

In the Name of Allah, the Merciful, the most Merciful



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**GROUP CONDENSED
CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
(UNAUDITED)**

**FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2024**

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Emirates Islamic Bank (P.J.S.C.)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying Group condensed consolidated interim statement of financial position of **Emirates Islamic Bank (P.J.S.C.)** (the "Bank") and its **Subsidiaries** (together referred to as the "Group") as at 30 June 2024 and the related Group condensed consolidated interim statement of income, Group condensed consolidated interim statement of comprehensive income, Group condensed consolidated interim statement of cash flows and Group condensed consolidated statement of changes in equity for the six months period then ended and a summary of material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Musa Ramahi
Registration No.: 872
17 July 2024
Dubai
United Arab Emirates

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (UNAUDITED)

		Unaudited 30 June 2024	Audited 31 December 2023
	Notes	AED 000	AED 000
ASSETS			
Cash and deposits with the Central Bank of the UAE	3	17,080,362	14,981,141
Due from banks	4	8,669,979	6,131,154
Investment securities	5	12,087,413	10,429,662
Financing receivables	6	61,606,469	53,747,737
Positive fair value of Islamic derivatives	14	175,500	184,173
Customer acceptances		704,201	1,036,534
Investment properties		167,661	184,806
Property and equipment		327,246	270,848
Other assets	7	1,028,911	845,676
TOTAL ASSETS		101,847,742	87,811,731
LIABILITIES			
Due to banks		4,228,699	5,792,375
Customer deposits		69,829,422	61,314,915
Sukuk payable and other medium term financing	8	9,263,125	4,672,500
Negative fair value of Islamic derivatives	14	170,570	178,396
Customer acceptances		704,201	1,036,534
Other liabilities	9	4,530,726	3,373,303
TOTAL LIABILITIES		88,726,743	76,368,023
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		1,027,161	1,027,161
Other reserves		543,043	543,043
Fair value reserve		(256,424)	(269,979)
Retained earnings		6,376,797	4,713,061
TOTAL EQUITY		13,120,999	11,443,708
TOTAL LIABILITIES AND EQUITY		101,847,742	87,811,731

The attached notes 1 to 20 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.



Chairman



Director



Chief Executive Officer

17 JUL 2024

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

		Unaudited three months period ended	Unaudited three months period ended	Unaudited six months period ended	Unaudited six months period ended
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Notes	AED 000	AED 000	AED 000	AED 000
Income from financing receivables and investment products		1,434,893	1,137,583	2,774,989	2,171,871
Distribution on deposits and profit paid to Sukuk holders		(370,149)	(221,587)	(668,013)	(398,318)
Net income from financing receivables and investment products		1,064,744	915,996	2,106,976	1,773,553
Fee and commission income		271,329	228,575	544,556	456,186
Fee and commission expense		(142,720)	(107,383)	(272,094)	(208,222)
Net fee and commission income		128,609	121,192	272,462	247,964
Other operating income	10	158,527	170,069	318,162	318,289
Total operating income		1,351,880	1,207,257	2,697,600	2,339,806
General and administrative expenses		(394,089)	(591,395)	(776,151)	(968,254)
Operating profit before impairment		957,791	615,862	1,921,449	1,371,552
Net impairment loss on financial assets	11	(57,358)	(77,237)	(125,834)	(238,672)
Net impairment reversal on non-financial assets		40,362	72,558	40,362	79,172
Net impairment loss		(16,996)	(4,679)	(85,472)	(159,500)
Profit for the period before taxation		940,795	611,183	1,835,977	1,212,052
Taxation charge		(88,506)	-	(172,241)	-
Profit for the period		852,289	611,183	1,663,736	1,212,052
Earnings per share (AED)	13	0.157	0.113	0.306	0.223

The attached notes 1 to 20 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (UNAUDITED)**

	Unaudited three months period ended 30 June 2024 AED 000	Unaudited three months period ended 30 June 2023 AED 000	Unaudited six months period ended 30 June 2024 AED 000	Unaudited six months period ended 30 June 2023 AED 000
Profit for the period	852,289	611,183	1,663,736	1,212,052
Other comprehensive income				
Items that may be reclassified				
subsequently to Income statement:				
Cash flow hedges:				
- Effective portion of changes in fair value	9,558	-	4,727	-
Fair value reserve (Sukuk instruments):				
- Net change in fair value	3,643	(7,997)	10,186	46,257
- Net amount transferred to income statement	-	1	(16)	(19)
Related deferred tax	(755)	-	(1,342)	-
Other comprehensive income / (loss) for the period	12,446	(7,996)	13,555	46,238
Total comprehensive income for the period	864,735	603,187	1,677,291	1,258,290

The attached notes 1 to 20 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (UNAUDITED)**

	Notes	Unaudited six months period ended 30 June 2024 AED 000	Unaudited six months period ended 30 June 2023 AED 000
<u>OPERATING ACTIVITIES</u>			
Profit for the period before taxation		1,835,977	1,212,052
Adjustment for non cash items and other items	17	340,947	351,981
Operating profit before changes in operating assets and liabilities		2,176,924	1,564,033
(Increase) / decrease in balances with the Central Bank maturing after three months		(1,726,393)	(4,753,700)
(Increase) / decrease in amounts due from banks maturing after three months		(2,765,833)	(1,963,146)
Increase / (decrease) in amounts due to banks maturing after three months		71,929	194,451
(Increase) / decrease in positive fair value of Islamic derivatives		13,400	(16,611)
Increase / (decrease) in negative fair value of Islamic derivatives		(7,826)	10,040
(Increase) / decrease in other assets		(183,235)	(70,269)
Increase / (decrease) in other liabilities		844,941	545,127
Increase / (decrease) in customer deposits		8,514,507	1,896,758
(Increase) / decrease in financing receivables		(8,047,956)	(2,903,964)
Net cash flows generated from / (used in) operations		(1,109,542)	(5,497,281)
Taxes paid		-	-
Net cash flows generated from / (used in) operating activities		(1,109,542)	(5,497,281)
<u>INVESTING ACTIVITIES</u>			
(Increase) / decrease in investment securities		(1,653,150)	(1,364,962)
Dividend income received		-	29
(Increase) / decrease in investment properties		52,782	176,624
(Increase) / decrease in property and equipment		(101,699)	(56,591)
Net cash flows generated from / (used in) investing activities		(1,702,067)	(1,244,900)
<u>FINANCING ACTIVITIES</u>			
Issuance of sukuk and other medium term financing		4,590,625	1,000,000
Net cash flows generated from / (used in) financing activities		4,590,625	1,000,000
Increase / (decrease) in cash and cash equivalents	17	1,779,016	(5,742,181)

The attached notes 1 to 20 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES ISLAMIC BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (UNAUDITED)**

	Issued capital	Legal and Statutory reserve	Other reserves	Fair value reserve	Retained earnings	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2024	5,430,422	1,027,161	543,043	(269,979)	4,713,061	11,443,708
Profit for the period	-	-	-	-	1,663,736	1,663,736
Other comprehensive income for the period	-	-	-	13,555	-	13,555
Balance as at 30 June 2024	5,430,422	1,027,161	543,043	(256,424)	6,376,797	13,120,999
Balance as at 1 January 2023	5,430,422	815,039	543,043	(375,476)	2,847,314	9,260,342
Profit for the period	-	-	-	-	1,212,052	1,212,052
Other comprehensive income for the period	-	-	-	46,238	-	46,238
Balance as at 30 June 2023	5,430,422	815,039	543,043	(329,238)	4,059,366	10,518,632

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2024 as this will be effected at the year end.

The attached notes 1 to 20 form an integral part of these Group condensed consolidated interim financial statements.

The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

Emirates Islamic Bank PJSC (the “Bank”) was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3 October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of the United Arab Emirates.

At an extraordinary general meeting held on 10 March 2004, a resolution was passed to transform the Bank’s activities to be in full compliance with the Shariah rules and principles. The entire process was completed on 9 October 2004 (the “Transformation Date”) when the Bank obtained the UAE Central Bank and other UAE authorities’ approvals.

The Bank is a subsidiary of Emirates NBD Bank PJSC, Dubai (the “Group Holding Company”). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the “Ultimate Parent Company”), which is wholly owned by the Government of Dubai.

The Bank is listed in the Dubai Financial Market (TICKER: “EIB”). The Bank’s website is <http://www.emiratesislamic.ae>. In addition to its head office in Dubai, the Bank operates through 40 branches in the UAE. The group condensed consolidated interim financial statements comprise financial statements of the Bank and its following subsidiaries (together referred to as “the Group”).

	Date of incorporation & country	Principal activity	Ownership %	
			30 June 2024	31 December 2023
Emirates Islamic Financial Brokerage Co. LLC*	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%

The Bank provides banking services and offers a variety of products through financing and investing instruments in accordance with Shariah rules and principles.

The Bank’s registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

*This subsidiary is in the process of being dissolved.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The accounting policies, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2023.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s financial statements as at and for the year ended 31 December 2023. In addition, results for the six months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2024.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2023.

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

3 CASH AND DEPOSITS WITH THE CENTRAL BANK OF THE UAE

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Cash	1,042,244	902,981
Statutory and other deposits with the Central Bank of the UAE	8,156,968	6,542,899
Murabaha with the Central Bank of the UAE	7,881,150	7,535,261
	<u>17,080,362</u>	<u>14,981,141</u>

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

4 DUE FROM BANKS

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Due from banks in the UAE	3,623,158	1,657,721
Due from foreign banks	5,058,435	4,487,456
Less: Expected credit losses	(11,614)	(14,023)
	<u>8,669,979</u>	<u>6,131,154</u>

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
Unaudited 30 June 2024				
<u>DESIGNATED AS AT FVTPL</u>				
Equity	-	64,172	-	64,172
Others	-	-	-	-
	-	64,172	-	64,172
<u>MEASURED AT AMORTISED COST</u>				
Government Sukuk	1,796,661	1,547,447	574,288	3,918,396
Corporate Sukuk	1,183,066	608,822	1,043,232	2,835,120
	2,979,727	2,156,269	1,617,520	6,753,516
Less: Expected credit losses				(5,878)
				6,747,638
<u>MEASURED AT FVOCI</u>				
Government Sukuk	-	-	454,678	454,678
Corporate Sukuk	2,246,913	912,398	1,677,854	4,837,165
	2,246,913	912,398	2,132,532	5,291,843
Less: Expected credit losses				(16,240)
				5,275,603
Gross investment securities	5,226,640	3,132,839	3,750,052	12,109,531
Net investment securities				12,087,413

As at 30 June 2024, the fair value of investment securities measured at amortized cost amounted to AED 6,685 million (31 December 2023: AED 4,526 million).

Investment securities with the carrying amount of AED Nil (31 December 2023: AED 345 million) and fair value of AED Nil (31 December 2023: AED 335 million) were collateralised for obligations under due to banks.

5 INVESTMENT SECURITIES (CONTINUED)

	Domestic*	Regional**	International***	Total
Audited 31 December 2023	AED 000	AED 000	AED 000	AED 000
<u>DESIGNATED AS AT FVTPL</u>				
Equity	-	64,172	-	64,172
Others	-	-	-	-
	-	64,172	-	64,172
<u>MEASURED AT AMORTISED COST</u>				
Government Sukuk	1,145,290	1,242,179	262,834	2,650,303
Corporate Sukuk	794,031	404,133	669,308	1,867,472
	1,939,321	1,646,312	932,142	4,517,775
Less: Expected credit losses				(4,715)
				4,513,060
<u>MEASURED AT FVOCI</u>				
Government Sukuk	-	80,579	460,316	540,895
Corporate Sukuk	2,563,407	1,050,027	1,716,716	5,330,150
	2,563,407	1,130,606	2,177,032	5,871,045
Less: Expected credit losses				(18,615)
				5,852,430
Gross investment securities	4,502,728	2,841,090	3,109,174	10,452,992
Net investment securities				10,429,662

*Domestic: These are securities issued within the UAE.

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

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

6 FINANCING RECEIVABLES

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
At Amortised Cost		
Murabaha	44,452,652	37,048,788
Credit cards receivable	3,136,548	2,876,335
Wakala	202,920	359,983
Istissna'a	1,802,302	1,689,745
Ijara	19,427,229	18,270,242
Others	14,547	14,548
	69,036,198	60,259,641
Less: Deferred income	(2,762,490)	(1,660,758)
Gross financing receivables	66,273,708	58,598,883
Less: Expected credit losses	(4,667,239)	(4,851,146)
Net financing receivables	61,606,469	53,747,737
Total of impaired financing receivables	3,470,181	3,682,118

Ijara assets amounting to AED 5.2 billion (2023: AED 2.9 billion) were securitised for the purpose of issuance of Sukuk (refer note 8).

6 FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 June 2024	Audited 31 December 2023
	AED 000	AED 000
<u>Analysis by economic activity</u>		
Manufacturing	2,583,184	2,391,314
Construction	658,662	741,005
Trade	5,459,915	5,463,957
Transport and communication	625,006	604,412
Utilities and services	2,371,841	1,983,044
Sovereign	184,965	225,639
Personal	41,025,101	36,772,410
Real estate	5,818,083	4,546,094
Hotels and restaurants	43,978	91,565
Management of companies and enterprises	4,440,274	3,160,155
Financial institutions and investment companies	1,418,235	1,064,005
Others	4,406,954	3,216,041
	69,036,198	60,259,641
Less: Deferred Income	(2,762,490)	(1,660,758)
Gross financing receivables	66,273,708	58,598,883
Less: Expected credit losses	(4,667,239)	(4,851,146)
Net financing receivables	61,606,469	53,747,737

7 OTHER ASSETS

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Profit receivable	181,649	145,725
Prepayments and other advances	180,300	166,050
Deferred sales commission	26,362	23,269
Goods available-for-sale	44,324	41,574
Others	596,276	469,058
	1,028,911	845,676

8 SUKUK PAYABLE AND OTHER MEDIUM TERM FINANCING

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Sukuk payable (note 8.1)	7,426,875	4,672,500
Other medium term financing *	1,836,250	-
	9,263,125	4,672,500

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Balance as at 1 January	4,672,500	3,672,500
Issuances	4,590,625	1,000,000
Balance at end of period / year	9,263,125	4,672,500

* During the period, the Group arranged funding of USD 500 million under a Shariah compliant financing arrangement maturing in March 2027.

8 SUKUK PAYABLE AND OTHER MEDIUM TERM FINANCING (CONTINUED)

As at 30 June 2024, the outstanding Sukuk payable and other medium term financing totalling AED 9,263 million (31 December 2023: AED 4,673 million) is falling due as below:

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
2025	1,836,250	1,836,250
2026	2,836,250	2,836,250
2027	1,836,250	-
2029	2,754,375	-
	9,263,125	4,672,500

8.1(a) During 2024, the Group issued Sukuk amounting to AED 2.8 billion to raise USD denominated senior unsecured sustainability medium term finance via a Shariah compliant sukuk financing arrangement.

8.1(b) During 2023, the Group issued Sukuk amounting to AED 1 billion to raise AED denominated medium term finance via a Shariah compliant sukuk financing arrangement.

8.1(c) In years 2020 and 2021, Group had issued AED 3.7 billion to raise US Dollar denominated medium term finance via a Shariah compliant sukuk financing arrangement.

Following are the details of all the sukuk financing arrangement in issue.

Issue Date	Amount	Listing	Profit rate (%)	Payment basis	Maturity
September 2020	USD 500,000,000	Irish Stock Exchange & Nasdaq	1.827	Semi annual	September 2025
October 2021	USD 500,000,000	Irish Stock Exchange & Nasdaq	2.082	Semi annual	November 2026
February 2023	AED 1,000,000,000	Nasdaq	5.05	Semi annual	February 2026
May 2024	USD 750,000,000	Irish Stock Exchange & Nasdaq	5.431	Semi annual	May 2029

The Bank transferred certain identified Ijara assets totalling to AED 5.2 billion (the “co-owned assets”) to its subsidiary, EIB Sukuk company limited – (the “Issuer”), a special purpose vehicle formed for the issuance of these sukuk. The Bank has further entered a Murabaha agreement with EIB Sukuk Company Limited for an amount of AED 2.5 billion. This medium term financing is carried at amortised cost.

In substance, the co-owned assets remain in control of the Group. Accordingly, these assets continue to be recognised by the Group. In case of any default, the Group has provided an undertaking to make good all losses to the Sukuk holders. The assets are in the control of the Group and shall continue to be serviced by the Group.

The Issuer will pay a semi-annual distribution amount from returns received in respect of the co-owned assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the Sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Group has undertaken to repurchase the assets at the exercise price.

9 OTHER LIABILITIES

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Profit payable to depositors	302,795	301,577
Staff related liabilities	165,005	194,036
Managers' cheques	997,593	612,105
Trade and other payables	422,573	342,530
Zakat payable	-	20,992
Provision for taxation	172,241	-
Depositors' Investment risk reserve (i)	16,621	13,603
Deferred tax liabilities	1,342	-
Others	2,452,556	1,888,460
	<u>4,530,726</u>	<u>3,373,303</u>

(i) Movement in depositors' investment risk reserve is as follows.

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Balance as at 1 January	13,603	2,724
Profit earned on reserve balance	-	-
Transfer	3,018	11,239
Zakat	-	(360)
Balance at end of period / year	<u>16,621</u>	<u>13,603</u>

10 OTHER OPERATING INCOME

	Unaudited six months period ended 30 June 2024 AED 000	Unaudited six months period ended 30 June 2023 AED 000
Dividend income on equity investments designated at FVTPL	-	29
Gain from sale of investment securities measured at FVOCI	16	19
Gain from investment securities designated at fair value through profit or loss	-	27,830
Rental income (net of depreciation)	4,806	1,973
Gain on sale of properties (investment properties / inventories)	(1,077)	29,956
Foreign exchange and Islamic derivative income / (loss)*	299,724	243,346
Other income (net)	14,693	15,136
	318,162	318,289

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

11 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited six months period ended 30 June 2024 AED 000	Unaudited six months period ended 30 June 2023 AED 000
Net impairment of due from banks	(2,409)	(2,238)
Net impairment of investment securities	(1,213)	(15,806)
Net impairment of financing receivables	291,274	288,694
Net impairment of unfunded exposures	38,191	90,290
Bad financing written off / (recovery) - net	(200,009)	(122,268)
Net impairment loss on financial assets	125,834	238,672

12 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 June 2024 AED 000	Audited 31 December 2023 AED 000
Letters of credit	611,754	563,001
Guarantees	7,244,696	6,578,967
Liability on risk participations	30,265	10,781
Irrevocable financing commitments*	2,663,579	2,795,524
	<u>10,550,294</u>	<u>9,948,273</u>

*Irrevocable financing commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to the conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled the total contract amounts do not necessarily represent exact future cash requirements.

13 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, if any.

	Unaudited six months period ended 30 June 2024	Unaudited six months period ended 30 June 2023
Profit for the period (AED 000)	1,663,736	1,212,052
Weighted average number of equity shares in issue (000)	5,430,422	5,430,422
Earnings per share* (AED)	<u>0.306</u>	<u>0.223</u>

*The diluted and basic EPS were the same for the six months periods ended 30 June 2024 and 30 June 2023.

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	Unaudited 30 June 2024			Audited 31 December 2023		
	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000
Islamic Derivative Financial instruments:						
Forward foreign exchange contracts	2,583	(1,861)	2,587,617	4,352	(374)	4,394,720
Foreign exchange options	2,877	(2,940)	429,710	4,587	(4,711)	654,206
Profit rate swaps / caps	160,104	(165,548)	17,384,548	170,248	(173,311)	11,863,935
Islamic Derivatives held as cash flow hedge:						
Profit rate swap/caps	9,936	(221)	1,525,000	4,986	-	300,000
Total	175,500	(170,570)	21,926,875	184,173	(178,396)	17,212,861

15 OPERATING SEGMENTS

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

Corporate and institutional banking

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

Retail banking and wealth management

Retail segment provides a wide range of products and services to individuals and small and medium enterprises and accepts their deposits.

Treasury

Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations, and brokerage services.

Others

Other operations of the Group include operations and support functions.

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15 OPERATING SEGMENTS (CONTINUED)Unaudited 30 June 2024

	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	414,184	1,236,904	135,054	320,834	2,106,976
Net fees, commission & other income	108,027	477,451	1,294	3,852	590,624
Total operating income	522,211	1,714,355	136,348	324,686	2,697,600
General administrative and other expenses	(42,724)	(565,174)	(13,044)	(155,209)	(776,151)
Net impairment loss	80,248	(207,673)	1,557	40,396	(85,472)
Profit for the period before taxation	559,735	941,508	124,861	209,873	1,835,977
Segment Assets	34,279,525	46,617,118	20,804,600	146,499	101,847,742
Segment Liabilities and Equity	17,621,392	59,133,904	1,046,734	24,045,712	101,847,742

Unaudited 30 June 2023

	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	308,831	1,033,748	183,047	247,927	1,773,553
Net fees, commission & other income	93,169	410,951	30,888	31,245	566,253
Total operating income	402,000	1,444,699	213,935	279,172	2,339,806
General administrative and other expenses	(40,952)	(480,929)	(10,794)	(435,579)	(968,254)
Net impairment loss	83,177	(337,814)	16,164	78,973	(159,500)
Profit for the period before taxation	444,225	625,956	219,305	(77,434)	1,212,052
Segment Assets	24,420,233	39,886,174	14,786,275	226,263	79,318,945
Segment Liabilities and Equity	12,796,355	50,565,196	208,967	15,748,427	79,318,945

16 RELATED PARTY TRANSACTIONS

The Group is owned by Emirates NBD (99.9%), which is partly owned by Investment Corporation of Dubai (40.92%), an entity which is wholly owned by the Government of Dubai.

Customer deposits from and financing to Government related entities, other than those that have been individually disclosed, amount to 16.7% and 3.7% (2023: 14.2% and 4.2%) of the total customer deposits and financing receivables of the Group, respectively.

These entities are independently run business entities, and all the financial dealings with the Group are on normal commercial terms.

The Group has also entered into transactions with certain other related parties who are non-government related entities. Such transactions were also made on substantially the same terms, including profit rates and collaterals, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

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

No impairment losses have been recorded against balances outstanding during the period with key management personnel and their immediate relations at the period end.

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

	Unaudited	Audited
	30 June 2024	31 December 2023
	AED 000	AED 000
<u>Financing and other receivables</u>		
To parent and related companies	570,153	429,743
To directors and related companies	3,253	4,240
To key management personnel & affiliates	3,611	3,592
	<u>577,017</u>	<u>437,575</u>
<u>Customer deposits and other payables</u>		
From ultimate parent company	9	9
From parent and related companies	2,693,143	4,578,147
From directors and related companies	112	99
From key management personnel & affiliates	22,527	18,983
	<u>2,715,791</u>	<u>4,597,238</u>
<u>Investment securities and derivatives</u>		
Investment in ultimate parent company	184,115	186,045
Positive fair value of Islamic derivatives - Parent and related companies	60,235	67,476
Negative fair value of Islamic derivatives - Parent and related companies	(116,174)	(116,858)
Notional amount of derivatives - Parent and related companies	12,717,646	10,804,699

16 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2024	30 June 2023
	AED 000	AED 000
	-----	-----
<u>Group Consolidated Statement of Income</u>		
Recharges from group companies	263,005	220,918
Income from investment in ultimate parent company	3,226	3,890
Directors sitting and other fee	1,731	1,820
<u>Income on financing receivables</u>		
From parent and related companies	20,137	21,575
<u>Distribution on deposits</u>		
To ultimate parent company	-	3,911
To parent and related companies	16,669	6,139

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

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2024	30 June 2023
	AED 000	AED 000
	-----	-----
<u>Key management compensation</u>		
Short term employee benefits	20,171	21,038
Post employment benefits	520	528

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

	Unaudited six months period ended	Unaudited six months period ended
	30 June 2024	30 June 2023
	AED 000	AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	(2,970,520)	7,097,319
Net cash inflow / (outflow)	1,779,016	(5,742,181)
Balance at end of period	(1,191,504)	1,355,138
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank of the UAE	17,080,362	12,312,844
Due from banks	8,681,593	5,077,411
Due to banks	(4,228,699)	(1,840,259)
	21,533,256	15,549,996
Less : Deposits with the Central Bank for regulatory purposes	(7,379,079)	(5,128,797)
Less: Murabaha with the Central Bank maturing after three months	(7,380,702)	(5,218,519)
Less : Amounts due from banks maturing after three months	(8,044,399)	(4,195,939)
Add : Amounts due to banks maturing after three months	79,420	348,397
	(1,191,504)	1,355,138
(c) Adjustment for non cash and other items		
Net impairment loss / (reversal) on due from banks	(2,409)	(2,238)
Net impairment loss / (reversal) on investment securities	(1,213)	(15,806)
Net Impairment loss on financing receivables	291,274	288,694
Net Impairment loss / (reversal) on unfunded exposure	38,191	90,290
Dividend income	-	(29)
Depreciation / impairment on property and equipment / investment properties	8,587	(30,249)
Unrealized (gain) / loss on investment securities	-	51,275
(Discount) / premium on investment securities	5,440	-
(Gain) / loss on sale of properties (investment property / inventories)	1,077	(29,956)
	340,947	351,981

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUEFair value of assets and liabilities

The table below analyses assets and liabilities measured at fair value on a recurring basis. The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in principal markets for identified assets or liabilities.
- Level 2: valuation using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

<u>Unaudited 30 June 2024</u>	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
<u>Investment securities</u>				
<u>FVOCI</u>				
Government sukuk	445,503	-	-	445,503
Corporate sukuk	4,830,100	-	-	4,830,100
	5,275,603	-	-	5,275,603
<u>Designated at FVTPL</u>				
Equity	-	-	64,172	64,172
Others	-	-	-	-
	-	-	64,172	64,172
<u>Islamic derivative financial instruments</u>				
<u>Positive fair value of Islamic derivatives</u>				
Islamic derivatives held for trading	-	165,564	-	165,564
Islamic derivatives held as cash flow hedge:				
Profit rate swaps	-	9,936	-	9,936
	-	175,500	-	175,500
<u>Negative fair value of Islamic derivatives</u>				
Islamic derivatives held for trading	-	(170,349)	-	(170,349)
Islamic derivatives held as cash flow hedge:				
Profit rate swaps	-	(221)	-	(221)
	-	(170,570)	-	(170,570)
	5,275,603	4,930	64,172	5,344,705
Audited 31 December 2023	5,852,430	5,777	64,172	5,922,379

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Designated at FVTPL AED 000
Balance as at 1 January 2024 (audited)	64,172
Total gains or losses:	
- in profit or loss	-
Transfers out of level 3	-
Settlements and other adjustments	-
Balance as at 30 June 2024 (unaudited)	<u>64,172</u>
Balance as at 31 December 2023 (audited)	<u>64,172</u>

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental.

During the period ended 30 June 2024 no financial assets were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2023: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2023.

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The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

Credit quality analysis:

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

<u>AED 000</u> <u>Unaudited 30 June 2024</u>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Financing receivables</u>				
Balance at 1 January	52,544,710	2,372,055	3,682,118	58,598,883
Transfers from Stage 1	(926,532)	896,056	30,476	-
Transfers from Stage 2	416,125	(628,012)	211,887	-
Transfers from Stage 3	13,261	42,231	(55,492)	-
New financial assets, net of repayments	8,272,383	(198,750)	(25,677)	8,047,956
Amounts written off during the period	-	-	(373,131)	(373,131)
Total gross financing receivables	60,319,947	2,483,580	3,470,181	66,273,708
Expected credit losses	(1,254,157)	(390,487)	(3,022,595)	(4,667,239)
Carrying amount	59,065,790	2,093,093	447,586	61,606,469

<u>AED 000</u> <u>Unaudited 30 June 2023</u>	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
<u>Financing receivables</u>				
Balance at 1 January	48,129,717	1,259,856	3,692,074	53,081,647
Transfers from Stage 1	(1,366,088)	935,506	430,582	-
Transfers from Stage 2	170,563	(322,928)	152,365	-
Transfers from Stage 3	-	-	-	-
New financial assets, net of repayments	2,943,271	42,171	(81,478)	2,903,964
Amounts written off during the period	-	-	(164,195)	(164,195)
Total gross financing receivables	49,877,463	1,914,605	4,029,348	55,821,416
Expected credit losses	(1,019,113)	(359,847)	(3,458,208)	(4,837,168)
Carrying amount	48,858,350	1,554,758	571,140	50,984,248

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

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19 RISK MANAGEMENT (CONTINUED)
Amounts arising from ECL

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

	Unaudited 30 June 2024				Unaudited 30 June 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<u>AED 000</u>								
Balance at 1 January	1,264,296	275,465	3,311,385	4,851,146	955,482	274,920	3,482,267	4,712,669
Transfers from Stage 1	(22,782)	22,024	758	-	(67,154)	17,690	49,464	-
Transfers from Stage 2	14,395	(50,559)	36,164	-	8,376	(36,131)	27,755	-
Transfers from Stage 3	3,470	2,860	(6,330)	-	-	-	-	-
Allowances for impairment made during the period	(5,222)	140,697	227,845	363,320	122,409	103,368	332,044	557,821
Write back / recoveries made during the period	-	-	(72,046)	(72,046)	-	-	(269,127)	(269,127)
Amounts written off during the period	-	-	(373,131)	(373,131)	-	-	(164,195)	(164,195)
Others*	-	-	(102,050)	(102,050)	-	-	-	-
Closing Balance	1,254,157	390,487	3,022,595	4,667,239	1,019,113	359,847	3,458,208	4,837,168

*This represents ECL against unfunded exposures transferred to other liabilities.

20 CORPORATE TAX IN UAE

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group’s UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) – Pillar Two rules by the countries where the Group operates and the implementation of a top-up tax regime by the UAE MOF.

The tax charge for period ended 30 June 2024 is AED 172 million, representing an effective tax rate of 9.38%. The corporate tax applicable in the UAE is 9% on taxable income over the specified threshold of AED 375,000.