Mashreqbank PSC Group

Condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021

Mashreqbank PSC Group

Review report and condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021

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Review report on condensed consolidated interim financial information to the Directors of Mashreqbank PSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Mashreqbank PSC (the "Bank") and its subsidiaries (together referred to as the "Group") as at 31 March 2021 and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory information. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of the condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers
29 April 2021

Jacques Fakhoury
Registered Auditor Number 379
Place: Dubai, United Arab Emirates

Mashreqbank PSC Group

Condensed consolidated statement of financial position as at 31 March 2021

	Notes	31 March 2021 (un-audited) AED '000	31 December 2020 (audited) AED '000
ASSETS			
Cash and balances with central banks		**14,862,116**	17,941,941
Deposits and balances due from banks		**27,571,031**	28,239,030
Other financial assets measured at fair value	6	**11,077,335**	8,439,103
Other financial assets measured at amortised cost	6	**11,159,734**	11,000,654
Loans and advances measured at amortised cost	7	**61,419,165**	57,286,411
Islamic financing and investment products measured at amortised cost	8	**14,377,422**	14,246,343
Acceptances		**13,384,025**	12,767,461
Other assets		**3,313,459**	3,478,455
Reinsurance contract assets		**2,884,763**	2,891,920
Investment in associate		**20,996**	20,996
Investment properties	9	**449,715**	449,715
Property and equipment	10	**1,451,537**	1,466,769
Intangible assets		**281,688**	294,442
Total assets		**162,252,986**	158,523,240
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits and balances due to banks	11	**15,567,679**	14,844,380
Repurchase agreements with banks		**2,442,205**	2,289,723
Customers' deposits	12	**77,079,805**	76,375,973
Islamic customers' deposits	13	**13,125,247**	11,884,566
Acceptances		**13,384,025**	12,767,461
Other liabilities		**6,977,872**	5,808,908
Medium-term loans	14	**9,176,669**	9,616,042
Insurance contract liabilities		**4,847,738**	4,747,779
Total liabilities		**142,601,240**	138,334,832
EQUITY			
Capital and reserves			
Issued and paid up capital	15	**1,775,308**	1,775,308
Statutory and legal reserves		**912,099**	912,099
General reserve		**312,000**	312,000
Currency translation reserve		**(102,733)**	(98,332)
Investments revaluation reserve		**(956,357)**	(358,088)
Cash flow hedge reserve		**-**	(437)
Retained earnings		**16,940,421**	16,888,178
Equity attributable to owners of the Parent		**18,880,738**	19,430,728
Non-controlling interests	16	**771,008**	757,680
Total equity		**19,651,746**	20,188,408
Total liabilities and equity		**162,252,986**	158,523,240

To the best of our knowledge, the condensed consolidated interim financial information present fairly in all material respects the financial condition, results of operation and cashflows of the Group as of, and for, the periods presented therein.

Abdul Aziz Abdulla Al Ghurair
Chairman

Ahmed Abdelaal
Group Chief Executive Officer

Condensed consolidated statement of profit or loss for the period from 1 January 2021 to 31 March 2021 (un-audited)

	Notes	For the three month period ended 31 March 2021 AED '000	2020 AED '000
Interest income		**1,013,356**	1,326,531
Income from Islamic financing and investment products		**110,149**	157,018
Total interest income and income from Islamic financing and investment products		**1,123,505**	1,483,549
Interest expense		**(376,906)**	(625,671)
Distribution to depositors – Islamic products		**(48,868)**	(76,311)
Net interest income and income from Islamic products net of distribution to depositors		**697,731**	781,567
Fee and commission income		**874,543**	717,505
Fee and commission expense		**(425,501)**	(369,298)
Net fee and commission income		**449,042**	348,207
Net investment income		**28,595**	127,115
Other income, net		**233,849**	266,151
Operating income		**1,409,217**	1,523,040
General and administrative expenses	17	**(619,931)**	(632,194)
Operating profit before impairment		**789,286**	890,846
Allowances for impairment, net		**(710,807)**	(408,678)
Profit before tax		**78,479**	482,168
Tax expense		**(14,092)**	(11,010)
Profit for the period		**64,387**	471,158
Attributed to:			
Owners of the Parent		**42,985**	450,294
Non-controlling interests		**21,402**	20,864
		64,387	471,158
Earnings per share (AED)	18	**0.24**	2.54

Mashreqbank PSC Group

Condensed consolidated statement of other comprehensive income for the period from 1 January 2021 to 31 March 2021 (un-audited)

	For the three month period ended 31 March	
	2021	**2020**
	AED '000	**AED '000**
Profit for the period	**64,387**	471,158
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments)	**23,508**	(138,433)
Items that may be reclassified subsequently to profit or loss:		
Changes in currency translation reserve	**(5,899)**	(16,973)
Changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments)	**(613,664)**	(153,473)
Cash flow hedges - fair value gain/ (loss) arising during the period	**437**	(1,796)
Total other comprehensive loss for the period	**(595,618)**	(310,675)
Total comprehensive (loss)/ income for the period	**(531,231)**	160,483
Attributed to:		
Owners of the Parent	**(555,591)**	178,437
Non-controlling interests	**24,360**	(17,954)
	(531,231)	160,483

Mashreqbank PSC Group

Condensed consolidated statement of changes in equity for the period from 1 January 2021 to 31 March 2021 (un-audited)

	Issued and paid up capital AED'000	Statutory and legal reserves AED'000	General reserve AED'000	Currency translation reserve AED'000	Investments revaluation reserve AED'000	Cashflow hedge reserve AED'000	Retained earnings AED'000	Equity attributable to owners of the Parent AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2020	1,775,308	907,714	312,000	(88,720)	(273,595)	4,292	18,895,583	21,532,582	710,348	22,242,930
Profit for the period	-	-	-	-	-	-	450,294	450,294	20,864	471,158
Other comprehensive (loss)	-	-	-	(16,123)	(253,938)	(1,796)	-	(271,857)	(38,818)	(310,675)
Total comprehensive (loss) / income for the period	-	-	-	(16,123)	(253,938)	(1,796)	450,294	178,437	(17,954)	160,483
Payment of dividends (Note 15)	-	-	-	-	-	-	(710,123)	(710,123)	-	(710,123)
Transfer from investments revaluation reserve to retained earnings	-	-	-	-	13,765	-	(13,765)	-	-	-
Balance at 31 March 2020	1,775,308	907,714	312,000	(104,843)	(513,768)	2,496	18,621,989	21,000,896	692,394	21,693,290

Condensed consolidated statement of changes in equity for the period from 1 January 2021 to 31 March 2021 (un-audited)

	Issued and paid up capital AED'000	Statutory and legal reserves AED'000	General reserve AED'000	Currency translation reserve AED'000	Investments revaluation reserve AED'000	Cashflow hedge reserve AED'000	Retained earnings AED'000	Equity attributable to owners of the Parent AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2021	**1,775,308**	**912,099**	**312,000**	**(98,332)**	**(358,088)**	**(437)**	**16,888,178**	**19,430,728**	**757,680**	**20,188,408**
Profit for the period	-	-	-	-	-	-	42,985	42,985	21,402	64,387
Other comprehensive income/ (loss)	-	-	-	(4,401)	(594,612)	437	-	(598,576)	2,958	(595,618)
Total comprehensive income/(loss) for the period	-	-	-	(4,401)	(594,612)	437	42,985	(555,591)	24,360	(531,231)
Transfer from investments revaluation reserve to retained earnings	-	-	-	-	(3,657)	-	3,657	-	-	-
Transaction with common control entity	-	-	-	-	-	-	5,601	5,601	-	5,601
Transaction with non-controlling interest (NCI)	-	-	-	-	-	-	-	-	(11,032)	(11,032)
Balance at 31 March 2021	**1,775,308**	**912,099**	**312,000**	**(102,733)**	**(956,357)**	**-**	**16,940,421**	**18,880,738**	**771,008**	**19,651,746**

The accompanying notes form an integral part of this condensed consolidated interim financial information.

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Condensed consolidated statement of cash flows for the period from 1 January 2021 to 31 March 2021 (un-audited)

	For the three month period ended 31 March	
	2021	**2020**
	AED '000	**AED '000**
Cash flows from operating activities		
Profit before taxation for the period	**78,479**	482,168
Adjustments for:		
Depreciation of property and equipment	**63,582**	55,023
Allowance for impairment, net	**710,807**	408,678
Gain on disposal of property and equipment	**2,001**	-
Unrealised loss on other financial assets held at Fair Value Through Profit or Loss (FVTPL)	**7,942**	36,263
Unrealised (loss)/gain on derivatives	**(5,044)**	17,577
Dividend income from financial assets measured at FVTOCI	**(7,948)**	(13,916)
Realised gain on disposal of other financial assets	**(24,158)**	(144,444)
Net realised gain on sale of other financial asset held at FVTPL	**(4,255)**	(4,879)
Changes in operating assets and liabilities		
Decrease in deposits with central banks	**791,210**	2,403,822
Decrease/(increase) in deposits and balances due from banks maturing after three months	**612,800**	(3,077,696)
(Increase)/decrease in other financial assets measured at FVTPL	**(726,871)**	53,873
Increase in loans and advances measured at amortised cost	**(4,186,968)**	(1,417,583)
Increase in Islamic financing and investment products measured at amortised cost	**(204,855)**	(1,048,891)
Decrease/(increase) in other assets	**170,476**	(3,633,484)
Decrease/(increase) in reinsurance contract asset	**7,157**	(104,907)
Increase in deposits and balances due to banks	**723,299**	4,194,473
Increase in customers' deposits	**703,831**	1,510,990
Increase/(decrease) in Islamic customers' deposits	**1,240,681**	(3,983,857)
Increase in insurance and life assurance funds	**99,959**	150,596
Increase in other liabilities	**582,662**	3,029,443
Increase/(decrease) in repurchase agreements with banks	**152,483**	(255,602)
Taxes paid	**(14,092)**	(11,010)
Net cash generated from/(used in) operating activities	**773,178**	(1,353,363)
Cash flows from investing activities		
Purchase of property and equipment	**(29,122)**	(79,459)
Proceeds from sale of property and equipment	**82**	-
Purchase of intangible assets	**(10,456)**	-
Purchase of other financial assets measured at fair value or amortised cost	**(11,830,030)**	(2,807,429)
Proceeds from sale of other financial assets measured at fair value or amortised cost	**9,178,400**	3,995,282
Dividend income received from other financial assets measured at FVTOCI	**7,948**	13,916
Net cash (used in)/generated from investing activities	**(2,683,178)**	1,122,310

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows for the period from 1 January 2021 to 31 March 2021 (un-audited) (continued)

	For the three month period ended 31 March	
	2021	2020
	AED '000	AED '000
Cash flows from financing activities		
Transaction with non-controlling interest	**(11,032)**	-
Dividends paid	**-**	(710,123)
Medium term notes issued during the period	**-**	727,872
Medium term notes redeemed during the period	**(439,373)**	(1,652,289)
Net cash used in financing activities	**(450,405)**	(1,634,540)
Net decrease in cash and cash equivalents	**(2,360,405)**	(1,865,593)
Net foreign exchange difference	**4,401**	(16,123)
Cash and cash equivalents at beginning of the period (Note 19)	**20,840,615**	22,766,807
Cash and cash equivalents at end of the period (Note 19)	**18,484,611**	20,885,091

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021

1 General information

Mashreqbank PSC (the "Bank") was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The Bank operates through its branches in the United Arab Emirates, Bahrain, Kuwait, Egypt, Hong Kong, India, Qatar, the United Kingdom and the United States of America. The address of the Bank's registered office is P.O. Box 1250, Dubai, United Arab Emirates. At 31 March 2021, Mashreqbank PSC Group (the "Group") comprises of the Bank and the following direct subsidiaries and associates:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Subsidiary		%	%	
Oman Insurance Company (PSC)	United Arab Emirates	64.46	64.46	Insurance & reinsurance
Mindscape FZ LLC	United Arab Emirates	100.00	100.00	IT services
Mashreq Securities LLC	United Arab Emirates	99.98	99.98	Brokerage
Mashreq Capital (DIFC) Limited	United Arab Emirates	100.00	100.00	Brokerage and asset & fund management
Mashreq Al Islami Finance Company (PJSC)	United Arab Emirates	99.80	99.80	Islamic finance company
Injaz Services FZ LLC	United Arab Emirates	100.00	100.00	Service provider
Makaseb Funds Company BSC*	Kingdom of Bahrain	99.90	99.90	Fund manager
Makaseb Funds Company BSC II*	Kingdom of Bahrain	99.90	99.90	Fund manager
Invictus Limited	Cayman Islands	100.00	100.00	Special purpose vehicle
Al Taqania Employment Services One Person Company LLC	United Arab Emirates	100.00	100.00	Employment Services
Al Kafaat Employment Services One Person Company LLC	United Arab Emirates	100.00	100.00	Employment Services
Mashreq for Business Process Support (Sole person company)	Egypt	100.00	100.00	Employment Services
Mashreq Global Services (SMC-private) Limited	Pakistan	100.00	100.00	Employment Services
Shorouq Commodities Trading DMCC	United Arab Emirates	100.00	100.00	Trading
IDFAA Payment Services LLC	United Arab Emirates	100.00	100.00	Payment service provider
Osool – A Finance Company (PJSC)*	United Arab Emirates	98.00	98.00	Finance
Associate				
Emirates Digital Wallet LLC	United Arab Emirates	23.22	23.22	Digital wallet service

**Under liquidation.*

2 Application of new and revised International Financial Reporting Standards ("IFRS")

2.1 New and revised IFRS adopted in the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in this interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions** - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform**

  The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate).

  The Group has a project underway to enable interest rate benchmark (IBOR) reform and transition away from LIBOR. IBOR reform impacts the Bank across multiple areas including, but not limited to, products, systems, legal contracts and processes. A high-level approach has been devised and full impact assessment across impacted areas is currently in progress.

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

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

New and revised IFRS	Effective for annual periods beginning on or after
• **IFRS 17, ‘Insurance contracts’** - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, ‘Insurance Contracts’. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

The standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted if IFRS 15, ‘Revenue from contracts with customers’ and IFRS 9, ‘Financial instruments’ are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”) representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

Management expects that the adoption of IFRS 17 will have an impact on the condensed consolidated interim financial information in respect of its insurance contracts issued and reinsurance contracts held. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
• **Amendments to IFRS 17, 'Insurance Contracts'**- The IASB issued the amendments to IFRS 17, 'Insurance contracts', on 25 June 2020, together with an amendment to IFRS 4, so that eligible insurers can still apply IFRS 9 alongside IFRS 17. This concluded the IASB's targeted amendments to IFRS 17 which aimed to ease implementation of the standard by reducing implementation costs and making it easier for entities to explain, to investors and others, the results from applying IFRS 17.	1 January 2023
• **Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 9 and IFRS 16** Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 9, 'Financial instruments', and the Illustrative Examples accompanying IFRS 16, 'Leases'.	1 January 2022
• **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities** - These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022

2 Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
• **Amendments to IAS 1, 'Presentation of financial statements', IFRS Practice statement 2 and IAS 8,' Accounting policies, changes in accounting estimates and errors'** The IASB amended IAS 1, 'Presentation of Financial Statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

3 Summary of significant accounting policies

3.1 Basis of preparation

This condensed consolidated interim financial information of the Group is prepared under the historical cost basis except for certain financial instruments, including derivatives, investment properties and reserves for unit linked policies which are measured at fair value.

This condensed consolidated interim financial information is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standard Board ('IASB') and also comply with the applicable requirements of the laws in the U.A.E.

The accounting policies used in the preparation of this condensed consolidated interim financial information is consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2020.

This condensed consolidated interim financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. In addition, results for the period from 1 January 2021 to 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties have been disclosed in the condensed consolidated financial information.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Bank is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

3.2 Basis of consolidation

This condensed consolidated interim financial information incorporates the financial information of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated interim financial information comprises the financial information of the Bank and of the subsidiaries as disclosed in Note 1. The financial information of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

3 Summary of significant accounting policies (continued)

3.3 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

For financial assets or financial liabilities not at fair value through profit or loss, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transactions costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fee and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ('ECL') is recognized for financial assets measured at amortised cost and investment in debt instruments measured as FVTOCI, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'. Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Debt instruments, including loans and advances and Islamic financing and investments products, are measured at amortised cost if both of the following conditions are met:

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

3 Summary of significant accounting policies (continued)

3.3 Financial assets (continued)

Classification of financial assets (continued)

All other financial assets are subsequently measured at fair value.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and Interest ('SPPI'), and that are not designated at fair value through profit or loss ('FVTPL'), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized.

- Fair value through other comprehensive income ('FVTOCI'): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVTOCI. Movement in carrying amount are taken through Other Comprehensive Income ('OCI'), except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments' amortised cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Net investment income'.

- Fair value through profit or loss ('FVTPL'): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'Net investment income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they were presented separately in 'Net investment income'.

3 Summary of significant accounting policies (continued)

3.3 Financial assets (continued)

Classification of financial assets (continued)

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and an interest rate that is consistent with basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

3 Summary of significant accounting policies (continued)

3.3 Financial assets (continued)

Classification of financial assets (continued)

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as net investment income when the Group's right to receive payments is established.

Amortised cost and effective interest method

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using original effective interest rate. Any changes are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

3 Summary of significant accounting policies (continued)

3.3 Financial assets (continued)

(i) Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(ii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in the derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss.

3 Summary of significant accounting policies (continued)

3.3 Financial assets (continued)

(ii) Modification of loans (continued)

The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

(iii) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownerships, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control. The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

3.4 Financial liabilities

Classification and subsequent measurement

Financial liabilities (including deposits and balances due to banks, repurchase agreements with banks, medium term loans and customer deposits) are initially recognised at fair value and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such on initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the change in fair value due to credit risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

3 Summary of significant accounting policies (continued)

3.4 Financial liabilities (continued)

Classification and subsequent measurement (continued)

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby for financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

When replacing an existing debt with a new debt from a new lender, the existing debt would be de-recognized in the financial statements, with the difference between the carrying amount and the fair value of the consideration paid recognized in profit or loss. However, when modifying or exchanging a debt while keeping the original lender, the International Financial Reporting Standards (IFRS) have specific guidance on whether the transaction results in a de-recognition or is accounted for differently. This analysis is driven by the question whether the modification is “substantial” or whether the original debt has been replaced by another debt with “substantially” different terms.

3.5 Financial guarantee contracts and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. Loan commitments are irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance.

3 Summary of significant accounting policies (continued)

3.6 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in the condensed consolidated interim statement of profit or loss;
- for financial assets that are monetary items and designated as at FVTOCI, any foreign exchange component is recognized in consolidated statement of profit or loss;
- for financial assets that are non-monetary items and designated as at FVTOCI, any foreign exchange component is recognised in the consolidated statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the consolidated statement of profit or loss.

3.7 Islamic financing and investment products

In addition to conventional banking products, the Group offers its customers certain non-interest based banking products, which are approved by its Shari'ah Supervisory Board.

Any conventional terminologies that are used only for reasons of legal requirement, explanation and/or clarity will be considered as replaced with its Shari'ah compliant equivalent and will not impact the Islamic products or documentation in terms of their Shari'ah compliance. All Islamic banking products are accounted for in conformity with the accounting policies described below:

(i) Accounting policy

Islamic financing and investing products are measured at amortised cost, using the effective profit method, less any amounts written off, allowance for doubtful accounts and unearned income.

The effective profit rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Allowance for impairment is made against Islamic financing and investing products is measured in accordance with note 3.3(i). Islamic financing and investing products are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

(ii) Revenue recognition policy

Income from Islamic financing and investing assets are recognised in the condensed consolidated statement of profit or loss using the effective profit method.

3 Summary of significant accounting policies (continued)

3.7 Islamic financing and investment products (continued)

(ii) Revenue recognition policy (continued)

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

(iii) Islamic customers' deposits and distributions to depositors

Islamic customers' deposits are initially measured at fair value which is normally consideration received net of directly attributable transaction costs incurred, and subsequently measured at their amortised cost using the effective profit method.

Distributions to depositors (Islamic products) are calculated according to the Group's standard procedures and are approved by the Group's Sharia'a Supervisory Board.

3.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair value of investment properties are included in the condensed consolidated statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the condensed consolidated profit or loss in the period in which the property is derecognised.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3 Summary of significant accounting policies (continued)

3.9 Leasing

The group leases various branches, offices and premises for ATMs. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.10 Financial risk management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020, except for those matters described in note 4.2.

3.11 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and other balances with the UAE Central Bank (excluding statutory reserve) and money market placements which are maturing within three months from the value date of the deposit or placement. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

4 Risk management

4.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Group is also exposed to credit risk arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

The Chief Credit Officer ("CCO") of the Group is responsible for overseeing all aspects of credit risk management supported by a team of experienced and trained credit managers. The CCO and credit managers have delegated authority within the risk management framework to approve credit transactions and manage credit risk on an ongoing basis.

Credit risk is the single largest risk from the Group's business of extending loans and advances (including loan commitments, letters of credit and letters of auarantee) and carrying out investment in securities and debts; the Group therefore carefully manages its exposure to credit risk. Credit risk management and controls are centralized under the CCO function with regular governance and monitoring exercised by the Board Risk Committee ("BRC") and Enterprise Risk Committee ("ERC").

Specifically, BRC reviews and approves credit proposals that are beyond lending authorities delegated to management by the Board of Directors. In addition, BRC monitors key elements of the Bank's credit risk profile relative to the Bank's risk appetite. The BRC is supported by ERC in detailed review and monitoring of credit portfolio, including exposure concentrations.

An Early Alert Committee ("EAC") is also in place to review and proactively identify potential problematic exposures within Corporate and Investment Banking ("CIBG") and International Banking ("IBG") business groups and determine appropriate strategies. The EAC, along with the IFRS 9 Forum (a forum in place to oversee all aspects of the Group's IFRS 9 framework), plays an important role in ensuring that credit fundamentals are linked to determination of Significant Increase in Credit Risk (SICR) and staging for IFRS 9 purposes.

4 Risk management (continued)

4.1 Credit risk (continued)

(i) The following tables explains the changes in the gross carrying for loans and advances (including Islamic financing and investment products measured) at amortised cost:

	31 March 2021 (un-audited)			
	Stage 1 12-month	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Gross carrying amount as at 1 January	**67,110**	**5,597**	**4,636**	**77,343**
Transfers				
Transfer from Stage 1 to Stage 2	**(1,393)**	**1,393**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(18)**	**-**	**18**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(1,034)**	**1,034**	**-**
Transfer from Stage 3 to Stage 2	**-**	**20**	**(20)**	**-**
Transfer from Stage 2 to Stage 1	**83**	**(83)**	**-**	**-**
New financial assets originated	**24,205**	**-**	**-**	**24,205**
Repayments and other movements	**(19,047)**	**(869)**	**(11)**	**(19,927)**
Write-offs	**-**	**-**	**(993)**	**(993)**
Gross carrying amount as at 31 March	**70,940**	**5,024**	**4,664**	**80,628**

	31 December 2020 (audited)			
	Stage 1 12-month	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Gross carrying amount as at 1 January	70,980	5,674	3,485	80,139
Transfers				
Transfer from Stage 1 to Stage 2	(4,134)	4,134	-	-
Transfer from Stage 1 to Stage 3	(788)	-	788	-
Transfer from Stage 2 to Stage 3	-	(993)	993	-
Transfer from Stage 3 to Stage 2	-	1	(1)	-
Transfer from Stage 2 to Stage 1	389	(389)	-	-
New financial assets originated	42,107	-	-	42,107
Repayments and other movements	(41,444)	(2,830)	569	(43,705)
Write-offs	-	-	(1,198)	(1,198)
Gross carrying amount as at 31 December	67,110	5,597	4,636	77,343

4 Risk management (continued)

4.1 Credit risk (continued)

(ii) The following tables explain the changes in the loss allowance for loans and advances (including Islamic financing and investment products) measured at amortised cost:

	31 March 2021 (un-audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total ECL
	AED (in million)			
Loss allowance as at 1 January	**615**	**2,287**	**2,909**	**5,811**
Transfers				
Transfer from Stage 1 to Stage 2	**(58)**	**58**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(1)**	**-**	**1**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(738)**	**738**	**-**
Transfer from Stage 3 to Stage 2	**-**	**1**	**(1)**	**-**
Transfer from Stage 2 to Stage 1	**2**	**(2)**	**-**	**-**
New financial assets originated	**142**	**-**	**-**	**142**
Changes in PDs/LGDs/EADs	**(66)**	**(384)**	**322**	**(128)**
Write-offs	**-**	**-**	**(993)**	**(993)**
Loss allowance as at 31 March	**634**	**1,222**	**2,976**	**4,832**

	31 December 2020 (audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total ECL
	AED (in million)			
Loss allowance as at 1 January	476	1,505	1,993	3,974
Transfers				
Transfer from Stage 1 to Stage 2	(407)	407	-	-
Transfer from Stage 1 to Stage 3	(35)	-	35	-
Transfer from Stage 2 to Stage 1	13	(13)	-	-
Transfer from Stage 2 to Stage 3	-	(100)	100	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated	636	-	-	636
Changes in PDs/LGDs/EADs	(68)	489	1,979	2,400
Write-offs	-	-	(1,198)	(1,198)
Loss allowance as at 31 December	615	2,288	2,909	5,812

4 Risk management (continued)

4.1 Credit risk (continued)

(iii) The credit risk exposures relating to on-balance sheet items (excluding loans and advances and Islamic financing and investment products) are as follows:

	31 March 2021 (un-audited)			
Due from banks	**Stage 1 12-month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Investment-grade	**7,145**	**74**	**-**	**7,219**
BB+ & below	**8,417**	**728**	**-**	**9,145**
Unrated	**10,012**	**1,268**	**83**	**11,363**
	25,574	**2,070**	**83**	**27,727**
Loss allowance	**(81)**	**(18)**	**(57)**	**(156)**
	25,493	**2,052**	**26**	**27,571**

	31 December 2020 (audited)			
Due from banks	**Stage 1 12-month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Investment-grade	7,218	118	-	7,336
BB+ & below	5,599	2,926	-	8,525
Unrated	9,978	2,481	85	12,544
	22,795	5,525	85	28,405
Loss allowance	(69)	(41)	(55)	(165)
	22,726	5,484	30	28,240

There were no other transfers between stages during the period ended 31 March 2021.

	31 March 2021 (un-audited)			
Other financial assets measured at amortised cost and FVOCI	**Stage 1 12-month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Investment-grade	**14,671**	**-**	**-**	**14,671**
BB+ & below	**3,882**	**-**	**-**	**3,882**
Unrated	**969**	**-**	**2**	**971**
	19,522	**-**	**2**	**19,524**
Loss allowance	**(29)**	**-**	**(2)**	**(31)**
	19,493	**-**	**-**	**19,493**

4 Risk management (continued)

4.1 Credit risk (continued)

(iii) The credit risk exposures relating to on-balance sheet items (excluding loans and advances and Islamic financing and investment products) are as follows:

Other financial assets measured at amortised cost and FVOCI	31 December 2020 (audited) Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED (in million)			
Investment-grade	13,751		-	13,751
BB+ & below	3,376		-	3,376
Unrated	366		2	368
	17,493		2	17,495
Loss allowance	(21)		(2)	(23)
	17,472		-	17,472

There were no transfers between stages during the period ended 31 March 2021.

Other assets	31 March 2021 (un-audited) Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED (in million)			
Other assets	**-**	**629**	**458**	**1,087**
Loss allowance	**-**	**(20)**	**(416)**	**(436)**
Carrying amount	**-**	**609**	**42**	**651**

Other assets	31 December 2020 (audited) Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED (in million)			
Other assets	-	586	428	1,014
Loss allowance	-	(18)	(413)	(431)
Carrying amount	-	568	15	583

4 Risk management (continued)

4.1 Credit risk (continued)

There were no other transfers between stages during the period ended 31 March 2021.

	31 March 2021 (un-audited)			
	Stage 1 12-month	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Acceptances	**13,289**	**95**	**-**	**13,384**
Loss allowance	**(23)**	**(1)**	**-**	**(24)**

	31 December 2020 (audited)			
	Stage 1 12-month	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
	AED (in million)			
Acceptances	12,681	87	-	12,768
Loss allowance	(25)	(1)	-	(26)

Exposure of AED 90 million were transferred from stage 1 to 2 and exposure of AED 8 million were transferred from stage 2 to 3 during the three month period ended 31 March 2021. There were no other transfers between stages during the period ended 31 March 2021.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

4 Risk management (continued)

4.1 Credit risk (continued)

(iv) The following tables explains the changes in the balances for off-balance sheet items (LC, LGs and commitments):

	31 March 2021 (un-audited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED (in million)			
As at 1 January	**49,114**	**4,258**	**2,382**	**55,754**
Transfers				
Transfer from Stage 1 to Stage 2	**(1,399)**	**1,399**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(105)**	**105**	**-**
Transfer from Stage 2 to Stage 1	**178**	**(178)**	**-**	**-**
New financial assets originated	**11,810**	**-**	**-**	**11,810**
Repayments and other movements	**(8,818)**	**(1,132)**	**(625)**	**(10,575)**
As at 31 March	**50,885**	**4,242**	**1,862**	**56,989**

	31 December 2020 (audited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED (in million)			
As at 1 January	55,481	3,250	-	58,731
Transfers				
Transfer from Stage 1 to Stage 2	(2,124)	2,124	-	-
Transfer from Stage 1 to Stage 3	(2,334)	-	2,334	-
Transfer from Stage 2 to Stage 3	-	(235)	235	-
Transfer from Stage 3 to Stage 2	-	1	(1)	-
Transfer from Stage 2 to Stage 1	179	(179)	-	-
New financial assets originated	17,718	-	-	17,718
Repayments and other movements	(19,806)	(703)	(187)	(20,696)
As at 31 December	49,114	4,258	2,381	55,753

4 Risk management (continued)

4.1 Credit risk (continued)

(v) The following tables explain the changes in the loss allowance for off-balance sheet items (LC, LGs, commitments and acceptances):

	31 March 2021 (un-audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total ECL
	AED (in million)			
As at 1 January	**92**	**52**	**325**	**469**
Transfers				
Transfer from Stage 1 to Stage 2	**(4)**	**4**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(1)**	**1**	**-**
Transfer from Stage 2 to Stage 1	**3**	**(3)**	**-**	**-**
New financial assets originated	**24**	**-**	**-**	**24**
Changes in PDs/LGDs/EADs	**(31)**	**(14)**	**596**	**551**
As at 31 March	**84**	**38**	**922**	**1,044**

	31 December 2020 (audited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total ECL
	AED (in million)			
As at 1 January	99	60	-	159
Transfers				
Transfer from Stage 1 to Stage 2	(6)	6	-	-
Transfer from Stage 1 to Stage 3	(98)	-	98	-
Transfer from Stage 2 to Stage 3	-	(7)	7	-
Transfer from Stage 3 to Stage 2	-	1	(1)	-
Transfer from Stage 2 to Stage 1	2	(2)	-	-
New financial assets originated	156	-	-	156
Changes in PDs/LGDs/EADs	(60)	(6)	221	155
As at 31 December	**93**	**52**	**325**	**470**

4 Risk management (continued)

4.2 Risk management in the current economic scenario

Economic fallout from COVID-19 crisis continues to be significant and rapidly evolving at the present time. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. As at 31 March 2021, the Group has utilized AED 598 million of Zero Coupon Facility ("ZCF"), under the CBUAE Targeted Economic Support Scheme ("TESS") that was launched in April 2020 as a countermeasure to COVID-19. The ZCF is collateralized by certain financial assets measured at amortised cost and financial assets measured at fair value as disclosed in note 6(e). This facility is due for repayment on/before 30 June 2022.

The Group continues to closely monitor and assess the impact of COVID-19 crisis on credit portfolios and overall levels of credit risk. The Group has increased the frequency of portfolio reviews in order to identify and assess specific credit concerns resulting from the crisis, particularly for clients within directly impacted sectors, such as aviation, hospitality, travel & tourism, and retail sectors. In addition, the Group has proactively taken steps to manage credit issues arising out of COVID-19 in such a way that is fair to their clients while also serving the Group's interests. Overall, the Group continues to apply sound judgment in understanding and evaluating COVID-19 impact on its clients' cash flows and credit worthiness.

COVID-19 impact on measurement of ECL

The Group has robust governance in place to ensure appropriateness of the IFRS 9 framework and resultant Expected Credit Loss ("ECL") estimates at all times. Specifically, all aspects of the IFRS 9 framework are overseen by an executive IFRS 9 Forum ("the forum"). The forum is chaired by the Group Chief Risk Officer with participation from Chief Financial Officer, Chief Credit Officer and heads of business divisions as members. The Group, through the forum, reviews the appropriateness of inputs and methodology for IFRS 9 ECL on an ongoing basis.

In recognition of significant economic uncertainty due to the COVID-19 crisis and the associated challenges in applying IFRS 9 principles and requirements under these circumstances, CBUAE, Dubai Financial Services Authority ("DFSA") and the Financial Services Regulatory Authority (the "FSRA") jointly issued a guidance note to Banks and Finance companies ("Joint Guidance") in UAE on 15 April 2020 relating to estimation of IFRS 9 ECL provisions in context of the COVID-19 crisis. In addition, an addendum to the Joint Guidance was issued on 27 October 2020. The Group has taken into consideration provisions of the Joint Guidance and the addendum in all areas of the IFRS 9 framework and in estimating ECL for Q1 2021.

In addition, the Group continues to review the appropriateness of ECL provisions in light of changes in macroeconomic environment, risk profile as well as any actual and expected increase in credit risk. This assessment includes detailed review of potential impacts of COVID-19 on economic forecasts, industry sectors as well as individual clients, as relevant.

4 Risk management (continued)

4.2 Risk management in the current economic scenario (continued)

The outcome of the review is as follows:

(i) Classification of the clients benefitting from payment deferrals into two groups; (a) Group 1: clients those are temporarily and mildly impacted; and (b) Group 2: clients that are significantly impacted and potential stage migrations;

(ii) Revision to IFRS 9 model inputs pertaining to macroeconomic forecasts; and

(iii) Incorporation of Judgmental Overlays ("JO") within total ECL to reflect the heightened credit risk within its credit portfolio.

Grouping of clients has been carried out based on the assessment of Significant Increase in Credit Risk ("SICR") for clients benefiting from payment deferrals. The Group has applied knowledge of its clients and judgement in assessing SICR and whether the impact of COVID-19 is temporary or longer term. Specifically, clients that are expected to face liquidity constraints without substantial changes in their creditworthiness have been classified in Group 1. For these clients, the Group holds the view that, despite being subject to payment deferrals, there is insufficient deterioration in credit quality to trigger a stage migration. On the other hand, clients that are expected to face substantial changes in their creditworthiness beyond liquidity issues have been classified as Group 2. Ultimately grouping of borrowers assists in determining whether a stage migration is warranted. As at 31 March 2021, the proportion of clients benefitting from deferrals along with their exposures and ECL is as follows:

		Group 1		Group 2	
Sector	**Total gross carrying amount**	**Gross carrying amount**	**ECL**	**Gross carrying amount**	**ECL**
		AED (in million)			
Manufacturing	**10,579**	**109**	**1**	**-**	**-**
Construction	**8,709**	**1,094**	**4**	**23**	**1**
Trade	**14,946**	**1,659**	**101**	**12**	**-**
Transport and communication	**3,932**	**329**	**12**	**-**	**-**
Services	**9,076**	**2,227**	**8**	**55**	**6**
Financial institutions	**3,061**	**85**	**-**	**-**	**-**
Personal*	**10,000**	**743**	**22**	**2,038**	**152**
Residential mortgage*	**6,903**	**1,367**	**-**	**988**	**6**
Government and related enterprises	**14,278**	**123**	**-**	**-**	**-**
	81,484	**7,736**	**148**	**3,116**	**165**

*The above categories of "Personal" and "Residential Mortgage" mainly comprises of Retail portfolio of the Bank.

4 Risk management (continued)

4.2 Risk management in the current economic scenario (continued)

COVID-19 impact on measurement of ECL (continued)

The Bank has deferred payments for customers in line with the economic relief programmes announced in the countries, where the Bank operates. Due to the payment deferrals, the contractual cashflows from these credit exposures (gross carrying amount of AED 1.2 billion) have been modified and in accordance with IFRS 9 requirements the Group has recognized a modification loss of AED 16 million, which is included as part of the ECL disclosed in note 4.1.

Reasonableness of ECL estimates under COVID-19 crisis

The Group performs historical analysis to determine key economic variables that impact credit risk across different portfolios. Macroeconomic forecasts for these economic variables are used to estimate risk parameters (PD and LGD) on a forward-looking basis for all borrowers and instruments that are in scope of IFRS 9 ECL framework. In accordance with IFRS 9 requirements, the Group estimates these risk parameters under optimistic, base and pessimistic scenarios with representative weights used to measure ECL. In accordance with provisions of the Joint Guidance, the Group had estimated the ECL for the year ended 31 December 2020 under updated macroeconomic forecasts[1] that incorporate the impact of COVID-19 and normalized scenario probability[2] across base, optimistic and pessimistic scenarios and the increase in probability for the pessimistic scenario utilized during the period six months period ended 30 June 2020 was discontinued. The normalized scenario probability continues to be used for the period ended 31 March 2021.

From a sensitivity analysis point of view, if the pessimistic scenario was changed by +10% / -10%, ECL would change by +/- AED 127 million.

The Group continues to maintain a portfolio-level judgement overlay (“JO”) of AED 175 million to reflect potential increase in credit risk emanating from current economic stress and uncertainty in the credit environment. The JO is inherently subject to high levels of estimation therefore the Group continues to regularly review and reassess the level of JO as new information becomes available.

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[1] The Bank utilizes ‘UAE Total Debt/GDP’, ‘UAE Broad Money’, ‘UAE Budget expenditure as a % of GDP’, ‘Oil Price’, ‘World Industrial Production Growth’ and ‘World GDP growth’ as leading macroeconomic variables, amongst others, within the Bank’s IFRS 9 model. Values for these have changed by +109%, +4%, +5.9%, -27%, -17.5% and -67.8% respectively under the adverse scenario for year 1 relative to previous projections.

[2] Normalized scenario probability is based on 60% Base, 20% Optimistic and 20% Pessimistic scenario probability.

4 Risk management (continued)

4.2 Risk management in the current economic scenario (continued)

Reasonableness of ECL estimates under COVID-19 crisis (continued)

As at 31 March 2021, the overlays by categories are as follows:

	Gross carrying amount	Total overlay
	AED (in million)	
Loans and advances (including Islamic financing and investment products measured at amortised cost)	**81,484**	**143**
Due from banks	**27,727**	**32**
Other financial assets measured at amortised cost	**11,188**	**-**
Off-balance sheet items	**56,989**	**-**
	177,388	**175**

Liquidity management

Global stress in the markets brought on by the COVID-19 crisis continues to be felt by the UAE banks. The gradual recovery in the oil prices along with renewed access to the international capital markets by GCC sovereigns and financial institutions however, have eased some of the concerns regarding GCC Governments' finances and banking sector's liquidity. In this environment, Mashreqbank has taken measures to manage its liquidity carefully. The Bank's ALCO has been meeting regularly with primary focus on monitoring cash flows and forecasts, across all jurisdictions in which the Bank operates. The Bank has strengthened its liquidity buffer significantly through raising deposits.

The CBUAE has adopted a proactive approach in order to ensure flow of credit to the economy, especially to sectors severely impacted by the COVID-19 crisis. The CBUAE announced a comprehensive Targeted Economic Support Scheme ("TESS") effective from 15 March 2020, allowing UAE Banks to access zero cost funding and pass on the benefit to their clients through Principal and Interest deferrals. CBUAE also reduced Reserve Requirement against CASA balances, providing an immediate boost to UAE Banks' liquidity.

In order to allow Banks to deploy the liquidity thus released, the liquidity ratios' (LCR and ELAR) minimum threshold was reduced by 30%. The combination of above measures by the CBUAE along with prudent liquidity management by the Bank, has helped to ensure that the Bank is able to meet its clients' banking services requirements effectively and without disruption.

4 Risk management (continued)

4.2 Risk management in the current economic scenario (continued)

Cybersecurity

The Bank maintains a strong security protocols with enhanced cyber monitoring for external cyber threats. Further, the Bank has also ensured that its network security including Domain Name System (“DNS”) are resilient to withstand Distributed Denial of Service (“DDOS”) and other cyber-attacks.

COVID-19 impact on insurance subsidiary of the Group

The Bank’s insurance subsidiary ("subsidiary") assessed the impact of Covid-19 on business continuity, claims and reserving, control environment, credit risk, fair value of investment properties, impairment of financial investments measured at amortised cost, liquidity and solvency as explained below.

The subsidiary has enabled remote connectivity for 95% of its employees as part of its business continuity management initiative to ensure that there is no interruption to client servicing and operations. This has resulted in the subsidiary delivering service level commitments to its customers across multiple lines of business.

The subsidiary has mainly noticed an increase in Health Care claims and Business Interruption claims due to COVID-19. The subsidiary is monitoring the loss experience and appropriately enhancing its technical reserves as at 31 March 2021 The impact on life insurance is minimal at this point.

Since 2019, the subsidiary has developed a robust risk appetite framework and capital thresholds based on the pandemic risk and other risks stress scenarios. Having considered the impact of COVID-19, the subsidiary reassessed its control environment around fraud and information security to ensure adequate controls are in place and conducts more regular reviews on its reinsurers in relation to the counterparty credit ratings, financial metrics, credit outlook and changes to their structures, if any. Also, the subsidiary has updated its reinsurer security list in order to address the impact of COVID-19. The current security list has more than 92% of “A” rated reinsurance securities.

In parallel, the subsidiary continues to have a robust collection and credit control process. Further enhancement and development to strengthen the processes and credit controls have resulted in an efficient receivable management and reduced the credit cycle. Hence, despite the uncertain economic conditions, the subsidiary continued to have a robust collection throughout the period. Also, the measures taken above have contributed to minimize the impact on the impairment provision recognized during the period. However, the subsidiary continuously monitors the impact on receivables using a robust ECL model to calculate the allowance for impairment.

Similarly, the subsidiary’s investment portfolio measured at amortised cost has been assessed using a robust ECL model with updated inputs as of the reporting date and based on the results, the subsidiary had taken adequate provisions for impairment losses. These are not material as at 31 March 2021.

4 Risk management (continued)

4.2 Risk management in the current economic scenario (continued)

COVID-19 impact on insurance subsidiary of the Group (continued)

The subsidiary also assessed the unquoted equity portfolio against latest available inputs, as well as performed market research specific to the underlying investee companies. Investment properties' valuation is performed on an annual basis by internationally qualified valuation firms who apply RICS Valuation Global Standards in compliance with the UAE Financial Regulations for Insurance Companies.

In addition, management performs market research on properties throughout the year to assess any significant market developments. The subsidiary believes the fair values reported for both unquoted investments and investment properties reflect the current market conditions and it shall also carry out an independent external valuation at year end.

The liquidity position of the subsidiary remains strong. Furthermore, the subsidiary has carried out stress testing to assess the resilience of its solvency compliance, which also remains strong after considering the impact of the shocks. As the situation continues to develop, the subsidiary will continue to monitor the situation closely and take the necessary actions.

4.3 Compliance risk

Contingent liabilities

In 2015, the Bank became aware that certain US dollar payment processing activities involving Sudan may have potentially breached US sanction laws in effect at the time. The Bank has been proactively cooperating with the UAE and the US regulators in this regard and has appointed external legal advisors to assist in the review of these transactions, which occurred prior to March 2009, including compliance with US sanction laws as well as its own compliance processes. In 2018, the Bank formally submitted the findings of the review to the regulators in both the UAE and the US. The US regulators have reviewed the Bank's submission and discussions have been ongoing with the US regulators. Certain US regulators have concluded their reviews without levying any penalties and the bank is currently in negotiation in this respect with other US regulators. The Bank believes that given the sensitivity of this matter the foregoing disclosure adequately describes the current status of the negotiations with the concerned regulators.

The Group, on a continuous basis, identifies and assesses such risks and recognizes provisions, in consultation with its legal counsel, in accordance with the accounting policy for provisions as disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

5 Critical accounting judgements and key sources of estimation of uncertainty

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

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

6 Other financial assets

(a) The analysis of the Group's other financial assets is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Other financial assets measured at fair value		
(i) Other financial assets measured at fair value through profit and loss (FVTPL)		
Debt securities	**1,502,288**	815,671
Equities		
Quoted	**28,951**	6,719
Unquoted	**1,113**	1,112
Mutual and other funds	**635,688**	629,865
	2,168,040	1,453,367
(ii) Other financial assets measured at fair value through other comprehensive income (FVTOCI)		
Debt securities	**8,332,937**	6,470,966
Equities		
Quoted	**522,726**	459,821
Unquoted	**53,632**	54,949
	8,909,295	6,985,736
Total other financial assets measured at fair value (A)	**11,077,335**	8,439,103
(iii) Other financial assets measured at amortised cost		
Debt securities	**11,187,907**	11,021,883
Less: Allowance for impairment	**(28,173)**	(21,229)
Total other financial assets measured at amortised cost (B)	**11,159,734**	11,000,654
Total other financial assets [(A) +(B)]	**22,237,069**	19,439,757

6 Other financial assets (continued)

(b) The geographical analysis of other financial assets is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Within the UAE	**5,843,073**	4,687,824
Outside the UAE	**16,422,169**	14,773,162
	22,265,242	19,460,986
Less: Allowance for impairment	**(28,173)**	(21,229)
	22,237,069	19,439,757

(c) During the period from 1 January 2021 to 31 March 2021, dividends received from financial assets measured at FVTOCI amounting to AED 8 million (period ended 31 March 2020: AED 14 million) were recognised as net investment income in the condensed consolidated statement of profit or loss.

(d) At 31 March 2021, certain financial assets measured at amortised cost, financial assets measured at fair value included debt securities with an aggregate carrying value of AED 1,569 million (fair value of AED 1,668 million) [31 December 2020: carrying value of AED 1,112 million (fair value of AED 1,146 million)] which were collateralised as at that date against repurchase agreements with banks ("Repo") of AED 1,047 million (31 December 2020: AED 708 million).

(e) At 31 March 2021, certain financial assets measured at amortised cost and financial assets measured at fair value included debt securities with an aggregate carrying value of AED 773 million (marginal value of AED 645 million) [31 December 2020: carrying value of AED 688 million (marginal value of AED 576 million)] which were collateralised as at that date against repurchase agreements with Central Bank of UAE ("Repo") of AED 598 million (31 December 2020: AED 753 million).

(f) During the period, the Group has reviewed its portfolio and sold certain other financial assets measured at amortised cost, resulting in a gain of AED 12 million (period ended 31 March 2020: gain of AED 59 million) on the sale.

7 Loans and advances measured at amortised cost

(a) The analysis of the Group's loans and advances measured at amortised cost is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Loans	**57,704,704**	54,811,763
Overdrafts	**5,617,127**	5,331,364
Credit cards	**1,695,014**	1,784,967
Others	**750,430**	761,943
Total	**65,767,275**	62,690,037
Less: Allowance for impairment	**(4,348,110)**	(5,403,626)
	61,419,165	57,286,411

(b) The analysis of loans and advances measured at amortised cost by industry sector is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Manufacturing	**9,572,036**	9,193,245
Construction	**5,147,457**	5,409,471
Trade	**13,559,392**	12,839,915
Transport and communication	**3,597,643**	3,091,235
Services	**6,016,826**	5,916,728
Financial institutions	**1,939,797**	1,221,367
Personal	**7,478,921**	7,697,088
Residential mortgage	**5,771,229**	5,538,042
Government and related enterprises	**12,683,974**	11,782,946
	65,767,275	62,690,037
Less: Allowance for impairment	**(4,348,110)**	(5,403,626)
	61,419,165	57,286,411

7 Loans and advances measured at amortised cost (continued)

(c) The analysis of allowance for impairment on loans and advances measured at amortised cost by industry sector is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Manufacturing	**346,618**	341,500
Construction	**640,301**	452,769
Trade	**755,772**	646,108
Transport and communication	**182,361**	136,437
Services	**583,901**	655,002
Financial institutions	**15,671**	68,996
Personal	**1,624,053**	1,446,062
Residential mortgage	**150,123**	140,016
Government and related enterprises	**49,310**	1,516,736
	4,348,110	5,403,626

(d) The movements in the allowance for impairment and suspended interest on loans and advances measured at amortised cost are as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period / year	**5,403,626**	3,844,371
Impairment allowance for the period / year	**(90,606)**	2,393,760
Interest in suspense	**18,745**	292,394
Exchange rate and other adjustments	**9,079**	9,329
Written off during the period / year	**(992,734)**	(1,136,228)
Balance at the end of the period / year	**4,348,110**	5,403,626

(e) The allowance for impairment includes a specific provision of AED 2,558 million for stage 3 loans of the Group as at 31 March 2021 (31 December 2020: AED 2,572 million).

(f) At 31 March 2021, certain loans and advances measured at amortised cost with an aggregate carrying value of AED 1,379 million (fair value of AED 1,110 million) [31 December 2020: carrying value of AED 1,435 million (fair value of AED 1,134 million)] were collateralised as at that date against repurchase agreements with banks ("Repo") of AED 519 million (31 December 2020: AED 550 million).

8 Islamic financing and investment products measured at amortised cost

(a) The analysis of the Group's Islamic financing and investment products measured at amortised cost is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Financing		
Murabaha	**9,299,124**	8,788,168
Ijara	**6,003,144**	6,087,374
	15,302,268	14,875,542
Investment		
Wakala	**414,565**	426,010
	414,565	426,010
Total	**15,716,833**	15,301,552
Less: Unearned income	**(855,295)**	(647,879)
Allowance for impairment	**(484,116)**	(407,330)
	14,377,422	14,246,343

(b) The analysis of Islamic financing and investment products measured at amortised cost by industry sector is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Manufacturing	**1,007,030**	1,025,362
Construction	**3,561,731**	3,531,481
Trade	**1,386,382**	1,365,946
Transport and communication	**334,367**	388,312
Services	**3,058,901**	3,093,488
Financial institutions	**1,121,454**	1,052,322
Personal	**2,521,253**	2,023,739
Residential mortgage	**1,131,844**	1,155,660
Government and related enterprises	**1,593,871**	1,665,242
Total	**15,716,833**	15,301,552
Less: Unearned income	**(855,295)**	(647,879)
Allowance for impairment	**(484,116)**	(407,330)
	14,377,422	14,246,343

8 Islamic financing and investment products measured at amortised cost (continued)

(c) The analysis of allowance for impairment on Islamic financing and investment products measured at amortised cost by industry sector is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Manufacturing	**8,906**	9,452
Construction	**324,146**	243,891
Trade	**55,865**	55,767
Transport and communication	**13,007**	12,906
Services	**21,123**	22,678
Financial institutions	**4,076**	3,931
Personal	**9,447**	8,571
Residential mortgage	**43,562**	45,782
Government and related enterprises	**3,984**	4,352
	484,116	407,330

(d) The movement in the allowance for impairment of Islamic financing and investment products measured at amortised cost are as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period / year	**407,330**	128,590
Impairment allowance for the period / year	**73,483**	310,864
Profit in suspense	**3,303**	29,477
Written off during the period / year	**-**	(61,601)
Balance at the end of the period / year	**484,116**	407,330

(e) The allowance for impairment includes a specific provision of AED 417 million for stage 3 Islamic financing and investment exposure of the Group as at 31 March 2021 (31 December 2020: AED 337 million).

(f) At 31 March 2021, certain Islamic financing and investment products measured at amortised cost included with an aggregate carrying value of AED 461 million (fair value of AED 467 million) [31 December 2020: carrying value of AED 471 million (fair value of AED 455 million)] which were collateralised as at that date against repurchase agreements with banks ("Repo") of AED 222 million (31 December 2020: AED 222 million).

9 Investment properties

	31 March 2021 (un-audited) AED '000	31 December 2020 (audited) AED '000
At fair value		
Balance at beginning of the period / year	**449,715**	473,591
Change in fair value during the period	**-**	(23,876)
Disposal during the period / year	**-**	-
Balance at the end of the period / year	**449,715**	449,715

All of the Group's investment properties are freehold properties and located in the U.A.E.

The fair value of investment properties as at 31 December 2020 has been arrived at on the basis of valuations carried out by third party valuers and also are in accordance with the Royal Institute of Chartered Surveyor (RICS) Valuation Standards. The valuers performing the valuation have necessary qualifications, skills, understanding and knowledge to undertake the valuation competently and possess recent market experience in the valuation of properties in the United Arab Emirates. The valuers are not related to the Group. The investment properties are classified within level 2 and level 3 in the fair value hierarchy based on their valuation techniques. Management has assessed the fair value of investment properties and the carrying value approximates the fair value as at 31 March 2021.

10 Property and equipment

During the period, the Group purchased AED 29 million (period ended 31 March 2020: AED 79 million) of various types of property and equipment and disposed of property and equipment with a net book value of AED 4 million (period ended 31 March 2020: AED Nil).

11 Deposits and balances due to banks

The analysis of deposits and balances due to banks is as follows:

	31 March 2021 (un-audited) AED '000	31 December 2020 (audited) AED '000
Time	**9,527,760**	10,117,449
Demand	**2,974,549**	2,079,656
Overnight	**3,065,370**	2,647,275
	15,567,679	14,844,380

12 Customers' deposits

The analysis of customers' deposits is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Current and other accounts	**42,559,317**	39,907,698
Saving accounts	**5,083,967**	4,271,221
Time deposits	**29,436,521**	32,197,054
	77,079,805	76,375,973

13 Islamic customers' deposits

The analysis of Islamic customers' deposits is as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Current and other accounts	**3,459,018**	2,649,864
Saving accounts	**161,736**	153,396
Time deposits	**9,504,493**	9,081,306
	13,125,247	11,884,566

14 Medium-term notes

	31 March 2021 (un-audited) AED '000	31 December 2020 (audited) AED '000
Medium term notes	**9,176,669**	9,616,042

The maturities of the medium-term notes (MTNs) issued under the programme are as follows:

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Year		
2021	**1,844,941**	2,225,351
2022	**2,108,661**	2,126,261
2023	**395,604**	402,886
2024	**3,977,753**	3,994,994
2025	**809,937**	826,462
2029	**39,773**	40,088
	9,176,669	9,616,042

The Group established a Euro Medium Term Note (EMTN) programme for USD 5 billion (AED 18.37 billion) under an agreement dated 15 March 2010.

During the three month period ended 31 March 2021, medium-term notes of AED 0.4 billion were redeemed.

15 Issued and paid up capital

As at 31 March 2021, 177,530,823 ordinary shares of AED 10 each (31 December 2020: 177,530,823 ordinary shares of AED 10 each) were fully issued and paid up.

At the Annual General Meeting of the shareholders held on 19 April 2021, the shareholders approved a cash dividend of nil for the year ended 31 December 2020 (31 December 2019: cash dividend of 40%) of the issued and paid up capital amounting to nil (31 December 2019: AED 710 million).

16 Non-controlling interests

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period / year	**757,680**	710,348
Profit for the period / year	**21,402**	72,575
Other comprehensive income/(loss) for the period / year	**2,958**	(7,471)
Transaction with NCI	**(11,032)**	(17,772)
Balance at the end of the period / year	**771,008**	757,680

17 General and administrative expenses

General and administrative expenses include senior management remuneration and director fees of AED 10 million for the three month period ended 31 March 2021 (three month period ended 31 March 2020 : AED 11 million).

18 Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period.

	For the three month period ended	
	31 March 2021 (un-audited)	31 March 2020 (un-audited)
Profit for the period (AED'000) (Attributed to owners of the Parent)	**42,985**	450,294
Weighted average number of shares in issue	**177,530,823**	177,530,823
Basic earnings per share (AED)	**0.24**	2.54

There were no potentially dilutive shares as of 31 March 2021 and 31 March 2020.

19 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and other balances with central banks, certificates of deposits, balances with banks and money market placements which are maturing within three months from the date of the deposit or placement, as below. Due to banks and repurchase agreements maturing within 3 months which were previously classified within cash and cash equivalents have now been shown as part of operating activities in the cash flow statement to be consistent with the current period presentation.

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000	31 March 2020 (un-audited) AED'000
Cash on hand	**974,000**	996,803	727,323
Current accounts and other balances with central banks	**5,859,019**	8,124,832	8,842,789
Deposits and balances due from banks maturing within 3 months	**11,651,592**	11,718,980	11,314,979
	18,484,611	20,840,615	20,885,091

20 Contingent liabilities and commitments

The analysis of the Group's contingent liabilities is as follows:

	31 Macrh 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Guarantees	**38,686,066**	40,270,247
Letters of credit	**11,196,747**	9,235,601
Irrevocable undrawn credit facilities commitments	**7,105,918**	6,247,670
	56,988,731	55,753,518

21 Derivative financial instruments

31 March 2021 (un-audited)

	Positive fair value AED'000	**Negative fair value** AED'000	**Notional Amount** AED'000
Held for trading:			
Forward foreign exchange contracts	**435,938**	**389,835**	**80,757,979**
Foreign exchange options (bought)	**-**	**8,199**	**1,376,702**
Foreign exchange options (sold)	**7,928**	**-**	**1,318,770**
Interest rate swaps	**802,100**	**795,910**	**33,202,592**
Credit default swap	**580**	**25**	**55,095**
Futures contracts purchased (Customer)	**-**	**3,696**	**209,514**
Futures contracts sold (Customer)	**-**	**949**	**98,311**
Futures contracts sold (Bank)	**3,894**	**-**	**222,405**
Futures contracts purchased (Bank)	**949**	**342**	**381,170**
	1,251,389	**1,198,956**	**117,622,538**
Held as fair value and cash flow hedges:			
Cross currency swaps	**62,252**	**33,190**	**1,969,674**
	1,313,641	**1,232,146**	**119,592,212**

31 March 2021 (un-audited)

	Level 1 AED'000	**Level 2** AED'000	**Level 3** AED'000	**Total** AED'000
Other assets				
Positive fair value of derivatives	**-**	**1,313,641**	**-**	**1,313,641**
Other liabilities				
Negative fair value of derivatives	**-**	**1,232,146**	**-**	**1,232,146**

21 Derivative financial instruments (continued)

31 December 2020 (audited)

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
Held for trading:			
Forward foreign exchange contract	627,625	472,924	75,256,538
Foreign exchange options (bought)	-	84	8,520
Foreign exchange options (sold)	84	-	8,520
Interest rate swaps	775,662	774,128	34,160,162
Credit default swaps	-	240	55,095
Futures contracts purchased (Customer)	538	-	67,125
Futures contracts sold (Customer)	-	2,710	372,404
Futures contracts purchased (Bank)	2,710	6	380,692
Futures contracts sold (Bank)	35	538	154,865
	1,406,654	1,250,630	110,463,921
Held as fair value and cash flow hedges:			
Cross currency swaps	105,759	42,154	2,123,671
	1,512,413	1,292,784	112,587,592

31 December 2020 (audited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Other assets				
Positive fair value of derivatives	-	1,512,413	-	1,512,413
Other liabilities				
Negative fair value of derivatives	-	1,292,784	-	1,292,784

Derivatives with positive fair value and negative fair value are included in other assets balance and other liabilities balance respectively.

There were no transfers between Level 1 and 2 during the period.

22 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated interim financial information for the three month period ended 31 March 2021 and 2020 respectively.

23 Related party transactions

(a) Certain related parties (such as, directors, key management personnel and major shareholders of the Group and companies of which they are principal owners) are customers of the Group in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties. Such related party transactions are disclosed below.

(b) Related party balances included in the condensed consolidated statement of financial position are as follows:

	31 March 2021 AED'000 (un-audited)	31 December 2020 AED'000 (audited)
Balances with major shareholders		
Loans and advances	**3,920,186**	3,575,543
Deposits/ financial instruments under lien	**1,028,140**	979,128
Letter of credit and guarantees	**1,982,835**	1,362,098
Balances with directors and key management personnel		
Loans and advances	**70,070**	72,488
Deposits/ financial instruments under lien	**207,430**	189,520
Letter of credit and guarantees	**82,856**	82,832

(c) Profit for the period includes related party transactions as follows:

	31 March 2021 AED'000 (un-audited)	31 March 2020 AED'000 (un-audited)
Transactions with major shareholders		
Interest income	**23,087**	40,193
Interest expense	**227**	70
Other income	**5,279**	6,225
Transactions with directors and key management personnel		
Interest income	**669**	983
Interest expense	**46**	231
Other income	**303**	258

24 Segmental information

IFRS 8 – *Operating Segments* – requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Reportable segments

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

The Group's reportable segments under IFRS 8 are therefore as follows:

1. Corporate and Investment Banking segment comprises of domestic corporate and commercial banking. It also includes global Financial Institution business. It offers complete suite of corporate banking products such as Trade finance, contracting finance, project finance, investment banking, cash management, correspondent banking, etc.

2. The Retail segment includes products and services offered to individuals or small businesses within U.A.E, Qatar and Egypt. The product offerings to customers include, current accounts, savings accounts, fixed deposits, investment products, "Mashreq Millionaire" deposits, personal loans, mortgage loans, business loans, credit cards with unique loyalty programs, bank assurance, overdraft, priority banking, SME, private banking, wealth management services and Islamic financing.

3. The Treasury & Capital Markets segment consists of customer flow business and proprietary business and funding centre management. Customer flow business includes transactions for foreign exchange, derivatives, margin FX, futures, hedging, investment products, domestic equities (brokerage) and asset management undertaken on behalf of customers. The proprietary business includes trading and investing activity undertaken on behalf of the Group.

4. The International Banking segment consists of Corporate business for the Group's overseas banking branches. Product range covers complete suite similar to domestic corporate.

24 Segmental information (continued)

Reportable segments (continued)

5. The Insurance subsidiary, Oman Insurance Company (PSC) Group – comprises the Insurance segment. The product offerings to customers include life, health, motor, marine cargo and hull, aviation, fire and general accident, engineering, liability and personal lines insurance.

6. Other consists of Head office and certain investments and assets held centrally due to their strategic significance to the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, allowances for impairment and tax expenses.

24 Segmental information (continued)

Reportable segments (continued)

	Period from 1 January 2021 to 31 March 2021 (un-audited)						
	Corporate & Investment banking	**Retail**	**Treasury & capital markets**	**International banking**	**Insurance**	**Other**	**Total**
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net interest income and earnings from Islamic products	**274,129**	**262,893**	**28,589**	**95,196**	**19,825**	**17,099**	**697,731**
Other income, net	**189,645**	**162,887**	**176,851**	**53,347**	**127,874**	**882**	**711,486**
Operating income	**463,774**	**425,780**	**205,440**	**148,543**	**147,699**	**17,981**	**1,409,217**
General and administrative expenses							**(619,931)**
Operating profit before impairment							**789,286**
Allowances for impairment, net							**(710,807)**
Profit before taxes							**78,479**
Tax expense							**(14,092)**
Profit for the period							**64,387**
Attributed to:							
Owners of the Parent							**42,985**
Non-controlling interests							**21,402**
							64,387
	31 March 2021 (un-audited)						
Segment Assets	**63,691,349**	**17,591,831**	**39,286,479**	**13,394,771**	**7,718,365**	**20,570,191**	**162,252,986**
Segment Liabilities	**51,837,630**	**35,217,369**	**21,309,108**	**11,155,352**	**5,698,356**	**17,383,425**	**142,601,240**

24 Segmental information (continued)

Reportable segments (continued)

	Period from 1 January 2020 to 31 March 2020 (un-audited)						
	Corporate & Investment banking	**Retail**	**Treasury & capital markets**	**International banking**	**Insurance**	**Other**	**Total**
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net interest income and earnings from Islamic products	288,427	287,124	28,284	77,193	20,557	79,981	781,566
Other income, net	188,207	151,436	246,796	32,252	117,218	5,565	741,474
Operating income	476,634	438,560	275,080	109,445	137,775	85,546	1,523,040
General and administrative expenses							(632,194)
Operating profit before impairment							890,846
Allowances for impairment, net							(408,678)
Profit before taxes							482,168
Tax expense							(11,010)
Profit for the period							471,158
Attributed to:							
Owners of the Parent							450,294
Non-controlling interests							20,864
							471,158
	31 December 2020 (audited)						
Segment Assets	59,657,530	17,073,297	42,811,800	11,915,327	7,513,691	19,551,595	158,523,240
Segment Liabilities	52,280,170	32,903,933	20,909,575	10,986,188	5,529,196	15,725,770	138,334,832

25 Fair value of financial instruments

Fair value is the price 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2020.

Fair value of the Group’s financial assets that are measured at fair value on recurring basis.

Some of the Group’s financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

25 Fair value of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Other financial assets	**Fair value as at**					
	31 March 2021	31 December 2020	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
	(un-audited)	(audited)				
	AED'000	AED'000				
Other financial assets measured at FVTPL						
Quoted debt investments	**407,293**	19,431	Level 1	Quoted bid prices in an active market	None	Not applicable
Quoted equity investments	**28,951**	6,719	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted debt investments	**1,094,995**	796,240	Level 2	Based on the recent similar transaction in market	None	Not applicable
Mutual and other funds	**635,688**	629,865	Level 2	Quoted prices in secondary market.	None	Not applicable
Unquoted equity investments	**1,113**	1,112	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/ historical financial information.	Net assets value	Higher the net assets value of the investees, higher the fair value.
	2,168,040	1,453,367				

25 Fair value of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Other financial assets	**Fair value as at**					
	31 March 2021	31 December 2020				
	(un-audited)	(audited)			**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
	AED'000	AED'000	**Fair value hierarchy**	**Valuation techniques and key inputs**		
Other financial assets measured at FVTOCI						
Quoted equity investments	**522,726**	459,821	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted debt investments	**564,063**	560,592	Level 3	Based on the recent similar transaction in market.	None	Not applicable
Quoted debt investments	**7,768,874**	5,910,374	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity investments	**53,632**	54,949	Level 3	Comparable sales transactions with appropriate haircut, Discounted cash flows (DCF) and for very insignificant assets, net assets as per financial statements.	1. Hair cut for comparable transactions. 2. Interest rate	1. Changes in hair cut for comparable sales transactions will directly impact fair value. 2. Interest rate changes in DCF will directly impact the fair valuation calculation.
	8,909,295	6,985,736				
	11,077,335	8,439,103				

There were no transfers between Level 1 and 2 during the period.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

25 Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTPL

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period / year	**1,112**	245
Purchases	**-**	2,505
Disposals	**-**	(1,646)
Change in fair value	**1**	8
Balance at the end of the period / year	**1,113**	1,112

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTOCI

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period / year	**615,541**	625,286
Purchases	**-**	-
Disposals	**(284)**	(10,215)
Change in fair value	**2,438**	470
Balance at the end of the period / year	**617,695**	615,541

All gains and losses included in condensed consolidated statement of comprehensive income relate to unquoted investments in equity instruments held at the end of the reporting period and are reported as changes of 'investment revaluation reserve'.

26 Capital adequacy ratio

As per the Central bank regulation for Basel III, the capital requirement as at 31 March 2021 is 13% inclusive of capital conservation buffer of 2.5%. However, as per the standards issued by CBUAE for TESS program due to the COVID-19 crisis, banks are allowed to tap into the capital conservation buffer up to a maximum of 60% without supervisory consequences, effective from 15 March 2020 until 31 December 2021.

The Bank is required to comply with the following minimum requirement:

(i) CET1 must be at least 7% of risk weighted assets (RWA);
(ii) Tier 1 capital must be at least 8.5% of risk weighted assets (RWA); and
(iii) Total capital, calculated as sum of Tier 1 capital and Tier 2 capital must be at least 10.5% of risk weighted assets (RWA).

The capital adequacy ratio is computed based on circulars issued by the U.A.E. Central Bank as per Basel III.

	31 March 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Capital base		
Tier 1 capital	**17,695,368**	19,280,707
Tier 2 capital	**1,502,898**	1,471,323
Total capital base (A)	**19,198,266**	20,752,030
Risk-weighted assets		
Credit risk	**120,231,856**	117,705,874
Market risk	**3,011,398**	2,219,454
Operational risk	**9,724,272**	9,724,272
Total risk-weighted assets (B)	**132,967,526**	129,649,600
Capital adequacy ratio (%) [(A)/(B) x 100]	**14.44%**	16.01%

27 Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the three-month period ended 31 March 2021.

28 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information on pages 2 to 62 were approved by the Board of Directors on 29 April 2021.