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 2022

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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 2022 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 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.)



Musa Ramahi
Registration No.: 872
20 April 2022
Dubai
United Arab Emirates

Akbar Ahmad (1141), 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.

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022 (UNAUDITED)

	Notes	Unaudited 31 March 2022 AED 000	Audited 31 December 2021 AED 000
ASSETS			
Cash and deposits with Central bank	3	11,808,846	10,688,166
Due from banks	4	3,910,693	2,768,718
Investment securities	5	7,107,334	6,684,578
Financing receivables	6	45,243,636	42,614,024
Customer acceptances		650,828	787,200
Investment properties		293,884	296,729
Property and equipment		267,639	281,873
Other assets	7	782,837	783,117
TOTAL ASSETS		**70,065,697**	**64,904,405**
LIABILITIES			
Due to banks		2,733,560	2,548,432
Customer deposits		51,352,327	47,269,061
Sukuk payable	8	3,672,500	3,672,500
Customer acceptances		650,828	787,200
Other liabilities	9	2,990,855	2,076,228
TOTAL LIABILITIES		**61,400,070**	**56,353,421**
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		691,025	691,025
Other reserves		543,043	543,043
Fair value reserve		(114,866)	112,390
Retained earnings		2,116,003	1,774,104
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**8,665,627**	**8,550,984**
TOTAL LIABILITIES AND EQUITY		**70,065,697**	**64,904,405**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

20 APR 2022

Chairman

Chief Executive Officer

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2022 AED 000	Unaudited three months period ended 31 March 2021 AED 000
Income from financing receivables and investment products		508,908	478,642
Distribution on deposits and profit paid to Sukuk holders		(47,136)	(80,780)
Net income from financing receivables and investment products		**461,772**	**397,862**
Fee and commission income		197,905	190,830
Fee and commission expense		(87,193)	(91,383)
Net fee and commission income		**110,712**	**99,447**
Other operating income	10	79,548	77,125
Total operating income		**652,032**	**574,434**
General and administrative expenses		(280,584)	(255,683)
Operating profit before impairment		**371,448**	**318,751**
Net impairment loss on financial assets		(29,549)	(107,161)
Total net impairment loss	11	**(29,549)**	**(107,161)**
Net profit for the period		**341,899**	**211,590**
Earnings per share	13	**0.063**	**0.039**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's 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 2022 (UNAUDITED)

	Unaudited three months period ended 31 March 2022	Unaudited three months period ended 31 March 2021
	AED 000	AED 000
Net profit for the period	341,899	211,590
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to Income statement:		
Fair value reserve (Sukuk instruments):		
- Net change in fair value	(227,232)	(31,475)
- Net amount transferred to income statement	(24)	(241)
Other comprehensive income / (loss) for the period	(227,256)	(31,716)
Total comprehensive income / (loss) for the period	**114,643**	**179,874**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's 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 2022 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2022 AED 000	Unaudited three months period ended 31 March 2021 AED 000
OPERATING ACTIVITIES			
Net profit for the period		341,899	211,590
Adjustment for non cash items	17	119,885	160,282
Operating profit before changes in operating assets and liabilities		**461,784**	**371,872**
(Increase) / decrease in murabaha with Central Bank maturing after three months		696,471	(329,502)
(Increase) / decrease in amounts due from banks maturing after three Months		(320,139)	(121,881)
Increase / (decrease) in amounts due to banks maturing after three Months		-	783,678
Increase / (decrease) in other assets		280	(213,359)
Increase / (decrease) in other liabilities		914,508	30,546
Increase / (decrease) in customer deposits		4,083,266	(278,279)
(Increase) / decrease in financing receivables		(2,713,483)	(579,977)
Net cash flows generated from / (used in) operating activities		**3,122,687**	**(336,902)**
INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		(658,799)	(889,806)
Dividend income received		4,500	3,616
(Increase)/decrease in investment properties		(404)	-
(Increase)/decrease in property and equipment		(8,666)	(14,073)
Net cash flows generated from/(used in) investing activities		**(663,369)**	**(900,263)**
Net cash flows generated from /(used in) financing activities		**-**	**-**
Increase/(decrease) in cash and cash equivalents (refer Note 17)		**2,459,318**	**(1,237,165)**

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (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 2022	5,430,422	691,025	543,043	112,390	1,774,104	8,550,984
Profit for the period	-	-	-	-	341,899	341,899
Other comprehensive income / (loss) for the period	-	-	-	(227,256)	-	(227,256)
Balance as at 31 March 2022	5,430,422	691,025	543,043	(114,866)	2,116,003	8,665,627
Balance as at 1 January 2021	5,430,422	608,717	514,495	187,361	1,111,009	7,852,004
Profit for the period	-	-	-	-	211,590	211,590
Other comprehensive income / (loss) for the period	-	-	-	(31,716)	-	(31,716)
Balance as at 31 March 2021	5,430,422	608,717	514,495	155,645	1,322,599	8,031,878

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 2022 as this will be effected at the year end.

The attached notes 1 to 22 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditor's 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 (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of United Arab Emirates. Federal Law No. 32 of 2021 on Commercial Companies has come into effect from 2 January 2022, replacing the existing Federal Law No. 2 of 2015.

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 Shariah 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 41 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 2022	Ownership % 31 December 2021
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 Shariah 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 2021.

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

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

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
Cash	430,277	485,196
Statutory and other deposits with Central Bank	4,522,301	2,799,354
Murabaha with Central Bank	6,856,268	7,403,616
	11,808,846	10,688,166

The reserve requirements which are kept with the Central Bank of the 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 the UAE.

4 DUE FROM BANKS

	Unaudited 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
Due from banks in UAE	914,079	575,905
Due from foreign banks	3,006,372	2,197,112
Less: Expected credit losses	(9,758)	(4,299)
	3,910,693	2,768,718

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
Unaudited 31 March 2022	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	36,635	108,722	-	145,357
Others	2,181	-	711	2,892
	38,816	108,722	711	148,249
MEASURED AT AMORTISED COST				
Government Sukuk	114,743	819,317	-	934,060
Corporate Sukuk	-	92,228	118,689	210,917
	114,743	911,545	118,689	1,144,977
Less: Expected credit losses				(923)
				1,144,054
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	83,517	317,313	400,830
Corporate Sukuk	3,122,404	1,043,090	1,267,353	5,432,847
	3,122,404	1,126,607	1,584,666	5,833,677
Less: Expected credit losses				(18,646)
				5,815,031
Gross investment securities	3,275,963	2,146,874	1,704,066	7,126,903
Net investment securities				7,107,334

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

5 INVESTMENT SECURITIES (CONTINUED)

	Domestic*	Regional**	International***	Total
Audited 31 December 2021	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	41,135	108,723	-	149,858
Others	2,267	-	725	2,992
	43,402	108,723	725	152,850
MEASURED AT AMORTISED COST				
Government Sukuk	114,833	819,175	-	934,008
Corporate Sukuk	-	92,404	82,674	175,078
	114,833	911,579	82,674	1,109,086
Less: Expected credit losses				(3,568)
				1,105,518
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	85,191	184,295	269,486
Corporate Sukuk	3,426,911	858,738	882,874	5,168,523
	3,426,911	943,929	1,067,169	5,438,009
Less: Expected credit losses				(11,799)
				5,426,210
Gross investment securities	3,585,146	1,964,231	1,150,568	6,699,945
Net investment securities				6,684,578

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

6 FINANCING RECEIVABLES

	Unaudited 31 March 2022 AED 000	Audited 31 December 2021 AED 000
At Amortised Cost		
Murabaha	31,949,684	29,956,988
Credit cards receivable	1,704,568	1,646,713
Wakala	204,702	208,386
Istissna'a	909,249	873,178
Ijara	16,155,619	15,581,507
Others	76,801	76,797
Total financing receivables	51,000,623	48,343,569
Less: Deferred income	(1,331,059)	(1,310,471)
Less: Expected credit losses	(4,425,928)	(4,419,074)
Net financing receivables	45,243,636	42,614,024
Total of impaired financing receivables	3,762,686	3,843,720

Ijara assets amounting to AED 2.3 billion (2021: AED 2.3 billion) were securitised for the purpose of issuance of Sukuk (refer note 8).

6 FINANCING RECEIVABLES (CONTINUED)

	Unaudited 31 March 2022	Audited 31 December 2021
Analysis by economic activity	AED 000	AED 000
Manufacturing	2,180,776	2,072,734
Construction	743,659	780,129
Trade	5,626,103	5,185,066
Transport and communication	903,954	886,282
Utilities and services	1,369,824	1,268,923
Sovereign	653,552	502,451
Personal	30,125,132	29,513,889
Real estate	3,012,352	2,255,453
Hotels and restaurants	60,607	33,564
Management of companies and enterprises	2,868,431	2,630,980
Financial institutions and investment companies	1,382,491	1,425,390
Others	2,073,742	1,788,708
Total financing receivables	51,000,623	48,343,569
Less: Deferred Income	(1,331,059)	(1,310,471)
Less: Expected credit losses	(4,425,928)	(4,419,074)
Net financing receivables	45,243,636	42,614,024

7 OTHER ASSETS

	Unaudited 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
Profit receivable	141,310	134,705
Prepayments and other advances	20,671	18,696
Sundry financing and other receivables	39,692	12,744
Deferred sales commission	24,122	23,838
Goods available-for-sale	78,757	80,509
Positive fair value of islamic derivatives (refer note 14)	111,055	118,376
Others	367,230	394,249
	782,837	783,117

8 SUKUK PAYABLE

a) The Group issued sukuk amounting to AED 3.7 billion in 2016, and a further AED 3.7 billion during 2020 and 2021 to raise US Dollar denominated medium term finance via a Shariah compliant sukuk financing arrangement. Sukuk amounting to AED 3.7 billion matured and repaid in the month of May 2021. As at 31 March 2022, 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
September 2020	500,000,000	Irish Stock Exchange & Nasdaq	1.827	Semi annual	September 2025
October 2021	500,000,000	Irish Stock Exchange & Nasdaq	2.082	Semi annual	November 2026

The Bank transferred certain identified Ijara assets totaling to AED 2.3 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 during 2020 and 2021, the Bank has further entered into a Murabaha with the Sukukholders for an amount of AED 1.4 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 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
Balance as at 1 January	3,672,500	5,510,933
New Issues	-	1,836,250
Repayments	-	(3,672,500)
Other movements	-	(2,183)
Balance at end of period / year	3,672,500	3,672,500

As at 31 March 2022, the outstanding Sukuk payable totalling AED 3,673 million (31 December 2021: AED 3,673 million) is falling due as below:

	Unaudited 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
2025	1,836,250	1,836,250
2026	1,836,250	1,836,250
	3,672,500	3,672,500

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 Shariah structure has been approved by the Bank’s Shariah Supervision 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 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
Profit payable to depositors	37,041	41,996
Staff related liabilities	118,416	153,622
Managers' cheques	835,333	325,821
Trade and other payables	355,908	353,197
Zakat payable	-	41,652
Negative fair value of islamic derivatives (Note 14)	118,387	126,615
Others	1,525,770	1,033,325
	2,990,855	2,076,228

10 OTHER OPERATING INCOME

	Unaudited three months period ended 31 March 2022	Unaudited three months period ended 31 March 2021
	AED 000	AED 000
Dividend income on equity investments measured at FVTPL	4,500	3,616
Gain from sale of investment securities measured at FVOCI	24	241
Gain / (loss) from investment securities designated at fair value through profit or loss	(4,586)	(3,650)
Rental income (net of depreciation)	459	844
Foreign exchange income*	68,586	73,332
Other income (net)	10,565	2,742
	79,548	77,125

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

11 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited three months period ended 31 March 2022	Unaudited three months period ended 31 March 2021
	AED 000	AED 000
Net impairment of due from banks	5,459	(12,086)
Net impairment of investment securities	4,201	(1,627)
Net impairment of financing receivables	83,870	206,769
Net impairment of unfunded exposures	119	(58,192)
Bad financing written off / (recovery) - net	(64,100)	(27,703)
Net impairment loss on financial assets	29,549	107,161

12 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 31 March 2022	Audited 31 December 2021
	AED 000	AED 000
Letters of credit	537,299	477,237
Guarantees	4,651,893	4,565,004
Liability on risk participations	72,218	123,001
Irrevocable financing commitments*	1,525,602	1,788,982
	6,787,012	6,954,224

*Irrevocable financing commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to the 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.

13 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 2022	Unaudited three months period ended 31 March 2021
	AED 000	AED 000
Net profit for the period	341,899	211,590
Weighted average number of equity shares in issue ('000)	5,430,422	5,430,422
Earnings per share* (AED)	0.063	0.039

*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2022.

14 DERIVATIVES

	Unaudited 31 March 2022			Audited 31 December 2021		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Forward foreign exchange contracts	4,262	(2,858)	6,918,320	3,152	(1,328)	2,144,139
Foreign exchange options	2,673	(2,777)	229,975	1,902	(1,993)	208,467
Profit rate swaps / caps	104,120	(112,752)	7,911,658	113,322	(123,294)	12,266,731
Total	111,055	(118,387)	15,059,953	118,376	(126,615)	14,619,337

15 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.

15 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2022	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 investment products	88,905	348,731	18,150	5,986	461,772
Net fees, commission & other income	48,356	138,531	2,545	828	190,260
Total operating income	137,261	487,262	20,695	6,814	652,032
General and administrative expenses	(18,978)	(184,937)	(4,563)	(72,106)	(280,584)
Net impairment loss	22,528	(46,277)	(5,704)	(96)	(29,549)
Net profit / (loss) for the period	140,811	256,048	10,428	(65,388)	341,899
Segment Assets	21,466,086	33,474,297	14,797,008	328,306	70,065,697
Segment Liabilities and Equity	11,584,226	43,412,111	1,041,556	14,027,804	70,065,697

15 OPERATING SEGMENTS (CONTNUED)

Unaudited 31 March 2021	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 investment products	84,116	321,646	(12,909)	5,009	397,862
Net fees, commission & other income	40,545	130,195	5,819	13	176,572
Total operating income	124,661	451,841	(7,090)	5,022	574,434
General and administrative expenses	(19,221)	(161,824)	(5,439)	(69,199)	(255,683)
Net impairment loss	(21,602)	(99,870)	14,808	(497)	(107,161)
Net profit / (loss) for the period	83,838	190,147	2,279	(64,674)	211,590
Segment Assets	18,857,482	29,619,744	22,355,515	410,891	71,243,632
Segment Liabilities and Equity	10,898,740	38,433,046	6,384,311	15,527,535	71,243,632

16 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 deposits from and financing to Government related entities, other than those that have been individually disclosed, amount to 18.5% and 7.1% (2021: 18.5% and 5.1%) respectively of the total customer 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.

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

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 2022	Audited 31 December 2021
	AED 000	AED 000
Financing and other receivables		
To parent and related companies	298,990	265,997
To directors and related companies	7,299	8,139
To key management personnel & affiliates	879	3,287
	307,168	277,423
Customer deposits and other payables		
From ultimate parent company	367,260	10
From parent and related companies	2,437,423	1,943,970
From directors and related companies	123	107
From key management personnel & affiliates	4,383	2,978
	2,809,189	1,947,065
Investment in ultimate parent company	194,303	202,953
Positive fair value of derivatives - Parent and related companies	50,752	64,747
Negative fair value of derivatives - Parent and related companies	(62,753)	(70,862)
Notional amount of derivatives - Parent and related companies	10,827,914	10,748,427

16 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2022	Unaudited three months period ended 31 March 2021
	AED 000	AED 000
Group Consolidated Statement of Income		
Income from parent and related companies	1,213	1,477
Recharges from group companies	82,213	62,369

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 2022	Unaudited three months period ended 31 March 2021
	AED 000	AED 000
Key management compensation		
Short term employee benefits	10,059	6,900
Post employment benefits	2,202	150

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

	Unaudited three months period ended 31 March 2022 AED 000	Unaudited three months period ended 31 March 2021 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	56,430	2,629,593
Net cash inflow / (outflow)	2,459,318	(1,237,165)
Balance at end of period	2,515,748	1,392,428
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	11,808,846	17,396,892
Due from banks	3,920,451	5,099,283
Due to banks	(2,733,560)	(8,577,776)
	12,995,737	13,918,399
Less : Deposits with Central Bank for regulatory purposes	(2,778,493)	(2,652,561)
Less: Murabaha with Central Bank maturing after three months	(4,755,698)	(10,204,908)
Less : Amounts due from banks maturing after three months	(2,945,798)	(1,302,180)
Add : Amounts due to banks maturing after three months	-	1,633,678
	2,515,748	1,392,428
(c) Adjustment for non cash and other items		
Impairment loss / (reversal) on due from banks	5,459	(12,086)
Impairment loss / (reversal) on investment securities	4,201	(1,627)
Impairment loss on financing receivables	83,870	206,769
Impairment loss / (reversal) on unfunded exposure	119	(58,192)
Dividend income	(4,500)	(3,616)
Depreciation / impairment on property and equipment / investment properties	26,150	26,559
Unrealized (gain) / loss on investments	4,586	3,780
Sukuk premium amortization	-	(1,305)
	119,885	160,282

18 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 2022	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
Investment securities				
FVOCI - Sukuk instruments	5,815,031	-	-	5,815,031
Designated at FVTPL	2,181	-	146,068	148,249
Islamic Derivatives				
Positive fair value of islamic derivatives	-	111,055	-	111,055
Negative fair value of islamic derivatives	-	(118,387)	-	(118,387)
	5,817,212	(7,332)	146,068	5,955,948
Audited 31 December 2021	5,428,477	(8,239)	150,583	5,570,821

18 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 2022	150,583
Total gains or losses:	
- in profit or loss	(4,515)
Balance as at 31 March 2022	146,068
Balance as at 31 December 2021	150,583

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 2022 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2021: AED Nil).

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

19 RISK MANAGEMENT

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

Credit quality analysis:

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

AED 000 31 March 2022	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance at 1 January	42,289,030	900,348	3,843,720	47,033,098
Transfers from stage 1	(229,634)	229,634	-	-
Transfers from stage 2	84,415	(186,103)	101,688	-
Transfers from stage 3	-	97,279	(97,279)	-
New financial assets, net of repayments and others	2,858,585	(136,676)	(8,426)	2,713,483
Amounts written off during the period	-	-	(77,017)	(77,017)
Total gross financing receivables	45,002,396	904,482	3,762,686	49,669,564
Expected credit losses	(708,538)	(268,952)	(3,448,438)	(4,425,928)
Carrying amount	44,293,858	635,530	314,248	45,243,636

AED 000 31 March 2021	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financing receivables				
Balance at 1 January	40,013,841	1,074,777	4,052,183	45,140,801
Transfers from stage 1	(505,193)	460,588	44,605	-
Transfers from stage 2	152,971	(415,766)	262,795	-
Transfers from stage 3	-	505	(505)	-
New financial assets, net of repayments and others	644,812	118,223	(183,058)	579,977
Amounts written off during the period	-	-	(149,155)	(149,155)
Total gross financing receivables	40,306,431	1,238,327	4,026,865	45,571,623
Expected credit losses	(805,819)	(302,105)	(3,281,515)	(4,389,439)
Carrying amount	39,500,612	936,222	745,350	41,182,184

The stage 1 and stage 2 are performing financing receivables having grades 1a- 4f while stage 3 is non-performing financing receivable having grades 5a- 5d.

19 RISK MANAGEMENT (CONTINUED)

Amounts arising from ECL

The following tables show reconciliations from opening to closing balance of ECL on financing receivables:

	31 March 2022				31 March 2021			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at 1 January	717,111	249,248	3,452,715	4,419,074	746,624	289,288	3,295,913	4,331,825
Transfers from Stage 1	(8,225)	8,225	-	-	(19,356)	14,957	4,399	-
Transfers from Stage 2	21,993	(61,095)	39,102	-	42,521	(113,036)	70,515	-
Transfers from Stage 3	-	36,529	(36,529)	-	-	-	-	-
Allowances for impairment made during the period	(22,341)	36,045	119,617	133,321	36,030	110,896	78,150	225,076
Write back / recoveries made during the period	-	-	(49,451)	(49,451)	-	-	(18,307)	(18,307)
Amounts written off during the period	-	-	(77,017)	(77,017)	-	-	(149,155)	(149,155)
Exchange and other adjustments	-	-	1	1	-	-	-	-
Closing Balance	**708,538**	**268,952**	**3,448,438**	**4,425,928**	**805,819**	**302,105**	**3,281,515**	**4,389,439**

19 RISK MANAGEMENT (CONTINUED)

Payment deferrals

As at 31 March 2022, the total deferrals provided to customers was AED 2,528 million (2021: AED 2,528 million) out of which AED 1,752 million has been repaid till date resulting in active deferrals of AED 776 million (2021: AED 1,159 million). Active deferrals pertaining to Corporate and Institutional Banking customers amount to AED 417 million and those pertaining to Retail Banking and Wealth Management customers amount to AED 359 million.

A total of 40,231 customers have been supported out of which 40,115 customers belong to Retail Banking and Wealth Management segment whereas 116 customers belong to Corporate and Institutional Banking segment.

20 IBOR TRANSITION (PROFIT RATE BENCHMARK REFORMS)

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

21 DISSOLUTION OF SUBSIDIARY

Emirates Islamic Financial Brokerage (EIFB), the subsidiary, is in the process of transferring its business operations to a subsidiary of the Parent to promote operational efficiency. The restructuring plan has been approved by the Board whereby all customers will be transferred, followed by dissolution of EIFB and cancellation of its license. The legal formalities are in process.

As at 31 March 2022, EIFB held total assets of AED 198.4 million (2021: 198.5 million), total liabilities of AED 27.2 million (2021: AED 27.0 million) and shareholders' equity of AED 171.3 million (2021: AED 171.4 million), with the net loss of AED 0.2 million for the period ended 31 March 2022 (31 March 2021: net profit of AED 1.5 million).

22 COMPARATIVE FIGURES

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