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 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 - 32

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

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No.: 1141
19 October 2020
Dubai
United Arab Emirates

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (UNAUDITED)

	Notes	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
ASSETS			
Cash and deposits with Central Bank	3	16,790,264	18,525,599
Due from banks	4	5,779,227	2,767,250
Investment securities	5	4,674,493	3,844,380
Financing receivables	6	41,039,648	37,496,546
Customer acceptances		568,904	630,542
Investment properties		366,229	422,403
Property and equipment		324,343	388,519
Other assets	7	577,753	700,284
TOTAL ASSETS		**70,120,861**	**64,775,523**
LIABILITIES			
Due to banks		8,220,426	4,922,353
Customer deposits		45,869,737	45,322,706
Sukuk payable	8	5,512,242	3,679,921
Customer acceptances		568,904	630,542
Other liabilities	9	1,894,891	1,914,396
TOTAL LIABILITIES		**62,066,200**	**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		151,924	91,630
Retained earnings		1,349,103	1,660,341
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**8,054,661**	**8,305,605**
TOTAL LIABILITIES AND EQUITY		**70,120,861**	**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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Notes	Unaudited three months period ended 30 September 2020 AED 000	Unaudited three months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Income from financing receivables and investment products		503,745	638,520	1,644,057	1,870,595
Distribution on deposits and profit paid to Sukuk holders		(93,712)	(164,052)	(347,357)	(484,658)
Net income from financing and investment products		**410,033**	**474,468**	**1,296,700**	**1,385,937**
Fee and commission income		175,591	196,349	489,762	565,207
Fee and commission expense		(64,842)	(66,910)	(191,516)	(181,650)
Net fee and commission income		**110,749**	**129,439**	**298,246**	**383,557**
Other operating (loss) / income	10	(87,260)	111,301	(21,375)	281,014
Total operating income		**433,522**	**715,208**	**1,573,571**	**2,050,508**
General and administrative expenses	11	(260,543)	(272,731)	(798,087)	(816,821)
Operating profit before impairment		**172,979**	**442,477**	**775,484**	**1,233,687**
Net impairment on financial assets		(449,160)	(178,298)	(1,034,472)	(296,506)
Net impairment on non-financial assets		(46,903)	-	(52,250)	-
Total net impairment	12	(496,063)	(178,298)	(1,086,722)	(296,506)
Net (loss) / profit for the period		**(323,084)**	**264,179**	**(311,238)**	**937,181**
Earnings per share	14	**(0.059)**	**0.049**	**(0.057)**	**0.173**

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Unaudited three months period ended 30 September 2020 AED 000	Unaudited three months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Net (loss) / profit for the period	(323,084)	264,179	(311,238)	937,181
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to Income statement:				
Fair value reserve (Sukuk instruments):				
- Net change in fair value	60,884	44,306	60,355	121,723
- Net amount transferred to income statement	(29)	(33)	(61)	(69)
Other comprehensive income/(loss) for the period	60,855	44,273	60,294	121,654
Total comprehensive (loss) / income for the period	**(262,229)**	**308,452**	**(250,944)**	**1,058,835**

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)

	Notes	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
OPERATING ACTIVITIES			
Net (loss) / profit for the period		(311,238)	937,181
Adjustment for non cash items	18	1,517,984	566,074
Operating profit before changes in operating assets and liabilities		**1,206,746**	**1,503,255**
Decrease/(Increase) in murabaha with Central Bank maturing after three months		3,421,255	(4,416,753)
Increase in amounts due from banks maturing after three months		(267,342)	(601,871)
Decrease in amounts due to banks maturing after three months		(15,487)	(271,201)
Decrease/(increase) in other assets		122,531	(96,674)
Increase in other liabilities		7,760	211,033
Increase in customer deposits		547,031	3,600,419
Increase in financing receivables		(4,637,714)	(1,701,604)
Net cash flows from/(used in) operating activities		**384,780**	**(1,773,396)**
INVESTING ACTIVITIES			
Increase in investment securities		(1,063,013)	(1,083,699)
Dividend income received		14,594	13,558
Increase of property and equipment		(43,854)	(33,997)
Net cash flows used in investing activities		**(1,092,273)**	**(1,104,138)**
FINANCING ACTIVITIES			
Issuance of sukuk borrowing		1,836,250	-
Net cash flows from financing activities		**1,836,250**	**-**
Increase/(decrease) in cash and cash equivalents (refer Note 18)		**1,128,757**	**(2,877,534)**

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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
Loss for the period	-	-	-	-	(311,238)	(311,238)
Other comprehensive income for the period	-	-	-	60,294	-	60,294
Balance as at 30 September 2020	5,430,422	608,717	514,495	151,924	1,349,103	8,054,661
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

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 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 38 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 2020	Ownership % 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 nine months period ended 30 September 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.

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 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Cash	772,254	237,782
Statutory and other deposits with Central Bank	2,334,652	4,121,858
Current accounts	2,043,424	791,893
Murabaha with Central Bank	11,639,934	13,374,066
	16,790,264	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. Murabaha with Central Bank amounting to AED 1,600 million were collateralized for the purpose of obtaining Zero Cost Funding from the Central Bank of UAE amounting to AED 1,568 million presented under 'Due to Banks'.

4 DUE FROM BANKS

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Due from banks in UAE	4,135,689	1,990,526
Due from foreign banks	1,656,938	778,362
Less: Expected credit losses	(13,400)	(1,638)
	5,779,227	2,767,250

5 INVESTMENT SECURITIES

Unaudited 30 September 2020	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
DESIGNATED AS AT FVTPL				
Equity	44,634	113,333	-	157,967
Others	548	-	2,497	3,045
	45,182	113,333	2,497	161,012
MEASURED AT AMORTISED COST				
Government Sukuk	115,288	849,061	-	964,349
Corporate Sukuk	-	114,979	-	114,979
	115,288	964,040	-	1,079,328
Less: Expected credit losses				(2,859)
				1,076,469
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	84,804	61,437	146,241
Corporate Sukuk	2,493,865	559,228	272,346	3,325,439
	2,493,865	644,032	333,783	3,471,680
Less: Expected credit losses				(34,668)
				3,437,012
Gross Investment securities	2,654,335	1,721,405	336,280	4,712,020
Net Investment securities				4,674,493

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

5 INVESTMENT SECURITIES (CONTINUED)

Audited 31 December 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	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 the UAE.
**Regional: These are securities issued within the Middle East.
***International: These are securities issued outside the Middle East region.

6 FINANCING RECEIVABLES

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
At Amortised Cost		
Murabaha	29,571,438	26,716,221
Credit cards receivable	1,488,417	1,494,393
Wakala	248,744	217,368
Istissna'a	1,153,755	1,257,196
Ijara	14,756,227	13,703,718
Others	21,663	23,474
Total financing receivables	47,240,244	43,412,370
Less: Deferred income	(2,116,957)	(2,184,882)
Less: Expected credit losses	(4,083,639)	(3,730,942)
Net financing receivables	41,039,648	37,496,546
Total of impaired Islamic financing receivables	3,744,265	3,113,226

Ijara assets amounting to AED 4.4 billion [2019: 2.2 billion] and Murabaha assets amounting to AED 0.4 billion [2019: 1.4 billion] were securitised for the purpose of issuance of Sukuk liability (refer Note 8).

6 FINANCING RECEIVABLES (CONTINUED)

Analysis by economic activity	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Manufacturing	1,894,341	1,649,555
Construction	770,180	786,584
Trade	6,808,721	6,692,434
Transport and communication	890,989	208,656
Services	1,081,396	907,075
Sovereign	313,390	347,626
Personal	27,712,172	24,717,350
Real estate	3,336,042	3,346,696
Hotels and restaurants	50,446	55,197
Management of companies and enterprises	1,352,136	407,801
Financial institutions and investment companies	979,533	1,962,428
Others	2,050,898	2,330,968
Total financing receivables	47,240,244	43,412,370
Less: Deferred income	(2,116,957)	(2,184,882)
Less: Expected credit losses	(4,083,639)	(3,730,942)
	41,039,648	37,496,546

7 OTHER ASSETS

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Profit receivable	126,364	106,739
Prepayments and other advances	7,056	42,245
Sundry financing and other receivables	32,913	13,191
Deferred sales commission	22,974	22,111
Goods available-for-sale	57,579	49,065
Positive fair value of islamic derivatives (Note 15)	119,026	95,409
Others	211,841	371,524
	577,753	700,284

8 SUKUK PAYABLE

a) The Group issued sukuk amounting to AED 3.7 billion in 2016 and a further AED 1.8 billion in 2020, to raise US Dollar denominated medium term finance via a Sharia'a compliant sukuk financing arrangement. As at September 2020, the total outstanding sukuk payable is AED 5.5 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
September 2020	500,000,000	Irish Stock Exchange & Nasdaq	1.827	Semi annual	September 2025

The Bank transferred certain identified Ijara and Murabaha assets totaling to AED 4.8 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. For Sukuk issued in September 2020, the Bank has further entered into a Murabaha with the Sukukholders for amount (AED 0.7 billion). 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 2020 AED 000	Audited 31 December 2019 AED 000
Balance as at 1 January	3,679,921	3,685,160
New issue	1,836,250	-
Other movements	(3,929)	(5,239)
Balance at end of period / year	5,512,242	3,679,921

As at 30 September 2020, the outstanding sukuk payable totaling AED 5,512 million (31 December 2019: AED 3,680 million) is falling due as below:

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
2021	3,675,992	3,679,921
2025	1,836,250	-
	5,512,242	3,679,921

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.

9 OTHER LIABILITIES

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Profit payable to depositors	124,811	146,228
Staff related liabilities	148,390	174,162
Managers' cheques	350,959	234,027
Trade and other payables	307,987	333,610
Zakat payable	-	76,075
Negative fair value of islamic derivatives (Note 15)	130,402	83,495
Others	832,342	866,799
	1,894,891	1,914,396

10 OTHER OPERATING (LOSS) / INCOME

	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Dividend income on equity investments measured at FVTPL	14,594	13,558
Gain from sale of investment securities measured at FVOCI	61	69
Loss from investment securities designated at fair value through profit or loss	(269,074)	(7,346)
Rental income (net of depreciation)	2,916	5,066
Foreign exchange income*	199,130	197,330
Other income (net)	30,998	72,337
	(21,375)	281,014

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

11 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Staff cost	429,063	462,390
Occupancy cost	23,838	26,975
Equipment & supplies	15,447	18,040
Recharges from Group companies	193,917	176,499
Communication cost	20,952	20,541
Marketing related expenses	5,622	9,084
Depreciation	74,688	75,806
Others	34,560	27,486
	798,087	816,821

12 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 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Net impairment of due from banks	11,762	(462)
Net impairment of investment securities	23,611	8,233
Net impairment of financing receivables	1,094,612	505,910
Net impairment of unfunded exposures	729	(22,416)
Bad debt written off / (recovery) - net	(96,242)	(194,759)
Total impairment on financial assets	1,034,472	296,506
Net impairment of non-financial assets	52,250	-
Net impairment for the period	1,086,722	296,506

13 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Letters of credit	327,722	225,838
Guarantees	4,884,458	5,085,508
Liability on risk participations	17,281	36,725
Irrevocable financing commitments*	1,343,431	1,486,821
	6,572,892	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.

14 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 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
(Loss) / profit for the period	(311,238)	937,181
Weighted average number of equity shares in issue ('000)	5,430,422	5,430,422
Basic Earnings per share* (AED)	(0.057)	0.173

*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2020.

15 DERIVATIVES

	Unaudited 30 September 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	1,792	(633)	3,279,000	19,307	(7,393)	1,260,899
Foreign exchange options	437	(446)	165,209	147	(147)	507,346
Profit rate swaps/caps	116,797	(129,323)	5,586,675	75,955	(75,955)	5,642,320
Total	119,026	(130,402)	9,030,884	95,409	(83,495)	7,410,565

16 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.

16 OPERATING SEGMENTS (CONTINUED)

Unaudited 30 September 2020	Corporate and institutional banking AED 000	Retail banking and wealth management AED 000	Treasury AED 000	Others AED 000	Total AED 000
Net income from financing and investing products	244,813	979,498	19,322	53,067	1,296,700
Net fees, commission & other income	95,567	411,175	(53,305)	(176,566)	276,871
Total operating Income	340,380	1,390,673	(33,983)	(123,499)	1,573,571
General administrative and other expenses	(69,260)	(503,268)	(18,000)	(207,559)	(798,087)
Net impairment loss	(447,606)	(560,308)	(26,547)	(52,261)	(1,086,722)
Net loss for the period	(176,486)	327,097	(78,530)	(383,319)	(311,238)
Segment assets	19,260,648	27,043,632	18,352,813	5,463,768	70,120,861
Segment liabilities and equity	12,585,421	36,001,737	7,948,963	13,584,740	70,120,861

16 OPERATING SEGMENTS (CONTINUED)

Unaudited 30 September 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	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

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 20.6% and 6.2% (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 30 September 2020 AED 000	Audited 31 December 2019 AED 000
Financing and other receivables		
To parent and related companies	1,894,144	1,699,392
To key management personnel & affiliates	4,186	4,954
	1,898,330	1,704,346
Customer deposits and other payables		
From ultimate parent company	10	10
From parent and related companies	5,942,332	4,132,154
From directors and related companies	112	105
From key management personnel & affiliates	1,825	985
	5,944,279	4,133,254
Investment in ultimate parent company	66,419	191,046
Positive fair value of derivative - Parent and related companies	23,670	25,410
Negative fair value of derivative - Parent and related companies	(96,092)	(70,063)
Notional amount of derivative - Parent and related companies	6,095,037	3,535,882

17 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Group Consolidated Statement of Income		
Income from parent and related companies	3,348	18,710
Recharges from group companies	(193,917)	(176,499)

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 2020 AED 000	Unaudited nine months period ended 30 September 2019 AED 000
Key management compensation		
Short term employee benefits	19,392	20,154
Post employment benefits	431	431

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 CASHFLOWS

	Unaudited nine months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 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)	1,128,757	(2,877,534)
Balance at end of period	1,184,835	1,512,711
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	16,790,264	16,522,783
Due from banks	5,792,627	3,162,726
Due to banks	(8,220,426)	(2,988,959)
	14,362,465	16,696,550
Less : deposits with Central Banks for regulatory purposes	(2,334,652)	(3,928,601)
Less : murabaha with Central Bank maturing after three months	(9,839,792)	(10,653,368)
Less : amounts due from banks maturing after three months	(1,187,759)	(601,870)
Add : amounts due to banks maturing after three months	184,573	-
	1,184,835	1,512,711
(c) Adjustment for non cash and other items		
Impairment loss on due from banks	11,762	(462)
Impairment loss on investment securities	23,611	8,233
Impairment loss on financing receivables	1,094,612	505,910
Impairment loss on unfunded exposure	729	(22,416)
Dividend income	(14,594)	(13,558)
Depreciation / impairment on property and equipment / Investment property	136,210	85,019
Loss on investments	269,583	7,277
Sukuk premium amortization	(3,929)	(3,929)
	1,517,984	566,074

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 2020	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
Investment Securities				
FVOCI - Sukuk instruments	3,437,012	-	-	3,437,012
Designated at FVTPL	548	-	160,464	161,012
Positive fair value of islamic derivatives	-	119,026	-	119,026
Negative fair value of islamic derivatives	-	(130,402)	-	(130,402)
	3,437,560	(11,376)	160,464	3,586,648
Audited 31 December 2019	2,460,102	12,153	426,518	2,898,773

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 2020	426,518
Total gains or losses:	
- in profit or loss	(270,012)
Purchases	4,515
Settlements and other adjustments	(557)
Balance as at 30 September 2020 (Unaudited)	160,464
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 30 September 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.

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 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 nine months period ended 30 September 2020	Unaudited nine months period ended 30 September 2019
	AED 000	AED 000
	ECL	ECL
Balance as at 1 January	3,730,942	3,982,772
Expected credit losses recognised during the period	1,159,507	718,326
Write back /recoveries made during the period	(64,895)	(212,416)
Amounts written off during the period	(741,915)	(274,975)
Exchange and other adjustments*	-	(66,005)
Closing balance	4,083,639	4,147,702

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

Stage-wise financing exposures and the related ECL as at 30 September 2020 are given below:

	30 September 2020		31 December 2019	
AED 000	Exposure	ECL	Exposure	ECL
12-month ECL	39,964,952	776,665	36,080,242	601,167
Lifetime ECL not credit-impaired	1,414,070	438,916	2,034,020	371,946
Lifetime ECL credit-impaired	3,744,265	2,868,058	3,113,226	2,757,829
	45,123,287	4,083,639	41,227,488	3,730,942

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 deferrals) to minimize the impact on individuals and corporates.

20 RISK MANAGEMENT (CONTINUED)

Covid-19 and Expected Credit Loss (ECL) (continued)

In determination of Q3 2020 ECL, the Group has considered potential impact caused by Covid-19 pandemic (based upon available information) and taken into account 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 'Treatment of IFRS9 Expected Credit Loss in the context of Covid-19 crisis' as well as the guidance issued by the International Accounting Standards Board (IASB).

The Group has a dedicated IFRS 9 governance process established to review and approve IFRS 9 Stage migrations, management overlays to ECL estimates, and macro-economic scenarios and weightings.

Significant Increase in Credit Risk (SICR)

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

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 long term.

During 2020, the Group has initiated a program of payment relief to support its impacted customers either by deferring interest/principal for a period or through adjustment of monthly installments The Group believes that the extension of payment reliefs does not automatically trigger SICR where the impact on customer's business is expected to be short term. For all other customers, the Group continues to consider severity and extent of potential Covid-19 impact on economic sector and future outlook, cash flow and financial strength, agility and change in risk profile along with the past track record in determining SICR.

As per the disclosure requirements of the Central Bank of UAE in the context of Covid-19, for the UAE operations, the Group has divided its customers benefitting from payment deferrals into two groups (Group 1 and Group 2). Customers not expected to face substantial changes in their creditworthiness, beyond liquidity issues caused by the Covid-19 crisis, have been retained in the same Stage as Q1 2020 and categorized in Group 1.

Customers expected to be significantly impacted by Covid-19 in the long term and that are expected to face substantial deterioration in their creditworthiness have been migrated to Stage 2 and categorized in Group 2. In exceptional circumstances, Stage 3 migration may have also been triggered where a customer's business, income streams and interest servicing capacity were expected to be permanently impaired. Such customers have also been categorized in Group 2 with ECL overlay.

The accounting impact of the extension/restructuring 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.

Forward Looking Information

In light of the current uncertain economic environment, the Group has assessed a range of possible macro-economic scenarios and associated weights, and analyzed their impact on Q3 2020 ECL estimates accordingly. The Group continues to assess individually significant exposures for any adverse movements due to Covid-19.

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

20 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals

The table below contains analysis of the deferred amount and outstanding balances of UAE customers benefitting from deferrals.

AED 000	Corporate and institutional banking	Retail banking and Wealth Management	Total
Deferral amount	1,565,971	663,304	2,229,275
Less: Repayments made during the period	(362,012)	(24,340)	(386,352)
	1,203,959	638,964	1,842,923
Exposures	5,336,036	8,134,079	13,470,115
Number of customers / accounts	104	39,525	39,629

Zero Cost Funding under the CBUAE TESS program availed by the Group amounts to AED 1,568 million (June 2020: AED 1,738 million) which has been fully utilized to provide payment relief to the impacted customers. Repayment of Zero Cost Funding during the quarter ended 30th September 2020 amounted to AED 170 million.

As per the requirements of the Central Bank of UAE, the Group has divided its customers benefitting from payment deferrals into two groups as follows:

Group 1: includes those customers that are not expected to face substantial changes in their creditworthiness, beyond liquidity issues and are temporarily and mildly impacted by the Covid-19 crisis.

For these customers, the payment deferrals are believed to be effective and thus the economic value of the facilities is not expected to be materially affected. These customers are subject to ongoing monitoring for any changes in their creditworthiness for the appropriateness of their grouping and IFRS 9 staging.

Group 2: includes those customers that are expected to face substantial changes in their creditworthiness, in addition to liquidity issues that will be addressed by payment deferrals.

For these customers, there is sufficient deterioration in credit risk to trigger IFRS 9 stage migration. The Group continues to monitor the creditworthiness of these customer, particularly indications of potential inability to pay any of their obligations as and when they become due.

The impact of Covid-19 crisis continues to filter through into the real economy. In view of this the Group has taken a proactive approach and on an ongoing basis for all customers, the Group continues to consider the severity and extent of potential Covid-19 impact on economic sectors and outlook, cash flow, financial strength, agility and change in risk profile along with the past track record and ongoing adaptation. Accordingly, all staging and grouping decisions are subject to regular review to ensure these reflect an accurate view of the Group's assessment of the customers' creditworthiness, staging and grouping as of the reporting date.

20 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

The table below is an analysis of outstanding balances and related ECL of UAE customers that are benefitting from payment deferrals.

	AED 000
Corporate and institutional banking	
Group 1	
Financing receivables	4,675,088
Less: Expected credit Losses	(218,179)
	4,456,909
Group 2	
Financing receivables	660,948
Less: Expected credit Losses	(507,626)
	153,322
Retail banking and wealth management	
Group 1	
Financing receivables	7,846,149
Less: Expected credit Losses	(287,159)
	7,558,990
Group 2	
Financing receivables	287,930
Less: Expected credit Losses	(106,501)
	181,429

Below is an analysis of total changes in Exposure At Default (EAD) since 31 December 2019 on UAE customers benefitting from payment deferrals:

	AED 000
EAD as at 1 January 2020	14,346,986
EAD increase due to new drawdowns	1,107,607
EAD increase of the existing customers	286,028
EAD decrease due to closure	(654,439)
EAD decrease of the existing customers	(1,330,064)
EAD as at 30 September 2020	13,756,118

EAD represents outstanding balances after taking into account the limits, credit conversion factors and expected drawdowns.

20 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

Below is an analysis of Stage migrations since 31 December 2019 on UAE customers benefitting from payment deferrals:

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
AED 000				
Corporate and Institutional Banking				
EAD as at 1 January 2020	5,005,837	432,053	404,287	5,842,177
Transferred from 12-month ECL	(266,997)	93,987	173,010	-
Transferred from Lifetime ECL not credit-impaired	-	(17,463)	17,463	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	(434,875)	(34,929)	(10,615)	(480,419)
EAD as at 30 September 2020	4,303,965	473,648	584,145	5,361,758
AED 000				
Retail Banking and Wealth Management				
EAD as at 1 January 2020	8,269,622	235,023	164	8,504,809
Transferred from 12-month ECL	(296,111)	296,111	-	-
Transferred from Lifetime ECL not credit-impaired	63,385	(71,432)	8,047	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	(98,044)	(11,235)	(1,170)	(110,449)
EAD as at 30 September 2020	7,938,852	448,467	7,041	8,394,360

20 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

Below is an analysis of change in ECL since 31 December 2019 on UAE Corporate and Institutional banking customers benefitting from payment deferrals:

	AED 000
ECL allowance as at 1 January 2020	244,303
Manufacturing	15,677
Construction	2,186
Trade	190,099
Services	1,789
Personal	8,422
Real Estate	255,796
Others	7,533
ECL allowance as at 30 September 2020	**725,805**

Below is an analysis of change in ECL since 31 December 2019 on UAE Retail Banking and Wealth Management customers benefitting from payment deferrals.

	AED 000
ECL allowance as at 1 January 2020	141,097
Personal Finance	157,057
Home Finance	(5,890)
Auto loans	67,256
Credit Cards	902
Others	33,238
ECL allowance as at 30 September 2020	**393,660**

21 COMPARATIVE FIGURES

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

22 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 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 has applied the hedging relief available under the amendments such as relief on forward looking analysis during the period of uncertainty beyond the year 2021. The Group's exposure to cash flow hedges and fair value hedges linked to IBOR maturing beyond the year 2021 is not considered material.

22 NEW STANDARDS AND AMENDMENTS APPLICABLE FROM 1 JANUARY 2020 (CONTINUED)

IBOR Transition (Interest / Profit Rate Benchmark Reforms) (continued)

On 27 August 2020, Interest Rate Benchmark Reform — Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 phase 2 amendments (referred as Phase 2 of IBOR transactions project) was released by the IASB. Objective was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. Some of the key areas impacted by the amendments include application of practical expedient for modifications of financial assets and financial liabilities, changes to hedge designations and hedge documentation and providing disclosures that enable users to understand nature and extent of risks arising from interest rate benchmark reform to which the Group is exposed and how it manages those risks. The amendments are effective from 1 January 2021 and are applied retrospectively with no restatement required for prior periods.

The impact of rate replacement on the Group's products and services remain a key area of focus. 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.