Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (UNAUDITED)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ABU DHABI ISLAMIC BANK PJSC

Introduction

We have reviewed the accompanying interim financial information of Abu Dhabi Islamic Bank PJSC ("the Bank") and its subsidiaries (together "the Group") as at 30 September 2021, comprising the interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of these interim financial information in accordance with International Accounting Standard IAS 34 *"Interim Financial Reporting"* ("IAS 34"). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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.)

Mohammad Khamees Al Tah
Registration No. 717
31 October 2021
Abu Dhabi
United Arab Emirates

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
Three months and nine months ended 30 September 2021 (Unaudited)

	Notes	***Three months ended 30 September 2021***	*2020*	***Nine months ended 30 September 2021***	*2020*
		AED '000	*AED '000*	***AED '000***	*AED '000*
OPERATING INCOME					
Income from murabaha, mudaraba and wakala with financial institutions		**9,805**	9,929	**28,292**	53,380
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	5	**1,024,090**	912,987	**2,764,161**	2,851,053
Income from sukuk measured at amortised cost		**108,204**	95,511	**369,410**	372,308
Income from investments measured at fair value	6	**37,821**	64,928	**135,217**	118,153
Share of results of associates and joint ventures		**39,188**	12,125	**134,115**	30,712
Fees and commission income, net	7	**227,996**	300,804	**689,487**	717,944
Foreign exchange income		**66,643**	52,578	**183,462**	146,631
Income from investment properties		**9,291**	16,104	**27,849**	36,746
Other income		**1,766**	7,030	**8,364**	13,341
		1,524,804	1,471,996	**4,340,357**	4,340,268
OPERATING EXPENSES					
Employees' costs	8	**(359,887)**	(371,164)	**(1,077,662)**	(1,140,316)
General and administrative expenses	9	**(132,008)**	(161,192)	**(431,808)**	(484,396)
Depreciation		**(61,672)**	(67,418)	**(178,637)**	(206,210)
Amortisation of intangibles	25	**(13,800)**	(13,763)	**(40,951)**	(40,989)
Provision for impairment, net	10	**(384,204)**	(245,468)	**(751,008)**	(954,109)
		(951,571)	(859,005)	**(2,480,066)**	(2,826,020)
PROFIT FROM OPERATIONS, BEFORE DISTRIBUTION TO DEPOSITORS		**573,233**	612,991	**1,860,291**	1,514,248
Distribution to depositors	11	**(76,471)**	(95,963)	**(247,748)**	(407,649)
PROFIT FOR THE PERIOD BEFORE ZAKAT AND TAX		**496,762**	517,028	**1,612,543**	1,106,599
Zakat and tax	12	**(3,829)**	16,746	**(10,816)**	14,796
PROFIT FOR THE PERIOD AFTER ZAKAT AND TAX		**492,933**	533,774	**1,601,727**	1,121,395
Attributable to:					
Equity holders of the Bank		**492,629**	533,434	**1,601,032**	1,120,521
Non-controlling interest		**304**	340	**695**	874
		492,933	533,774	**1,601,727**	1,121,395
Basic and diluted earnings per share attributable to ordinary shares (AED)	13	**0.109**	0.120	**0.378**	0.242

The attached notes 1 to 42 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Three months and nine months ended 30 September 2021 (Unaudited)

		Three months ended 30 September		*Nine months ended 30 September*	
		2021	*2020*	***2021***	*2020*
	Notes	***AED '000***	*AED '000*	***AED '000***	*AED '000*
PROFIT FOR THE PERIOD AFTER ZAKAT AND TAX		**492,933**	533,774	**1,601,727**	1,121,395
Other comprehensive (loss) gain					
Items that will not be reclassified to consolidated income statement					
Net movement on valuation of equity investments carried at fair value through other comprehensive income	30	**1,068**	401	**1,703**	494
Directors' remuneration paid	36	**-**	-	**(7,350)**	(7,350)
Items that may be subsequently reclassified to consolidated income statement					
Net movement in valuation of investments in sukuk carried at fair value through other comprehensive income	30	**(5,235)**	16,872	**(27,366)**	9,404
Exchange differences arising on translation of foreign operations	30	**(1,883)**	22,127	**(3,566)**	(1,089)
Gain (loss) on hedge of foreign operations	30	**1,834**	(14,368)	**4,151**	2,913
Fair value loss on cash flow hedge	30	**(532)**	(2,849)	**(1,481)**	(1,162)
OTHER COMPREHENSIVE (LOSS) GAIN FOR THE PERIOD		**(4,748)**	22,183	**(33,909)**	3,210
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**488,185**	555,957	**1,567,818**	1,124,605
Attributable to:					
Equity holders of the Bank		**487,881**	555,617	**1,567,123**	1,123,731
Non-controlling interest		**304**	340	**695**	874
		488,185	555,957	**1,567,818**	1,124,605

The attached notes 1 to 42 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
At 30 September 2021 (Unaudited)

	Notes	30 September 2021 AED '000	Audited 31 December 2020 AED '000
ASSETS			
Cash and balances with central banks	14	**21,109,572**	19,579,524
Balances and wakala deposits with Islamic banks and other financial institutions	15	**3,703,311**	2,287,134
Murabaha and mudaraba with financial institutions	16	**984,003**	132,864
Murabaha and other Islamic financing	17	**38,894,292**	35,978,091
Ijara financing	18	**45,524,787**	47,431,270
Investment in sukuk measured at amortised cost	19	**9,346,400**	10,350,377
Investments measured at fair value	20	**4,073,792**	3,458,194
Investment in associates and joint ventures	21	**1,424,153**	1,301,662
Investment properties	22	**1,292,613**	1,310,347
Development properties	23	**713,701**	713,701
Other assets	24	**3,813,184**	2,820,609
Property and equipment		**2,341,767**	2,251,278
Goodwill and intangibles	25	**160,136**	201,087
TOTAL ASSETS		**133,381,711**	127,816,138
LIABILITIES			
Due to financial institutions	26	**2,920,126**	3,773,245
Depositors' accounts	27	**107,004,739**	101,276,128
Other liabilities	28	**3,528,859**	3,604,881
Total liabilities		**113,453,724**	108,654,254
EQUITY			
Share capital	29	**3,632,000**	3,632,000
Legal reserve		**2,640,705**	2,640,705
General reserve		**2,407,016**	2,407,016
Credit risk reserve		**400,000**	400,000
Retained earnings		**6,357,551**	5,671,295
Other reserves	30	**(274,564)**	(354,766)
Tier 1 sukuk	31	**4,754,375**	4,754,375
Equity attributable to the equity and Tier 1 sukuk holders of the Bank		**19,917,083**	19,150,625
Non-controlling interest		**10,904**	11,259
Total equity		**19,927,987**	19,161,884
TOTAL LIABILITIES AND EQUITY		**133,381,711**	127,816,138
CONTINGENT LIABILITIES AND COMMITMENTS	32	**12,844,043**	13,913,242

To the best of our knowledge, the condensed consolidated interim financial statements present fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented there in.

Chairman | **Group Chief Financial Officer**

The attached notes 1 to 42 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Nine months ended 30 September 2021 (Unaudited)

		Attributable to the equity and Tier 1 sukuk holders of the Bank									
	Notes	*Share capital AED '000*	*Legal reserve AED '000*	*General reserve AED '000*	*Credit risk reserve AED '000*	*Retained earnings AED '000*	*Other reserves AED '000*	*Tier 1 sukuk AED '000*	*Total AED '000*	*Non-controlling interest AED '000*	*Total equity AED '000*
Balance at 1 January 2021 - audited		3,632,000	2,640,705	2,407,016	400,000	5,671,295	(354,766)	4,754,375	19,150,625	11,259	19,161,884
Profit for the period		-	-	-	-	1,601,032	-	-	1,601,032	695	1,601,727
Other comprehensive loss		-	-	-	-	(7,350)	(26,559)	-	(33,909)	-	(33,909)
Profit paid on Tier 1 sukuk – Listed (second issue)	31	-	-	-	-	(196,250)	-	-	(196,250)	-	(196,250)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi	31	-	-	-	-	(30,830)	-	-	(30,830)	-	(30,830)
Zakat payable		-	-	-	-	193,758	-	-	193,758	-	193,758
Dividends paid	40	-	-	-	-	(747,343)	-	-	(747,343)	(1,050)	(748,393)
Dividends paid to charity		-	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Transfer from Impairment reserve – General	30	-	-	-	-	17,218	(17,218)	-	-	-	-
Transfer to Impairment reserve – Specific	30	-	-	-	-	(123,979)	123,979	-	-	-	-
Balance at 30 September 2021 - unaudited		**3,632,000**	**2,640,705**	**2,407,016**	**400,000**	**6,357,551**	**(274,564)**	**4,754,375**	**19,917,083**	**10,904**	**19,927,987**
Balance at 1 January 2020 - audited		3,632,000	2,640,705	2,250,033	400,000	5,776,978	(361,775)	4,754,375	19,092,316	11,101	19,103,417
Profit for the period		-	-	-	-	1,120,521	-	-	1,120,521	874	1,121,395
Other comprehensive income		-	-	-	-	(7,350)	10,560	-	3,210	-	3,210
Profit paid on Tier 1 sukuk – Listed (second issue)	31	-	-	-	-	(196,250)	-	-	(196,250)	-	(196,250)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi	31	-	-	-	-	(45,979)	-	-	(45,979)	-	(45,979)
Dividends paid	40	-	-	-	-	(994,313)	-	-	(994,313)	-	(994,313)
Dividends paid to charity		-	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
Transfer to Impairment reserve – General	30	-	-		-	(129,533)	129,533	-	-	-	-
Transfer to Impairment reserve – Specific	30	-	-	-	-	(68,508)	68,508	-	-	-	-
Balance at 30 September 2020 - unaudited		3,632,000	2,640,705	2,250,033	400,000	5,435,566	(153,174)	4,754,375	18,959,505	11,975	18,971,480

The attached notes 1 to 42 form part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
Nine months ended 30 September 2021 (Unaudited)

	Notes	***Nine months ended 30 September 2021 AED '000***	*Nine months ended 30 September 2020 AED '000*
OPERATING ACTIVITIES			
Profit for the period		**1,601,727**	1,121,395
Adjustments for:			
Depreciation on investment properties	22	**6,837**	12,812
Depreciation on property and equipment		**118,076**	143,955
Depreciation on right-of-use assets		**53,724**	49,443
Amortisation of intangibles	25	**40,951**	40,989
Share of results of associates and joint ventures		**(134,115)**	(30,712)
Realised (gain)/loss on investments carried at fair value through profit or loss	6	**(22,531)**	9,033
Unrealised loss/(gain) on investments carried at fair value through profit or loss	6	**4,630**	(21,114)
Realised gain on sukuk carried at fair value through other comprehensive income	6	**(27,632)**	(29,811)
Dividend income	6	**(1,776)**	(200)
Finance cost on lease liabilities	9	**7,978**	6,963
Provision for impairment, net	10	**751,008**	954,109
Gain on disposal of investment properties		**-**	(6,507)
Operating profit before changes in operating assets and liabilities		**2,398,877**	2,250,355
(Increase)/decrease in balances with central banks		**(4,351,579)**	3,415,967
(Increase)/decrease in balances and wakala deposits with Islamic banks and other financial institutions		**(1,161,233)**	278,540
Increase murabaha and mudaraba with financial institutions		**(700,013)**	(45,522)
Increase in murabaha and other Islamic financing		**(3,200,197)**	(1,509,604)
Decrease/(increase) in ijara financing		**1,458,382**	(1,414,646)
Net movement in investments carried at fair value through profit or loss		**(462,757)**	(731,904)
Increase in other assets		**(992,970)**	(132,473)
(Decrease)/increase due to financial institutions		**(307,347)**	1,297,378
Increase/(decrease) in depositors' accounts		**5,732,762**	(685,773)
Increase in other liabilities		**108,260**	317,811
Cash (used in) from operations		**(1,477,815)**	3,040,129
Directors' remuneration paid		**(7,350)**	(7,350)
Net cash (used in) from operating activities		**(1,485,165)**	3,032,779
INVESTING ACTIVITIES			
Net movement in investments carried at fair value through other comprehensive income		**(134,184)**	(419,287)
Net movement in investments carried at amortised cost		**986,419**	601,033
Dividend received from an associate		**8,333**	10,416
Dividend income received	6	**1,776**	200
Proceeds from disposal of investment properties		-	15,800
Purchase of property and equipment		**(262,289)**	(158,503)
Net cash from investing activities		**600,055**	49,659
FINANCING ACTIVITIES			
Profit paid on Tier 1 sukuk – Listed (second issue)	31	**(196,250)**	(196,250)
Profit paid on Tier 1 sukuk to Government of Abu Dhabi	31	**(30,830)**	(45,979)
Finance cost on lease liability	9	**(7,978)**	(6,963)
Dividends paid		**(749,602)**	(998,647)
Net cash used in financing activities		**(984,660)**	(1,247,839)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,869,770)**	1,834,599
Cash and cash equivalents at 1 January		**6,929,656**	6,515,417
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	35	**5,059,886**	8,350,016

Operating cash flows from profit on balances and wakala deposits with Islamic banks and other financial institutions, murabaha and mudaraba with financial institutions, customer financing, sukuk and customer deposits are as follows:

Profit received	**3,248,943**	2,975,471
Profit paid to depositors and sukuk holders	**242,630**	428,492

The attached notes 1 to 42 form part of these condensed consolidated interim financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Abu Dhabi Islamic Bank PJSC the ("Bank") was incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE), as a public joint stock company with limited liability, in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the Amiri Decree No. 9 of 1997. The Federal Law No. 2 of 2015, concerning Commercial Companies has replaced the existing Federal Law No. 8 of 1984. The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Bank shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

On 23 September 2018, a new Decretal Federal Law No 14 of 2018 regarding the Central Bank and Organization of Financial Institutions and Activities was issued. As per the transitional provisions of the new law, financial institutions are to ensure compliance within 3 years from the date of issuance of the decretal law. The Bank is in the process of adopting the new decretal federal law and will be fully compliant before the transitional provisions deadline.

The Bank and its subsidiaries the ("Group") carry out full banking services, financing and investing activities through various Islamic instruments such as Murabaha, Istisna'a, Mudaraba, Musharaka, Ijara, Wakalah, Sukuk etc. The activities of the Bank are conducted in accordance with Islamic Shari'a, which prohibits usury as determined by the Fatwa and Shari'a Supervisory Board of the Bank, and within the provisions of the Articles and Memorandum of Association of the respective entities within the Group.

In addition to its main office in Abu Dhabi, the Bank operates through its 63 branches in UAE (2020: 69 branches) and 3 overseas branches in Iraq, Qatar and Sudan and subsidiaries in the UAE and the United Kingdom. The condensed consolidated interim financial statements combine the activities of the Bank's head office, its branches and subsidiaries.

The registered office of the Bank is at P O Box 313, Abu Dhabi, UAE.

The condensed consolidated interim financial statements of the Group were authorised for issue by the Board of Directors on 31 October 2021.

2 DEFINITIONS

The following terms are used in the condensed consolidated interim financial statements with the meanings specified:

Murabaha
A sale contract, in which the Group sells to a customer a physical asset, goods, or shares already owned and possessed (either physically or constructively) at a selling price that consists of the purchase cost plus a mark-up profit.

Istisna'a
A sale contract, in which the Group (Al Saanee) sells an asset to be developed using its own materials to a customer (Al Mustasnee) according to pre-agreed upon precise specification, at a specific price, installments dates and to be delivered on a specific date. This developed asset can be either developed directly by the Group or through a subcontractor and then it is handed over to the customer on the pre-agreed upon date.

Ijara
A lease contract whereby the Group (the Lessor) leases to a customer (the Lessee) a service or the usufruct of an owned or rented physical asset that either exists currently or to be constructed in future (forward lease) for a specific period of time at specific rental installments. The lease contract could be ended by transferring the ownership of a leased physical asset through an independent mode to the lessee.

Qard Hasan
A non-profit bearing loan that enables the borrower to use the borrowed amount for a specific period of time, at the end of which the same borrowed amounts would be repaid free of any charges or profits.

2 DEFINITIONS continued

Musharaka
A contract between the Group and a customer to entering into a partnership in an existing project (or to be established), or in the ownership of a specific asset, either on ongoing basis or for a limited time, during which the Group enters in particular arrangements with the customer to sell to him/her its share in this partnership until he/she becomes the sole owner of it (diminishing musharaka). Profits are distributed according to the mutual agreement of the parties as stipulated in the contract; however, losses are borne according to the exact shares in the Musharaka capital on a pro-rata basis.

Mudaraba
A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal) and the other party (the Mudarib) invests the funds in a project or a particular activity and any generated profits are distributed between the parties according to the profit shares that were pre-agreed upon in the contract. The Mudarib is responsible of all losses caused by his misconduct, negligence or violation of the terms and conditions of the Mudaraba; otherwise, losses are borne by Rab Al Mal.

Wakalah
A contract between the Group and a customer whereby one party (the principal: the Muwakkil) appoints the other party (the agent: Wakil) to invest certain funds according to the terms and conditions of the Wakala for a fixed fee in addition to any profit exceeding the expected profit as an incentive for the Wakil for the good performance. Any losses as a result of the misconduct or negligence or violation of the terms and conditions of the Wakala are borne by the Wakil; otherwise, they are borne by the principal.

Sukuk
Certificates which are equal in value and represent common shares in the ownership of a specific physical asset (leased or to be leased either existing or to be constructed in future), or in the ownership of cash receivables of selling an existing-owned asset, or in the ownership of goods receivables, or in the ownership of the assets of Mudaraba or Partnership companies. In all these cases, the Sukuk holders shall be the owners of their common shares in the leased assets, or in the cash receivables, or the goods receivable, or in the assets of the Partnership or the Mudaraba.

3 BASIS OF PREPARATION

3.1 (a) Statement of compliance
The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in compliance with general principles of the Shari’a as determined by the Group’s Fatwa and Shari’a Supervisory Board.

3.1 (b) Accounting convention
The condensed consolidated interim financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income, Shari'a compliant alternatives of derivative financial instruments which have been measured at fair value and land, held as property and equipment, which has been carried at revalued amount.

The condensed consolidated interim financial statements have been presented in UAE Dirhams (AED), which is the functional currency of the Bank and all values are rounded to the nearest thousand AED except where otherwise indicated.

3 BASIS OF PREPARATION continued

3.1 (c) Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Bank and those of its following subsidiaries:

	Activity	*Country of incorporation*	*Percentage of holding* **2021**	*2020*
Abu Dhabi Islamic Securities Company LLC	Equity brokerage services	United Arab Emirates	**95%**	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	**100%**	100%
MPM Properties LLC	Real estate services	United Arab Emirates	**100%**	100%
ADIB Invest 1	Equity brokerage services	BVI	**100%**	100%
Kawader Services LLC	Manpower supply	United Arab Emirates	**100%**	100%
ADIB (UK) Limited	Other services	United Kingdom	**100%**	100%
ADIB Holdings (Jersey) Ltd* (under liquidation)	Special purpose vehicle	British Channel Islands	-	-
ADIB Sukuk Company Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Sukuk Company II Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 1 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 2 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Alternatives Ltd*	Special purpose vehicle	Cayman Island	-	-

*The Bank does not have any direct holding in these entities and they are considered to be a subsidiary by virtue of control.

These condensed consolidated interim financial statements include the operations of the subsidiaries over which the Bank has control. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. All intra-group balances, transactions, income and expenses and gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represent the portion of the net income or loss and net assets of the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity of the Bank.

3.2 Significant judgements and estimates

The preparation of the condensed consolidated interim financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors. In order to reduce the element of subjectivity, the Group has laid down clear criteria to enable estimation of future cash flows. As estimates are based on judgments, actual results may differ, resulting in future changes in such provisions.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2020.

4 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. In addition, results for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

As required by Securities and Commodities Authority of UAE (“SCA”) notification no. 2635/2008 dated 12 October 2008, accounting policies related to financial instruments as disclosed in the annual consolidated financial statements are provided below:

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Changes in accounting policies after the adoption of IFRS

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group’s future transactions or arrangements.

Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

Amendment to IFRS 3 Business Combinations relating to definition of a business
The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only.

Amendments to IAS 1 and IAS 8 relating to Definition of Material
The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

Covid-19-related Rent Concessions (Amendment to IFRS 16)
The amendment was published by International Accounting Standard Board in May 2020 to provide practical relief to lessees in accounting for rent concessions arising as a result of Covid-19.

Profit Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
The impact of the replacement of interbank offered rates (IBOR) with alternative benchmark risk-free rates on the Group’s products and services remains a key area of focus. The Group has exposure to contracts referencing benchmark rates, such as LIBOR and EIBOR, extending past 2021 when it is likely that these benchmark rates will cease being published. The Group’s exposure to cash flow hedges and fair value hedges linked to benchmark rates maturing beyond the year 2021 is not considered material.

Management has commenced a project to ensure the Group’s transition to new benchmark rate regimes after 2021 by considering changes in its products, services, systems and reporting. The project is significant in terms of scale and complexity and will impact all facets of its operations from customer contracts and dealings to banks risk management processes and earnings. The Group continues to engage with internal and external stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated interim financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES continued

New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 16 *Property, Plant and Equipment*, Proceeds before intended use	1 January 2022
Annual Improvements 2018-2020 cycle	1 January 2022
Amendments to IFRS 3 *Business Combination*	1 January 2022
Amendments to IAS 37 *Onerous Contracts*, Cost of fulfilling a contract	1 January 2022
Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2023
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IFRS 10 *Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial statements of the Group in the period of initial application.

Financial instruments

Recognition and measurement
Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group are further analysed as:

- Customer financing;
- Balances and wakala deposits with Islamic banks and other financial institutions;
- Murabaha and mudaraba with financial institutions;
- Investment in sukuk;
- Investment in equity instruments;
- Trade and other receivables; and
- Sharia compliant alternatives of derivatives.

The Group's customer financing comprise the following:
- Murabaha and other Islamic financing; and
- Ijara financing.

Financial assets are classified in their entirety on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Classification

Financial assets at amortised cost

Balances and wakala deposits with Islamic banks and other financial institutions, Murabaha and mudaraba with financial institutions, Acceptances, Murahaba and other Islamic financing (excluding Istisna'a) and investment in sukuk, are measured at amortised cost, if both the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition.

Other financial assets that do not meet the amortised cost criteria are classified as FVTPL. In addition, certain financial assets that meet the amortised cost criteria but at initial recognition are designated as FVTPL in line with the business model of the Group. As a fair value option, a financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets that are designated as FVTPL on initial recognition as fair value option is not allowed.

Financial assets at fair value through other comprehensive income ("FVTOCI")

At initial recognition, the Group can make an irrevocable election (on instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI.

A financial asset is FVTPL if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is part of identified financial instrument that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a Shari'a compliant alternatives of derivative financial instruments and not designated and effective as a hedging instrument or a financial guarantee.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Measurement

Financial assets or financial liabilities carried at amortised cost

Financial assets are recorded at amortised cost, which includes Balances and wakala deposits with Islamic banks and other financial institutions, Murabaha and mudaraba with financial institutions, Acceptances, Murahaba and other Islamic financing (excluding Istisna'a) and investment in sukuk, less any reduction for impairment. Amortised cost is calculated using the effective profit rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective profit rate of the instrument.

Balances and deposits with banks and other financial institutions, Murabaha and Mudaraba with financial institutions, Murabaha, Ijara, Mudaraba and certain other Islamic financing are financial assets with fixed or expected profit payments. These assets are not quoted in an active market. They arise when the Group provides funds directly to a customer with no intention of trading the receivable. Financial liabilities are liabilities where the Group has a contractual obligation to deliver cash or another financial asset or exchange financial instruments under conditions that are potentially unfavourable to the Group.

Balances and wakala deposits with Islamic banks and other financial institutions are stated at amortised cost less amounts written off and provision for impairment, if any.

Murabaha and mudaraba with financial institutions are stated at amortised cost (which excludes deferred income or expected profits) less provisions for impairment.

Islamic financing consist of murabaha receivables, mudaraba, Istisna'a, Islamic covered cards (murabaha based) and other Islamic financing.

Istisna'a cost is measured and reported in the consolidated financial statements at a value not exceeding the cash equivalent value.

Other Islamic financing are stated at amortised cost (which excludes deferred income) less any provisions for impairment.

The Ijara is classified as a finance lease, when the Bank undertakes to sell the leased assets to the lessee using an independent agreement upon the maturity of the lease and the sale results in transferring all the risks and rewards incident to an ownership of the leased assets to the lessee. Leased assets represents finance lease of assets for periods, which either approximate or cover a major part of the estimated useful lives of such assets. Leased assets are stated at amounts equal to the net investment outstanding in the leases including the income earned thereon less impairment provisions.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement is included within 'investment income' in the consolidated income statement.

Financial assets at fair value through other comprehensive income ("FVTOCI")

Investments in equity instruments are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of other comprehensive income and accumulated in the cumulative changes in fair values within equity.

Where the assets are disposed off, except for sukuk measured at FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair values is not transferred to the consolidated income statement, but is reclassified to retained earnings. Financial assets (equity instruments) measured at FVTOCI are not required to be tested for impairment.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Measurement (continued)
Financial assets at fair value through other comprehensive income ("FVTOCI") continued
For sukuk measured at FVTOCI which are disposed off, the cumulative gain or loss previously recognised in the consolidated statement of other comprehensive income is reclassified from equity to consolidated income statement. Financial assets (Sukuk instruments) measured at FVTOCI are tested for impairment.

For investments quoted in active market, fair value is determined by reference to quoted market prices.

For other investments, where there is no active market, fair value is normally based on one of the following:

- the expected cash flows discounted at current profit rates applicable for items with similar terms and risk characteristics
- brokers' quotes
- recent market transactions

Dividends on investment in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividend is established, unless the dividends clearly represent a recovery of part of the cost of investment.

(i) Recognition / De-recognition
The Group initially recognises financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income on the settlement date at which the Group becomes a party to the contractual provisions of the instrument.

Financing to customers are recognised on the day they are disbursed. A financial liability is recognised on the date the Group becomes a party to contractual provisions of the instrument.

A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset expires or when it transfers the financial asset. A financial liability is de-recognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets designated at fair value through profit or loss, and financial assets at fair value through other comprehensive income that are sold are de-recognised and corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets. The Group uses the specific identification method to determine the gain or loss on de-recognition.

(ii) Offsetting of financial instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right and under Sharia'a framework to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment assessment
The Group assesses whether financial assets carried at amortised cost and carried at FVTOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the finance customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the finance customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Impairment assessment continued

Measurement of Expected Credit Losses (ECL):
The impairment of financial assets are calculated in accordance with IFRS 9 expected credit loss (ECL) model. The standard introduces a new single model for the measurement of impairment losses on all financial assets including financing and sukuk measured at amortized cost or at fair value through OCI. The ECL model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

Stage 1: 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a factor that represents the Probability of Default (PD) occurring over the next 12 months and Loss Given Default (LGD).

Stage 2: Under Stage 2, where there has been a SICR since initial recognition but the financial instruments are not considered credit impaired, an amount equal to the lifetime ECL will be recorded which is computed using lifetime PD, LGD and Exposure at Default (EAD) measures. Provisions are expected to be higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3: Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition. 12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

ECL is calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), and discounting at the initial effective profit rate. The Group has developed a range of models to estimate these parameters. For the portfolios where sufficient historical data was available, the Group developed a statistical model and for other portfolios judgmental models were developed.

Renegotiated financing facilities
Where possible, the Bank seeks to restructure financing facilities rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new conditions. Management continually reviews renegotiated facilities to ensure that all future payments are highly expected to occur.

When the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the finance customer, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the exiting asset, then the expected cash flows arising from the modified financial asset are included in calculating the gross carrying amount of the financial asset as the present value of the renegotiated or modified cash flows, that are discounted at the financial asset at the original effective profit rate and shall recognize the modification gain or loss in the profit or loss.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Purchased or originated credit impaired assets (POCI)
POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit income is subsequently recognized based on a credit-adjusted expected profit rate. Lifetime ECLs are only recognised or released to the extent that there is a subsequent change in the ECL.

Covered card facilities
The Group's product offering includes a variety of covered cards facilities, in which the Group has the right to cancel and/or reduce the facilities at a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Write-off
Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Zakat
As the Bank is not required to dispose Zakat by UAE laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, each shareholder is responsible of his or her own Zakat. In accordance with the Articles and Memorandum of Association of the Bank, Zakat is computed by the Bank and it is approved by the Fatwa and Shari'a Supervisory Board of the Bank. However, in few jurisdictions, Zakat of the Bank's branches and subsidiaries is mandatory by laws to be paid to a governmental entity responsible of Zakat, therefore, the Bank acts accordingly to these laws and pays the Zakat to these entities on behalf of the Shareholders and deducts the amount paid as Zakat from the total zakat amount and the Zakat amount per each outstanding share.

Zakat per share is calculated in accordance with AAOIFI's Accounting Standard number 9 & Shari'a Standard number 35, and the Group's Fatwa and Shari'a Supervisory Board Resolutions.

In accordance with the Memorandum of Association, the Group communicates the amount of Zakat per share and it is the responsibility of each shareholder to dispose personally his/her own Zakat (note 33).

5 INCOME FROM MURABAHA, MUDARABA, IJARA AND OTHER ISLAMIC FINANCING FROM CUSTOMERS

	Three months ended 30 September		***Nine months ended 30 September***	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Vehicle murabaha	**56,126**	58,045	**168,458**	174,219
Goods murabaha	**41,707**	24,919	**117,288**	91,770
Share murabaha	**211,603**	236,464	**652,010**	726,882
Commodities murabaha – Al Khair	**87,139**	87,805	**264,758**	271,507
Islamic covered cards (murabaha)	**72,816**	68,097	**203,657**	215,072
Other murabaha	**54,876**	47,421	**145,930**	129,694
Total murabaha	**524,267**	522,751	**1,552,101**	1,609,144
Mudaraba	**-**	98	**36**	290
Wakala	**4,688**	5,580	**14,860**	17,078
Ijara	**495,135**	384,498	**1,197,145**	1,224,356
Istisna'a		60	**19**	185
	1,024,090	912,987	**2,764,161**	2,851,053

6 INCOME FROM INVESTMENTS MEASURED AT FAIR VALUE

	Three months ended 30 September		***Nine months ended 30 September***	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Income from sukuk measured at fair value through profit or loss	**14,168**	12,021	**40,040**	41,448
Income from sukuk measured at fair value through other comprehensive income	**15,220**	16,029	**42,352**	40,714
Realised gain/(loss) on sale of investments carried at fair value through profit or loss	**3,734**	(4,270)	**22,531**	(9,033)
Unrealised (loss)/gain on investments carried at fair value through profit or loss	**(5,405)**	19,092	**(4,630)**	21,114
Realised gain on sale of sukuk carried at fair value through other comprehensive income	**3,934**	22,096	**27,632**	29,811
Gain/(loss) from other investment assets	**4,485**	(40)	**5,516**	(6,101)
Dividend income	**1,685**	-	**1,776**	200
	37,821	64,928	**135,217**	118,153

7 FEES AND COMMISSION INCOME, NET

	Three months ended 30 September		*Nine months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Fees and commission income				
Fees and commission income on cards	**229,289**	192,787	**616,521**	514,534
Trade related fees and commission	**15,830**	13,128	**48,571**	47,327
Takaful related fees	**5,131**	63,281	**43,246**	129,759
Accounts services fees	**23,198**	18,282	**68,182**	55,454
Projects and property management fees	**10,913**	10,664	**32,759**	30,123
Risk participation and arrangement fees	**9,844**	40,554	**43,048**	77,291
Brokerage fees and commission	**6,533**	6,321	**18,460**	14,949
Other fees and commissions	**110,154**	96,809	**306,669**	263,268
Total fees and commission income	**410,892**	441,826	**1,177,636**	1,132,705
Fees and commission expenses				
Card related fees and commission expenses	**(157,249)**	(127,621)	**(412,346)**	(371,992)
Other fees and commission expenses	**(25,647)**	(13,401)	**(75,803)**	(42,769)
Total fees and commission expenses	**(182,896)**	(141,022)	**(488,149)**	(414,761)
Fees and commission income, net	**227,996**	300,804	**689,487**	717,944

8 EMPLOYEES' COSTS

	Three months ended 30 September		*Nine months ended 30 September*	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Salaries and wages	**322,422**	337,029	**967,894**	1,033,235
End of service benefits	**15,422**	16,153	**45,882**	49,531
Other staff expenses	**22,043**	17,982	**63,886**	57,550
	359,887	371,164	**1,077,662**	1,140,316

9 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Legal and professional expenses	**20,772**	34,774	**62,934**	91,991
Premises expenses	**18,928**	27,647	**57,301**	81,019
Marketing and advertising expenses	**11,910**	13,098	**40,591**	42,697
Communication expenses	**22,585**	22,518	**65,054**	62,503
Technology related expenses	**38,619**	38,732	**127,082**	115,561
Finance cost on lease liabilities	**1,508**	448	**7,978**	6,963
Other operating expenses	**17,686**	23,975	**70,868**	83,662
	132,008	161,192	**431,808**	484,396

10 PROVISION FOR IMPAIRMENT, NET

	Three months ended 30 September		Nine months ended 30 September	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Murabaha and other Islamic financing	**117,162**	17,849	**298,241**	209,843
Ijara financing	**239,189**	209,460	**448,101**	629,792
Recoveries, net of direct write-off	**356**	3,809	**(14,245)**	(12,148)
Others	**27,497**	14,350	**18,911**	126,622
	384,204	245,468	**751,008**	954,109

11 DISTRIBUTION TO DEPOSITORS

	Three months ended 30 September		Nine months ended 30 September	
	2021	*2020*	***2021***	*2020*
	AED '000	*AED '000*	***AED '000***	*AED '000*
Saving accounts	**46,511**	45,223	**144,327**	136,023
Investment accounts	**29,960**	50,740	**103,421**	271,626
	76,471	95,963	**247,748**	407,649

12 ZAKAT AND TAX

Zakat
In few jurisdictions, Zakat of the Bank's branches and subsidiaries is mandatory by laws to be paid to a governmental entity responsible of Zakat, therefore, the Bank acts accordingly to these laws and pays the Zakat to these.

As the Bank is not required to dispose Zakat by UAE laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, each shareholder is responsible of his or her own Zakat.

Tax
Bank pays tax only on its international branches and subsidiary in accordance with the tax laws prevailing in those countries.

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the period are attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of any financial instruments with dilutive effects.

The following reflects the income and shares data used in the earnings per share computations:

		Three months ended 30 September		***Nine months ended 30 September***	
	Notes	***2021***	*2020*	***2021***	*2020*
Profit for the period attributable to equity holders - (AED '000)		**492,629**	533,434	**1,601,032**	1,120,521
Less: profit attributable to Tier 1 sukuk:					
- Listed (second issue) - (AED '000)	31	**(98,125)**	(98,125)	**(196,250)**	(196,250)
- Government of Abu Dhabi - (AED '000)	31	**-**	-	**(30,830)**	(45,979)
Profit for the period attributable to ordinary shareholders after deducting profit relating to Tier 1 sukuk (AED '000)		**394,504**	435,309	**1,373,952**	878,292
Weighted average number of ordinary shares in issue (000's)		**3,632,000**	3,632,000	**3,632,000**	3,632,000
Basic and diluted earnings per share (AED)		**0.109**	0.120	**0.378**	0.242

The Bank does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised. Profit on Tier 1 sukuk is reflected in the EPS computation on the payment of such profit.

14 CASH AND BALANCES WITH CENTRAL BANKS

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Cash on hand	**1,863,069**	1,541,178
Balances with central banks:		
- Current accounts	**1,080,740**	1,023,920
- Statutory reserve	**9,363,472**	9,013,897
- Islamic certificate of deposits	**8,802,291**	8,000,529
	21,109,572	19,579,524

The Bank is required to maintain statutory reserves with the Central Bank of the UAE, Iraq and Sudan on demand, time and other deposits. The statutory reserves are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the Central Bank. Cash on hand and current accounts are not profit-bearing. Islamic certificate of deposits are profit bearing, which is based on entering into international commodities Murabaha transaction in which Central Bank of the UAE and Central Bank of Iraq are the buyers and the Bank is the seller.

The distribution of the cash and balances with central banks by geographic region is as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
UAE	**19,688,475**	18,217,266
Rest of the Middle East	**1,313,322**	1,187,942
Others	**107,775**	174,316
	21,109,572	19,579,524

15 BALANCES AND WAKALA DEPOSITS WITH ISLAMIC BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Current accounts	**532,700**	430,049
Wakala deposits	**3,185,007**	1,871,662
	3,717,707	2,301,711
Less: provision for impairment	**(14,396)**	(14,577)
	3,703,311	2,287,134

In accordance with Shari'a principles, deposits are invested only with Islamic financial institutions. The Bank does not earn profits on current accounts with banks and financial institutions.

15 BALANCES AND WAKALA DEPOSITS WITH ISLAMIC BANKS AND OTHER FINANCIAL INSTITUTIONS continued

The distribution of the balances and wakala deposits with Islamic banks and other financial institutions by geographic region is as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
UAE	**1,168,545**	143,180
Rest of the Middle East	**1,911,625**	1,250,374
Europe	**100,102**	142,506
Others	**537,435**	765,651
	3,717,707	2,301,711

16 MURABAHA AND MUDARABA WITH FINANCIAL INSTITUTIONS

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Murabaha	**984,151**	132,912
Less: provision for impairment	**(148)**	(48)
	984,003	132,864

In accordance with Shari'a principles, Mudaraba are with Islamic financial institutions or provided for the activities that are entirely Sharia' compliant.

The distribution of the gross murabaha and mudaraba with financial institutions by geographic region is as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
UAE	**903,161**	45,096
Rest of the Middle East	**80,990**	87,816
	984,151	132,912

17 MURABAHA AND OTHER ISLAMIC FINANCING

	30 September 2021 **AED '000**	*Audited* *31 December 2020* *AED '000*
Vehicle murabaha	**5,011,068**	5,041,904
Goods murabaha	**8,457,773**	5,845,608
Share murabaha	**15,314,973**	16,027,978
Commodities murabaha – Al Khair	**7,113,924**	7,049,669
Islamic covered cards (murabaha)	**8,732,009**	11,444,899
Other murabaha	**6,831,215**	5,686,406
Total murabaha	**51,460,962**	51,096,464
Mudaraba	**26,964**	28,379
Wakala	**1,075,349**	1,096,471
Istisna'a	**93,170**	93,950
Other financing receivables	**52,089**	60,676
Total murabaha and other Islamic financing	**52,708,534**	52,375,940
Less: deferred income on murabaha	**(11,579,175)**	(14,423,716)
	41,129,359	37,952,224
Less: provision for impairment	**(2,235,067)**	(1,974,133)
	38,894,292	35,978,091

The distribution of the gross murabaha and other Islamic financing by industry sector and geographic region was as follows:

	30 September 2021 **AED '000**	*Audited* *31 December 2020* *AED '000*
Industry sector:		
Government	**2,650**	294,591
Public sector	**4,461,344**	3,263,132
Corporates	**2,499,683**	2,011,543
Financial institutions	**1,859,313**	1,441,073
Individuals	**31,898,883**	30,597,204
Small and medium enterprises	**407,486**	344,681
	41,129,359	37,952,224
Geographic region:		
UAE	**35,096,944**	34,309,824
Rest of the Middle East	**3,152,223**	1,584,497
Europe	**2,322,586**	1,512,329
Others	**557,606**	545,574
	41,129,359	37,952,224

18 IJARA FINANCING

This represents net investment in assets leased for periods which either approximate or cover major parts of the estimated useful lives of such assets. The documentation includes a separate undertaking from the Bank to sell the leased assets to the lessee upon the maturity of the lease.

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
The aggregate future lease receivables are as follows:		
Due within one year	**9,299,345**	10,041,304
Due in the second to fifth year	**22,560,363**	21,777,280
Due after five years	**29,026,395**	30,437,991
Total Ijara financing	**60,886,103**	62,256,575
Less: deferred income	**(12,891,600)**	(12,802,018)
Net present value of minimum lease payments receivable	**47,994,503**	49,454,557
Less: provision for impairment	**(2,469,716)**	(2,023,287)
	45,524,787	47,431,270

The distribution of the gross ijara financing by industry sector and geographic region was as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Industry sector:		
Government	**391,373**	-
Public sector	**9,005,107**	9,578,891
Corporates	**16,748,048**	17,725,429
Individuals	**21,616,958**	21,904,338
Small and medium enterprises	**90,303**	101,598
Non-profit organisations	**142,714**	144,301
	47,994,503	49,454,557
Geographic region:		
UAE	**46,160,821**	47,808,671
Rest of the Middle East	**1,202,657**	1,017,418
Europe	**207,032**	381,501
Others	**423,993**	246,967
	47,994,503	49,454,557

19 INVESTMENT IN SUKUK MEASURED AT AMORTISED COST

	30 September 2021 AED '000	Audited 31 December 2020 AED '000
Sukuk - Quoted	**9,453,663**	10,440,082
Less: provision for impairment	**(107,263)**	(89,705)
	9,346,400	10,350,377

The distribution of the gross investments by geographic region was as follows:

UAE	**6,723,114**	7,930,840
Rest of the Middle East	**2,228,132**	2,093,403
Others	**502,417**	415,839
	9,453,663	10,440,082

20 INVESTMENTS MEASURED AT FAIR VALUE

	30 September 2021 AED '000	Audited 31 December 2020 AED '000
Investments carried at fair value through profit or loss		
Quoted investments		
Equities	**9,502**	5,983
Sukuk	**2,123,567**	1,646,428
	2,133,069	1,652,411
Investments carried at fair value through other comprehensive income		
Quoted investments		
Equities	**26,793**	25,693
Sukuk	**1,762,916**	1,638,636
	1,789,709	1,664,329
Unquoted investments		
Sukuk	**70,455**	72,437
Funds	**33,256**	34,365
Private equities	**64,290**	50,426
	168,001	157,228
	1,957,710	1,821,557
	4,090,779	3,473,968
Less: provision for impairment	**(16,987)**	(15,774)
Total investments measured at fair value	**4,073,792**	3,458,194

20 INVESTMENTS MEASURED AT FAIR VALUE continued

The distribution of the gross investments by geographic region was as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
UAE	**1,884,642**	2,141,586
Rest of the Middle East	**1,218,234**	623,276
Europe	**6,453**	383
Others	**981,450**	708,723
	4,090,779	3,473,968

21 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The movement in the carrying amount during the period was as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
At the beginning of the period	**1,317,769**	1,296,784
Share of results	**134,115**	10,781
Dividends received	**(8,333)**	(10,416)
Foreign currency translation	**(3,282)**	20,620
	1,440,269	1,317,769
Less: provision for impairment	**(16,116)**	(16,107)
At the end of the period	**1,424,153**	1,301,662

The movement in the provision for impairment during the period was as follows:

At the beginning of the period	**16,107**	16,535
Charge (reversals) for the period	**9**	(428)
At the end of the period	**16,116**	16,107

21 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

Details of the Bank's investment in associates and joint ventures at 30 September is as follows:

	Place of incorporation	*Proportion of ownership interest*		*Principal activity*
		2021	*2020*	
		%	*%*	
Associates				
Abu Dhabi National Takaful PJSC	UAE	**42**	42	Islamic insurance
Bosna Bank International D.D	Bosnia	**27**	27	Islamic banking
The Residential REIT (IC) Limited	UAE	**29**	30	Real estate fund
Joint ventures				
Abu Dhabi Islamic Bank – Egypt (S.A.E.)	Egypt	**49**	49	Islamic Banking
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	**51**	51	Islamic Retail Finance
Arab Link Money Transfer PSC (under liquidation)	UAE	**51**	51	Currency Exchange
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	**51**	51	Merchant acquiring

22 INVESTMENT PROPERTIES

The movement in investment properties balance during the period was as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Cost:		
Balance at the beginning of the period	**1,507,307**	1,529,731
Disposals	**(10,897)**	(22,424)
Gross balance at the end of the period	**1,496,410**	1,507,307
Less: provision for impairment	**(119,071)**	(119,071)
Net balance at the end of the period	**1,377,339**	1,388,236
Accumulated depreciation:		
Balance at the beginning of the period	**77,889**	69,849
Charge for the period	**6,837**	16,859
Relating to disposals	**-**	(8,819)
Balance at the end of the period	**84,726**	77,889
Net book value at the end of the period	**1,292,613**	1,310,347

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 27,849 thousand (30 September 2020: AED 28,544 thousand) for the nine months period ended 30 September 2021.

22 INVESTMENT PROPERTIES continued

The movement in the provision for impairment during the period was as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
At the beginning of the period	**119,071**	118,446
Charge for the period	**-**	625
Balance at the end of the period	**119,071**	119,071

The distribution of investment properties by geographic region was as follows:

UAE	**1,403,470**	1,421,204
Rest of the Middle East	**8,214**	8,214
	1,411,684	1,429,418

23 DEVELOPMENT PROPERTIES

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Development properties	**837,381**	837,381
Less: provision for impairment	**(123,680)**	(123,680)
	713,701	713,701

The movement in the provision for impairment during the period was as follows:

At the beginning of the period	**123,680**	92,532
Charge for the period	**-**	31,148
At the end of the period	**123,680**	123,680

Development properties include land with a carrying value of AED 676,320 thousand (2020: AED 676,320 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in the UAE.

24 OTHER ASSETS

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Acceptances	**340,581**	258,622
Assets acquired in satisfaction of claims	**87,912**	88,737
Trade receivables	**669,289**	243,212
Prepaid expenses	**942,696**	613,289
Accrued profit	**237,364**	223,727
Other receivables	**-**	183,625
Positive fair value of Shari'a compliant alternatives of derivative financial instruments	**1,097**	2,796
Others, net	**1,534,245**	1,206,601
	3,813,184	2,820,609

Assets acquired in exchange for claims in order to achieve an orderly realization are recorded as "Assets acquired in satisfaction of claims". The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the claim (net of provision for impairment) at the date of exchange.

25 GOODWILL AND INTANGIBLES

		Other intangible assets		
	Goodwill AED '000	*Customer relationships AED '000*	*Core deposit AED '000*	*Total AED '000*
At 1 January 2020 - audited	109,888	121,557	24,394	255,839
Amortisation during the year	-	(45,600)	(9,152)	(54,752)
At 1 January 2021 - audited	**109,888**	**75,957**	**15,242**	**201,087**
Amortisation during the period	**-**	**(34,106)**	**(6,845)**	**(40,951)**
At 30 September 2021 - unaudited	**109,888**	**41,851**	**8,397**	**160,136**

On 6 April 2014, the Bank acquired retail banking business of Barclays Bank in the U.A.E. During the second quarter 2014, the acquisition was approved by the Central Bank of the UAE. Based on the purchase price allocation, the Bank has recognized AED 438,012 thousand as intangible asset and AED 109,888 as goodwill.

Goodwill
For the purpose of impairment testing, goodwill is allocated to the Bank's operating divisions which represent the lowest level within the Bank at which the goodwill is monitored for internal management purposes.

25 GOODWILL AND INTANGIBLES continued

Other intangible assets

Customer relationships	Customer relationship intangible asset represents the value attributable to the business expected to be generated from customers that existed at the acquisition date. In determining the fair value of customer relationships, covered cards customers were considered separately, given their differing risk profiles, relationships and loyalty. The relationships are expected to generate material recurring income in the form of customer revenues, fees and commissions.
Core deposit	The value of core deposit intangible asset arises from the fact that the expected profit distribution on these deposits, governed by their contractual terms, are expected to be lower than other wholesale or treasury sukuk instruments' expected profit distributions. The spread between the expected profit distributions on these deposits and sukuk instruments represents the value of the core deposit intangible.

26 DUE TO FINANCIAL INSTITUTIONS

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Current accounts	**1,212,859**	2,795,295
Funding under the CBUAE TESS	-	665,000
Investment deposits	**1,707,267**	280,356
	2,920,126	3,740,651
Current account – Central Bank of UAE	-	32,594
	2,920,126	3,773,245

Funding under the CBUAE Targeted Economic Support Scheme (TESS) program availed by the Group amounts to nil (2020: AED 665,000 thousand) which has been fully utilized to provide payment relief to the impacted customers.

27 DEPOSITORS' ACCOUNTS

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Current accounts	**33,889,105**	31,512,411
Investment accounts	**72,387,184**	69,079,821
Profit equalisation reserve	**728,450**	683,896
	107,004,739	101,276,128

The movement in the profit equalisation reserve during the period was as follows:

At the beginning of the period	**683,896**	677,848
Share of profit for the period	**44,554**	41,822
Payment made during the period	**-**	(35,774)
At the end of the period	**728,450**	683,896

The distribution of the gross depositors' accounts by industry sector was as follows:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Government	**12,147,253**	9,892,653
Public sector	**7,312,408**	7,639,002
Corporates	**3,752,869**	6,028,698
Financial institutions	**2,505,726**	1,393,956
Individuals	**67,573,348**	64,388,678
Small and medium enterprises	**10,641,257**	9,265,891
Non-profit organisations	**3,071,878**	2,667,250
	107,004,739	101,276,128

The Bank invests all of its investment accounts including saving accounts, adjusted for UAE, Iraq and Sudan Central Bank reserve requirements and the Group's liquidity requirements.

With respect to investment deposits, the Bank is liable only in case of misconduct, negligence or breach of contract otherwise it is on the account of the fund's provider (Rab Al Mal) or the principal (the Muwakkil).

28 OTHER LIABILITIES

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Accounts payable	**564,020**	339,269
Acceptances	**340,581**	258,622
Lease liabilities	**252,915**	265,549
Accrued profit for distribution to depositors and sukuk holders	**170,775**	210,342
Bankers' cheques	**559,034**	542,148
Provision for staff benefits and other expenses	**358,752**	414,079
Retentions payable	**10,771**	11,005
Advances from customers	**63,542**	60,008
Accrued expenses	**361,135**	415,256
Unclaimed dividends	**92,040**	93,249
Deferred income	**104,661**	108,017
Charity account	**1,120**	2,531
Donation account	**21,845**	18,627
Zakat Payable	**-**	193,758
Others	**627,668**	672,421
	3,528,859	3,604,881

29 SHARE CAPITAL

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Authorised share capital:		
4,000,000 thousand (2020: 4,000,000 thousand) ordinary shares of AED 1 each (2020: AED 1 each)	**4,000,000**	4,000,000
Issued and fully paid share capital:		
3,632,000 thousand (2020: 3,632,000 thousand) ordinary shares of AED 1 each (2020: AED 1 each)	**3,632,000**	3,632,000

30 OTHER RESERVES

	Cumulative changes in fair values AED '000	*Land revaluation reserve AED '000*	*Foreign currency translation reserve AED '000*	*Hedging reserve AED '000*	*Impairment reserve - Specific AED '000*	*Impairment reserve - General AED '000*	*Total AED '000*
At 1 January 2021 - audited	**(143,746)**	**192,700**	**(861,367)**	**-**	**61,662**	**395,985**	**(354,766)**
Net movement in valuation of equity investment carried at FVTOCI	**1,703**	-	-	-	-	-	**1,703**
Net movement in valuation of investment in sukuk carried at FVTOCI	**266**	-	-	-	-	-	**266**
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	**(27,632)**	-	-	-	-	-	**(27,632)**
Exchange differences arising on translation of foreign operations	-	-	**(3,566)**	-	-	-	**(3,566)**
Gain on hedge of foreign operations	-	-	**4,151**	-	-		**4,151**
Fair value loss on cash flow hedges	-	-	-	**(1,481)**	-	-	**(1,481)**
Net movement in impairment reserve – Specific		-	-	-	**123,979**	-	**123,979**
Net movement in impairment reserve – General		-	-	-	-	**(17,218)**	**(17,218)**
At 30 September 2021 - unaudited	**(169,409)**	**192,700**	**(860,782)**	**(1,481)**	**185,641**	**378,767**	**(274,564)**
At 1 January 2020 - audited	(169,102)	192,700	(791,145)	2,336	-	403,436	(361,775)
Net movement in valuation of equity investment carried at FVTOCI	494	-	-	-	-	-	494
Net movement in valuation of investment in sukuk carried at FVTOCI	39,215	-	-	-	-	-	39,215
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	(29,811)	-	-	-	-	-	(29,811)
Exchange differences arising on translation of foreign operations	-	-	(1,089)	-	-	-	(1,089)
Gain on hedge of foreign operations	-	-	2,913	-	-		2,913
Fair value loss on cash flow hedges	-	-	-	(1,162)	-	-	(1,162)
Net movement in impairment reserve – Specific		-	-	-	68,508	-	68,508
Net movement in impairment reserve – General		-	-	-	-	129,533	129,533
At 30 September 2020 - unaudited	(159,204)	192,700	(789,321)	1,174	68,508	532,969	(153,174)

31 TIER 1 SUKUK

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Tier 1 sukuk – Listed (second issue)	**2,754,375**	2,754,375
Tier 1 sukuk – Government of Abu Dhabi	**2,000,000**	2,000,000
	4,754,375	4,754,375

Tier 1 sukuk – Listed (second issue)

On 20 September 2018, the Bank through a Shari'a compliant sukuk arrangement has issued Tier 1 sukuk – Listed (second issue) (the "Sukuk") amounting to AED 2,754,375 thousand (USD 750 million). This Sukuk was issued under the authorities approved by the shareholders of the Bank in the Extraordinary General Meeting held on 19 August 2018. Issuance costs amounting to AED 19,373 thousand were incurred at the time of issuance.

This Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank upon its conclusion subject to the terms and conditions of the mudaraba. The sukuk is listed on the Irish stock exchange and is callable by the Bank after period ending on 20 September 2023 (the "First Call Date") or any achieved profit payment date thereafter subject to certain conditions. The Sukuk bear an expected mudaraba profit rate of 7.125%, such achieved profit is payable during the initial period of five years semi-annually in arrears. After the initial period, and for every 5th year thereafter, resets to a new expected mudaraba profit rate based on the then 5 year US treasury rate plus an expected margin of 4.270%. Profit distributions will be reported in the consolidated statement of changes in equity.

31 TIER 1 SUKUK continued

Tier 1 sukuk – Listed (second issue) continued
The Bank may, at its sole discretion, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of the next following payment of expected mudaraba profit distribution.

Tier 1 sukuk – Government of Abu Dhabi
On 16 April 2009, under the Government of Abu Dhabi Bank capitalisation programme, the Bank has issued Tier 1 sukuk (the "Sukuk-Gov") to the Department of Finance of the Government of Abu Dhabi, with a principal amount of AED 2,000,000 thousand. Issuance of this Sukuk-Gov was approved by the shareholders of the Bank in the Extraordinary General Meeting held on 22 March 2009.

This Sukuk-Gov is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank subject to the terms and conditions of the Mudaraba. The Sukuk-Gov is callable by the Bank subject to certain conditions. The Sukuk-Gov bear an expected mudaraba profit rate of 6% payable during the initial period of five years semi-annually in arrears and, after the initial period, bear an expected variable mudaraba profit rate payable of 6 months EIBOR plus an expected margin of 2.3%. Profit distributions will be reported in the consolidated statement of changes in equity.

The Bank may, at its sole discretion, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of two consecutive expected mudaraba profit distribution.

32 CONTINGENT LIABILITIES AND COMMITMENTS

Credit related commitments include commitments to extend Islamic credit facilities, standby letters of credit, guarantees, which are designed to meet the requirements of the Bank’s customers.

Commitments to extend Islamic credit facilities represent contractual commitments under Islamic financing contracts. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of contracts.

32 CONTINGENT LIABILITIES AND COMMITMENTS continued

The Bank has the following credit related contingencies, commitments and other capital commitments:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Contingent liabilities		
Letters of credit	**6,356,449**	6,898,871
Letters of guarantee	**5,577,434**	6,254,485
	11,933,883	13,153,356
Commitments		
Undrawn facilities commitments	**689,122**	582,694
Future capital expenditure	**221,038**	172,206
Investment and development properties	**-**	4,986
	910,160	759,886
	12,844,043	13,913,242

33 ZAKAT

As the Bank is not required to pay Zakat by laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, accordingly the responsibility of paying Zakat is that of the shareholders. Based on the management valuation of the Bank's net assets, which are subject to Zakat, the share value, for Zakat purposes based on Gregorian year, was estimated at AED 259,128 thousand (2019: AED 255,539 thousand) and accordingly, Zakat is estimated at AED 0.07135 (2019: AED 0.07036) per outstanding share.

However, in few jurisdictions, Zakat of the Bank's branches is mandatory by law either by taking provision or paying to a respective governmental entity responsible for Zakat. Therefore, the Bank has acted according to the law and paid the Zakat to these entities on behalf of the Shareholders and deducted the amount paid from the above total Zakat amount and accordingly adjusted the Zakat amount per each outstanding share.

Tier 1 Sukuk Zakat, based on Gregorian year, was estimated at AED 85,571 thousand (2019: AED 86,012 thousand) and accordingly, Zakat is estimated at AED 0.01800 (2019: AED 0.01809) per each AED dirham invested in Tier 1 Sukuk.

To assist the investors in ADIB Tier 1 Sukuk, the Bank has calculated their above Zakat amount. The payment of such Zakat amount is solely the responsibility of the investors in these Tier 1 Sukuk.

34 COMPLIANCE RISK REVIEW

In 2014 ADIB became aware of certain financial transactions relating to U.S. dollar payments that potentially breached U.S. sanctions laws in effect at that time. After learning of these potential breaches, ADIB appointed external legal advisers to assist it in reviewing these transactions and reviewing its compliance with U.S. sanctions laws and its compliance processes generally. Following this review, ADIB submitted its findings to relevant regulators in the UAE and the USA in early 2017. This review also assisted ADIB in identifying additional steps to ensure compliance with applicable sanctions laws, and ADIB enhanced its processes accordingly. As at 30 September 2021, the relevant regulators have not responded following receipt of ADIB's findings and, as such, the likely outcome of their review remains unknown.

35 CASH AND CASH EQUIVALENTS

	30 September 2021 AED '000	*30 September 2020 AED '000*
Cash and balances with central banks, short term	**5,743,971**	9,052,765
Balances and wakala deposits with Islamic banks and other financial institutions, short term	**1,707,161**	1,664,810
Murabaha and mudaraba with financial institutions, short term	**151,226**	77,535
Due to financial institutions, short term	**(2,542,472)**	(2,445,094)
	5,059,886	8,350,016

36 RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Bank enters into transactions with related parties, comprising major shareholders, directors, associates and joint ventures, key management and their related concerns. The Bank obtains collateral, including charges over real estate properties and securities, the extent of which is dependent on the Bank's assessment of the credit risk of the related party. During 2021, related party financing were renegotiated based on the terms approved by the Board of Directors and are free of any specific provision for impairment. Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Profit rates earned on balances and wakala deposits with banks and financial institutions and customer financing extended to related parties during the period has ranged from 0% to 9.9% (2020: 0% to 9.9% per annum).

Profit rates paid on due to financial institution and customers' deposits placed by related parties during the period have ranged from 0% to 2.0% per annum (2020: 0% to 2.0% per annum).

During the period, significant transactions with related parties included in the condensed consolidated interim income statement were as follows:

	Major shareholder AED '000	*Directors AED '000*	*Associates and joint ventures AED '000*	*Others AED '000*	*Total AED '000*
30 September 2021 - unaudited					
Income from murabaha, mudaraba and wakala with financial institutions	**-**	**-**	**12,871**	**-**	**12,871**
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	**42,887**	**27**	**-**	**49,615**	**92,529**
Fees and commission income, net	**-**	**6**	**159**	**856**	**1,021**
Operating expenses	**-**	**378**	**-**	**-**	**378**
Distribution to depositors and sukuk holders	**31**	**5**	**721**	**4**	**761**

36 RELATED PARTY TRANSACTIONS continued

	Major shareholder AED '000	*Directors AED '000*	*Associates and joint ventures AED '000*	*Others AED '000*	*Total AED '000*
30 September 2020 - unaudited					
Income from murabaha, mudaraba and wakala with financial institutions	-	-	15,244	-	15,244
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	39,314	1,876	-	51,540	92,730
Fees and commission income, net	-	-	1,196	1,436	2,632
Operating expenses	-	510	-	-	510
Distribution to depositors and sukuk holders	479	5	680	6	1,170

The related party balances included in the condensed consolidated interim statement of financial position were as follows:

	Major shareholder AED '000	*Directors AED '000*	*Associates and joint ventures AED '000*	*Others AED '000*	*Total AED '000*
30 September 2021 - unaudited					
Balances and wakala deposits with Islamic banks and other financial institutions	-	-	**319,549**	-	**319,549**
Murabaha and mudaraba with financial institutions	-	-	**80,594**	-	**80,594**
Murabaha, mudaraba, ijara and other Islamic financing	**2,858,238**	**1,612**	-	**3,239,418**	**6,099,268**
Other assets	-	-	**540,605**	**212**	**540,817**
	2,858,238	**1,612**	**940,748**	**3,239,630**	**7,040,228**
Due to financial institutions	-	-	**5,872**	-	**5,872**
Depositors' accounts	**115,518**	**8,243**	**282,042**	**25,872**	**431,675**
Other liabilities	-	**60**	**6**	**215**	**281**
	115,518	**8,303**	**287,920**	**26,087**	**437,828**
Contingencies	-	-	**16,773**	**97,801**	**114,574**
31 December 2020 - audited					
Balances and wakala deposits with Islamic banks and other financial institutions	-	-	319,585	-	319,585
Murabaha and mudaraba with financial institutions	-	-	88,105	-	88,105
Murabaha, mudaraba, ijara and other Islamic financing	2,651,377	56,147	-	3,189,047	5,896,571
Other assets	183,625	-	517,890	8,271	709,786
	2,835,002	56,147	925,580	3,197,318	7,014,047
Due to financial institutions	-	-	5,128	-	5,128
Depositors' accounts	129,170	7,987	253,856	34,790	425,803
Other liabilities	1	-	23	8,272	8,296
	129,171	7,987	259,007	43,062	439,227
Contingencies	-	-	19,601	91,510	111,111

36 RELATED PARTY TRANSACTIONS continued

The Bank and its major shareholder jointly own a controlling stake in Abu Dhabi Islamic Bank – Egypt (S.A.E.) ("ADIB-Egypt") and have a formal joint control arrangement for their investment in ADIB-Egypt (note 21).

Compensation of key management personnel
The compensation of key management personnel during the period was as follows:

	Nine months ended 30 September 2021 AED '000	*Nine months ended 30 September 2020 AED '000*
Salaries and other benefits	**17,157**	**20,340**
Employees' end of service benefits	**1,170**	**1,617**
	18,327	**21,957**

During 2021, AED 7,350 thousand payable to Board of Directors pertaining to the year ended 31 December 2020 was approved by the shareholders at the Annual General Assembly held on 4th April 2021.

37 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision makers of the Bank in order to allocate resources to the segment and to assess its performance. Information reported to the chief operating decision makers for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to the different markets.

Global Retail banking - Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahat, Ijara, Islamic covered card and funds transfer facilities and trade finance facilities.

Global Wholesale banking – Principally handling financing and other credit facilities and deposits and current accounts for corporate and institutional customers.

Private banking - Principally handling financing and other credit facilities, deposits and current accounts for high net worth individual customers.

Treasury – Principally handling money market, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Real estate – Subsidiaries of the Bank handling the acquisition, selling, development and leasing including both land and buildings, management and resale of properties and all associated activities.

Other operations - Other operations comprises mainly of Head Office, subsidiaries, associates and joint ventures other than above categories including unallocated costs.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

37 SEGMENT INFORMATION continued

	Global Retail banking AED '000	*Global Wholesale banking AED '000*	*Private banking AED '000*	*Treasury AED '000*	*Real estate AED '000*	*Other operations AED '000*	*Total AED '000*
30 September 2021 - unaudited							
Revenue and results							
Segment revenues, net	**2,285,359**	**629,906**	**98,338**	**597,648**	**46,335**	**435,023**	**4,092,609**
Operating expenses excluding provision for impairment, net	**(1,365,382)**	**(206,244)**	**(46,899)**	**(30,306)**	**(44,710)**	**(35,517)**	**(1,729,058)**
Operating profit	**919,977**	**423,662**	**51,439**	**567,342**	**1,625**	**399,506**	**2,363,551**
Provision for impairment, net	**(35,027)**	**(414,397)**	**7,120**	**(154)**	**-**	**(308,550)**	**(751,008)**
Profit for the period before zakat and tax	**884,950**	**9,265**	**58,559**	**567,188**	**1,625**	**90,956**	**1,612,543**
Zakat and tax	**-**	**(7,203)**	**(3,613)**	**-**	**-**	**-**	**(10,816)**
Profit for the period after zakat and tax	**884,950**	**2,062**	**54,946**	**567,188**	**1,625**	**90,956**	**1,601,727**
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(695)**	**(695)**
Profit for the period attributable to equity holders of the Bank	**884,950**	**2,062**	**54,946**	**567,188**	**1,625**	**90,261**	**1,601,032**
Assets							
Segmental assets	**55,546,561**	**36,831,801**	**4,712,902**	**27,304,307**	**2,065,870**	**6,920,270**	**133,381,711**
Liabilities							
Segmental liabilities	**75,798,231**	**23,438,683**	**5,681,846**	**4,365,790**	**247,357**	**3,921,727**	**113,453,724**
30 September 2020 - unaudited							
Revenue and results							
Segment revenues, net	2,421,056	672,863	101,171	379,004	51,969	306,556	3,932,619
Operating expenses excluding provision for impairment, net	(1,418,892)	(244,438)	(42,946)	(31,432)	(50,532)	(83,671)	(1,871,911)
Operating profit	1,002,164	428,425	58,225	347,572	1,437	222,885	2,060,708
Provision for impairment, net	(152,822)	(616,388)	(16,087)	(9,890)	-	(158,922)	(954,109)
Profit (loss) for the period – before zakat and tax	849,342	(187,963)	42,138	337,682	1,437	63,963	1,106,599
Zakat and tax	-	14,796	-	-	-	-	14,796
Profit (loss) for the period – after zakat and tax	849,342	(173,167)	42,138	337,682	1,437	63,963	1,121,395
Non-controlling interest	-	-	-	-	-	(874)	(874)
Profit (loss) for the period attributable to equity holders of the Bank	849,342	(173,167)	42,138	337,682	1,437	63,089	1,120,521
31 December 2020 - audited							
Assets							
Segmental assets	53,559,868	36,017,012	4,376,098	24,884,974	2,135,387	6,842,799	127,816,138
Liabilities							
Segmental liabilities	71,403,278	22,787,507	5,405,937	4,700,564	249,473	4,107,495	108,654,254

Geographical information

The Group operates in two principal geographic areas that are domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the U.A.E. branches, associates and subsidiaries; and international area represents the operations of the Bank that originates from its branches in Iraq, Qatar and Sudan and through its subsidiaries and associates outside U.A.E. Given that, UAE contributes the majority of the revenues and the Group's total assets in UAE represent a significant portion of its total assets and liabilities, hence no further geographical analysis of segment revenues, expenses, operating profit (margin), assets and liabilities is presented.

38 RISK MANAGEMENT

38.1 Credit quality per stage for financial assets

The details of gross exposure of financial assets and their expected credit losses per stages was as follows:

	Gross Exposure				Expected Credit Losses - (ECL)			
	Stage 1 AED '000	*Stage 2 AED '000*	*Stage 3 AED '000*	*Total AED '000*	*Stage 1 AED '000*	*Stage 2 AED '000*	*Stage 3 AED '000*	*Total AED '000*
30 September 2021 - unaudited								
Balances and wakala deposits with Islamic banks and other financial institutions	**3,541,385**	**176,322**	**-**	**3,717,707**	**119**	**14,277**	**-**	**14,396**
Murabaha and mudaraba with financial institutions	**984,151**	**-**	**-**	**984,151**	**148**	**-**	**-**	**148**
Murabaha and other Islamic financing	**36,438,157**	**1,745,746**	**2,945,456**	**41,129,359**	**178,424**	**209,515**	**1,847,128**	**2,235,067**
Ijara financing	**36,483,499**	**6,431,860**	**5,079,144**	**47,994,503**	**272,199**	**232,180**	**1,965,337**	**2,469,716**
Investment in sukuk measured at amortised cost	**9,326,723**	**-**	**126,940**	**9,453,663**	**14,565**	**-**	**92,698**	**107,263**
Investments measured at fair value	**1,833,115**	**-**	**256**	**1,833,371**	**16,885**	**-**	**102**	**16,987**
Other assets	**786,938**	**-**	**-**	**786,938**	**1,913**	**16**	**-**	**1,929**
	89,393,968	**8,353,928**	**8,151,796**	**105,899,692**	**484,253**	**455,988**	**3,905,265**	**4,845,506**
Contingent liabilities and commitments	**10,708,772**	**1,741,317**	**172,916**	**12,623,005**	**5,475**	**56,202**	**59,402**	**121,079**
	100,102,740	**10,095,245**	**8,324,712**	**118,522,697**	**489,728**	**512,190**	**3,964,667**	**4,966,585**

38 RISK MANAGEMENT continued

38.1 Credit quality per stage for financial assets continued

	Gross Exposure				**Expected Credit Losses - (ECL)**			
	Stage 1 AED '000	***Stage 2 AED '000***	***Stage 3 AED '000***	***Total AED '000***	*Stage 1 AED '000*	*Stage 2 AED '000*	*Stage 3 AED '000*	*Total AED '000*
31 December 2020 - audited								
Balances and wakala deposits with Islamic banks and other financial institutions	1,982,126	319,585	-	2,301,711	98	14,479	-	14,577
Murabaha and mudaraba with financial institutions	54,753	78,159	-	132,912	24	24	-	48
Murabaha and other Islamic financing	33,362,644	1,596,250	2,993,330	37,952,224	192,821	225,817	1,555,495	1,974,133
Ijara financing	38,983,893	5,775,370	4,695,294	49,454,557	139,221	256,352	1,627,714	2,023,287
Investment in sukuk measured at amortised cost	10,174,709	140,120	125,253	10,440,082	18,326	2,352	69,027	89,705
Investments measured at fair value	1,685,741	18,045	7,287	1,711,073	12,186	695	2,893	15,774
Other assets	335,943	355,805	-	691,748	751	783	-	1,534
	86,579,809	8,283,334	7,821,164	102,684,307	363,427	500,502	3,255,129	4,119,058
Contingent liabilities and commitments	12,337,040	1,230,089	168,921	13,736,050	7,151	49,523	64,588	121,262
	98,916,849	9,513,423	7,990,085	116,420,357	370,578	550,025	3,319,717	4,240,320

38 RISK MANAGEMENT continued

38.2 Covid-19 and Expected Credit Loss (ECL)

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

On 27 March 2020, IASB issued a guidance note, advising that both the assessment Significant Increase in Credit Risk ("SICR") and the measurement of ECLs are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort. In assessing forecast conditions, considerations should be given both to the effects of COVID-19 and significant government support measures being undertaken. It is difficult at this time to incorporate the specific effects of COVID-19 and government support measures on reasonable and supportable basis.

In line with other global regulators, the Central Bank of the UAE ("CB UAE"), under the Targeted Economic Support Scheme ('TESS'), has facilitated the provisions of temporary relief from the payments of principal and / or profit on customer financing for all the affected private sector corporates, SMEs and individuals with specific conditions. Additionally, the program seeks to facilitate additional financing and liquidity capacity of banks, through the relief of existing capital and liquidity buffers.

In the determination of Q3 2021 ECL, the Group has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic and taken in to account the economic support and relief measures of governments and central banks. The Group has also considered the notices issued by the Central Bank of UAE with regards to the Targeted Economic Support Scheme (TESS) and guidance issued by the International Accounting Standards Board (IASB) on 27 March 2020.

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

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

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

In the absence of sufficient and timely data to update the credit ratings, which are a core element of assessing SICR, for the purpose of Q3 2021 reporting, the Group has applied variety of factors to quantify the potential impact.

As required by the TESS, the Group has also initiated a programme of payment relief for its impacted customers by deferring installment due for a period of one month to six months. These payment reliefs are considered as short-term liquidity to address financing customers cash flow issues. The relief offered to customers may indicate a SICR. However, the Group believes that the extension of these payment reliefs do not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, where the impact on customer's business is expected to be short term, as these are being made available to assist financing customers affected by the Covid-19 outbreak to resume regular payments. 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. This approach is consistent with the expectations of the Central Bank of UAE as referred to in the TESS notice.

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

38 RISK MANAGEMENT continued

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

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

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 categorized as Group 2. These customers have been assigned to Stage 2. In exceptional circumstances, Stage 3 migration may have also been triggered where a customer's business, income streams and installment payment capacity were expected to be permanently impaired. Such customers have also been categorized in Group 2 with the respective ECL overlay.

The Group will continue to work with CB UAE and other regulatory authorities to refine and operationalize relief schemes being deployed to assist clients impacted by COVID-19.

38.2.2 Reasonableness of Forward Looking Information and probability weights

In view of wide spread impact of COVID 19 on customer's change in credit profile and overall impact on forward looking macroeconomic indicators, any changes in ECL models and estimate will be subject to high degree of uncertainty.

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

As per the CBUAE guidelines on the IFRS 9 under COVID 19, the Group has used the latest macroeconomic data and scenarios for Q3 2021 ECL estimates. The Group estimated Q3 2021 ECL using baseline, upside and downside scenarios with 40%, 30% and 30% weightings respectively.

The Bank has reviewed the potential impact of COVID-19 on inputs and assumptions for IFRS 9 ECL measurement on the basis of available information. In view of very fluid and developing considerations, ascertaining reliability and reasonableness of any forward looking information is challenging. Notwithstanding this, recognizing the likely impacts of the crises on market-credit environment, the Group has assessed the impact of an increased probability for the pessimistic scenario in ECL management.

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

38 RISK MANAGEMENT continued

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

38.2.3 Analysis of customers benefiting from payment deferrals

Deferral amount, Exposure at Default (EAD) and related Expected Credit Losses (ECL) for customers benefitting from payment deferrals

The table below contains analysis of the deferral amount, Exposure at Default (EAD) and Expected Credit Losses (ECL) benefiting from deferrals under CBUAE TESS program as of 30 September 2021:

	Number of customers	*Deferra1 amount AED '000*	*Exposure at default (EAD) AED '000*	*Expected credit losses (ECL) AED '000*
Retail banking:				
Stage 1				
- Group 1	**159,871**	**1,170,623**	**7,212,947**	**26,648**
- Group 2	**41**	**712**	**-**	**-**
	159,912	**1,171,335**	**7,212,947**	**26,648**
Stage 2				
- Group 1	**2,851**	**42,677**	**385,758**	**39,732**
- Group 2	**242**	**6,482**	**74,492**	**3,100**
	3,093	**49,159**	**460,250**	**42,832**
Stage 3				
- Group 1	**1,785**	**17,796**	**108,648**	**42,248**
- Group 2	**126**	**5,971**	**54,435**	**16,095**
	1,911	**23,767**	**163,083**	**58,343**
Total Retail banking	**164,916**	**1,244,261**	**7,836,280**	**127,823**
Wholesale banking:				
Stage 1				
- Group 1	**142**	**272,889**	**167,676**	**1,878**
- Group 2	**42**	**117,675**	**329,834**	**142**
	184	**390,564**	**497,510**	**2,020**
Stage 2				
- Group 1	**22**	**65,917**	**627,105**	**7,646**
- Group 2	**7**	**57,808**	**361,516**	**2,605**
	29	**123,725**	**988,621**	**10,251**
Stage 3				
- Group 1	**31**	**4,635**	**19,113**	**4,744**
- Group 2	**17**	**807**	**4,133**	**1,138**
	48	**5,442**	**23,246**	**5,882**
Total Wholesale banking	**261**	**519,731**	**1,509,377**	**18,153**

38 RISK MANAGEMENT continued

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

38.2.3 Analysis of customers benefiting from payment deferrals continued

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.

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 customers, particularly indications of potential inability to pay any of their obligations as and when they become due.

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

Stage migrations of EAD and ECL since 31 December 2020 for customers benefiting from payment deferrals

	30 September 2021 - IFRS 9 (EAD)			
	Stage 1 AED ‘000	*Stage 2 AED ‘000*	*Stage 3 AED ‘000*	*Total AED ‘000*
Retail banking:				
At 1 January 2021	**13,279,561**	**574,226**	**42,503**	**13,896,290**
Transferred from Stage 1	**(285,300)**	**200,121**	**85,179**	**-**
Transferred from Stage 2	**65,375**	**(118,737)**	**53,362**	**-**
Transferred from Stage 3	**-**	**5,508**	**(5,508)**	**-**
Other movements	**(5,846,689)**	**(200,868)**	**(12,453)**	**(6,060,010)**
At 30 September 2021	**7,212,947**	**460,250**	**163,083**	**7,836,280**
Wholesale banking:				
At 1 January 2021	**1,613,031**	**245,888**	**1,080**	**1,859,999**
Transferred from Stage 2	**329,834**	**(329,834)**	**-**	**-**
Other movements	**(1,445,355)**	**1,072,567**	**22,166**	**(350,622)**
At 30 September 2021	**497,510**	**988,621**	**23,246**	**1,509,377**

38 RISK MANAGEMENT continued

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

38.2.3 Analysis of customers benefiting from payment deferrals continued

Stage migrations of EAD and ECL since 31 December 2020 for customers benefiting from payment deferrals continued

	30 September 2021 - IFRS 9 (ECL)			
	Stage 1 AED '000	*Stage 2 AED '000*	*Stage 3 AED '000*	*Total AED '000*
Retail banking:				
At 1 January 2021	**63,573**	**69,562**	**44,863**	**177,998**
Transferred from Stage 1	**(47,461)**	**15,482**	**31,979**	**-**
Transferred from Stage 2	**617**	**(20,318)**	**19,701**	**-**
Transferred from Stage 3	-	**824**	**(824)**	**-**
Other movements	**9,919**	**(22,718)**	**(37,376)**	**(50,175)**
At 30 September 2021	**26,648**	**42,832**	**58,343**	**127,823**
Wholesale banking:				
At 1 January 2021	**5,044**	**3,541**	**4,904**	**13,489**
Transferred from Stage 2	**142**	**(142)**	**-**	**-**
Other movements	**(3,166)**	**6,852**	**978**	**4,664**
At 30 September 2021	**2,020**	**10,251**	**5,882**	**18,153**

Change in ECL charge by products for Retail banking and wholesale banking customers benefiting from payment deferrals:

	30 September 2021 - IFRS 9 (ECL)			
	Stage 1 AED '000	*Stage 2 AED '000*	*Stage 3 AED '000*	*Total AED '000*
Retail banking:				
At 1 January 2021	**60,449**	**49,301**	**60,142**	**169,892**
Vehicle murabaha	**(1,135)**	**(378)**	**2,240**	**727**
Islamic covered cards (murabaha)	1	**10**	**-**	**11**
Other murabaha	**(29,376)**	**(12,900)**	**(18,024)**	**(60,300)**
Ijara	**(3,291)**	**6,799**	**13,985**	**17,493**
At 30 September 2021	**26,648**	**42,832**	**58,343**	**127,823**
Wholesale banking:				
At 1 January 2021	**4,410**	**4,176**	**4,904**	**13,490**
Corporates	**(2,390)**	**6,075**	**978**	**4,663**
At 30 September 2021	**2,020**	**10,251**	**5,882**	**18,153**

39 CAPITAL ADEQUACY RATIO

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ("CET1"), Additional Tier 1 ("AT1") and Total Capital.

The additional capital buffers (Capital Conservation Buffer ("CCB") and Countercyclical Capital Buffer ("CCyB") - maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

For 2020 and onwards, CCB will be required to be maintained at 2.5% (2020: 2.5%) of the Capital base. CCyB is not yet in effect and is not required to be maintained for 2021 (2020: Nil).

As per the Central Bank regulation for Basel III, the minimum capital requirement as at 30 September 2021 is 13.0% inclusive of capital conservation buffer of 2.5%. However, effective from 15 March 2020 until 31 December 2021, banks are allowed to tap into the capital conservation buffer up to a maximum of 60% without supervisory consequences, as part of the measures adopted by the CBUAE to help banks deal with the COVID-19 crisis. Further, CBUAE has issued guidance on Accounting Provisions and Capital Requirements - Transitional Arrangement dated 22 April 2020. The Prudential Filter allows banks to add back increases in IFRS9 ECL provision, stage 1 and 2, from 31 December 2019 to the regulatory capital and transition over 5 years.

	Basel III	
	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
Capital base		
Common Equity Tier 1	**14,172,625**	12,884,982
Additional Tier 1 capital	**4,754,375**	4,754,375
Tier 1 capital	**18,927,000**	17,639,357
Tier 2 capital	**1,116,767**	1,079,597
Total capital base	**20,043,767**	18,718,954
Risk weighted assets		
Credit risk	**89,341,382**	86,367,747
Market risk	**3,096,359**	2,546,050
Operational risk	**10,513,631**	10,659,881
Total risk weighted assets	**102,951,372**	99,573,678
Capital ratios		
Common Equity Tier 1 ratio	**13.77%**	12.94%
Total Tier 1 capital ratio	**18.38%**	17.71%
Total capital ratio	**19.47%**	18.80%

40 DIVIDENDS

During 2021, cash dividend of 20.58% of the paid up capital relating to year ended 31 December 2020 amounting to AED 747,343 thousand, was paid after the approval by the shareholders at the Annual General Assembly held on 4th April 2021.

During 2020, cash dividend of 27.38% of the paid up capital relating to year ended 31 December 2019 amounting to AED 994,313 thousand, was paid after the approval by the shareholders in the Annual General Assembly held on 29th March 2020.

41 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement recognized in the consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:

Level 1: quoted (unadjusted prices in active markets for identical assets or liabilities).

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

42 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Fair value measurement recognized in the interim consolidated statement of financial position continued

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

	Level 1 AED '000	*Level 2 AED '000*	*Level 3 AED '000*	*Total AED '000*
30 September 2021 - unaudited				
Assets and liabilities measured at fair value:				
Financial assets				
Investments carried at fair value through profit or loss				
Quoted investments				
Equities	**9,502**	-	-	**9,502**
Sukuk	**2,123,567**	-	-	**2,123,567**
	2,133,069	-	-	**2,133,069**
Investments carried at fair value through other comprehensive income				
Quoted investments				
Equities	**26,793**	-	-	**26,793**
Sukuk	**1,762,916**	-	-	**1,762,916**
	1,789,709	-	-	**1,789,709**
Unquoted investments				
Sukuk	-	-	**70,455**	**70,455**
Funds	-	-	**33,256**	**33,256**
Private equities		-	**64,290**	**64,290**
	-	-	**168,001**	**168,001**
	1,789,709	-	**168,001**	**1,957,710**
	3,922,778	-	**168,001**	**4,090,779**
Shari'a compliant alternatives of swap (note 24)	-	**1,097**	-	**1,097**
Assets for which fair values are disclosed:				
Investment properties	-	-	**1,517,814**	**1,517,814**
Investment carried at amortised cost - Sukuk	**9,526,586**	-	-	**9,526,586**
Assets acquired in satisfaction of claims	-	**130,900**	-	**130,900**

42 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Fair value measurement recognized in the interim consolidated statement of financial position continued

	Level 1 AED '000	*Level 2 AED '000*	*Level 3 AED '000*	*Total AED '000*
31 December 2020 - audited				
Assets and liabilities measured at fair value:				
Financial assets				
Investments carried at fair value through profit or loss				
Quoted investments				
Equities	5,983	-	-	5,983
Sukuk	1,646,428	-	-	1,646,428
	1,652,411	-	-	1,652,411
Investments carried at fair value through other comprehensive income				
Quoted investments				
Equities	25,693	-	-	25,693
Sukuk	1,638,636	-	-	1,638,636
	1,664,329	-	-	1,664,329
Unquoted investments				
Sukuk	-	-	72,437	72,437
Funds	-	-	34,365	34,365
Private equities	-	-	50,426	50,426
	-	-	157,228	157,228
	1,664,329	-	157,228	1,821,557
	3,316,740	-	157,228	3,473,968
Shari'a compliant alternatives of swap (note 24)	-	2,796	-	2,796
Assets for which fair values are disclosed:				
Investment properties	-	-	1,517,814	1,517,814
Investment carried at amortised cost - Sukuk	10,679,678	-	-	10,679,678
Assets acquired in satisfaction of claims	-	134,080	-	134,080

There were no transfers between level 1, 2 and 3 during the period (2020: Nil).

A significant part of the investments classified under Level 3 are valued using inputs from investment managers and in the opinion of the management it is not practical to disclose the sensitivity of inputs to the valuation techniques used.

The following table shows a reconciliation of the opening and closing amount of level 3 of financial assets which are recorded at fair value:

	30 September 2021 AED '000	*Audited 31 December 2020 AED '000*
At the beginning of the period	**157,228**	171,717
Net additions (settlements)	**13,278**	(2,990)
Loss recorded in equity	**(2,505)**	(11,499)
At the end of the period	**168,001**	157,228