In the Name of Allah
The most Gracious and Merciful



Emirates Islamic Bank
(Public Joint Stock Company)

Head Office
3rd Floor, Building 16,
Dubai Health Care City, Dubai
Tel.: +971 600599995
Fax: +971 4 3582659

P.O. Box: 6564, Dubai, United Arab Emirates
Website: www.emiratesislamic.ae

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents **Page**

Independent auditors' report on review of the Group condensed consolidated interim financial statements	1
Group condensed consolidated interim statement of financial position	2
Group condensed consolidated interim income statement	3
Group condensed consolidated interim statement of comprehensive income	4
Group condensed consolidated interim statement of cash flows	5
Group condensed consolidated interim statement of changes in equity	6
Notes to the Group condensed consolidated interim financial statements	7 - 29

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

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 31 March 2020 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 three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No.: 1141
19 April 2020
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 31 MARCH 2020 (UNAUDITED)

	Notes	Unaudited 31 March 2020 AED 000	Audited 31 December 2019 AED 000
ASSETS			
Cash and deposits with Central Bank	4	13,767,291	18,525,599
Due from banks	5	3,701,846	2,767,250
Investment securities	6	4,039,788	3,844,380
Financing receivables	7	39,029,195	37,496,546
Customer acceptances		1,004,027	630,542
Investment properties		419,313	422,403
Property and equipment		345,071	388,519
Other assets	8	566,728	700,284
TOTAL ASSETS		**62,873,259**	**64,775,523**
LIABILITIES			
Due to banks		3,441,155	4,922,353
Customer deposits		44,794,519	45,322,706
Sukuk payable	9	3,678,612	3,679,921
Customer acceptances		1,004,027	630,542
Other liabilities	10	1,658,780	1,914,396
TOTAL LIABILITIES		**54,577,093**	**56,469,918**
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		608,717	608,717
Other reserves		514,495	514,495
Fair value reserve		(72,796)	91,630
Retained earnings		1,815,328	1,660,341
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**8,296,166**	**8,305,605**
TOTAL LIABILITIES AND EQUITY		**62,873,259**	**64,775,523**

The attached notes 1 to 22 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 THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Income from financing receivables and investment products		609,004	602,004
Distribution on deposits and profit paid to Sukuk holders		(140,842)	(158,139)
Net income from financing and investment products		**468,162**	**443,865**
Fee and commission income		177,818	180,034
Fee and commission expense		(70,670)	(56,085)
Net fee and commission income		**107,148**	**123,949**
Other operating income	11	65,857	95,658
Total operating income		**641,167**	**663,472**
General and administrative expenses	12	(279,762)	(270,107)
Operating profit before impairment		**361,405**	**393,365**
Net impairment on financial assets	13	(206,418)	17,714
Net profit for the period		**154,987**	**411,079**
Earnings per share	15	**0.029**	**0.076**

The attached notes 1 to 22 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 THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Net profit for the period	154,987	411,079
Other comprehensive income		
Items that may be reclassified subsequently to Income statement:		
Fair value reserve (Sukuk instruments):		
- Net change in fair value	(164,394)	35,730
- Net amount transferred to income statement	(32)	(36)
Other comprehensive income/(loss) for the period	(164,426)	35,694
Total comprehensive income/(loss) for the period	**(9,439)**	**446,773**

The attached notes 1 to 22 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 THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
OPERATING ACTIVITIES			
Net profit for the period		154,987	411,079
Adjustment for non cash items	19	361,635	(18,495)
Operating profit before changes in operating assets and liabilities		**516,622**	**392,584**
(Increase)/decrease in murabaha with Central Bank maturing after three months		2,704,308	(2,259,404)
Increase in amounts due from banks maturing after three months		(749,163)	(783,290)
Decrease in amounts due to banks maturing after three months		(14,135)	(121,277)
(Increase)/decrease in other assets		133,556	(89,736)
Increase/(decrease) in other liabilities		(211,443)	73,795
Increase/(decrease) in customer deposits		(528,187)	1,839,836
Increase in financing receivables		(1,845,057)	(210,869)
Net cash flows from/(used in) operating activities		**6,501**	**(1,158,361)**
INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		(395,008)	(1,010,753)
Dividend income received		14,386	13,334
(Increase)/decrease of property and equipment		(24,812)	(22,692)
Net cash flows used in investing activities		**(405,434)**	**(1,020,111)**
Net cash flows from /(used in) financing activities		**-**	**-**
Decrease in cash and cash equivalents (refer Note 19)		**(398,933)**	**(2,178,472)**

The attached notes 1 to 22 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 THREE MONTHS PERIOD ENDED 31 MARCH 2020 (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 2020	5,430,422	608,717	514,495	91,630	1,660,341	8,305,605
Profit for the period	-	-	-	-	154,987	154,987
Other comprehensive income for the period	-	-	-	(164,426)	-	(164,426)
Balance as at 31 March 2020	5,430,422	608,717	514,495	(72,796)	1,815,328	8,296,166
Balance as at 1 January 2019	5,430,422	502,612	414,320	(28,332)	892,140	7,211,162
Profit for the period	-	-	-	-	411,079	411,079
Other comprehensive income for the period	-	-	-	35,694	-	35,694
Transfer to retained earnings*	-	-	(5,930)	-	5,930	-
Balance as at 31 March 2019	5,430,422	502,612	408,390	7,362	1,309,149	7,657,935

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 2020 as this will be effected at the year end.

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

The attached notes 1 to 22 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 53 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 %	
			31 March 2020	31 December 2019
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 Shari'a rules and principles.

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 2019.

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 2019. In addition, results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2020.

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 2019.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2019.

3 NEW STANDARDS AND AMENDMENTS APPLICABLE FROM 1 JANUARY 2020

IBOR Transition (Interest / Profit Rate Benchmark Reforms)

Effective from 1 January 2020, the Group has implemented amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments Disclosures relating to interest / profit rate benchmark reforms. The amendments (referred as Phase I of IBOR transactions project) addresses the hedge accounting requirements arising before Inter Bank Offer Rate ("IBOR") and proposed a hedging relief for such pre replacement hedges. The Group does not have exposure to cash flow hedges and fair value hedges, hence there is no impact of the above amendment.

Phase 2 of the project relates to the replacement of benchmark rates with alternative risk-free rates. The impact of rate replacement on the Group's products and services remain a key area of focus. The management is running a project on the Group's transition activities and continues to engage 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.

4 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Cash	347,602	237,782
Statutory and other deposits with Central Bank	4,127,704	4,121,858
Current accounts	528,297	791,893
Murabaha with Central Bank	8,763,688	13,374,066
	13,767,291	18,525,599

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 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Due from banks in UAE	2,015,698	1,990,526
Due from foreign banks	1,690,357	778,362
Less: Expected credit losses	(4,209)	(1,638)
	3,701,846	2,767,250

6 INVESTMENT SECURITIES

Unaudited 31 March 2020	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
DESIGNATED AS AT FVTPL				
Corporate Sukuk	-	-	15,835	15,835
Equity	75,465	166,259	-	241,724
Others	441	65,083	75,838	141,362
	75,906	231,342	91,673	398,921
MEASURED AT AMORTISED COST				
Government Sukuk	64,055	879,375	-	943,430
Corporate Sukuk	-	114,815	-	114,815
	64,055	994,190	-	1,058,245
Less: Expected credit losses				(2,663)
				1,055,582
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	75,456	59,860	135,316
Corporate Sukuk	2,074,329	391,564	-	2,465,893
	2,074,329	467,020	59,860	2,601,209
Less: Expected credit losses				(15,924)
				2,585,285
Gross Investment securities	2,214,290	1,692,552	151,533	4,058,375
Net Investment securities				4,039,788

*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)

	Domestic*	Regional**	International***	Total
Audited 31 December 2019	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Corporate Sukuk	-	-	17,053	17,053
Equity	85,516	166,032	-	251,548
Others	441	76,764	81,392	158,597
	85,957	242,796	98,445	427,198
MEASURED AT AMORTISED COST				
Government Sukuk	64,146	766,472	-	830,618
Corporate Sukuk	-	129,424	-	129,424
	64,146	895,896	-	960,042
Less: Expected credit losses				(2,521)
				957,521
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	82,083	62,194	144,277
Corporate Sukuk	1,971,055	355,724	-	2,326,779
	1,971,055	437,807	62,194	2,471,056
Less: Expected credit losses				(11,395)
				2,459,661
Gross Investment securities	2,121,158	1,576,499	160,639	3,858,296
Net Investment securities				3,844,380

*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 31 March 2020 AED 000	Audited 31 December 2019 AED 000
At Amortised Cost		
Murabaha	28,285,946	26,716,221
Credit cards receivable	1,430,703	1,494,393
Wakala	211,908	217,368
Istissna'a	1,169,706	1,257,196
Ijara	14,021,024	13,703,718
Others	23,474	23,474
Total financing receivables	45,142,761	43,412,370
Less: Deferred income	(2,158,750)	(2,184,882)
Less: Expected credit losses	(3,954,816)	(3,730,942)
Net financing receivables	39,029,195	37,496,546
Total of impaired Islamic financing receivables	3,126,911	3,113,226

Ijara assets amounting to AED 2.2 billion [2019: 2.2 billion] and Murabaha assets amounting to AED 1.4 billion [2019: 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 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Manufacturing	1,904,732	1,649,555
Construction	909,098	786,584
Trade	6,459,804	6,692,434
Transport and communication	226,494	208,656
Services	1,247,550	907,075
Sovereign	274,795	347,626
Personal	25,788,752	24,717,350
Real estate	3,689,294	3,346,696
Hotels and restaurants	52,472	55,197
Management of companies and enterprises	815,258	407,801
Financial institutions and investment companies	1,619,257	1,962,428
Others	2,155,255	2,330,968
Total financing receivables	45,142,761	43,412,370
Less: Deferred income	(2,158,750)	(2,184,882)
Less: Expected credit losses	(3,954,816)	(3,730,942)
	39,029,195	37,496,546

8 OTHER ASSETS

	Unaudited 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Profit receivable	116,820	106,739
Prepayments and other advances	49,725	42,245
Sundry financing and other receivables	16,311	13,191
Deferred sales commission	23,127	22,111
Goods available-for-sale	49,708	49,065
Positive fair value of islamic derivatives (Note 16)	130,954	95,409
Others	180,083	371,524
	566,728	700,284

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 March 2020, 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 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Balance as at 1 January	3,679,921	3,685,160
Other movements	(1,309)	(5,239)
Balance at end of period / year	3,678,612	3,679,921

As at 31 March 2020, the outstanding sukuk payable totaling AED 3,679 million (31 December 2019: AED 3,680 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 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Profit payable to depositors	144,968	146,228
Staff related liabilities	125,271	174,162
Managers' cheques	212,917	234,027
Trade and other payables	252,169	333,610
Zakat payable	-	76,075
Negative fair value of islamic derivatives (Note 16)	141,858	83,495
Others	781,597	866,799
	1,658,780	1,914,396

11 OTHER OPERATING INCOME

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Dividend income on equity investments measured at FVTPL	14,386	13,334
Gain from sale of investment securities measured at FVOCI	32	36
Gain / (loss) from investment securities designated at fair value through profit or loss	(30,312)	4,525
Rental income (net of depreciation)	1,071	1,464
Foreign exchange income*	85,140	65,271
Other income (net)	(4,460)	11,028
	65,857	95,658

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

12 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Staff cost	149,768	153,561
Occupancy cost	7,497	8,973
Equipment & supplies	6,001	3,054
Recharges from Group companies	66,322	58,540
Communication cost	7,532	7,995
Marketing related expenses	2,529	4,142
Depreciation	24,502	25,128
Others	15,611	8,714
	279,762	270,107

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 three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Net impairment of due from banks	2,571	436
Net impairment of investment securities	4,671	(252)
Net impairment of financing receivables	312,408	(39,917)
Net impairment of unfunded exposures	(415)	14,933
Bad debt written off / (recovery) - net	(112,817)	7,086
Total impairment on financial assets	206,418	(17,714)

14 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Letters of credit	743,132	225,838
Guarantees	5,222,349	5,085,508
Liability on risk participations	55,088	36,725
Irrevocable financing commitments*	1,145,792	1,486,821
	7,166,361	6,834,892

*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 three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Profit for the period	154,987	411,079
Weighted average number of equity shares in issue ('000)	5,430,422	5,430,422
Basic Earnings per share* (AED)	0.029	0.076

*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2020.

16 DERIVATIVES

	Unaudited 31 March 2020			Audited 31 December 2019		
	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000
Islamic Derivative financial instruments:						
Forward foreign exchange contracts	1,855	(1,443)	1,440,171	19,307	(7,393)	1,260,899
Foreign exchange options	3,362	(3,467)	459,276	147	(147)	507,346
Profit rate swaps/caps	125,737	(136,948)	6,144,133	75,955	(75,955)	5,642,320
Total	130,954	(141,858)	8,043,580	95,409	(83,495)	7,410,565

17 OPERATING SEGMENTS

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

Corporate and institutional banking

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

Retail banking and wealth management

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, and interbank treasury operations and brokerage services.

Others

Other operations of the Group include operations and support functions.

17 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2020	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investing products	86,444	329,877	19,985	31,856	468,162
Net fees, commission & other income	42,091	142,860	54,629	(66,575)	173,005
Total operating Income	128,535	472,737	74,614	(34,719)	641,167
General administrative and other expenses	(23,429)	(180,658)	(5,832)	(69,843)	(279,762)
Net impairment loss	(89,535)	(112,148)	(4,735)	-	(206,418)
Net profit for the period	15,571	179,931	64,047	(104,562)	154,987
Segment assets	18,566,626	28,138,215	12,394,074	3,774,344	62,873,259
Segment liabilities and equity	13,953,340	33,641,830	3,414,291	11,863,798	62,873,259

17 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2019	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investing products	63,442	305,555	30,960	43,908	443,865
Net fees, commission & other income	38,113	152,008	90,345	(60,859)	219,607
Total operating Income	101,555	457,563	121,305	(16,951)	663,472
General administrative and other expenses	(22,564)	(171,539)	(7,130)	(68,874)	(270,107)
Net impairment loss	113,348	(74,477)	1,343	(22,500)	17,714
Net profit for the period	192,339	211,547	115,518	(108,325)	411,079
Segment assets	17,294,938	26,624,940	11,293,756	5,337,411	60,551,045
Segment liabilities and equity	5,176,072	40,276,656	2,579,234	12,519,083	60,551,045

18 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 23.3 % and 2.4 % (2019: 24.6 % and 2.5%) 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 31 March 2020 AED 000	Audited 31 December 2019 AED 000
Financing and other receivables		
To parent and related companies	1,500,289	1,699,392
To key management personnel & affiliates	4,200	4,954
	1,504,489	1,704,346
Customer deposits and other payables		
From ultimate parent company	10	10
From parent and related companies	2,449,259	4,132,154
From directors and related companies	101	105
From key management personnel & affiliates	1,899	985
	2,451,269	4,133,254
Investment in ultimate parent company	182,211	191,046
Positive fair value of derivative - Parent and related companies	16,465	25,410
Negative fair value of derivative - Parent and related companies	(114,664)	(70,063)
Notional amount of derivative - Parent and related companies	4,693,715	3,535,882

18 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Group Consolidated Statement of Income		
Income from Group Holding Company	1,513	12,925
Recharges from group companies	66,322	58,540

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

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Key management compensation		
Short term employee benefits	12,755	13,450
Post employment benefits	144	143

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

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

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
(a) Analysis of changes in cash and cash equivalents during the Period		
Balance at beginning of period	56,078	4,390,245
Net cash inflow/(outflow)	(398,933)	(2,178,472)
Balance at end of period	(342,855)	2,211,773
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	13,767,291	14,549,838
Due from banks	3,706,055	4,140,440
Due to banks	(3,441,155)	(3,418,479)
	14,032,191	15,271,799
Less : deposits with Central Banks for regulatory purposes	(4,127,704)	(3,968,369)
Less : murabaha with Central Bank maturing after three months	(8,763,688)	(8,456,252)
Less : amounts due from banks maturing after three months	(1,669,580)	(785,329)
Add : amounts due to banks maturing after three months	185,926	149,924
	(342,855)	2,211,773
(c) Adjustment for non cash and other items		
Impairment loss on due from banks	2,571	436
Impairment loss on investment securities	4,671	(252)
Impairment loss on financing receivables	312,408	(39,917)
Impairment loss on unfunded exposure	(415)	14,933
Dividend income	(14,386)	(13,334)
Depreciation / impairment on property and equipment / Investment property	27,592	28,198
(Gain)/loss on investments	30,503	(7,250)
Sukuk premium amortization	(1,309)	(1,309)
	361,635	(18,495)

20 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 31 March 2020	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment Securities				
FVOCI - Sukuk instruments	2,585,285	-	-	2,585,285
Designated at FVTPL	441	-	398,480	398,921
	2,585,726	-	398,480	2,984,206
Positive fair value of islamic derivatives	-	130,954	-	130,954
Negative fair value of islamic derivatives	-	(141,858)	-	(141,858)
	2,585,726	(10,904)	398,480	2,973,302
Audited 31 December 2019	2,460,102	12,153	426,518	2,898,773

20 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 2020	426,518
Total gains or losses:	-
- in profit or loss	(32,554)
Purchases	4,515
Settlements and other adjustments	-
Balance as at 31 March 2020 (Unaudited)	398,479
Balance as at 31 December 2019 (Audited)	426,518

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 31 March 2020 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2019: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2019.

21 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 2019.

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.

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

	Unaudited three months period ended 31 March 2020 AED 000	Unaudited three months period ended 31 March 2019 AED 000
Balance as at 1 January	3,730,942	3,982,772
Expected credit losses recognised during the period	338,817	70,214
Write back /recoveries made during the period	(26,409)	(110,131)
Amounts written off during the period	(88,534)	(109,703)
Exchange and other adjustments*	-	(66,010)
Closing balance	3,954,816	3,767,142

*This includes reclassification of provision made in 2019 against unfunded exposure to other liabilities amounting to AED 45 million.

As at 31 March 2020 Stage 1 ECL on Islamic financing receivables amounted to AED 723 million (31 December 2019: AED 601 million) on an exposure of AED 38,118 million (31 December 2019: AED 36,080 million), Stage 2 ECL on islamic financing receivables amounted to AED 472 million (31 December 2019: AED 372 million) on an exposure of AED 1,739 million (31 December 2019: AED 2,034 million) and Stage 3 ECL on islamic financing receivables amounted to AED 2,760 million (31 December 2019: AED 2,758 million) on an exposure of AED 3,127 million (31 December 2019: AED 3,113 million).

Covid-19 and Expected Credit Loss (ECL)

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In response, governments and central banks have launched economic support and relief measures (including payment reliefs) to minimize the impact on individuals and corporates.

In the determination of Q1 2020 ECL, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic and taken in to account the economic support and relief measures of governments and central banks. The Group has also considered the notices issued by the Central Bank of UAE with regards to the Targeted Economic Support Scheme (TESS) and guidance issued by the International Accounting Standards Board (IASB) on 27 March 2020.

21 RISK MANAGEMENT (CONTINUED)

Identifying whether a significant increase in credit risk (SICR) has occurred for IFRS 9

Under IFRS 9, financings are required to be moved from Stage 1 to Stage 2 if and only if they have been the subject of a SICR since origination. A SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument.

The Group continues to assess borrowers for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term.

During 2020, the Group has initiated a programme of payment relief for its impacted customers by deferring profit / principle due for a period of one month to three months. These payment reliefs are considered as short-term liquidity to address borrower cash flow issues. The relief offered to customers may indicate a SICR. However, the Group believes that the extension of these payment reliefs do not automatically trigger an SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments. At this stage sufficient information is not available to enable the Group to individually differentiate between a borrowers' short term liquidity constrains and a change in its lifetime credit risk. This approach is consistent with the expectations of the Central Bank of UAE as referred to in the TESS notice.

The accounting impact of the onetime extension of credit facilities due to Covid-19 has been assessed and has been treated as per the requirements of IFRS 9 for modification of terms of arrangement.

Reasonableness of Forward Looking Information and probability weights

Any changes made to ECL to estimate the overall impact of Covid-19 is subject to very high levels of uncertainty as so little reasonable and supportable forward-looking information is currently available on which to base those changes.

The Group has previously performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio and expert judgement has also been applied in this process. These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Forecast of these economic variables (the "base, upside and downside economic scenario") are obtained externally on a quarterly basis.

In light of the current uncertain economic environment, the Group has re-assessed the scenario weighting to reflect the impact of current uncertainty in measuring the estimated credit losses for the period ended 31 March 2020. In making estimates, the Group assessed a range of possible outcomes by stressing the previous basis (that includes upside, based case and downside scenarios) and changed the downside weightings through to 100%.

The Group compared the downside macro-economic variables to indicative data received from an independent source and for some portfolios or sectors, have further stressed the ECL. In addition to the above the Group has applied industry specific account level adjustments for retail exposures with regards to specific industries whose employees are expected to be most impacted due to Covid-19 such as airlines, hospitality, retail and tourism. The Group continues to individually assess significant corporate exposures to adequately safeguard against any adverse movements due to Covid-19.

The increase in the downturn weighting of the macro-economic scenario and the management overlays result in an additional ECL of AED 150 million for the Group. The impact of such uncertain economic environment is judgmental and the Group will continue to reassess its position and the related impact on a regular basis.

21 RISK MANAGEMENT (CONTINUED)

Reasonableness of Forward Looking Information and probability weights (continued)

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

22 COMPARATIVE FIGURES

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