attributable profits, less provision for any anticipated losses and progress payments received and receivable, and shown as contract receivables. Where the payments received or receivable for any contract exceed the cost plus attributable profits or less anticipated losses, the excess is shown as excess billings.

Cash and cash equivalents
For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and deposits with banks and due from banks with an original maturity of three months or less, net of bank overdrafts and due to banks with an original maturity of three months or less.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable 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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Expenses relating to provisions are presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for aircraft return conditions
The provision for aircraft return conditions (restoration obligation) represents the estimate of the cost required to meet the contractual lease-end obligations on certain aircraft and engines at the time of re-delivery. At lease commencement, the present value of the expected cost considering the existing fleet plan and long-term maintenance schedules is recognised as a provision and capitalised as part of the right-of-use asset and depreciated over the lease term.

Subsequent changes to the estimated cost for each restoration obligation is accounted for as a remeasurement to the provision for aircraft return conditions with a corresponding impact to the related right-of-use asset, if available, and depreciated over the remaining lease term. Otherwise, the remeasurement is recognised in the consolidated income statement.

Maintenance reserves
One of the Group's subsidiaries engaged in an aircraft leasing business holds maintenance reserves. A maintenance reserve comprises of maintenance advances, lessor contributions, repossession provisions, re-lease provisions and heavy maintenance provisions. In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease (supplemental amounts). In these contracts, upon presentation by the lessee of the invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

During the lease term, the Group also recognises as lease revenue the maintenance reserve that is not expected to be reimbursed to a lessee, when the Group has reliable information that the lessee will not require reimbursement of additional rentals based on a maintenance forecasting model. Where amounts expected to be reimbursed are not certain, revenue is recognised at the end of the lease.

When an aircraft is sold, the portion of the accrued liability not specifically assigned to the buyer is derecognised from the consolidated statement of financial position as part of the gain or loss on disposal of the aircraft.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Maintenance reserves (continued)

Lessor contributions
At the beginning of each new lease subsequent to the first lease on a new aircraft, lessor contributions are established. They represent contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease. The Group regularly reviews the level of lessor contributions required to cover its contractual obligations under current lease contracts and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease.

Lessor contributions in respect of end of lease adjustments are recognised when the Group believes it is probable that it will be required to reimburse amounts to a lessee and the amount can be reasonably estimated.

Frequent flyer programme ("Skywards")
The Group's airline subsidiaries has a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on its airlines and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

These subsidiaries account for Skywards miles (predominantly accrued through the sale of flight tickets or purchase of miles by programme partners) as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Skywards miles based on their stand-alone selling price, adjusted for expected expiry and the extent to which the demand for an award cannot be met, and is accounted for as 'deferred revenue' under 'trade and other payables' in the consolidated statement of financial position. The standalone selling price is determined using the adjusted market assessment approach, using estimation techniques and taking into consideration the various redemption options available to Skywards members. Marketing income earned from partners associated with the programme is recognised when the miles are issued.

Revenue from redemption of miles is recognised in the consolidated income statement only when these subsidiaries fulfil their obligations by supplying free or discounted goods or services on redemption of the miles accrued.

Abandonment and decommissioning costs
A PSA provides for a fixed proportion of the proceeds of the Group's oil production to be set aside in an escrow bank account to meet abandonment and decommissioning costs of wells, platforms and other facilities and is not therefore available for other purposes. In accordance with the terms of a PSA, abandonment and decommissioning obligations are limited to the accumulated abandonment and decommissioning funds set aside in an escrow account.

Employees' end of service benefits
The Group operates or participates in various end-of-service benefit plans that are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which the relevant subsidiary pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employee's service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at this date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the reporting date of high quality bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses for defined benefit plans are fully recognised in retained earnings through consolidated statement of comprehensive income in the period in which they arise.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits (continued)
UAE national employees participate in the UAE government's pension fund to which the employee and the Group contribute a specified percentage of salary. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

End-of-service benefits for other employees are provided for as per UAE labour law or in accordance with other relevant local regulations.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but is disclosed when an inflow of economic benefits is probable.

Financial guarantees and undrawn 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 a payment when due, in accordance with the terms of a debt instrument. Financial guarantee liability is carried at amortised cost when a payment under the contract has become probable. Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide financing with pre-specified terms to the customer.

Financial guarantees issued and undrawn loan commitments are initially measured at fair value (which is the charges received on issuance). The received charges are 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.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense also includes interest, fines and penalties payable to the relevant tax authorities in the jurisdictions in which the Group entities operate.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences except:
- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, that affects neither accounting nor taxable profit or loss; and
- in respect of temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which they can be utilised, except:
- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside of consolidated income statement is recognised either as other comprehensive income or directly in equity in conjunction with the underlying transaction.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively.

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale rather than through their continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to sell, and the sale transaction should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is a component of the Group that is a CGU or a group of CGUs, that either has been disposed of, or is classified as held for sale or distribution, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2 ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale and discontinued operations (continued)
Assets and liabilities classified as held for sale or distribution are presented separately as current items in the consolidated statement of financial position. The results of the discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the senior management of ICD, who makes strategic decisions and is responsible for the overall allocation of resources and assessment of performance of the operating segments.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The following are information about the key sources of estimation uncertainty where management of the relevant entities exercised judgments and made assumptions that have a material impact over the carrying value of assets and liabilities.

Classification of financial assets

When the Group classifies financial assets, it makes judgments and estimates to:
- assess the business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amounts outstanding;
- determine the classification of certain financial assets as measured at FVTPL or at FVOCI; and
- determine fair value at the time of reclassification i.e. on initial adoption of IFRS 9.

Calculation of ECL

Assessment of significant increase in credit risk
While estimating ECL, the Group assumes that the credit risk on a financial asset has significantly increased since initial recognition when there is objective evidence or key risk indicators to support it.

IFRS 9 contains a rebuttable presumption that instruments that are 30 days past due have experienced a SICR.

The Group performs the following analysis to find objective evidence or key risk indicators of increased credit risk:
- The Group compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination.
- The Group performs additional qualitative reviews to assess the SICR and make adjustments, as necessary, to better reflect the positions that have significantly increased in risk.

The Group reviews its financial assets to assess whether they are impaired on a regular basis. Whilst performing this impairment testing, 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 generated by a financial asset or homogenous group of financial assets. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce differences between loss estimates and actual loss.

2 ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL (continued)

Macroeconomic factors and forward-looking information
IFRS 9 requires an unbiased and probability-weighted estimate of credit losses obtained by evaluating a range of possible outcomes that incorporate forecasts of future economic conditions. Macroeconomic factors and forward-looking information, which requires significant judgement, are incorporated into the measurement of ECL as well as the determination of whether there has been a SICR since inception. The measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors and forward-looking information – specific to the Bank
The estimation and application of forward-looking information requires judgement 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 Bank's ECL calculation will have forecasts of the relevant macroeconomic variables. The 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 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 Bank's governance process for oversight.

2 ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL (continued)

Macroeconomic factors and forward-looking information – specific to the Bank (continued)

A sensitivity assessment due to movements in each macroeconomic variable and the respective weights under the three scenarios is periodically performed by the Bank.

The table below summarises key macroeconomic indicators included in the economic scenarios for the respective operating regions relevant to their markets at 31 December 2022 and for the years ending 2023 to 2026:

	Base Scenario					Upside Scenario					Downside Scenario				
	2022	**2023**	**2024**	**2025**	**2026**	**2022**	**2023**	**2024**	**2025**	**2026**	**2022**	**2023**	**2024**	**2025**	**2026**
UAE															
Oil Price – USD	102	92	72	69	69	102	89	71	69	69	102	90	60	65	67
GDP – Change %	7.5	2.2	3.0	2.6	2.7	7.5	3.5	4.4	2.7	2.7	7.5	(1.1)	(1.0)	3.5	4.3
Imports – AED in Bn	1,031	1,170	1,281	1,356	1,425	1,031	1,173	1,300	1,397	1,486	1,031	1,104	1,115	1,146	1,202
KSA															
Oil GDP – SAR in Trn	1.38	1.46	1.48	1.50	1.52	1.38	1.48	1.53	1.55	1.56	1.38	1.41	1.37	1.41	1.45
Unemployment %	9.75	9.56	9.58	9.60	9.60	9.75	9.49	9.48	9.52	9.58	9.75	9.85	10.1	10.0	9.86
Turkey															
Real GDP - Growth%	2.45	3.34	4.30	3.85	-	3.06	4.06	4.68	4.16	-	1.83	1.10	3.85	3.85	-
Unemployment - %	10.3	11.2	10.7	9.99	-	10.2	10.8	10.4	9.37	-	10.4	11.8	11.7	11.2	-

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 followed by the Group for impairment assessment purposes is in line with the guidelines of IFRS 9. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2 ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL (continued)

Expected life
When estimating ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment options and 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.

Fair value of financial instruments
The fair value of investments that are actively traded on an organised financial market is determined by reference to quoted market bid prices available at the close of business of the reporting date. Where the fair value of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, it is determined using a variety of valuation techniques and valuation models, depending on the financial instrument type and available market data. The input to these models is taken from observable market data where possible, and where not possible, a degree of judgment is required in establishing fair values. 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.

Revenue from contracts with customers

Satisfaction of performance obligations
The Group assesses its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of revenue recognition.

Determination of transaction prices
The Group determines the transaction price of each of its contracts with customers. In doing so, the Group assesses the existence in the contract of variable considerations, significant financing components and non-cash considerations, and their impact.

Allocation of transaction price to performance obligation in contracts with customers
A transaction price is allocated to each performance obligation on the basis of their stand-alone selling price. The Group estimates the standalone selling price as a price at which a promised good or service is sold separately to a customer in the market. Where an observable market price is not available, 'the adjusted market assessment approach', 'the expected cost plus margin approach' or 'the residual method', as relevant, may be used to estimate the stand-alone selling price.

Method to recognise revenue over time
The Group exercises significant judgment to evaluate whether to apply the input method or output method in allocating the transaction price to performance obligations when revenue is recognised over a period of time. The Group may select an appropriate output or input method based on the business segment or products or services in such business segment. However, the Group applies the method consistently to similar performance obligations and in similar circumstances.

In applying the input method, the Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognised. The Group uses the output method where performance is measured based on the direct value of the goods or services transferred to date to the customers, in comparison to the remaining goods or services to be provided under the contract.

Transfer of control in a contract with a customer
Where the Group determines that performance obligations are satisfied at a single point in time, revenue is recognised when the control over the asset is transferred to the customer. Significant judgment is required to evaluate when the control is transferred to the customer.

2 ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Passenger and cargo revenue recognition
The Group's subsidiaries recognise passenger and cargo sales as revenue when each performance obligation for the transportation service is fulfilled. The value of unused revenue documents is held in the consolidated statement of financial position under 'trade and other payables' as 'passenger and cargo sales in advance'. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of service to the customer.

Impairment losses on non-financial assets
At each reporting date, the Group reviews its non-financial assets and their carrying value to assess whether there are any indications of impairment. Where an impairment indicator is identified, management estimates the recoverable value of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. To compute the value-in-use, management estimates the present value of future cash flows using a reasonable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where fair value is used to determine recoverable amount, management uses valuations techniques and may appoint external independent valuers, as deemed appropriate. The Group's investment in publicly listed companies often operate under restrictions due to the applicable listing regulations on the disclosure of information to a selective group of equity holders and, therefore for such investments, the Group determines the recoverable value using publicly available data or analysts' forecasts, as appropriate.

Depreciation of property, plant and equipment and investment properties
The Group determines the useful life and residual value of property, plant and equipment and investment properties based on the intended use and the economic lives of those assets. Subsequent changes in circumstances due to factors such as technological advancement or a change in the prospective utilisation of these assets could result in the actual useful life or residual value differing from initial estimates.

Aircraft held for lease
To determine the carrying value of aircraft held for lease, the Group estimates useful lives and residual values of aircraft. In doing so, the Group relies upon relevant management's industry experience, supported by estimates received from independent appraisers, for the same or similar aircraft types along with the Group's anticipated utilisation of the aircraft. For the purpose of assessing the impairment of aircraft held for lease, the key assumptions used while calculating value in use for aircraft held for lease include estimates of future lease rates, discount rates, residual value, economic conditions, technology advancements and airline demand for particular aircraft types. A significant level of judgment is exercised by management given the long-term nature and diversity of inputs that go into determining these estimates.

Development and production assets – depletion
To come up with the carrying value of the Group's development and production assets, significant assumptions have been made in respect of the depletion charge. These significant assumptions include estimates of oil reserves, future oil prices, discount rate and future development costs including the cost of drilling, infrastructure facilities and other capital and operating costs. The depletion charge computation assumes the continued development of the field to extract the assessed oil reserves and the underlying capital expenditure required for this purpose.

Frequent flyer programme
The Group's airline subsidiaries account for Skyward miles (predominantly accrued through sales of flight tickets or purchases of miles by programme partners) as a separately identifiable component of the sale transaction in which they are granted. The consideration in respect of the initial sale is allocated to Skyward miles based on their stand-alone selling price and is accounted for as 'deferred revenue' under 'trade and other payables' in the consolidated statement of financial position. The stand-alone selling price is determined using an adjusted market assessment approach. The adjusted market assessment approach involves the use of estimation techniques to determine the standalone value of Skyward miles and reflects the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards using historical trends. Adjustments to the stand-alone selling price of miles are also made in consideration of those miles not expected to be redeemed by programme members and of the extent to which the demand for an award cannot be met. A level of judgment is exercised by management due to the diversity of inputs that go into determining the stand-alone selling price of miles. A reasonably possible change to any single assumption will not result in a material change to the deferred revenue.

2 ACCOUNTING POLICIES (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Provision for aircraft return conditions
The measurement of the contractual provision for aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by the Group's subsidiaries operating in the aviation sector. A significant level of judgment is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. A reasonably possible change in any single assumption will not result in a material change to the provision.

Determination of lease term under IFRS 16
To determine the term of a lease, the Group considers all relevant factors that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by an option to terminate the lease) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). To ascertain whether it is reasonably certain that the Group exercises these options, the Group takes into consideration lease termination penalties that would be incurred, leasehold improvements that are estimated to have significant remaining value, historical lease durations and the cost associated with the business disruption caused by replacing the leased asset.

Amortisation of intangible assets
The Group assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and historical experience. Subsequent changes in circumstances due to factors such as technological advancement, changes in the terms of the underlying contracts or prospective utilisation of these assets result in the useful lives or residual values differing from initial estimates. The Group reviews the residual values and useful lives of major intangible assets and makes adjustments where necessary.

Provision for obsolete inventory
The Group reviews on a regular basis its inventory to assess losses due to obsolescence. In determining whether a provision for obsolescence should be recognised in the consolidated income statement, the Group assesses whether there is any observable data indicating that there are future adverse factors affecting the saleability of a product and the net realisable value for such product. Accordingly, a provision for impairment is recognised where the net realisable value is less than its cost based on management's best estimates. The provision for obsolescence of inventory is based on past movement, future expected consumption and age analysis.

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. A provision for litigation is recorded only if an outflow of economic resources is probable to settle the obligation and a sufficiently reliable estimate of the amount of the obligation can be made. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In doing so, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. In some instances, part of a property may be held to earn rentals or for capital appreciation purposes and the remaining part of the same property may be held for use in the production or supply of goods or services or for administrative purposes. If these parts can be sold separately (or leased out separately under a finance lease), the Group accounts for these parts separately. If these parts cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Management applies judgment to determine whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its assessment.

Valuation of defined benefit obligations
The present value of defined benefit obligations is determined on an actuarial basis using various assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate and expected salary increases which are reviewed at each reporting date. Due to the complexities involved in the valuation and its long-term nature, such estimates are subject to significant uncertainty.

3 NET OTHER OPERATING INCOME

	2022 ***AED'000***	*2021* *AED'000*
Manufacturers' credits and liquidated damages	**478,287**	627,680
Vendors' support fee income	**238,000**	121,533
Net gain on sale of debt instruments measured at FVOCI	**104,030**	182,728
Net change in fair value of investment securities measured at FVTPL	**151,824**	1,108,832
Site rentals	**238,978**	227,677
Grants from governments	**87,535**	543,734
Net foreign exchange gains / (losses)	**229,290**	(3,191,988)
Net (losses) / gains on disposal and write-off of property, plant and equipment, right-of-use assets, investment properties and intangible assets (note 12(f))	**(1,469,228)**	425,736
Others	**2,674,958**	2,516,694
	2,733,674	2,562,626

4 NET GAINS FROM DERIVATIVE FINANCIAL INSTRUMENTS

	2022 ***AED'000***	*2021* *AED'000*
Net gains on currency derivatives	**2,619,664**	4,420,166
Net losses on commodity oil derivatives	**(416,833)**	(750,855)
Net gains on interest rate derivatives	**1,331,271**	549,415
Net losses on other derivatives	**(33,090)**	(111,958)
	3,501,012	4,106,768

5 NET IMPAIRMENT LOSSES ON NON- FINANCIAL ASSETS

	2022 ***AED'000***	*2021* *AED'000*
Impairment losses on property, plant and equipment (note 12)	**256,631**	639,452
Impairment losses on right-of-use assets (note 13)	**-**	104,363
Impairment losses on intangible assets (note 14)	**14,703**	116,555
Impairment losses on investment properties (note 15)	**1,273,070**	1,015,770
Impairment reversals on development properties (note 16)	**-**	(180,239)
Impairment losses on investments in associates and joint ventures (note 17)	**62**	73,280
	1,544,466	1,769,181

6 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2022	*2021*
	AED'000	*AED'000*
Impairment losses on loans and receivables – net of recoveries (note 22.2)	**5,319,333**	6,234,860
Impairment losses on trade and other receivables – net of recoveries (note 21.2)	**254,344**	477,785
Impairment losses / (reversals) on other non-current assets – net of recoveries (note 19.1)	**51,105**	(36,218)
Impairment losses / (reversals) on investment securities - net	**25,649**	(16,375)
Impairment losses / (reversals) on cash and deposits with banks - net	**34,342**	(27,422)
Impairment losses on unfunded exposures	**154,065**	64,678
Bad debt recovery - net of other losses	**(384,848)**	(392,636)
	5,453,990	6,304,672

7 OTHER FINANCE INCOME

	2022	*2021*
	AED'000	*AED'000*
Finance income on bank deposits	**629,145**	271,928
Finance income from associates and joint ventures (note 36(a))	**427,913**	211,690
Finance income from the Government, Ministry of Finance of the UAE ("MOF") and other related parties (note 36(a))	**13,721**	47,775
Others	**205,613**	79,306
	1,276,392	610,699

8 OTHER FINANCE COSTS

	2022	*2021*
	AED'000	*AED'000*
Finance costs on borrowings	**3,377,278**	3,101,516
Finance charges on lease liabilities (note 29(f)(ii))	**2,371,034**	2,737,551
Finance costs on loans from associates and joint ventures (note 36(a))	**267,579**	248,324
Finance costs on loans from Government, MOF and other related parties (note 36(a))	**188,172**	177,414
Others	**753,032**	706,004
	6,957,095	6,970,809

9 INCOME TAX EXPENSE - NET

The components of income tax expense are as follows:

	2022 AED'000	*2021 AED'000*
Current income tax		
Current income tax charge	**3,429,035**	1,566,067
Deferred tax		
Relating to origination and reversal of temporary differences (see below)	**(96,949)**	(115,464)
Income tax expense - net	**3,332,086**	1,450,603

Deferred tax

Deferred tax at year-end relates to the following:

	Consolidated statement of financial position 2022 AED'000	***Consolidated income statement 2022 AED'000***
Deferred tax liabilities		
Accelerated depreciation for tax purposes	**3,089,122**	**136,188**
Tax effect of intangible assets and other timing differences	**(943,913)**	**78,677**
	2,145,209	**214,865**
Deferred tax assets		
Losses available for offset against future taxable income	**99,526**	**(18,005)**
Other timing differences	**1,285,761**	**(293,809)**
	1,385,287	**(311,814)**
Deferred tax benefit		**(96,949)**

	Consolidated statement of financial position 2021 AED'000	*Consolidated income statement 2021 AED'000*
Deferred tax liabilities		
Accelerated depreciation for tax purposes	2,784,908	(96,576)
Tax effect of intangible assets and other timing differences	(684,487)	(66,149)
	2,100,421	(162,725)
Deferred tax assets		
Losses available for offset against future taxable income	259,941	27,849
Other timing differences	931,331	19,412
	1,191,272	47,261
Deferred tax benefit		(115,464)

9 INCOME TAX EXPENSE - NET (continued)

A significant part of the Group's operations is carried out within the UAE and currently the Group's operations in the UAE are not subject to corporate tax. Some of the Group's subsidiaries operating abroad secured tax relief or exemptions by virtue of tax treaties and reciprocal arrangements in most of the jurisdictions in which they operate. Therefore, the income tax currently relates only to certain overseas operations and subsidiaries, which are subject to corporate tax.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "CT Law") to introduce a Federal corporate tax regime in the UAE, which will become effective for accounting periods beginning on or after 1 June 2023. However, as at 31 December 2022, there were a number of significant decisions yet to be finalised that are critical for entities to determine their tax status, applicable tax rate and taxable income.Accordingly, the Group has determined that the CT Law was not substantively enacted from the perspective of IAS 12 – Income Taxes as at 31 December 2022.

Further, the Global Anti-Base Erosion Rules introduced by the Organisation for Economic Co-operation and Development's Inclusive Framework on Base Erosion and Profit Shifting will impose a tax on the profits of groups operating in multiple jurisdictions with annual consolidated group revenues above the prescribed threshold. Several jurisdictions where the Group operates are in the process of implementing these rules in their domestic laws ("GloBE Rules"). As at 31 December 2022, the GloBE Rules have not been substantively enacted in the UAE and other jurisdictions where the Group operates.

The Group is currently in the process of assessing the possible impact of the CT law and the GloBE Rules on its consolidated financial statements.

The relationship between the tax expense and the accounting profit can be broadly explained as follows:

	2022 ***AED'000***	*2021* *AED'000*
Profit for the year before income tax	**42,568,930**	11,553,441
Of which profit arising from taxable jurisdictions is	**10,766,948**	5,371,225

	2022 ***AED'000***	*2021* *AED'000*
Tax calculated at domestic tax rates applicable to profits arising in taxable jurisdictions	**3,391,431**	1,405,496
Effect of non-deductible expenses	**880,204**	551,299
Effect of income exempt from tax	**(1,025,157)**	(223,156)
Prior period adjustment / release of provision	**(4,049)**	(30,851)
Impact of tax rate change - net	**-**	(131,523)
Effect of other items - net	**89,657**	(120,662)
Income tax expense - net	**3,332,086**	1,450,603

10 PROFIT FOR THE YEAR

	2022 *AED'000*	*2021* *AED'000*
Profit for the year is stated after charging the following:		
Staff costs	**32,167,847**	23,849,174
Rental expense incurred on low value and short-term leases	**1,239,567**	798,516
Depreciation charge on property, plant and equipment, right-of-use assets, and investment properties (notes 12, 13 and 15)	**26,036,604**	25,870,142
Amortisation charge on intangible assets (note 14)	**1,638,884**	1,450,079

Staff costs include UAE pension costs of AED 263,447 thousand (2021: AED 231,812 thousand) and other post-employment benefits of AED 1,555,240 thousand (2021: AED 1,198,050 thousand).

11 BUSINESS COMBINATIONS

(a) Acquisition of Sky Fund I Irish, Ltd ("Sky Fund I")

In November 2022, Group acquired 100% ownership of Sky Fund I through one of its subsidiaries operating in the aircraft leasing business. The primary business of Sky Fund I is to purchase, lease and dispose of commercial aircraft. The Group recorded the fair value of the assets and liablities of Sky Fund I at the date of acquisition as summarised below:

	AED'000
Property, plant and equipment	4,684,357
Borrowings and lease liabilities	(2,155,766)
Other assets and liabilities	1,158,893
Fair value of the net assets acquired	**3,687,484**
Gain on bargain purchase	**(107,913)**
Purchase consideration	**3,579,571**

	AED'000
Analysis of cash flow on acquisition:	
Cash and cash equivalents acquired	**78,009**
Purchase consideration	**(3,579,571)**
Net cash outflow on acquisition	**(3,501,562)**

The gain on bargain purchase of AED 107,913 thousand is recognised under 'other expenses – net' in the consolidated income statement.

The acquired business contributed revenue of AED 48.1 million and a profit of AED 7.7 million from the acquisition date to 31 December 2022. If the acquisition had taken place at the beginning of the year, the contribution to Group's revenue and profit would have been AED 431.1 million and AED 36.4 million respectively.

11 BUSINESS COMBINATIONS (continued)

(b) Acquisition of Target Engineering Contruction Company LLC ("Target")

In September 2022, the Group acquired 100% ownership in Target. It is primarily an oil and gas EPC Contractor. The Group recorded the fair value of the assets and liablities of Target at the date of acquisition as summarised below:

	AED'000
Fair value of the net assets acquired	**365,780**
Goodwill	**7,220**
Purchase consideration	**373,000**

	AED'000
Analysis of cash flow on acquisition:	
Cash and cash equivalents acquired	**20,362**
Purchase consideration	**(373,000)**
Net cash outflow on acquisition	**(352,638)**

The acquired business contributed revenue of AED 456 million and a profit of AED 12 million from the acquisition date to 31 December 2022. If the acquisition had taken place at the beginning of the year, Target's contribution to the Group would have been revenue of AED 1,404 million and a loss of AED 13.4 million.

(c) During the current year, the Group acquired or incorporated a number of other immaterial subsidiaries. In addition, the Group's shareholding in a number of subsidiaries changed, and individually these had no significant impact on the Group's consolidated financial statements.

12 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:							
Balance at 1 January 2022	43,873,622	9,876,177	33,821,264	25,898,669	167,234,187	10,776,017	291,479,936
Transfers from right-of-use assets (note 13)	-	-	-	-	1,048,100	-	1,048,100
Transfers from intangible assets (note 14)	-	-	-	126,872	-	-	126,872
Transfers (to) / from investment properties (note 15)	(3,759,714)	20,940	-	-	-	2,511,451	(1,227,323)
Transfers from development properties (note 16)	-	-	7,611	-	-	-	7,611
Transfers (to) / from assets held for sale	(1,162)	42,854	(19,414)	-	-	727	23,005
Other transfers	399,302	662,652	378,580	-	6,265,863	(7,706,397)	-
Additions	254,539	609,082	1,729,941	4,688,477	1,905,202	7,723,853	16,911,094
Arising on business combinations	130,126	61,861	490,662	-	4,815,070	81,578	5,579,297
Disposals / write-off	(219,022)	(462,226)	(2,207,154)	-	(10,448,137)	(374,959)	(13,711,498)
Hyperinflation adjustment (note 2.4)	308,885	1,692,562	1,132	-	-	-	2,002,579
Translation differences	(153,060)	(80,361)	(81,857)	-	(12)	3,020	(312,270)
Balance at 31 December 2022	**40,833,516**	**12,423,541**	**34,120,765**	**30,714,018**	**170,820,273**	**13,015,290**	**301,927,403**
Accumulated depreciation and impairment:							
Balance at 1 January 2022	16,066,375	8,501,147	21,299,579	17,577,881	62,309,692	1,366,449	127,121,123
Depreciation charge (note 10)	1,379,141	955,767	2,274,084	2,225,003	8,890,987	-	15,724,982
Impairment charge (note 5)	43,681	-	-	-	2,190	210,760	256,631
Transfers from right-of-use assets (note 13)	-	-	-	-	304,573	-	304,573
Transfers (to) / from investment properties (note 15)	(686,393)	-	-	-	-	808,507	122,114
Transfers from / (to) assets held for sale	108,936	43,822	32,738	-	-	(1,336)	184,160
Other transfers	(53,504)	91,700	(38,196)	-	-	-	-
Arising on business combinations	49,689	56,603	350,984	-	208,990	-	666,266
Disposals / write-off	(139,991)	(412,784)	(2,079,152)	-	(2,903,355)	(10,963)	(5,546,245)
Hyperinflation adjustment (note 2.4)	272,331	1,244,729	1,103	-	-	-	1,518,163
Translation differences	(66,090)	(64,813)	(53,576)	-	(4)	1	(184,482)
Balance at 31 December 2022	**16,974,175**	**10,416,171**	**21,787,564**	**19,802,884**	**68,813,073**	**2,373,418**	**140,167,285**
Net book value:							
Balance at 31 December 2022	**23,859,341**	**2,007,370**	**12,333,201**	**10,911,134**	**102,007,200**	**10,641,872**	**161,760,118**

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:							
Balance at 1 January 2021	44,281,378	10,251,378	36,107,833	24,282,996	163,168,046	10,211,534	288,303,165
Transfers from intangible assets (note 14)	-	-	-	200,030	-	-	200,030
Transfers from investment properties (note 15)	1,081,644	16,240	-	-	-	9,256	1,107,140
Transfers from development properties (note 16)	4,296	-	25,085	-	-	-	29,381
Transfers to assets held for sale	(1,895,836)	(247,060)	(128,053)	-	(1,301,553)	(2,348)	(3,574,850)
Other transfers	1,289,289	453,062	388,815	-	7,261,077	(9,392,243)	-
Additions	260,485	168,118	718,367	1,415,643	3,187,805	9,978,737	15,729,155
Arising on business combinations	7,677	7,238	18,132	-	-	673	33,720
Disposals / write-off	(1,100,312)	(884,878)	(3,299,416)	-	(5,080,429)	(8,593)	(10,373,628)
Translation differences	(54,999)	112,079	(9,499)	-	(759)	(20,999)	25,823
Balance at 31 December 2021	43,873,622	9,876,177	33,821,264	25,898,669	167,234,187	10,776,017	291,479,936
Accumulated depreciation and impairment:							
Balance at 1 January 2021	15,472,395	8,446,683	21,756,690	15,739,606	54,757,363	1,294,569	117,467,306
Depreciation charge (note 10)	1,576,872	986,509	2,778,376	1,838,275	8,856,229	-	16,036,261
Impairment charge / (reversal) (note 5)	157,445	(196)	89,994	-	319,984	72,225	639,452
Transfers from investment properties (note 15)	8,423	-	-	-	-	-	8,423
Transfers to assets held for sale	(518,477)	(225,031)	(103,487)	-	(76,598)	-	(923,593)
Arising on business combinations	3,413	6,044	13,796	-	-	-	23,253
Disposals / write-off	(577,677)	(802,791)	(3,200,941)	-	(1,546,526)	-	(6,127,935)
Translation differences	(56,019)	89,929	(34,849)	-	(760)	(345)	(2,044)
Balance at 31 December 2021	16,066,375	8,501,147	21,299,579	17,577,881	62,309,692	1,366,449	127,121,123
Net book value:							
Balance at 31 December 2021	27,807,247	1,375,030	12,521,685	8,320,788	104,924,495	9,409,568	164,358,813

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Land, buildings and leasehold improvements include:

(i) land for a total carrying value of AED 3,991,489 thousand (2021: AED 4,300,459 thousand);

(ii) certain buildings and leasehold improvements that are constructed on plots of land granted by the Government. The Group accounted for these non-monetary government grants at nominal value; and

(iii) certain business premises that are erected on plots of land obtained on a leasehold basis from the Government or third parties. Management believes that these leases are renewable and that the land will be available to the Group on an ongoing basis for the foreseeable future.

(b) Borrowing costs of AED 141,906 thousand (2021: AED 93,449 thousand) have been capitalised during the year.

(c) The net book value of property, plant and equipment includes an amount of AED 63,559,639 thousand (2021: AED 71,728,359 thousand) in respect of assets provided as security against borrowings.

(d) Capital work-in-progress mainly includes:

(i) pre-delivery payments of AED 3,744,186 thousand (2021: AED 4,512,968 thousand) in respect of aircraft deliveries;

(ii) amounts related to the construction of hospitality assets; and

(iii) amounts related to the construction of a pipeline, marina berth facilities and retail sites.

(e) Aircraft, aircraft engines and parts include aircraft with a carrying value of AED 37,182,562 thousand (2021: AED 35,174,222 thousand) representing those given on operating leases to various operators by one of the Group's subsidiaries operating in the aircraft leasing business. It also includes a carrying value of AED 879,549 thousand (2021: AED 1,138,706 thousand) representing maintenance right assets.

An impairment assessment of these aircraft held for lease was carried out. Based on the analysis, no impairment charge was recognised for the year ended 31 December 2022. The key assumptions and judgments associated with the impairment review are:

- current market values of aircraft based on independent appraiser data;
- estimates relating to lease transition periods and related costs;
- assumed future aircraft values and residual values at the end of the aircraft's life based on independent appraiser data and management estimates (where appropriate);
- assumed future non contracted lease rates assessed against appraiser rates for each aircraft; and
- the discount rate applied to forecasted cash flows based on the underlying subsidiary's weighted average cost of capital ("WACC") of 5% (2021: 4.8 %).

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

- 0.5% increase / decrease in the discount rate;
- 10% increase / decrease in the current market values of aircraft;
- 10% increase / decrease in the future non contracted rental income of each aircraft; and
- 10% increase / decrease in the residual value of aircraft at the end of its useful life.

None of the above movements in risk variables would have led to a material impact on the impairment charge for the year ended 31 December 2022.

12 PROPERTY, PLANT AND EQUIPMENT (continued)

(f) During the current year, one of the Group's subsidiaries operating in the aircraft leasing business wrote-off AED 2,118,704 thousand, representing its net exposure in respect of 19 aircraft that are currently in Russia and were previously leased to airlines based in Russia. This amount covers aircraft held for lease, maintenance reserves, security deposits and other related assets and liabilities. The subsidiary has no control over these aircraft and is unable to determine whether these aircraft will be returned at any point in the future.

The subsidiary has maintained insurance cover in respect of the 19 aircraft under a number of insurance policies and has filed insurance claims and a litigation claim to recover the amounts due under the policies.

(g) The transfer to investment properties reported in the current year includes a transfer of AED 3,004,787 thousand recognised due to the reassessment of the threshold applied for determining the significance of ancillary services income from the property that primarily distinguishes property, plant and equipment from investment property.

(h) During the prior year, certain specific aircraft related impairment charge of AED 410 million was recognised by Emirates (reported under 'transportation and related services' segment in note 38).

13 RIGHT-OF-USE ASSETS

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Total AED'000*
31 December 2022						
Balance at 1 January 2022	**9,969,636**	**5,653**	**441,503**	**694,332**	**36,692,679**	**47,803,803**
Transfers to property, plant and equipment – net (note 12)	**-**	**-**	**-**	**-**	**(743,527)**	**(743,527)**
Transfers to investment properties (note 15)	**(23,049)**	**-**	**-**	**-**	**-**	**(23,049)**
Additions	**2,266,434**	**11,987**	**196,236**	**1,120,985**	**2,442,895**	**6,038,537**
Arising on business combinations	**157,641**	**-**	**-**	**-**	**-**	**157,641**
Depreciation charge (note 10)	**(1,738,169)**	**(4,450)**	**(210,279)**	**(778,457)***	**(7,620,609)**	**(10,351,964)**
Transfers to assets held for sale	**(38,467)**	**-**	**-**	**-**	**-**	**(38,467)**
Remeasurements	**(27,388)**	**1,452**	**9,022**	**-**	**1,895,972**	**1,879,058**
Disposals	**(71,551)**	**(2,705)**	**(43,058)**	**-**	**-**	**(117,314)**
Translation differences	**(131,477)**	**(148)**	**(9,659)**	**3**	**-**	**(141,281)**
Hyperinflation adjustment (note 2.4)	**2,032**	**-**	**-**	**-**	**-**	**2,032**
Balance at 31 December 2022	**10,365,642**	**11,789**	**383,765**	**1,036,863**	**32,667,410**	**44,465,469**
31 December 2021						
Balance at 1 January 2021	10,168,753	67,384	311,663	1,016,991	41,999,810	53,564,601
Additions	1,995,454	2,929	329,310	203,929	1,222,911	3,754,533
Arising on business combinations	6,293	-	-	-	-	6,293
Depreciation charge (note 10)	(1,779,925)	(5,731)	(240,460)	(526,587)*	(7,260,868)	(9,813,571)
Impairment charge (note 5)	(14,508)	-	-	-	(89,855)	(104,363)
Remeasurements	(264,961)	(57,860)	50,645	-	820,681	548,505
Disposals	(58,149)	(903)	(12,881)	-	-	(71,933)
Translation differences	(83,321)	(166)	3,226	(1)	-	(80,262)
Balance at 31 December 2021	9,969,636	5,653	441,503	694,332	36,692,679	47,803,803

* This includes depreciation charge of AED 583,833 thousand (2021: AED 372,219 thousand), which is recognised as an addition to the cost of 'oil and gas interests' within 'property, plant and equipment' during the year, as it is eligible for capitalisation. Accordingly, such amount is not included as an expense for the year in the consolidated income statement.

14 INTANGIBLE ASSETS

	Licences and exclusive rights AED'000	*Goodwill AED'000*	*Customer relationships and order backlog AED'000*	*Computer software AED'000*	*Service rights AED'000*	*Brands, trade names and contractual rights AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2022	11,643,002	13,261,304	1,507,664	4,128,260	2,162,714	7,652,419	221,723	40,577,086
Transfers to property, plant and equipment (note 12)	-	-	-	-	(126,872)	-	-	(126,872)
Additions	-	-	16,376	484,237	38,213	1,001,134	294,098	1,834,058
Arising on business combinations	7,000	59,978	72,613	121	-	60,903	-	200,615
Disposals / write-off	-	(1,147)	-	(112,794)	(4,087)	(23,659)	(55)	(141,742)
Other transfers	-	-	-	253,692	-	-	(253,692)	-
Transfer from / (to) assets held for sale	-	261,720	-	(9,617)	-	-	-	252,103
Translation differences	(71,899)	(213,394)	21,229	(45,299)	35,661	(87,266)	(764)	(361,732)
As at 31 December 2022	**11,578,103**	**13,368,461**	**1,617,882**	**4,698,600**	**2,105,629**	**8,603,531**	**261,310**	**42,233,516**
Accumulated amortisation and impairment:								
Balance at 1 January 2022	3,445,535	1,037,410	1,110,831	3,010,543	1,936,828	2,238,619	-	12,779,766
Amortisation charge (note 10)	62,332	-	207,379	431,089	112,511	825,573		1,638,884
Impairment charge / (reversal) (note 5)	-	-	1,204	2,280	(4,050)	15,269	-	14,703
Arising on business combinations	-	-	-	23	-	-	-	23
Disposal / write-off	-	-	-	(86,468)	(595)	(18,863)	-	(105,926)
Transfer to assets held for sale	-	-	-	(8,498)	-	-	-	(8,498)
Translation differences	(13,256)	(63,098)	(62,065)	(8,994)	(34,106)	(38,174)	-	(219,693)
As at 31 December 2022	**3,494,611**	**974,312**	**1,257,349**	**3,339,975**	**2,010,588**	**3,022,424**	**-**	**14,099,259**
Net book value:								
As at 31 December 2022	**8,083,492**	**12,394,149**	**360,533**	**1,358,625**	**95,041**	**5,581,107**	**261,310**	**28,134,257**

14 INTANGIBLE ASSETS (continued)

	Licences and exclusive rights AED'000	*Goodwill AED'000*	*Customer relationships and order backlog AED'000*	*Computer software AED'000*	*Service rights AED'000*	*Brands, trade names and contractual rights AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2021	11,644,291	13,545,573	1,569,973	3,962,579	2,374,663	6,197,751	195,448	39,490,278
Additions	-	-	16,938	105,423	287,705	1,598,268	202,786	2,211,120
Arising on business combinations	-	141,464	-	3,952	-	12,389	-	157,805
Disposals / write-off	-	-	(39,600)	(93,442)	(280,354)	(10,291)	(6,300)	(429,987)
Transfers to property, plant and equipment (note 12)	-	-	-	-	(200,030)	-	-	(200,030)
Other transfers	-	-	-	169,322	-	-	(169,322)	-
Transfer to assets held for sale	-	(340,332)	-	(4,785)	-	-	-	(345,117)
Translation differences	(1,289)	(85,401)	(39,647)	(14,789)	(19,270)	(145,698)	(889)	(306,983)
As at 31 December 2021	11,643,002	13,261,304	1,507,664	4,128,260	2,162,714	7,652,419	221,723	40,577,086
Accumulated amortisation and impairment:								
Balance at 1 January 2021	3,384,010	1,039,355	1,009,411	2,619,398	1,859,011	1,561,057	-	11,472,242
Amortisation charge (note 10)	62,657	-	159,766	424,719	94,620	708,317	-	1,450,079
Impairment charge / (reversal) (note 5)	-	36,348	6,792	68,171	(834)	(222)	6,300	116,555
Arising on business combinations	-	-	-	1,881	-	-	-	1,881
Disposal / write-off	-	-	(39,600)	(92,541)	(746)	(10,159)	(6,300)	(149,346)
Translation differences	(1,132)	(38,293)	(25,538)	(11,085)	(15,223)	(20,374)	-	(111,645)
As at 31 December 2021	3,445,535	1,037,410	1,110,831	3,010,543	1,936,828	2,238,619	-	12,779,766
Net book value:								
As at 31 December 2021	8,197,467	12,223,894	396,833	1,117,717	225,886	5,413,800	221,723	27,797,320

14 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets
A significant proportion of goodwill and other intangible assets with indefinite useful lives as at 31 December 2022 relates to Emirates NBD PJSC, Emirates, dnata, Dubai Duty Free, Borse Dubai Limited, Smartstream Technologies Holding Investments Limited and Binaa Dubai LLC. The significant assumptions used by management in carrying out the impairment testing of these assets are as follows:

(a) Emirates NBD PJSC

The goodwill arising on business combinations is reviewed annually for impairment by comparing the recoverable amount of the CGUs to which goodwill has been allocated, to their carrying value.

The goodwill has been allocated to the following four CGUs:

- Corporate and Institutional banking
- Retail banking and Wealth Management
- Global Markets and Treasury
- Emirates NBD Egypt S.A.E

Key assumptions used in the impairment test of goodwill
The recoverable amount of the CGUs has been determined based on a value-in-use calculation, using cash flow projections covering a five-year period and applying a terminal growth rate thereafter. The forecasted cash flows have been discounted using the WACC in the jurisdiction where the CGUs operate (5.05% for UAE and 23.92% for Egypt).

The calculation of the value-in-use in the CGUs 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 the return on capital employed required in each business. This is the benchmark used by management to assess operating performance and evaluate future investment proposals. Discount rates are calculated by using the relevant WACC.

Projected growth rate, GDP and local inflation rates
Assumptions are based on published industry research.

The goodwill allocated to the CGUs or group of CGUs is as follows:

	2022 AED million	*2021 AED million*
CGUs		
Corporate and Institutional banking	**3,364**	3,364
Retail banking and Wealth Management	**1,700**	1,700
Global Markets and Treasury	**206**	206
Emirates NBD Egypt S.A.E	**40**	62
	5,310	5,332

14 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(a) Emirates NBD PJSC (continued)

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:

	Recoverable amount AED million	*One percentage increase in discount rate AED million*	*One percentage decrease in terminal growth rate AED million*
CGUs			
Corporate and Institutional banking	**181,841**	**45,227**	**40,222**
Retail banking and Wealth Management	**221,658**	**55,130**	**49,030**
Global Markets and Treasury	**148,155**	**36,848**	**32,771**
Emirates NBD Egypt S.A.E	**1,674**	**81**	**39**

Based on the impairment assessment, goodwill is not impaired as at 31 December 2022.

(b) Emirates

For the purpose of testing the goodwill for impairment, the recoverable amounts of the CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period. Cash flows beyond the three year period have been extrapolated using long-term terminal growth rates. The key assumptions used in the value in-use calculations include a risk adjusted pre-tax discount rate ranging from 9.5% to 16.1% (2021: 6.7% to 8.7%) and EBITDA margins consistent with historical trends and growth rates based on management’s expectations for market development. The long-term terminal growth rates of 1.5% to 4.5% (2021: 1% to 4%) do not exceed the long-term average growth rate for the markets in which the CGUs operate.

The goodwill allocated to the CGUs or group of CGUs are as follows:

	2022 AED million	*2021 AED million*
CGUs		
Catering operations	**369**	369
Consumer goods	**212**	212
Food and beverage	**144**	144
	725	725

Any reasonably possible change to the assumptions will not lead to a material impairment charge.

(c) dnata

For the purpose of testing the goodwill for impairment, the recoverable amounts of the CGUs or group of CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a period of three-years. Cash flows beyond such period have been extrapolated using the terminal growth rates. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate in a range of 9.5% to 16% (2021: 8% to 12%) and EBITDA margins consistent with historical trends and growth rates based on management's expectations for market development. The terminal growth rates of 1.5% to 3% (2021: 1.5% to 3%) do not exceed the long-term average growth rate for the markets in which the CGUs or group of CGUs operate.

14 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(c) dnata (continued)

The goodwill allocated to CGUs or group of CGUs are as follows:

	2022 AED million	*2021 AED million*
CGUs		
Airport operations	**615**	605
In-flight catering	**415**	444
Travel services	**272**	304
Others	**97**	97
	1,399	1,450

The recoverable value of CGUs or group of CGUs would not fall materially below their carrying amounts, with a 1% reduction in the terminal growth rate or a 1% increase in the discount rate.

(d) Dubai Duty Free ("DDF")

Licenses and exclusive rights include AED 5,936 million (2021: AED 5,936 million) of exclusivity rights acquired by DDF from Dubai Aviation City Corporation relating to operations of retail duty free shops and sale of goods exempt from duty at the airports in Dubai. The impairment testing on these exclusivity rights is based on a value-in-use model. The key assumptions used to determine the values are as follows:

Years of forecast	10 years
Forecasted annual sales growth (year 1)	11%
Forecasted annual sales growth (year 2 to 5)	2.5%
Forecasted annual sales growth (year 6 to 10)	Nil

The discount rate has been computed by adjusting the weighted average cost of capital to include the effect of the specific risk to DDF. Management considers the sales growth assumed in the impairment test to be highly critical. However, an unfavourable change of approximately 10% in any key assumption would not impact the results of the impairment test carried out on these exclusivity rights. Based on this assessment, no impairment charge has been recorded against these exclusivity rights.

(e) Borse Dubai Limited ("Borse Dubai")

The goodwill relating to Borse Dubai has a carrying value of AED 2,883 million (2021: AED 2,883 million). Management allocates this entire goodwill to Dubai Financial Market PJSC ("DFM"), a subsidiary of Borse Dubai.

For the purpose of testing the goodwill for impairment, the recoverable amount of the CGU was assessed using both a value-in-use model and the fair value less cost to sell; the exercise concluded that the latter was higher than the value-in-use.

To arrive at the fair value less costs to sell for the CGU to which goodwill is allocated, management used the closing quoted market price as at 31 December 2022 of AED 1.51/share (2021: AED 2.84/share) and a control premium (net of costs to sell) of 15% (2021: 15%). Based on this assessment, no impairment was required as at 31 December 2022.

Management has identified that a reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

14 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(f) Smartstream Technologies Holding Investments Limited ("SSTHIL")

The goodwill relating to SSTHIL has a carrying value of AED 537 million (2021: AED 600 million) and has been mainly allocated to Smartstream Technologies Group Limited, a subsidiary of SSTHIL.

For the purpose of testing the goodwill for impairment, the recoverable amount of the CGU has been determined on the basis of a value-in-use calculation using cash flow forecasts approved by management covering a period assuming up to December 2026 (2021: December 2024). Cash flows beyond this period have been extrapolated using a terminal growth rate of 2% (2021: 2%). The key assumptions used in the value-in-use calculation also include a pre-tax discount rate of 12.1% (2021: 10.2%). Based on this assessment, management concluded that no impairment was required for the year ended 31 December 2022.

The recoverable value of the CGU would not fall below the carrying amount if the terminal growth rate were to be reduced to 0.5% or the discount rate increased by 1%.

(g) Binaa Dubai LLC

The goodwill relating to Binaa Dubai LLC has a carrying value of AED 658 million (2021: AED 651 million) and is allocated mainly to ALEC Engineering & Contracting LLC ("ALEC"), a subsidiary of Binaa Dubai LLC. The recoverable amount of the CGU carrying ALEC's goodwill as at 31 December 2022 is determined on the basis of value-in-use calculations using cash flow forecast covering a 6-year period (2021: fair value less cost of disposal calculation). Cash flows beyond this period have been extrapolated using a terminal growth rate of 2.4%. The key assumptions used in the calculation also include a discount rate ranging from 11.7% to 12.6%, gross margins and growth rates based on management's market expectations. Based on this assessment, management concluded that no impairment was required for the year ended 31 December 2022.

Any reasonably possible change to the assumptions would not lead to a material impairment charge.

15 INVESTMENT PROPERTIES

	2022 *AED'000*	*2021* *AED'000*
Cost:		
Balance at 1 January	**34,927,935**	32,920,276
Additions	**2,489,729**	3,401,871
Transfers from / (to) property, plant and equipment (note 12)	**1,227,323**	(1,107,140)
Transfers from right-of-use assets (note 13)	**28,683**	-
Transfers from development properties (note 16)	**97,227**	157,843
Transfers to asset held-for-sale	**(38,737)**	-
Transfers (to) / from inventories	**(1,483,041)**	6,791
Disposals / write-off	**(452,338)**	(342,180)
Hyperinflation adjustment (note 2.4)	**93,757**	-
Translation difference	**(51,598)**	(109,526)
Balance at 31 December	**36,838,940**	34,927,935
Accumulated depreciation and impairment:		
Balance at 1 January	**8,532,278**	7,263,109
Depreciation charge (note 10)	**543,491**	392,529
Impairment charge - net of reversals* (note 5)	**1,273,070**	1,015,770
Transfers to property, plant and equipment (note 12)	**(122,114)**	(8,423)
Transfers from right-of-use assets (note 13)	**5,634**	-
Transfers (to) / from asset held-for-sale	**(24,657)**	-
Disposals / write-off	**(62,091)**	(124,986)
Hyperinflation adjustment (note 2.4)	**9,042**	-
Translation difference	**(9,933)**	(5,721)
Balance at 31 December	**10,144,720**	8,532,278
Net book value:		
Balance at 31 December	**26,694,220**	26,395,657

* The impairment charge for the year ended 31 December 2022 includes AED 999,839 thousand (2021: AED 615,982 thousand) relating to certain real estate assets (reported under 'other' segment in note 38). The recoverable amount was determined based on the fair value less costs to sell using a combination of valuation techniques such as income approach and market approach, applied on the underlying assets. The significant assumptions used for the valuation are the observed sale price of comparable land transactions, discount rate, rental growth and vacancy / occupancy rate. The discount rate used for estimating the recoverable value is 9.4%. A significant movement in any of the key assumptions used in the valuation would result in a significantly lower or higher impairment charge.

During the previous year, an impairment charge of AED 615,982 thousand was recorded against certain real estate assets. The recoverable amount was determined based on the fair value less costs to sell using income approach.

At the year-end, the fair value of investment properties has been determined internally by management or through third party valuers. The third party valuations are carried out by external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement of investment properties has been categorised as a level 3 fair value based on the inputs used in the valuation. Any significant movement in the assumptions used for these fair valuations such as discount rates, yield, rental growth and vacancy / occupancy rate, is expected to result in a significantly lower or higher fair value of those assets.

Investment properties with a carrying value of AED 26,383,307 thousand (2021: AED 26,084,918 thousand) have a fair value of AED 42,415,690 thousand (2021: AED 36,126,823 thousand). The balance represents investment properties for which the fair value cannot be determined reliably, as key valuation inputs can often be subjective and may not be supported by third party comparable transactions.

16 DEVELOPMENT PROPERTIES

	2022 *AED'000*	*2021* *AED'000*
Cost:		
Balance at 1 January	**468,719**	2,553,063
Additions	**173,940**	271,274
Transfers to property, plant and equipment (note 12)	**(7,611)**	(29,381)
Transfers to investment properties (note 15)	**(97,227)**	(157,843)
Transfers to inventories	**(125,821)**	(2,126,228)
Disposals / write-off	**(503)**	(42,166)
Translation difference	**(14,041)**	-
Balance at 31 December	**397,456**	468,719
Accumulated impairment:		
Balance at 1 January	**6,513**	228,918
Impairment reversal (note 5)	**-**	(180,239)
Disposals / write-off	**(501)**	(42,166)
Balance at 31 December	**6,012**	6,513
Net book value:		
Balance at 31 December	**391,444**	462,206

17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2022 *AED'000*	*2021* *AED'000*
Investments in associates	**35,153,749**	34,098,108
Investments in joint ventures	**25,606,396**	22,463,169
	60,760,145	56,561,277

The movement in investments in associates and joint ventures during the year is as follows:

	2022 *AED'000*	*2021* *AED'000*
Balance at 1 January	**56,561,277**	54,399,686
Investments made	**303,701**	310,335
Share of results of associates and joint ventures	**8,151,451**	6,017,498
Dividends received	**(2,891,331)**	(1,604,177)
Changes in ownership - net (note 17(a))	**(335,676)**	(1,289,180)
Transfer to investment securities	**(293,432)**	(74,484)
Disposals	**(49,572)**	(214,721)
Conversion to subsidiaries	**(375)**	(188,759)
Amounts recognised directly in equity – net:		
- *Other comprehensive income*		
Translation difference	**(884,650)**	(212,044)
Cumulative changes in fair value	**323,796**	(235,357)
Actuarial loss on defined benefit plans	**(643)**	(17,296)
- *Others*	**(124,339)**	(256,944)
Impairment charge (note 5)	**(62)**	(73,280)
Balance at 31 December	**60,760,145**	56,561,277

17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) During the prior year, as a result of a merger transaction between Emaar Properties PJSC ("Emaar"), an associate of the Group, and Emaar Malls PJSC, the Group's shareholding in Emaar was diluted from 27.5% to 24.07%.The transaction resulted in a net decrease of AED 1,257,971 thousand in the Group's share of Emaar's equity. The resulting loss is recognised under 'other expenses – net' in the consolidated income statement during the prior year.

In December 2022, Emaar acquired Dubai Creek Harbour LLC ("DCH"), a residential, retail and commercial master planned real estate development. The acquisition of DCH was completed in exchange for the issuance of shares by Emaar and other forms of purchase considerations. This led to a dilution of Group's shareholding in Emaar from 24.07% to 22.27%.

The transaction resulted in a net decrease of AED 335,676 thousand in the Group's share of Emaar's equity. The resulting loss is recognised under 'other expenses – net' in the consolidated income statement.

(b) The carrying value and market value, as at 31 December, of the Group's interest held in various associates whose shares are listed, are as follows:

	Carrying value		***Market value***	
	2022 AED'000	*2021 AED'000*	***2022 AED'000***	*2021 AED'000*
Emaar Properties PJSC	**15,367,578**	14,847,619	**11,536,029**	9,626,482
Dubai Islamic Bank PJSC	**9,294,388**	8,612,586	**11,542,247**	10,894,261
Commercial Bank of Dubai PSC	**2,327,962**	2,264,956	**2,707,441**	2,438,379
Nasdaq Inc.	**7,056,944**	6,831,494	**20,139,000**	22,968,750

(c) The Group's investments in associates and joint ventures have been tested for impairment on an individual basis whenever there are indicators of impairment. Based on this assessment, an impairment charge of AED 62 thousand was recorded for the year ended 31 December 2022 (2021: AED 73,280 thousand).

17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture:

Emaar Properties PJSC

	2022 ***AED'000***	*2021* *AED'000*
Statement of financial position		
Total assets	**132,364,129**	120,613,553
The assets mainly include:		
Bank balances and cash	**18,289,188**	8,538,858
Trade and unbilled receivables	**22,218,348**	16,586,056
Other assets, receivables, deposits and prepayments	**5,766,493**	14,157,529
Development properties	**42,240,585**	37,689,296
Property, plant and equipment	**9,883,879**	9,157,197
Investment properties	**22,688,259**	22,742,900
Total liabilities	**(56,938,051)**	(52,871,626)
The liabilities mainly include:		
Trade and other payables	**(19,659,764)**	(18,521,375)
Advances from customers	**(19,563,729)**	(13,783,506)
Interest-bearing loans, borrowings and sukuk	**(14,497,911)**	(17,871,699)
Net assets (including non-controlling interest)	**75,426,078**	67,741,927
Group's share of net assets	**15,367,578**	14,847,619

Statement of comprehensive income

	2022 ***AED'000***	*2021* *AED'000*
Revenue	**24,925,674**	27,896,172
Profit for the year attributable to the equity holders	**6,832,049**	3,800,661
Other comprehensive income for the year attributable to the equity holders	**(2,207,673)**	45,515
Total comprehensive income for the year attributable to the equity holders	**4,624,376**	3,846,176
Group's share of total comprehensive income for the year	**1,112,942**	1,057,374
Dividend paid to the Group during the year	**295,291**	196,861

17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Dubai Islamic Bank PJSC

	2022 AED'000	*2021 AED'000*
Statement of financial position		
Non-current assets	**200,568,583**	199,512,928
Current assets	**87,402,823**	79,301,557
Total assets	**287,971,406**	278,814,485
Non-current liabilities	**(47,627,562)**	(45,444,089)
Current liabilities	**(196,635,961)**	(192,172,855)
Total liabilities	**(244,263,523)**	(237,616,944)
Net assets (including non-controlling interest)	**43,707,883**	41,197,541
Group's share of net assets	**9,166,434**	8,484,632

The difference between the carrying value of the Group's investment and the Group's share of net assets of this associate predominantly relates to goodwill included in the carrying value.

Statement of comprehensive income

	2022 AED'000	*2021 AED'000*
Revenue	**13,339,705**	10,667,513
Profit for the year attributable to the equity holders	**5,070,370**	3,833,825
Other comprehensive income for the year attributable to the equity holders	**(376,274)**	(7,708)
Total comprehensive income for the year attributable to the equity holders	**4,694,096**	3,826,117
Group's share of total comprehensive income for the year	**1,312,939**	1,054,571
Dividend paid to the Group during the year	**506,239**	404,991

17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Nasdaq Inc.

	2022 AED'000	*2021 AED'000*
Statement of financial position		
Non-current assets	**45,977,925**	47,550,825
Current assets	**31,472,700**	27,132,525
Total assets	**77,450,625**	74,683,350
Non-current liabilities	**(21,546,525)**	(21,432,600)
Current liabilities	**(32,108,475)**	(28,569,450)
Total liabilities	**(53,655,000)**	(50,002,050)
Net assets (including non-controlling interest)	**23,795,625**	24,681,300
Group's share of net assets	**4,323,667**	4,410,548

The difference between the carrying value of the Group's investment and the Group's share of net assets of this associate predominantly relates to goodwill and intangible assets included in the carrying value.

Statement of comprehensive income

	2022 AED'000	*2021 AED'000*
Revenue	**13,163,850**	12,568,500
Profit for the year attributable to the equity holders	**4,134,375**	4,362,225
Other comprehensive income for the year attributable to the equity holders	**(1,484,700)**	(804,825)
Total comprehensive income for the year attributable to the equity holders	**2,649,675**	3,557,400
Group's share of total comprehensive income for the year	**440,067**	536,601
Dividend paid to the Group during the year	**256,096**	230,926

17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Emirates Global Aluminium PJSC

	2022 ***AED'000***	*2021* *AED'000*
Statement of financial position		
Non-current assets	**52,435,922**	54,725,545
Current assets	**17,256,885**	12,221,122
Total assets	**69,692,807**	66,946,667
Non-current liabilities	**(18,785,623)**	(22,240,319)
Current liabilities	**(9,972,283)**	(9,745,797)
Total liabilities	**(28,757,906)**	(31,986,116)
Net assets	**40,934,901**	34,960,551
Group's share of net assets	**20,467,451**	17,480,276

There is no significant difference between the carrying value of the Group's investment and the Group's share of net assets of the joint venture.

Statement of comprehensive income

	2022 ***AED'000***	*2021* *AED'000*
Revenue	**34,556,312**	25,462,160
Profit for the year attributable to the equity holders	**7,401,530**	5,519,755
Other comprehensive income for the year attributable to the equity holders	**776,739**	(525,859)
Total comprehensive income for the year attributable to the equity holders	**8,178,269**	4,993,896
Group's share of total comprehensive income for the year	**4,089,135**	2,496,948
Dividend paid to the Group during the year	**1,101,960**	367,320

(e) The following table summarises the Group's share of results in individually immaterial associates and joint ventures for the year:

	2022 ***AED'000***	*2021* *AED'000*
Profit for the year	**678,348**	473,696
Other comprehensive income for the year	**(43,477)**	(66,389)
Group's share of total comprehensive income for the year	**634,871**	407,307
Carrying amount of the Group's interest	**7,601,576**	7,817,094

18 INVESTMENT SECURITIES

	2022 AED'000	2021 AED'000
Measured at amortised cost		
Sovereign bonds and sukuks	**88,705,019**	82,298,733
Corporate bonds and sukuks	**7,817,720**	5,869,678
Others	**112,190**	33,576
	96,634,929	88,201,987
Measured at FVOCI		
Equities	**3,643,968**	2,712,720
Sovereign bonds and sukuks	**17,637,675**	11,202,535
Corporate bonds and sukuks	**6,495,680**	6,426,837
Others	**477,366**	432,877
	28,254,689	20,774,969
Measured at FVTPL		
Equities	**5,196,245**	4,037,263
Sovereign bonds and sukuks	**5,035,784**	2,321,318
Corporate bonds and sukuks	**3,313,527**	2,063,966
Others	**10,302,302**	7,089,709
	23,847,858	15,512,256
Total investment securities	**148,737,476**	124,489,212
Disclosed as follows:		
Non-current assets	**89,812,138**	64,779,933
Current assets	**58,925,338**	59,709,279
	148,737,476	124,489,212

As at year-end, investment securities and derivative financial instruments measured at fair value are categorised as follows:

31 December 2022

	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Measured at FVOCI	**28,254,689**	**27,606,946**	**545,305**	**102,438**
Measured at FVTPL	**23,847,858**	**13,232,721**	**2,962,952**	**7,652,185**
Derivative financial instruments - net (note 30)	**(2,141,813)**	**(106,703)**	**(2,111,028)**	**75,918**
	49,960,734	**40,732,964**	**1,397,229**	**7,830,541**

31 December 2021

	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Measured at FVOCI	20,774,969	20,176,624	491,771	106,574
Measured at FVTPL	15,512,256	7,397,334	2,736,362	5,378,560
Derivative financial instruments - net (note 30)	1,519,956	(56,801)	1,553,538	23,219
	37,807,181	27,517,157	4,781,671	5,508,353

During the current and prior year, there were no transfers between level 1 and level 2 of the fair value hierarchy.

18 INVESTMENT SECURITIES (continued)

The following table shows a reconciliation of the opening and closing amounts of investment securities and derivative financial instruments classified within level 3 of the fair value hierarchy:

	2022 ***AED'000***	*2021* *AED'000*
Balance at 1 January	**5,508,353**	2,622,958
Additions	**2,729,944**	2,511,951
Settlements and disposals	**(660,243)**	(130,632)
Net fair value movement:		
- in income statement	**301,532**	675,038
- in other comprehensive income	**(13,410)**	(222)
Net transfers to level 1 and 2	**(35,635)**	(170,740)
Balance at 31 December	**7,830,541**	5,508,353

The table below shows the classification of investment securities (excluding equity instruments) as per their external ratings:

31 December 2022	***Measured at amortised cost AED'000***	***Measured at FVOCI AED'000***	***Measured at FVTPL AED'000***	***Total AED'000***
AAA	**5,617,444**	**-**	**4,228**	**5,621,672**
AA- to AA+	**58,608,568**	**848,081**	**3,097,707**	**62,554,356**
A- to A+	**12,694,653**	**3,768,897**	**2,753,213**	**19,216,763**
Lower than A-	**7,843,658**	**19,432,095**	**3,160,913**	**30,436,666**
Unrated	**11,870,606**	**561,648**	**9,635,552**	**22,067,806**
Total	**96,634,929**	**24,610,721**	**18,651,613**	**139,897,263**

31 December 2021	*Measured at amortised cost AED'000*	*Measured at FVOCI AED'000*	*Measured at FVTPL AED'000*	*Total AED'000*
AAA	2,634,781	-	342,610	2,977,391
AA- to AA+	54,454,220	770,629	3,083,299	58,308,148
A- to A+	9,184,947	3,518,161	2,270,667	14,973,775
Lower than A-	14,904,512	12,477,556	1,815,465	29,197,533
Unrated	7,023,527	1,295,903	3,962,952	12,282,382
Total	88,201,987	18,062,249	11,474,993	117,739,229

The allowance for impairment of investment securities as at 31 December 2022 amounts to AED 76,793 thousand (2021: AED 52,376 thousand).

19 OTHER NON-CURRENT ASSETS

	2022 *AED'000*	*2021* *AED'000*
Loans to and receivables from Government, MOF and other related parties (non-banking operations) (note 36(b))	**30,016**	41,066
Loans to and receivables from associates and joint ventures (non-banking operations) (note 36(b))	**229,141**	89,761
Other loan receivable (non-banking operations)	**421,805**	490,395
Lease acquisition costs	**434,554**	590,150
Finance lease receivables	**539,251**	683,404
Long term retentions	**175,681**	186,308
Other receivables	**570,979**	947,451
	2,401,427	3,028,535
Less: Allowance for impairment (note 19.1)	**(21,513)**	(87,968)
	2,379,914	2,940,567

19.1 Movements in allowance for impairment during the year are as follows:

	2022 *AED'000*	*2021* *AED'000*
Balance at 1 January	**87,968**	145,091
Impairment loss / (reversal) – net of recoveries (note 6)	**51,105**	(36,218)
Amounts written-off	**(27)**	(6,729)
Translation differences	**(6,824)**	(5,747)
Transfer to trade and other receivables (note 21.2)	**(2,233)**	(8,429)
Derecognition upon loss of control over subsidiaries	**(108,476)**	-
Balance at 31 December	**21,513**	87,968

The majority of other non-current assets as at the reporting date is neither past due nor impaired.

20 INVENTORIES

	2022 *AED'000*	*2021* *AED'000*
Finished goods and inventory properties	**7,763,959**	5,054,736
Development properties	**3,150,868**	2,126,141
Spare parts and consumables	**1,717,826**	1,705,818
Raw materials	**1,646,182**	1,125,553
Goods in-transit	**1,410,824**	1,100,911
Consumer goods	**1,088,976**	656,149
Engineering	**766,547**	430,946
Others	**254,683**	301,879
	17,799,865	12,502,133
Less: Provision for slow moving and obsolete inventories	**(232,747)**	(214,499)
	17,567,118	12,287,634

21 TRADE AND OTHER RECEIVABLES

	2022 *AED'000*	*2021* *AED'000*
Trade receivables	**19,853,629**	16,903,135
Prepayments and other receivables	**12,330,965**	9,971,947
Amounts receivable from Government, MOF and other related parties (note 36(b))	**739,533**	899,159
Accrued interest receivable	**4,979,909**	3,438,338
Contract receivables	**2,627,728**	1,636,701
Amounts receivable from associates and joint ventures (note 36(b))	**1,489,811**	1,324,892
Loan receivables (non-banking operations)	**799,294**	157,580
Retention receivables	**179,629**	301,692
Advance to suppliers	**1,316,961**	1,223,295
Lease acquisition costs	**157,143**	214,800
Finance lease receivables	**143,234**	181,625
Gross trade and other receivables	**44,617,836**	36,253,164
Less: Allowance for impairment (note 21.2)	**(1,410,364)**	(2,154,736)
Net trade and other receivables	**43,207,472**	34,098,428

21.1 The credit quality of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables as at the reporting date is as follows:

31 December 2022

		Past due but not credit-impaired:			
	Neither past due nor credit-impaired *AED'000*	**Past due 1 – 90 days** *AED'000*	**Past due 91 – 365 days** *AED'000*	**More than 365 days and credit-impaired** *AED'000*	**Total** *AED'000*
Gross carrying value	**19,007,868**	**3,380,628**	**1,806,126**	**1,638,236**	**25,832,858**
Less: Allowance for impairment	**(203,276)**	**(27,151)**	**(123,162)**	**(1,056,775)**	**(1,410,364)**
Net carrying value	**18,804,592**	**3,353,477**	**1,682,964**	**581,461**	**24,422,494**

31 December 2021

		Past due but not credit-impaired:			
	Neither past due nor credit-impaired *AED'000*	Past due 1 – 90 days *AED'000*	Past due 91 – 365 days *AED'000*	More than 365 days and credit-impaired *AED'000*	Total *AED'000*
Gross carrying value	14,599,710	2,672,149	2,282,012	1,850,913	21,404,784
Less: Allowance for impairment	(213,436)	(64,373)	(306,521)	(1,570,406)	(2,154,736)
Net carrying value	14,386,274	2,607,776	1,975,491	280,507	19,250,048

The Group does not have significant credit risk concentration on its trade and other receivables, since they arise from diversified businesses that have a large customer base.

21 TRADE AND OTHER RECEIVABLES (continued)

21.2 Movements in allowance for impairment of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables during the year are as follows:

	2022	*2021*
	AED'000	*AED'000*
Balance at 1 January	**2,154,736**	2,050,370
Allowance for impairment made - net of recoveries (note 6)	**254,344**	477,785
Amounts written-off	**(474,251)**	(314,848)
Derecognition upon loss of control over subsidiaries	**(530,915)**	-
Arising on business combinations	**51,938**	-
Transfer to assets held for sale	**(9,445)**	(40)
Translation differences	**(38,276)**	(66,960)
Transfer from other non-current assets (note 19.1)	**2,233**	8,429
Balance at 31 December	**1,410,364**	2,154,736

22 LOANS AND RECEIVABLES

Loans and receivables represent the receivables arising from the banking operations of the Group carried out through the Bank. The analysis of loans and receivables are as follows:

	2022	*2021*
	AED'000	*AED'000*
Analysis by type:		
Overdrafts	**103,602,274**	141,178,599
Time loans	**225,102,658**	219,478,540
Loans against trust receipts	**9,389,147**	9,236,631
Bills discounted	**5,125,489**	3,892,605
Credit card receivables	**18,679,279**	13,353,455
Gross conventional loans	**361,898,847**	387,139,830
Murabaha	**58,042,781**	39,508,668
Ijara	**24,044,962**	20,862,452
Wakala	**1,068,869**	975,081
Istisna'a	**1,306,557**	873,178
Credit card receivables	**2,287,312**	1,646,713
Others	**271,366**	675,088
Less: Deferred income	**(2,682,725)**	(1,814,833)
Gross Islamic financing receivables	**84,339,122**	62,726,347
Gross loans and receivables	**446,237,969**	449,866,177
Less: Allowance for impairment (note 22.2)	**(39,404,772)**	(37,185,476)
Net loans and receivables	**406,833,197**	412,680,701
Analysis by business units:		
Corporate and Institutional banking	**282,864,931**	304,982,883
Retail banking	**123,968,266**	107,697,818
Net loans and receivables	**406,833,197**	412,680,701

22 LOANS AND RECEIVABLES (continued)

	2022 **AED'000**	2021 AED'000
Analysis by economic activity:		
Utilities and services	**32,306,786**	15,231,685
Personal	**114,701,863**	98,184,765
Sovereign	**112,696,509**	152,416,647
Construction and real estate	**59,235,269**	65,202,122
Manufacturing	**23,962,168**	20,508,463
Trade	**29,009,829**	30,772,106
Transport and communication	**12,342,503**	7,413,737
Hotels and restaurants	**9,230,431**	11,075,791
Management of companies and enterprises	**15,554,374**	12,689,036
Financial institutions and investment companies	**22,988,161**	20,903,075
Agriculture	**5,053,860**	5,825,162
Others	**11,838,941**	11,458,421
Total loans and receivables	**448,920,694**	451,681,010
Less: Deferred income	**(2,682,725)**	(1,814,833)
Less: Allowance for impairment (note 22.2)	**(39,404,772)**	(37,185,476)
Net loans and receivables	**406,833,197**	412,680,701
Disclosed as follows:		
Non-current assets	**183,106,518**	164,608,305
Current assets	**223,726,679**	248,072,396
Net loans and receivables	**406,833,197**	412,680,701

Loans and receivables include AED 107,490,704 thousand (2021: AED 148,990,386 thousand) due from the Government, MOF and other related parties. It also includes AED 1,644,245 thousand (2021: AED 2,352,306 thousand) due from associates and joint ventures (note 36(b)).

Corporate Ijara assets of AED 2.3 billion (2021: AED 2.3 billion) held by the Bank were securitised for the purpose of the issuance of Sukuk liability (note 29(d)).

22.1 The following table sets out information about the credit quality of loans and receivables:

31 December 2022	***12-month ECL AED'000***	***Lifetime ECL not credit - impaired AED'000***	***Lifetime ECL credit - impaired AED'000***	***Total AED'000***
Gross carrying value				
Balance at 1 January 2022	389,429,108	31,277,352	29,159,717	449,866,177
Transfers from stage 1	(7,312,513)	6,762,653	549,860	-
Transfers from stage 2	3,348,210	(6,048,704)	2,700,494	-
Transfers from stage 3	-	626,619	(626,619)	-
New financial assets, net of repayments and others	4,462,546	(3,561,285)	(2,627,609)	(1,726,348)
Amounts written off	-	-	(1,901,860)	(1,901,860)
Gross loans and receivables*	**389,927,351**	**29,056,635**	**27,253,983**	**446,237,969**
Less: Allowance for impairment (note 22.2)	(4,819,205)	(7,785,378)	(26,800,189)	(39,404,772)
Net loans and receivables	**385,108,146**	**21,271,257**	**453,794**	**406,833,197**

22 LOANS AND RECEIVABLES (continued)

22.1 The following table sets out information about the credit quality of loans and receivables (continued):

31 December 2021	*12-month ECL AED'000*	*Lifetime ECL not credit - impaired AED'000*	*Lifetime ECL credit - impaired AED'000*	*Total AED'000*
Gross carrying value				
Balance at 1 January 2021	414,437,761	26,974,892	29,817,914	471,230,567
Transfers from stage 1	(14,752,093)	14,209,710	542,383	-
Transfers from stage 2	3,425,263	(7,547,987)	4,122,724	-
Transfers from stage 3	-	360,866	(360,866)	-
New financial assets, net of repayments and others	(13,681,823)	(2,720,129)	(3,715,562)	(20,117,514)
Amounts written off	-	-	(1,246,876)	(1,246,876)
Gross loans and receivables*	389,429,108	31,277,352	29,159,717	449,866,177
Less: Allowance for impairment (note 22.2)	(3,847,334)	(6,929,276)	(26,408,866)	(37,185,476)
Net loans and receivables	385,581,774	24,348,076	2,750,851	412,680,701

* The credit-impaired gross loans and receivables includes AED 815 million (2021: AED 1,022 million) classified as POCI acquired at fair value.

22.2 The following table sets out the movement in the allowance for impairment during the year:

31 December 2022

	12-month ECL AED'000	***Lifetime ECL not credit- impaired AED'000***	***Lifetime ECL credit – impaired AED'000***	***Total AED'000***
Balance at 1 January 2022	3,847,334	6,929,276	26,408,866	37,185,476
Transfers from stage 1	(289,525)	232,508	57,017	-
Transfers from stage 2	278,319	(1,582,174)	1,303,855	-
Transfers from stage 3	-	227,714	(227,714)	-
Allowance for impairment made - net of recoveries (note 6)	975,054	1,973,192	2,371,087	5,319,333
Amounts written off	-	-	(1,901,860)	(1,901,860)
Translation and other adjustments	8,023	4,862	(1,211,062)	(1,198,177)
Balance at 31 December 2022	**4,819,205**	**7,785,378**	**26,800,189**	**39,404,772**

31 December 2021

	12-month ECL AED'000	*Lifetime ECL not credit- impaired AED'000*	*Lifetime ECL credit – impaired AED'000*	*Total AED'000*
Balance at 1 January 2021	4,612,683	5,697,198	24,674,930	34,984,811
Transfers from stage 1	(392,354)	368,971	23,383	-
Transfers from stage 2	559,417	(2,118,652)	1,559,235	-
Transfers from stage 3	-	77,741	(77,741)	-
Allowance for impairment made - net of recoveries (note 6)	(687,483)	3,710,592	3,211,751	6,234,860
Amounts written off	-	-	(1,246,876)	(1,246,876)
Translation and other adjustments	(244,929)	(806,574)	(1,735,816)	(2,787,319)
Balance at 31 December 2021	3,847,334	6,929,276	26,408,866	37,185,476

The contractual amount outstanding on loans and receivables that were written off during the year, and are still subject to enforcement activity is AED 1,902 million (2021: AED 1,247 million).

23 CASH AND DEPOSITS WITH BANKS

	2022 AED'000	2021 AED'000
Banking operations		
Cash and deposits with Central Banks		
Cash	**5,980,818**	6,023,245
Statutory and other deposits with Central Banks	**51,570,086**	45,176,256
Interest-bearing placements with Central Banks	**219,699**	203,074
Murabahas and interest-bearing certificates of deposits with Central Banks	**16,849,685**	19,353,171
Less: Allowance for impairment	**(2,383)**	(2,133)
Total (A)	**74,617,905**	70,753,613
Due from other banks		
Time loans	**60,267,022**	39,104,426
Overnight, call and short notice	**13,281,555**	6,291,563
Less: Allowance for impairment	**(82,002)**	(52,741)
Total (B)	**73,466,575**	45,343,248
Total (C = A+B)	**148,084,480**	116,096,861
Non-banking operations		
Cash at banks and in hand	**12,556,214**	9,046,756
Deposits and placements	**45,051,741**	40,507,585
Less: Allowance for impairment	**(282,192)**	(272,521)
Total (D)	**57,325,763**	49,281,820
Total (C+D)	**205,410,243**	165,378,681
Disclosed as follows:		
Non-current assets	**3,475,737**	2,724,209
Current assets	**201,934,506**	162,654,472
	205,410,243	165,378,681

23.1 For the purpose of the consolidated cash flow statement, cash and cash equivalents have been computed as follows:

	2022 AED'000	2021 AED'000
Cash and deposits with banks - current	**201,934,506**	162,654,472
Due to banks (note 29(b))	**(37,278,985)**	(43,755,207)
Bank overdrafts (note 29)	**(362,300)**	(188,283)
Cash and deposits with banks classified as assets held for sale	**143,688**	196,029
	164,436,909	118,907,011
Due to banks with original maturity of more than three months	**20,561,616**	28,016,961
Deposits with Central Banks for regulatory purposes	**(51,570,086)**	(45,176,256)
Murabaha and interest-bearing certificates of deposits with Central Banks with original maturity of more than three months	**(1,000,000)**	(3,000,000)
Due from other banks and deposits with other banks with original maturity of more than three months	**(81,101,479)**	(57,361,010)
Cash and cash equivalents	**51,326,960**	41,386,706

23 CASH AND DEPOSITS WITH BANKS (continued)

The Bank has to maintain certain reserve requirements with the central banks of countries in which the Bank operates (collectively the "Central Banks"). The reserves placed with the Central Banks are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the relevant Central Banks. The level of reserves required changes periodically in accordance with the directives of the Central Banks.

Cash and deposits with banks include AED 21,687,461 thousand (2021: AED 20,901,135 thousand) due from associates and other related parties (note 36(b)).

24 ASSETS HELD FOR SALE

The Group follows the guidance of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations to assess whether an asset or disposal group satisfies the requirements to be classified as held for sale. During this assessment, the Group exercises certain judgments and considers whether any significant changes will be made to the plan to sell this asset or disposal group or whether the plan will be withdrawn.

The assets held for sale and the related liabilities as at 31 December 2022 mainly pertains to Columbus Centre Corporation (Cayman) and Aswaaq LLC. Subsequent to the year-end, the Group sold its shareholding in Aswaaq LLC.

As at 31 December 2021, the assets held for sale and the related liabilities related to Columbus Centre Corporation (Cayman) and Palmilla JV, LLC. A loss of AED 80,522 thousand was recognised under 'other expenses – net' in the consolidated income statement upon remeasurement of their net assets at fair value less costs to sell during the prior year. As at 31 December 2022, Palmilla JV, LLC no longer met the criteria of IFRS 5 to be classified as held for sale.

25 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government, less returns made by ICD in cash or in kind to the Government. The movement in the capital of ICD during the year is as follows:

	2022	*2021*
	AED'000	*AED'000*
Balance at 1 January	**84,909,786**	82,404,928
Capital contributions from the Government	**1,004,841**	2,504,858
Balance at 31 December	**85,914,627**	84,909,786

26 DISTRIBUTIONS TO THE GOVERNMENT

During the year ended 31 December 2022, an amount of AED 5,688,246 thousand (2021: AED 8,492,965 thousand) was approved for distribution to the Government.

27 OTHER RESERVES

	Legal and statutory reserve AED'000	*Capital reserve AED'000*	*Merger reserve AED'000*	*Cumulative changes in fair value AED'000*	*Hedge reserve AED'000*	*General reserve AED'000*	*Translation reserve AED'000*	*Others AED'000*	*Total AED'000*
31 December 2022									
Balance at 1 January 2022	**3,140,123**	**851,876**	**9,177,030**	**(819,686)**	**(1,372,196)**	**1,170,099**	**(7,130,889)**	**113,325**	**5,129,682**
Other comprehensive income for the year	**-**	**-**	**-**	**48,446**	**1,223,666**	**-**	**(396,352)**	**-**	**875,760**
Transfers from / (to) retained earnings – net	**123,120**	**61,055**	**-**	**29,758**	**-**	**47,613**	**-**	**156,434**	**417,980**
Transfers upon disposal of equity instruments measured at FVOCI	**-**	**-**	**-**	**340,957**	**-**	**-**	**-**	**-**	**340,957**
Other movements	**(38)**	**1,441**	**-**	**(3)**	**1,545**	**-**	**(10)**	**(9,595)**	**(6,660)**
Balance at 31 December 2022	**3,263,205**	**914,372**	**9,177,030**	**(400,528)**	**(146,985)**	**1,217,712**	**(7,527,251)**	**260,164**	**6,757,719**
31 December 2021									
Balance at 1 January 2021	3,122,294	935,064	9,177,030	(1,480,066)	(2,965,715)	1,265,375	(4,411,252)	47,926	5,690,656
Other comprehensive income for the year	-	-	-	74,286	1,594,778	-	(2,759,728)	-	(1,090,664)
Transfers from / (to) retained earnings – net	17,827	12	-	15,470	-	(95,276)	-	86,346	24,379
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	570,629	-	-	-	-	570,629
Change in Group's ownership in existing subsidiaries	-	-	-	-	-	-	23,818	-	23,818
Other movements	2	(83,200)	-	(5)	(1,259)	-	16,273	(20,947)	(89,136)
Balance at 31 December 2021	3,140,123	851,876	9,177,030	(819,686)	(1,372,196)	1,170,099	(7,130,889)	113,325	5,129,682

27 OTHER RESERVES (continued)

Legal and statutory reserve
This mainly includes the transfer of a certain percentage of annual profit for the year to a non-distributable legal reserve, in various entities of the Group in accordance with their articles of association and in compliance with the UAE Federal Law No. (32) of 2021 or Decretal Federal Law No. (14) of 2018, as applicable. These transfers may be discontinued when the reserve equals 50% of the paid up capital of the respective entities.

Capital and general reserve
This represents the Group's share of reserves capitalised by various entities in the Group. This reserve is non-distributable.

Merger reserve
The merger reserve mainly includes amounts relating to:
- Borse Dubai Limited
- Emirates NBD PJSC
- National Bonds Corporation Sole Proprietorship P.S.C

Borse Dubai Limited
In 2007, the Government transferred the ownership of DFM (80% shareholding) and Nasdaq Dubai Limited ("Nasdaq Dubai") (100% shareholding) to Borse Dubai, without any consideration. This transaction was a common control transaction and was accounted for under the pooling of interests method. Since no consideration was paid by Borse Dubai for the acquisition of DFM and Nasdaq Dubai, the entire amount of issued and paid up share capital of the two entities amounting to AED 5,984,759 thousand was recognised as a merger reserve in these consolidated financial statements.

Emirates NBD PJSC
In 2007, the merger of Emirates Bank International PJSC and National Bank of Dubai PJSC into Emirates NBD PJSC resulted in the recognition of a merger reserve of AED 3,460,860 thousand.

National Bonds Corporation Sole Proprietorship P.S.C
During prior years, the shareholders of National Bonds Corporation Sole Proprietorship P.S.C other than the Group, transferred their entire shareholding in National Bonds Corporation Sole Proprietorship P.S.C to the Group. This transaction was a common control transaction and was accounted for under the pooling of interests method. Accordingly, the excess of consideration paid over the book value of net assets amounting to AED 595,639 thousand was recognised as merger reserve.

Cumulative changes in fair value
Cumulative changes in fair value comprise the cumulative net changes in the fair value of investment securities measured at FVOCI until the investments are derecognised.

Translation reserve
The translation reserve mainly comprises of foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

28 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits recognised in the consolidated statement of financial position are as follows:

	2022 *AED'000*	*2021* *AED'000*
Balance at 1 January	**3,733,199**	3,717,600
Provision made	**1,444,762**	1,004,621
End of service benefits paid	**(1,097,724)**	(887,399)
Actuarial gain on defined benefit plans	**(102,065)**	(26,274)
Arising on business combinations	**68,597**	-
Transfer to liabilities related to assets held for sale - net	**(3,994)**	(1,363)
Derecognition upon loss of control over subsidiaries	**(177,199)**	-
Other movements	**(49,898)**	(73,986)
Balance at 31 December	**3,815,678**	3,733,199
Disclosed as follows:		
Non-current liabilities	**3,796,238**	3,721,650
Current liabilities	**19,440**	11,549
	3,815,678	3,733,199

Employees' Pension Scheme
Eligible UAE National employees of the Group are entitled to join the pension scheme operated for UAE National employees by the UAE General Pension and Social Security Authority (the "Pension Authority"). Contributions for the period for eligible UAE National employees made to the Pension Authority, in accordance with the provisions of UAE Federal Law on Pension and Social Security, are charged to the consolidated income statement.

Defined benefit obligations
In accordance with the provisions of IAS 19, an exercise to assess the present value of the defined benefit obligations as at 31 December was carried out, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases up to 19.55% (2021: 8.2%) per annum and a discount rate up to 21.83% (2021: 12.7%) per annum. The present value of the defined benefit obligations as at 31 December was computed using the actuarial assumptions set out above.

The liabilities recognised in the consolidated statement of financial position are:

	2022 *AED'000*	*2021* *AED'000*
Present value of funded defined benefit obligations	**3,258,084**	4,060,276
Less: Fair value of plan assets (note (i) below)	**(2,947,904)**	(3,552,321)
	310,180	507,955
Present value of unfunded defined benefit obligations	**3,505,498**	3,225,244
Employees' end of service benefits provision	**3,815,678**	3,733,199

(i) Funded schemes
Senior employees of certain subsidiaries based mainly in the UAE participate in a defined benefit provident scheme (the "Fund") to which these subsidiaries contribute a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a regular basis irrespective of the Fund's performance and are not pooled, but are separately identifiable and attributable to each participant. The Fund comprises of a diverse mix of managed funds, and investment decisions are controlled directly by the participating employees.

28 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(i) Funded schemes (continued)

Benefits receivable under the provident scheme are subject to vesting rules that are dependent upon the participating employee's length of service. If at the time when an employee leaves employment, the accumulated vested amount including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, the Group pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives a defined percentage of their fund balance depending upon their length of service. Vested assets of the scheme are not available to the Group or its creditors in any circumstances.

Movements in the fair value of the plan assets in respect of the funded schemes are as follows:

	2022 AED'000	*2021 AED'000*
Balance at 1 January	**3,552,321**	3,561,678
Contributions made	**323,151**	261,718
Benefits paid	**(228,549)**	(708,474)
Fair value (loss) / gain - net	**(627,362)**	477,053
Other movements	**(71,657)**	(39,654)
Balance at 31 December	**2,947,904**	3,552,321

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or defined contribution plans follow relevant local regulations and are mainly based on the period of cumulative service and the employees' final basic salary level.

29 BORROWINGS AND LEASE LIABILITIES

	Notes	***2022 AED'000***	*2021 AED'000*
<u>**Banking operations**</u>			
Non-current liabilities			
Debt issued and other borrowed funds	29(a)	**44,885,354**	50,746,715
Due to banks (note 23.1)	29(b)	**5,195,308**	7,772,969
Sukuk payable	29(d)	**3,647,770**	3,672,500
Lease liabilities	29(e)	**328,856**	469,357
(A)		**54,057,288**	62,661,541
Current liabilities			
Debt issued and other borrowed funds	29(a)	**8,601,473**	12,640,513
Due to banks (note 23.1)	29(b)	**32,083,677**	35,982,238
Lease liabilities	29(e)	**122,713**	145,595
(B)		**40,807,863**	48,768,346
Total banking operations (C = A + B)		**94,865,151**	111,429,887

29 BORROWINGS AND LEASE LIABILITIES (continued)

	Notes	*2022 AED'000*	*2021 AED'000*
Non-banking operations			
Non-current liabilities			
Bank and other borrowings	29(c)	**70,114,943**	79,737,744
Bonds (including Sukuk)	29(d)	**23,713,133**	24,224,272
Lease liabilities	29(e)	**35,157,299**	38,775,581
Loan from Government, MOF and other related parties (note 36(b))	29(c)	**9,369,648**	9,369,640
Loans from associates and joint ventures (note 36(b))	29(c)	**7,708,391**	8,221,214
(D)		**146,063,414**	160,328,451
Current liabilities			
Bank and other borrowings	29(c)	**15,620,546**	17,034,813
Bonds (including Sukuk)	29(d)	**10,469,181**	9,430,444
Lease liabilities	29(e)	**9,918,457**	9,473,030
Loans from Government, MOF and other related parties (note 36(b))	29(c)	**806,393**	802,356
Loans from associates and joint ventures (note 36(b))	29(c)	**3,085,206**	1,028,822
Bank overdrafts (note 23.1)		**362,300**	188,283
(E)		**40,262,083**	37,957,748
Total non-banking operations (F = D + E)		**186,325,497**	198,286,199
Total borrowings and lease liabilities (C + F)		**281,190,648**	309,716,086
Disclosed as follows:			
Non-current liabilities (A+D)		**200,120,702**	222,989,992
Current liabilities (B+E)		**81,069,946**	86,726,094
		281,190,648	309,716,086

The above borrowings and lease liabilities are denominated in various currencies.

(a) Debt issued and other borrowed funds

	2022 AED'000	*2021 AED'000*
Medium-term note programme	**45,739,355**	54,560,648
Term loans from banks	**6,415,051**	6,405,566
Borrowing raised from loan securitisations	**1,332,421**	2,421,014
	53,486,827	63,387,228

29 BORROWINGS AND LEASE LIABILITIES (continued)

(a) Debt issued and other borrowed funds (continued)

The repayment profile of the above liabilities is as follows:

	2022 AED in millions	*2021 AED in millions*
2022	**-**	12,640
2023	**8,601**	7,398
2024	**10,893**	10,145
2025	**7,691**	7,098
2026	**5,940**	6,219
Beyond 2026	**20,362**	19,887
	53,487	63,387

The interest incurred on the above debt averaged 4.03% per annum for the year ended 31 December 2022 (2021: 3.41% per annum).

(b) Due to banks

	2022 AED'000	*2021 AED'000*
Demand and call deposits	**1,777,359**	1,982,456
Balances with correspondent banks	**2,154,121**	1,311,937
Repurchase agreements with banks	**2,887,357**	2,364,908
Time and other deposits	**30,460,148**	38,095,906
	37,278,985	43,755,207

The interest incurred on the above balances averaged 1.94% per annum for the year ended 31 December 2022 (2021: 1.14% per annum).

(c) Bank and other borrowings and loans from Government, MOF, associates, joint ventures and other related parties

(i) These borrowings carry the following interest rates:

	2022 AED'000	*2021 AED'000*
Secured facilities		
Fixed rate	**6,941,453**	12,884,136
USD LIBOR + Margin	**41,123,515**	47,020,608
EIBOR + Margin	**4,478,827**	4,416,373
SOFR + Margin	**3,035,540**	-
Other IBOR + Margin	**264,608**	381,084
	55,843,943	64,702,201
Unsecured facilities		
Fixed rate	**1,944,122**	3,756,102
USD LIBOR + Margin	**24,259,566**	28,474,413
EIBOR + Margin	**16,195,832**	15,740,169
SOFR + Margin	**7,794,813**	2,737,371
Other IBOR + Margin	**666,851**	784,333
	50,861,184	51,492,388
	106,705,127	116,194,589

29 BORROWINGS AND LEASE LIABILITIES (continued)

(c) Bank and other borrowings and loans from Government, MOF, associates, joint ventures and other related parties (continued)

(ii) These liabilities are repayable as follows:

	2022	*2021*
	AED'000	*AED'000*
Less than one year	**19,512,145**	18,865,991
Between one to five years	**69,677,184**	77,286,372
More than five years	**17,515,798**	20,042,226
	106,705,127	116,194,589

The effective interest rate paid on the above liabilities averaged 4.13% per annum for the current year (2021: 2.28% per annum).

(d) Bonds (including Sukuk)

	2022	*2021*
	AED'000	*AED'000*
These instruments are denominated in the following currencies:		
US Dollar	**26,072,976**	26,440,396
UAE Dirham	**11,766,548**	10,680,192
Korean Won	**-**	219,938
	37,839,524	37,340,526
Less: transaction costs	**(9,440)**	(13,310)
	37,830,084	37,327,216

These bonds (including sukuk) carry interest / profit rate varying from 1.55% to 5% (2021: 1.23% to 5%) and are repayable either on demand to bond holders, periodically or as a bullet payment upon their relevant maturities over the period up to 2028 (2021: period up to 2028).

(e) Lease liabilities

Lease liabilities are payable as follows:

31 December 2022

	Future lease payments AED'000	***Interest component AED'000***	***Present value of lease payments AED'000***
Less than one year	**12,060,458**	**(2,019,288)**	**10,041,170**
Between one to five years	**31,338,394**	**(4,778,972)**	**26,559,422**
More than five years	**11,356,869**	**(2,430,136)**	**8,926,733**
	54,755,721	**(9,228,396)**	**45,527,325**

29 BORROWINGS AND LEASE LIABILITIES (continued)

(e) Lease liabilities (continued)

31 December 2021

	Future lease payments AED'000	*Interest component AED'000*	*Present value of lease payments AED'000*
Less than one year	11,892,403	(2,273,778)	9,618,625
Between one to five years	32,256,570	(5,407,186)	26,849,384
More than five years	14,692,831	(2,297,277)	12,395,554
	58,841,804	(9,978,241)	48,863,563

(f) Movements in borrowings and lease liabilities

(i) Borrowings (excluding bank overdrafts and due to banks):

	2022 AED'000	*2021 AED'000*
Balance at 1 January	**216,909,033**	212,950,338
Proceeds from borrowings	**53,419,517**	81,908,733
Repayments	**(76,194,158)**	(73,121,140)
Arising on business combinations	**2,399,045**	3,041
Transfers from / (to) liabilities related to assets held for sale	**470,143**	(995,866)
Derecognition upon loss of control over subsidiaries	**(479,910)**	-
Other transfers*	**1,081,428**	-
Translation differences	**(575,225)**	(2,140,053)
Other movements	**992,165**	(1,696,020)
Balance at 31 December	**198,022,038**	216,909,033

* During the current year, accrued interest of non-banking operations, previously included within 'trade and other payables' and 'other non-current payables' were classified to borrowings to better reflect the nature of the balances.

(ii) Lease liabilities:

	2022 AED'000	*2021 AED'000*
Balance at 1 January	**48,863,563**	56,274,019
Additions	**5,970,956**	3,658,625
Interest expense (note 8)*	**2,406,512**	2,737,551
Remeasurements and terminations	**1,671,712**	(698,746)
Repayments	**(12,793,948)**	(12,583,597)
Arising on business combinations	**161,707**	3,912
Transfers to liabilities related to assets held for sale	**(44,312)**	-
Derecognition upon loss of control over subsidiaries	**(70,327)**	-
Translation differences	**(638,538)**	(528,201)
Balance at 31 December	**45,527,325**	48,863,563

* During the current year, interest expense of AED 35,478 thousand (2021: AED Nil) has been capitalised as part of 'property, plant and equipment' during the year.

29 BORROWINGS AND LEASE LIABILITIES (continued)

(g) Securities

The significant securities provided against borrowings are as follows:

- Collateral over certain assets of the Group including property, plant and equipment, investment properties and an associate of one of the Group's subsidiaries;
- Assignment of insurance policies and earnings from applicable property, plant and equipment;
- Negative pledge whereby the relevant subsidiaries of the Group shall not create or permit to subsist any security on any of the applicable property, plant and equipment to third parties;
- Confirmation from a Group entity that it shall not merge or amalgamate or sell its assets, except in the ordinary course of business, without prior approval of the concerned banks;
- Confirmation from a Group entity that prior consent of the lenders will be obtained before effecting any change in its ownership and/or sale of significant assets; and
- Certain applicable real estate assets of the Group have been designated to support the issuance of borrowings in the form of Ijara.

30 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair values of derivative financial instruments together with notional amounts analysed by term to maturity. The notional amount is the amount of a derivative's underlying asset or liability, 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 of the credit risk.

31 December 2022

			Notional amounts		
	Positive fair value AED'000	***Negative fair value AED'000***	***Total AED'000***	***<1 year AED'000***	***>1 year AED'000***
Banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	844,256	(891,882)	277,646,467	258,211,259	19,435,208
Foreign exchange options	238,367	(189,779)	26,093,151	25,663,311	429,840
Interest rate swaps / caps	15,652,823	(14,233,236)	618,968,141	161,577,097	457,391,044
Commodity options	19,200	(19,240)	1,328,819	1,189,230	139,589
	16,754,646	**(15,334,137)**	**924,036,578**	**446,640,897**	**477,395,681**
Derivatives held as cash flow hedges:					
Interest rate swaps	**136,493**	**(947,031)**	**20,762,762**	**4,981,101**	**15,781,661**
Derivatives held as fair value hedges:					
Interest rate swaps	**277,264**	**(3,924,747)**	**28,094,676**	**2,047,069**	**26,047,607**
Derivatives held as hedge of a net investment in foreign operations:					
Foreign exchange forward contracts	**37,408**	**-**	**733,597**	**733,597**	**-**
(A)	**17,205,811**	**(20,205,915)**	**973,627,613**	**454,402,664**	**519,224,949**
Non-banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	-	(18)	4,575	4,575	-
Commodity swaps and futures	75,918	(106,685)	3,658,146	3,658,146	-
	75,918	**(106,703)**	**3,662,721**	**3,662,721**	**-**
Derivatives held as cash flow hedges:					
Foreign exchange forward contracts	56,566	(60,699)	6,638,183	6,190,437	447,746
Interest rate swaps	843,041	-	12,856,727	3,309,066	9,547,661
Commodity forward contracts	50,168	-	1,014,299	-	1,014,299
	949,775	**(60,699)**	**20,509,209**	**9,499,503**	**11,009,706**
(B)	**1,025,693**	**(167,402)**	**24,171,930**	**13,162,224**	**11,009,706**
Total (A+B)	**18,231,504**	**(20,373,317)**	**997,799,543**	**467,564,888**	**530,234,655**

30 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

31 December 2021

	Positive fair value AED'000	*Negative fair value AED'000*	*Notional amounts* *Total AED'000*	*<1 year AED'000*	*>1 year AED'000*
Banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	2,142,481	(1,458,166)	269,347,059	239,199,806	30,147,253
Foreign exchange options	37,110	(19,760)	1,893,060	1,404,988	488,072
Interest rate swaps / caps	7,914,734	(6,449,639)	484,834,455	126,122,720	358,711,735
Commodity options	38,693	(38,708)	1,020,200	835,108	185,092
	10,133,018	(7,966,273)	757,094,774	367,562,622	389,532,152
Derivatives held as cash flow hedges:					
Interest rate swaps	238,462	(121,895)	29,221,176	13,526,292	15,694,884
Derivatives held as fair value hedges:					
Interest rate swaps	287,445	(1,088,283)	30,004,652	1,795,199	28,209,453
Derivatives held as hedge of a net investment in foreign operations:					
Foreign exchange forward contracts	-	(9,870)	452,876	452,876	-
(A)	10,658,925	(9,186,321)	816,773,478	383,336,989	433,436,489
Non-banking operations					
Derivatives held for trading:					
Debt equity swaps	2,444	-	2,444	2,444	-
Commodity swaps and futures	57,404	(55,981)	5,085,965	5,085,965	-
	59,848	(55,981)	5,088,409	5,088,409	-
Derivatives held as cash flow hedges:					
Foreign exchange forward contracts	16,795	(3,928)	1,260,059	1,260,059	-
Interest rate swaps	-	(513,746)	14,388,828	1,694,211	12,694,617
Commodity forward contracts	544,364	-	1,227,093	1,227,093	-
	561,159	(517,674)	16,875,980	4,181,363	12,694,617
(B)	621,007	(573,655)	21,964,389	9,269,772	12,694,617
Total (A+B)	11,279,932	(9,759,976)	838,737,867	392,606,761	446,131,106

30 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Disclosed as follows:

	2022 *AED'000*	*2021* *AED'000*
Positive fair value of derivatives:		
Non-current assets	**14,990,199**	7,345,057
Current assets	**3,241,305**	3,934,875
	18,231,504	11,279,932
Negative fair value of derivatives:		
Non-current liabilities	**(17,474,239)**	(6,833,593)
Current liabilities	**(2,899,078)**	(2,926,383)
	(20,373,317)	(9,759,976)
Net fair value of derivatives (note 18)	**(2,141,813)**	1,519,956

Derivative related credit risk - banking operations

Credit risk in respect of derivative financial instruments arises from the potential of a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Bank and potential future fluctuations. The majority of the fair value of favourable contracts (and therefore credit risk) represents an exposure to financial institutions. All credit exposure is managed under approved facilities, and in many cases are collateralised under a credit support annex. The Bank 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.

31 OTHER NON-CURRENT PAYABLES

	2022 *AED'000*	*2021* *AED'000*
Deferred revenue	**427,612**	442,372
Provision for aircraft return conditions	**5,273,546**	5,425,639
Retention payable	**286,651**	484,181
Maintenance reserve and security deposits	**3,800,012**	4,007,158
Other provisions	**486,428**	580,592
Others	**1,895,009**	1,491,894
	12,169,258	12,431,836

32 TRADE AND OTHER PAYABLES

	2022 **AED'000**	2021 AED'000
Trade payables	**35,482,797**	26,865,219
Passenger and cargo sales in advance	**14,619,181**	8,240,733
Accrued interest / profit payable	**2,983,796**	2,381,403
Advance from customers	**3,059,734**	2,647,516
Amounts due to associates and joint ventures (note 36(b))	**1,061,365**	1,503,197
Amounts due to Government, MOF and other related parties (note 36(b))	**801,201**	667,073
Managers' cheques	**2,409,426**	1,509,281
Abandonment and decommissioning liability	**278,892**	402,482
Deferred revenue	**5,800,079**	4,686,946
Excess billings from construction contracts	**180,914**	554,254
Members' margin deposit	**280,030**	697,531
Dividend payable (includes payable on behalf of companies listed on the stock exchange)	**880,422**	821,127
iVESTOR cards payable	**389,396**	331,371
Retention payable	**664,892**	545,985
Provision for aircraft return conditions	**913,002**	1,032,030
Maintenance reserve and security deposits	**856,661**	858,528
ECL on unfunded exposures (banking operations) (note 35(g))	**697,047**	632,100
Other provisions	**2,687,286**	2,806,375
Other payables and accruals	**11,335,242**	9,381,656
	85,381,363	66,564,807

33 CUSTOMER DEPOSITS

Customer deposits represent the payables arising from the banking operations of the Group carried out through the Bank. The details of customer deposits are as follows:

	2022 **AED'000**	2021 AED'000
Time	**174,790,428**	160,995,577
Demand, call and short notice	**228,271,849**	210,222,182
Savings	**68,376,359**	63,671,856
Others	**19,086,750**	9,778,987
	490,525,386	444,668,602
Disclosed as follows:		
Non-current liabilities	**4,797,235**	5,625,839
Current liabilities	**485,728,151**	439,042,763
	490,525,386	444,668,602

Included in the above customer deposits are Islamic deposits totaling to AED 70,701,241 thousand (2021: AED 65,931,319 thousand).

The interest incurred and profit distribution to depositors on the above deposits averaged 1.61% per annum for the year ended 31 December 2022 (2021: 1.33% per annum).

Customer deposits include AED 5,777,386 thousand (2021: AED 5,367,019 thousand) deposits from Government, MOF and other related parties and AED 1,144,765 thousand (2021: AED 606,638 thousand) deposits from associates and joint ventures (note 36(b)).

34 NON-CONTROLLING INTERESTS

(a) Tier 1 Capital notes

Non-controlling interests as at 31 December 2022 include three series of regulatory Tier 1 capital notes ("Capital Notes") issued in 2019 ("2019 Notes"), 2020 ("2020 Notes") and 2021("2021 Notes") by the Bank for an amount of USD 1 billion (AED 3.66 billion (net of issuance cost)), USD 750 million (AED 2.75 billion (net of issuance cost)) and USD 750 million (AED 2.75 billion (net of issuance cost)) respectively. These Capital Notes were issued at a fixed interest rate with a reset after six years and are perpetual, subordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion. Noteholders will not have a right to claim the coupon and such event will not be considered an event of default. These Capital Notes carry no maturity date and have been classified under equity as 'non-controlling interests'.

During the previous year, the Bank issued the aforementioned 2021 Notes and exercised its option to redeem Tier 1 capital notes issued in 2009 for an amount of AED 4 billion.

(b) Material partly owned subsidiaries

The financial information of a subsidiary in which the Group has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests as at 31 December:

Name	*Country of incorporation*	*2022*	*2021*
Emirates NBD PJSC	UAE	**44.24%**	44.24%

The financial information of the Bank is provided below:

	2022 AED'000	*2021 AED'000*
Balances of material non-controlling interests	**46,952,768**	42,623,268
Profit allocated to material non-controlling interests	**6,044,171**	4,451,891
Dividend / interest paid to material non-controlling interests	**1,905,054**	1,707,711

The above analysis includes the Capital Notes and interest thereon.

The summarised financial information of the Bank is provided below. This information is based on amounts before any intra-group elimination.

Summarised statement of comprehensive income for the year ended 31 December is set out below:

	2022 AED'000	*2021 AED'000*
Profit for the year	**13,009,637**	9,305,970
Total comprehensive income	**13,426,262**	3,376,932

34 NON-CONTROLLING INTERESTS (continued)

***(b) Material partly owned subsidiaries* (continued)**

Summarised statement of financial position as at 31 December is set out below:

	2022 ***AED'000***	*2021* *AED'000*
Current assets	**450,147,611**	444,052,664
Non-current assets	**291,813,942**	243,383,954
Current liabilities	**566,294,600**	522,910,595
Non-current liabilities	**82,362,804**	80,946,334

Summarised cash flow statement information for the year ended 31 December is set out below:

	2022 ***AED'000***	*2021* *AED'000*
Net cash flows from operating activities	**36,529,993**	35,554,981
Net cash flows used in investing activities	**(19,261,667)**	(33,854,188)
Net cash flows (used in) / from financing activities	**(9,634,531)**	6,119,638
Net increase in cash and cash equivalents	**7,633,795**	7,820,431

35 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for and still outstanding at the reporting date is as follows:

	2022 ***AED'000***	*2021* *AED'000*
Capital commitments in relation to aircraft	**222,584,113**	220,729,803
Capital commitments in relation to other non-financial assets	**4,154,922**	6,050,800
Group's share of associates' and joint ventures' capital commitments	**3,300,501**	2,937,926
	230,039,536	229,718,529

(b) Investment commitments

The Group has contractual commitments of AED 3,446,883 thousand as at 31 December 2022 (2021: AED 2,165,858 thousand) in relation to investment securities.

(c) Assets held in a fiduciary capacity

The Group's financial services subsidiaries hold assets in a fiduciary capacity and provide custodian services to some of their customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group's consolidated financial statements.

35 COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingencies

The Group has the following contingent liabilities at the reporting date:

	2022 AED'000	*2021 AED'000*
Letters of credit	**20,618,478**	20,320,984
Financial guarantees	**56,484,415**	58,774,476
Performance bonds	**5,329,075**	9,582,072
Liabilities on risk participation	**187,569**	218,757
Group's share of financial guarantees issued by associates and joint ventures	**7,255,644**	7,472,426
Group's share of letters of credit issued by associates and joint ventures	**1,176,267**	1,090,378
Third party claims*	**196,421**	833,598

* There are various claims against the subsidiaries and equity accounted investees of the Group initiated by their respective contractors, customers and other counterparties in respect of alleged delays in work or non-fulfilment of contractual obligations. Once the relevant assessments of these claims are completed by the relevant subsidiaries and equity accounted investees of the Group, and the amount of potential loss is reasonably estimated, an appropriate adjustment is made to account for any adverse effect on their financial standing. Proper controls and policies to manage such claims are in place. Consequently, at the reporting date, it is believed that any adverse outcome from these claims are remote and no liability is recognised in respect of these contingencies.

(e) Undrawn loan commitments

The Group's banking operations (including the Group's share of associates) have undrawn loan commitments of AED 67,872,127 thousand outstanding at 31 December 2022 (2021: AED 47,841,494 thousand). This represents a contractual commitment to permit drawdowns 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 drawdown have to be fulfilled, the total contract amounts do not necessarily represent the exact future cash requirements.

(f) Customer acceptances

Under IFRS 9, customer acceptances are recognised on balance sheet with a corresponding liability. Accordingly, there is no off-balance sheet commitment for customer acceptances.

(g) ECL on unfunded exposures (Banking operations)

	2022		*2021*	
	12 - month ECL AED'000	***Lifetime ECL not credit-impaired AED'000***	*12 - month ECL AED'000*	*Lifetime ECL not credit-impaired AED'000*
Exposure	**135,181,823**	**8,105,957**	118,463,267	9,348,214
Expected credit losses (note 32)	**(515,850)**	**(181,197)**	(471,715)	(160,385)
	134,665,973	**7,924,760**	117,915,552	9,187,829

Unfunded exposure includes financial guarantees, letters of credit, liability on risk participations, customer acceptances and undrawn loan commitments of the Bank.

35 COMMITMENTS AND CONTINGENCIES (continued)

(h) Fund Management

The Bank manages a number of funds which are not consolidated in the financial statements. These funds have no recourse to the general assets of the Bank and the Bank has no recourse to the assets of these funds. Third party funds managed by the Bank were AED 29,409 million at 31 December 2022 (2021: AED 24,171 million).

36 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the owner, associates, joint ventures, directors and key management personnel of the Group, and entities controlled or jointly controlled by such parties. It also represents entities that are significantly influenced by the owner. The transactions between the related parties are carried out at mutually agreed terms.

The Group enters into transactions with entities related to Government other than those that are already disclosed in these consolidated financial statements. These transactions mainly include investments in publicly traded instruments issued by such entities, utility supply, regulatory and airport services, and banking activities undertaken by the Bank. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions that are entered with these entities in the normal course of business and the resultant balances.

(a) Significant transactions with related parties during the year are as follows:

	Purchase of goods and services (including cost of revenue) AED'000	*Sale of goods and services (including revenue) AED'000*	*Other finance income AED'000 (note 7)*	*Other finance costs AED'000 (note 8)*
2022				
Associates and joint ventures	**4,305,162**	**3,920,220**	**427,913**	**267,579**
Government, MOF and other related parties	**16,656**	**1,051,694**	**13,721**	**188,172**
2021				
Associates and joint ventures	2,928,637	3,072,672	211,690	248,324
Government, MOF and other related parties	79,415	657,120	47,775	177,414

(b) Significant amounts due from and due to related parties as at 31 December are as follows, further details of which are disclosed in notes 19, 21, 22, 23, 29, 32 and 33:

	2022		*2021*	
	Receivables AED'000	***Payables AED'000***	*Receivables AED'000*	*Payables AED'000*
Associates and joint ventures*	**25,050,654**	**12,999,727**	24,668,060	11,359,871
Government, MOF and other related parties	**2,275,932**	**16,754,628**	1,813,252	16,206,088
	27,326,586	**29,754,355**	26,481,312	27,565,959

* Significant portion of these receivables and payables represents balances due from or due to associates.

(i) In addition to the above, there is an amount of AED 105,984,325 thousand (2021: AED 148,117,393 thousand) that represents loans and receivables provided by the Bank to the Government on normal commercial terms.

(ii) Impairment provisions of AED 152,872 thousand (2021: AED 168,028 thousand) and AED 57,997 thousand (2021: AED 53,045 thousand) have been made against amounts receivable from the Government, MOF and other related parties, and amounts receivable from associates and joint ventures respectively. These amounts are included in 'other non-current assets' and 'trade and other receivables' at the year-end.

36 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Compensation to key managerial personnel:

The remuneration of directors and other key members of management included in the consolidated income statement are as follows:

	2022 ***AED'000***	*2021* *AED'000*
Short-term benefits	**816,874**	643,637
End of service benefits	**55,441**	38,819
Directors' fees	**30,646**	44,612
Management fees charged by managers	**10,704**	12,416
	913,665	739,484

(d) The investments made in, changes in ownership and disposals of associates and joint ventures, the Group's share of results of associates and joint ventures, the dividends received from them during the current and prior year are disclosed in note 17 of these consolidated financial statements.

(e) The contributions from and distributions to the Government have been disclosed in the consolidated statement of changes in equity, note 25 and note 26 to these consolidated financial statements. Subsequent to the year end, the Board of Directors of ICD approved distribution of AED 5,951,632 thousand.

(f) The Bank's investment in Government bonds amounted to AED 6,354,232 thousand (2021: AED 6,481,084 thousand).

37 FINANCIAL RISK MANAGEMENT

The tables below set out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position:

31 December 2022

	Measured at FVTPL AED'000	*Measured at FVOCI AED'000*	*Measured at amortised cost AED'000*	*Derivative financial instruments AED'000*	*Total carrying value AED'000*
Financial assets					
Non-derivative financial assets					
Investment securities (note 18)	23,847,858	28,254,689	96,634,929	-	148,737,476
Other non-current assets	-	-	1,867,084	-	1,867,084
Loans and receivables (note 22)	-	-	406,833,197	-	406,833,197
Customer acceptances	-	-	9,029,309	-	9,029,309
Trade and other receivables	-	-	38,019,609	-	38,019,609
Cash and deposits with banks (note 23)	-	-	205,410,243	-	205,410,243
Derivative financial assets					
Positive fair value of derivatives (note 30)	-	-		18,231,504	18,231,504
	23,847,858	**28,254,689**	**757,794,371**	**18,231,504**	**828,128,422**
Financial liabilities					
Non-derivative financial liabilities					
Borrowings and lease liabilities (note 29)	-	-	281,190,648	-	281,190,648
Other non-current payables	127,984	-	11,430,310	-	11,558,294
Customer deposits (note 33)	-	-	490,525,386	-	490,525,386
Customer acceptances	-	-	9,029,309	-	9,029,309
Trade and other payables	-	-	61,562,324	-	61,562,324
Derivative financial liabilities					
Negative fair value of derivatives (note 30)	-	-	-	20,373,317	20,373,317
	127,984	**-**	**853,737,977**	**20,373,317**	**874,239,278**

37 FINANCIAL RISK MANAGEMENT (continued)

31 December 2021

	Measured at FVTPL AED'000	*Measured at FVOCI AED'000*	*Measured at amortised cost AED'000*	*Derivative financial instruments AED'000*	*Total carrying value AED'000*
Financial assets					
Non-derivative financial assets					
Investment securities (note 18)	15,512,256	20,774,969	88,201,987	-	124,489,212
Other non-current assets	-	-	2,245,439	-	2,245,439
Loans and receivables (note 22)	-	-	412,680,701	-	412,680,701
Customer acceptances	-	-	11,343,522	-	11,343,522
Trade and other receivables	-	-	29,602,019	-	29,602,019
Cash and deposits with banks (note 23)	-	-	165,378,681	-	165,378,681
Derivative financial assets					
Positive fair value of derivatives (note 30)	-	-	-	11,279,932	11,279,932
	15,512,256	20,774,969	709,452,349	11,279,932	757,019,506
Financial liabilities					
Non-derivative financial liabilities					
Borrowings and lease liabilities (note 29)	-	-	309,716,086	-	309,716,086
Other non-current payables	126,470	-	11,703,689	-	11,830,159
Customer deposits (note 33)	-	-	444,668,602	-	444,668,602
Customer acceptances	-	-	11,343,522	-	11,343,522
Trade and other payables	-	-	50,093,473	-	50,093,473
Derivative financial liabilities					
Negative fair value of derivatives (note 30)	-	-	-	9,759,976	9,759,976
	126,470	-	827,525,372	9,759,976	837,411,818

The fair value of the above mentioned financial assets and liabilities (that are not stated at fair value) is not materially different from their carrying value.

37 FINANCIAL RISK MANAGEMENT (continued)

Overview
As a result of using financial instruments, the Group is exposed to the following main risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included in these consolidated financial statements.

Risk Management Framework and Process
The Board of Directors of ICD and of the respective entities are responsible for:

- the establishment and oversight of risk management frameworks including the determination and approval of risk appetite; and
- the formation of appropriate risk management committees responsible for developing and monitoring risk management policies and the identification, analysis and management of the risks in the operations of the respective businesses.

The Group's risk management framework takes into account the complexity of the Group's business operations and diversity of geographical locations. The Group's risk management framework is not intended to prescribe a specific process for risk management but rather to integrate risk management as a practice into each Group entity's processes and according to each Group entity's specific needs.

The key features of the Group's risk management framework are:

- risk management policies designed to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits;
- design and implementation of appropriate controls with adequate reporting in place to monitor their ongoing effectiveness to safeguard the Group's interests;
- timely escalation to management of exceptions and deviations from authorised limits and other relevant risk guidelines and policies;
- regular review of risk management policies and processes to reflect changes in market conditions and the Group's operations;
- training of employees to develop a disciplined control environment in which all employees understand their roles and responsibilities; and
- risk taking within approved authorities and compliance with applicable regulatory requirements.

The risk management functions of Group entities assist their senior management in controlling and actively managing the Group's overall risk. These functions also ensure that:

- policies, procedures and methodologies are consistent with the risk appetite;
- the overall business strategy is consistent with its risk appetite; and
- appropriate risk management processes are developed and implemented.

37.1 Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to investment securities (primarily bonds and sukuks), loans and receivables, trade and other receivables (including amounts due from related parties), derivative financial instruments, cash at bank, reverse repurchase agreements, customer acceptances, letters of credit, financial guarantees and undrawn loan commitments. The Group's exposure to such credit risk is monitored on an ongoing basis by management. The Group's cash is placed with banks of repute.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk management and structure
The approach to credit risk management is based on the foundation to preserve independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures in the respective business segments. Standard procedures specific to businesses are set up to manage various risks across different business segments, products and portfolios.

Credit risk management and structure specific to the Bank
The Bank'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. The relevant Credit Management and Investment Committee retain the ultimate authority to approve larger credits. Independent functions within the Bank manage credit risks on the corporate and retail portfolios.

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 macroeconomic 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 Bank has a well-defined process for the 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 Bank has a structured management framework for Retail banking risk management. The framework enables the Bank to identify and evaluate the significance of all credit risks that the Bank 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 Bank's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Bank to prudently recognise impairment on its retail portfolios.

Credit approving authorities
The Board Credit & Investment Committee ("BCIC") of the Bank has delegated credit approving authorities to Management Credit Committee ("MCC"), Management Investment Committee ("MIC"), Retail Credit Committee ("RCC") and members of senior management to facilitate and effectively manage the business. However, the BCIC retains the ultimate authority to approve credits beyond MCC's authority.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk management and structure (continued)

Trade and other receivables
Sales are made to customers on mutually agreed terms. The credit committees set up by the respective subsidiaries are responsible for determining:

- The creditworthiness of their customers;
- The credit exposure and the credit ratings of the customers; and
- The required appropriate collateral to be held as security and financial guarantees.

Credit risk measurement
The Group uses a combination of general approach and simplified approach to measure credit risk and compute expected credit losses.

For instruments where the general approach is used, the estimation of credit risk for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails making further estimations on the likelihood of defaults occurring and the associated loss ratios. The Group measures credit risk using the PD, EAD and LGD. These parameters are generally derived from internally developed statistical models and other historical data, and are adjusted to reflect forward-looking information.

For instruments where the simplified approach is followed (this mainly includes trade receivables, due from related parties, loan receivables (non-banking operations) retention receivables, contract receivables and finance lease receivables), credit risk is assessed using a provision matrix approach. Under the provision matrix approach, a historical credit loss experience adjusted for forward-looking information is used in estimating ECL. The Group carries out periodic reviews of its counterparties, to update their creditworthiness in light of all actual market available information and historical observed defaults.

Credit risk measurement specific to the Bank

Credit risk grading
The Bank allocates exposure with respect to loans and receivables and investments in debt securities to a credit risk grade that reflects its assessment of the probability of default of individual counterparties. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors vary depending on the nature of the exposure and the type of counterparty. Credit risk grades are defined and calibrated in such a way that the risk of default occurring increases exponentially as the credit risk deteriorates. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the counterparty. The financial assets for which the credit risk grades corresponds to the definition of credit-impaired financial assets are classified as non-performing financial assets.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

The following are additional considerations for each type of portfolio held by the Bank:

Retail
After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts its creditworthiness, 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 publicly available 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 Bank's rating method comprises 24 rating levels for instruments not in default (1 to 24) and 4 default classes (25 to 28). The Bank's internal rating scale is mapped to external ratings. The master scale assigns to 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 light of all actually observed defaults.

Significant increase in credit risk (SICR)
The Bank considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Retail:
Thresholds have been set for each portfolio based on historical default rates. Facilities exceeding the threshold are considered for SICR.

Corporate and Institutional Banking, Business Banking and Private Banking
SICR is measured by comparing the risk of default estimated at origination with the risk of default at the reporting date.

Qualitative criteria:
In its assessment of SICR, the Bank also considers various qualitative factors like significant adverse changes in business, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flow and liquidity problems.

Backstop:
A backstop is applied and the financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Definition of default and credit-impaired assets
The Bank defines a financial instrument as in default, in line with the definition of credit-impaired assets, 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 an unlikeliness-to-pay criteria, which indicates the borrower is in significant financial difficulty. These are instances such as long-term forbearance, insolvency of the borrower, borrower entering bankruptcy etc.

Curing
The Bank 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 Bank 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 the exposure from Stage 3 to 2.

Forward-looking information incorporated in the ECL model
The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank 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, namely 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, projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore actual outcomes may be significantly different than those projected.

Credit risk monitoring
Corporate and Institutional Banking, Business Banking and Private Banking: the Bank'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, other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

Retail banking: risks of the Bank'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.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Credit risk mitigation strategy
The Bank operates within prudential exposure ceilings set by its Board in line with the UAE Central Bank guidelines. There are well laid out processes for exception management and escalation. The Bank 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 Bank, where appropriate, to limit its exposure.

Collateral management
Collaterals and guarantees are effectively used as mitigating tools by the Bank. The quality of collateral is continuously monitored and assessed. Major categories of collaterals held by the Bank include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables, gold and vehicles.

Where credit facilities are secured by collateral, the Bank seeks to ensure the enforceability of the collateral.

Collateral is revalued regularly as per the Bank'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 Bank to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk arising from financial assets at the reporting date was:

	2022	*2021*
	AED'000	*AED'000*
Investment securities	**139,897,263**	117,739,229
Other non-current assets	**1,867,084**	2,245,439
Positive fair value of derivatives	**18,231,504**	11,279,932
Loans and receivables	**406,833,197**	412,680,701
Trade and other receivables	**38,019,609**	29,602,019
Customer acceptances	**9,029,309**	11,343,522
Deposits with banks (including due from banks)	**199,191,993**	159,250,277
	813,069,959	744,141,119

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the Group's maximum credit risk exposure arising from commitments and guarantees at the reporting date:

	2022 ***AED'000***	*2021* *AED'000*
Letters of credit	**20,618,478**	20,320,984
Financial guarantees	**56,484,415**	58,774,476
Liabilities on risk participation	**187,569**	218,757
Group's share of financial guarantees issued by associates and joint ventures	**7,255,644**	7,472,426
Group's share of letters of credit issued by associates and joint ventures	**1,176,267**	1,090,378
Undrawn loan commitments	**67,872,127**	47,841,494
	153,594,500	135,718,515

The maximum exposure to credit risk relating to a financial guarantee and a letter of credit is the maximum amount the Group might have to pay if these are called on.

The credit quality and movement in allowance for impairment of other non-current assets, trade receivables, due from related parties, loan receivables (non-banking receivables), retention receivables, contract receivables, finance lease receivables, and loans and receivables as at year-end / during the year (respectively) are disclosed in notes 19, 21 and 22.

37.2 Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due, or that it can only do so at excessive cost. Liquidity risk mainly relates to trade and other payables (including amounts due to related parties), borrowings and lease liabilities, and customer deposits. The objective of liquidity risk management is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. Each subsidiary is also responsible for managing its liquidity risk. The Group manages its liquidity by:

- setting appropriate liquidity risk management frameworks for short, medium and long-term funding and liquidity management requirements;
- monitoring future cash flows to ensure that requirements can be met;
- maintaining a portfolio of assets that can be easily liquidated; and
- maintaining adequate cash reserves and banking facilities.

37 FINANCIAL RISK MANAGEMENT (continued)

37.2 Liquidity risk (continued)

The following are the maturities of financial liabilities, including interest payments, and certain off-balance sheet commitments and contingencies based on contractual undiscounted repayment obligations, at the reporting date:

31 December 2022

	Carrying amount AED'000	***Contractual cash flows AED'000***	***Less than one year AED'000***	***Between one to five years AED'000***	***More than five years AED'000***
Financial liabilities					
Borrowings and lease liabilities	**281,190,648**	**324,075,579**	**92,269,745**	**176,172,528**	**55,633,306**
Other non-current payables	**11,558,294**	**12,786,280**	**-**	**8,827,959**	**3,958,321**
Customer deposits	**490,525,386**	**494,272,298**	**488,845,223**	**4,767,863**	**659,212**
Customer acceptances	**9,029,309**	**9,029,309**	**9,029,309**	**-**	**-**
Trade and other payables	**61,562,324**	**61,562,324**	**61,562,324**	**-**	**-**
Negative fair value of derivatives	**20,373,317**	**20,373,317**	**2,899,078**	**10,123,460**	**7,350,779**
Total financial liabilities	**874,239,278**	**922,099,107**	**654,605,679**	**199,891,810**	**67,601,618**
Off-balance sheet commitments and contingencies					
Letters of credit and financial guarantees	**77,102,893**	**77,102,893**	**56,619,942**	**12,779,787**	**7,703,164**
Group's share of letters of credit and financial guarantees issued by associates and joint ventures	**8,431,911**	**8,431,911**	**5,569,367**	**959,880**	**1,902,664**
Undrawn loan commitments	**67,872,127**	**67,872,127**	**52,307,451**	**13,770,715**	**1,793,961**
Total off-balance sheet items	**153,406,931**	**153,406,931**	**114,496,760**	**27,510,382**	**11,399,789**

31 December 2021

	Carrying amount AED'000	*Contractual cash flows AED'000*	*Less than one year AED'000*	*Between one to five years AED'000*	*More than five years AED'000*
Financial liabilities					
Borrowings and lease liabilities	309,716,086	345,926,784	95,259,473	184,077,956	66,589,355
Other non-current payables	11,830,159	12,771,035	-	8,144,887	4,626,148
Customer deposits	444,668,602	446,495,944	440,245,868	5,735,283	514,793
Customer acceptances	11,343,522	11,343,522	11,343,522	-	-
Trade and other payables	50,093,473	50,093,473	50,093,473	-	-
Negative fair value of derivatives	9,759,976	9,759,976	2,926,383	3,734,812	3,098,781
Total financial liabilities	837,411,818	876,390,734	599,868,719	201,692,938	74,829,077
Off-balance sheet commitments and contingencies					
Letters of credit and financial guarantees	79,095,460	79,095,460	57,842,179	11,143,020	10,110,261
Group's share of letters of credit and financial guarantees issued by associates and joint ventures	8,562,804	8,562,804	4,779,783	2,177,657	1,605,364
Undrawn loan commitments	47,841,494	47,841,494	33,473,881	12,241,642	2,125,971
Total off-balance sheet items	135,499,758	135,499,758	96,095,843	25,562,319	13,841,596

37 FINANCIAL RISK MANAGEMENT (continued)

37.2 Liquidity risk (continued)
The Group is also exposed to liquidity risk in respect of the commitments and contingencies disclosed in notes 35 (a) and (b).

Please refer to the Bank's publicly available financial statements for the year ended 31 December 2022 for further information on the maturity analysis of its assets and liabilities.

37.3 Market risk
Market risk is the risk that changes in market factors, such as equity prices, commodity prices, credit spreads, interest or profit rates and foreign currency rates will affect the value of financial instruments and the Group's income and equity. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The diverse activities of entities within the Group create exposures to specific market risks that are managed through risk management frameworks appropriate for the inherent business risks. Certain subsidiaries buy and sell derivatives and incur financial liabilities to manage market risks. All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity. Relevant aspects of the Bank's market risk framework are described below.

Market risk specific to the Bank
The Bank uses following metrics to measure market risk on an ongoing basis:
- Non statistical metrics; and
- Statistical metrics.

Value-at-Risk

To better capture the multi-dimensional aspects of market risk, the Bank's primary market risk metric is a statistical measure, Value-at-Risk ("VaR"), used for short-term risk holding periods. VaR metrics are calculated daily for the specific Trading Desk listed below:
Interest Rate Desk VaR;

- Foreign Exchange Desk VaR; and
- Overall Trading Book VaR.

The year-end VaR numbers reported below have been derived 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.

	Average AED'000	*Maximum AED'000*	*Minimum AED'000*	*Actual AED'000*
By Trading Desk				
31 December 2022				
Interest rate risk	**8,521**	**17,503**	**1,605**	**10,299**
Foreign exchange risk	**1,849**	**7,024**	**358**	**1,484**
Credit trading risk	**3,789**	**8,198**	**682**	**6,219**
Total*	**10,384**	**23,050**	**2,828**	**11,664**
31 December 2021				
Interest rate risk	15,780	25,764	7,968	9,066
Foreign exchange risk	3,124	13,735	923	2,792
Credit trading risk	3,801	8,134	1,579	1,750
Total*	17,007	29,354	7,218	9,283

* 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.

37 FINANCIAL RISK MANAGEMENT (continued)

37.3 Market risk (continued)

Market risk specific to the Bank (continued)

The major foreign currency open positions of the Bank are as follows:

	2022	*2021*
	AED'000	*AED'000*
	Long / (Short)	Long / (Short)
U.S. Dollar (USD)	**(1,178,207)**	204,537
Oman Riyal (OMR)	**(191,933)**	(79,601)
Euro (EUR)	**(235,958)**	943,525
Saudi Riyal (SAR)	**(472,511)**	(604,108)
Turkish Lira (TRY)	**(8,440)**	1,394
Egyptian Pound (EGP)	**(47,944)**	37,702
Bahraini Dinar (BHD)	**(19,042)**	(159,089)
Indian Rupee (INR)	**91,980**	155,969

Since AED, SAR, OMR and BHD are pegged against USD, the Bank's exposure to these currencies is limited to that extent.

37.3.1 Equity price risk

Equity price risk arises from investments in equity instruments measured at FVTPL and FVOCI at the reporting date. Group entities are responsible for monitoring their investment portfolios. Material investments within portfolios are managed on an individual basis. All such investments are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity.

Equity price risk – sensitivity analysis

A 5% increase in equity prices would have increased the fair value of securities by AED 442,011 thousand (2021: AED 337,499 thousand); an equal change in the opposite direction would have decreased the fair value of securities by AED 442,011 thousand (2021: AED 337,499 thousand). The following table demonstrates the sensitivity of the Group's equity and profit to a 5% change in the price of its equity holdings, assuming all other variables, in particular foreign currency rates, remain constant.

	Effect on profit AED'000	***Effect on equity AED'000***
31 December 2022		
Effect of changes in equity portfolio of the Group	**259,812**	**442,011**
31 December 2021		
Effect of changes in equity portfolio of the Group	201,863	337,499

37.3.2 Commodity price risk

The Group is exposed to commodity price risk mainly from the price volatility of crude oil and oil derived products. The Group manages its exposure to changes in oil prices, and, in doing so, may use commodity derivative instruments including commodity futures, swaps and options. All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity.

37 FINANCIAL RISK MANAGEMENT (continued)

37.3 Market risk (continued)

37.3.2 Commodity price risk (continued)

Commodity price risk – sensitivity analysis
An increase of 5% in oil prices relating to commodity derivative contracts would have increased / (decreased) profit and equity respectively by the amounts shown below. This analysis assumes that all other variables remain constant. An equivalent decrease of the same magnitude would have an equal but opposite effect.

	Effect on profit AED'000	***Effect on equity AED'000***
31 December 2022		
Effect of changes in oil prices	**(45,941)**	**4,774**
31 December 2021		
Effect of changes in oil prices	(17,688)	70,885

At the reporting date, if the market price of crude oil had been USD 10 per barrel higher/lower, the crude oil under lift receivable would have been higher/lower by AED 52.9 million (2021: AED 25.4 million).

37.3.3 Interest and profit rate risk
The Group is exposed to interest or profit rate risk due to interest rate or profit fluctuations with respect to investment in securities (primarily bonds and sukuks), loans and receivables, derivatives, cash and deposits with banks, customer deposits, and borrowings and lease liabilities.

Certain subsidiaries manage their interest or profit rate risk by entering into interest rate swap contracts. Such interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate or conversely. For details on the fair value, notional amount and maturity analysis of interest rate swap contracts, please see note 30.

Banking operations
The Bank measures, monitors and manages the interest rate risk in its banking book, and its key components repricing risk, yield curve risk, basis risk, and optionality, as appropriate.

Interest Rate Risk in the Banking Book ("IRRBB") is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank's retail and corporate and institutional banking assets and liabilities, and debt instruments measured at 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 the Bank's treasury under the supervision of the Bank's Asset and Liability Committee ("ALCO"), through Funds Transfer Pricing Systems. The Bank's ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

In order to measure the overall interest sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points ("bp"), and assessing the corresponding impact on its net interest income.

	31 December 2022		*31 December 2021*	
	Amount ***AED'000***	**Variance** ***AED'000***	Amount *AED'000*	Variance *AED'000*
Rates Up 200 bp	**25,090,282**	**3,012,160**	17,659,482	3,007,810
Base Case	**22,078,122**	**-**	14,651,672	-
Rates Down 200 bp	**17,546,122**	**(4,532,000)**	14,240,910	(410,762)

37 FINANCIAL RISK MANAGEMENT (continued)

37.3 Market risk (continued)

37.3.3 Interest and profit rate risk (continued)

Banking operations **(continued)**
The interest rate sensitivities set out in the table above are based on a set of scenarios 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 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 the Bank's treasury or in the business units to mitigate the impact of this interest rate risk. In practice, the Bank's treasury seeks proactively to change the interest rate risk profile to minimise losses and optimise net revenue.

The calculation for down rate shock assumes floor to market rates at zero i.e. (from 1M EIBOR of 22 bps to zero) in 2021 compared to full downgrade impact of 200 bps in 2022.

Please refer to the Bank's publicly available financial statements for the year ended 31 December 2022 for its interest rate repricing analysis.

Non-banking operations
The table below shows the effect on the consolidated income statement and consolidated statement of changes in equity of an increase of 100 basis points in interest/profit rate relating to the net interest/profit bearing financial assets and liabilities of non-banking operations of the Group. The analysis below excludes interest capitalised and assumes that all other variables remain constant. An equivalent decrease would have an equal but opposite effect accordingly.

	31 December 2022 Effect on		*31 December 2021 Effect on*	
	profit AED'000	***equity AED'000***	*profit AED'000*	*equity AED'000*
100 bp increase in rates	**(782,300)**	**(466,525)**	(910,120)	(526,915)

37.3.4 Currency risk

Banking operations
The foreign currency open positions of the Group's banking operations are disclosed in the market risk section specific to banking operations (note 37.3).

Non-banking operations
The Group's non-banking operations are exposed to foreign exchange risk on transactions denominated in currencies other than the functional currencies of the Group entities. These transactions give rise to foreign currency exposures. In practice, there is no foreign exchange risk involved in respect of monetary assets and liabilities denominated in USD since AED is currently pegged to USD. Certain Group entities operate in countries where exchange controls and other foreign exchange restrictions apply. Group entities monitor exchange rate movements and the related impact on their financial assets and financial liabilities, and manage their foreign currency exposure in accordance with their risk management framework. A 5% change in exchange rate of foreign currencies other than USD would not have a significant impact on the Group's profit or equity.

37 FINANCIAL RISK MANAGEMENT (continued)

37.4 Capital management

The objective of the Group's capital management is to ensure that it maintains strong capital ratios to enable it to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in economic and market conditions. The total equity attributable to the equity holder of ICD comprises capital, other distributable and non-distributable reserves and retained earnings adding up to AED 216,536,746 thousand as at 31 December 2022 (2021: AED 190,608,290 thousand).

The Group has certain bank borrowing arrangements that require maintaining certain ratios and shareholding structures. Apart from these requirements and subordination of funding provided by the shareholders of certain subsidiaries, certain Group entities, such as the Bank, operate in a highly regulated environment and accordingly their capital management is subject to specific regulatory requirements.

37.5 Interest rate benchmark reform

Banking operations

The Bank closely monitors the market and the output from various industry working groups managing the transition to new benchmark interest rates. GBP LIBOR has already transitioned to SONIA and the Bank continues to run the project on its 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 of the Bank. The key risks for the Bank arising from the transition are:

Conduct risk:

The transition to alternative benchmark rates could result in the risk of market or customer misconduct, which may lead to customer complaints, regulatory sanctions or reputational impact. This includes the risk of misleading clients, market abuse (including insider dealing and market manipulation), anti-competitive practices, both during and after transition (such as collusion and information sharing), and risks arising from conflicts of interest. The Bank has in place strong project governance to oversee the transition to ensure this risk is mitigated.

Pricing risk:

The transition to alternative benchmark rates and the discontinuation of interest rate benchmarks may impact the pricing mechanisms used by the Bank. The new risk-free rate based pricing models have been developed for financial instruments.

Interest rate basis risk:

If the bilateral negotiations with the Bank's counterparties are not successfully concluded before the cessation of IBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by their interest rate risk management strategy. The Bank is working closely with all counterparties to avoid this from occurring.

Liquidity risk:

There are fundamental differences between IBORs and the various alternative benchmark rates that the Bank will be adopting. IBORs are forward-looking term rates published for a period at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period, with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Bank's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Non-banking operations

The non-banking subsidiaries of the Group continue to monitor the impact of the interest rate benchmark reform on their contracts and arrangements on an ongoing basis and have either transitioned or are in the process of transitioning to alternative benchmark rates.

37 FINANCIAL RISK MANAGEMENT (continued)

37.5 Interest rate benchmark reform (continued)
The table below shows as at 31 December 2022 the Group's exposure to significant benchmark interest rate subject to reform that have yet to transition to alternative benchmark interest rates:

	Non-derivative financial assets - Carrying value AED'000	*Non-derivative financial liabilities - Carrying value AED'000*	*Derivatives financial instruments - Notional amount AED'000*
USD LIBOR	**29,098,830**	**95,920,330**	**292,541,440**
Cross-currency swaps			**15,851,271**

The above derivative financial instruments include cash flow hedging instruments with a notional amount of AED 12,686,874 thousand and fair value hedging instruments with a notional amount of AED 23,175,142 thousand that are exposed to USD LIBOR.

38 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities that is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised in three major reportable operating segments:

- Banking and other financial services: this segment comprises of banking operations, non-bank financial institutions, holding and administering of interests in financial exchanges and financial transaction management advisory services;
- Transportation and related services: this segment comprises primarily of passenger and commercial air transportation (including retail of consumer goods and in-flight catering), airport handling operations, aircraft handling and engineering services, other travel related services and aircraft leasing and financing services; and
- Oil and gas products/services: this segment comprises of upstream oil and gas production, midstream refinery, downstream marketing, retailing of oil and gas, and terminal and storage functions.

A brief description of the businesses included in the 'Other' operating segment is as follows:

- Retail trade: primarily comprises of duty free retail services at Dubai's airports;
- Hotels and leisure: primarily comprises of the hotels owned or managed by the Group and related operations;
- Real estate and construction: comprises of activities such as real estate development, construction contracting, management of free zones, leasing of buildings, and rental of exhibition and convention centres; and
- Others: primarily comprises of investment operations.

The transactions between the operating segments are carried out at mutually agreed terms.

38 OPERATING SEGMENTS (continued)

The following table presents certain consolidated income statement related information of the Group's operating segments for the year:

2022

	Banking and other financial services AED'000	*Transportation and related services AED'000*	*Oil and gas products / services AED'000*	*Other AED'000*	*Total AED'000*
Total revenue	41,943,525	123,103,643	86,906,004	30,318,264	282,271,436
Intra-segment revenue	(3,517)	(3,341,165)	-	(1,643,274)	(4,987,956)
Inter-segment revenue	(307,805)	(143,738)	(9,337,639)	(74,567)	(9,863,749)
Total revenue from external customers	**41,632,203**	**119,618,740**	**77,568,365**	**28,600,423**	**267,419,731**
Interest and similar income	34,308,775	-	-	-	34,308,775
Lease revenue	54,092	3,045,829	280,921	1,692,352	5,073,194
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	23,660	108,395,954	-	14,477,232	122,896,846
- Single point in time	7,242,934	8,176,957	77,287,444	12,271,756	104,979,091
Other revenue	2,742	-	-	159,083	161,825
Total revenue from external customers	**41,632,203**	**119,618,740**	**77,568,365**	**28,600,423**	**267,419,731**
Depreciation and impairment charge on property, plant and equipment, right-of-use assets, investment properties and development properties	**879,548**	**20,276,208**	**3,519,470**	**2,891,079**	**27,566,305**
Amortisation and impairment charge on intangible assets	**297,208**	**1,168,798**	**49,330**	**138,251**	**1,653,587**
Net impairment losses on financial assets	**5,156,912**	**136,200**	**(5,469)**	**166,347**	**5,453,990**
Other finance cost	**125,547**	**4,950,238**	**461,657**	**1,419,653**	**6,957,095**
Other finance income	**83,485**	**719,580**	**44,563**	**428,764**	**1,276,392**
Share of results of equity accounted investees - net	**2,492,518**	**258,781**	**244,152**	**5,156,000**	**8,151,451**
Profit for the year before income tax	**20,414,249**	**9,266,726**	**5,825,721**	**7,062,234**	**42,568,930**

38 OPERATING SEGMENTS (continued)

The following table presents certain consolidated income statement related information of the Group's operating segments for the year (continued):

2021

	Banking and other financial services AED'000	*Transportation and related services AED'000*	*Oil and gas products / services AED'000*	*Other AED'000*	*Total AED'000*
Total revenue	33,853,000	65,243,523	54,956,479	22,857,727	176,910,729
Intra-segment revenue	(1,290)	(2,443,695)	-	(1,714,058)	(4,159,043)
Inter-segment revenue	(133,322)	(85,029)	(3,059,327)	(24,340)	(3,302,018)
Total revenue from external customers	33,718,388	62,714,799	51,897,152	21,119,329	169,449,668
Interest and similar income	26,804,398	-	-	-	26,804,398
Lease revenue	17,857	3,420,017	272,865	1,417,389	5,128,128
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	24,417	54,476,496	-	11,959,642	66,460,555
- Single point in time	6,870,066	4,818,286	51,624,287	7,608,760	70,921,399
Other revenue	1,650	-	-	133,538	135,188
Total revenue from external customers	33,718,388	62,714,799	51,897,152	21,119,329	169,449,668
Depreciation and impairment charge on property, plant and equipment, right-of-use assets, investment properties and development properties	890,220	21,072,449	3,081,873	2,404,946	27,449,488
Amortisation and impairment charge on intangible assets	252,480	1,112,694	31,109	170,351	1,566,634
Net impairment losses on financial assets	5,847,330	332,166	56,147	69,029	6,304,672
Other finance cost	134,951	5,331,024	301,071	1,203,763	6,970,809
Other finance income	69,902	201,734	68,641	270,422	610,699
Share of results of equity accounted investees - net	2,019,447	121,810	182,203	3,694,038	6,017,498
Profit / (loss) for the year before income tax	12,154,034	(7,134,069)	3,258,544	3,274,932	11,553,441

38 OPERATING SEGMENTS (continued)

The cost of revenue of banking and financial services segment mainly includes interest and similar expense of AED 9,007 million (2021: AED 7,133 million).

The cost of oil and gas products consumed and traded included in the cost of revenue of oil and gas products / services operating segment amounted to AED 71,492 million (2021: AED 43,489 million).

The cost of revenue of the transportation and related services segment includes jet fuel cost, in-flight catering cost (including crew layover), and airport handling and operations cost of AED 23,590 million (2021: AED 9,080 million), AED 4,900 million (2021: AED 1,932 million) and AED 3,801 million (2021: AED 2,731 million) respectively.

The following table presents certain consolidated statement of financial position related information of the Group's operating segments as at 31 December 2022 and 31 December 2021:

	Banking and other financial services AED'000	***Transportation and related services AED'000***	***Oil and gas products / services AED'000***	***Others AED'000***	***Total AED'000***
31 December 2022					
Total assets*	**773,022,597**	**220,856,324**	**48,330,471**	**132,777,781**	**1,174,987,173**
Total liabilities*	**652,881,369**	**170,433,554**	**28,182,848**	**55,849,900**	**907,347,671**
Investments in associates and joint ventures	**18,783,343**	**1,261,548**	**1,075,588**	**39,639,666**	**60,760,145**
31 December 2021					
Total assets*	717,503,325	216,184,655	40,561,288	124,819,757	1,099,069,025
Total liabilities*	608,103,379	175,147,907	22,069,406	56,204,472	861,525,164
Investments in associates and joint ventures	18,108,452	1,162,453	1,240,460	36,049,912	56,561,277

* Assets held for sale and liabilities related to such assets as at 31 December 2022 have not been considered for IFRS 8 – Operating Segments disclosures.

39 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

List of significant subsidiaries, associates and joint ventures along with their principal activities is as follows:

SUBSIDIARIES:

	Beneficial interest 2022	*Beneficial interest 2021*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD				
Emirates NBD PJSC	**55.76%**	55.76%	UAE	Banking
Emirates National Oil Company Limited (ENOC) LLC	**100.00%**	100.00%	UAE	Upstream oil and gas production, midstream refinery, downstream marketing, retailing of oil and gas, and terminal and storage functions
Dubai World Trade Centre Authority	**100.00%**	100.00%	UAE	Development and management of a free zone at Dubai World Trade Centre
Emirates	**100.00%**	100.00%	UAE	Commercial air transportation including passenger, cargo and postal carriage services, wholesale and retail of consumer goods, in-flight and institutional catering and hotel operations
Dnata/dnata World Travel	**100.00%**	100.00%	UAE	Airport services (Ground and cargo handling services), travel and catering services
Dubal Holding LLC	**100.00%**	100.00%	UAE	Investment in commercial and industrial enterprises
Borse Dubai Limited (note 39.1)	**89.72%**	89.72%	UAE	Hold and manage interest in financial exchanges
Dubai Duty Free Establishment	**100.00%**	100.00%	UAE	Duty free operations at Dubai airports
Dubai Silicon Oasis Authority (note 39.2)	**-**	100.00%	UAE	Development and management of a Free Zone Technology park
Dubai Airport Free Zone Authority (note 39.2)	**-**	100.00%	UAE	Development and management of Dubai Airport Freezone
Dubai Integrated Economic Zones Authority (note 39.2)	**100.00%**	100.00%	UAE	Development and management of Free Zones in Dubai Silicon Oasis, Dubai Airport Free Zone and Dubai CommerCity
National Bonds Corporation Sole Proprietorship P.S.C	**100.00%**	100.00%	UAE	Fund manager for a Shari'ah compliant open-ended investment fund
Dubai Aerospace Enterprise (DAE) Limited ("DAE") (note 39.3)	**-**	100.00%	UAE	Aircraft leasing and financing services to the aviation industry including its maintenance, repair and overhaul.

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued) :

	Beneficial interest 2022	*Beneficial interest 2021*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD (continued)				
DAE Aviation Group Limited (note 39.3)	**100.00%**	-	UAE	Aircraft leasing and financing services to the aviation industry including its maintenance, repair and overhaul
Kerzner International Holdings Ltd	**99.99%**	99.99%	Bahamas	Developer and operator of destination resorts, ultra-luxury hotels and residences
Emaratech (Emarat Technology Solutions) FZ LLC	**100.00%**	100.00%	UAE	Information Technology software solutions provider for General Department for Residency and Foreign Affairs, Ministry of Interior and other government departments
Aswaaq LLC (note 24)	**100.00%**	100.00%	UAE	Operate supermarkets, commercial complex, leasing properties and general trading
Smartstream Technologies Holding Investments Limited	**100.00%**	100.00%	UAE	Development, distribution and service of its transaction lifecycle management software products and data management services, primarily to the financial services industry
Deira Waterfront Development Holdings LLC	**100.00%**	100.00%	UAE	Investment in real estate, hospitality and leisure
Ssangyong Engineering & Construction Co. Ltd (note 39.4)	**-**	99.94%	South Korea	Engineering and construction contracting
Imdaad LLC	**100.00%**	100.00%	UAE	Facility and waste management services
Dubai Aviation Corporation (trading as "flydubai")	**100.00%**	100.00%	UAE	Commercial air transportation services including passengers and cargo services
Ithra Dubai LLC	**100.00%**	100.00%	UAE	Property development and management services
ISS Global Forwarding Company LLC	**100.00%**	100.00%	UAE	Global freight forwarding services

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued) :

	Beneficial interest 2022	*Beneficial interest 2021*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD (continued)				
ICD Hospitality & Leisure LLC	**100.00%**	100.00%	UAE	Holding company of entities primarily engaged in real estate, leisure and hospitality activities
Dubai Global Connect LLC	**100.00%**	100.00%	UAE	Holding company of an entity engaged in developing a global trade hub
Ithra Europe LLC	**100.00%**	100.00%	UAE	Investment in real estate, hospitality and leisure
Columbus Centre Corporation (Cayman) (note 24)	**100.00%**	100.00%	Cayman Islands	Investment in hotel operations
ICD Funding Limited	**100.00%**	100.00%	Cayman Islands	Vehicle to issue bonds
Binaa Dubai LLC	**100.00%**	100.00%	UAE	Holding company of an entity engaged in construction and contracting activities
Palmilla JV, LLC (note 24)	**100.00%**	100.00%	USA	Investment in hotel operations
Dubai Multi Commodities Centre Authority	**100.00%**	100.00%	UAE	Development and management of DMCC Free Zone
List of significant subsidiaries of DAE Aviation Group Limited				
Dubai Aerospace Enterprise (DAE) Limited (note 39.3)	**100.00%**	-	UAE	Aircraft leasing and financing services to the aviation industry including its maintenance, repair and overhaul.
DAE Holding KFT	**100.00%**	100.00%	Hungary	Acquire, lease, and sell commercial jet and associated aircraft disposals
DAE Funding LLC	**100.00%**	100.00%	USA	Borrower
List of significant subsidiaries of Emirates NBD PJSC				
Emirates Islamic Bank PJSC	**99.90%**	99.90%	UAE	Islamic banking
DenizBank Anonim Sirketi	**100.00%**	100.00%	Turkey	Banking
Emirates NBD Egypt S.A.E	**100.00%**	100.00%	Egypt	Banking

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued) :

	Beneficial interest 2022	*Beneficial interest 2021*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of Smartstream Technologies Holding Investments Limited				
SmartStream Technologies Limited	**100.00%**	100.00%	UK	Intellectual property ownership, software development, distribution, support, and implementation
SmartStream Technologies GmbH	**100.00%**	100.00%	Austria	Software development, distribution, support and implementation
SmartStream Technologies Inc.	**100.00%**	100.00%	USA	Software distribution, support and implementation
List of significant subsidiaries of Binaa Dubai LLC				
ALEC Engineering & Contracting LLC	**90.00%**	90.00%	UAE	Engineering and construction contracting
ALEC Saudi Arabia Engineering and Contracting LLC	**100.00%**	100.00%	Kingdom of Saudi Arabia	Engineering, procurement and construction contractor primarily in oil and gas sector
Target Engineering Construction Company LLC (note 11(b))	**100.00%**	-	UAE	Engineering, procurement and construction contractor primarily in oil and gas sector
List of significant subsidiaries of Emirates National Oil Company Limited (ENOC) LLC				
Dubai Natural Gas Company Limited	**100.00%**	100.00%	UAE	Gas processing
Emirates Gas LLC	**100.00%**	100.00%	UAE	Bottling and sale of LPG
Emirates National Oil Company (Singapore) Private Limited	**100.00%**	100.00%	Singapore	Petroleum supply & trading
ENOC Processing Company LLC	**100.00%**	100.00%	UAE	Petroleum refining
Dragon Oil (Holdings) Limited	**100.00%**	100.00%	UAE	Upstream oil and gas exploration, development and production
Horizon Terminals Limited	**100.00%**	100.00%	Bahamas	Bulk liquid terminal
Horizon Emirates Terminals LLC	**100.00%**	100.00%	UAE	Petroleum terminal
ENOC Marketing L.L.C.	**100.00%**	100.00%	UAE	Petroleum sales and marketing
ENOC Retail L.L.C.	**100.00%**	100.00%	UAE	Service stations, retail, and marketing

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES (continued) :

	Beneficial interest 2022	*Beneficial interest 2021*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of Emirates National Oil Company Limited (ENOC) LLC (continued)				
ENOC Supply and Trading LLC	**100.00%**	100.00%	UAE	Petroleum supply & trading
Horizon Jebel Ali Terminals LLC	**100.00%**	100.00%	UAE	Petroleum terminal
Horizon Singapore Terminals Private Limited	**52.00%**	52.00%	Singapore	Petroleum terminal
List of significant subsidiaries of Borse Dubai Limited				
Dubai Financial Market (DFM) PJSC	**80.72%**	80.72%	UAE	Electronic financial exchange
Nasdaq Dubai Limited	**87.14%**	87.14%	UAE	Electronic financial exchange
List of significant subsidiaries of Emirates				
Maritime & Mercantile International L.L.C.	**68.70%**	68.70%	UAE	Wholesale and retail of consumer goods
Emirates Leisure Retail L.L.C.	**68.70%**	68.70%	UAE	Food and beverage operations
Emirates Flight Catering Company L.L.C.	**90.00%**	90.00%	UAE	In-flight and institutional catering
List of significant subsidiaries of dnata / dnata World Travel				
Dnata Aviation Services Ltd	**100.00%**	100.00%	United Kingdom	Ground and cargo handling services
dnata Travel Holdings UK Limited	**100.00%**	100.00%	United Kingdom	Travel services
Dnata Catering Services Limited	**100.00%**	100.00%	UAE	In-flight catering services
Alpha Flight Services Pty Ltd	**100.00%**	100.00%	Australia	In-flight catering services
Alpha Flight US Inc.	**100.00%**	100.00%	USA	In-flight catering services
List of significant subsidiaries of ICD Hospitality and Leisure LLC				
Atlantis the Palm Holding Company Limited	**100.00%**	100.00%	British Virgin Islands	Owner of Atlantis The Palm resort
Atlantis the Palm 2 Holding LLC	**100.00%**	100.00%	UAE	Owns and manages the development of Atlantis The Royal resort and residences
One Zaabeel Holdings LLC	**100.00%**	100.00%	UAE	Owner of One Za'abeel project

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Beneficial interest 2022	*Beneficial interest 2021*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of Dubai Multi Commodities Centre Authority				
Dubai Community Management DMCC	**100.00%**	100.00%	UAE	Management of master communities
Dubai Gold and Commodities Exchange DMCC	**100.00%**	100.00%	UAE	Derivative exchange and clearing corporation
Concordia DMCC	**51.00%**	51.00%	UAE	Facilities management services
Dubai Tea Centre DMCC	**100.00%**	100.00%	UAE	Trading in tea, blending and packaging services
ASSOCIATES:				
List of significant associates of ICD				
Emaar Properties PJSC (note 17 (a))	**22.27%**	24.07%	UAE	Property investment and development, property management services, retail, hospitality, and investments in providers of financial services
Dubai Islamic Bank PJSC	**27.97%**	27.97%	UAE	Islamic banking
Commercial Bank of Dubai PSC	**20.00%**	20.00%	UAE	Banking
List of significant associates of Borse Dubai Limited				
Nasdaq, Inc.(note 39.5)	**18.17%**	17.87%	USA	Stock Exchange
List of significant associates of Emirates National Oil Company Limited (ENOC) LLC				
Vopak Horizon Fujairah Holding Limited	**33.33%**	33.33%	Gibraltar	Rental of storage tanks and provision of related downstream activities
Arabtank Terminals Limited	**36.50%**	36.50%	Kingdom of Saudi Arabia	Rental of storage tanks and provision of related downstream activities
Gulf Energy Maritime (GEM) P.J.S.C.	**35.62%**	35.62%	UAE	Vessel ownership, ship management and operations, ship chartering and other ancillary services
Horizon Djibouti Holding Limited	**44.44%**	44.44%	Djibouti	Rental of storage tanks and provision of related downstream activities
Horizon Tangiers Terminals S.A.	**34.00%**	34.00%	Morocco	Rental of storage tanks and provision of related downstream activities

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES:

List of significant joint ventures of ICD

Dubai Cable Company (Private) Limited	**50.00%**	50.00%	UAE	Manufacture and sell of power cables, control cables, building wires, lead cables, copper rods and aluminium rods
ICD Brookfield Place Dubai Limited	**50.00%**	50.00%	UAE	Ownership and leasing of ICD Brookfield Place

List of significant joint ventures of Emirates National Oil Company Limited (ENOC) LLC

EPPCO International Limited	**50.00%**	50.00%	Bahamas	Petroleum terminal
EPPCO Projects LLC	**51.00%**	51.00%	UAE	Aviation and lubricants marketing

List of significant joint ventures of Dubal Holding LLC

Emirates Global Aluminium PJSC	**50.00%**	50.00%	UAE	Develop, operate and maintain aluminium smelters, alumina refineries and bauxite mines

In a number of cases, the Group owns more than a 50% ownership interest in an entity and yet has classified them as associate or joint venture, as management believes that the Group does not control these entities. In certain cases, the Group has joint control on these entities with other owners and a unanimous owners consent is required for strategic financial and operating decisions making.

39.1 Subsequent to the year-end, Borse Dubai Limited purchased the shares from the other shareholder, thereby increasing the Group's ownership in Borse Dubai Limited to 100%.

39.2 During the prior year, pursuant to Dubai Law No. 16 of 2021 (the "Law"), Dubai Integrated Economic Zones Authority ("DIEZ") was established and resulted in the merger of the operations of Dubai Silicon Oasis Authority ("DSO") and Dubai Airport Free Zone Authority ("DAFZA"). Effective 1 January 2022, all assets and liabilities of DSO and DAFZA were transferred to DIEZ in accordance with the Law.

39.3 During the current year, the Group entered into an agreement to transfer its shareholding in DAE to a newly incorporated entity, DAE Aviation Group Limited ("DAG"), in exchange for shares of DAG.

39.4 During the current year, the Group sold its controlling stake in Ssangyong Engineering & Construction Co. Ltd ("Ssangyong") and retained a shareholding interest of 16.12% as at 31 December 2022. The retained interest has been accounted for as investment securities measured at FVTPL. This diposal resulted in a loss of AED 98,584 thousand recognised under 'other expenses – net' in the consolidated income statement. Subsequent to the year end, the new owner injected further funds into Ssangyong, thereby reducing the Group's shareholding to 10%.

39.5 Although the Group holds less than 20% of the equity shares of Nasdaq Inc. the Group exercises significant influence through having a direct representation on the Board of Directors of Nasdaq Inc. and accordingly, has adopted the equity method of accounting for this investment.