

**Arab Bank for Investment and  
Foreign Trade PJSC**

Condensed interim financial statements

*30 September 2020*

**Principal business address:**

P.O. Box 46733

Abu Dhabi

United Arab Emirates

# **Arab Bank for Investment and Foreign Trade PJSC**

## **Condensed interim financial statements**

*For the nine-months period ended 30 September 2020*

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## **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

### **TO THE SHAREHOLDERS OF ARAB BANK FOR INVESTMENT AND FOREIGN TRADE PJSC**

#### *Introduction*

We have reviewed the accompanying condensed interim financial statements of Arab Bank for Investment and Foreign Trade PJSC (the “Bank”) as at 30 September 2020, comprising of the condensed interim statement of financial position as at 30 September 2020 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended, and the condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard IAS 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. Consequently, it 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

#### *Other matters*

The financial statements of the Bank for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 February 2020.

The condensed interim financial statements of the Bank for the nine months period ended 30 September 2019 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 2 November 2019.



Signed by  
Anthony O’Sullivan  
Partner  
Ernst & Young  
Registration No. 687

17 November 2020  
Abu Dhabi

# Arab Bank for Investment and Foreign Trade PJSC

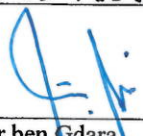
## Condensed Interim Statement of Financial Position

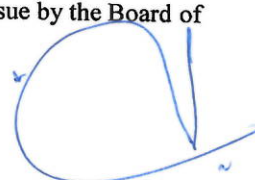
As at 30 September 2020

		(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
<b>Assets</b>			
Cash and balances with the Central Bank of the UAE	7	1,762,635	1,788,798
Due from banks – net	8	1,193,930	2,794,410
Loans and advances – net	9	16,639,058	15,569,483
Investments at fair value through other comprehensive income (FVOCI) – net		2,420,576	1,919,048
Investment at fair value through profit or loss (FVTPL)		35,446	40,446
Investments at amortised cost		32,201	38,143
Investment properties – net	10	358,624	366,621
Other assets	12	677,409	519,572
Property and equipment	13	290,322	290,523
		<b>23,410,201</b>	<b>23,327,044</b>
Assets held-for-sale	11	59,572	120,568
<b>Total assets</b>		<b>23,469,773</b>	<b>23,447,612</b>
<b>Liabilities</b>			
Customers' deposits	14	14,652,438	15,735,610
Due to banks	15	3,496,397	2,584,080
Other liabilities	16	650,565	613,193
<b>Total liabilities</b>		<b>18,799,400</b>	<b>18,932,883</b>
<b>Equity</b>			
Share capital	17a	1,500,000	1,500,000
Statutory reserve	17b	642,722	642,722
Special reserve	17c	638,132	638,132
General reserve	17d	380,000	380,000
Revaluation reserve	17e	129,542	129,542
Fair value reserve	17f	52,727	55,457
Retained earnings		1,327,250	1,168,876
<b>Total equity</b>		<b>4,670,373</b>	<b>4,514,729</b>
<b>Total liabilities and equity</b>		<b>23,469,773</b>	<b>23,447,612</b>

These condensed interim financial statements were authorised and approved for issue by the Board of

Directors on 15 Nov. 20, and signed on their behalf by:

  
Farhat Omar ben Gdara  
Chairman

  
Abderrezak Trabelsi  
Acting Chief Executive Officer

The notes on pages 6 to 31 are an integral part of the condensed interim financial statements.  
The independent auditor's report on review of the condensed interim financial statements is set out on page 1.

# Arab Bank for Investment and Foreign Trade PJSC

## Condensed Interim Statement of Comprehensive Income

For the nine-month period ended 30 September 2020 (Unaudited)

	Note	For the nine-months ended 30 September		For the three-months ended 30 September	
		2020	2019	2020	2019
		AED'000	AED'000	AED'000	AED'000
Interest income	19	632,587	721,926	199,396	249,625
Interest expense	20	(183,102)	(240,882)	(50,089)	(83,766)
<b>Net interest income</b>		<b>449,485</b>	481,044	<b>149,307</b>	165,859
Income from Islamic financing contracts	21	80,131	81,196	26,197	28,346
Depositors' share of profits	22	(28,527)	(44,979)	(7,662)	(14,981)
<b>Net income from Islamic financing</b>		<b>51,604</b>	36,217	<b>18,535</b>	13,365
Fee and commission income	23	84,273	116,520	26,615	37,122
Fee and commission expense	23	(5,608)	(10,400)	(1,716)	(3,830)
<b>Net fee and commission income</b>		<b>78,665</b>	106,120	<b>24,899</b>	33,292
Dividend income		6,047	6,020	-	-
Net investment income		569	1,478	175	(94)
Net foreign exchange gain		18,853	19,745	5,494	6,987
Other operating income	24	13,424	14,996	3,550	3,554
<b>Operating income</b>		<b>618,647</b>	665,620	<b>201,960</b>	222,963
General, administrative and other operating expenses	25	(201,815)	(206,047)	(67,284)	(69,635)
<b>Net profit before net impairment charge</b>		<b>416,832</b>	459,573	<b>134,676</b>	153,328
Net impairment charge on financial assets	26	(249,487)	(83,242)	(89,851)	(27,501)
Change in fair value of investment at FVTPL		(5,000)	-	-	-
Net impairment charge on property acquired in settlement of debt		(2,100)	-	-	-
<b>Net profit for the period</b>		<b>160,245</b>	376,331	<b>44,825</b>	125,827
<b>Other comprehensive (loss) / income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Fair value adjustment on property and equipment		-	(6,409)	-	(2,136)
Change in fair value of equity investments at FVOCI		(23,077)	8,130	7,043	2,906
<i>Items that may be reclassified subsequently to profit or loss</i>					
Change in fair value of debt investments at FVOCI		20,347	63,943	35,384	17,913
<b>Other comprehensive (loss) / income for the period</b>		<b>(2,730)</b>	65,664	<b>42,427</b>	18,683
<b>Total comprehensive income for the period attributable to shareholders</b>		<b>157,515</b>	441,995	<b>87,252</b>	144,510
<b>Basic and diluted earnings per share (AED)</b>	29	<b>2.14</b>	5.02	<b>0.60</b>	1.68

The notes on pages 6 to 31 are an integral part of the condensed interim financial statements.

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

# Arab Bank for Investment and Foreign Trade PJSC

## Condensed Interim Statement of Changes in Equity

For the nine-months period ended 30 September 2020 (Unaudited)

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	General reserve AED'000	Revaluation reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2019	1,500,000	593,665	589,075	380,000	145,695	(30,155)	928,447	4,106,727
<b>Total comprehensive income / (loss) for the period</b>								
Profit for the period	-	-	-	-	-	-	376,331	376,331
Fair value adjustments	-	-	-	-	(6,409)	72,073	-	65,664
<b>Total comprehensive income / (loss)</b>	-	-	-	-	(6,409)	72,073	376,331	441,995
Dividends paid to equity holders	-	-	-	-	-	-	(150,000)	(150,000)
Zakat paid	-	-	-	-	-	-	(2,031)	(2,031)
Balance at 30 September 2019	1,500,000	593,665	589,075	380,000	139,286	41,918	1,152,747	4,396,691
Balance at 1 January 2020	1,500,000	642,722	638,132	380,000	129,542	55,457	1,168,876	4,514,729
<b>Total comprehensive income / (loss) for the period</b>								
Profit for the period	-	-	-	-	-	-	160,245	160,245
Fair value adjustments	-	-	-	-	-	(2,730)	-	(2,730)
<b>Total comprehensive income / (loss)</b>	-	-	-	-	-	(2,730)	160,245	157,515
Zakat paid	-	-	-	-	-	-	(1,871)	(1,871)
<b>Balance at 30 September 2020</b>	<b>1,500,000</b>	<b>642,722</b>	<b>638,132</b>	<b>380,000</b>	<b>129,542</b>	<b>52,727</b>	<b>1,327,250</b>	<b>4,670,373</b>

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# Arab Bank for Investment and Foreign Trade PJSC

## Condensed Interim Statement of Cash Flows

For the nine-month period ended 30 September 2020 (Unaudited)

	Note	2020 AED'000	2019 AED'000
<b>Operating activities</b>			
Profit for the period		160,245	376,331
<i>Adjustments for:</i>			
Depreciation on property and equipment	25	16,833	13,050
Depreciation on investment property	25	7,997	7,971
Net impairment charge on financial assets	26	249,487	83,242
Amortization of premium on bonds		12,890	8,977
Dividend income		(6,047)	(6,020)
Change in fair value of investment at FVTPL		5,000	-
Net impairment charge on property acquired in settlement of debt		2,100	-
		<b>448,505</b>	<b>483,551</b>
<i>Changes in:</i>			
Loans and advances		(1,313,783)	(1,616,937)
Due from banks		9,184	(12,854)
Other assets		(159,937)	(39,732)
Customers' deposits		(1,083,172)	1,702,257
Due to banks		(110,190)	936,615
Other liabilities		43,737	37,847
Cash reserve with Central Bank of the UAE		279,869	(93,101)
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(1,885,787)</b>	<b>1,397,646</b>
<b>Investing activities</b>			
Purchase of property and equipment	13	(16,632)	(37,821)
Proceeds from sale of asset held for sale		60,996	23
Dividend received		6,047	6,020
Proceeds from sale / redemption of investments at FVOCI		139,574	210,925
Proceeds from redemption of investments at amortized cost		4,524	-
Purchases of investments at FVOCI		(665,277)	(583,939)
Purchase of investments at amortized cost		-	(38,552)
<b>Net cash flows used in investing activities</b>		<b>(470,768)</b>	<b>(443,344)</b>
<b>Financing activities</b>			
Payment of lease liabilities		(6,365)	(6,365)
Dividend paid to equity holders	28	-	(150,000)
Zakat paid		(1,871)	(2,031)
<b>Net cash flows used in financing activities</b>		<b>(8,236)</b>	<b>(158,396)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,364,791)</b>	<b>795,906</b>
Cash and cash equivalents at 1 January		2,277,274	1,409,679
<b>Cash and cash equivalents at 30 September</b>	18	<b>(87,517)</b>	<b>2,205,585</b>

The notes on pages 6 to 31 are an integral part of the condensed interim financial statements.

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

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 1 Legal status and principal activities

Arab Bank for Investment and Foreign Trade PJSC (the “Bank”) was incorporated in the Emirate of Abu Dhabi by Union Decree No. 50 of 1976 as a Public Joint Stock Company in accordance with Federal Law No (8) of 1984 (as amended), and UAE Companies Law of 2015 (UAE Federal Law No. (2) issued on 1 April 2015). The address of the Bank’s registered office is P.O. Box 46733 Abu Dhabi, United Arab Emirates.

The Bank is engaged in commercial and retail banking activities and carries out its operations solely in the United Arab Emirates through its nine branches.

The Bank’s Islamic banking activities are conducted in accordance with Islamic Sharia’a laws issued by the Sharia’a Supervisory Board of the Bank.

The financial statements of the Bank as at and for the period ended 30 September 2020 and for the year ended 31 December 2019 are available upon request from the Bank’s registered address at P. O. Box 46733, Abu Dhabi, United Arab Emirates.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The condensed interim financial statements have been prepared on a going concern basis and in accordance with IAS 34 Interim Financial Reporting and the requirements of the applicable laws in the UAE. They do not include all of the information required for full annual financial statements as required under IFRS. These condensed interim financial statements should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2019 which were prepared in accordance with International Financial Reporting Standards (“IFRS”), except for the changes in accounting policies mentioned in note 2.2.

UAE Federal Law No 2 of 2015 being the Commercial Companies Law (“UAE Companies Law of 2015”) was issued on 1 April 2015 and has come into force on 1 July 2015. The Bank has complied, where applicable, with the UAE Federal Law of No 2 of 2015.

The condensed interim financial statements are presented in United Arab Emirates Dirhams (“AED”) which is the functional currency of the Bank, rounded to the nearest thousand.

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



# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 2 Summary of significant accounting policies continued

### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

#### New and revised IFRSs effective for accounting periods beginning on or after January 1, 2020

In the current period, the Bank 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 January 1, 2020. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Bank’s future transactions or arrangements.

- Amendments to references to the Conceptual Framework for Financial Reporting.
- Amendment to IFRS 3 regarding the definition of business.
- Amendment to IFRS 7, IFRS 9 and IAS 39 regarding the interest rate benchmark reforms.
- Amendments to IAS 1 and IAS 8 regarding the definition of materiality.
- Amendments to IFRS 16 regarding Covid-19 related rent concession.

Other than the above, there are no other significant IFRSs, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2020.

#### Standards and Interpretations in issue but not yet effective

The Bank has not early adopted new and revised IFRSs that have been issued but are not yet effective.

<b>New standards and significant amendments to standards applicable to the Group:</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1 ‘Presentation of Financial Statements’ to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	January 1, 2023
Amendments to IAS 16 ‘Property, Plant and Equipment’ regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	January 1, 2022
Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 1, 2022
Amendments to IFRS 3 ‘Business Combinations’ that update an outdated reference in IFRS 3 without significantly changing its requirements.	January 1, 2022

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements

30 September 2020 (unaudited)

## 2 Summary of significant accounting policies continued

### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs) continued

#### Standards and Interpretations in issue but not yet effective continued

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures (2011)’ relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.
IFRS 17 ‘Insurance Contracts’ which requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of January 1, 2021.	January 1, 2023
Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 ‘Insurance Contracts’ was published in 2017	January 1, 2023
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4). The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 ‘Insurance Contracts’ from applying IFRS 9 ‘Financial Instruments’, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023	January 1, 2023
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	January 1, 2021
Management anticipates that these amendments will be adopted in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.	

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 3 Judgments and estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, equity, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimates uncertainty were the same as those described in the audited financial statements as at and for the year ended 31 December 2019.

## 4 Financial risk management

The Bank's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2019.

### *Exposure to credit risk*

The Bank measures its exposure to credit risk by reference to the gross carrying amount of financial assets less interest suspended and impairment losses, if any. The carrying amounts of financial assets represent the maximum credit exposure.

### *Credit quality analysis*

The following table sets out information about the credit quality of financial assets as at 30 September 2020 and 31 December 2019. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	30 September 2020 (unaudited)				31 December 2019 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Due from banks</b>								
Low-fair risk	746,060	452,761	-	1,198,821	2,422,604	382,248	-	2,804,852
Higher risk	-	-	-	-	-	-	-	-
Grade 8: Substandard	-	-	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-	-	-
Grade 10: Loss	-	-	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>746,060</b>	<b>452,761</b>	<b>-</b>	<b>1,198,821</b>	<b>2,422,604</b>	<b>382,248</b>	<b>-</b>	<b>2,804,852</b>
<b>Loss allowance (Stage 1 + Stage 2)</b>	<b>(1,897)</b>	<b>(2,994)</b>	<b>-</b>	<b>(4,891)</b>	<b>(7,482)</b>	<b>(2,960)</b>	<b>-</b>	<b>(10,442)</b>
<b>Carrying amount</b>	<b>744,163</b>	<b>449,767</b>	<b>-</b>	<b>1,193,930</b>	<b>2,415,122</b>	<b>379,288</b>	<b>-</b>	<b>2,794,410</b>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 4 Financial risk management (continued)

### Credit quality analysis (continued)

	30 September 2020 (unaudited)				31 December 2019 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>								
Low-fair risk	12,287,265	2,803,122	-	15,090,387	12,382,460	1,560,543	-	13,943,003
Higher risk	18,857	1,504,053	-	1,522,910	31,340	1,697,320	-	1,728,660
Grade 8: Substandard	-	-	1,215,575	1,215,575	-	-	777,082	777,082
Grade 9: Doubtful	-	-	87,404	87,404	-	-	113,443	113,443
Grade 10: Loss	-	-	71,213	71,213	-	-	72,690	72,690
<b>Total gross carrying amount</b>	<b>12,306,122</b>	<b>4,307,175</b>	<b>1,374,192</b>	<b>17,987,489</b>	<b>12,413,800</b>	<b>3,257,863</b>	<b>963,215</b>	<b>16,634,878</b>
Loss allowance (Stage 1 + Stage 2)	(130,162)	(460,147)	-	(590,309)	(126,038)	(329,105)	-	(455,143)
Loss allowance (Stage 3)	-	-	(625,223)	(625,223)	-	-	(509,077)	(509,077)
Interest / profit in suspense	-	-	(116,975)	(116,975)	-	-	(78,173)	(78,173)
Deferred Profit	(15,924)	-	-	(15,924)	(23,002)	-	-	(23,002)
<b>Carrying amount</b>	<b>12,160,036</b>	<b>3,847,028</b>	<b>631,994</b>	<b>16,639,058</b>	<b>12,264,760</b>	<b>2,928,758</b>	<b>375,965</b>	<b>15,569,483</b>

	30 September 2020 (unaudited)				31 December 2019 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Debt Securities – FVOCI</b>								
Low-fair risk	2,181,428	130,171	-	2,311,599	1,680,395	106,609	-	1,787,004
Higher risk	-	-	-	-	-	-	-	-
Grade 8: Substandard	-	-	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-	-	-
Grade 10: Loss	-	-	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>2,181,428</b>	<b>130,171</b>	<b>-</b>	<b>2,311,599</b>	<b>1,680,395</b>	<b>106,609</b>	<b>-</b>	<b>1,787,004</b>
Loss allowance (Stage 1 + Stage 2)	-	-	-	-	-	-	-	-
<b>Carrying amount</b>	<b>2,181,428</b>	<b>130,171</b>	<b>-</b>	<b>2,311,599</b>	<b>1,680,395</b>	<b>106,609</b>	<b>-</b>	<b>1,787,004</b>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 4 Financial risk management (continued)

*Credit quality analysis (continued)*

	30 September 2020 (unaudited)				31 December 2019 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Debt Securities – Amortised cost</b>								
Low-fair risk	32,585	-	-	32,585	38,143	-	-	38,143
Higher risk	-	-	-	-	-	-	-	-
Grade 8: Substandard	-	-	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-	-	-
Grade 10: Loss	-	-	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>32,585</b>	<b>-</b>	<b>-</b>	<b>32,585</b>	<b>38,143</b>	<b>-</b>	<b>-</b>	<b>38,143</b>
Loss allowance (Stage 1 + Stage 2)	(384)	-	-	(384)	-	-	-	-
<b>Carrying amount</b>	<b>32,201</b>	<b>-</b>	<b>-</b>	<b>32,201</b>	<b>38,143</b>	<b>-</b>	<b>-</b>	<b>38,143</b>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 4 Financial risk management (Continued)

### Capital management

The Bank's regulatory capital positions as at 30 September 2020 and 31 December 2019 is as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	(Audited) 31 December 2019 AED'000
<b>Capital Base</b>		
Tier 1 capital	<b>4,646,997</b>	4,204,686
Tier 2 capital	<b>255,309</b>	244,211
	<hr/>	<hr/>
<b>Total capital base</b>	<b>4,902,306</b>	4,448,897
	<hr/> <hr/>	<hr/> <hr/>
<i>Risk weighted assets:</i>		
Credit risk	<b>20,424,727</b>	19,536,919
Market risk	<b>53,067</b>	58,254
Operational risk	<b>1,511,404</b>	1,511,404
	<hr/>	<hr/>
<b>Total risk weighted assets</b>	<b>21,989,198</b>	21,106,577
	<hr/> <hr/>	<hr/> <hr/>
<b>CET 1 ratio</b>	<b>21.1%</b>	19.9%
<b>Tier 1 ratio</b>	<b>21.1%</b>	19.9%
<b>Capital adequacy ratio</b>	<b>22.3%</b>	21.1%
	<hr/> <hr/>	<hr/> <hr/>

### Impact of Covid-19

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. The measures necessary to contain the virus have triggered an economic downturn. At this point, there is great uncertainty about its severity and length. Since the pandemic's outbreak, prices of risk assets have fallen sharply.

In response to this crisis, the Central Bank of UAE (CBUAE) has instituted measures in the UAE to support businesses and households. These measures are expected to remain in place through the period of disruption. It is difficult at this time to incorporate the specific effects of COVID-19 and government support measures on a reasonable and supportable basis. The UAE Central Bank has announced an AED 256 billion monetary stimulus package in an attempt to combat the effects of COVID-19 and ease the liquidity constraints in the UAE Banking Sector, to enable local banks to support their customers and the local economy through this challenging period.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 4 Financial risk management (Continued)

### Impact of Covid-19 (Continued)

#### a) Temporary relief to customers:

Temporary relief from the payments of principal and interest / profit on outstanding loans for all Covid-19 affected private sector corporates, SMEs and individuals domiciled in UAE. To incentivize UAE banks to participate in the Targeted Economic Support Scheme (TESS), CBUAE has granted AED 50 billion capital buffer for the entire banking industry to facilitate additional lending capacity of banks by granting a zero cost funding facility against eligible collateral until 31 December 2020.

#### b) Liquidity and capital stimulus package:

The CBUAE has introduced the stimulus package relating to liquidity and capital requirements to support the banking industry in UAE through this disruption. For banks that fully pass on the TESS related benefits to end customers, CBUAE has reduced the requirement of maintaining minimum liquidity coverage ratio (LCR) to 70% (from 100%) and minimum eligible liquid assets ratio (ELAR) to 7% (from 10%). To improve liquidity within the UAE banking system, the CBUAE halved the reserve requirement for demand deposits of all banks from 14% to 7%. The CBUAE has also allowed banks to tap into capital conservation buffer and D-SIB buffers to the extent of 60% and 100% respectively until 31 December 2021. Planned implementation of certain Basel III capital requirements has been postponed to 31 March 2021.

To counter volatility in financial market and its impact on regulatory capital, CBUAE has issued a new requirement for all banks to apply a prudential filter to IFRS 9 expected credit loss (ECL) provisions. Any increase in the provisioning on stage 1 and 2 accounts compared to 31 December 2019 will be added back to regulatory capital and will be gradually phased-out during a five-year period, ending 31 December 2024.

The Bank is constantly monitoring the current situation as it unfolds, noting that it is in early stages and there is limited economic data available to accurately evaluate the impact of the outbreak on the UAE economy, and on the Bank's financial position as at 30 September 2020.

**IASB Guidance and Joint Guidance issued by the Central Bank of UAE, Dubai Financial Services Authority (the “DFSA”) and the Financial Services Regulatory Authority (the “FSRA”).**

The Bank recognizes any changes made to ECL to estimate the overall impact of Covid-19 will be subject to very high levels of uncertainty as little reasonable and supportable forward-looking information is currently available on which to base those changes. Accordingly, IASB and regulatory bodies in the UAE have proposed certain measures to manage the impact of economic uncertainty on ECL while remaining compliant with IFRS.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
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## 4 Financial risk management (Continued)

### Impact of Covid-19 (Continued)

**IASB Guidance and Joint Guidance issued by the Central Bank of UAE, Dubai Financial Services Authority (the “DFSA”) and the Financial Services Regulatory Authority (the “FSRA”). (Continued)**

On 27 March 2020, the IASB issued a guidance note on accounting for expected credit losses in the light of current uncertainty arising from the Covid-19 pandemic. As per CBUAE guidelines on "Treatment of IFRS 9 ECL in context of COVID-19 crises", Banks and finance companies were not expected to update macroeconomic scenarios in their ECL systems immediately and were encouraged to (i) estimate the impact of new scenarios by assessing a range of possible outcomes on ECL separately and, (ii) based on these estimations, gradually introduce judgmental overlays on top of ECL with the view that scenarios should be re-introduced in their ECL systems no later than 30 September 2020. Accordingly, the Bank recorded provisions based on judgmental overlays on the top of ECL up to the quarter ended 30 June 2020. For the current quarter ended 30 September 2020, the Bank used the macroeconomic forecasts to reflect the impact of Covid-19, as would have been used and has taken the provisions accordingly. In the process, Bank has adjusted/appropriated the earlier overlay provisions of AED 50.9 million.

## 5 Segmental analysis

The Bank operates in one geographical area, the United Arab Emirates, and its results arise largely from commercial and retail banking activities.

## 6 Fair value hierarchy

The table below summarises assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>As at 30 September 2020</b>				
<b>(unaudited)</b>				
FVOCI investments	<b>2,402,045</b>	-	<b>18,531</b>	<b>2,420,576</b>
FVTPL investment	-	-	<b>35,446</b>	<b>35,446</b>
Investment properties – net	-	-	<b>358,624</b>	<b>358,624</b>
Property and equipment	-	-	<b>189,238</b>	<b>189,238</b>
	<b>2,402,045</b>	-	<b>601,839</b>	<b>3,003,884</b>



# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
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## 6 Fair value hierarchy (Continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2019 (audited)				
FVOCI investments	1,903,667	-	15,381	1,919,048
FVTPL investment	-	-	40,446	40,446
Investment properties – net	-	-	366,621	366,621
Property and equipment	-	-	189,501	189,501
	<u>1,903,667</u>	<u>-</u>	<u>611,949</u>	<u>2,515,616</u>

All assets are measured at fair value by reference to published price quotations in an active market or from prices quoted by counterparties or through use of the valuation techniques such as the discounted cash flow method.

The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Valuation techniques include net present value and discounted cash flow models, comparison to similar assets for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other inputs used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and correlations. The objective of valuation techniques is to arrive at a fair value determination of the price that reflects the consideration that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
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## 7 Cash and balances with the Central Bank of the UAE

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Cash in hand	88,954	59,833
Balances with the Central Bank of the UAE	1,197,340	971,898
Cash reserve with Central Bank of the UAE	477,198	757,067
	<hr/>	<hr/>
Gross balance	1,763,492	1,788,798
Allowance for expected credit losses	(857)	-
	<hr/>	<hr/>
<b>Net balance</b>	<b>1,762,635</b>	<b>1,788,798</b>
	<hr/> <hr/>	<hr/> <hr/>

Cash reserve deposits are not available for the Bank's day-to-day operations.

## 8 Due from banks

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Current, call and nostro balances	522,392	635,194
Fixed deposits	498,294	1,982,339
Loan syndication	178,135	187,319
	<hr/>	<hr/>
Gross balance	1,198,821	2,804,852
Allowance for expected credit losses	(4,891)	(10,442)
	<hr/>	<hr/>
<b>Net balance</b>	<b>1,193,930</b>	<b>2,794,410</b>
	<hr/> <hr/>	<hr/> <hr/>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 8 Due from banks (continued)

The movements in the allowance for expected credit losses on due from banks during the nine-month period ended 30 September 2020 were as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b> <b>AED'000</b>
Opening Balance	<b>10,442</b>	5,104
Charge for the period / year, net	<b>2,879</b>	-
Transfer (to) from loans and advances	<b>(8,430)</b>	5,326
Exchange & Other Adjustments	-	12
<b>Net charge during the period / year</b>	<b>4,891</b>	10,442

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 9 Loans and advances

Loans and advances are stated net of provision for expected credit losses.

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Loans and advances	15,641,525	14,626,638
Islamic financing assets	2,345,964	2,008,240
<b>Gross loans and Islamic financing assets</b>	<b>17,987,489</b>	<b>16,634,878</b>
Deferred profit	(15,924)	(23,002)
Allowance for expected credit losses	(1,215,532)	(964,220)
Interest / profit suspended	(116,975)	(78,173)
<b>Net loans and advances</b>	<b>16,639,058</b>	<b>15,569,483</b>

*Islamic finance breakdown:*

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
<i>By type:</i>		
Ijarah	1,136,236	981,435
Murabah	1,209,728	1,026,805
<b>Gross Islamic financing assets</b>	<b>2,345,964</b>	<b>2,008,240</b>
Deferred profit	(15,924)	(23,002)
Allowance for expected credit losses	(53,520)	(56,822)
Interest / profit suspended	(5,945)	(6,854)
<b>Net Islamic financing assets</b>	<b>2,270,575</b>	<b>1,921,562</b>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 9 Loans and advances (continued)

An analysis of gross loans and advances by segment at the reporting date is shown below:

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b> <b>AED'000</b>
Corporate segment	<b>16,985,008</b>	15,714,921
Consumer segment	<b>1,002,481</b>	919,957
	<hr/>	<hr/>
<b>Gross loans and Islamic financing assets</b>	<b>17,987,489</b>	<b>16,634,878</b>
	<hr/> <hr/>	<hr/> <hr/>

The movements in the allowance for expected credit losses on loans and advances during the nine-month period ended 30 September 2020 are as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b> <b>AED'000</b>
Opening Balance	<b>964,220</b>	938,167
Charge for the period / year, net	<b>261,026</b>	131,186
Recoveries	<b>(16,732)</b>	(26,187)
	<hr/>	<hr/>
<b>Net charge during the period / year</b>	<b>244,294</b>	104,999
Net amounts written off	<b>(1,412)</b>	(73,620)
Transfer from (to) due from banks	<b>8,430</b>	(5,326)
	<hr/>	<hr/>
	<b>1,215,532</b>	<b>964,220</b>
	<hr/> <hr/>	<hr/> <hr/>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 10 Investment properties

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Investment properties		
Land	402,224	402,224
Buildings	208,201	216,198
Work-in-progress	9,505	9,505
	<hr/>	<hr/>
	619,930	627,927
<i>Less:</i> Allowance for impairment	(261,306)	(261,306)
	<hr/>	<hr/>
	358,624	366,621
	<hr/> <hr/>	<hr/> <hr/>

Towards the end of 2019, the Bank carried out an evaluation exercise of the investment properties and investment properties under development through qualified, independent external valuers, the valuation methodologies used by the external valuers include:

- Direct Comparable method: This method seeks to determine the value of the property from transactions of comparable properties in the vicinity applying adjustments to reflect differences to the subject property.
- Investment method: This method is used to assess the value of the property by capitalizing the net operating income of the property at an appropriate yield an investor would expect for an investment of the duration of the interest being valued. A yield range of 4% to 5% has been applied, together with allowances for rent free periods.
- Income capitalisation method: This method includes development of valuation model that applies a rate to an amount that represents a measure of economic income (e.g. free cash flows to firm or free cash flows to equity) to arrive at an estimate of present value. The model is useful as a cross-check when other approaches have been used.

A further independent valuation has not been performed as of 30 September 2020 and management believes that fair value on the reporting date is not materially different from carrying value.

During the period ended 30 September 2020, depreciation charged amounting to AED 7,997 thousand. (30 September 2019: AED 7,971 thousand).

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
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## 11 Assets held-for-sale

During 2018, the Bank entered into a commercial agreement to sell a part of its investment property portfolio. During the period, the Bank successfully completed the sale of one land. The deal for the second land is expected to be finalized in the final quarter of 2020. These assets are non-cash generating units and therefore have no impact on the statement of comprehensive income.

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b> <b>AED'000</b>
Land	<b>59,572</b>	120,568
	<hr/> <b>59,572</b> <hr/>	<hr/> 120,568 <hr/>

## 12 Other assets

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b> <b>AED'000</b>
Interest receivable	<b>356,124</b>	254,325
Acceptances	<b>276,809</b>	221,051
Sundry debtors and other assets	<b>31,476</b>	29,096
Property acquired in settlement of debt, net	<b>13,000</b>	15,100
	<hr/> <b>677,409</b> <hr/>	<hr/> 519,572 <hr/>

During the period ended 30 September 2020, the Bank carried out an evaluation exercise of the properties acquired in settlement of debt through a qualified, independent external valuator. The external valuator has used the Direct Comparable method valuation methodology. This resulted in a charge for the period amounting to AED 2,100 thousand (2019: AED 2,772 thousand).

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
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## 13 Property and equipment

During the nine month period ended 30 September 2020, the Bank acquired assets with a cost of AED 16,632 thousand (30 September 2019: AED 37,821 thousand). The depreciation charged during the nine months period ended 30 September 2020 is AED 16,833 thousand (30 September 2019: AED 13,050 thousand).

## 14 Customers' deposits

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
<i>By type:</i>		
Notice and time deposits	8,538,320	9,344,121
Current accounts	4,347,866	4,398,154
Savings accounts	126,391	108,150
	<hr/> 13,012,577	<hr/> 13,850,425
<i>Islamic deposits</i>		
<i>By type:</i>		
Current account deposits	361,349	236,367
Mudaraba term and savings deposits	19,984	3,919
Wakala deposits	1,258,528	1,644,899
	<hr/> 1,639,861	<hr/> 1,885,185
	<hr/> <b>14,652,438</b>	<hr/> <b>15,735,610</b>
<i>By sector:</i>		
Government sector	4,113,627	3,666,445
Private sector	7,413,782	8,860,914
Individuals	3,125,029	3,208,251
	<hr/> 14,652,438	<hr/> 15,735,610



# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 15 Due to banks

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Current, call and vostro balances	260,407	485,899
Fixed deposits	2,574,937	2,098,181
Funds received from CBUAE under TESS*	661,053	-
	<u>3,496,397</u>	<u>2,584,080</u>
<i>By location:</i>		
Within the UAE	1,386,528	240,000
Outside the UAE	2,109,869	2,344,080
	<u>3,496,397</u>	<u>2,584,080</u>

\*During the period ended 30 September 2020, the Bank has fully utilized the Zero Cost Facility (ZCF) offered by the CBUAE under the Targeted Economic Support Scheme (TESS) to provide relief for the payments of principal and / or interest / profit to customers affected by the Covid-19 pandemic. These funds have been provided by the CBUAE against eligible collateral as mentioned in the “Standards for the Central Bank of the UAE’s Targeted Economic Support Scheme.

## 16 Other liabilities

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Acceptances	276,809	221,051
Interest payable	97,829	146,267
Provision for employees’ end of service benefits	26,001	25,389
Others	249,926	220,486
	<u>650,565</u>	<u>613,193</u>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements

30 September 2020 (unaudited)

## 17 Equity

### a) Dividends and share capital

At the Annual General Meeting (AGM) held on 29<sup>th</sup> March 2020, the shareholders of the Bank has approved a dividend of AED Nil per ordinary share. (2019: AED 2,000 per ordinary share). The authorized, issued and paid up share capital as at 30 September 2020 is comprised of 75,000 thousand ordinary shares of AED 20,000 each (2019: 75,000 thousand ordinary shares of AED 20,000 each).

### b) Statutory reserve

In accordance with the UAE Companies Law of 2015 (UAE Federal Law No. (2) issued on 1 April 2015), 10% of the net profit for each year is transferred to a statutory reserve until this reserve equals 50% of the share capital. The statutory reserve is not available for distribution. Transfers to the statutory reserve are made at year end, if at all.

### c) Special reserve

In accordance with Union Law No. 10 of 1980 concerning the Central Bank of the UAE, the monetary system and organization of banking, 10% of the net profit for each year is transferred to a special reserve until this reserve equals 50% of the share capital. The special reserve is not available for distribution. Transfers to the special reserve are made at year end, if at all.

### d) General reserve

The general reserve has been established to enhance the equity base of the Bank. Transfers to the general reserve are made upon the recommendation of the Board of Directors. This reserve may only be used for the purposes recommended by the Board of Directors and approved by the shareholders.

### e) Revaluation reserve

The revaluation includes cumulative gains on revaluation of freehold land and buildings, amounting to AED 129.54 million (2019: AED 129.54 million).

### f) Fair value reserve

The fair value reserve includes the cumulative net change in the FVOCI investments, until the investments are derecognized or impaired.

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	(Audited) 31 December 2019 AED'000
Fair value reserve – Investments designated at FVOCI		
At 1 January	<b>55,457</b>	(30,155)
Net (loss) / gain recognised	<b>(2,730)</b>	85,612
	<b>52,727</b>	55,457

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
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## 18 Cash and cash equivalents

Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following balances maturing within three months of the date of the acquisition / placement.

	<b>(Unaudited)</b> <b>30 September</b> <b>2020</b> <b>AED'000</b>	(Audited) 31 December 2019 AED'000
Cash and balances with the Central Bank of the UAE (note 7)	<b>1,763,492</b>	1,788,798
Due from banks (note 8)	<b>1,198,821</b>	2,804,852
Due to banks (note 15)	<b>(3,496,397)</b>	(2,584,080)
	<b>(534,084)</b>	2,009,570
<i>Less: cash reserve with Central Bank of the UAE</i>	<b>(477,198)</b>	(757,067)
<i>Less: due from banks with original maturity of more than 3 months</i>	<b>(178,135)</b>	(187,319)
<i>Add: due to banks with original maturity of more than 3 months</i>	<b>1,101,900</b>	1,212,090
<b>Cash and cash equivalents</b>	<b>(87,517)</b>	2,277,274

For the purpose of determining cash and cash equivalents, cash reserve deposits not available for the Bank's day to day operations are deducted from cash balances.

## 19 Interest income

	<b>For the nine-months ended</b> <b>30 September</b>		<b>For the three-months ended</b> <b>30 September</b>	
	<b>2020</b> <b>(Unaudited)</b> <b>AED'000</b>	2019 (Unaudited) AED'000	<b>2020</b> <b>(Unaudited)</b> <b>AED'000</b>	2019 (Unaudited) AED'000
Loans and advances to customers	<b>549,139</b>	613,376	<b>175,641</b>	214,506
Investment securities	<b>54,561</b>	41,248	<b>19,024</b>	14,999
Due from banks	<b>28,887</b>	67,302	<b>4,731</b>	20,120
	<b>632,587</b>	721,926	<b>199,396</b>	249,625

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 20 Interest expense

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
Customers' deposits	164,319	211,168	47,550	73,386
Due to banks	18,783	29,714	2,539	10,380
	<u>183,102</u>	<u>240,882</u>	<u>50,089</u>	<u>83,766</u>

## 21 Income from Islamic financing contracts

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
Murabaha	36,981	43,274	11,339	15,736
Ijarah	43,150	37,922	14,858	12,610
	<u>80,131</u>	<u>81,196</u>	<u>26,197</u>	<u>28,346</u>

## 22 Depositors' share of profits

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
Mudaraba, term, and saving	10	10	2	2
Wakala	28,517	44,969	7,660	14,979
	<u>28,527</u>	<u>44,979</u>	<u>7,662</u>	<u>14,981</u>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial statements  
30 September 2020 (unaudited)

## 23 Net fee and commission income

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
<i>Fee and commission income:</i>				
Letters of credit	23,749	43,572	6,358	11,730
Letters of guarantee	14,835	21,534	5,263	5,737
Retail and corporate lending fee	15,540	20,509	5,151	9,794
Transfers and other fee	5,962	6,272	1,287	2,257
Others	24,187	24,633	8,556	7,604
<b>Total fee and commission income</b>	<b>84,273</b>	<b>116,520</b>	<b>26,615</b>	<b>37,122</b>
<i>Fee and commission expenses:</i>				
Brokerage fee	(367)	(1,064)	(187)	(156)
Handling charges	(1,235)	(764)	(398)	(436)
Others	(4,006)	(8,572)	(1,131)	(3,238)
<b>Total fee and commission expense</b>	<b>(5,608)</b>	<b>(10,400)</b>	<b>(1,716)</b>	<b>(3,830)</b>
<b>Net fee and commission income</b>	<b>78,665</b>	<b>106,120</b>	<b>24,899</b>	<b>33,292</b>

## 24 Other operating income

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
Rental income	13,408	14,989	3,534	3,554
Others	16	7	16	-
<b>Total other operating income</b>	<b>13,424</b>	<b>14,996</b>	<b>3,550</b>	<b>3,554</b>

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## 25 General, administrative and other operating expenses

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
Staff costs	133,615	139,383	42,937	46,707
Depreciation (note 10 & 13)	24,830	21,021	8,459	7,647
Board of Directors expenses	10,853	10,835	3,480	3,401
Other operating expenses	32,517	34,808	12,408	11,880
	<u>201,815</u>	<u>206,047</u>	<u>67,284</u>	<u>69,635</u>

## 26 Net impairment charge on financial assets

	For the nine-months ended 30 September		For the three-months ended 30 September	
	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000	2020 (Unaudited) AED'000	2019 (Unaudited) AED'000
ECL provision on loans and advances	261,026	116,246	100,398	46,443
ECL provision on due from banks	2,879	-	1,546	-
ECL provision on central bank balances	857	-	857	-
ECL provision on investments	9,973	-	7,023	-
Reversal of loan loss provisions	(16,732)	(26,187)	(16,732)	(13,680)
Recovery of previously written-off loans and advances	(8,516)	(6,817)	(3,241)	(5,262)
	<u>249,487</u>	<u>83,242</u>	<u>89,851</u>	<u>27,501</u>

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## 27 Commitments and contingent liabilities

The Bank, in the ordinary course of business, enters into various types of transactions that involve undertaking certain commitments such as letters of credit, guarantees and capital commitments.

	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Letters of credit	1,687,213	1,758,119
Letters of guarantee	3,828,474	4,198,748
	<hr/> 5,515,687	<hr/> 5,956,867
Un-drawn commitments to extend credit	5,043,954	6,595,460
Commitment for future capital expenditure	-	4,464
	<hr/> 5,043,954	<hr/> 6,599,924
<b>Total commitments and contingencies</b>	<b><u>10,559,641</u></b>	<b><u>12,556,791</u></b>

## 28 Related party transactions

### Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. Related parties comprise major shareholders, directors and key management personnel of the Bank. The Bank's shareholding pattern is as follows:

	<u>Shareholding percentage %</u>	
	2020	2019
Emirates Investment Authority	42.28	42.28
Libyan Foreign Bank	42.28	42.28
Banque Exterieur d'Algerie	15.44	15.44

In the normal course of business, the Bank enters into various transactions with its related parties. Banking transactions are entered into with related parties on terms and conditions approved by either the Bank's management or the Board of Directors. The volume of related party transactions, outstanding balances and related expenses and income for the year were as follows:

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## 28 Related party transactions (continued)

Balances:	Key management personnel		Others	
	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000	(Unaudited) 30 September 2020 AED'000	(Audited) 31 December 2019 AED'000
Loans and advances	17,302	12,331	7,797	41,466
Deposits	16,570	8,705	2,827,063	2,002,434
Commitments and contingencies	-	-	1,260,408	1,694,014
Transactions:	Key management personnel		Others	
	(Unaudited) 30 September 2020 AED'000	(Unaudited) 30 September 2019 AED'000	(Unaudited) 30 September 2020 AED'000	(Unaudited) 30 September 2019 AED'000
Board of Directors' remuneration	9,000	9,000	-	-
Salaries and benefits	13,252	13,020	-	-
Post-employment benefits	1,087	1,028	-	-
Interest income	393	867	-	-
Interest expense	78	436	29,438	37,145
Fee and commission	-	-	919	1,022
Dividend paid	-	-	-	150,000



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## 28 Related party transactions *(continued)*

Loans and advances granted to key management personnel are repayable over one year and bear interest rates ranging between 3% and 5% (2019: 4% to 7%). No collateral is under lien on loans and advances to key management personnel. No specific impairment allowance has been recorded against these loans and advances

Deposits from other related parties include fixed deposits under lien amounting to AED 1,102 million (31 December 2019: AED 1,102 million).

## 29 Basic and diluted earnings per share

	(Unaudited) For the nine-months ended 30 September 2020 AED'000	(Unaudited) 2019 AED'000	(Unaudited) For the three-months ended 30 September 2020 AED'000	(Unaudited) 2019 AED'000
Profit for the period	160,245	376,331	44,825	125,827
Weighted average number of ordinary shares	75,000	75,000	75,000	75,000
Earnings per share (AED)	<u>2.14</u>	<u>5.02</u>	<u>0.60</u>	<u>1.68</u>

There were no potentially dilutive securities as at 30 September 2020 or 30 September 2019, and accordingly, diluted earnings per share are the same as basic earnings per share.

## 30 Comparative figures

Customer trading account income has been re-classified from dividend income for the period ended 30 September 2019 to Net investment income amounting to AED 911 thousand to conform to the current period classification with no impact on profit for the period or retained earnings.