

**Investment Corporation of Dubai
and its subsidiaries**

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2020

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Report on review of interim condensed consolidated financial statements to the owner of Investment Corporation of Dubai

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Investment Corporation of Dubai and its subsidiaries (together the "Group"), as at 30 June 2020 and the related interim condensed consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
26 November 2020

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

*PricewaterhouseCoopers (Dubai Branch), License no. 102451
Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me*

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2020

	Notes	Six-month period ended 30 June	
		2020 AED'000 (Unaudited)	2019 AED'000 (Unaudited)
Revenue	21	73,722,641	106,268,837
Cost of revenue		(64,412,369)	(85,673,576)
Other operating income		1,906,431	2,877,632
Net loss from derivative financial instruments	17	(128,403)	(1,214,449)
General, administrative and other expenses		(9,692,082)	(9,498,673)
Impairment losses on property, plant and equipment, intangible assets, investment properties and development properties		(3,814,446)	(588,535)
Net impairment losses on financial assets	3	(4,548,626)	(1,385,098)
OPERATING (LOSS) / PROFIT		(6,966,854)	10,786,138
Other finance income		665,376	995,302
Other finance costs		(4,268,526)	(4,992,880)
Share of results of associates and joint ventures – net	9	1,223,243	1,913,029
Other income	9(a) and (b)	256,394	2,096,882
(LOSS) / PROFIT FOR THE PERIOD BEFORE INCOME TAX		(9,090,367)	10,798,471
Income tax expense – net		(351,748)	(312,566)
(LOSS) / PROFIT FOR THE PERIOD		(9,442,115)	10,485,905
Attributable to:			
The equity holder of Investment Corporation of Dubai (“ICD”)		(11,383,370)	6,855,569
Non-controlling interests		1,941,255	3,630,336
		(9,442,115)	10,485,905

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2020

	<i>Six-month period ended</i>	
	30 June	
	2020	2019
	AED'000	AED'000
	(Unaudited)	(Unaudited)
(LOSS) / PROFIT FOR THE PERIOD	(9,442,115)	10,485,905
Other comprehensive income		
<i>Items that may be reclassified to consolidated income statement in subsequent periods:</i>		
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI"):		
- Net change in fair value	53,845	115,024
- Net amount transferred to income statement	(54,531)	2,259
Net movement in fair value of cash flow hedges:		
- Net change in fair value	(6,421,159)	(493,993)
- Net amount transferred to income statement	2,469,107	-
Net movement in cost of hedging	218,124	23,419
Foreign currency translation differences:		
- Net change in fair value	(1,458,770)	62,536
- Net amount transferred to income statement	28,489	-
Group's share in other comprehensive income of equity accounted investees	(144,578)	(134,150)
Net other comprehensive income that may be reclassified to consolidated income statement in subsequent periods	(5,309,473)	(424,905)
<i>Items that will not to be reclassified to consolidated income statement in subsequent periods:</i>		
Net movement in fair value of equity instruments measured at FVOCI	(1,023,228)	141,548
Actuarial gain / (loss) on defined benefit plans	241,725	(125,986)
Group's share in other comprehensive income of equity accounted investees	(275,699)	20,370
Net other comprehensive income that will not be reclassified to consolidated income statement in subsequent periods	(1,057,202)	35,932
Other comprehensive income for the period	(6,366,675)	(388,973)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(15,808,790)	10,096,932
Attributable to:		
The equity holder of ICD	(17,079,275)	6,459,990
Non-controlling interests	1,270,485	3,636,942
	(15,808,790)	10,096,932

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	170,993,491	177,065,885
Right-of-use assets	6	58,225,087	62,052,088
Intangible assets	7	28,085,981	28,595,202
Investment properties	8	25,553,464	23,496,987
Development properties		2,212,924	3,535,606
Investments in associates and joint ventures	9	53,734,740	53,250,910
Deferred tax assets		1,281,381	1,086,404
Positive fair value of derivatives	17	11,118,613	5,642,225
Investment securities	10	51,323,964	47,271,737
Other non-current assets		6,837,367	7,540,012
Islamic financing and investment products	11	26,833,277	28,531,651
Loans and receivables	12	134,461,570	136,977,692
Cash and deposits with banks	13	3,955,287	5,271,928
		574,617,146	580,318,327
Current assets			
Customer acceptances		8,914,993	10,227,557
Inventories		9,375,006	12,432,406
Positive fair value of derivatives	17	2,276,553	2,514,264
Investment securities	10	15,040,744	18,362,925
Trade and other receivables		32,548,363	39,019,679
Islamic financing and investment products	11	49,311,052	42,876,527
Loans and receivables	12	247,165,693	244,140,482
Cash and deposits with banks	13	168,449,423	170,346,193
		533,081,827	539,920,033
Assets classified as held for sale	14	-	1,078,190
		533,081,827	540,998,223
TOTAL ASSETS		1,107,698,973	1,121,316,550

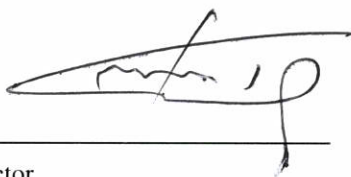
The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

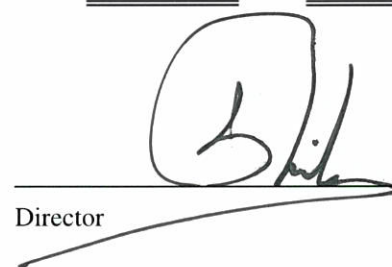
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2020

	<i>Notes</i>	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	15	75,550,561	68,185,180
Retained earnings		112,797,335	127,356,815
Other reserves	16	3,193,716	9,096,003
		<u>191,541,612</u>	<u>204,637,998</u>
Non-controlling interests	18	46,705,222	46,934,705
Total equity		<u>238,246,834</u>	<u>251,572,703</u>
Non-current liabilities			
Employees' end of service benefits		4,002,892	4,465,484
Deferred tax liabilities		2,259,429	2,301,472
Borrowings and lease liabilities		212,809,332	210,946,067
Negative fair value of derivatives	17	10,533,699	4,613,338
Other non-current payables		12,297,247	12,611,541
Customer deposits		9,101,820	21,630,971
Islamic customer deposits		1,474,404	7,770,038
		<u>252,478,823</u>	<u>264,338,911</u>
Current liabilities			
Customer acceptances		8,914,993	10,227,557
Employees' end of service benefits		445,425	12,540
Borrowings and lease liabilities		108,025,375	91,351,050
Negative fair value of derivatives	17	5,498,124	1,746,968
Trade and other payables		60,853,447	73,535,436
Customer deposits		352,363,088	351,513,382
Islamic customer deposits		80,198,609	76,331,870
Current income tax liabilities		674,255	465,714
		<u>616,973,316</u>	<u>605,184,517</u>
Liabilities related to assets classified as held for sale	14	-	220,419
		<u>616,973,316</u>	<u>605,404,936</u>
Total liabilities		<u>869,452,139</u>	<u>869,743,847</u>
TOTAL EQUITY AND LIABILITIES		<u>1,107,698,973</u>	<u>1,121,316,550</u>



Director



Director

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

	Notes	Six-month period ended	
		30 June	
		2020	2019
		AED'000	AED'000
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
(Loss) / Profit for the period before income tax		(9,090,367)	10,798,471
Adjustments for:			
Depreciation and impairment charge on property, plant and equipment, right-of-use assets, investment properties and development properties		16,603,995	13,665,238
Amortisation and impairment charge on intangible assets		1,653,040	1,048,994
Impairment loss on Islamic financing and investment products – net of recoveries	11	733,073	385,922
Impairment loss on loans and receivables – net of recoveries	12	3,369,826	1,128,363
Impairment loss / (reversal) on investment securities - net		71,734	(12,492)
Impairment loss on trade and other receivables – net of recoveries		325,754	81,470
Impairment loss on other non-current assets – net of recoveries		3,687	57,601
Impairment loss / (reversal) on cash and deposits with banks – net		64,650	(37,974)
Impairment loss / (reversal) on unfunded exposures		80,007	(59,937)
Net gain on disposal of property, plant and equipment, investment properties and intangible assets		(7,889)	(41,654)
Net gain on disposal of assets and liabilities classified as held for sale		(25,111)	(113,925)
Net (gain) / loss on sale of debt securities measured at FVOCI		(54,531)	2,259
Net change in fair value of investments securities measured at fair value through profit or loss (“FVTPL”)		435,486	(222,966)
Provision for / (Reversal of) allowance on slow moving and obsolete inventories		108,622	(1,089,411)
Other finance costs		4,268,526	4,992,880
Other finance income		(665,376)	(995,302)
Other income		(256,394)	(2,096,882)
Share of results of associates and joint ventures – net	9	(1,223,243)	(1,913,029)
Provision for employees’ end of service benefits		842,081	650,639
Unrealised loss on derivatives – net		1,577,468	1,912,453
		18,815,038	28,140,718
Changes in:			
Inventories		2,948,778	1,129,406
Trade and other receivables		6,027,097	(3,514,570)
Trade and other payables		(14,050,282)	2,632,542
Loans and receivables (banking operations)		(3,878,915)	(9,806,657)
Statutory deposits (banking operations)		8,655,730	760,219
Deposits with banks with original maturity over three months (banking operations)		(11,253,708)	(11,855,723)
Customer deposits including Islamic customer deposits (banking operations)		(14,108,340)	15,824,849
Due to banks with original maturity over three months (banking operations)		3,426,586	(426,685)
Fair value of derivatives – net		(878,556)	(2,469,111)
Islamic financing and investment products (banking operations)		(2,282,280)	(1,406,546)
Other non-current assets		714,007	2,588,218
Other non-current payables		(398,242)	278,224
		(6,263,087)	21,874,884

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2020

	Notes	Six-month period ended	
		30 June	
		2020	2019
		AED'000	AED'000
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES (continued)			
Employees' end of service benefits paid		(599,970)	(522,534)
Income tax paid		(400,946)	(385,686)
Foreign exchange and other movements		(56,006)	(99,601)
Net cash (used in) / generated from operating activities		(7,320,009)	20,867,063
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and development properties		(6,853,866)	(13,056,018)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		388,478	735,121
Acquisition of subsidiaries – net of cash acquired		(168,513)	(41,354)
Proceeds from disposal of investments in associates and joint ventures		3,634	2,944,449
Proceeds from disposal of assets and liabilities classified as held for sale		28,502	1,584,686
Other finance income received (non-banking operations)		839,563	1,070,714
Net movement in investment securities		(2,152,118)	(9,570,854)
Investments made in associates and joint ventures		(299,894)	(110,156)
Dividend from associates and joint ventures	9	974,132	1,830,575
Net movement in Islamic financing and investment products with original maturity over three months (non-banking operations)		1,603,719	1,471,608
Net movement in deposits with banks with original maturity over three months (non-banking operations)		3,257,200	(7,035,454)
Net cash used in investing activities		(2,379,163)	(20,176,683)
FINANCING ACTIVITIES			
Capital contributions from the Government of Dubai (the "Government")	15	7,365,381	19,381
Interest on Tier 1 Capital Notes		(301,434)	(353,514)
Repayment of Tier 1 Capital Notes	18	-	(3,672,500)
Issuance of Tier 1 Capital Notes	18	-	3,663,696
Distributions paid to the Government		(2,763,341)	(4,154,353)
Net movement in borrowings and lease liabilities		706,263	3,482,978
Other finance costs paid (non-banking operations)		(4,346,682)	(4,047,878)
Dividend paid to the non-controlling interests		(1,217,807)	(1,129,166)
Acquisition of non-controlling interest		-	(393,246)
Net cash used in financing activities		(557,620)	(6,584,602)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10,256,792)	(5,894,222)
Cash and cash equivalents at the beginning of the period		42,923,195	41,206,138
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		32,666,403	35,311,916

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended 30 June 2020

Cash and cash equivalents have been computed as presented below:

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)	30 June 2019 AED'000 (Unaudited)
Cash and deposits with banks – current	168,449,423	170,346,193	157,796,373
Islamic financing and investment products with original maturity of less than three months (non-banking operations)	8,074,156	3,283,493	4,086,752
Due to banks	(57,557,378)	(41,715,299)	(23,645,349)
Bank overdrafts	(287,523)	(145,100)	(108,667)
	118,678,678	131,769,287	138,129,109
Due to banks with original maturity of more than three months	29,530,155	26,103,569	5,452,353
Deposits with Central Banks for regulatory purposes (see note 13)	(41,321,194)	(49,976,924)	(31,375,746)
Murabaha and interest bearing certificates of deposits with Central Banks with original maturity of more than three months	(37,000,000)	(33,600,000)	(34,600,000)
Due from other banks and deposits with other banks with original maturity of more than three months	(37,221,236)	(31,372,737)	(42,293,800)
Cash and cash equivalents at the end of the period / year	32,666,403	42,923,195	35,311,916

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six-month period ended 30 June 2020

	<i>Attributable to the equity holder of ICD</i>				<i>Non-controlling interests</i> <i>AED'000</i> <i>(see note 18)</i>	<i>Total equity</i> <i>AED'000</i>
	<i>Capital</i> <i>AED'000</i> <i>(see note 15)</i>	<i>Retained earnings</i> <i>AED'000</i>	<i>Other reserves</i> <i>AED'000</i> <i>(see note 16)</i>	<i>Total</i> <i>AED'000</i>		
Balance at 1 January 2020 (audited)	68,185,180	127,356,815	9,096,003	204,637,998	46,934,705	251,572,703
(Loss) / Profit for the period	-	(11,383,370)	-	(11,383,370)	1,941,255	(9,442,115)
Other comprehensive income for the period	-	240,030	(5,935,935)	(5,695,905)	(670,770)	(6,366,675)
Total comprehensive income for the period	-	(11,143,340)	(5,935,935)	(17,079,275)	1,270,485	(15,808,790)
Contributions from the Government	7,365,381	-	-	7,365,381	-	7,365,381
Distributions to the Government	-	(3,358,341)	-	(3,358,341)	-	(3,358,341)
Interest on Tier 1 capital notes	-	-	-	-	(301,434)	(301,434)
Dividend paid to non-controlling interests	-	-	-	-	(1,217,807)	(1,217,807)
Transfers (see note 16)	-	19,771	(19,771)	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI (see note 16)	-	(14,825)	14,825	-	-	-
Other movements	-	(62,745)	38,594	(24,151)	19,273	(4,878)
Balance at 30 June 2020	75,550,561	112,797,335	3,193,716	191,541,612	46,705,222	238,246,834

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited) (continued)

For the six-month period ended 30 June 2020

	<i>Attributable to the equity holder of ICD</i>				<i>Non-controlling interests</i> AED '000 <i>(see note 18)</i>	<i>Total equity</i> AED '000
	<i>Capital</i> AED '000 <i>(see note 15)</i>	<i>Retained earnings</i> AED '000	<i>Other reserves</i> AED '000 <i>(see note 16)</i>	<i>Total</i> AED '000		
Balance at 1 January 2019 (audited)	64,569,417	124,633,708	8,454,487	197,657,612	40,109,905	237,767,517
Impact on adoption of IFRS 16	-	(9,704,312)	-	(9,704,312)	(10,475)	(9,714,787)
Restated balance at 1 January 2019	64,569,417	114,929,396	8,454,487	187,953,300	40,099,430	228,052,730
Profit for the period	-	6,855,569	-	6,855,569	3,630,336	10,485,905
Other comprehensive income for the period	-	(123,000)	(272,579)	(395,579)	6,606	(388,973)
Total comprehensive income for the period	-	6,732,569	(272,579)	6,459,990	3,636,942	10,096,932
Contribution from the Government	19,381	-	-	19,381	-	19,381
Distributions to the Government	-	(4,454,353)	-	(4,454,353)	-	(4,454,353)
Tier 1 capital notes issued (see note 18)	-	-	-	-	3,663,696	3,663,696
Tier 1 capital notes redeemed (see note 18)	-	-	-	-	(3,672,500)	(3,672,500)
Interest on Tier 1 capital notes	-	-	-	-	(353,514)	(353,514)
Dividend paid to non-controlling interests	-	-	-	-	(1,129,166)	(1,129,166)
Change in Group's ownership in existing subsidiaries	-	503,132	(2,642)	500,490	(893,736)	(393,246)
Transfers (see note 16)	-	52,459	(52,459)	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI (see note 16)	-	183,689	(183,689)	-	-	-
Other movements	-	(359,331)	260,236	(99,095)	6,946	(92,149)
Balance at 30 June 2019	64,588,798	117,587,561	8,203,354	190,379,713	41,358,098	231,737,811

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 ACTIVITIES

Investment Corporation of Dubai, an entity wholly owned by the Government of Dubai (the “Government”), was established in Dubai on 3 May 2006 under Emiri Decree 11 of 2006 issued by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates (“UAE”) and The Ruler of Dubai.

ICD is the principal investment arm of the Government and was capitalised with the transfer of certain investments under the Government’s portfolio from the Department of Finance-Investments Division. ICD’s role is to supervise the Government’s portfolio of investments in commercial activities and add value through the implementation of best practice corporate governance, and embrace a global investment strategy.

The address of ICD’s registered office is PO Box 333888, Dubai, UAE.

These interim condensed consolidated financial statements of ICD and its subsidiaries (together referred to as the “Group”) for the six-month period ended 30 June 2020 have been approved by the Board of Directors on 26 November 2020.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

These interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

(b) Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention except for the measurement of:

- financial assets measured at FVTPL;
- financial assets measured at FVOCI;
- assets held for sale (measured at lower of their carrying amount and fair value less costs to sell in accordance with IFRS 5);
- derivative financial instruments measured at fair value; and
- recognised assets and liabilities that are hedged and measured at fair value in respect of the risk that is hedged.

(c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in UAE Dirham (“AED”). The functional currency of ICD and a majority of its subsidiaries is AED. Certain subsidiaries have functional currencies other than AED. Their balances have been translated into AED for the purpose of these interim condensed consolidated financial statements.

Numbers have been rounded to the nearest thousand AED (“AED’000”) except when otherwise indicated.

(d) Comparative information

Certain comparative figures have been reclassified, either to conform to the current period’s classification, for better presentation of the interim condensed consolidated financial statements, or in accordance with the relevant requirement of International Financial Reporting Standards (“IFRS”) with no change to the total equity as at 31 December 2019 nor profit for the period ended 30 June 2019.

2 ACCOUNTING POLICIES (continued)

2.2 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of amendments to the existing standards and interpretations effective as of 1 January 2020 and early adoption of amendments to IFRS 16 – Leases, as described below. The adoption of these amendments to the existing standards and interpretations had no material impact on the interim condensed consolidated financial statements for the six-month period ended 30 June 2020. The Group has not early adopted any other standards, interpretations and amendments that have been issued but are not yet effective.

Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform

Effective from 1 January 2020, the Group has implemented amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments Disclosures relating to interest rate benchmark reforms. The amendments (referred as Phase I of Inter Bank Offer Rate (“IBOR”) transactions project) provides certain reliefs to allow hedge accounting to continue during the period of uncertainty before the replacement of the existing interest rate benchmark.

The Group has applied the hedging relief available under the amendments. These amendments had no material impact on the Group during the period ended 30 June 2020.

Amendments to IAS 1 and IAS 8 – Definition of Material

The amendments define that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The adoption of these amendments had no material impact on the interim condensed consolidated financial statements for the six-month period ended 30 June 2020.

Amendment to IFRS 16 – Leases

On 28 May 2020, the IASB issued amendments to IFRS 16 – Leases which provides lessees with an optional practical expedient to treat rent concessions in the same way as they would if they were not lease modifications, if these concessions meet certain conditions.

The amendment is effective for accounting periods beginning on or after 1 June 2020 with earlier application permitted. The Group has early adopted the amendment from 1 January 2020 and has applied the practical expedient to all leases other than the leases of aircraft and aircraft engine. The early adoption of these amendments had no material impact on the interim condensed consolidated financial statements for the six-month period ended 30 June 2020.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant accounting judgments, estimates and assumptions applied during the preparation of the interim condensed consolidated financial statements are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2019, except the following, which have been applied from 1 January 2020:

Consideration in respect of COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections being recorded globally. Initially reported in China, COVID-19 has spread across other countries, resulting in reported infections and deaths in numerous countries. On 30 January 2020, the World Health Organization (“WHO”) declared COVID-19 a public health emergency of international concern. On 11 March 2020, the WHO declared COVID-19 a global pandemic. Measures taken to contain and slow the spread of the virus such as limiting movements of people, restricting flights and temporarily closing businesses have significantly impacted global economic activity, resulting in volatility in global capital markets and negatively impacting commodity prices, including demand for crude oil. In response, governments and central banks have launched economic support and relief measures (including payment reliefs) to minimise the impact on individuals and establishments. However, a number of the above precautionary and preventative measures have since been partially lifted and/or relaxed, including a gradual reopening of businesses and workplaces and the recommencement of international and domestic flights.

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Whilst there is currently limited visibility on how long the COVID-19 crisis will last and how quickly the level of activity will pick up once the crisis abates, Group's management have focused on assessing the liquidity needs and support from key stakeholders, if required, to protect the businesses during the period of low activity.

Group's management have taken various actions to adjust the operations to the situation and preserve cash. These vary from one business to another and may include, for instance, some of the following: actions undertaken to manage costs and reduce operating expenditure, minimise working capital needs, defer non-essential capital expenditure, drawdown on existing credit facilities, obtain temporary flexibility (in terms of deferment of principal and interest payment) from lenders on existing financing facilities, and apply for additional financing facilities.

Businesses across all operating segments of the Group were impacted to various degrees by COVID-19 and the management teams of ICD and its investee companies have been monitoring the situation closely.

Banking

Expected Credit Loss ("ECL")

In determination of ECL for the period, Emirates NBD PJSC and its subsidiaries (together defined as the "Bank") has considered potential impact caused by the COVID-19 pandemic (based upon available information) and taken into account economic support and relief measures of governments and central banks. The Bank has also considered the notices issued by the Central Bank of UAE (the "Central Bank") with regards to the Targeted Economic Support Scheme ("TESS") and treatment of IFRS 9 ECL in the context of COVID-19 crisis as well as the guidance issued by the IASB.

The Bank has established a dedicated IFRS 9 governance process 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 Bank continues to assess the 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.

During 2020, the Bank has initiated a program of payment relief to support its impacted customers by deferring interest/principal due for a period up to six months. These payment reliefs are considered as short-term liquidity to address borrower cash flow issues. The Bank believes that the extension of payment reliefs does not automatically trigger a SICR where the impact on customer's business is expected to be short term. For all other customers, the Bank 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 in the context of COVID-19, for the UAE operations, the Bank has divided its customers benefitting from payment deferrals into two groups (Group 1 and Group 2).

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.

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Banking (continued)

Expected Credit Loss (“ECL”) (continued)

Significant Increase in Credit Risk (“SICR”) (continued)

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 and the related amounts have been migrated to Stage 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 categorised in Group 2 with the respective ECL overlay. The Bank continues to monitor the creditworthiness of these customers, particularly indications of potential inability to pay any of their obligations as and when they become due.

The impact of COVID-19 crisis continues to filter through into the real economy. In view of this, the Bank has taken a proactive approach whereby on an ongoing basis for all customers, the Bank 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 Bank’s assessment of the customers’ creditworthiness, staging and grouping as of the reporting date.

The accounting impact of the one-time 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 uncertain economic environment, the Bank has assessed a range of possible macro-economic scenarios and associated weights, and analysed their impact on ECL estimates. Accordingly, the Bank has updated its macro-economic forecasts during the period to reflect the impact of COVID-19, using baseline, upside and downside scenarios with 40%, 30% and 30% weights respectively. The Bank has also applied portfolio-level ECL adjustments to wholesale exposures based upon affected sectors, as well as to retail customers availing deferrals based upon employment status and level of salary inflows. The Bank continues to assess individually significant exposures for any adverse movements due to COVID-19.

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

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Banking (continued)

Analysis of customers benefiting from payment deferrals

Deferral amount and outstanding balances of UAE customers

The table below contains analysis of the deferral amount and outstanding balances of UAE customers benefiting from deferrals:

	<i>Corporate and Institutional banking AED'000</i>	<i>Retail banking and Wealth Management AED'000</i>	<i>Total AED'000</i>
30 June 2020			
<u>Deferral amount</u>			
Loans and receivables	5,350,465	715,832	6,066,297
Islamic financing receivables	1,659,589	580,343	2,239,932
	<u>7,010,054</u>	<u>1,296,175</u>	<u>8,306,229</u>
<u>Exposures (Gross)</u>			
Loans and receivables	25,990,602	7,279,712	33,270,314
Islamic financing receivables	8,479,979	8,125,251	16,605,230
	<u>34,470,581</u>	<u>15,404,963</u>	<u>49,875,544</u>
Number of customers / accounts	<u>372</u>	<u>90,024</u>	<u>90,396</u>

Zero Cost Funding under the Central Bank TESS program availed by the Bank amounts to AED 6.9 billion which has been fully utilised to provide payment relief to the impacted customers.

Outstanding balances and related ECL of UAE customers

The table below is an analysis of outstanding balances and related ECL of UAE customers that are benefiting from payment deferrals:

	<i>Loans and Receivables AED'000</i>	<i>Islamic financing receivables AED'000</i>	<i>Total AED'000</i>
30 June 2020			
Corporate and Institutional banking:			
<u>Group 1</u>			
Exposures (Gross)	25,865,809	7,869,171	33,734,980
Less: Expected credit losses	(1,949,867)	(908,763)	(2,858,630)
	<u>23,915,942</u>	<u>6,960,408</u>	<u>30,876,350</u>
<u>Group 2</u>			
Exposures (Gross)	124,793	610,808	735,601
Less: Expected credit losses	(60,719)	(350,667)	(411,386)
	<u>64,074</u>	<u>260,141</u>	<u>324,215</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Banking (continued)

Analysis of customers benefiting from payment deferrals (continued)

	<i>Loans and Receivables AED'000</i>	<i>Islamic financing receivables AED'000</i>	<i>Total AED'000</i>
<i>30 June 2020</i>			
Retail banking and Wealth Management:			
<u>Group 1</u>			
Exposures (Gross)	7,014,454	8,096,272	15,110,726
Less: Expected credit losses	(323,106)	(203,985)	(527,091)
	<u>6,691,348</u>	<u>7,892,287</u>	<u>14,583,635</u>
<u>Group 2</u>			
Exposures (Gross)	265,258	28,979	294,237
Less: Expected credit losses	(54,682)	(10,130)	(64,812)
	<u>210,576</u>	<u>18,849</u>	<u>229,425</u>

Movement in Exposure At Default ("EAD") of UAE customers

Below is an analysis of total changes in EAD since 31 December 2019 on UAE customers benefiting from payment deferrals:

	<i>AED'000</i>
EAD as at 1 January 2020	50,460,597
Increase due to new originations	2,596,909
EAD increase of the same customers	3,094,998
EAD decrease of the same customers	(3,106,153)
Decrease due to closure	(87,332)
EAD as at 30 June 2020	<u>52,959,019</u>

EAD represents outstanding balances after taking into account the limits, credit conversion factors and expected drawdowns.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Banking (continued)

Analysis of customers benefiting from payment deferrals (continued)

Stage migrations of UAE customers

Below is an analysis of stage migrations since 31 December 2019 of UAE customers benefiting from payment deferrals:

30 June 2020

	Loans and receivables				Islamic financing receivables			
	12-month ECL AED'000	Lifetime ECL not credit- impaired AED'000	Lifetime ECL credit- impaired AED'000	Total AED'000	12-month ECL AED'000	Lifetime ECL not credit- impaired AED'000	Lifetime ECL credit- impaired AED'000	Total AED'000
Corporate and Institutional banking								
EAD as at 1 January 2020	22,894,921	4,035,907	-	26,930,828	7,104,809	1,323,106	402,817	8,830,732
Transferred from 12-month ECL	(103,522)	52,031	51,491	-	(475,348)	475,348	-	-
Transferred from lifetime ECL not credit-impaired	125,137	(125,137)	-	-	1,756	(1,756)	-	-
Transferred from lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Other movements - net	1,269,209	269,413	33,395	1,572,017	43,626	1,137	(8,649)	36,114
EAD as at 30 June 2020	24,185,745	4,232,214	84,886	28,502,845	6,674,843	1,797,835	394,168	8,866,846
Retail banking and Wealth Management								
EAD as at 1 January 2020	6,758,343	170,216	-	6,928,559	7,537,007	233,307	164	7,770,478
Transferred from 12-month ECL	(282,494)	282,494	-	-	(45,504)	45,504	-	-
Transferred from lifetime ECL not credit-impaired	59,520	(85,922)	26,402	-	63,927	(64,128)	201	-
Transferred from lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Other movements - net	463,864	(22,952)	(1,096)	439,816	455,294	(4,720)	(99)	450,475
EAD as at 30 June 2020	6,999,233	343,836	25,306	7,368,375	8,010,724	209,963	266	8,220,953

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Banking (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 2019 on UAE Corporate and Institutional banking customers benefiting from payment deferrals:

	<i>Loans and receivables AED'000</i>	<i>Islamic financing receivables AED'000</i>
ECL allowance as at 1 January 2020	1,432,699	1,118,070
Manufacturing	20,753	5,475
Construction and real estate	238,172	68,373
Trade	72,213	59,056
Services	206,317	5,302
Personal	27,562	1,061
Others	12,870	2,093
ECL allowance as at 30 June 2020	<u>2,010,586</u>	<u>1,259,430</u>

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

Below is an analysis of change in ECL allowance by products since 31 December 2019 on UAE Retail banking and Wealth Management customers of the Bank benefiting from payment deferrals:

	<i>Loans and receivables AED'000</i>	<i>Islamic financing receivables AED'000</i>
ECL allowance as at 1 January 2020	119,946	128,407
Personal Finance	167,430	45,464
Home Finance	30,490	(9,590)
Auto loans	27,091	24,627
Credit Cards	17,232	(1,639)
Others	15,599	26,846
ECL allowance as at 30 June 2020	<u>377,788</u>	<u>214,115</u>

Aviation

The outbreak of COVID-19 has had a significant impact on the airline and travel sectors after several countries started closing their borders in March 2020. Emirates being an international airline, and consistent with the industry trend, significantly reduced a portion of its capacity for the period ended 30 June 2020 due to the travel restrictions imposed by various governments to control the spread of pandemic. This resulted in a diminished revenue line and large operating losses.

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Aviation (continued)

According to International Air Transport Association, passenger demand is not expected to recover to the pre-COVID-19 levels until 2024. Scientific advances in fighting COVID-19, including the development of a successful vaccine, can hasten this recovery, but the future remains largely uncertain. Whilst the world continues to battle this pandemic and its unprecedented negative repercussions, several countries, with strict precautionary measures in place, have finally opened up their borders and are allowing international passenger flights to operate. Therefore, Emirates is experiencing a gradual rebound in passenger demand with flight operations to more than 90 destinations resuming with limited capacity. These are signs of slow recovery, however the environment is such that consumers may be reluctant to travel for some time, and even when they do, it may be subject to extensive health and regulatory precautions. Emirates' cargo operations, on the other hand, have remained robust.

With an attempt to accelerate the recovery process and create a stronger platform for future growth, profitability and long-term value, Emirates has taken various decisive measures to navigate through this difficult period, including: rightsizing the workforce in line with demand projections preserving as many key skills as Emirates can reasonably carry to support the eventual spring-back, availing various relief and support schemes throughout its network, implementing numerous cost saving measures and delivering efficiencies across operational areas, reducing discretionary capital expenditure, securing additional working capital facilities and negotiating waivers and deferrals of payments with regards to its financial obligations.

On 31 March 2020, the Government announced its full support to Emirates and committed to provide equity injection during the COVID-19 pandemic, given the airline's strategic importance to the Dubai and UAE economy and its key role in positioning Dubai as a major international aviation hub. As at 30 June 2020, the Government has provided AED 7.3 billion as part of this commitment to Emirates, routed through ICD (refer note 15). Any further support will be subject to the airline's requirements and will depend on the impact and duration of the ongoing COVID-19 situation.

As part of its risk management strategy, Emirates plans a monthly schedule of its highly probable forecast purchases of jet fuel and hedges a portion of these purchases. Emirates generally hedges the crude oil element of jet fuel by entering into net cash settled crude oil forward contracts of the same maturity. Following the outbreak and rapid global spread of COVID-19, Emirates no longer expects to consume the same volume of jet fuel as initially envisaged given the reduction in planned operations. The resulting hedge ineffectiveness charge of AED 2,244,862 thousand (30 June 2019: AED Nil (unaudited)) has been recognised in the interim condensed consolidated income statement within 'net loss from derivative financial instruments'.

Further, as a result of the adverse impact of COVID-19, and in accordance with the requirements of IAS 36, Emirates conducted an impairment review of its non-financial assets within each identified cash generating unit ("CGU"). The Emirates airline network is considered to be the primary and most significant CGU of Emirates. The impairment assessment on this CGU is carried out using a value-in-use model and no impairment was recognised in respect of this CGU during the period ended 30 June 2020. Some of the key assumptions used includes:

- an anticipated gradual recovery of airline operations to 90% of pre-COVID-19 revenues by 2024;
- with the exception of terminal growth of 1%, no additional growth is included in the forecasted cash flows post March 2024 to reflect a conservative position for impairment testing purposes;
- jet fuel costs are calculated by using future market jet fuel prices and revised expected volumes;
- other operating expenses have been adjusted to be in-line with expected operational capacity and known cost savings;
- replacement capex is in-line with management's best estimate of aircraft replacement timing at contracted values; and
- a pre-tax discount rate of 7%.

Given the rapidly changing environment, Emirates' management is constantly reviewing its plans for the entire airline fleet and the impairment test will be periodically updated based on new information and projections.

2 ACCOUNTING POLICIES (continued)

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Consideration in respect of COVID-19 (continued)

Oil and gas

The Group's oil and gas businesses have been adversely impacted by the outbreak because of decreased demand for crude oil which has not been matched by decreased production. International oil prices witnessed a steep decline in the first six months of 2020. These factors have adversely affected the Group's oil and gas upstream, midstream and downstream business earnings, cash flows and financial position during the period (refer note 21).

Whilst the Group's oil and gas businesses are actively engaged in adjusting their operations, they are equally active in protecting their financial condition by taking actions to minimise cash outflows. Management seeks to preserve their cash reserves and can also rely on existing committed borrowing facilities to help them through challenging market conditions. During the current period, given the impact of the COVID-19 pandemic, the Group's oil and gas subsidiary has updated the assumptions and future cash flow projections used to test for impairment of oil and gas related property, plant and equipment, including a refinery plant in Jebel Ali, Dubai. This assessment did not result in any impairment charge during the period ended 30 June 2020.

Other

COVID-19 has had an immediate impact on sectors such as hospitality, tourism, retail and real estate. It is also affecting supply chains and the production of goods throughout the world and lower economic activity resulted in reduced demand for many goods and services.

Retail:

The Group's significant retail operations mainly comprise of duty free operations at the Dubai Airports. Government's measures to contain the virus resulted in the temporary closure of the stores during the period. That, coupled with other operational challenges, has materially impacted the results for the period. Management believes that the business will be able to sustain itself due to the availability of sufficient cash reserves and no external debt.

Hospitality and leisure:

The Group's hospitality and leisure businesses have suffered from significantly low occupancy levels and temporary closure of operations, resulting from various steps taken by the governments to contain the virus during the period ended 30 June 2020. Exhibition and convention facilities have been impacted by the cancellation of events, travel restrictions and closures of facilities. Management has taken various cost savings measures and is continuously working on cash flow management to overcome challenges during the period of low activity. Given the current economic circumstances, the Group performed an impairment assessment exercise on its hospitality and leisure assets and recorded impairment charges in the interim condensed consolidated income statement (refer note 5).

Real estate and construction:

The Group's construction businesses have continued to deliver on projects although at a slower pace, with restrictions in some territories.

Due to the pandemic, the supply-demand imbalance impacting the real estate market got further exacerbated and led to falling sales prices and rental rates for residential units and office accommodations, particularly in Dubai. Given the current economic circumstances, the Group performed an impairment assessment exercise on its real estate assets and has recorded impairment charges in the interim condensed consolidated income statement (refer note 8).

Impairment losses on non-financial assets

During the current period, given the impact of the COVID-19 pandemic, the Group assessed whether there is any indicator of impairment in the carrying value of other non-financial assets at the reporting date. Where an impairment indicator was identified, the management estimated the recoverable value of the relevant assets. The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. To assess the value-in-use, management estimated the present value of future cash flows using a reasonable discount rates that reflects current market assessments of the time value of money and the risks specific to the asset. This exercise included revision of assumptions and future cash flow projections to reflect the increased level of risk and uncertainty, where required. Where fair values were used to determine recoverable amounts, management used valuations techniques or appointed external independent valuers, as deemed appropriate. The spread of COVID-19 and its impact on the Group could impact these estimates in future periods and will be assessed by management on an on-going basis.

2 ACCOUNTING POLICIES (continued)

2.4 SEASONALITY OF OPERATIONS

Under normal circumstances, certain subsidiaries of the Group that are engaged in airline operations are subject to seasonal demand patterns, whereby the fluctuation in their results between the six-month periods would be reflective of the seasonal pattern. However, considering the impact of COVID-19, the usual impact of seasonal demand on the airline operations is uncertain.

3 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

This mainly includes impairment losses (net of recoveries) amounting to AED 4,102,899 thousand (six-month period ended 30 June 2019: AED 1,514,285 thousand (unaudited)) relating to ‘loans and receivables’ and ‘Islamic financing and investment products’ mainly held by the Bank (see notes 11 and 12). This also includes impairment losses (net of recoveries) amounting to AED 325,754 thousand (six-month period ended 30 June 2019: AED 81,470 thousand (unaudited)) relating to ‘trade and other receivables’. These impairment losses were offset by AED 74,811 thousand (six-month period ended 30 June 2019: AED 177,412 thousand (unaudited)) representing the recovery of bad debts previously written off.

4 BUSINESS COMBINATIONS

a) *Increase in shareholding in Dubai Aerospace Enterprise (DAE) Limited*

During the prior period, Dubai Aerospace Enterprise (DAE) Limited (“DAE”), a subsidiary of ICD, repurchased certain ordinary shares held by Emaar Properties PJSC, a non-controlling shareholder of DAE and an associate of the Group. Following the repurchase, DAE is 100% owned by the Group. As a result, AED 550,368 thousand of non-controlling interests acquired by the Group were transferred from ‘non-controlling interests’ to ‘equity attributable to the equity holder of ICD’ and classified as ‘change in Group’s ownership in existing subsidiaries’ in the interim condensed consolidated statement of changes in equity for the period ended 30 June 2019.

b) *Acquisition of DenizBank A.S*

During the second half of the prior year, the Group acquired the full equity ownership in DenizBank A.S (“DenizBank”) for a consideration of Turkish Lira 15,078 million (AED 10,015 million).

The Group recorded the fair value of the assets and liabilities of DenizBank at the date of acquisition, as summarised below:

	<i>AED’000</i>
Fair value of the net assets acquired	10,107,334
Gain on bargain purchase	(92,020)
Purchase consideration	10,015,314

c) The Group acquired and incorporated a number of other immaterial subsidiaries during the period. Moreover, during the period, the Group’s shareholding in a number of subsidiaries changed and individually these had no significant impact on the Group’s interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

Significant movements in property, plant and equipment during the period are as follows:

	<i>Land, buildings and leasehold improvements AED'000</i>	<i>Furniture, fixtures and office equipment AED'000</i>	<i>Plant, machinery, equipment and vehicles AED'000</i>	<i>Oil and gas interests AED'000</i>	<i>Aircraft, aircraft engines and parts AED'000</i>	<i>Capital work- in-progress AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2020 (Unaudited)</i>							
Additions	152,291	190,780	697,519	548,402	174,148	1,821,881	3,585,021
Other transfers	991,020	195,097	536,424	-	157,748	(1,880,289)	-
Transfer from assets held for sale (net book value)	-	-	-	-	305,209	-	305,209
Arising on business combination (net book value)	80,228	13,763	76,467	-	-	25,303	195,761
Disposals (net book value)	(24,523)	(28,594)	(32,738)	-	(118,399)	(30,258)	(234,512)
Depreciation charge	(701,224)	(398,210)	(1,824,712)	(967,933)	(4,342,202)	-	(8,234,281)
Impairment charge	(602,435)	-	-	-	-	(1,291,071)	(1,893,506)
<i>Six-month period ended 30 June 2019 (Unaudited)</i>							
Impact on adoption of IFRS 16 (net book value)	(2,593,181)	(640)	(88,805)	-	(2,496,450)	-	(5,179,076)
Additions	126,145	202,205	2,069,515	556,182	2,154,653	5,057,518	10,166,218
Other transfers	471,306	98,735	132,809	-	3,059,372	(3,762,222)	-
Disposals (net book value)	(123,893)	(17,373)	(34,276)	-	(417,039)	(19,214)	(611,795)
Depreciation charge	(748,924)	(348,473)	(2,176,694)	(663,396)	(4,208,300)	-	(8,145,787)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 RIGHT-OF-USE ASSETS

Significant movements in right-of-use assets during the period are as follows:

	<i>Land, buildings and leasehold improvements AED'000</i>	<i>Furniture, fixtures and office equipment AED'000</i>	<i>Plant, machinery, equipment and vehicles AED'000</i>	<i>Oil and gas interests AED'000</i>	<i>Aircraft, aircraft engines and parts AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2020 (Unaudited)</i>						
Additions	2,127,859	9,870	85,655	123,590	1,388	2,348,362
Remeasurements	(149,318)	-	608	-	(645,964)	(794,674)
Depreciation charge	(1,109,007)	(12,609)	(133,222)	(192,831)	(4,007,016)	(5,454,685)
<i>Six-month period ended 30 June 2019 (Unaudited)</i>						
Impact on adoption of IFRS 16	9,817,698	205,910	391,126	940,164	59,566,325	70,921,223
Additions	623,990	12,012	81,713	-	99,079	816,794
Depreciation charge	(816,328)	(52,613)	(79,185)	(151,432)	(4,288,490)	(5,388,048)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 INTANGIBLE ASSETS

Significant movements in intangible assets during the period are as follows:

	<i>Licences and exclusive rights AED'000</i>	<i>Goodwill AED'000</i>	<i>Customer relationships and order backlog AED'000</i>	<i>Computer software AED'000</i>	<i>Service rights AED'000</i>	<i>Brands, trade names and contractual rights AED'000</i>	<i>Capital work-in- progress AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2020 (Unaudited)</i>								
Additions	-	-	452	128,554	143,733	710,342	156,987	1,140,068
Other transfers	-	-	-	427,700	-	-	(427,700)	-
Arising on business combination (net book value)	-	208,679	109,049	3,502	-	17,904	-	339,134
Amortisation charge	(31,708)	-	(104,884)	(266,017)	(41,496)	(153,613)	-	(597,718)
Impairment charge*	-	(729,018)	(63,000)	(129,948)	(130,397)	(2,959)	-	(1,055,322)
<i>Six-month period ended 30 June 2019 (Unaudited)</i>								
Additions	-	-	34,269	38,759	217,696	169	149,259	440,152
Amortisation charge	(200,825)	-	(55,046)	(153,367)	(8,995)	(42,226)	-	(460,459)
Impairment charge**	-	(1,450)	-	-	(587,085)	-	-	(588,535)

* The impairment charge for the period ended 30 June 2020 mainly arises from the airport operations, inflight catering and travel services CGUs of one of the Group's subsidiaries.

** The impairment charge on service rights during the period ended 30 June 2019 relates to certain exploration and evaluation assets of one of the Group's subsidiaries.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES

Significant movements in investment properties during the period are as follows:

	<i>Six-month period ended</i>	
	30 June	
	2020	2019
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Additions	1,586,969	1,972,365
Transfers from development properties	1,350,823	-
Impairment charge	(678,866)	-
Depreciation charge	(155,905)	(131,403)

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June	31 December
	2020	2019
	AED'000	AED'000
	(Unaudited)	(Audited)
Investments in associates	33,389,310	32,914,908
Investments in joint ventures	20,345,430	20,336,002
	53,734,740	53,250,910

Significant movements in investments in associates and joint ventures during the period are as follows:

	<i>Six-month period ended</i>	
	30 June	
	2020	2019
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Share of results of associates and joint ventures – net	1,223,243	1,913,029
Dividends received	(974,132)	(1,830,575)
Investments made	403,601	247,536
Share of other comprehensive income of associates and joint ventures – cumulative changes in fair value – net	(290,014)	(11,724)
Share of other comprehensive income of associates and joint ventures – translation difference - net	(128,568)	(105,042)
Change in ownership interest – net (see note (a))	272,321	-
Disposals (see note (b))	(1,925)	(847,567)

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

- a) During the period, Dubai Islamic Bank PJSC (“DIB”), an associate of the Group, acquired Noor Bank PJSC (“Noor Bank”), a subsidiary of another associate of the Group. The acquisition was completed through a share swap transaction whereby DIB issued new shares to the Noor Bank’s shareholders. Consequently, the Group’s shareholding in DIB was diluted from 28.37% as at 31 December 2019 to 25.82% upon acquisition.

The transaction resulted in a net increase of AED 272,321 thousand in the Group’s share of DIB’s equity. The resulting gain is recognised as ‘other income’ in the interim condensed consolidated income statement.

- b) During the prior period, the Group disposed of a portion of its shareholding in Network International Holdings Plc, then a jointly controlled entity, for a net consideration of AED 2,859 million. This compared to a carrying value of AED 793 million resulted in a gain on disposal of AED 2,066 million recognised under ‘other income’ during the period ended 30 June 2019.
- c) As at 30 June 2020, one of the Group’s listed associates had a significant decline in share price below its cost. Management determined the recoverable amount of the investment in associate using methods appropriate under the requirements of IAS 28 – Investments in Associates and Joint Ventures and IAS 36 – Impairment of Assets. Based on this assessment, management has concluded that the carrying amount of the investment in associate is recoverable.

10 INVESTMENT SECURITIES

	<i>30 June 2020 AED’000 (Unaudited)</i>	<i>31 December 2019 AED’000 (Audited)</i>
Measured at FVOCI	19,757,781	17,941,753
Measured at FVTPL	8,413,942	9,618,641
Measured at amortised cost	38,192,985	38,074,268
	<hr/>	<hr/>
Total investment securities	66,364,708	65,634,662
	<hr/> <hr/>	<hr/> <hr/>
Disclosed as follows:		
Non-current assets	51,323,964	47,271,737
Current assets	15,040,744	18,362,925
	<hr/>	<hr/>
	66,364,708	65,634,662
	<hr/> <hr/>	<hr/> <hr/>

Investment securities of the Bank with a carrying value of AED 2.6 billion were collateralised for the purpose of obtaining Zero Cost Funding from the Central Bank (under the TESS program) presented under ‘Borrowings and lease liabilities’ in the interim condensed consolidated statement of financial position.

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments. The different levels in the fair value hierarchy have been defined as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENT SECURITIES (continued)

As at the reporting date, investment securities and derivative financial instruments measured at fair value are categorised as follows:

	<i>Total</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
30 June 2020 (Unaudited)				
Measured at FVOCI	19,757,781	18,968,939	706,472	82,370
Measured at FVTPL	8,413,942	6,120,116	121,012	2,172,814
Derivative financial instruments – net (note 17)	(2,636,657)	(232,767)	(2,439,985)	36,095
	<u>25,535,066</u>	<u>24,856,288</u>	<u>(1,612,501)</u>	<u>2,291,279</u>
31 December 2019 (Audited)				
Measured at FVOCI	17,941,753	17,135,954	723,244	82,555
Measured at FVTPL	9,618,641	7,603,358	120,764	1,894,519
Derivative financial instruments – net (note 17)	1,796,183	(293,096)	2,094,012	(4,733)
	<u>29,356,577</u>	<u>24,446,216</u>	<u>2,938,020</u>	<u>1,972,341</u>

During the current or prior period, no financial assets measured at FVOCI were transferred between Level 1 and Level 2 of the fair value hierarchy.

The following table shows a reconciliation of the opening and closing amounts of investments classified within Level 3 of the fair value hierarchy:

	<i>Six-month period ended</i> 30 June	
	<i>2020</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2019</i> <i>AED'000</i> <i>(Unaudited)</i>
Balance at the beginning of the period	1,972,341	2,332,251
Investments made during the period	584,497	287,627
Settlements / disposals of investments during the period	(101,037)	(460,301)
Net fair value movement during the period:		
- in income statement	(164,447)	(6,838)
- in other comprehensive income	(75)	(16,996)
Balance at the end of the period	<u>2,291,279</u>	<u>2,135,743</u>

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>31 December 2019 AED'000 (Audited)</i>
Murabaha	38,363,977	35,997,807
Ijara	19,708,979	19,513,458
Wakala	20,987,875	19,080,389
Mudaraba	530,236	575,968
Istisna'a	1,267,071	1,318,526
Credit cards receivable	1,342,802	1,491,354
Others	1,906,375	1,431,710
	84,107,315	79,409,212
Less: Deferred income	(2,107,736)	(2,212,559)
Less: Allowance for impairment (see note below)	(5,855,250)	(5,788,475)
Net Islamic financing and investment products	76,144,329	71,408,178
	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>31 December 2019 AED'000 (Audited)</i>
<i>Analysis by economic activity:</i>		
Services	1,674,214	1,567,880
Personal	30,103,150	28,399,349
Construction and real estate	9,849,384	9,206,006
Trade	7,758,581	8,304,869
Financial institutions and investment companies	25,075,519	22,751,713
Transport and communication	618,815	268,239
Manufacturing	2,500,753	2,342,297
Management of companies and enterprises	2,678,956	1,673,373
Others	3,847,943	4,895,486
	84,107,315	79,409,212
Less: Deferred income	(2,107,736)	(2,212,559)
Less: Allowance for impairment (see note below)	(5,855,250)	(5,788,475)
Net Islamic financing and investment products	76,144,329	71,408,178
Disclosed as follows:		
Non-current assets	26,833,277	28,531,651
Current assets	49,311,052	42,876,527
Net Islamic financing and investment products	76,144,329	71,408,178

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	<i>Six-month period ended</i>	
	30 June	
	2020	2019
	AED '000	AED '000
	(Unaudited)	(Unaudited)
<i>Movement in allowance for impairment:</i>		
Balance at the beginning of the period	5,788,475	5,897,054
Allowance for impairment made during the period (net of recoveries (see note 3))	733,073	385,922
Amounts written-off during the period	(634,173)	(209,344)
Exchange and other adjustments	(32,125)	(66,764)
Balance at the end of the period	5,855,250	6,006,868

The stage-wise exposures and the related ECL at the reporting date are given below:

	<i>30 June 2020 (Unaudited)</i>			<i>31 December 2019 (Audited)</i>		
	<i>Gross carrying value</i>	<i>Allowance for impairment</i>	<i>Net carrying value</i>	<i>Gross carrying value</i>	<i>Allowance for impairment</i>	<i>Net carrying value</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
12-month ECL	71,110,047	(1,096,795)	70,013,252	67,675,641	(974,507)	66,701,134
Lifetime ECL not credit-impaired	5,149,061	(504,443)	4,644,618	4,265,109	(409,830)	3,855,279
Lifetime ECL credit-impaired	5,740,471	(4,254,012)	1,486,459	5,255,903	(4,404,138)	851,765
	81,999,579	(5,855,250)	76,144,329	77,196,653	(5,788,475)	71,408,178

12 LOANS AND RECEIVABLES

Loans and receivables represent the receivables arising from the banking operations of the Group carried out through the Bank. The details of loans and receivables are as follows:

	<i>30 June</i>	<i>31 December</i>
	2020	2019
	AED '000	AED '000
	(Unaudited)	(Audited)
Overdrafts	149,615,339	150,166,905
Time loans	235,200,052	229,499,795
Loans against trust receipts	9,589,942	8,054,202
Bills discounted	2,813,535	4,475,928
Credit card receivables	11,152,880	12,711,497
Gross loan and receivables	408,371,748	404,908,327
Less: Allowance for impairment (see note below)	(26,744,485)	(23,790,153)
Net loans and receivables	381,627,263	381,118,174
Disclosed as follows:		
Non-current assets	134,461,570	136,977,692
Current assets	247,165,693	244,140,482
Net loans and receivables	381,627,263	381,118,174

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 LOANS AND RECEIVABLES (continued)

	<i>30 June</i> <i>2020</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2019</i> <i>AED'000</i> <i>(Audited)</i>
<i>Analysis by economic activity:</i>		
Services	14,749,913	15,865,073
Personal	55,521,624	56,933,847
Sovereign	161,711,511	162,760,253
Construction and real estate	60,259,671	59,067,966
Manufacturing	20,245,726	17,761,078
Trade	23,489,979	23,224,225
Transport and communication	9,585,393	6,147,502
Hotels and restaurants	15,488,238	15,911,904
Management of companies and enterprises	9,747,178	13,930,191
Financial institutions and investment companies	19,297,860	15,534,634
Agriculture	8,323,878	8,127,732
Others	9,950,777	9,643,922
Gross loan and receivables	408,371,748	404,908,327
Less: Allowance for impairment (see note below)	(26,744,485)	(23,790,153)
Net loans and receivables	381,627,263	381,118,174
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	<i>Six-month period ended</i> <i>30 June</i>	
	<i>2020</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>2019</i> <i>AED'000</i> <i>(Unaudited)</i>
<i>Movement in allowances for impairment:</i>		
Balance at the beginning of the period	23,790,153	21,117,025
Allowance for impairment made during the period (net of recoveries (see note 3))	3,369,826	1,128,363
Amounts written-off during the period	(342,371)	(823,722)
Exchange and other adjustments	(73,123)	(381,973)
Balance at the end of the period	26,744,485	21,039,693
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Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 LOANS AND RECEIVABLES (continued)

The stage-wise exposures and the related ECL at the reporting date are given below:

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Gross carrying value AED '000	Allowance for impairment AED '000	Net carrying value AED '000	Gross carrying value AED '000	Allowance for impairment AED '000	Net carrying value AED '000
12-month ECL	364,014,883	(4,039,721)	359,975,162	363,421,901	(3,701,749)	359,720,152
Lifetime ECL not credit-impaired	22,135,246	(4,463,801)	17,671,445	20,330,518	(3,221,584)	17,108,934
Lifetime ECL credit-impaired	19,650,510	(17,418,447)	2,232,063	18,108,095	(16,717,467)	1,390,628
Purchased / originated credit impaired	2,571,109	(822,516)	1,748,593	3,047,813	(149,353)	2,898,460
	408,371,748	(26,744,485)	381,627,263	404,908,327	(23,790,153)	381,118,174

13 CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include reserve requirements maintained by the Bank with the Central Bank and the various central banks of countries in which the Bank operates (collectively the "Central Banks"). The reserves placed with the Central Banks are not available for use in the Bank'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 Central Banks.

Murabahas and certificates of deposits with Central Banks amounting to AED 4.3 billion were collateralised for the purpose of obtaining Zero Cost Funding from the Central Bank (under the TESS program) presented under 'Borrowings and lease liabilities' in the interim condensed consolidated statement of financial position.

14 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Aircraft held for sale

As at 31 December 2019, a Group subsidiary had entered into agreements for the sale of 10 aircraft that met the criteria of IFRS 5 to be classified as held for sale.

As at 30 June 2020, there are no assets classified as held for sale.

15 CAPITAL

Capital represents the permanent capital provided by the Government and subsequent contributions in cash or in kind by the Government, less returns made by ICD in cash or in kind to the Government. The movement in the capital of ICD during the period is as follows:

	Six-month period ended 30 June	
	2020 AED'000 (Unaudited)	2019 AED'000 (Unaudited)
Balance at the beginning of the period	68,185,180	64,569,417
Capital contributions from the Government	7,365,381	19,381
Balance at the end of the period	75,550,561	64,588,798

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 OTHER RESERVES (Unaudited)

30 June 2020

	<i>Legal and statutory reserve AED'000</i>	<i>Capital reserve AED'000</i>	<i>Merger reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>Hedge reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Asset replacement reserve AED'000</i>	<i>Translation reserve AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2020 (audited)	3,137,399	927,088	9,177,030	(1,081,040)	(638,012)	1,193,419	12,216	(3,742,211)	110,114	9,096,003
Other comprehensive income for the period	-	-	-	(1,133,568)	(3,843,803)	-	-	(958,564)	-	(5,935,935)
Transfers from / (to) retained earnings – net	-	-	-	43,763	-	-	1,532	-	(65,066)	(19,771)
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	14,825	-	-	-	-	-	14,825
Other movements	3	7,845	-	1	(26)	-	-	18,213	12,558	38,594
Total at 30 June 2020	3,137,402	934,933	9,177,030	(2,156,019)	(4,481,841)	1,193,419	13,748	(4,682,562)	57,606	3,193,716

30 June 2019

Balance at 1 January 2019 (audited)	2,920,537	1,004,388	9,177,030	(1,797,797)	(914,722)	980,647	9,529	(2,657,447)	(267,678)	8,454,487
Other comprehensive income for the period	-	-	-	230,465	(423,897)	-	-	(79,147)	-	(272,579)
Transfers (to) / from retained earnings – net	(22,127)	(31,955)	-	-	-	-	1,623	-	-	(52,459)
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	(183,689)	-	-	-	-	-	(183,689)
Change in Group's ownership in existing subsidiaries	-	-	-	-	(1,684)	-	-	(1,154)	196	(2,642)
Other movements	(8)	(41,980)	-	660,446	-	-	-	(660,417)	302,195	260,236
Total at 30 June 2019	2,898,402	930,453	9,177,030	(1,090,575)	(1,340,303)	980,647	11,152	(3,398,165)	34,713	8,203,354

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair values of derivative financial instruments together with notional amounts.

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Positive fair value	Negative fair value	Notional amounts	Positive fair value	Negative fair value	Notional amounts
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<u>Banking operations</u>						
Derivatives held for trading	11,974,185	(10,161,110)	722,865,844	6,825,551	(4,748,061)	659,526,296
Derivatives held as cash flow hedges	362,701	(280,331)	34,215,881	187,912	(169,280)	26,622,355
Derivatives held as fair value hedges	956,758	(837,892)	22,802,616	130,036	(646,030)	16,782,081
Derivatives held as hedge of a net investment in foreign operations	-	(14,701)	520,792	-	(1,848)	293,235
(A)	13,293,644	(11,294,034)	780,405,133	7,143,499	(5,565,219)	703,223,967
<u>Non-banking operations</u>						
Derivatives held for trading	82,371	(174,930)	9,621,333	4,149	(297,010)	21,746,434
Derivatives held as cash flow hedges	19,151	(4,562,859)	33,552,325	1,004,387	(498,077)	25,757,362
Derivatives held as fair value hedges	-	-	-	4,454	-	552,848
(B)	101,522	(4,737,789)	43,173,658	1,012,990	(795,087)	48,056,644
Total (A+B)	13,395,166	(16,031,823)	823,578,791	8,156,489	(6,360,306)	751,280,611

Disclosed as follows:

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Positive fair value of derivatives:		
Non-current assets	11,118,613	5,642,225
Current assets	2,276,553	2,514,264
Total	13,395,166	8,156,489
Negative fair value of derivatives:		
Non-current liabilities	(10,533,699)	(4,613,338)
Current liabilities	(5,498,124)	(1,746,968)
Total	(16,031,823)	(6,360,306)
Net fair value of derivatives (see note 10)	(2,636,657)	1,796,183

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The 'net loss from derivative financial instruments' includes AED 2,244,862 thousand (30 June 2019: AED Nil (unaudited)) of losses relating to hedge ineffectiveness on jet fuel forward contracts designated as cash flow hedges and AED 600,613 thousand (30 June 2019: AED Nil (unaudited)) of realised gains on currency derivatives not qualifying for hedge accounting arising from one of the Group's airline subsidiaries. It also includes AED 1,140,110 thousand fair value gain (30 June 2019: AED 1,064,762 thousand (unaudited) fair value loss) on commodity oil derivatives not qualifying for hedge accounting arising from Group's oil and gas operations.

18 NON-CONTROLLING INTERESTS

Non-controlling interests as at 30 June 2020 includes three series of regulatory Tier 1 Capital notes ("Capital Notes") issued in 2009 ("2009 Notes"), 2014 ("2014 Notes") and 2019 ("2019 Notes") by the Bank for an amount of AED 4 billion, USD 500 million (AED 1.83 billion (net of issuance cost)), and USD 1 billion (AED 3.66 billion (net of issuance cost)) respectively. The 2009 Notes were issued at a fixed interest rate for the first five years and on a floating rate basis thereafter. The 2014 Notes and 2019 Notes were issued at a fixed interest rate with a reset after six years. These Capital Notes are perpetual, subordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion. Noteholders will not have a right to claim the coupon and such event will not be considered an event of default. These Capital Notes carry no maturity dates and have been classified under equity as 'non-controlling interests'.

During the prior period, in addition to issuance of the aforementioned 2019 Notes, the Bank also exercised its option to redeem Tier 1 capital notes issued in 2013 for an amount of USD 1 billion (AED 3.67 billion).

19 COMMITMENTS AND CONTINGENCIES

a) Investment commitments

The Group has the following contractual investment commitments at the reporting date:

	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>31 December 2019 AED'000 (Audited)</i>
Investment securities	<u>475,587</u>	<u>391,945</u>
Investments in associates	<u>717,938</u>	<u>718,476</u>

b) Capital commitments

Capital expenditure contracted for and still outstanding at the reporting date, is as follows:

	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>31 December 2019 AED'000 (Audited)</i>
Capital commitments for the purchase of aircraft:		
Within one year	19,797,402	14,401,008
After one year but not more than five years	114,330,601	108,804,309
More than five years	131,278,000	143,485,995
	<u>265,406,003</u>	<u>266,691,312</u>
Contractual capital commitments in relation to other non-financial assets	9,832,058	12,816,107
Group's share of associates and joint ventures' capital expenditure commitments	5,844,957	6,390,272
	<u>281,083,018</u>	<u>285,897,691</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 COMMITMENTS AND CONTINGENCIES (continued)

c) Contingencies

The Group has the following contingent liabilities at the reporting date:

	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>31 December 2019 AED'000 (Audited)</i>
Letters of credit	11,394,189	14,923,938
Financial guarantees	64,589,202	67,602,921
Performance bonds	7,339,665	6,333,800
Liabilities on risk participation	122,937	175,090
Group's share of financial guarantees issued by associates and joint ventures	9,456,565	9,653,225
Group's share of letters of credit issued by associates and joint ventures	889,557	1,044,488
Third party claims*	1,024,846	1,014,592

* There are various claims against the subsidiaries and equity accounted investees of the Group initiated by their respective contractors, customers and other counterparties in respect of alleged delays in work or non-fulfilment of contractual obligations. Once the relevant assessments of these claims are completed by the relevant subsidiaries and equity accounted investees of the Group, and the amount of potential loss is reasonably estimated, an appropriate adjustment to account for any adverse effects on their financial standing is made. Proper controls and policies to manage such claims are in place. As a result, at the reporting date, it is believed that any adverse outcome from these claims is remote. Accordingly, no liability is recognised in respect of these contingencies.

d) Operational commitments

One of the Group's subsidiaries has operational commitments of AED 3,203,154 thousand relating to sales and marketing as at 30 June 2020 (31 December 2019: AED 2,804,326 thousand (audited)).

e) Undrawn loan commitments

The Group's banking operations (including the Group's share of associates) have undrawn loan commitments of AED 40,451,097 thousand outstanding at 30 June 2020 (31 December 2019: AED 53,140,987 thousand (audited)). This represents a contractual commitment to permit drawdowns 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 the drawdowns have to be fulfilled, the total contract amounts do not necessarily represent the exact future cash requirements.

f) Assets held in a fiduciary capacity

The Group's financial services subsidiaries hold assets in a fiduciary capacity and provide custodian services to some of their customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group's interim condensed consolidated financial statements.

20 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the owner, associates, joint ventures, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the management of individual Group's subsidiaries.

The Group enters into transactions with Government-owned entities in the normal course of business. Such entities include various utility companies, port authorities, etc. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions that are entered in the normal course of business with the said related Government entities.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Significant transactions with related parties during the period are as follows:

	<i>Purchase of goods and services (including cost of revenue) AED'000</i>	<i>Sale of goods and services (including revenue) AED'000</i>	<i>Other finance income AED'000</i>	<i>Other finance costs AED'000</i>
<i>Six-month period ended 30 June 2020 (Unaudited)</i>				
Associates and joint ventures	<u>962,345</u>	<u>1,005,957</u>	<u>210,765</u>	<u>202,522</u>
Government, Ministry of Finance of the UAE ("MOF") and other related parties	<u>47,673</u>	<u>207,131</u>	<u>84,450</u>	<u>163,747</u>
<i>Six-month period ended 30 June 2019 (Unaudited)</i>				
Associates and joint ventures	<u>2,065,221</u>	<u>2,264,453</u>	<u>343,290</u>	<u>225,184</u>
Government, MOF and other related parties	<u>40,616</u>	<u>315,391</u>	<u>255,810</u>	<u>239,660</u>

b) Significant amounts due from and due to related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>30 June 2020 (Unaudited)</i>		<i>31 December 2019 (Audited)</i>	
	<i>Receivables AED'000</i>	<i>Payables AED'000</i>	<i>Receivables AED'000</i>	<i>Payables AED'000</i>
Associates and joint ventures	<u>23,358,866</u>	<u>13,795,347</u>	21,611,365	14,544,754
Government, MOF and other related parties	<u>7,403,326</u>	<u>16,376,819</u>	<u>7,710,279</u>	<u>15,704,033</u>
	<u><u>30,762,192</u></u>	<u><u>30,172,166</u></u>	<u><u>29,321,644</u></u>	<u><u>30,248,787</u></u>

(i) In addition to the above, there is an amount of AED 160,016,512 thousand (31 December 2019: AED 160,753,924 thousand (audited)) that represents loans and receivables provided by the Bank to the Government on normal commercial terms.

(ii) Impairment provisions of AED 181,260 thousand (31 December 2019: AED 182,355 thousand (audited)) and AED 80,219 thousand (31 December 2019: AED 82,241 thousand (audited)) have been made against amounts receivable from Government, MOF and other related parties, and associates and joint ventures respectively. These amounts are included in 'other non-current assets' and 'trade and other receivables'.

(iii) Investment securities include AED 287,459 thousand (31 December 2019: AED 236,213 thousand (audited)) with Government, MOF and other related parties.

c) The investments made in and the dilution of ownership interest in associates and joint ventures, the Group's share of results of associates and joint ventures and the dividends received from them during the current and prior period are disclosed in note 9 to these interim condensed consolidated financial statements. In addition, a transaction with an associate has been disclosed in note 4(a) to the interim condensed consolidated financial statements.

d) The contributions from and distributions to the Government have been disclosed in the statement of changes in equity and note 15 to the interim condensed consolidated financial statements.

Investment Corporation of Dubai and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21 OPERATING SEGMENTS

The following table presents the revenue and profit / (loss) related information of the Group's operating segments for the six-month period ended 30 June 2020 and 30 June 2019:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products / services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
<i>Six-month period ended 30 June 2020 (Unaudited)</i>					
Total revenue	18,349,916	31,878,878	17,957,446	9,188,356	77,374,596
Intra-segment revenue	(1,448)	(1,198,464)	-	(818,594)	(2,018,506)
Inter-segment revenue	(79,583)	(54,422)	(1,445,132)	(54,312)	(1,633,449)
	<u>18,268,885</u>	<u>30,625,992</u>	<u>16,512,314</u>	<u>8,315,450</u>	<u>73,722,641</u>
Total revenue from external customers	<u>18,268,885</u>	<u>30,625,992</u>	<u>16,512,314</u>	<u>8,315,450</u>	<u>73,722,641</u>
Interest and similar income / income from Islamic financing and Investment products	15,093,469	-	-	-	15,093,469
Lease revenue	29,138	1,942,889	110,970	541,304	2,624,301
Revenue from contracts with customers – IFRS 15:					
- Over a period of time	5,060	26,329,651	-	4,806,900	31,141,611
- Single point in time	3,141,218	2,353,452	16,401,344	2,792,017	24,688,031
Other revenue	-	-	-	175,229	175,229
	<u>18,268,885</u>	<u>30,625,992</u>	<u>16,512,314</u>	<u>8,315,450</u>	<u>73,722,641</u>
Total revenue from external customers	<u>18,268,885</u>	<u>30,625,992</u>	<u>16,512,314</u>	<u>8,315,450</u>	<u>73,722,641</u>
Profit / (loss) for the period before tax	<u>5,485,430</u>	<u>(10,208,926)</u>	<u>(910,434)</u>	<u>(3,456,437)</u>	<u>(9,090,367)</u>
<i>Six-month period ended 30 June 2019 (Unaudited)</i>					
Total revenue	13,706,484	57,820,521	28,365,230	12,537,327	112,429,562
Intra-segment revenue	-	(2,172,661)	-	(812,184)	(2,984,845)
Inter-segment revenue	(95,200)	(79,012)	(2,978,723)	(22,945)	(3,175,880)
	<u>13,611,284</u>	<u>55,568,848</u>	<u>25,386,507</u>	<u>11,702,198</u>	<u>106,268,837</u>
Total revenue from external customers	<u>13,611,284</u>	<u>55,568,848</u>	<u>25,386,507</u>	<u>11,702,198</u>	<u>106,268,837</u>
Interest and similar income / income from Islamic financing and Investment products	11,344,114	-	-	-	11,344,114
Lease revenue	41,780	2,119,850	94,370	567,967	2,823,967
Revenue from contracts with customers – IFRS 15:					
- Over a period of time	9,375	49,000,977	-	5,311,471	54,321,823
- Single point in time	2,216,015	4,448,021	25,292,137	5,659,459	37,615,632
Other revenue	-	-	-	163,301	163,301
	<u>13,611,284</u>	<u>55,568,848</u>	<u>25,386,507</u>	<u>11,702,198</u>	<u>106,268,837</u>
Total revenue from external customers	<u>13,611,284</u>	<u>55,568,848</u>	<u>25,386,507</u>	<u>11,702,198</u>	<u>106,268,837</u>
Profit / (loss) for the period before tax	<u>8,958,279</u>	<u>407,751</u>	<u>(78,510)</u>	<u>1,510,951</u>	<u>10,798,471</u>

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21 OPERATING SEGMENTS (continued)

The following table presents the assets and liabilities related information of the Group's operating segments as at 30 June 2020 and 31 December 2019:

	<i>Banking and other financial services AED'000</i>	<i>Transportation and related services AED'000</i>	<i>Oil and gas products / services AED'000</i>	<i>Others AED'000</i>	<i>Total AED'000</i>
<i>At 30 June 2020 (Unaudited)</i>					
Segmental assets	<u>718,438,346</u>	<u>229,875,078</u>	<u>40,270,312</u>	<u>119,115,237</u>	<u>1,107,698,973</u>
Segmental liabilities	<u>607,161,914</u>	<u>188,746,797</u>	<u>21,268,580</u>	<u>52,274,848</u>	<u>869,452,139</u>
<i>At 31 December 2019 (Audited)</i>					
Segmental assets*	<u>711,483,535</u>	<u>238,958,738</u>	<u>45,492,110</u>	<u>124,303,977</u>	<u>1,120,238,360</u>
Segmental liabilities*	<u>598,476,332</u>	<u>194,133,985</u>	<u>25,334,703</u>	<u>51,578,408</u>	<u>869,523,428</u>

* Assets and liabilities classified as held for sale as at 31 December 2019 have not been considered for IFRS 8 – Operating Segments disclosures.

22 SUBSEQUENT EVENTS

- 22.1 Subsequent to the period-end, the Bank issued USD 750 million of Additional Tier 1 capital notes.
- 22.2 Subsequent to the period-end, ICD issued 5.5-year 3.223% USD 600 million conventional bonds under its Euro Medium Term Note Programme.
- 22.3 Subsequent to the period-end, pursuant to the Law No. (10) of 2020, the Government transferred its full ownership of Dubai Multi Commodities Centre Authority to ICD.
- 22.4 Subsequent to the period-end, DAE issued 5.25-year 3.875% USD 750 million sukuk.