In the Name of Allah
The most Gracious and Merciful



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(Public Joint Stock Company)

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GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates Islamic Bank PJSC, Dubai, United Arab Emirates** (the "Bank") **and its Subsidiaries** (together referred to as the "Group") as at 30 September 2019 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 15 January 2019. Furthermore, the condensed consolidated interim financial information of the Group for the nine months period ended 30 September 2018 were reviewed by another auditor who expressed an unmodified conclusion on 29 October 2018.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No.: 1141
27 October 2019
Dubai
United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
ASSETS			
Cash and deposits with Central Bank	4	16,522,783	14,606,997
Due from banks	5	3,161,148	3,818,689
Investment securities	6	3,710,951	2,521,108
Financing receivables	7	37,413,099	36,171,910
Customer acceptances		644,922	263,395
Investment properties		469,169	479,210
Property and equipment		409,737	209,081
Other assets	8	405,691	309,017
TOTAL ASSETS		**62,737,500**	**58,379,407**
LIABILITIES			
Due to banks		2,988,959	4,143,466
Customer deposits		45,210,110	41,609,691
Sukuk payable	9	3,681,231	3,685,160
Customer acceptances		644,922	263,395
Other liabilities	10	1,942,281	1,466,533
TOTAL LIABILITIES		**54,467,503**	**51,168,245**
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		502,612	502,612
Other reserves		408,390	414,320
Fair value reserve		93,322	(28,332)
Retained earnings		1,835,251	892,140
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**8,269,997**	**7,211,162**
TOTAL LIABILITIES AND EQUITY		**62,737,500**	**58,379,407**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Chairman

Chief Executive Officer

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	Unaudited three months period ended 30 September 2019 AED 000	Unaudited three months period ended 30 September 2018 AED 000	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Income from financing receivables and investment products		638,520	548,464	1,870,595	1,597,978
Distribution on deposits and profit paid to Sukuk holders		(164,052)	(127,378)	(484,658)	(368,003)
Net income from financing and investment products		**474,468**	**421,086**	**1,385,937**	**1,229,975**
Fee and commission income		196,349	178,149	565,207	532,164
Fee and commission expense		(66,910)	(46,404)	(181,650)	(140,355)
Net fee and commission income		**129,439**	**131,745**	**383,557**	**391,809**
Other operating income	11	111,301	69,735	281,014	217,881
Total operating income		**715,208**	**622,566**	**2,050,508**	**1,839,665**
General and administrative expenses	12	(272,731)	(277,104)	(816,821)	(845,769)
Operating profit before impairment		**442,477**	**345,462**	**1,233,687**	**993,896**
Net impairment on financial assets		(178,298)	(118,879)	(296,506)	(242,319)
Net impairment on non-financial assets		-	(55,000)	-	(94,701)
Total net impairment	13	**(178,298)**	**(173,879)**	**(296,506)**	**(337,020)**
Net profit for the period		**264,179**	**171,583**	**937,181**	**656,876**
Earnings per share	15	**0.049**	**0.032**	**0.173**	**0.121**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Unaudited three months period ended 30 September 2019 AED 000	Unaudited three months period ended 30 September 2018 AED 000	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Net profit for the period	264,179	171,583	937,181	656,876
Other comprehensive income				
Items that may be reclassified subsequently to Income statement:				
Fair value reserve (Sukuk instruments):				
- Net change in fair value	44,306	15,616	121,723	(12,151)
- Net amount transferred to income statement	(33)	(2,111)	(69)	(5,474)
Other comprehensive income/(loss) for the period	44,273	13,505	121,654	(17,625)
Total comprehensive income for the period	**308,452**	**185,088**	**1,058,835**	**639,251**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
OPERATING ACTIVITIES			
Net profit for the period		937,181	656,876
Adjustment for non cash items	18	566,074	552,853
Operating profit before changes in operating assets and liabilities		**1,503,255**	**1,209,729**
(Increase)/decrease in murabaha with Central Bank maturing after three months		(4,416,753)	(2,923,096)
(Increase)/decrease in amounts due from banks maturing after three months		(601,871)	1,873,972
Increase/(decrease) in amounts due to banks maturing after three months		(271,201)	189,875
(Increase)/decrease in other assets		(96,674)	154,516
Increase/(decrease) in other liabilities		211,033	186,797
Increase/(decrease) in customer deposits		3,600,419	529,848
(Increase)/decrease in financing receivables		(1,701,604)	(3,745,270)
Net cash flows from/(used in) operating activities		**(1,773,396)**	**(2,523,629)**
INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		(1,083,699)	(793,528)
Dividend income received		13,558	7,532
(Increase)/decrease in Investment Properties		-	(122,946)
(Increase)/decrease of property and equipment		(33,997)	(30,118)
Net cash flows from/(used in) investing activities		**(1,104,138)**	**(939,060)**
FINANCING ACTIVITIES			
Repayment of sukuk payable	9	-	(1,836,250)
Net cash flows from /(used in) financing activities		**-**	**(1,836,250)**
Increase/(decrease) in cash and cash equivalents (refer Note 18)		**(2,877,534)**	**(5,298,939)**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP					
	Issued Capital	**Legal and Statutory reserve**	**Other reserves**	**Fair value reserve**	**Retained earnings**	**Total**
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2019	5,430,422	502,612	414,320	(28,332)	892,140	7,211,162
Profit for the period	-	-	-	-	937,181	937,181
Other comprehensive income for the period	-	-	-	121,654	-	121,654
Transfer to retained earnings***	-	-	(5,930)	-	5,930	-
Balance as at 30 September 2019	5,430,422	502,612	408,390	93,322	1,835,251	8,269,997
Balance as at 1 January 2018	5,430,422	410,186	320,368	(7,405)	1,155,615	7,309,186
Impact of adopting IFRS 9 at 1 January 2018**	-	-	-	3,466	(945,831)	(942,365)
Restated balance at 1 January 2018	5,430,422	410,186	320,368	(3,939)	209,784	6,366,821
Profit for the period	-	-	-	-	656,876	656,876
Other comprehensive loss for the period	-	-	-	(17,625)	-	(17,625)
Balance as at 30 September 2018	5,430,422	410,186	320,368	(21,564)	866,660	7,006,072

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2019 as this will be effected at the year end.

**Please refer to Group's consolidated financial statements for the year ended 31 December 2018 for details on IFRS 9 transition impact.

***Transfer to retained earnings pertains to accumulated actuarial gains on accrued employee benefits

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

Emirates Islamic Bank PJSC (formerly Middle East Bank) (the "Bank") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3 October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of United Arab Emirates. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984.

At an extraordinary general meeting held on 10 March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with the Sharia rules and principles. The entire process was completed on 9 October 2004 (the "Transformation Date") when the Bank obtained the UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD Bank PJSC, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the "Ultimate Parent Company"), a company in which the Government of Dubai is the major shareholder.

The Bank is listed in the Dubai Financial Market (TICKER: "EIB"). The Bank's website is http://www.emiratesislamic.ae. In addition to its head office in Dubai, the Bank operates through 55 branches in the UAE. The group condensed consolidated interim financial statements comprise financial statements of the Bank and its following subsidiaries (together referred to as "the Group").

	Date of incorporation & country	Principal activity	Ownership % 30 September 2019	Ownership % 31 December 2018
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%

The Bank provides full commercial and banking services and offers a variety of products through financing and investing instruments in accordance with Islamic Sharia.

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2018, except for changes in accounting policies explained in Note 3.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's financial statements as at and for the year ended 31 December 2018. In addition, results for the nine months period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2019.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2018.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2018, except the following accounting policies which are applicable from 1 January 2019:

IFRS 16 Leases

The Group has adopted IFRS 16 '*Leases*', issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

Lessee accounting

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for profit and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Group has assessed that the impact of IFRS 16 is not material on retained earnings as at the reporting date and has presented right of use assets within 'Property and equipment' and lease liabilities within 'Other liabilities' in the consolidated statement of financial position.

4 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Cash	203,409	329,989
Statutory and other deposits with Central Bank	3,928,601	3,984,130
Current accounts	836,790	1,908,650
Murabaha with Central Bank	11,553,983	8,384,228
	16,522,783	14,606,997

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

5 DUE FROM BANKS

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Due from banks in UAE	2,379,770	3,034,792
Due from foreign banks	782,956	785,937
Less: Expected credit losses	(1,578)	(2,040)
	3,161,148	3,818,689

6 INVESTMENT SECURITIES

Unaudited 30 September 2019	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
DESIGNATED AS AT FVTPL				
Corporate Sukuk	-	-	17,053	17,053
Equity	85,516	172,553	-	258,069
Others	449	76,479	120,580	197,508
	85,965	249,032	137,633	472,630
MEASURED AT AMORTISED COST				
Government Sukuk	64,237	331,360	-	395,597
Corporate Sukuk	-	387,814	-	387,814
	64,237	719,174	-	783,411
Less: Expected credit losses				(2,675)
				780,736
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	80,839	61,678	142,517
Corporate Sukuk	1,974,034	356,230	-	2,330,264
	1,974,034	437,069	61,678	2,472,781
Less: Expected credit losses				(15,196)
				2,457,585
Gross Investment securities	2,124,236	1,405,275	199,311	3,728,822
Net Investment securities				3,710,951

*Domestic: These are securities issued within UAE.
**Regional: These are securities issued within Middle East.
***International: These are securities issued outside the Middle East region.

6 INVESTMENT SECURITIES (CONTINUED)

Audited 31 December 2018	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
DESIGNATED AS AT FVTPL				
Equity	96,471	193,165	-	289,636
Others	382	70,350	121,285	192,017
	96,853	263,515	121,285	481,653
MEASURED AT AMORTISED COST				
Government Sukuk	64,509	171,694	-	236,203
Corporate Sukuk	-	293,803	-	293,803
	64,509	465,497	-	530,006
Less: Expected credit losses				(3,759)
				526,247
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	-	59,719	59,719
Corporate Sukuk	1,263,004	165,085	31,278	1,459,367
	1,263,004	165,085	90,997	1,519,086
Less: Expected credit losses				(5,878)
				1,513,208
Gross Investment securities	1,424,366	894,097	212,282	2,530,745
Net Investment securities				2,521,108

*Domestic: These are securities issued within UAE.
**Regional: These are securities issued within Middle East.
***International: These are securities issued outside the Middle East region.

7 FINANCING RECEIVABLES

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
At Amortised Cost		
Murabaha	26,980,356	26,120,859
Credit cards receivable	1,493,753	1,334,475
Wakala	217,368	217,051
Istissna'a	1,265,387	1,612,589
Ijara	13,704,358	12,941,648
Others	114,008	126,400
Total financing receivables	43,775,230	42,353,022
Less: Deferred income	(2,214,429)	(2,198,340)
Less: Expected credit losses	(4,147,702)	(3,982,772)
Net financing receivables	37,413,099	36,171,910
Total of impaired Islamic financing receivables	3,613,797	3,304,803

Ijara assets amounting to AED 2.2 billion [2018: 2.2 billion] and Murabaha assets amounting to AED 1.4 billion [2018: 1.4 billion] were securitised for the purpose of issuance of Sukuk liability (refer Note 9).

7 FINANCING RECEIVABLES (CONTINUED)

Analysis by economic activity	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Manufacturing	1,720,410	1,482,423
Construction	906,739	955,167
Trade	6,995,216	6,476,340
Transport and communication	235,557	272,742
Services	893,770	1,250,137
Sovereign	542,457	617,952
Personal	24,446,841	23,216,193
Real estate	3,421,046	4,237,764
Hotels and restaurants	59,801	77,777
Management of companies and enterprises	398,363	95,674
Financial institutions and investment companies	1,896,755	2,026,387
Others	2,258,275	1,644,466
Total financing receivables	43,775,230	42,353,022
Less: Deferred income	(2,214,429)	(2,198,340)
Less: Expected credit losses	(4,147,702)	(3,982,772)
	37,413,099	36,171,910

8 OTHER ASSETS

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Profit receivable	109,932	93,382
Prepayments and other advances	28,208	38,508
Sundry financing and other receivables	26,868	7,032
Deferred sales commission	21,492	23,538
Goods available-for-sale	53,396	76,919
Others	165,795	69,638
	405,691	309,017

9 SUKUK PAYABLE

a) During 2016, the Group issued sukuk amounting to AED 3.7 billion to raise US Dollar denominated medium term finance via a Sharia'a compliant sukuk financing arrangement. As at September 2019, the total outstanding sukuk payable is AED 3.7 billion.

Following are the details of all the sukuk financing arrangement in issue.

Issue Date	Amount (USD)	Listing	Profit rate (%)	Payment basis	Maturity
May 2016	750,000,000	Irish Stock Exchange & Nasdaq	3.542	Semi annual	May 2021
August 2016	250,000,000	Irish Stock Exchange & Nasdaq	3.542	Semi annual	May 2021

The Bank transferred certain identified Ijara and Murabaha assets totaling to AED 3.7 billion (the "co-owned assets") to its subsidiary, EIB Sukuk company limited – (the "Issuer"), a special purpose vehicle formed for the issuance of these sukuk. This medium term finance is carried at amortised cost.

In substance, the co-owned assets remain in control of the Group; accordingly, these assets continue to be recognised by the Group. In case of any default, the Group has provided an undertaking to make good all losses to the sukuk holders. The assets are in the control of the Group and shall continue to be serviced by the Group.

The Issuer will pay a semi-annual distribution amount from returns received in respect of the co-owned assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Group has undertaken to repurchase the assets at the exercise price.

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Balance as at 1 January	3,685,160	5,526,649
Repayments	-	(1,836,250)
Other movements	(3,929)	(5,239)
Balance at end of period / year	3,681,231	3,685,160

As at 30 September 2019, the outstanding sukuk payable totaling AED 3,681 million (31 December 2018: AED 3,685 million) is falling due in 2021.

b) On 15 May 2015, EI Funding Limited (the "SPE") was incorporated under Companies Law of Cayman Islands as a Special Purpose Entity. The principal activities of the company are to purchase portfolio of assets through issuance of notes. The securitization will result in a certificate pool that will be listed on the NASDAQ clearing system (off market) for private-purpose, over-the-counter dealing. The underlying Sharia structure has been approved by the Bank's Sharia Supervisory Board.

The Bank has transferred part of its investment portfolio to EI Funding Limited (incorporated under Cayman Islands laws). However, the Group retains control over the transferred assets and hence the Group continues to recognize these assets as financing and the investment assets.

10 OTHER LIABILITIES

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Profit payable to depositors	227,942	116,558
Staff related liabilities	145,872	154,521
Managers' cheques	228,786	174,597
Trade and other payables	355,561	91,155
Zakat payable	-	50,051
Others	984,120	879,651
	1,942,281	1,466,533

11 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Dividend income on equity investments measured at FVTPL	13,558	7,532
Gain from sale of investment securities measured at FVOCI	69	5,474
Gain / (loss) from investment securities designated at fair value through profit or loss	(7,346)	(7,720)
Rental income (net of depreciation)	5,066	7,981
Foreign exchange income*	197,330	158,951
Other income (net)	72,337	45,663
	281,014	217,881

*Foreign exchange income comprises translation gain and gain on dealings with customers.

12 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Staff cost	462,390	475,790
Occupancy cost	26,975	78,290
Equipment & supplies	18,040	20,781
Recharges from Group companies	176,499	172,877
Communication cost	20,541	17,478
Marketing related expenses	9,084	13,816
Depreciation	75,806	32,929
Others	27,486	33,808
	816,821	845,769

13 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS AND NON FINANCIAL ASSETS

The charge to the income statement for the net impairment loss on financial assets and non-financial assets is made up as follows:

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Net impairment of due from banks	(462)	(4,116)
Net impairment of investment securities	8,233	2,000
Net impairment of financing receivables	505,910	422,805
Net impairment of unfunded exposures	(22,416)	(3,375)
Bad debt written off / (recovery) - net	(194,759)	(174,995)
Total impairment on financial assets	296,506	242,319
Net impairment of non-financial assets (Investment properties)	-	94,701
Net impairment for the period	296,506	337,020

14 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Letters of credit	287,811	580,593
Guarantees	5,227,359	5,111,081
Liability on risk participations	36,725	9,549
Irrevocable financing commitments*	1,540,335	962,800
	7,092,230	6,664,023

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

15 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, if any.

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Profit for the period	937,181	656,876
Weighted average number of equity shares in issue ('000)	5,430,422	5,430,422
Basic Earnings per share* (AED)	0.173	0.121

*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2019.

16 OPERATING SEGMENTS

The Group's activities comprise the following main business segments:

Corporate banking

Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits.

Consumer banking

Retail segment provides a wide range of products and services to individuals and small and medium enterprises and accepts their deposits.

Treasury

Treasury activities comprises of managing the Group's portfolio of investments, funds management, interbank treasury operations and brokerage services.

Others

Other operations of the Group include operations and support functions.

16 OPERATING SEGMENTS (CONTINUED)

Unaudited 30 September 2019	Corporate banking	Consumer banking	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investing products	218,337	956,746	81,654	129,200	1,385,937
Net fees, commission & other income	108,926	521,195	220,611	(186,161)	664,571
Total operating Income	327,263	1,477,941	302,265	(56,961)	2,050,508
General administrative and other expenses	(67,629)	(531,027)	(17,199)	(200,966)	(816,821)
Net impairment loss	(82,668)	(184,929)	(6,409)	(22,500)	(296,506)
Net profit for the period	176,966	761,985	278,657	(280,427)	937,181
Segment assets	15,792,668	27,524,924	15,452,832	3,967,076	62,737,500
Segment liabilities and equity	6,757,346	40,906,248	3,199,999	11,873,907	62,737,500

16 OPERATING SEGMENTS (CONTINUED)

Unaudited 30 September 2018	Corporate banking	Consumer banking	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investing products	192,983	882,553	59,408	95,031	1,229,975
Net fees, commission & other income	110,732	488,013	157,757	(146,812)	609,690
Total operating Income	303,715	1,370,566	217,165	(51,781)	1,839,665
General administrative and other expenses	(64,289)	(549,784)	(9,939)	(221,757)	(845,769)
Net impairment loss	(54,361)	(275,204)	2,006	(9,461)	(337,020)
Net profit for the period	185,065	545,578	209,232	(282,999)	656,876
Segment assets	16,316,361	25,915,416	13,150,194	4,435,709	59,817,680
Segment liabilities and equity	6,483,113	38,425,710	3,913,382	10,995,475	59,817,680

17 RELATED PARTY TRANSACTIONS

The Group is owned by Emirates NBD (99.9%), which is partially owned by the Investment Corporation of Dubai (55.75%). The Government of Dubai is the major shareholder in Investment Corporation of Dubai.

Customer accounts from and financing to Government related entities other than those that have been individually disclosed amount to 14.7% and 2.4% (2018: 16.2 % and 2.4%) respectively, of the total customer's deposits and financing receivables of the Group, respectively.

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

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

No impairment losses have been recorded against balances outstanding during the period with key management personnel and their immediate relations at the period end.

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

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Financing and other receivables		
To parent and related companies	1,675,489	1,424,450
To key management personnel & affiliates	4,954	21,617
	1,680,443	1,446,067
Customer deposits and other payables		
From ultimate parent company	610,630	780,227
From parent and related companies	1,385,432	1,233,864
From directors and related companies	140	191
From key management personnel & affiliates	1,539	5,560
	1,997,741	2,019,842
Investment in ultimate parent company	190,161	154,049

17 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Group Consolidated Statement of Income		
Income from Group Holding Company	18,710	50,925
Recharges from group companies	176,499	172,877

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

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Key management compensation		
Short term employee benefits	20,154	22,319
Post employment benefits	431	456

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

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

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
(a) Analysis of changes in cash and cash equivalents during the Period		
Balance at beginning of period	4,390,245	11,481,457
Net cash inflow/(outflow)	(2,877,534)	(5,298,939)
Balance at end of period	1,512,711	6,182,518
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	16,522,783	12,511,219
Due from banks	3,162,726	6,908,208
Due to banks	(2,988,959)	(4,704,673)
	16,696,550	14,714,754
Less : deposits with Central Banks for regulatory purposes	(3,928,601)	(4,112,303)
Less : murabaha with Central Bank maturing after three months	(10,653,368)	(4,992,662)
Less : amounts due from banks maturing after three months	(601,870)	-
Add : amounts due to banks maturing after three months	-	572,729
	1,512,711	6,182,518

18 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
(c) Adjustment for non cash and other items		
Impairment loss on due from banks	(462)	(4,116)
Impairment loss on investment securities	8,233	2,000
Impairment loss on financing receivables	505,910	422,805
Impairment loss on unfunded exposure	(22,416)	(3,375)
Dividend income	(13,558)	(7,532)
Depreciation / impairment on property and equipment / Investment property	85,019	136,822
(Gain)/loss on investments	7,277	10,178
Sukuk premium amortization	(3,929)	(3,929)
	566,074	552,853

19 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair Value of assets and liabilities

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

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

Unaudited 30 September 2019	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment Securities				
FVOCI - Sukuk instruments	2,457,585	-	-	2,457,585
Designated at FVTPL	6,970	239	465,421	472,630
	2,464,555	239	465,421	2,930,215
Audited 31 December 2018	1,519,904	327	474,630	1,994,861

19 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Designated at FVTPL
	AED 000
Balance as at 1 January 2019	474,630
Total gains or losses:	
- in profit or loss	(7,832)
Settlements and other adjustments	(1,377)
Balance as at 30 September 2019 (Unaudited)	465,421
Balance as at 31 December 2018 (Audited)	474,630

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

During the period ended 30 September 2019 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2018: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2018.

20 RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

Amounts arising from ECL

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument as a result of the adoption of IFRS 9: Financial instruments.

Islamic financing receivables, undrawn irrevocable commitments and financial guarantee contracts issued

	Unaudited nine months period ended 30 September 2019	Unaudited nine months period ended 30 September 2018
	AED 000	AED 000
	ECL	ECL
Balance as at 1 January	3,982,772	4,442,516
Expected credit losses recognised during the period	718,326	1,116,885
Write back /recoveries made during the period	(212,416)	(761,102)
Amounts written off during the period	(274,975)	(1,150,801)
Exchange and other adjustments*	(66,005)	347,139
Closing balance	4,147,702	3,994,637

*This includes reclassification of provision against unfunded exposures to other liabilities amounting to AED 45 million.

21 COMPARATIVE FIGURES

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

Further, during the period ended 30 September 2019, an amount of AED 1.2 billion have been reclassified from financing receivables to due from banks.