

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors
Emirates NBD Bank PJSC
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 31 March 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 three 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.)



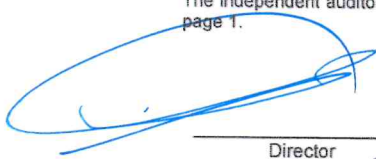
Akbar Ahmad
Registration No.: 1141
19 April 2021
Dubai
United Arab Emirates

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021 (UNAUDITED)

	Notes	Unaudited	Audited
		31 March 2021 AED 000	31 December 2020 AED 000
ASSETS			
Cash and deposits with Central Bank	3	87,789,343	100,841,896
Due from banks	4	43,178,195	34,997,680
Investment securities	5	82,792,276	72,695,287
Loans and receivables	6	380,690,108	387,923,424
Islamic financing receivables	7	55,412,192	55,618,045
Positive fair value of derivatives	20	11,898,895	13,697,399
Investments in associates		204,131	201,628
Customer acceptances		9,212,031	8,837,724
Investment properties		564,267	584,724
Property and equipment		4,029,212	4,080,042
Goodwill and intangibles	8	6,222,551	6,313,171
Other assets	9	13,065,622	12,296,453
TOTAL ASSETS		695,058,823	698,087,473
LIABILITIES			
Due to banks		52,628,774	51,672,068
Customer deposits		379,069,055	377,518,700
Islamic customer deposits		80,023,108	86,678,334
Debt issued and other borrowed funds	10	59,536,786	54,662,670
Sukuk payable	11	5,509,628	5,510,933
Negative fair value of derivatives	20	9,291,679	10,775,231
Customer acceptances		9,212,031	8,837,724
Other liabilities	12	17,093,226	17,813,715
TOTAL LIABILITIES		612,364,287	613,469,375
EQUITY			
Issued capital		6,316,598	6,316,598
Treasury shares		(46,175)	(46,175)
Tier I capital notes	14	10,379,786	10,379,786
Share premium reserve		17,954,164	17,954,164
Legal and statutory reserve		3,158,299	3,158,299
Other reserves		2,945,393	2,945,393
Fair value reserve		(155,723)	476,692
Currency translation reserve		(4,533,851)	(3,607,673)
Retained earnings		46,649,147	47,014,778
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		82,667,638	84,591,862
Non-controlling interest		26,898	26,236
TOTAL EQUITY		82,694,536	84,618,098
TOTAL LIABILITIES AND EQUITY		695,058,823	698,087,473

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.



Director



Director



Chief Executive Officer

19 APR 2021

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

		Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
	<u>Notes</u>		
Interest and similar income		5,944,710	7,284,198
Interest and similar expense		(2,259,601)	(2,729,454)
Net interest income		3,685,109	4,554,744
Income from Islamic financing and investment products		625,258	807,794
Distribution on Islamic deposits and profit paid to Sukuk holders		(221,991)	(426,212)
Net income from Islamic financing and investment products		403,267	381,582
Net interest income and income from Islamic financing and investment products net of distribution to depositors		4,088,376	4,936,326
Fee and commission income		1,767,284	1,784,542
Fee and commission expense		(665,764)	(603,523)
Net fee and commission income		1,101,520	1,181,019
Net gain / (loss) on trading securities		59,860	39,537
Other operating income	15	913,592	727,912
Total operating income		6,163,348	6,884,794
General and administrative expenses	16	(1,867,780)	(2,048,690)
Operating profit before impairment		4,295,568	4,836,104
Net impairment loss on financial assets	17	(1,762,998)	(2,558,488)
Operating profit after impairment		2,532,570	2,277,616
Share of profit / (loss) of associates		9,180	107
Group profit for the period before tax		2,541,750	2,277,723
Taxation charge		(219,529)	(196,932)
Group profit for the period after tax		2,322,221	2,080,791
Attributable to:			
Equity holders of the Group		2,321,559	2,079,104
Non-controlling interest		662	1,687
Group profit for the period after tax		2,322,221	2,080,791
Earnings per share	19	0.34	0.31

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
Group profit for the period after tax	2,322,221	2,080,791
Other comprehensive income		
Items that will not be reclassified subsequently to the income statement:		
Movement in fair value reserve (equity instruments):		
- Net change in fair value	169,667	(255,199)
- Net amount transferred to retained earnings	-	-
Items that may be reclassified subsequently to the income statement:		
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:		
Net changes in the cost of hedging	(22,704)	320,081
Cash flow hedges:		
- Effective portion of changes in fair value	(208,718)	(74,139)
Fair value reserve (debt instruments):		
- Net change in fair value	(553,702)	(652,537)
- Net amount transferred to income statement	(149,099)	(30,779)
- Related deferred tax	132,141	99,825
Currency translation reserve	(912,702)	(1,151,619)
Hedge of a net investment in foreign operations	(13,476)	23,760
Other comprehensive income for the period	(1,558,593)	(1,720,607)
Total comprehensive income for the period	763,628	360,184
Attributable to:		
Equity holders of the Group	762,966	358,497
Non-controlling interest	662	1,687
Total comprehensive income for the period	763,628	360,184

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

		Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
	Notes		
<u>OPERATING ACTIVITIES</u>			
Group profit for the period before tax		2,541,750	2,277,723
Adjustment for non-cash items	23	1,945,825	3,019,669
Operating profit before changes in operating assets and liabilities		4,487,575	5,297,392
(Increase)/decrease in interest free statutory deposits		1,759,051	(3,270,042)
(Increase)/decrease in certificate of deposits with Central Banks maturing after three months		18,500,000	(5,400,650)
(Increase)/decrease in amounts due from banks maturing after three months		(5,439,807)	(4,180,861)
Increase/(decrease) in amounts due to banks maturing after three months		2,131,151	(4,639,850)
(Increase)/decrease in other assets		(2,240,614)	611,530
Increase/(decrease) in other liabilities		(1,581,813)	(4,557,485)
(Increase)/decrease in positive fair value of derivatives		1,553,606	(5,976,381)
Increase/(decrease) in negative fair value of derivatives		(1,483,552)	6,133,924
Increase/(decrease) in customer deposits		1,550,355	(3,090,679)
Increase/(decrease) in Islamic customer deposits		(6,655,226)	(1,921,733)
(Increase)/decrease in loans and receivables		5,506,872	(6,233,504)
(Increase)/decrease in Islamic financing receivables		16,395	(1,944,924)
		18,103,993	(29,173,263)
Taxes paid		(191,069)	(215,972)
Net cash flows generated from/(used in) operating activities		17,912,924	(29,389,235)

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

		Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
	Notes		
<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(10,501,393)	5,167,136
(Increase)/decrease of property and equipment		(142,586)	(75,287)
Dividend income received		8,364	16,107
Net cash flows generated from/(used in) investing activities		(10,635,615)	5,107,956
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	10	15,389,031	9,756,892
Repayment of debt issued and other borrowed funds	10	(8,872,093)	(6,204,232)
Interest on Tier I capital notes		(162,912)	(150,718)
Dividends paid		(2,524,278)	(2,524,278)
Net cash flows generated from/(used in) financing activities		3,829,748	877,664
Decrease/increase in cash and cash equivalents (refer Note 23)		11,107,057	(23,403,615)

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Group Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2021	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	476,692	(3,607,673)	47,014,778	84,591,862	26,236	84,618,098
Profit for the period	-	-	-	-	-	-	-	-	2,321,559	2,321,559	662	2,322,221
Other comprehensive income for the period	-	-	-	-	-	-	(632,415)	(926,178)	-	(1,558,593)	-	(1,558,593)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(162,912)	(162,912)	-	(162,912)
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Balance as at 31 March 2021	6,316,598	(46,175)	10,379,786	17,954,164	3,158,299	2,945,393	(155,723)	(4,533,851)	46,649,147	82,667,638	26,898	82,694,536
Balance as at 1 January 2020	6,316,598	(46,175)	9,468,272	17,954,164	3,158,299	2,945,393	131,484	(1,706,736)	43,375,416	81,596,715	10,146	81,606,861
Profit for the period	-	-	-	-	-	-	-	-	2,079,104	2,079,104	1,687	2,080,791
Other comprehensive income for the period	-	-	-	-	-	-	(592,748)	(1,127,859)	-	(1,720,607)	-	(1,720,607)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(150,718)	(150,718)	-	(150,718)
Dividends paid*	-	-	-	-	-	-	-	-	(2,524,278)	(2,524,278)	-	(2,524,278)
Balance as at 31 March 2020	6,316,598	(46,175)	9,468,272	17,954,164	3,158,299	2,945,393	(461,264)	(2,834,595)	42,779,524	79,280,216	11,833	79,292,049

*Dividend paid is net of the amount attributable to treasury shares.

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.

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

1 CORPORATE INFORMATION

Emirates NBD Bank PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies, as amended, has come into effect from 1 July 2015, replacing the Federal Law No. 8 of 1984.

The condensed consolidated interim financial statements for the period ended 31 March 2021 comprise the financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: “EMIRATESNBD”). The Group’s principal business activities are corporate banking, consumer banking, treasury and Islamic banking. The Bank’s website is www.emiratesnbd.com.

The registered address of the Bank is Post Box 777, Dubai, United Arab Emirates (“UAE”).

The parent company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

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, except for the accounting policy explained in note 26.

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 three months period ended 31 March 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 BANKS

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Cash	4,960,759	4,488,333
Statutory and other deposits with Central Banks	41,184,611	42,942,928
Interest bearing placements with Central Banks	239,012	218,096
Murabahas and interest bearing certificates of deposits with Central Banks*	41,407,223	53,195,536
Less: Expected credit losses	(2,262)	(2,997)
	<u>87,789,343</u>	<u>100,841,896</u>

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

*Murabahas and certificates of deposits with Central Banks amounting to AED 4,078 million (December 2020: AED 5,150 million) were collateralized for the purpose of obtaining Zero Cost Funding from the Central Bank of UAE amounting to AED 4,077 million (December 2020: AED 5,058 million) presented under 'Due to banks'.

4 DUE FROM BANKS

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Due from banks in UAE	7,153,365	3,306,150
Due from foreign banks	36,131,441	31,812,092
Less: Expected credit losses	(106,611)	(120,562)
	<u>43,178,195</u>	<u>34,997,680</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**5 INVESTMENT SECURITIES**

	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>Unaudited 31 March 2021</u>				
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	413,906	1,611,348	353,449	2,378,703
Corporate Bonds	885,576	391,375	532,793	1,809,744
Equity	-	228	106,900	107,128
Others	-	-	11,484	11,484
	1,299,482	2,002,951	1,004,626	4,307,059
<u>DESIGNATED AS AT FVTPL</u>				
Equity	41,135	112,397	43,495	197,027
Others	497	4,434	75,615	80,546
	41,632	116,831	119,110	277,573
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	32,831,778	17,693,818	8,016,212	58,541,808
Corporate Bonds	2,086,867	778,128	1,179,946	4,044,941
	34,918,645	18,471,946	9,196,158	62,586,749
Less: Expected credit losses				(22,934)
				62,563,815
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	2,110,599	7,970,876	10,081,475
Corporate Bonds	3,560,456	858,843	509,522	4,928,821
	3,560,456	2,969,442	8,480,398	15,010,296
Less: Expected credit losses				(26,420)
				14,983,876
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	2,016	48,913	609,024	659,953
	2,016	48,913	609,024	659,953
Gross Investment securities	39,822,231	23,610,083	19,409,316	82,841,630
Net Investment securities				82,792,276

*Domestic: These are securities issued within the UAE.

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

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

Investment securities with a carrying value of AED Nil (December 2020: AED 184 million) were collateralized for the purpose of obtaining Zero Cost Funding from the Central Bank of UAE amounting to AED Nil (December 2020: AED 184 million) presented under 'Due to banks'.

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**5 INVESTMENT SECURITIES (CONTINUED)**

	Domestic*	Regional**	International***	Total
<u>Audited 31 December 2020</u>	AED 000	AED 000	AED 000	AED 000
<u>TRADING SECURITIES</u>				
<u>MEASURED AT FVTPL</u>				
Government Bonds	370,832	2,195,355	457,835	3,024,022
Corporate Bonds	1,133,655	978,181	648,545	2,760,381
Equity	-	-	108,608	108,608
Others	-	-	2,891	2,891
	<u>1,504,487</u>	<u>3,173,536</u>	<u>1,217,879</u>	<u>5,895,902</u>
<u>DESIGNATED AS AT FVTPL</u>				
Equity	44,635	112,397	43,222	200,254
Others	543	3,041	75,529	79,113
	<u>45,178</u>	<u>115,438</u>	<u>118,751</u>	<u>279,367</u>
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	12,791,415	20,801,015	12,026,255	45,618,685
Corporate Bonds	2,130,368	1,288,540	562,324	3,981,232
	<u>14,921,783</u>	<u>22,089,555</u>	<u>12,588,579</u>	<u>49,599,917</u>
Less: Expected credit losses				<u>(22,394)</u>
				<u>49,577,523</u>
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	1,685,804	10,162,174	11,847,978
Corporate Bonds	3,247,792	641,219	745,619	4,634,630
	<u>3,247,792</u>	<u>2,327,023</u>	<u>10,907,793</u>	<u>16,482,608</u>
Less: Expected credit losses				<u>(30,690)</u>
				<u>16,451,918</u>
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	1,715	54,708	434,154	490,577
	<u>1,715</u>	<u>54,708</u>	<u>434,154</u>	<u>490,577</u>
Gross Investment securities	<u>19,720,955</u>	<u>27,760,260</u>	<u>25,267,156</u>	<u>72,748,371</u>
Net Investment securities				<u><u>72,695,287</u></u>

*Domestic: These are securities issued within the UAE.

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

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

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
6 LOANS AND RECEIVABLES

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
At Amortised Cost	-----	-----
Overdrafts	147,275,272	147,606,488
Time loans	238,851,652	244,809,965
Loans against trust receipts	8,382,420	7,915,401
Bills discounted	3,459,422	3,594,752
Credit card receivables	12,645,079	12,842,426
Total loans and receivables	410,613,845	416,769,032
Less: Expected credit losses	(29,923,737)	(28,845,608)
	-----	-----
	380,690,108	387,923,424
	=====	=====
Total of credit impaired loans and receivables	23,082,643	23,997,211
	=====	=====

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	18,746,512	19,483,494
Construction	16,071,539	16,424,771
Trade	22,746,460	23,229,355
Transport and communication	11,545,877	12,048,179
Services	14,867,988	15,366,827
Sovereign	159,162,633	160,224,042
Personal	60,500,520	60,076,977
Real estate	45,371,038	47,712,754
Hotels and restaurants	13,561,398	14,133,848
Management of companies and enterprises	8,253,624	8,788,924
Financial institutions and investment companies	17,753,108	17,400,058
Agriculture	8,423,767	8,579,836
Others	13,609,381	13,299,967
Total loans and receivables	410,613,845	416,769,032
Less: Expected credit loss	(29,923,737)	(28,845,608)
	380,690,108	387,923,424

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**7 ISLAMIC FINANCING RECEIVABLES**

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
At Amortised Cost	-----	-----
Murabaha	39,621,804	39,841,875
Ijara	20,249,531	20,263,477
Wakala	449,414	454,006
Istisna'a	1,137,566	1,141,483
Credit cards receivable	1,464,167	1,483,910
Others	298,617	293,847
Total Islamic financing receivables	63,221,099	63,478,598
Less: Deferred income	(1,629,442)	(1,721,350)
Less: Expected credit losses	(6,179,465)	(6,139,203)
Net Islamic financing receivables	55,412,192	55,618,045
Total of credit impaired Islamic financing receivables	5,774,176	5,820,703

Corporate Ijara assets amounting to AED 3.3 billion (2020: AED 4.6 billion) and Murabaha assets amounting to AED 1.6 billion (2020: AED 0.2 billion) were securitised for the purpose of issuance of Sukuk liability (refer Note 11).

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	2,353,032	2,301,059
Construction	1,532,415	1,454,031
Trade	7,702,675	7,802,617
Transport and communication	1,365,542	1,350,371
Services	1,530,156	1,500,560
Sovereign	827,187	946,762
Personal	31,204,958	31,650,560
Real estate	8,210,361	8,468,048
Hotels and restaurants	779,252	785,409
Management of companies and enterprises	3,305,355	2,614,556
Financial institutions and investment companies	1,232,001	1,494,364
Others	3,178,165	3,110,261
Total islamic financing and receivables	63,221,099	63,478,598
Less: Deferred Income	(1,629,442)	(1,721,350)
Less: Expected credit loss	(6,179,465)	(6,139,203)
	55,412,192	55,618,045

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)

8 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total	
		Banking license	Customer relationships	Core deposit intangibles	Brands	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Unaudited 31 March 2021						
<u>Cost</u>						
Balance as at 1 January	5,561,714	163,079	471,438	895,473	279,370	7,371,074
Foreign exchange movement	(133)	(353)	(11,316)	(8,337)	(29,657)	(49,796)
	5,561,581	162,726	460,122	887,136	249,713	7,321,278
<u>Less: Amortisation and impairment</u>						
Balance as at 1 January	4,903	-	290,691	762,309	-	1,057,903
Amortisation and impairment for the period	-	-	23,506	17,318	-	40,824
Balance as at 31 March	4,903	-	314,197	779,627	-	1,098,727
Net Goodwill and Intangibles	5,556,678	162,726	145,925	107,509	249,713	6,222,551
<u>Audited 31 December 2020</u>						
Cost	5,561,714	163,079	471,438	895,473	279,370	7,371,074
Less: Amortisation and impairment	4,903	-	290,691	762,309	-	1,057,903
Net Goodwill and Intangibles	5,556,811	163,079	180,747	133,164	279,370	6,313,171

The goodwill and intangibles are acquired through business combinations. Goodwill has an indefinite life and is reviewed annually for impairment.

The Goodwill has been allocated to four cash-generating units, namely Corporate and Institutional banking, Retail banking and Wealth Management, Global Markets and Treasury and Emirates NBD Egypt.

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**9 OTHER ASSETS**

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Accrued interest receivable	3,891,406	4,784,330
Islamic profit receivable	121,187	129,884
Prepayments and other advances	952,887	909,724
Sundry debtors and other receivables	4,194,051	3,046,706
Inventory	1,522,817	1,266,689
Deferred tax asset	830,530	882,845
Others	1,552,744	1,276,275
	<u>13,065,622</u>	<u>12,296,453</u>

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**10 DEBT ISSUED AND OTHER BORROWED FUNDS**

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Medium term note programme	50,704,480	46,408,605
Term loans from banks	6,398,419	7,335,940
Borrowings raised from loan securitisations	2,433,887	918,125
	<u>59,536,786</u>	<u>54,662,670</u>

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Balance as at 1 January	54,662,670	49,317,315
New issues	15,389,031	18,264,098
Repayments	(8,872,093)	(13,487,491)
Other movements*	(1,642,822)	568,748
Balance at end of period / year	<u>59,536,786</u>	<u>54,662,670</u>

*Represents exchange rate movement on debts issued in foreign currency. The Group hedges the foreign currency risk on public issuances through derivative financial instruments.

As at 31 March 2021, the outstanding medium term borrowings totaling AED 59,537 million (31 December 2020: AED 54,663 million) is falling due as below:

	Unaudited 31 March 2021 AED millions	Audited 31 December 2020 AED millions
2021	6,537	13,396
2022	10,309	10,347
2023	3,555	3,235
2024	9,389	2,374
2025	7,922	6,721
Beyond 2025	21,825	18,590
	<u>59,537</u>	<u>54,663</u>

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**11 SUKUK PAYABLE**

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Balance as at 1 January	5,510,933	3,679,921
New issues*	-	1,836,250
Other movements	(1,305)	(5,238)
Balance at end of period / year	<u>5,509,628</u>	<u>5,510,933</u>

*These are the US Dollar denominated Sukuk issued during September 2020 under a Sharia'a compliant Sukuk financing arrangement and will mature in September 2025.

As at 31 March 2021, the outstanding Sukuk payable totaling AED 5,510 million (31 December 2020: AED 5,511 million) is falling due as follows:

	Unaudited 31 March 2021 AED million	Audited 31 December 2020 AED million
2021	3,674	3,675
2025	1,836	1,836
	<u>5,510</u>	<u>5,511</u>

12 OTHER LIABILITIES

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Accrued interest payable	2,147,664	2,951,170
Profit payable to islamic depositors	113,389	89,488
Managers' cheques	1,465,977	1,482,690
Trade and other payables	4,967,546	4,172,156
Staff related liabilities	1,096,531	1,326,558
Provision for taxation	340,421	311,961
Others	6,961,698	7,479,692
	<u>17,093,226</u>	<u>17,813,715</u>

13 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 24 February 2021, shareholders approved payment of a cash dividend of 40% of the issued and paid up capital (AED 0.40 per share) amounting to AED 2,527 million which has been recognised in the interim financial statements as of 31 March 2021.

14 TIER I CAPITAL NOTES

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified as equity.

Issuance Month/year	Issued Amount	Coupon rate
July 2020	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years
June 2009	AED 4 billion	Fixed interest rate for the first five years and on a floating rate basis thereafter.

15 OTHER OPERATING INCOME

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
	-----	-----
Dividend income on equity investment measured at FVOCI	-	152
Dividend income on equity investments measured at FVTPL	8,364	15,955
Gain / (loss) from sale of debt investment securities measured at FVOCI	149,099	30,779
Gain / (loss) from investment securities designated at fair value through profit or loss	(2,649)	(44,088)
Rental income	7,352	8,162
Gain on sale of properties (investment properties / inventories)	394	621
Foreign exchange income*	(872,227)	63,396
Derivative income / (loss)	1,457,478	591,527
Other income (net)	165,781	61,408
	-----	-----
	913,592	727,912
	=====	=====

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

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**16 GENERAL AND ADMINISTRATIVE EXPENSES**

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
Staff cost	1,062,993	1,208,778
Occupancy cost	64,938	75,855
Equipment & supplies	53,535	57,902
Information technology cost	84,223	84,504
Communication cost	66,148	66,495
Service, legal and professional fees	41,624	46,302
Marketing related expenses	25,923	35,845
Depreciation	188,720	213,202
Amortisation of intangibles	40,824	40,824
Others	238,852	218,983
	<u>1,867,780</u>	<u>2,048,690</u>

17 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
Net impairment of cash and deposits with central bank	(734)	650
Net impairment of due from banks / other assets	(13,860)	444
Net impairment of investment securities	(3,906)	14,701
Net impairment of loans and receivables	1,726,444	2,244,695
Net impairment of Islamic financing receivables	189,458	353,561
Net impairment of unfunded exposures	(73,162)	80,781
Bad debt written off / (recovery) and modification adjustment - net	(61,242)	(136,344)
Net impairment loss for the period	<u>1,762,998</u>	<u>2,558,488</u>

18 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited	Audited
	31 March 2021	31 December 2020
	AED 000	AED 000
Letters of credit	13,675,779	10,731,079
Guarantees	57,234,802	58,473,299
Liability on risk participations	186,487	113,037
Irrevocable loan commitments*	33,176,565	33,506,436
	<u>104,273,633</u>	<u>102,823,851</u>

* Irrevocable loan commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to 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.

19 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 (further adjusted for interest expense on tier I capital notes) 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 three months period ended	Unaudited three months period ended
	31 March 2021	31 March 2020
	AED 000	AED 000
Profit for the period attributable to equity holders	2,321,559	2,079,104
Deduct : Interest on Tier 1 capital notes	(162,912)	(150,718)
Net profit attributable to equity holders	2,158,647	1,928,386
Weighted average number of equity shares in issue ('000)	6,310,696	6,310,696
Earnings per share* (AED)	<u>0.34</u>	<u>0.31</u>

*The diluted and basic earnings per share were the same for the three months period ended 31 March 2021

20 DERIVATIVES

	Unaudited 31 March 2021			Audited 31 December 2020		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	10,933,743	(7,970,822)	719,614,228	11,720,619	(9,826,150)	727,686,505
Derivatives held as cash flow hedges	391,748	(127,325)	37,547,858	549,448	(106,004)	40,741,351
Derivatives held as fair value hedges	573,404	(1,141,453)	30,110,337	1,427,332	(804,474)	26,699,467
Derivatives held as hedge of a net investment in foreign operations	-	(52,079)	520,792	-	(38,603)	520,792
Total	11,898,895	(9,291,679)	787,793,215	13,697,399	(10,775,231)	795,648,115

21 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- Corporate and Institutional banking represents current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate, commercial customers, investment banking, Islamic products under Al Watani Al Islami and structured financing primarily in the UAE and Egypt;
- Retail banking and Wealth Management represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing primarily in the UAE and Egypt;
- Global Markets and Treasury activities comprise of managing the Group's portfolio of investments, funds management and interbank treasury operations primarily in the UAE and Egypt;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;
- Denizbank, is considered as a separate operating segment; and
- Other operations of the Group include Tanfeeth, property management, operations and support functions.

21 OPERATING SEGMENTS (CONTNUED)

<u>Unaudited 31 March 2021</u>	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,044,772	1,336,298	(82,589)	397,862	1,285,046	106,987	4,088,376
Net fees, commission and other income	421,451	633,986	90,067	176,572	753,698	(802)	2,074,972
Total operating income	1,466,223	1,970,284	7,478	574,434	2,038,744	106,185	6,163,348
General and administrative expenses	(136,962)	(514,930)	(39,208)	(255,683)	(558,506)	(362,491)	(1,867,780)
Net impairment loss on financial assets	(728,627)	(200,137)	4,076	(107,161)	(658,991)	(72,158)	(1,762,998)
Share of profit of associates	-	-	-	-	-	9,180	9,180
Taxation charge	12,659	(24,073)	(24,515)	-	(179,693)	(3,907)	(219,529)
Group profit for the period	613,293	1,231,144	(52,169)	211,590	641,554	(323,191)	2,322,221
Segment Assets	314,167,706	61,134,200	124,992,260	68,101,138	125,479,168	1,184,351	695,058,823
Segment Liabilities and Equity	185,440,402	172,318,556	29,482,154	58,378,339	114,287,271	135,152,101	695,058,823

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21 OPERATING SEGMENTS (CONTNUED)

Unaudited 31 March 2020	Corporate and Institutional banking	Retail banking and Wealth Management	Global Markets and Treasury	Islamic banking	DenizBank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,270,690	1,430,140	(73,540)	468,162	1,571,259	269,615	4,936,326
Net fees, commission and other income	372,551	670,673	87,384	173,005	683,940	(39,085)	1,948,468
Total operating income	1,643,241	2,100,813	13,844	641,167	2,255,199	230,530	6,884,794
General and administrative expenses	(157,231)	(522,599)	(43,950)	(279,762)	(627,399)	(417,749)	(2,048,690)
Net impairment loss on financial assets	(1,069,485)	(215,326)	(11,686)	(206,418)	(980,813)	(74,760)	(2,558,488)
Share of profit of associates	-	-	-	-	-	107	107
Taxation charge	(15,570)	(18,522)	(9,327)	-	(142,666)	(10,847)	(196,932)
Group profit for the period	400,955	1,344,366	(51,119)	154,987	504,321	(272,719)	2,080,791
Segment Assets	327,564,928	65,321,592	110,455,370	59,928,994	127,702,211	750,865	691,723,960
Segment Liabilities and Equity	189,979,556	156,127,765	48,497,966	52,259,610	116,272,212	128,586,851	691,723,960

22 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.75%), a company in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 4% (December 2020: 6%) and 5% (December 2020: 5%) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all 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 interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

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

	Unaudited 31 March 2021 AED 000	Audited 31 December 2020 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	156,959,874	157,723,504
To parent	1,487,463	1,487,463
To directors and related companies	833,907	850,367
	159,281,244	160,061,334
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	4,506,962	4,423,770
From parent	1,393,142	1,797,459
From associates	78,486	90,675
	5,978,590	6,311,904
Investment in Government of Dubai bonds	6,472,025	6,474,854
Commitments to associates	47,448	78,877

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
22 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
Payments made to associates	84	252
Payments made to other related parties	17,180	20,121
Fees received in respect of funds managed by the Group	4,985	5,314
Directors sitting fee	4,794	3,913

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

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	42,848	55,552
Post employment benefits	457	359

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

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT**

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	20,911,912	32,291,487
Net cash inflow/(outflow)	11,107,057	(23,403,615)
Balance at end of period	<u>32,018,969</u>	<u>8,887,872</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	87,789,343	111,916,680
Due from banks	43,178,195	41,252,943
Due to banks	(52,628,774)	(51,273,739)
	<u>78,338,764</u>	<u>101,895,884</u>
Less : deposits with Central Banks for regulatory purposes	(41,184,611)	(53,246,966)
Less : certificates of deposits with Central Banks maturing after three months	(15,000,000)	(39,000,000)
Less : amounts due from banks maturing after three months	(26,238,581)	(22,224,764)
Add : amounts due to banks maturing after three months	36,103,397	21,463,718
	<u>32,018,969</u>	<u>8,887,872</u>

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)**23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

	Unaudited three months period ended 31 March 2021 AED 000	Unaudited three months period ended 31 March 2020 AED 000
(c) Adjustment for non cash and other items		
Impairment loss on cash and deposits with central banks	(734)	650
Impairment loss on due from banks	(13,860)	444
Impairment loss on investment securities	(3,906)	14,701
Impairment loss on loans and receivables	1,726,444	2,244,695
Impairment loss on Islamic financing receivables	189,458	353,561
Impairment loss on unfunded exposures	(73,162)	80,781
Amortisation of fair value	36,593	29,354
(Discourt) / premium on Investment securities	(11,429)	(17,121)
Unrealised foreign exchange loss / (gain)	1,142,575	236,426
Amortisation of intangibles	40,824	40,824
Depreciation / impairment on property and equipment / Investment property	193,416	217,353
Share of profit / loss of associates and joint ventures	(9,180)	(107)
Dividend income on equity investments	(8,364)	(16,107)
Unrealized (gain)/loss on investments	18,746	64,003
Unrealized (gain)/loss on FV Hedged item	(1,281,202)	(229,167)
Gain on sale of properties (inventories)	(394)	(621)
	<u>1,945,825</u>	<u>3,019,669</u>

24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUEFair Value of assets and liabilities

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

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

<u>Unaudited 31 March 2021</u>	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Investment Securities</u>				
Trading securities at FVTPL	4,307,059	-	-	4,307,059
FVOCI - debt instruments	14,964,004	46,292	-	15,010,296
FVOCI - equity instruments	653,361	1,171	5,421	659,953
Designated at FVTPL	119,570	-	158,003	277,573
	20,043,994	47,463	163,424	20,254,881
<u>Derivatives</u>				
<u>Positive fair value of derivatives</u>				
Derivatives held for trading	-	10,933,743	-	10,933,743
Derivatives held as cash flow hedges	-	391,748	-	391,748
Derivatives held as fair value hedges	-	573,404	-	573,404
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	11,898,895	-	11,898,895
<u>Negative fair value of derivatives</u>				
Derivatives held for trading	-	(7,970,822)	-	(7,970,822)
Derivatives held as cash flow hedges	-	(127,325)	-	(127,325)
Derivatives held as fair value hedges	-	(1,141,453)	-	(1,141,453)
Derivatives held as hedge of a net investment in foreign operations	-	(52,079)	-	(52,079)
	-	(9,291,679)	-	(9,291,679)
	20,043,994	2,654,679	163,424	22,862,097
Audited 31 December 2020	22,891,659	3,011,270	167,693	26,070,622

24 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.

	Trading securities at FVTPL	Designated at FVTPL	FVOCI – debt instrument	FVOCI – equity instrument	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2021	-	161,928	-	5,765	167,693
Total gains or losses:					
- in profit or loss	-	(3,730)	-	-	(3,730)
- in other comprehensive income	-	-	-	(312)	(312)
Additions	-	-	-	-	-
Settlements and other adjustments	-	(195)	-	(32)	(227)
Balance as at 31 March 2021 (unaudited)	-	158,003	-	5,421	163,424
Balance as at 31 December 2020 (audited)	-	161,928	-	5,765	167,693

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 31 March 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.

25 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) Loans and receivables

	Unaudited three months period ended 31 March 2021 AED 000 ECL	Unaudited three months period ended 31 March 2020 AED 000 ECL
Balance at 1 January	28,845,608	23,790,153
Expected credit losses recognised during the period	1,807,199	2,521,053
Write back / recoveries made during the period	(80,755)	(276,358)
Amounts written off during the period	(317,617)	(160,382)
Exchange and other adjustments	(330,698)	(117,644)
Closing Balance	<u>29,923,737</u>	<u>25,756,822</u>

ii) Islamic financing receivables

	Unaudited three months period ended 31 March 2021 AED 000 ECL	Unaudited three months period ended 31 March 2020 AED 000 ECL
Balance at 1 January	6,139,203	5,436,242
Expected credit losses recognised during the period	240,667	433,394
Write back / recoveries made during the period	(51,209)	(79,833)
Amounts written off during the period	(149,155)	(89,042)
Exchange and other adjustments	(41)	8,439
Closing Balance	<u>6,179,465</u>	<u>5,709,200</u>

Stage-wise financing exposures and the related ECL as at 31 March 2021 are given below:

AED 000	31 March 2021		31 December 2020	
	Exposure	ECL	Exposure	ECL
<u>Loans and receivables</u>				
12-month ECL	357,535,375	3,512,800	369,677,061	3,659,321
Lifetime ECL not credit-impaired	29,995,827	6,444,123	23,094,760	5,271,329
Lifetime ECL credit-impaired	21,281,531	19,080,685	21,938,329	19,037,235
Purchased or Originated Credit Impaired	1,801,112	886,129	2,058,882	877,723
	<u>410,613,845</u>	<u>29,923,737</u>	<u>416,769,032</u>	<u>28,845,608</u>
<u>Islamic financing receivables</u>				
12-month ECL	53,619,178	974,312	52,056,413	953,362
Lifetime ECL not credit-impaired	2,198,303	463,636	3,880,132	425,869
Lifetime ECL credit-impaired	5,774,176	4,741,517	5,820,703	4,759,972
	<u>61,591,657</u>	<u>6,179,465</u>	<u>61,757,248</u>	<u>6,139,203</u>

25 RISK MANAGEMENT (CONTINUED)

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.

In determination of Q1 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 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 unlikelihood 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 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

In light of the current economic environment, the Group has assessed a range of possible macro-economic scenarios and associated weights, and analyzed their impact on Q1 2021 ECL estimates. Accordingly, the Group uses macro-economic forecasts using baseline, upside and downside scenarios with 40%, 30% and 30% weightings respectively. 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.

25 RISK MANAGEMENT (CONTINUED)**Covid-19 and Expected Credit Loss (ECL) (continued)****Forward Looking Information (continued)****Analysis of customers benefiting from payment deferrals****Deferral amount and outstanding balances of UAE customers**

During 2020, the Group drew AED 6,906 million of Zero Cost Funding under the CBUAE TESS program and repaid AED 2,829 million till date (including AED 1,165 million repaid during Q1 2021). After repayment the balance as at 31 March 2021 amounted to AED 4,077 million (31 December 2020: AED 5,242 million).

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

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

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

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 number of customers, deferral amount, gross exposures and related ECL of UAE customers benefitting from deferrals:

<u>31 March 2021</u>	Corporate and institutional banking	Retail banking and wealth management	Total
AED 000			
<u>Deferral amount</u>			
Loans and Islamic financing receivables	8,709,446	1,578,864	10,288,310
Less: Repayments	(4,887,254)	(635,096)	(5,522,350)
	<u>3,822,192</u>	<u>943,768</u>	<u>4,765,960</u>

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (UNAUDITED)
25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Deferral amount and outstanding balances of UAE customers (continued)**

AED 000	31 March 2021			
	Loans and Islamic financing receivables			
	Number of deferral customers/ accounts	Payments deferred	Exposures	Expected Credit Losses
<u>Corporate and Institutional banking</u>				
Stage 1	462	6,928,721	30,610,099	857,120
Stage 2	66	1,367,118	7,749,000	3,039,657
Stage 3	35	413,607	1,283,568	856,734
	563	8,709,446	39,642,667	4,753,511
Group 1	486	7,297,537	33,198,657	2,051,549
Group 2	77	1,411,909	6,444,010	2,701,962
	563	8,709,446	39,642,667	4,753,511
<u>Retail banking and Wealth Management</u>				
Stage 1	104,564	1,345,873	12,325,793	416,194
Stage 2	5,828	196,265	929,529	305,781
Stage 3	28	36,726	151,853	67,495
	110,420	1,578,864	13,407,175	789,470
Group 1	104,863	1,375,366	12,441,200	450,560
Group 2	5,557	203,498	965,975	338,910
	110,420	1,578,864	13,407,175	789,470
Total	110,983	10,288,310	53,049,842	5,542,981

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Movement in Exposures of UAE customers**

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

	AED 000
Exposure as at 1 January 2021	50,652,206
Increase in exposure due to new drawdowns	4,483,670
Increase in exposure of the same customers	1,750,542
Decrease in exposure of the same customers	(1,658,667)
Decrease in exposure due to closure	(2,177,909)
Exposure as at 31 March 2021	53,049,842

Stage migrations of UAE customers

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

<u>AED 000</u>	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<u>Corporate and Institutional banking</u>				
Exposure as at 1 January 2021	28,534,720	6,437,747	1,237,660	36,210,127
Transferred from 12-month ECL	(1,092,126)	1,048,017	44,109	-
Transferred from Lifetime ECL not credit-impaired	255,384	(272,959)	17,575	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	2,912,121	536,195	(15,776)	3,432,540
Exposure as at 31 March 2021	30,610,099	7,749,000	1,283,568	39,642,667

Retail banking and Wealth Management

Exposure as at 1 January 2021	13,366,814	921,620	153,645	14,442,079
Transferred from 12-month ECL	(417,351)	416,856	495	-
Transferred from Lifetime ECL not credit-impaired	167,510	(167,510)	-	-
Transferred from Lifetime ECL credit-impaired	-	505	(505)	-
Other movements - net	(791,180)	(241,942)	(1,782)	(1,034,904)
Exposure as at 31 March 2021	12,325,793	929,529	151,853	13,407,175

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Stage migrations of UAE customers (continued)**

<u>AED 000</u>	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<u>Corporate and institutional banking</u>				
ECL as at 1 January 2021	778,827	2,567,740	842,599	4,189,166
Transferred from 12-month ECL	(37,560)	33,163	4,397	-
Transferred from Lifetime ECL not credit-impaired	25,861	(26,699)	838	-
Transferred from Lifetime ECL credit-impaired	-	-	-	-
Other movements - net	89,992	465,453	8,900	564,345
ECL as at 31 March 2021	857,120	3,039,657	856,734	4,753,511

<u>AED 000</u>	Loans and Islamic financing receivables			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<u>Retail banking and wealth management</u>				
ECL as at 1 January 2021	443,152	297,655	67,139	807,946
Transferred from 12-month ECL	(31,490)	31,490	-	-
Transferred from Lifetime ECL not credit-impaired	49,957	(49,957)	-	-
Transferred from Lifetime ECL credit-impaired	-	86	(86)	-
Other movements - net	(45,425)	26,507	442	(18,476)
ECL as at 31 March 2021	416,194	305,781	67,495	789,470

25 RISK MANAGEMENT (CONTINUED)**Analysis of customers benefiting from payment deferrals (continued)****Change in ECL allowance by industry sector for UAE Corporate and Institutional banking customers**

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

<u>AED 000</u>	Loans and Islamic financing receivables			Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
ECL allowance as at 1 January 2021	778,827	2,567,740	842,599	4,189,166
Manufacturing	(2,325)	(7,984)	(4,285)	(14,594)
Construction	(5,699)	3,211	8,273	5,785
Trade	1,738	64,163	4,244	70,145
Services	(15,876)	53,445	(84)	37,485
Personal	35,117	5,057	-	40,174
Real estate	42,548	273,208	4,494	320,250
Others	22,790	80,817	1,493	105,100
ECL allowance as at 31 March 2021	857,120	3,039,657	856,734	4,753,511

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 UAE Retail banking and Wealth Management customers benefiting from payment deferrals:

<u>AED 000</u>	Loans and Islamic financing receivables			Total
	12-month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	
ECL allowance as at 1 January 2021	443,153	297,655	67,139	807,947
Personal Finance	(14,766)	(16,966)	-	(31,732)
Home Finance	(1,889)	(4,246)	-	(6,135)
Auto loans	(15,174)	2,005	-	(13,169)
Credit cards	(641)	(2,332)	-	(2,973)
Others	5,511	29,665	356	35,532
ECL allowance as at 31 March 2021	416,194	305,781	67,495	789,470

26 IBOR TRANSITION (INTEREST 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 maturing from the year 2021 onwards which are in scope of the IFRS 9 amendments include Fair Value Hedges with notional values of USD 1.5 billion on the receiving leg and USD 3.5 billion on the paying leg; and Cash Flow Hedges with notional values of USD 1 billion on the receiving leg.

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.

27 SUBSEQUENT EVENTS

In April 2021, the Group entered into a Sale Purchase Agreement to sell a controlling interest in Dubai Bank (P.J.S.C), a subsidiary to Eradha Capital (L.L.C.). As at 31 March 2021, the carrying value of Dubai Bank's total assets amounted to AED 0.4 billion. The transaction is expected to complete in 2021 and the resultant impact in the books will be accounted for upon completion. The transaction is subject to regulatory approval by the Central Bank of the UAE.