In the Name of Allah

The most Gracious and Merciful



Emirates Islamic Bank

(Public Joint Stock Company)

Head Office
3rd Floor, Building 16,
Dubai Health Care City, Dubai
Tel.: +971 600599995
Fax: +971 4 3582659

P.O. Box: 6564, Dubai, United Arab Emirates
Website: www.emiratesislamic.ae

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

EMIRATES ISLAMIC BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents **Page**

Independent auditor's report on review of the Group condensed consolidated interim financial statements	1
Group condensed consolidated interim statement of financial position	2
Group condensed consolidated interim income statement	3
Group condensed consolidated interim statement of comprehensive income	4
Group condensed consolidated interim statement of cash flows	5
Group condensed consolidated interim statement of changes in equity	6
Notes to the group condensed consolidated interim financial statements	7 - 33

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

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

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No.: 1141
19 October 2021
Dubai
United Arab Emirates

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

EMIRATES ISLAMIC BANK PJSC

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

	Notes	Unaudited 30 September 2021 AED 000	Audited 31 December 2020 AED 000
ASSETS			
Cash and deposits with Central bank	3	12,818,513	19,633,539
Due from banks	4	2,657,871	3,651,734
Investment securities	5	6,592,681	4,827,207
Financing receivables	6	42,359,376	40,808,976
Customer acceptances		397,825	504,666
Investment properties		326,228	364,137
Property and equipment		286,735	301,554
Other assets	7	730,507	479,490
TOTAL ASSETS		**66,169,736**	**70,571,303**
LIABILITIES			
Due to banks		4,352,886	7,813,910
Customer deposits		48,915,011	46,878,075
Sukuk payable	8	1,836,250	5,510,933
Customer acceptances		397,825	504,666
Other liabilities	9	2,049,235	2,011,715
TOTAL LIABILITIES		**57,551,207**	**62,719,299**
EQUITY			
Issued capital		5,430,422	5,430,422
Legal and statutory reserve		608,717	608,717
Other reserves		514,495	514,495
Fair value reserve		149,648	187,361
Retained earnings		1,915,247	1,111,009
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**8,618,529**	**7,852,004**
TOTAL LIABILITIES AND EQUITY		**66,169,736**	**70,571,303**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

Chairman

19 OCT 2021

Chief Executive Officer

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

	Notes	Unaudited three months period ended 30 September 2021 AED 000	Unaudited three months period ended 30 September 2020 AED 000	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
Income from financing receivables and investment products		489,467	503,745	1,450,105	1,644,057
Distribution on deposits and profit paid to Sukuk holders		(38,651)	(93,712)	(181,817)	(347,357)
Net income from financing receivables and investment products		**450,816**	**410,033**	**1,268,288**	**1,296,700**
Fee and commission income		175,131	175,591	554,970	489,762
Fee and commission expense		(89,582)	(64,842)	(266,949)	(191,516)
Net fee and commission income		**85,549**	**110,749**	**288,021**	**298,246**
Other operating income / (loss)	10	81,650	(87,260)	241,374	(21,375)
Total operating income		**618,015**	**433,522**	**1,797,683**	**1,573,571**
General and administrative expenses		(282,000)	(260,543)	(807,651)	(798,087)
Operating profit before impairment		**336,015**	**172,979**	**990,032**	**775,484**
Net impairment loss on financial assets		(89,416)	(449,160)	(160,680)	(1,034,472)
Net impairment loss on non-financial assets		(11,075)	(46,903)	(25,114)	(52,250)
Total net impairment loss	11	**(100,491)**	**(496,063)**	**(185,794)**	**(1,086,722)**
Net profit / (loss) for the period		**235,524**	**(323,084)**	**804,238**	**(311,238)**
Earnings / (loss) per share	13	**0.043**	**(0.059)**	**0.148**	**(0.057)**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

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

	Unaudited three months period ended 30 September 2021	Unaudited three months period ended 30 September 2020	Unaudited nine months period ended 30 September 2021	Unaudited nine months period ended 30 September 2020
	AED 000	AED 000	AED 000	AED 000
Net profit / (loss) for the period	235,524	(323,084)	804,238	(311,238)
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to Income statement:				
Fair value reserve (Sukuk instruments):				
- Net change in fair value	(11,636)	60,884	(37,446)	60,355
- Net amount transferred to income statement	(26)	(29)	(267)	(61)
Other comprehensive income / (loss) for the period	(11,662)	60,855	(37,713)	60,294
Total comprehensive income / (loss) for the period	**223,862**	**(262,229)**	**766,525**	**(250,944)**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

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

	Notes	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
OPERATING ACTIVITIES			
Net profit / (loss) for the period		804,238	(311,238)
Adjustment for non cash items	17	304,653	1,517,984
Operating profit before changes in operating assets and liabilities		**1,108,891**	**1,206,746**
(Increase)/decrease in murabaha with Central Bank maturing after three months		2,426,254	3,421,255
(Increase)/decrease in amounts due from banks maturing after three months		(725,286)	(267,342)
Increase/(decrease) in amounts due to banks maturing after three months		(850,000)	(15,487)
(Increase)/decrease in other assets		(251,017)	122,531
Increase/(decrease) in other liabilities		96,830	7,760
Increase/(decrease) in customer deposits		2,036,936	547,031
(Increase)/decrease in financing receivables		(1,838,784)	(4,637,714)
Net cash flows generated from operating activities		**2,003,824**	**384,780**
INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		(1,794,329)	(1,063,013)
Dividend income received		3,616	14,594
(Increase)/decrease of property and equipment		(49,817)	(43,854)
Net cash flows generated from/(used in) investing activities		**(1,840,530)**	**(1,092,273)**
FINANCING ACTIVITIES			
Issuance of sukuk borrowing		-	1,836,250
Repayment of sukuk borrowing		(3,672,500)	-
Net cash flows generated from /(used in) financing activities		**(3,672,500)**	**1,836,250**
Increase/(decrease) in cash and cash equivalents (refer Note 17)		**(3,509,206)**	**1,128,757**

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements. The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

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

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP					
	Issued capital	**Legal and Statutory reserve**	**Other reserves**	**Fair value reserve**	**Retained earnings**	**Total**
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2021	5,430,422	608,717	514,495	187,361	1,111,009	7,852,004
Profit for the period	-	-	-	-	804,238	804,238
Other comprehensive income / (loss) for the period	-	-	-	(37,713)	-	(37,713)
Balance as at 30 September 2021	5,430,422	608,717	514,495	149,648	1,915,247	8,618,529
Balance as at 1 January 2020	5,430,422	608,717	514,495	91,630	1,660,341	8,305,605
Profit for the period	-	-	-	-	(311,238)	(311,238)
Other comprehensive income / (loss) for the period	-	-	-	60,294	-	60,294
Balance as at 30 September 2020	5,430,422	608,717	514,495	151,924	1,349,103	8,054,661

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2021 as this will be effected at the year end.

The attached notes 1 to 21 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditor's report on review of the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

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

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

The Bank is a subsidiary of Emirates NBD Bank PJSC, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai (the "Ultimate Parent Company"), a company in which the Government of Dubai is the major shareholder.

The Bank is listed in the Dubai Financial Market (TICKER: "EIB"). The Bank's website is http://www.emiratesislamic.ae. In addition to its head office in Dubai, the Bank operates through 41 branches in the UAE. The group condensed consolidated interim financial statements comprise financial statements of the Bank and its following subsidiaries (together referred to as "the Group").

	Date of incorporation & country	Principal activity	Ownership % 30 September 2021	Ownership % 31 December 2020
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	100%

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020.

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

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

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Cash	469,316	372,666
Statutory and other deposits with Central Bank	3,245,947	6,149,420
Murabaha with Central Bank	9,103,250	13,111,453
	12,818,513	19,633,539

The reserve requirements which are kept with the Central Bank of the UAE are not available for use in the Group's day to day operations and cannot be withdrawn without the approval of the Central Bank. The level of reserves required changes periodically in accordance with the directives of the Central Bank of the UAE. Murabaha with Central Bank amounting to AED 900 million (31 December 2020: AED 1,650 million) were collateralized for the purpose of obtaining Zero Cost Funding from the Central Bank of the UAE amounting to AED 869 million (31 December 2020: AED 1,558 million) presented under 'Due to Banks'.

4 DUE FROM BANKS

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Due from banks in UAE	394,451	1,845,066
Due from foreign banks	2,267,606	1,823,164
Less: Expected credit losses	(4,186)	(16,496)
	2,657,871	3,651,734

5 INVESTMENT SECURITIES

	Domestic*	Regional**	International***	Total
Unaudited 30 September 2021	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	41,135	108,723	-	149,858
Others	1,779	-	750	2,529
	42,914	108,723	750	152,387
MEASURED AT AMORTISED COST				
Government Sukuk	114,924	819,030	-	933,954
Corporate Sukuk	-	143,614	27,588	171,202
	114,924	962,644	27,588	1,105,156
Less: Expected credit losses				(3,568)
				1,101,588
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	85,669	184,658	270,327
Corporate Sukuk	3,348,030	870,335	861,813	5,080,178
	3,348,030	956,004	1,046,471	5,350,505
Less: Expected credit losses				(11,799)
				5,338,706
Gross investment securities	3,505,868	2,027,371	1,074,809	6,608,048
Net investment securities				6,592,681

*Domestic: These are securities issued within the UAE.
**Regional: These are securities issued within the Middle East region excluding the UAE.
***International: These are securities issued outside the Middle East region.

5 INVESTMENT SECURITIES (CONTINUED)

	Domestic*	Regional**	International***	Total
Audited 31 December 2020	AED 000	AED 000	AED 000	AED 000
DESIGNATED AS AT FVTPL				
Equity	44,635	112,397	-	157,032
Others	543	-	2,615	3,158
	45,178	112,397	2,615	160,190
MEASURED AT AMORTISED COST				
Government Sukuk	115,196	849,206	-	964,402
Corporate Sukuk	-	115,061	-	115,061
	115,196	964,267	-	1,079,463
Less: Expected credit losses				(3,139)
				1,076,324
MEASURED AT FVOCI - SUKUK INSTRUMENTS				
Government Sukuk	-	86,915	62,100	149,015
Corporate Sukuk	2,605,313	565,931	299,088	3,470,332
	2,605,313	652,846	361,188	3,619,347
Less: Expected credit losses				(28,654)
				3,590,693
Gross investment securities	2,765,687	1,729,510	363,803	4,859,000
Net investment securities				4,827,207

*Domestic: These are securities issued within the UAE.
**Regional: These are securities issued within the Middle East region excluding the UAE.
***International: These are securities issued outside the Middle East region.

6 FINANCING RECEIVABLES

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
At Amortised Cost		
Murabaha	29,740,809	28,892,866
Credit cards receivable	1,617,969	1,486,949
Wakala	249,238	249,596
Istissna'a	971,982	1,141,483
Ijara	15,320,407	14,938,630
Others	18,005	19,074
Total financing receivables	47,918,410	46,728,598
Less: Deferred income	(1,362,806)	(1,587,797)
Less: Expected credit losses	(4,196,228)	(4,331,825)
Net financing receivables	42,359,376	40,808,976
Total of impaired financing receivables	3,895,150	4,052,183

Ijara assets amounting to AED 1.1 billion (2020: AED 4.6 billion) and Murabaha assets amounting to AED Nil (2020: AED 0.2 billion) were securitised for the purpose of issuance of Sukuk (refer note 8).

6 FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 September 2021	Audited 31 December 2020
Analysis by economic activity	AED 000	AED 000
Manufacturing	2,079,220	1,830,294
Construction	797,128	760,732
Trade	5,725,488	6,127,281
Transport and communication	865,122	864,043
Services	668,531	975,313
Sovereign	298,448	482,770
Personal	29,367,620	27,831,259
Real estate	2,417,479	3,540,572
Hotels and restaurants	41,048	43,260
Management of companies and enterprises	1,747,261	1,462,368
Financial institutions and investment companies	1,588,775	783,249
Others	2,322,290	2,027,457
Total financing receivables	47,918,410	46,728,598
Less: Deferred Income	(1,362,806)	(1,587,797)
Less: Expected credit losses	(4,196,228)	(4,331,825)
Net financing receivables	42,359,376	40,808,976

7 OTHER ASSETS

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Profit receivable	132,055	128,703
Prepayments and other advances	4,675	19,951
Sundry financing and other receivables	23,916	3,196
Deferred sales commission	25,152	23,605
Goods available-for-sale	82,001	48,091
Positive fair value of islamic derivatives (refer note 14)	132,936	131,842
Others	329,772	124,102
	730,507	479,490

8 SUKUK PAYABLE

a) The Group issued sukuk amounting to AED 3.7 billion in 2016, and a further AED 1.8 billion in 2020 to raise US Dollar denominated medium term finance via a Sharia'a compliant sukuk financing arrangement. Sukuk amounting to AED 3.7 billion matured and repaid in the month of May 2021. As at 30 September 2021, the total outstanding sukuk payable is AED 1.8 billion.

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

Issue Date	Amount (USD)	Listing	Profit rate (%)	Payment basis	Maturity
September 2020	500,000,000	Irish Stock Exchange & Nasdaq	1.827	Semi annual	September 2025

The Bank transferred certain identified Ijara assets totalling to AED 1.1 billion (the "co-owned assets") to its subsidiary, EIB Sukuk company limited – (the "Issuer"), a special purpose vehicle formed for the issuance of these sukuk. For Sukuk issued in September 2020, the Bank has further entered into a Murabaha with the Sukukholders for amount (AED 0.7 billion). This medium term finance is carried at amortised cost.

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

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

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

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

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
2021	-	3,674,683
2025	1,836,250	1,836,250
	1,836,250	5,510,933

b) On 15 May 2015, EI Funding Limited (the "SPE") was incorporated under Companies Law of Cayman Islands as a Special Purpose Entity. The principal activities of the company are to purchase portfolio of assets through issuance of notes. The securitization will result in a certificate pool that will be listed on the NASDAQ clearing system (off market) for private-purpose, over-the-counter dealing. The underlying Sharia structure has been approved by the Bank's Shari'a Supervision Board.

The Bank has transferred part of its investment portfolio to EI Funding Limited (incorporated under Cayman Islands laws). However, the Group retains control over the transferred assets and hence the Group continues to recognize these assets as financing and the investment assets.

9 OTHER LIABILITIES

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Profit payable to depositors	30,821	85,543
Staff related liabilities	140,467	172,050
Managers' cheques	352,598	412,119
Trade and other payables	344,414	321,256
Zakat payable	-	61,420
Negative fair value of islamic derivatives (Note 14)	144,513	142,334
Others	1,036,422	816,993
	2,049,235	2,011,715

10 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2021	Unaudited nine months period ended 30 September 2020
	AED 000	AED 000
Dividend income on equity investments measured at FVTPL	3,616	14,594
Gain from sale of investment securities measured at FVOCI	267	61
Gain/(loss) from investment securities designated at fair value through profit or loss	(3,765)	(269,074)
Rental income (net of depreciation)	(1,079)	2,916
Foreign exchange income*	199,422	199,130
Other income (net)	42,913	30,998
	241,374	(21,375)

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

11 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS AND NON-FINANCIAL ASSETS

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

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
Net impairment of due from banks	(12,309)	11,762
Net impairment of investment securities	(16,425)	23,611
Net impairment of financing receivables	288,384	1,094,612
Net impairment of unfunded exposures	(59,310)	729
Bad financing written off / (recovery) - net	(39,660)	(96,242)
Net impairment loss on financial assets	160,680	1,034,472
Net impairment loss on non-financial assets	25,114	52,250
Total net impairment loss for the period	185,794	1,086,722

12 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Letters of credit	424,767	535,446
Guarantees	4,422,340	4,530,505
Liability on risk participations	132,988	17,281
Irrevocable financing commitments*	1,501,332	1,203,841
	6,481,427	6,287,073

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

13 EARNINGS PER SHARE

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

	Unaudited nine months period ended 30 September 2021	Unaudited nine months period ended 30 September 2020
	AED 000	AED 000
Net profit / (loss) for the period	804,238	(311,238)
Weighted average number of equity shares in issue ('000)	5,430,422	5,430,422
Earnings/(loss) per share* (AED)	0.148	(0.057)

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

14 DERIVATIVES

	Unaudited 30 September 2021			Audited 31 December 2020		
	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000
Islamic Derivative financial instruments:						
Forward foreign exchange contracts	1,824	(1,158)	7,009,214	4,393	(660)	4,364,452
Foreign exchange options	1,469	(1,502)	301,212	1,206	(1,391)	416,301
Profit rate swaps/caps	129,643	(141,853)	7,308,914	126,243	(140,283)	5,512,258
Total	132,936	(144,513)	14,619,340	131,842	(142,334)	10,293,011

15 OPERATING SEGMENTS

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

Corporate and institutional banking

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

Retail banking and wealth management

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

Treasury

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

Others

Other operations of the Group include operations and support functions.

15 OPERATING SEGMENTS (CONTNUED)

Unaudited 30 September 2021	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	258,199	1,000,061	(2,258)	12,286	1,268,288
Net fees, commission & other income	114,572	401,592	205,021	(191,790)	529,395
Total operating income	372,771	1,401,653	202,763	(179,504)	1,797,683
General administrative and other expenses	(56,152)	(497,202)	(16,512)	(237,785)	(807,651)
Net impairment loss	(76,820)	(112,562)	30,136	(26,548)	(185,794)
Net profit for the period	239,799	791,889	216,387	(443,837)	804,238
Segment Assets	18,616,863	31,009,723	16,188,524	354,626	66,169,736
Segment Liabilities and Equity	11,070,376	40,037,003	2,508,720	12,553,637	66,169,736

15 OPERATING SEGMENTS (CONTNUED)

Unaudited 30 September 2020	Corporate and institutional banking	Retail banking and wealth management	Treasury	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Net income from financing and investment products	244,813	979,498	19,322	53,067	1,296,700
Net fees, commission & other income	95,567	411,175	(53,305)	(176,566)	276,871
Total operating income	340,380	1,390,673	(33,983)	(123,499)	1,573,571
General administrative and other expenses	(69,260)	(503,268)	(18,000)	(207,559)	(798,087)
Net impairment loss	(447,606)	(560,308)	(26,547)	(52,261)	(1,086,722)
Net loss for the period	(176,486)	327,097	(78,530)	(383,319)	(311,238)
Segment Assets	19,260,648	27,043,619	23,369,771	446,823	70,120,861
Segment Liabilities and Equity	12,585,421	36,045,902	5,995,717	15,493,821	70,120,861

16 RELATED PARTY TRANSACTIONS

The Group is owned by Emirates NBD (99.9%), which is partially owned by the Investment Corporation of Dubai (55.75%). The Government of Dubai is the major shareholder in Investment Corporation of Dubai.

Customer deposits from and financing to Government related entities, other than those that have been individually disclosed, amount to 19.4% and 5.6% (2020: 22.8% and 5.0%) respectively of the total customer deposits and financing receivables of the Group, respectively.

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

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

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

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

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

	Unaudited 30 September 2021	Audited 31 December 2020
	AED 000	AED 000
Financing and other receivables		
To parent and related companies	280,230	1,692,942
To directors and related companies	7,589	2,141
To key management personnel & affiliates	3,612	4,133
	291,431	1,699,216
Customer deposits and other payables		
From ultimate parent company	300,010	10
From parent and related companies	2,723,170	5,971,863
From directors and related companies	83	152
From key management personnel & affiliates	4,635	1,933
	3,027,898	5,973,958
Investment in ultimate parent company	204,594	68,134
Positive fair value of derivatives - Parent and related companies	46,822	36,961
Negative fair value of derivatives - Parent and related companies	(88,323)	(96,557)
Notional amount of derivatives - Parent and related companies	10,748,427	7,325,306

16 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2021	Unaudited nine months period ended 30 September 2020
	AED 000	AED 000
Group Consolidated Statement of Income		
Income from Group Holding Company	3,173	3,348
Recharges from group companies	208,759	193,917

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

	Unaudited nine months period ended 30 September 2021	Unaudited nine months period ended 30 September 2020
	AED 000	AED 000
Key management compensation		
Short term employee benefits	14,306	19,392
Post employment benefits	2,344	431

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

	Unaudited nine months period ended 30 September 2021 AED 000	Unaudited nine months period ended 30 September 2020 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	2,629,593	56,078
Net cash inflow/(outflow)	(3,509,206)	1,128,757
Balance at end of period	(879,613)	1,184,835
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	12,818,513	16,790,264
Due from banks	2,662,057	5,792,627
Due to banks	(4,352,886)	(8,220,426)
	11,127,684	14,362,465
Less : Deposits with Central Bank for regulatory purposes	(2,798,525)	(2,334,652)
Less: Murabaha with Central Bank maturing after three months	(7,303,188)	(9,839,792)
Less : Amounts due from banks maturing after three months	(1,905,584)	(1,187,759)
Add : Amounts due to banks maturing after three months	-	184,573
	(879,613)	1,184,835
(c) Adjustment for non cash and other items		
Impairment loss on due from banks	(12,309)	11,762
Impairment loss on investment securities	(16,425)	23,611
Impairment loss on financing receivables	288,384	1,094,612
Impairment loss / (reversal) on unfunded exposure	(59,310)	729
Dividend income	(3,616)	(14,594)
Depreciation / impairment on property and equipment / investment properties	102,545	136,210
Loss on investments	7,567	269,583
Sukuk premium amortization	(2,183)	(3,929)
	304,653	1,517,984

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value of assets and liabilities

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

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

Unaudited 30 September 2021	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
Investment securities				
FVOCI - Sukuk instruments	5,338,706	-	-	5,338,706
Designated at FVTPL	1,779	-	150,608	152,387
Islamic Derivatives				
Positive fair value of islamic derivatives	-	132,936	-	132,936
Negative fair value of islamic derivatives	-	(144,513)	-	(144,513)
	5,340,485	(11,577)	150,608	5,479,516
Audited 31 December 2020	3,591,236	(10,492)	159,647	3,740,391

18 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Designated at FVTPL
	AED 000
Balance as at 1 January 2021	159,647
Total gains or losses:	
- in profit or loss	(8,824)
Purchases	-
Settlements and other adjustments	(215)
Balance as at 30 September 2021	150,608
Balance as at 31 December 2020	159,647

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

During the period ended 30 September 2021 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2020: AED Nil).

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

19 RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

Amounts arising from ECL

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument:

i) Financing receivables

	Unaudited nine months period ended 30 September 2021	Unaudited nine months period ended 30 September 2020
	AED 000	AED 000
Balance at 1 January	4,331,825	3,730,942
Expected credit losses recognised during the period	393,143	1,159,507
Write back / recoveries made during the period	(104,759)	(64,895)
Amounts written off during the period	(434,008)	(741,915)
Exchange and other adjustments	10,027	-
Closing Balance	4,196,228	4,083,639

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

	30 September 2021		31 December 2020	
AED 000	Exposure	ECL	Exposure	ECL
12-month ECL	41,504,796	688,107	40,013,841	746,624
Lifetime ECL not credit-impaired	1,155,658	253,233	1,074,777	289,288
Lifetime ECL credit-impaired	3,895,150	3,254,888	4,052,183	3,295,913
	46,555,604	4,196,228	45,140,801	4,331,825

Covid-19 and Expected Credit Loss (ECL)

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

19 RISK MANAGEMENT (CONTINUED)

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

In determination of Q3 2021 ECL, the Group has considered potential impact caused by Covid-19 pandemic (based upon available information) and taken into account economic support and relief measures of governments and central banks. The Group has also considered the notices issued by the Central Bank of the UAE with regards to the 'Targeted Economic Support Scheme (TESS)' and 'Treatment of IFRS9 Expected Credit Loss in the context of Covid-19 crisis' as well as the guidance issued by the International Accounting Standards Board (IASB).

The Group has a dedicated IFRS 9 governance process established to review and approve IFRS 9 Stage migrations, management overlays to ECL estimates, and macro-economic scenarios and weightings.

Significant Increase in Credit Risk (SICR)

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

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

The Group continues to support its impacted customers through a program of payment relief that was initiated in 2020 by deferring interest/principal due. These payment reliefs are considered as short-term liquidity support to address borrower cash flow issues. The Group believes that availing payment reliefs does not automatically trigger SICR where the impact on customer's business is expected to be short term. For all other customers, the Group continues to consider severity and extent of potential Covid-19 impact on economic sector and future outlook, cash flow and financial strength, agility and change in risk profile along with the past track record in determining SICR.

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

Customers expected to be significantly impacted by Covid-19 in the long term and that are expected to face substantial deterioration in their creditworthiness have been migrated to Stage 2 and categorized in Group 2. In exceptional circumstances, Stage 3 migration may have also been triggered where a customer's business, income streams and interest servicing capacity were expected to be permanently impaired. Such customers have also been categorized in Group 2.

The accounting impact of the extension of credit facilities due to Covid-19 has been assessed and has been treated as per the requirements of IFRS 9 for modification of terms of arrangement.

Forward Looking Information

The Group has assessed the macro-economic scenarios and associated weights and analyzed their impact on Q3 2021 ECL estimates. Accordingly, updated MEVs were used with the associated weights remaining unchanged from those used at year end 2020. The Group has also applied portfolio-level ECL adjustments to retail customers availing deferrals based upon employment status and level of salary inflows. The Group continues to assess individually significant exposures for any adverse movements due to Covid-19.

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

19 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals

During 2020, the Group drew AED 1,650 million of Zero Cost Funding under the CBUAE TESS program and repaid AED 781 million till date (including AED 477 million repaid during Q3 2021). After repayment, the balance as at 30 September 2021 amounted to AED 869 million (31 December 2020: AED 1,558 million).

As per the requirements of the Central Bank of the UAE, the Group has divided its customers benefitting from payment deferrals into two groups as follows:

Group 1: includes those customers that are not expected to face substantial changes in their creditworthiness, beyond liquidity issues and are temporarily and mildly impacted by the Covid-19 crisis.

For these clients, the payment deferrals are believed to be effective and thus the economic value of the facilities is not expected to be materially affected. These customers will remain in their current IFRS 9 stage, at least for the duration of the crisis, or their distress, whichever is shorter.

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

Group 2: includes those customers that are expected to face substantial changes in their creditworthiness, in addition to liquidity issues that will be addressed by payment deferrals.

For these customers, there is sufficient deterioration in credit risk to trigger IFRS 9 stage migration. The Group continues to monitor the creditworthiness of these customer, particularly indications of potential inability to pay any of their obligations as and when they become due.

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

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

The table below contains analysis of the deferral amount and repayments made during the period of the UAE customers benefiting from deferrals:

30 September 2021 AED 000	Corporate and institutional banking	Retail banking and wealth management	Total
Deferral amount			
Financing receivables	1,851,318	715,251	2,566,569
Less: Repayments	(1,001,764)	(315,367)	(1,317,131)
	849,554	399,884	1,249,438

19 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

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

	30 September 2021			
	Financing receivables			
AED 000	**Number of deferral customers /accounts**	**Payments deferred**	**Exposures**	**Expected Credit Losses**
Corporate and Institutional banking				
Stage 1	86	1,203,202	4,109,099	122,789
Stage 2	13	323,841	568,035	102,836
Stage 3	18	324,275	775,519	658,183
	117	1,851,318	5,452,653	883,808
Group 1	90	1,292,298	4,306,450	179,687
Group 2	27	559,020	1,146,203	704,121
	117	1,851,318	5,452,653	883,808
Retail banking and Wealth Management				
Stage 1	36,627	577,198	5,415,606	121,340
Stage 2	3,472	116,005	280,781	70,201
Stage 3	16	22,048	124,445	55,957
	40,115	715,251	5,820,832	247,498
Group 1	36,647	586,927	5,415,606	127,738
Group 2	3,468	128,324	405,226	119,760
	40,115	715,251	5,820,832	247,498
Total	**40,232**	**2,566,569**	**11,273,485**	**1,131,306**

19 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

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

	AED 000
Exposure as at 1 January 2021	13,680,942
Increase in exposure due to new drawdowns	117,736
Increase in exposure of the same customers	215,970
Decrease in exposure of the same customers	(2,397,844)
Decrease in exposure due to closure	(343,319)
Exposure as at 30 September 2021	**11,273,485**

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

	Financing receivables			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Corporate and Institutional banking				
Exposure as at 1 January 2021	4,996,900	371,643	700,830	6,069,373
Transferred from 12-month ECL	(333,647)	289,538	44,109	-
Transferred from Lifetime ECL not credit-impaired	-	(59,320)	59,320	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	(554,154)	(33,826)	(28,740)	(616,720)
Exposure as at 30 September 2021	**4,109,099**	**568,035**	**775,519**	**5,452,653**
Retail banking and Wealth Management				
Exposure as at 1 January 2021	7,117,484	370,465	123,620	7,611,569
Transferred from 12-month ECL	(230,167)	229,202	965	-
Transferred from Lifetime ECL not credit-impaired	66,853	(71,755)	4,902	-
Transferred from Lifetime ECL credit-impaired	-	505	(505)	-
Other movements - net	(1,538,564)	(247,636)	(4,537)	(1,790,737)
Exposure as at 30 September 2021	**5,415,606**	**280,781**	**124,445**	**5,820,832**

19 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

	Financing receivables			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Corporate and institutional banking				
ECL as at 1 January 2021	158,358	71,038	560,433	789,829
Transferred from 12-month ECL	(17,131)	12,734	4,397	-
Transferred from Lifetime ECL not credit-impaired		(11,641)	11,641	-
Transferred from Lifetime ECL credit-impaired				
Other movements - net	(18,438)	30,705	81,712	93,979
ECL as at 30 September 2021	122,789	102,836	658,183	883,808

	Financing receivables			
AED 000	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Retail banking and wealth management				
ECL as at 1 January 2021	208,579	130,210	51,685	390,474
Transferred from 12-month ECL	(16,417)	16,402	15	-
Transferred from Lifetime ECL not credit-impaired	24,856	(24,958)	102	-
Transferred from Lifetime ECL credit-impaired	-	86	(86)	-
Other movements - net	(95,678)	(51,539)	4,241	(142,976)
ECL as at 30 September 2021	121,340	70,201	55,957	247,498

19 RISK MANAGEMENT (CONTINUED)

Analysis of customers benefitting from payments deferrals (continued)

Change in ECL allowance by industry sector for the UAE Corporate and Institutional banking customers

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

	Financing receivables			
AED 000	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
ECL allowance as at 1 January 2021	158,358	71,038	560,433	789,829
Manufacturing	4,485	682	(9,516)	(4,349)
Construction	(5,184)	1,526	14,545	10,887
Trade	1,355	14,633	32,065	48,053
Services	9,784	-	(180)	9,604
Personal	(25,736)	19,139	(76)	(6,673)
Real estate	(22,181)	7,458	31,954	17,231
Others	1,908	(11,640)	28,958	19,226
ECL allowance as at 30 September 2021	122,789	102,836	658,183	883,808

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

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

	Financing receivables			
AED 000	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
ECL allowance as at 1 January 2021	208,579	130,210	51,685	390,474
Personal finance	(42,504)	(68,520)	-	(111,024)
Home finance	(2,465)	(1,149)	-	(3,614)
Vehicle finance	(31,792)	(4,563)	-	(36,355)
Credit cards	(467)	(646)	-	(1,113)
Others	(10,011)	14,869	4,272	9,130
ECL allowance as at 30 September 2021	121,340	70,201	55,957	247,498

20 COMPARATIVE FIGURES

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

21 NEW STANDARDS AND AMENDMENTS APPLICABLE FROM 1 JANUARY 2021

IBOR Transition (Interest / Profit Rate Benchmark Reforms)

Effective from 1 January 2021, the Group implemented Phase 2 of the Interest Rate Benchmark Reform —Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The areas impacted by the amendments include application of practical expedient for accounting for modifications of financial assets and financial liabilities when transactions are updated for the new IBOR rates (will not result in derecognition), relief on changes to hedge designations and hedge documentation (a change to hedge designations and hedge documentation required by IBOR reform would not result in discontinuation of hedge accounting) and providing disclosures that enable users to understand nature and extent of risks arising from interest rate benchmark reform to which the Group is exposed and how it manages those risks. The amendments are applied retrospectively with no restatement required for prior periods.

During 2020, the Group implemented Phase 1 of the amendments which provided relief on hedge accounting requirements for those hedges existing before the IBOR replacement. The Group's exposure to hedging instruments (Interest Rate Swaps and Cross-Currency Swaps) and hedged items is not considered material.

Management is running a project on the Group's transition activities and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition. The project is significant in terms of scale and complexity and will impact products, internal systems and processes.