

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 September 2021 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 2021
Dubai
United Arab Emirates



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021 (UNAUDITED)

	Notes	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
ASSETS			
Cash and deposits with Central Bank	3	71,764,452	100,841,896
Due from banks	4	46,194,157	34,997,680
Investment securities	5	98,129,177	72,695,287
Loans and receivables	6	381,264,829	387,923,424
Islamic financing receivables	7	57,053,010	55,618,045
Positive fair value of derivatives	20	9,740,414	13,697,399
Investments in associates	28	-	201,628
Customer acceptances		10,587,223	8,837,724
Investment properties		523,610	584,724
Property and equipment		3,935,363	4,080,042
Goodwill and intangibles	8	6,139,209	6,313,171
Other assets	9	13,735,689	12,296,453
TOTAL ASSETS		699,067,133	698,087,473
LIABILITIES			
Due to banks		47,359,398	51,672,068
Customer deposits		389,447,364	377,518,700
Islamic customer deposits		77,060,357	86,678,334
Debt issued and other borrowed funds	10	61,931,975	54,662,670
Sukuk payable	11	1,836,250	5,510,933
Negative fair value of derivatives	20	8,033,622	10,775,231
Customer acceptances		10,587,223	8,837,724
Other liabilities	12	17,394,488	17,813,715
TOTAL LIABILITIES		613,650,677	613,469,375
EQUITY			
Issued capital		6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	14	9,128,652	10,379,786
Share premium reserve		17,954,164	17,954,164
Legal and statutory reserve		3,158,299	3,158,299
Other reserves		2,945,393	2,945,393
Fair value reserve		(36,867)	476,692
Currency translation reserve		(5,370,974)	(3,607,673)
Retained earnings		51,311,586	47,014,778
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		85,360,676	84,591,862
Non-controlling interest		55,780	26,236
TOTAL EQUITY		85,416,456	84,618,098
TOTAL LIABILITIES AND EQUITY		699,067,133	698,087,473

The attached notes 1 to 28 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.

Director

Director

Chief Executive Officer

19 OCT 2021

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

		Unaudited	Unaudited	Unaudited	Unaudited
		three months period ended 30 September 2021	three months period ended 30 September 2020	nine months period ended 30 September 2021	nine months period ended 30 September 2020
	Notes	AED 000	AED 000	AED 000	AED 000
Interest and similar income		6,125,326	5,852,296	17,801,346	19,436,519
Interest and similar expense		(2,384,335)	(2,071,796)	(6,828,736)	(7,079,108)
Net interest income		3,740,991	3,780,500	10,972,610	12,357,411
Income from Islamic financing and investment products		831,643	652,920	2,129,573	2,158,752
Distribution on Islamic deposits and profit paid to Sukuk holders		(125,153)	(295,518)	(506,394)	(1,073,129)
Net income from Islamic financing and investment products		706,490	357,402	1,623,179	1,085,623
Net interest income and income from Islamic financing and investment products net of distribution to depositors		4,447,481	4,137,902	12,595,789	13,443,034
Fee and commission income		1,565,039	1,405,490	4,937,322	4,300,800
Fee and commission expense		(654,309)	(450,450)	(1,902,838)	(1,423,419)
Net fee and commission income		910,730	955,040	3,034,484	2,877,381
Net gain / (loss) on trading securities		23,179	25,468	138,109	150,625
Other operating income	15	379,161	530,016	1,531,942	1,805,788
Total operating income		5,760,551	5,648,426	17,300,324	18,276,828
General and administrative expenses	16	(1,955,980)	(1,810,138)	(5,719,671)	(5,809,450)
Operating profit before impairment		3,804,571	3,838,288	11,580,653	12,467,378
Net impairment loss on financial assets	17	(1,105,370)	(2,150,055)	(3,719,770)	(6,361,100)
Operating profit after impairment		2,699,201	1,688,233	7,860,883	6,106,278
Share of profit of associate and loss on its disposal		-	7,608	(21,137)	8,802
Group profit for the period before tax		2,699,201	1,695,841	7,839,746	6,115,080
Taxation charge		(193,622)	(140,109)	(549,867)	(467,998)
Group profit for the period after tax		2,505,579	1,555,732	7,289,879	5,647,082
Attributable to:					
Equity holders of the Group		2,505,493	1,556,074	7,285,642	5,643,939
Non-controlling interest		86	(342)	4,237	3,143
Group profit for the period after tax		2,505,579	1,555,732	7,289,879	5,647,082
Earnings per share	19	0.38	0.22	1.08	0.82

The attached notes 1 to 28 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 2021 (UNAUDITED)**

	Unaudited three months period ended 30 September 2021 AED 000	Unaudited three months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
Group profit for the period after tax	2,505,579	1,555,732	7,289,879	5,647,082
Other comprehensive income				
Items that will not be reclassified subsequently to the income statement:				
Movement in fair value reserve (equity instruments):				
- Net change in fair value	(27)	(209,355)	97,831	(531,425)
Items that may be reclassified subsequently to the income statement:				
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:				
Net changes in the cost of hedging	(121,044)	31,552	(91,426)	249,676
Cash flow hedges:				
- Effective portion of changes in fair value	(43,358)	148,080	(125,762)	160,744
Fair value reserve (debt instruments):				
- Net change in fair value	(116,941)	(34,175)	(335,265)	12,863
- Net amount transferred to income statement	(8,401)	(14,620)	(163,757)	(69,151)
- Related deferred tax	34,465	26,811	104,820	40,631
Currency translation reserve	(326,377)	(895,460)	(1,783,648)	(2,269,786)
Hedge of a net investment in foreign operations	(8,901)	(19,543)	20,347	(32,396)
Other comprehensive income for the period	(590,584)	(966,710)	(2,276,860)	(2,438,844)
Total comprehensive income for the period	1,914,995	589,022	5,013,019	3,208,238
Attributable to:				
Equity holders of the Group	1,914,909	589,364	5,008,782	3,205,095
Non-controlling interest	86	(342)	4,237	3,143
Total comprehensive income for the period	1,914,995	589,022	5,013,019	3,208,238

The attached notes 1 to 28 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 2021 (UNAUDITED)**

		Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
	Notes		
<u>OPERATING ACTIVITIES</u>			
Group profit for the period before tax		7,839,746	6,115,080
Adjustment for non-cash items	23	4,729,910	8,383,078
Operating profit before changes in operating assets and liabilities		12,569,656	14,498,158
(Increase)/decrease in interest free statutory deposits		957,824	14,798,103
(Increase)/decrease in certificate of deposits with Central Banks maturing after three months		25,500,000	(3,399,300)
(Increase)/decrease in amounts due from banks maturing after three months		(7,118,523)	(4,551,388)
Increase/(decrease) in amounts due to banks maturing after three months		(4,754,435)	4,369,052
(Increase)/decrease in other assets		(3,222,842)	(2,258,929)
Increase/(decrease) in other liabilities		(2,340,473)	(3,826,552)
(Increase)/decrease in positive fair value of derivatives		3,760,144	(6,705,134)
Increase/(decrease) in negative fair value of derivatives		(2,741,609)	5,655,261
Increase/(decrease) in customer deposits		11,928,664	(8,685,419)
Increase/(decrease) in Islamic customer deposits		(9,617,977)	(5,487,975)
(Increase)/decrease in loans and receivables		3,377,649	(6,612,665)
(Increase)/decrease in Islamic financing receivables		(2,110,980)	(4,566,105)
		26,187,098	(6,772,893)
Taxes paid		(351,480)	(454,098)
Net cash flows generated from/(used in) operating activities		25,835,618	(7,226,991)

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

		Unaudited	Unaudited
		nine months period ended 30 September 2021	nine months period ended 30 September 2020
	Notes	AED 000	AED 000
<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(25,698,385)	(5,455,242)
(Increase)/decrease of property and equipment		(457,133)	(377,829)
Dividend income received		11,703	21,661
Disposal of associate	28	105,393	-
Net cash flows generated from/(used in) investing activities		(26,038,422)	(5,811,410)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	10	21,883,577	17,261,757
Repayment of debt issued and other borrowed funds	10	(12,750,404)	(12,480,984)
Issuance of Sukuk		-	1,836,250
Repayment of sukuk borrowing		(3,672,500)	-
Issuance of Tier I capital notes		2,748,866	2,747,764
Repayment of Tier I capital notes		(4,000,000)	(1,836,250)
Interest on Tier I capital notes		(464,556)	(486,744)
Dividends paid		(2,524,278)	(2,524,278)
Net cash flows generated from/(used in) financing activities		1,220,705	4,517,515
Increase/(decrease) in cash and cash equivalents (refer Note 23)		1,017,901	(8,520,886)

The attached notes 1 to 28 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 NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Group Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2021	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	476,692	(3,607,673)	47,014,778	84,591,862	26,236	84,618,098
Profit for the period	-	-	-	-	-	-	-	-	7,285,642	7,285,642	4,237	7,289,879
Other comprehensive income for the period	-	-	-	-	-	-	(513,559)	(1,763,301)	-	(2,276,860)	-	(2,276,860)
Tier I capital notes issued during the period (note 14)	-	-	2,748,866	-	-	-	-	-	-	2,748,866	-	2,748,866
Tier I capital notes redeemed during the period (note 14)	-	-	(4,000,000)	-	-	-	-	-	-	(4,000,000)	-	(4,000,000)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(464,556)	(464,556)	-	(464,556)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	25,307	25,307
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Balance as at 30 September 2021	6,316,598	(46,175)	9,128,652	17,954,164	3,158,299	2,945,393	(36,867)	(5,370,974)	51,311,586	85,360,676	55,780	85,416,456
Balance as at 1 January 2020	6,316,598	(46,175)	9,468,272	17,954,164	3,158,299	2,945,393	131,484	(1,706,736)	43,375,416	81,596,715	10,146	81,606,861
Profit for the period	-	-	-	-	-	-	-	-	5,643,939	5,643,939	3,143	5,647,082
Other comprehensive income for the period	-	-	-	-	-	-	(136,662)	(2,302,182)	-	(2,438,844)	-	(2,438,844)
Tier I capital notes issued during the period (note 14)	-	-	2,747,764	-	-	-	-	-	-	2,747,764	-	2,747,764
Tier I capital notes redeemed during the period (note 14)	-	-	(1,836,250)	-	-	-	-	-	-	(1,836,250)	-	(1,836,250)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(486,744)	(486,744)	-	(486,744)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	10,466	10,466
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Balance as at 30 September 2020	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	(5,178)	(4,008,918)	46,008,333	82,702,302	23,755	82,726,057

*Dividend paid is net of the amount attributable to treasury shares.

The attached notes 1 to 28 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 NBD Bank PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies, as amended, has come into effect from 1 July 2015, replacing the Federal Law No. 8 of 1984.

The condensed consolidated interim financial statements for the period ended 30 September 2021 comprise the financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: “EMIRATESNBD”). The Group’s principal business activities are corporate banking, consumer banking, treasury and Islamic banking. The Bank’s website is www.emiratesnbd.com.

The registered address of the Bank is Post Box 777, Dubai, United Arab Emirates (“UAE”).

The parent company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

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 2020, except for the accounting policy explained in note 26.

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 2020. In addition, results for the nine months period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2021.

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 2020.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Cash	5,071,285	4,488,333
Statutory and other deposits with Central Banks	41,981,849	42,942,928
Interest bearing placements with Central Banks	216,833	218,096
Murabahas and interest bearing certificates of deposits with Central Banks*	24,500,743	53,195,536
Less: Expected credit losses	(6,258)	(2,997)
	<u>71,764,452</u>	<u>100,841,896</u>

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

*Murabahas and certificates of deposits with Central Banks amounting to AED 1,510 million (December 2020: AED 5,150 million) were collateralized for the purpose of obtaining Zero Cost Funding from the Central Bank of UAE amounting to AED 1,479 million (December 2020: AED 5,058 million) presented under 'Due to banks'.

4 DUE FROM BANKS

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Due from banks in UAE	5,712,654	3,306,150
Due from foreign banks	40,547,553	31,812,092
Less: Expected credit losses	(66,050)	(120,562)
	<u>46,194,157</u>	<u>34,997,680</u>

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>Unaudited 30 September 2021</u>				
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	541,129	1,607,457	172,315	2,320,901
Corporate Bonds	280,772	81,941	117,571	480,284
Equity	-	-	112,866	112,866
Others	-	-	10,272	10,272
	821,901	1,689,398	413,024	2,924,323
<u>DESIGNATED AS AT FVTPL</u>				
Equity	41,135	108,723	41,937	191,795
Others	1,779	4,441	83,712	89,932
	42,914	113,164	125,649	281,727
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	45,565,193	16,768,483	8,941,367	71,275,043
Corporate Bonds	2,592,689	1,023,289	1,529,333	5,145,311
	48,157,882	17,791,772	10,470,700	76,420,354
Less: Expected credit losses				(17,705)
				76,402,649
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	2,511,010	9,514,906	12,025,916
Corporate Bonds	3,768,376	944,768	1,216,685	5,929,829
	3,768,376	3,455,778	10,731,591	17,955,745
Less: Expected credit losses				(23,323)
				17,932,422
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	1,715	47,869	538,472	588,056
	1,715	47,869	538,472	588,056
Gross Investment securities	52,792,788	23,097,981	22,279,436	98,170,205
Net Investment securities				98,129,177

*Domestic: These are securities issued within the UAE.

**Regional: These are securities issued within the Middle East excluding the UAE.

***International: These are securities issued outside the Middle East region.

Investment securities with a carrying value of AED Nil (December 2020: AED 184 million) were collateralized for the purpose of obtaining Zero Cost Funding from the Central Bank of UAE amounting to AED Nil (December 2020: AED 184 million) presented under 'Due to banks'.

5 INVESTMENT SECURITIES (CONTINUED)

	Domestic*	Regional**	International***	Total
Audited 31 December 2020	AED 000	AED 000	AED 000	AED 000
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	370,832	2,195,355	457,835	3,024,022
Corporate Bonds	1,133,655	978,181	648,545	2,760,381
Equity	-	-	108,608	108,608
Others	-	-	2,891	2,891
	1,504,487	3,173,536	1,217,879	5,895,902
<u>DESIGNATED AS AT FVTPL</u>				
Equity	44,635	112,397	43,222	200,254
Others	543	3,041	75,529	79,113
	45,178	115,438	118,751	279,367
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	12,791,415	20,801,015	12,026,255	45,618,685
Corporate Bonds	2,130,368	1,288,540	562,324	3,981,232
	14,921,783	22,089,555	12,588,579	49,599,917
Less: Expected credit losses				(22,394)
				49,577,523
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	1,685,804	10,162,174	11,847,978
Corporate Bonds	3,247,792	641,219	745,619	4,634,630
	3,247,792	2,327,023	10,907,793	16,482,608
Less: Expected credit losses				(30,690)
				16,451,918
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	1,715	54,708	434,154	490,577
	1,715	54,708	434,154	490,577
Gross Investment securities	19,720,955	27,760,260	25,267,156	72,748,371
Net Investment securities				72,695,287

*Domestic: These are securities issued within the UAE.

**Regional: These are securities issued within the Middle East excluding the UAE.

***International: These are securities issued outside the Middle East region.

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)
6 LOANS AND RECEIVABLES

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
	-----	-----
At Amortised Cost		
Overdrafts	147,500,176	147,606,488
Time loans	237,926,897	244,809,965
Loans against trust receipts	8,675,934	7,915,401
Bills discounted	3,413,948	3,594,752
Credit card receivables	14,410,386	12,842,426
Total loans and receivables	411,927,341	416,769,032
Less: Expected credit losses	(30,662,512)	(28,845,608)
	381,264,829	387,923,424
Total of credit impaired loans and receivables	23,097,966	23,997,211

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	17,854,131	19,483,494
Construction	15,762,646	16,424,771
Trade	22,928,073	23,229,355
Transport and communication	10,635,734	12,048,179
Services	14,216,564	15,366,827
Sovereign	158,360,658	160,224,042
Personal	66,684,815	60,076,977
Real estate	43,874,621	47,712,754
Hotels and restaurants	12,403,527	14,133,848
Management of companies and enterprises	8,281,010	8,788,924
Financial institutions and investment companies	18,881,924	17,400,058
Agriculture	8,143,559	8,579,836
Others	13,900,079	13,299,967
Total loans and receivables	411,927,341	416,769,032
Less: Expected credit loss	(30,662,512)	(28,845,608)
	381,264,829	387,923,424

7 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
At Amortised Cost	-----	-----
Murabaha	40,680,702	39,841,875
Ijara	20,452,455	20,263,477
Wakala	422,189	454,006
Istisna'a	971,982	1,141,483
Credit cards receivable	1,614,930	1,483,910
Others	832,237	293,847
Total Islamic financing receivables	64,974,495	63,478,598
Less: Deferred income	(1,518,483)	(1,721,350)
Less: Expected credit losses	(6,403,002)	(6,139,203)
Net Islamic financing receivables	57,053,010	55,618,045
Total of credit impaired Islamic financing receivables	6,136,030	5,820,703

Corporate Ijara assets amounting to AED 1.1 billion (2020: AED 4.6 billion) and Murabaha assets amounting to AED Nil (2020: AED 0.2 billion) were securitised for the purpose of issuance of Sukuk liability (refer Note 11).

7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	3,458,653	2,301,059
Construction	1,437,706	1,454,031
Trade	7,287,628	7,802,617
Transport and communication	1,352,156	1,350,371
Services	1,242,005	1,500,560
Sovereign	331,152	946,762
Personal	33,864,209	31,650,560
Real estate	6,770,579	8,468,048
Hotels and restaurants	398,058	785,409
Management of companies and enterprises	2,639,735	2,614,556
Financial institutions and investment companies	2,751,237	1,494,364
Others	3,441,377	3,110,261
Total Islamic financing and receivables	64,974,495	63,478,598
Less: Deferred Income	(1,518,483)	(1,721,350)
Less: Expected credit loss	(6,403,002)	(6,139,203)
	57,053,010	55,618,045

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)
8 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total	
		Banking license	Customer relationships	Core deposit intangibles	Brands	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Unaudited 30 September 2021						
Cost						
Balance as at 1 January	5,561,714	163,079	471,438	895,473	279,370	7,371,074
Foreign exchange movement	(100)	(265)	(3,021)	(2,226)	(45,878)	(51,490)
	5,561,614	162,814	468,417	893,247	233,492	7,319,584
Less: Amortisation and impairment						
Balance as at 1 January	4,903	-	290,691	762,309	-	1,057,903
Amortisation and impairment for the period	-	-	70,518	51,954	-	122,472
Balance as at 30 September	4,903	-	361,209	814,263	-	1,180,375
Net Goodwill and Intangibles	5,556,711	162,814	107,208	78,984	233,492	6,139,209
Audited 31 December 2020						
Cost	5,561,714	163,079	471,438	895,473	279,370	7,371,074
Less: Amortisation and impairment	4,903	-	290,691	762,309	-	1,057,903
Net Goodwill and Intangibles	5,556,811	163,079	180,747	133,164	279,370	6,313,171

The goodwill and intangibles are acquired through business combinations. Goodwill has an indefinite life and is reviewed annually for impairment.

The Goodwill has been allocated to four cash-generating units, namely Corporate and Institutional banking, Retail banking and Wealth Management, Global Markets and Treasury and Emirates NBD Egypt.

EMIRATES NBD BANK PJSC

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 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)
9 OTHER ASSETS

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
Accrued interest receivable	4,161,604	4,784,330
Islamic profit receivable	189,551	129,884
Prepayments and other advances	676,502	909,724
Sundry debtors and other receivables	3,672,366	3,046,706
Inventory	1,914,533	1,266,689
Deferred tax asset	863,741	882,845
Others	2,257,392	1,276,275
	<u>13,735,689</u>	<u>12,296,453</u>

10 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
Medium term note programme	53,058,472	46,408,605
Term loans from banks	6,403,175	7,335,940
Borrowings raised from loan securitisations	2,470,328	918,125
	<u>61,931,975</u>	<u>54,662,670</u>

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
Balance as at 1 January	54,662,670	49,317,315
New issues	21,883,577	18,264,098
Repayments	(12,750,404)	(13,487,491)
Other movements*	(1,863,868)	568,748
Balance at end of period / year	<u>61,931,975</u>	<u>54,662,670</u>

*Represents exchange rate and fair value movements on debts issued in foreign currency. The Group hedges the foreign currency risk on public issuances through derivative financial instruments.

As at 30 September 2021, the outstanding medium term borrowings totalling AED 61,932 million (31 December 2020: AED 54,663 million) is falling due as below:

	Unaudited 30 September 2021 AED millions	Audited 31 December 2020 AED millions
2021	1,775	13,396
2022	11,887	10,347
2023	4,692	3,235
2024	9,430	2,374
2025	7,912	6,721
Beyond 2025	26,236	18,590
	<u>61,932</u>	<u>54,663</u>

11 SUKUK PAYABLE

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
Balance as at 1 January	5,510,933	3,679,921
New issues	-	1,836,250
Repayments	(3,672,500)	-
Other movements	(2,183)	(5,238)
Balance at end of period / year	<u>1,836,250</u>	<u>5,510,933</u>

During 2020, the Group issued US Dollar denominated Sukuk amounting to AED 1,836 million under a Sharia'a compliant Sukuk financing arrangement and will mature in September 2025.

During the period, the Group repaid Sukuk amounting to AED 3,673 million on maturity.

As at 30 September 2021, the outstanding Sukuk payable totalling AED 1,836 million (31 December 2020: AED 5,511 million) is falling due as follows:

	Unaudited 30 September 2021 AED million	Audited 31 December 2020 AED million
2021	-	3,675
2025	1,836	1,836
	<u>1,836</u>	<u>5,511</u>

12 OTHER LIABILITIES

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
Accrued interest payable	1,971,602	2,951,170
Profit payable to Islamic depositors	84,091	89,488
Managers' cheques	2,271,390	1,482,690
Trade and other payables	5,056,620	4,172,156
Staff related liabilities	1,342,598	1,326,558
Provision for taxation	510,348	311,961
Others	6,157,839	7,479,692
	<u>17,394,488</u>	<u>17,813,715</u>

13 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 24 February 2021, shareholders approved payment of a cash dividend of 40% of the issued and paid up capital (AED 0.40 per share) amounting to AED 2,527 million which has been recognised in the condensed consolidated interim financial statements as of 30 September 2021.

14 TIER I CAPITAL NOTES

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified as equity.

Issuance Month/year	Issued Amount	Coupon rate
May 2021	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
July 2020	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years

During the period, the Group has exercised its option to call back Tier 1 capital notes amounting to AED 4 billion issued in 2009.

15 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
Dividend income on equity investment measured at FVOCI	680	4,830
Dividend income on equity investments measured at FVTPL	11,023	16,831
Gain / (loss) from sale of debt investment securities measured at FVOCI	163,757	69,151
Gain / (loss) from investment securities designated at fair value through profit or loss	10,404	(294,869)
Rental income	19,783	25,661
Gain on sale of properties (investment properties / inventories)	2,335	621
Foreign exchange income / (loss)*	(465,517)	878,563
Derivative income / (loss)	1,273,218	891,464
Other income (net)	516,259	213,536
	1,531,942	1,805,788

*Foreign exchange income / (loss) comprises trading and translation gain and gain on dealings with customers.

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
	-----	-----
Staff cost	3,336,481	3,482,345
Occupancy cost	202,471	239,299
Equipment & supplies	154,316	160,693
Information technology cost	251,467	227,885
Communication cost	195,773	194,492
Service, legal and professional fees	152,040	127,704
Marketing related expenses	87,769	78,234
Depreciation	585,835	636,460
Amortisation of intangibles	122,472	122,472
Others	631,047	539,866
	-----	-----
	<u>5,719,671</u>	<u>5,809,450</u>

17 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
	-----	-----
Net impairment of cash and deposits with central bank	3,255	(700)
Net impairment of due from banks / other assets	(1,923)	81,542
Net impairment of investment securities	(12,249)	29,665
Net impairment of loans and receivables	3,280,946	5,248,538
Net impairment of Islamic financing receivables	676,015	1,055,720
Net impairment of unfunded exposures	(60,789)	54,798
Bad debt written off / (recovery) and modification adjustment - net	(165,485)	(108,463)
	-----	-----
Net impairment loss for the period	<u>3,719,770</u>	<u>6,361,100</u>

18 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
Letters of credit	16,747,236	10,731,079
Guarantees	56,728,977	58,473,299
Liability on risk participations	228,744	113,037
Irrevocable loan commitments*	38,124,454	33,506,436
	<u>111,829,411</u>	<u>102,823,851</u>

* Irrevocable loan 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.

19 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 (further adjusted for interest expense on tier I capital notes) 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 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
Profit for the period attributable to equity holders	7,285,642	5,643,939
Deduct : Interest on Tier 1 capital notes	(464,556)	(486,744)
Net profit attributable to equity holders	6,821,086	5,157,195
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	<u>1.08</u>	<u>0.82</u>

*The diluted and basic earnings per share were the same for the nine months period ended 30 September 2021

20 DERIVATIVES

	Unaudited 30 September 2021			Audited 31 December 2020		
	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
Derivatives held for trading	8,951,442	(7,025,542)	742,414,318	11,720,619	(9,826,150)	727,686,505
Derivatives held as cash flow hedges	335,109	(59,413)	35,042,527	549,448	(106,004)	40,741,351
Derivatives held as fair value hedges	453,863	(930,411)	29,860,319	1,427,332	(804,474)	26,699,467
Derivatives held as hedge of a net investment in foreign operations	-	(18,256)	452,876	-	(38,603)	520,792
Total	9,740,414	(8,033,622)	807,770,040	13,697,399	(10,775,231)	795,648,115

21 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- Corporate and Institutional banking represents current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate, commercial customers, investment banking, Islamic products under Al Watani Al Islami and structured financing primarily in the UAE, Egypt and KSA;
- Retail banking and Wealth Management represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing primarily in the UAE, Egypt and KSA;
- Global Markets and Treasury activities comprise of managing the Group's portfolio of investments, funds management and interbank treasury operations primarily in the UAE and Egypt;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;
- Denizbank, is considered as a separate operating segment; and
- Other operations of the Group include Tanfeeth, property management, operations and support functions.

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)
21 OPERATING SEGMENTS (CONTNUED)**Unaudited 30 September 2021**

	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	3,152,915	4,085,763	(196,010)	1,268,288	3,953,086	331,747	12,595,789
Net fees, commission and other income	1,175,727	1,902,871	138,358	529,395	946,654	11,530	4,704,535
Total operating income	4,328,642	5,988,634	(57,652)	1,797,683	4,899,740	343,277	17,300,324
General and administrative expenses	(413,388)	(1,613,552)	(117,218)	(807,651)	(1,678,018)	(1,089,844)	(5,719,671)
Net impairment loss on financial assets	(1,532,788)	(512,173)	6,681	(185,794)	(1,287,270)	(208,426)	(3,719,770)
Share of profit of associate and loss on its disposal	-	-	-	-	-	(21,137)	(21,137)
Taxation charge	(10,539)	(54,875)	(42,921)	-	(416,059)	(25,473)	(549,867)
Group profit for the period	2,371,927	3,808,034	(211,110)	804,238	1,518,393	(1,001,603)	7,289,879
Segment Assets	312,307,421	65,984,963	128,668,500	64,321,843	125,116,295	2,668,111	699,067,133
Segment Liabilities and Equity	186,104,753	178,611,675	23,450,167	55,255,862	113,685,293	141,959,383	699,067,133

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021 (UNAUDITED)
21 OPERATING SEGMENTS (CONTNUED)

<u>Unaudited 30 September 2020</u>	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	3,547,927	4,147,305	(445,149)	1,296,700	4,344,694	551,557	13,443,034
Net fees, commission and other income	1,016,023	1,727,716	299,170	276,871	1,566,348	(52,334)	4,833,794
Total operating income	4,563,950	5,875,021	(145,979)	1,573,571	5,911,042	499,223	18,276,828
General and administrative expenses	(445,799)	(1,499,071)	(128,931)	(798,087)	(1,714,535)	(1,223,027)	(5,809,450)
Net impairment loss on financial assets	(1,466,294)	(853,725)	(11,887)	(1,086,722)	(2,627,200)	(315,272)	(6,361,100)
Share of profit of associate and loss on its disposal	-	-	-	-	-	8,802	8,802
Taxation charge	(13,619)	(62,809)	(38,496)	-	(330,492)	(22,582)	(467,998)
Group profit for the period	2,638,238	3,459,416	(325,293)	(311,238)	1,238,815	(1,052,856)	5,647,082
Segment Assets	320,343,806	56,973,919	120,963,174	66,597,445	127,018,494	241,431	692,138,269
Segment Liabilities and Equity	185,410,697	164,528,128	38,668,898	56,607,589	115,810,995	131,111,962	692,138,269

22 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.75%), a company in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 4% (December 2020: 6%) and 6% (December 2020: 5%) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all 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 interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

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

	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
	-----	-----
<u>Loans and receivables:</u>		
To majority shareholder of the parent	155,054,049	157,723,504
To parent	1,487,463	1,487,463
To directors and related companies	788,754	850,367
	-----	-----
	157,330,266	160,061,334
	=====	=====
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	5,454,533	4,423,770
From parent	1,893,220	1,797,459
From associates	-	90,675
	-----	-----
	7,347,753	6,311,904
	=====	=====
Investment in Government of Dubai bonds	6,431,635	6,474,854
Commitments to associates	-	78,877

22 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
Payments made to associates	99	2,709
Payments made to other related parties	17,874	20,798
Fees received in respect of funds managed by the Group	12,370	9,432
Directors sitting fee	13,188	12,329

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 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	66,952	79,234
Post employment benefits	1,178	1,074

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

23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	20,911,912	32,291,487
Net cash inflow/(outflow)	1,017,901	(8,520,886)
Balance at end of period	<u>21,929,813</u>	<u>23,770,601</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	71,764,452	95,842,326
Due from banks	46,194,157	45,526,830
Due to banks	(47,359,398)	(53,440,932)
	<u>70,599,211</u>	<u>87,928,224</u>
Less : deposits with Central Banks for regulatory purposes	(41,981,849)	(35,178,822)
Less : certificates of deposits with Central Banks maturing after three months	(8,000,000)	(37,000,000)
Less : amounts due from banks maturing after three months	(27,905,360)	(22,451,423)
Add : amounts due to banks maturing after three months	29,217,811	30,472,622
	<u>21,929,813</u>	<u>23,770,601</u>

23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
(c) Adjustment for non cash and other items		
Impairment loss on cash and deposits with central banks	3,255	(700)
Impairment loss on due from banks	(1,923)	81,542
Impairment loss on investment securities	(12,249)	29,665
Impairment loss on loans and receivables	3,280,946	5,248,538
Impairment loss on Islamic financing receivables	676,015	1,055,720
Impairment loss on unfunded exposures	(60,789)	54,798
Amortisation of fair value	99,304	91,547
(Discount) / premium on Investment securities	(25,237)	(11,255)
Unrealised foreign exchange loss / (gain)	1,336,047	(43,018)
Amortisation of intangibles	122,472	122,472
Depreciation / impairment on property and equipment / Investment property	601,812	648,913
Share of profit of associate and loss on its disposal	21,137	(8,802)
Dividend income on equity investments	(11,703)	(21,661)
Unrealized (gain)/loss on investments	5,610	305,001
Unrealized (gain)/loss on FV Hedged item	(1,302,452)	830,939
Gain on sale of properties (inventories)	(2,335)	(621)
	<u>4,729,910</u>	<u>8,383,078</u>

24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUEFair 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).

<u>Unaudited 30 September 2021</u>	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
<u>Investment Securities</u>				
Trading securities at FVTPL	2,924,323	-	-	2,924,323
FVOCI - debt instruments	17,939,441	16,304	-	17,955,745
FVOCI - equity instruments	581,608	870	5,578	588,056
Designated at FVTPL	129,343	-	152,384	281,727
	21,574,715	17,174	157,962	21,749,851
<u>Derivatives</u>				
<u>Positive fair value of derivatives</u>				
Derivatives held for trading	-	8,951,442	-	8,951,442
Derivatives held as cash flow hedges	-	335,109	-	335,109
Derivatives held as fair value hedges	-	453,863	-	453,863
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	9,740,414	-	9,740,414
<u>Negative fair value of derivatives</u>				
Derivatives held for trading	-	(7,025,542)	-	(7,025,542)
Derivatives held as cash flow hedges	-	(59,413)	-	(59,413)
Derivatives held as fair value hedges	-	(930,411)	-	(930,411)
Derivatives held as hedge of a net investment in foreign operations	-	(18,256)	-	(18,256)
	-	(8,033,622)	-	(8,033,622)
	21,574,715	1,723,966	157,962	23,456,643
<u>Audited 31 December 2020</u>	22,891,659	3,011,270	167,693	26,070,622

24 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.

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instrument	FVOCI – equity instrument	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2021	-	161,928	-	5,765	167,693
Total gains or losses:					
- in profit or loss	-	(8,819)	-	-	(8,819)
- in other comprehensive income	-	-	-	(139)	(139)
Additions	-	-	-	-	-
Settlements and other adjustments	-	(725)	-	(48)	(773)
Balance as at 30 September 2021 (unaudited)	-	152,384	-	5,578	157,962
Balance as at 31 December 2020 (audited)	-	161,928	-	5,765	167,693

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 2021 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2020: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2020.

25 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 2020.

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.

i) Loans and receivables

	Unaudited nine months period ended 30 September 2021 AED 000 ECL	Unaudited nine months period ended 30 September 2020 AED 000 ECL
Balance at 1 January	28,845,608	23,790,153
Expected credit losses recognised during the period	4,127,484	5,715,357
Write back / recoveries made during the period	(846,538)	(466,819)
Amounts written off during the period	(786,789)	(547,340)
Exchange and other adjustments	(677,253)	(276,220)
Closing Balance	<u>30,662,512</u>	<u>28,215,131</u>

ii) Islamic financing receivables

	Unaudited nine months period ended 30 September 2021 AED 000 ECL	Unaudited nine months period ended 30 September 2020 AED 000 ECL
Balance at 1 January	6,139,203	5,436,242
Expected credit losses recognised during the period	882,991	1,242,069
Write back / recoveries made during the period	(206,976)	(186,349)
Amounts written off during the period	(434,008)	(741,930)
Exchange and other adjustments	21,792	8,561
Closing Balance	<u>6,403,002</u>	<u>5,758,593</u>

Stage-wise financing exposures and the related ECL as at 30 September 2021 are given below:

AED 000	30 September 2021		31 December 2020	
	Exposure	ECL	Exposure	ECL
<u>Loans and receivables</u>				
12-month ECL	359,336,003	3,095,266	369,677,061	3,659,321
Lifetime ECL not credit-impaired	29,493,372	6,504,629	23,094,760	5,271,329
Lifetime ECL credit-impaired	21,269,089	19,933,587	21,938,329	19,037,235
Purchased or Originated Credit Impaired	1,828,877	1,129,030	2,058,882	877,723
	<u>411,927,341</u>	<u>30,662,512</u>	<u>416,769,032</u>	<u>28,845,608</u>
<u>Islamic financing receivables</u>				
12-month ECL	52,785,836	847,011	52,056,413	953,362
Lifetime ECL not credit-impaired	4,534,146	611,488	3,880,132	425,869
Lifetime ECL credit-impaired	6,136,030	4,944,503	5,820,703	4,759,972
	<u>63,456,012</u>	<u>6,403,002</u>	<u>61,757,248</u>	<u>6,139,203</u>

25 RISK MANAGEMENT (CONTINUED)

Covid-19 and Expected Credit Loss (ECL)

Novel coronavirus (Covid-19) continues to disrupt businesses and economic activity in 2021. In response, governments and central banks extended economic support and relief measures (including payment deferrals) launched last year to lessen the impact on individuals and corporates.

In determination of Q3 2021 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.

The Group continues to support its impacted customers through a program of payment relief that was initiated in 2020 by deferring interest/principal due. These payment reliefs are considered as short-term liquidity support to address borrower cash flow issues. The Group believes that availing 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 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.

The accounting impact of the 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.

Forward Looking Information

The Group has assessed the macro-economic scenarios and associated weights and analyzed their impact on Q3 2021 ECL estimates. Accordingly, updated MEVs were used with the associated weights remaining unchanged from those used at year end 2020. The Group has also applied portfolio-level ECL adjustments to retail customers availing deferrals based upon employment status and level of salary inflows. 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.

25 RISK MANAGEMENT (CONTINUED)**Covid-19 and Expected Credit Loss (ECL) (continued)****Forward Looking Information (continued)****Analysis of customers benefiting from payment deferrals****Deferral amount and outstanding balances of UAE customers**

During 2020, the Group drew AED 6,906 million of Zero Cost Funding under the CBUAE TESS program and repaid AED 5,427 million to date (including AED 1,167 million repaid during Q3 2021). After repayment the balance as at 30 September 2021 amounted to AED 1,479 million (31 December 2020: AED 5,242 million). Under the CB UAE TESS guidelines as at 30 September 2021, AED 3,453 (50% of the allocated limit if unutilized) is required to be repaid on ZCF. The Group has repaid AED 5,427 (79% of the allocated amount) till date which is over and above the required amount under the guidelines.

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 clients, 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 will remain in their current IFRS 9 stage, at least for the duration of the crisis, or their distress, whichever is shorter.

All Stage 1 customers availing deferrals are classified as Group 1. Some customers in Stage 2 who availed deferrals without any material deterioration in credit grade and overall credit worthiness since the time of availing the deferral are also classified in Group 1 at reporting date.

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.

Stage 2 customers who experienced credit deterioration since deferral period are classified as Group 2. Customers that have availed deferrals either in stage 1 or stage 2 but subsequently migrated to stage 3 are also classified as Group 2 at reporting date.

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.

The table below contains analysis of the number of customers, deferral amount, gross exposures and related ECL of UAE customers benefiting from deferrals:

<u>Unaudited 30 September 2021</u>	Corporate and institutional banking	Retail banking and wealth management	Total
<u>AED 000</u>			
<u>Deferral amount</u>			
Loans and Islamic financing receivables	8,984,955	1,694,917	10,679,872
Less: Repayments	(7,213,182)	(821,903)	(8,035,085)
	<u>1,771,773</u>	<u>873,014</u>	<u>2,644,787</u>

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Deferral amount and outstanding balances of UAE customers (continued)**

Unaudited 30 September 2021				
Loans and Islamic financing receivables				
<u>AED 000</u>	Number of deferral customers /accounts	Payments deferred	Exposures	Expected Credit Losses
<u>Corporate and Institutional banking</u>				
Stage 1	464	7,166,522	27,457,181	902,225
Stage 2	72	1,347,728	8,083,061	2,924,483
Stage 3	29	470,705	2,094,001	1,397,592
	<u>565</u>	<u>8,984,955</u>	<u>37,634,243</u>	<u>5,224,300</u>
Group 1	484	7,473,919	29,540,092	1,793,659
Group 2	81	1,511,036	8,094,151	3,430,641
	<u>565</u>	<u>8,984,955</u>	<u>37,634,243</u>	<u>5,224,300</u>
<u>Retail banking and Wealth Management</u>				
Stage 1	117,312	1,386,288	10,728,633	336,714
Stage 2	9,911	277,643	729,245	176,050
Stage 3	25	30,986	223,291	96,097
	<u>127,248</u>	<u>1,694,917</u>	<u>11,681,169</u>	<u>608,861</u>
Group 1	117,606	1,416,166	10,797,134	365,163
Group 2	9,642	278,751	884,035	243,698
	<u>127,248</u>	<u>1,694,917</u>	<u>11,681,169</u>	<u>608,861</u>
Total	<u>127,813</u>	<u>10,679,872</u>	<u>49,315,412</u>	<u>5,833,161</u>

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Movement in Exposures of UAE customers**

Below is an analysis of total changes in exposures since 31 December 2020 on UAE customers benefiting from payment deferrals:

	AED 000
Exposure as at 1 January 2021	50,652,206
Increase in exposure due to new drawdowns	6,811,844
Increase in exposure of the same customers	1,810,437
Decrease in exposure of the same customers	(4,803,990)
Decrease in exposure due to closure	(5,155,085)
Exposure as at 30 September 2021 (Unaudited)	49,315,412

Stage migrations of UAE customers

Below is an analysis of Stage migrations since 31 December 2020 of UAE customers benefiting from payment deferrals:

<u>AED 000</u>	Loans and Islamic financing receivables			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	
<u>Corporate and Institutional banking</u>				
Exposure as at 1 January 2021	28,534,720	6,437,747	1,237,660	36,210,127
Transferred from 12-month ECL	(1,791,587)	1,747,478	44,109	-
Transferred from Lifetime ECL not credit-impaired	404,452	(1,237,936)	833,484	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	309,596	1,135,772	(21,252)	1,424,116
Exposure as at 30 September 2021 (Unaudited)	27,457,181	8,083,061	2,094,001	37,634,243

Retail banking and Wealth Management

Exposure as at 1 January 2021	13,366,814	921,620	153,645	14,442,079
Transferred from 12-month ECL	(646,377)	570,555	75,822	-
Transferred from Lifetime ECL not credit-impaired	281,753	(295,278)	13,525	-
Transferred from Lifetime ECL credit-impaired	-	505	(505)	-
Other movements - net	(2,273,557)	(468,157)	(19,196)	(2,760,910)
Exposure as at 30 September 2021 (Unaudited)	10,728,633	729,245	223,291	11,681,169

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Stage migrations of UAE customers (continued)**

	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<u>AED 000</u>				
<u>Corporate and institutional banking</u>				
ECL as at 1 January 2021	778,827	2,567,740	842,599	4,189,166
Transferred from 12-month ECL	(73,244)	68,562	4,682	-
Transferred from Lifetime ECL not credit-impaired	29,738	(578,630)	548,892	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	166,904	866,811	1,419	1,035,134
ECL as at 30 September 2021 (Unaudited)	902,225	2,924,483	1,397,592	5,224,300

	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<u>AED 000</u>				
<u>Retail banking and wealth management</u>				
ECL as at 1 January 2021	443,152	297,655	67,139	807,946
Transferred from 12-month ECL	(43,963)	39,235	4,728	-
Transferred from Lifetime ECL not credit-impaired	87,710	(88,891)	1,181	-
Transferred from Lifetime ECL credit-impaired	-	86	(86)	-
Other movements - net	(150,185)	(72,035)	23,135	(199,085)
ECL as at 30 September 2021 (Unaudited)	336,714	176,050	96,097	608,861

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Change in ECL allowance by industry sector for UAE Corporate and Institutional banking customers**

Below is an analysis of change in ECL allowance by industry sector since 31 December 2020 on UAE Corporate and Institutional banking customers benefiting from payment deferrals:

<u>AED 000</u>	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
ECL allowance as at 1 January 2021	778,827	2,567,740	842,599	4,189,166
Manufacturing	18,357	(45,561)	(6,188)	(33,392)
Construction	(11,990)	22,300	14,545	24,855
Trade	40,913	200,033	29,022	269,968
Services	(85,808)	122,247	(180)	36,259
Personal	173,931	77,957	(76)	251,812
Real estate	18,586	2,152	485,599	506,337
Others	(30,591)	(22,385)	32,271	(20,705)
ECL allowance as at 30 September 2021 (Unaudited)	902,225	2,924,483	1,397,592	5,224,300

Change in ECL allowance by products for Retail banking and Wealth Management customers

Below is an analysis of change in ECL allowance by products since 31 December 2020 on UAE Retail banking and Wealth Management customers benefiting from payment deferrals:

<u>AED 000</u>	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
ECL allowance as at 1 January 2021	443,153	297,655	67,139	807,947
Personal Finance	(52,137)	(116,425)	-	(168,562)
Home Finance	(5,938)	(13,725)	-	(19,663)
Auto loans	(36,370)	(7,040)	-	(43,410)
Credit cards	(791)	(361)	-	(1,152)
Others	(11,203)	15,946	28,958	33,701
ECL allowance as at 30 September 2021 (Unaudited)	336,714	176,050	96,097	608,861

26 IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

Effective from 1 January 2021, the Group implemented Phase 2 of the Interest Rate Benchmark Reform — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The areas impacted by the amendments include application of practical expedient for accounting for modifications of financial assets and financial liabilities when transactions are updated for the new IBOR rates (will not result in derecognition), relief on changes to hedge designations and hedge documentation (a change to hedge designations and hedge documentation required by IBOR reform would not result in discontinuation of hedge accounting) 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 applied retrospectively with no restatement required for prior periods.

During 2020, the Group implemented Phase 1 of the amendments which provided relief on hedge accounting requirements for those hedges existing before the IBOR replacement. The Group's exposure to hedging instruments (Interest Rate Swaps and Cross-Currency Swaps) and hedged items maturing from the year 2021 onwards which are in scope of the IFRS 9 amendments include Fair Value Hedges with notional values of USD 1.33 billion on the receiving leg and USD 3.67 billion on the paying leg; and Cash Flow Hedges with notional values of USD 0.13 billion on the receiving leg and USD 0.26 billion on the paying leg.

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.

27 DISPOSAL OF SUBSIDIARY

In April 2021, the Group entered into a Sale Purchase Agreement to sell a controlling interest in Dubai Bank (P.J.S.C), a subsidiary to Eradah Capital (L.L.C.). As at 30 September 2021, the carrying value of Dubai Bank's total assets amounted to AED 0.4 billion. The transaction is expected to complete in 2021 and the resultant impact in the books will be accounted for upon completion. The transaction is subject to regulatory approval by the Central Bank of the UAE.

28 DISPOSAL OF ASSOCIATE

During the period, the Group disposed its entire holding 36.72% in National General Insurance Company (P.J.S.C) ("NGI") for a net consideration of AED 179 million.