Investment Corporation of Dubai and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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For the year ended 31 December 2020

Contents | ***Pages***

Independent auditor's report	1 - 11
Consolidated income statement	12
Consolidated statement of comprehensive income	13
Consolidated statement of financial position	14 - 15
Consolidated cash flow statement	16 - 17
Consolidated statement of changes in equity	18 - 19
Notes to the consolidated financial statements	20 - 149

Independent auditor's report to the Owner of Investment Corporation of Dubai

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investment Corporation of Dubai ("ICD" or the "Corporation") and its subsidiaries (together, the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated income statement for the year ended 31 December 2020;
- the consolidated statement of comprehensive income for the year ended 31 December 2020;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated cash flow statement for the year ended 31 December 2020;
- the consolidated statement of changes in equity for the year ended 31 December 2020; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Our audit approach

Overview

Group scoping	Based on size, complexity and risk, we considered the Corporation's standalone operations and its subsidiaries, associates and joint ventures to identify significant components to be in scope for our audit of the Group. In determining the significant components, we considered the financial significance besides the qualitative risk profiles of the individual components. We also determined a number of other components to be in scope for the Group audit, in respect of which appropriate audit procedures were performed.
Key audit matters	• Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables and Islamic financing and investment products • Concentration of related party balances • Passenger and cargo revenue recognition • Valuation of aircraft held for lease (as lessor) • Impairment of Emirates airline cash generating unit (CGU)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

In addition to the Corporation's standalone operations, the Group has a number of subsidiaries, associates and joint ventures that are significant to the Group's consolidated financial statements. The diversity of industries and decentralised structure of the Group increases the complexity of the Group's control environment as well as the complexity around our assessment of risk of material misstatement.

We obtained an understanding of management's consolidation process and performed audit procedures on the consolidation process. Through our risk assessment, we scoped significant components based on their financial significance to the consolidated financial statements and the individual component's risk profile. We obtained full scope audit opinions from component auditors for the significant components. We also requested certain other component auditors to perform audit procedures on components based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

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Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

How we tailored our group audit scope (continued)

We were in regular dialogue throughout the audit process with component auditors. The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included providing detailed formal instructions including the materiality levels to be used by each component. We obtained regular updates on progress and results of procedures through review of deliverables and the underlying work papers of the component auditors, as appropriate.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables and Islamic financing and investment products Loans and receivables and Islamic financing and investment products of the Group's banking component, Emirates NBD Bank PJSC and its subsidiaries (the "Bank"), represent a significant part of the total assets of the Group. The assessment of the Bank's determination of impairment allowances for loans and receivables and Islamic financing and investment products requires management to make judgments over the staging of financial assets and measurement of ECL. The audit was focused on this matter due to the materiality of the loans and receivables and Islamic financing and investment products and the complexity of the judgments, assumptions and estimates used in the ECL models, especially in light of the uncertain outlook caused by the impact of the COVID-19 pandemic. Refer to note 2.4 of the consolidated financial statements for the significant accounting policies, note 2.5 for significant accounting judgments, estimates and assumptions and note 37.1 for the credit risk disclosures.	- An understanding was gained of the loan origination process, credit risk management process and the estimation process of determining impairment allowance for loans and receivables and Islamic financing and investment products. The operating effectiveness of relevant controls within these processes was tested. - On a sample basis, selected individual loans and performed a detailed credit review and challenged the Bank's identification of SICR (Stage 2), the assessment of credit-impaired classifications (Stage 3) and whether relevant impairment events had been identified in a timely manner. Challenged the assumptions underlying the impairment allowance calculation, such as estimated future cash flows, collateral valuations and estimates of recovery. Evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls that form part of the approval process for loan impairment allowances. - Evaluated key assumptions such as thresholds used to determine SICR and forward looking macroeconomic scenarios including the related weightings. - For loans tested collectively, evaluated controls over the modelling process, including model inputs, monitoring, validation and approval. Challenged key assumptions, and inspected the calculation methodology and traced a sample back to source data.

Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Loan loss impairments - Estimation uncertainty with respect to expected credit losses (ECL) for loans and receivables and Islamic financing and investment products (continued) The material portion of the non-retail portfolio of loans and receivables and Islamic financing and investment products is assessed for the significant increase in credit risk (SICR) and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposures. Management judgment may also be involved in manual staging movements as per the Bank's policies. The measurement of ECL amounts for retail and non-retail exposures classified as Stage 1 and Stage 2 are carried out by the ECL models. It is important that ECL models are valid throughout the reporting period and are subject to a validation process by an independent reviewer. The impact of the COVID-19 pandemic and the resulting economic support and relief measurement programmes of governments and central banks have been incorporated in the Bank's measurement of ECL. The Bank has updated its macroeconomic forecasts and has applied portfolio-level ECL adjustments to wholesale and retail portfolios based upon affected portfolios and sectors	- Tested the relevant IT applications used in the credit impairment process and verified the integrity of data used as input to the models including the transfer of data between source systems and the impairment models. Evaluated system-based and manual controls over the recognition and measurement of impairment allowances. - Evaluated the approach employed by the Bank to measure the impact of COVID-19 on ECL. Evaluated controls over the IFRS 9 governance process that reviews and approves all stage migrations, management overlays to ECL estimates, and macroeconomic scenarios and weightings. Tested the impact on individual loans through detailed credit reviews. - Evaluated post model adjustments and management overlays in order to assess the reasonableness of these adjustments. Further assessed the reasonableness of forward looking information incorporated into the impairment calculations by involving auditor's specialists to challenge the multiple economic scenarios chosen and weightings applied to capture non-linear losses. - The Bank performed an independent validation of the probability of default (PD) and loss given default (LGD) models including the macroeconomic model during the reporting period. Considered the process of this independent validation of the models and its impact on the results of the impairment estimate. - Updated our assessment of the methodology and framework designed and implemented by the Bank as to whether the impairment models' outcomes and stage allocations appear reasonable and reflective of the forecasts used by the Bank to determine future economic conditions at the reporting date.

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Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Concentration of related party balances Concentration of related party balances as at 31 December 2020 is disclosed in note 36 to the consolidated financial statements, which discloses the Bank's exposure to the Government of Dubai (the "Government"). We focused on this area due to the concentration of balances with related parties. Further, there is also significant management judgment that is required to determine the extent of disclosures under IFRS 7 'Financial Instruments: Disclosures' and IAS 24 'Related Party Disclosures'. IFRS 7 requires that specific information be disclosed for each type of risk arising from financial instruments. These include qualitative disclosures around how exposures arise and how they are measured and managed, summary quantitative data about an entity's exposure to each type of risk, and information about an entity's credit risk exposure, including significant credit risk concentrations. In addition, for government-controlled entities such as ICD, disclosure is required under IAS 24 'Related Party Disclosures' of a qualitative or quantitative indication of the extent of transactions with government entities.	- Obtained from those charged with governance of the Bank, management information identifying all known related parties. - Evaluated and tested key controls of the Bank over the identification and monitoring of related party transactions. - Evaluated and tested key controls of the Bank over the initial recording and monitoring of related party loans. - Reviewed minutes of board and management meetings of the Bank to determine if there were any related party transactions not previously identified. - Vouched individual related party transactions of the Bank on a sample basis to supporting documentation. - Evaluated the adequacy of the disclosures by assessing whether a reasonable user of the consolidated financial statements could understand the exposure of the Group to concentration and related risks, and by considering the ability of such a user to reasonably estimate the extent of transactions with the Owner of ICD, including the income arising from the material balance due from the Owner of ICD, based on the disclosures provided in note 36. We also sighted the original written confirmation of this balance as at 31 December 2020.

Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Passenger and cargo revenue recognition Emirates, one of the Group's components operating in the aviation sector, provides commercial air transportation services, which include passenger and cargo services. Emirates contributes a significant portion of the total consolidated revenue of the Group. When a flight booking is made, passenger and cargo revenue is measured based on the sales price to the customer and allocated to each performance obligation under the contract. Revenue is initially deferred in the consolidated statement of financial position and subsequently recognised in the consolidated income statement when the related performance obligation has been fulfilled (typically when a passenger or the cargo has flown). The determination of the amount of revenue to be recognised for each flight requires complex IT systems and involves the exchange of information with industry systems and other airlines for a high volume of transactions. The accounting for passenger and cargo revenue is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused revenue documents. The timing of revenue recognition for unused revenue documents requires judgment due to the timeframe over which revenue documents can be utilised and the large number of fare types sold by Emirates. Management has determined the value of unused revenue documents that will not be utilised based on their terms and conditions and historical expiry trends.	- Performed end-to-end walkthroughs of the finance and operational processes surrounding the revenue system, utilising understanding of the industry and the aviation sector, to assess the design effectiveness of the related key internal controls and identify changes, if any, that have occurred during the current year. - Tested the operating effectiveness of these key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. - Tested key IT systems, including interfaces that impact the recognition of revenue from passenger and cargo sales, along with the IT change control procedures and related application controls. - Applied computer assisted audit techniques over passenger and cargo revenue to identify and test unexpected entries and correlate revenue movements during the year to accounts receivable and cash. - Substantively tested a sample of revenue from passenger and cargo sales at a booking and flight level to validate occurrence and cut-off of revenue. - Tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and the general ledger. - Obtained data supporting Emirates' historical expiry trend in respect of unused revenue documents. In addition to performing controls testing as described above, the accuracy of historical expiry data was tested and compared to that used in the calculation of the amount of revenue to recognise from unused revenue documents.

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Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Passenger and cargo revenue recognition (continued) We focused on this area as a result of the complexity of the related IT systems, the potential for management override of controls and the level of judgment required by management in determining the timing of recognition of unused revenue documents, in addition to the significance of the revenue from Emirates to the Group. Refer to note 2.4 to the consolidated financial statements for the significant accounting policy relating to revenue recognition of airlines and note 2.5, which contains the disclosure of significant accounting judgments, estimates and assumptions relating to passenger and cargo revenue recognition.	- Assessed whether the related disclosures in the notes to the consolidated financial statements are adequate and consistent with the requirements of IFRS.

Valuation of aircraft held for lease (as lessor)
 	
The Group's component, Dubai Aerospace Enterprises (DAE) Limited (DAE) is engaged in providing aircraft leases. Aircraft held for lease are included within property, plant and equipment under the category aircraft, aircraft engines and parts.
 	
Following the development of COVID-19 during the year, management has performed an impairment test over the aircraft held for lease. The recoverable amount attributable to each aircraft is determined as being the higher of the fair value and the value in use of the aircraft. The recoverable amount is compared to the carrying value of the aircraft in order to determine whether an impairment exists. No impairment was recognised in respect of the aircraft held for lease.
 	
The fair value is determined by reference to independent aircraft valuation reports provided by external appraisers.
	- Obtained an understanding of DAE management's impairment model and key assumptions.
	
	- Tested this impairment model, in particular with regard to the appropriateness of key assumptions within the model, as follows:
	
	    - Agreed the carrying values of aircraft held for lease within the impairment model to the register of aircraft held for lease;
	
	    - With respect to the fair value of aircraft held for lease, agreed on a sample basis, the fair value of aircraft held for lease to independent aircraft valuation reports provided by external appraisers;
	
	    - With respect to the value in use calculation, agreed on a sample basis;

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Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of aircraft held for lease (as lessor) (continued) The value in use is determined by calculating the discounted cash flows expected to be generated by the aircraft. The calculation of value in use incorporates key assumptions including: - Continuation of existing contracted lease rates for the period of the lease; - Assumed future non contracted lease rates with reference to independent appraiser data; - Estimates relating to lease transition periods and related costs; - Assumed future aircraft fair values at the end of the aircraft's life with reference to external independent appraiser data; and - The discount rate applied to the cash flows within the value in use model. We focused on this area because the determination of whether an impairment loss should be recognised is inherently complex and requires management to exercise significant judgment over the calculation of the fair value and value in use of aircraft held for lease. Refer to note 2.4 to the consolidated financial statements for the significant accounting policy relating to property, plant and equipment (which includes aircraft held for lease) and impairment of non-financial assets, note 2.5 which contains the disclosure of significant accounting judgments, estimates and assumptions relating to aircraft held for lease and note 10 which contains the details of property, plant and equipment (which includes aircraft held for lease).	- existing contracted lease rates to signed lease contracts; - the future non-contracted lease rentals to independent aircraft valuation reports provided by external appraisers; and - the future value of the aircraft at the end of its useful life to independent aircraft valuation reports provided by external appraisers. - Utilised our internal valuation specialists to perform an independent calculation of the discount rate, with particular reference to comparable companies and compared this calculation to the rate used by DAE's management; and - Confirmed with senior operational personnel that the estimates relating to the lease transition periods and related costs were reasonable across the portfolio. - Evaluated the competence, capabilities and objectivity of the external appraisers as independent aircraft appraisers. - Tested the mathematical accuracy of the impairment model. - Performed sensitivity analyses over the discount rates and the ranges of valuations obtained from the independent appraisers. - Assessed whether the related disclosures in the notes to the consolidated financial statements are consistent with the requirements of IFRS.

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Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter

Impairment of Emirates airline network cash generating unit (CGU)
 	
Following the development of COVID-19 during the year, management has performed an impairment assessment at the Emirates airline network CGU level. No impairment was recognised in respect of the Emirates airline network CGU.
 	
An assessment of the recoverable amount of the Emirates airline network CGU compared to its carrying value was performed based on cash flow projections prepared in light of the current COVID-19 pandemic. Management has estimated the recoverable amount of the Emirates airline network CGU based on its value in use, using a discounted cash flow model. The cash flow projections are based on current and anticipated market conditions covering the period to 31 March 2025. The projections are inherently uncertain due to the fluidity of the COVID-19 pandemic.
 	
The key assumptions applied by management in estimating the recoverable amount of the CGU included:
 	
- an anticipated gradual recovery of airline operations to 90% of pre-COVID-19 revenues by the twelve months period ending 31 March 2024;
- cost expectations in line with expected operational capacity, known cost savings and future market prices, where applicable;
- capital expenditure based on estimated aircraft replacement timing at contracted values;
- the long-term growth rate post March 2024; and
- the pre-tax discount rate used in the impairment model.
 	
We considered this as a key audit matter because the determination of whether an impairment loss should be recognised is inherently complex and requires management to exercise significant judgment over the value in use.
 	
Refer to note 2.4 to the consolidated financial statements for the significant accounting policy relating to impairment of non-financial assets, note 2.5 which contains the disclosure of significant accounting judgments, estimates and assumptions relating to impairment of the Emirates airline network CGU and note 10 which contains the details of the impairment assessment of the Emirates airline network CGU.
	- Obtained management's impairment model and discussed the key assumptions with senior management of Emirates.
	
	- Evaluated the appropriateness of the key assumptions within the model as follows:
	
	  - Using a variety of available internal and external analyses, assessed whether the cash flow projections of Emirates' management were reasonable, including:
	
	    - Comparing the anticipated recovery timeline of airline revenues to published views of market commentators, and publicly available aviation industry reports;
	
	    - Comparing the cost estimates to management forecasts and future market prices where applicable; and
	
	    - Comparing planned capital expenditure to management's forecast of aircraft delivery timing and contractually agreed aircraft values;
	
	  - Compared the long-term growth rates to external airline industry economic data and economic forecasts;
	
	  - Utilised our internal valuation specialists to perform an independent calculation of the discount rate, with particular reference to comparable companies and compared this calculation to the rate used by management.
	
	- Tested the mathematical accuracy of the impairment model.
	
	- Tested sensitivity analyses over each of the significant assumptions within the impairment model.
	
	- Assessed whether the related disclosures in the consolidated financial statements are consistent with the requirements of IFRS.

Independent auditor's report to the Owner of Investment Corporation of Dubai (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report 2020 (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
29 April 2021

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	*2020* *AED'000*	*2019* *AED'000*
Revenue	38	**136,109,908**	228,011,030
Cost of revenue		**(118,259,545)**	(180,596,218)
Other operating income	3	**5,569,255**	5,901,828
Net loss from derivative instruments	29	**(1,024,492)**	(1,756,384)
General, administrative and other expenses		**(18,670,627)**	(20,278,954)
Impairment losses on non-financial assets	10, 12, 13, 14 & 15	**(5,651,157)**	(923,022)
Net impairment losses on financial assets	4	**(8,530,456)**	(5,091,749)
OPERATING (LOSS) / PROFIT		**(10,457,114)**	25,266,531
Other finance income	5	**1,095,335**	1,769,523
Other finance costs	6	**(7,994,321)**	(9,735,495)
Share of results of associates and joint ventures - net	15	**2,396,090**	3,825,721
Other income	9(b), 15(a) & 15(b)	**253,977**	4,797,573
(LOSS) / PROFIT FOR THE YEAR BEFORE INCOME TAX	38	**(14,706,033)**	25,923,853
Income tax expense - net	7	**(793,983)**	(926,338)
(LOSS) / PROFIT FOR THE YEAR	8	**(15,500,016)**	24,997,515
Attributable to:			
The equity holder of Investment Corporation of Dubai ("ICD")		**(18,921,877)**	17,985,319
Non-controlling interests		**3,421,861**	7,012,196
		(15,500,016)	24,997,515

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020 AED'000**	2019 AED'000
(LOSS) / PROFIT FOR THE YEAR		**(15,500,016)**	24,997,515
Other comprehensive income			
Items that may be reclassified to consolidated income statement in subsequent periods:			
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI"):			
- Net change in fair value		**389,942**	389,936
- Net amount transferred to consolidated income statement	3	**(71,795)**	(79,001)
Net movement in fair value of cash flow hedges:			
- Net change in fair value		**(5,267,241)**	267,266
- Net amount transferred to consolidated income statement		**3,274,238**	(70,448)
Net movement in cost of hedging		**(13,776)**	16,162
Foreign currency translation differences:			
- Net exchange differences on translation of foreign operations		**(1,675,458)**	(465,522)
- Net amount transferred to consolidated income statement		**28,489**	-
Group's share in other comprehensive income of equity accounted investees	15	**103,944**	(116,981)
Net other comprehensive income that may be reclassified to consolidated income statement in subsequent periods		**(3,231,657)**	(58,588)
Items that will not be reclassified to consolidated income statement in subsequent periods:			
Net movement in fair value of equity instruments measured at FVOCI		**(860,071)**	203,239
Actuarial gain / (loss) on defined benefit plans	27	**67,711**	(251,991)
Group's share in other comprehensive income of equity accounted investees	15	**(209,587)**	(159,916)
Net other comprehensive income that will not be reclassified to consolidated income statement in subsequent periods		**(1,001,947)**	(208,668)
Other comprehensive income for the year		**(4,233,604)**	(267,256)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(19,733,620)**	24,730,259
Attributable to:			
The equity holder of ICD		**(22,461,141)**	17,887,552
Non-controlling interests		**2,727,521**	6,842,707
		(19,733,620)	24,730,259

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	**2020 AED'000**	2019 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**170,835,859**	177,065,885
Right-of-use assets	11	**53,564,601**	62,052,088
Intangible assets	12	**28,018,036**	28,595,202
Investment properties	13	**25,657,167**	23,496,987
Development properties	14	**2,324,145**	3,535,606
Investments in associates and joint ventures	15	**54,399,686**	53,250,910
Deferred tax assets	7	**1,327,135**	1,086,404
Positive fair value of derivatives	29	**10,697,320**	5,642,225
Investment securities	16	**64,882,820**	47,271,737
Other non-current assets	17	**7,558,716**	7,540,012
Islamic financing and investment products	20	**30,663,807**	28,531,651
Loans and receivables	21	**148,056,954**	136,977,692
Cash and deposits with banks	22	**2,812,147**	5,271,928
		600,798,393	580,318,327
Current assets			
Customer acceptances		**8,837,724**	10,227,557
Inventories	18	**8,986,400**	12,432,406
Positive fair value of derivatives	29	**3,039,417**	2,514,264
Investment securities	16	**21,339,881**	18,362,925
Trade and other receivables	19	**32,996,553**	39,019,679
Islamic financing and investment products	20	**45,887,396**	42,876,527
Loans and receivables	21	**233,963,117**	244,140,482
Cash and deposits with banks	22	**154,751,863**	170,346,193
		509,802,351	539,920,033
Assets classified as held for sale	23	**-**	1,078,190
		509,802,351	540,998,223
TOTAL ASSETS		**1,110,600,744**	1,121,316,550

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2020

	Notes	***2020 AED'000***	*2019 AED'000*
EQUITY AND LIABILITIES			
Equity attributable to the equity holder of ICD			
Capital	24	**82,404,928**	68,185,180
Retained earnings		**104,499,883**	127,356,815
Other reserves	26	**5,690,656**	9,096,003
		192,595,467	204,637,998
Non-controlling interests	34	**48,663,426**	46,934,705
Total equity		**241,258,893**	251,572,703
Non-current liabilities			
Employees' end of service benefits	27	**3,691,061**	4,465,484
Deferred tax liabilities	7	**2,270,955**	2,301,472
Borrowings and lease liabilities	28	**225,156,157**	210,946,067
Negative fair value of derivatives	29	**9,060,691**	4,613,338
Other non-current payables	30	**12,099,639**	12,611,541
Customer deposits	2.1(d) & 32	**9,186,433**	15,609,276
Islamic customer deposits	33	**1,808,595**	7,770,038
		263,273,531	258,317,216
Current liabilities			
Customer acceptances		**8,837,724**	10,227,557
Employees' end of service benefits	27	**26,539**	12,540
Borrowings and lease liabilities	28	**95,923,315**	91,351,050
Negative fair value of derivatives	29	**3,556,711**	1,746,968
Trade and other payables	31	**57,866,550**	73,535,436
Customer deposits	2.1(d) & 32	**357,404,321**	357,535,077
Islamic customer deposits	33	**81,726,883**	76,331,870
Current income tax liabilities		**726,277**	465,714
		606,068,320	611,206,212
Liabilities related to assets classified as held for sale	23	**-**	220,419
		606,068,320	611,426,631
Total liabilities		**869,341,851**	869,743,847
TOTAL EQUITY AND LIABILITIES		**1,110,600,744**	1,121,316,550

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Director

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Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	Notes	***2020 AED'000***	*2019 AED'000*
OPERATING ACTIVITIES			
(Loss) / Profit for the year before income tax		**(14,706,033)**	25,923,853
Adjustments for:			
Impairment losses on non-financial assets	10, 12, 13, 14 & 15	**5,651,157**	923,022
Depreciation charge on property, plant and equipment, right-of-use assets and investment properties	8	**27,521,438**	27,095,561
Amortisation charge on intangible assets	8	**1,206,292**	1,158,547
Impairment loss on loans and receivables – net of recoveries	4	**6,313,242**	4,332,473
Impairment loss on Islamic financing and investment products – net of recoveries	4	**1,567,649**	818,475
Impairment loss on trade and other receivables – net of recoveries	4	**507,410**	204,230
Impairment loss on other non-current assets – net of recoveries	4	**59,250**	15,127
Impairment loss / (reversal) on investment securities - net	4	**53,519**	(10,532)
Impairment loss / (reversal) on cash and deposits with banks – net	4	**55,598**	(20,897)
Impairment loss on unfunded exposures	4	**70,914**	37,557
Net gain on disposal of property, plant and equipment, right-of-use assets, investment properties and intangible assets	3	**(107,497)**	(241,688)
Net gain on sale of debt instruments measured at FVOCI	3	**(71,795)**	(79,001)
Net change in fair value of investment securities measured at fair value through profit or loss ("FVTPL")	3	**24,024**	(108,620)
Provision for / (Reversal of) allowance on slow moving and obsolete inventories		**21,712**	(1,149,408)
Other finance income	5	**(1,095,335)**	(1,769,523)
Other finance costs	6	**7,994,321**	9,735,495
Other income	9(b), 15(a) & 15(b)	**(253,977)**	(4,797,573)
Share of results of associates and joint ventures - net	15	**(2,396,090)**	(3,825,721)
Provision for employees' end of service benefits	27	**1,284,598**	1,367,798
Unrealised loss on derivatives - net		**661,700**	999,000
		34,362,097	60,608,175
Changes in:			
Inventories		**3,645,286**	265,183
Trade and other receivables		**5,627,508**	(2,578,243)
Trade and other payables		**(19,347,870)**	4,842,566
Loans and receivables (banking operations)		**(7,215,139)**	(23,094,245)
Statutory deposits (banking operations)	2.1(d)	**7,033,996**	(4,717,333)
Deposits with banks with original maturity over three months (banking operations)		**(2,640,567)**	(1,283,698)
Customer deposits including Islamic customer deposits (banking operations)		**(7,120,029)**	25,994,683
Due to banks with original maturity over three months (banking operations)		**7,868,678**	13,087,642
Fair value of derivatives - net		**(538,781)**	(1,712,386)
Islamic financing and investment products (banking operations)		**(4,176,485)**	(2,909,843)
Other non-current assets		**(60,180)**	3,792,118
Other non-current payables		**(1,130,832)**	(63,315)
		16,307,682	72,231,304

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 December 2020

	Notes	*2020* *AED'000*	*2019* *AED'000*
OPERATING ACTIVITIES (continued)			
Employees' end of service benefits paid	27	**(2,071,017)**	(1,146,749)
Income tax paid		**(825,387)**	(428,944)
Foreign exchange and other movements		**(363,542)**	(575,206)
Net cash generated from operating activities		**13,047,736**	70,080,405
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, right-of-use assets, intangible assets, investment properties and development properties		**(15,958,635)**	(29,929,340)
Proceeds from disposal of property, plant and equipment, intangible assets, investment properties and development properties		**1,786,266**	4,481,410
Acquisition of subsidiaries / transfer of a subsidiary by the Government – net of cash and cash equivalent acquired		**33,580**	(3,821,709)
Proceeds from disposal of investments in associates and joint ventures		**5,987**	4,522,895
Other finance income received (non-banking operations)		**1,380,955**	1,703,851
Net movement in investment securities		**(20,793,370)**	(20,696,582)
Investments made in associates and joint ventures		**(514,891)**	(456,619)
Dividend from associates and joint ventures	15	**1,628,087**	2,280,617
Net movement in Islamic financing and investment products with original maturity over three months (non-banking operations)		**1,621,261**	(911,678)
Net movement in deposits with banks with original maturity over three months (non-banking operations)		**7,792,972**	(5,196,098)
Net cash used in investing activities		**(23,017,788)**	(48,023,253)
FINANCING ACTIVITIES			
Capital contributions from the Government of Dubai (the "Government")		**11,365,381**	3,615,763
Interest on Tier 1 Capital Notes		**(651,088)**	(664,786)
Repayment of Tier 1 Capital Notes	34(a)	**(1,836,250)**	(3,672,500)
Issuance of Tier 1 Capital Notes	34(a)	**2,747,764**	3,663,696
Distributions paid to the Government		**(3,273,339)**	(4,988,174)
Net movement in borrowings and lease liabilities		**5,055,278**	(9,804,543)
Other finance costs paid (non-banking operations)		**(7,896,895)**	(9,646,397)
Dividend paid to the non-controlling interests		**(1,354,421)**	(1,234,963)
Acquisition of non-controlling interests		**-**	(472,850)
Contributions from non-controlling interests		**61,581**	2,864,659
Net cash generated from / (used in) financing activities		**4,218,011**	(20,340,095)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(5,752,041)**	1,717,057
Cash and cash equivalents at the beginning of the year		**42,923,195**	41,206,138
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.1(d) & 22	**37,171,154**	42,923,195

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to the equity holder of ICD					
	Capital AED'000 (see note 24)	***Retained earnings AED'000***	***Other reserves AED'000 (see note 26)***	***Total AED'000***	***Non-controlling interests AED'000 (see note 34)***	***Total equity AED'000***
Balance at 1 January 2020	68,185,180	127,356,815	9,096,003	204,637,998	46,934,705	251,572,703
(Loss) / Profit for the year	-	(18,921,877)	-	(18,921,877)	3,421,861	(15,500,016)
Other comprehensive income for the year	-	88,612	(3,627,876)	(3,539,264)	(694,340)	(4,233,604)
Total comprehensive income for the year	**-**	**(18,833,265)**	**(3,627,876)**	**(22,461,141)**	**2,727,521**	**(19,733,620)**
Contributions from the Government (see note 24)	14,219,748	-	-	14,219,748	-	14,219,748
Distributions to the Government (see note 25)	-	(3,358,339)	-	(3,358,339)	-	(3,358,339)
Dividend paid to non-controlling interests	-	-	-	-	(1,354,421)	(1,354,421)
Tier 1 capital notes issued (see note 34(a))	-	-	-	-	2,747,764	2,747,764
Tier 1 capital notes redeemed (see note 34(a))	-	-	-	-	(1,836,250)	(1,836,250)
Interest on Tier 1 capital notes	-	-	-	-	(651,088)	(651,088)
Transfers (see note 26)	-	(62,604)	62,604	-	-	-
Transfers upon disposal of equity instruments measured at FVOCI (see note 26)	-	(221,830)	221,830	-	-	-
Other movements	-	(380,894)	(61,905)	(442,799)	95,195	(347,604)
Balance at 31 December 2020	**82,404,928**	**104,499,883**	**5,690,656**	**192,595,467**	**48,663,426**	**241,258,893**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2020

	Attributable to the equity holder of ICD					
	Capital AED'000 (see note 24)	*Retained earnings AED'000*	*Other reserves AED'000 (see note 26)*	*Total AED'000*	*Non-controlling interests AED'000 (see note 34)*	*Total equity AED'000*
Balance at 1 January 2019	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 year	-	17,985,319	-	17,985,319	7,012,196	24,997,515
Other comprehensive income for the year	-	(238,442)	140,675	(97,767)	(169,489)	(267,256)
Total comprehensive income for the year	-	17,746,877	140,675	17,887,552	6,842,707	24,730,259
Contributions from the Government (see note 24)	3,615,763	-	-	3,615,763	-	3,615,763
Distributions to the Government (see note 25)	-	(4,988,526)	-	(4,988,526)	-	(4,988,526)
Dividend paid to non-controlling interests	-	-	-	-	(1,234,963)	(1,234,963)
Tier 1 capital notes issued (see note 34(a))	-	-	-	-	3,663,696	3,663,696
Tier 1 capital notes redeemed (see note 34(a))	-	-	-	-	(3,672,500)	(3,672,500)
Interest on Tier 1 capital notes	-	-	-	-	(664,786)	(664,786)
Change in Group's ownership in existing subsidiaries	-	446,735	(2,642)	444,093	(913,713)	(469,620)
Transfers (see note 26)	-	(467,574)	467,574	-	-	-
Increase in non-controlling interests (note 34(b))	-	-	-	-	2,864,659	2,864,659
Transfers upon disposal of equity instruments measured at FVOCI (see note 26)	-	122,373	(122,373)	-	-	-
Other movements	-	(432,466)	158,282	(274,184)	(49,825)	(324,009)
Balance at 31 December 2019	68,185,180	127,356,815	9,096,003	204,637,998	46,934,705	251,572,703

The accompanying notes 1 to 39 form an integral part of these 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.

The consolidated financial statements of ICD and its subsidiaries (together referred to as the "Group") have been approved by the Board of Directors on 29 April 2021.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

(a) Statement of compliance
The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement
These 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 consolidated financial statements are presented in United Arab Emirates 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 consolidated financial statements.

Numbers have been rounded to the nearest thousand dirham ("AED'000") except when otherwise indicated.

(d) Comparative information
Certain comparative figures have been reclassified, either to conform to the current year's classification, for better presentation of the consolidated financial statements, or in accordance with the relevant requirement of IFRS with no change to the total equity as at 31 December 2019 nor profit for the year ended 31 December 2019. These mainly relate to reclassification between:
- non-current customer deposits and current customer deposits in the consolidated statement of financial position amounting to AED 6,021,695 thousand to re-align and reflect the actual account behaviour of certain customer deposits; and
- certain interest bearing placements included under cash and cash equivalent and statutory deposits (banking operations) amounting to AED 6,222,065 thousand in the consolidated cash flow statement as the Group is unlikely to meet eligible thresholds to receive interest on these placements.

2 ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the previous year, 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 consolidated financial statements for the year ended 31 December 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) provide 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. The exposure of Emirates NBD PJSC and its subsidiaries (together defined as the "Bank") 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 3.3 billion on the paying leg, and cash flow hedges with notional values of USD 1 billion on the receiving leg. For non-banking entities, the notional value of interest rate swaps maturing beyond 2021 is AED 13,795,627 thousand.

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 consolidated financial statements for the year ended 31 December 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 consolidated financial statements for the year ended 31 December 2020.

2 ACCOUNTING POLICIES (continued)

2.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards, amendments and interpretations relevant to the Group that are issued, but not yet effective up to the date of issuance of the Group's consolidated financial statements and have not been early adopted by the Group are listed below:

Interest Rate Benchmark Reform – Phase 2	The pronouncement amends IFRS 9 - Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases. These amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The non-banking subsidiaries of the Group are currently assessing the impact on contracts and arrangements that are linked to existing interest rate benchmarks to manage the transition to alternative benchmark rates. The management of the Bank is running a project on the Bank'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 the products, internal systems and processes of the Bank.	1 January 2021
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact these amendments will have on current practice.	1 January 2023
Annual Improvements to IFRS Standards 2018–2020	The pronouncement contains amendments to: • IFRS 9 - Financial Instruments: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. • IFRS 16 – Leases: The amendment from Illustrative Example 13 accompanying IFRS 16 removes the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 – Agriculture: The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. Upon adoption of these amendments, no material impact is expected on the Group's consolidated financial statements.	1 January 2022

2 ACCOUNTING POLICIES (continued)

2.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Reference to the Conceptual Framework – Amendments to IFRS 3	The amendments were made to update the references to the Conceptual Framework for Financial Reporting in IFRS 3 and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 – Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. Upon adoption of these amendments, no material impact is expected on the Group's consolidated financial statements.	1 January 2022
Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract	The amendments clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. Upon adoption of these amendments, no material impact is expected on the Group's consolidated financial statements.	1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use	The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the income statement. Upon adoption of these amendments, no material impact is expected on the Group's consolidated financial statements.	1 January 2022
Amendments to IFRS 10 and IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture	The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.	The IASB has deferred the effective date of these amendments indefinitely
Amendments to IAS 8 - Definition of Accounting Estimates	The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The Group is currently assessing the impact of these amendments.	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	The amendments require the Group to disclose its material accounting policy information rather than their significant accounting policies. The Group is currently assessing the impact of these amendments.	1 January 2023

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements comprise the financial statements of ICD and its subsidiaries. Subsidiaries are entities controlled by the Group. The list of Group's significant subsidiaries, associates and joint ventures is provided in note 39.

The Group controls an investee if and only if the Group has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Special Purpose Entities ("SPEs") are entities that are created to accomplish a well-defined objective; for instance, the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. These circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- contractual arrangements with other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's existing and potential voting rights.

Certain of the Group's subsidiaries manage and administer funds on behalf of investors. The financial statements of these funds are not included in these consolidated financial statements.

The Group reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holder of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction in the consolidated statement of changes in equity.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill
In determining whether the acquired set of activities and assets is a business, the Group may elect to apply a concentration test to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this test is met, the Group recognises the transaction as an asset acquisition. If the test is not met or if the Group considers it would be inefficient to perform the test, the Group assesses whether the set of assets and activities meets the definition of a business given in IFRS 3. The Group performs this test on an acquisition-by-acquisition basis.

Business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the consolidated income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If the aggregate of the consideration transferred and the amount recognised for non-controlling interests is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in consolidated income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, and that, if known, would have affected the amounts recognised at that date.

The measurement period ends as soon as the Group receives the necessary information about facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions involving entities under common control
Transactions involving entities under common control where the transaction has substance are accounted for using the acquisition method. For transactions involving entities under common control where the transaction does not have any substance, the Group adopts the pooling of interests method. Under the pooling of interests method, the carrying value of assets and liabilities in the books of the transferor (as adjusted to comply with Group accounting policies), are used to account for these transactions. No goodwill is recognised as a result of the transfer. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the net assets acquired is reflected as 'merger reserve' within equity.

A number of factors are considered in assessing whether the transaction has substance including the following:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transaction; and
- whether or not the transaction brings entities together into a 'reporting entity' that did not exist before.

Investments in joint arrangements
A joint arrangement is an arrangement in which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group classifies its investments in joint arrangements into one of two types – joint operations and joint ventures.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Where it undertakes its activities under a joint operation, the Group as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Group's investments in joint ventures are accounted for under the equity method.

Under the equity method, an investment in a joint venture is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The goodwill relating to a joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the share of results of operations of joint ventures. Where there has been a change recognised directly in the equity of joint ventures, the Group recognises its share of any changes in the consolidated statement of changes in equity. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes the recognition of its share of those profits only after its share of the profits equals the share of losses not recognised.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in joint arrangements (continued)

To ensure consistency with the policies adopted by the Group, adjustments are made to the numbers reported by the joint ventures to the Group where necessary.

Upon loss of joint control over a joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture whose joint control has been lost and the sum of the fair value of the retained investment and the proceeds from disposal is recognised in the consolidated income statement.

When the Group retains significant influence over the remaining investment in the joint venture, the investment is accounted for as an investment in an associate. If the ownership in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated income statement, where appropriate.

Investments in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for under the equity method.

Under the equity method, an investment in an associate is initially recognised at cost. Subsequently, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate from the acquisition date. The goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of its associates. When there has been a change recognised directly in the equity of an associate, the Group recognises its share of any such changes and discloses this, where applicable, in the consolidated statement of comprehensive income and consolidated statement of changes in equity. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes the recognition of its share of those profits only after its share of profits equals the share of losses not recognised.

The Group's share of results of associates is shown on the face of the consolidated income statement. This is the result attributable to the equity holders of associates and, therefore, is the result after tax and non-controlling interests in the subsidiaries of associates.

The financial statements of the Group's associates are prepared for the same reporting period as that of the Group. When necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of such an associate and the sum of the fair value of the retained investment and the proceeds from disposal is recognised in the consolidated income statement. If the Group's ownership in an associate is reduced but the Group retains significant influence, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated income statement, where appropriate.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value; in doing so, the Group maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are classified within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign currency translation
The consolidated financial statements are presented in AED, which is ICD’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded using the exchange rate of the functional currency ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured using the exchange rate of the functional currency ruling at the reporting date. All remeasurement foreign exchange differences are recognised in the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in consolidated income statement. Tax charges and credits attributable to exchange differences on those borrowings are also dealt within equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustment to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where the functional currency of a foreign operation is different from AED, the assets and liabilities of this subsidiary are translated into AED at the rate of exchange ruling at the reporting date and its income statement is translated at the average exchange rate for the period. Exchange differences arising on this translation are taken directly to a separate component of equity. On disposal of a foreign entity, the cumulative amount of such exchange differences recognised in equity relating to this foreign entity are recognised in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
For contracts determined to be within the scope of IFRS 15, the Group is required to apply a five-step model to determine when to recognise revenue from contracts with customers, and the amount of revenue to be recognised:

Step 1: Identify the contract(s) with a customer
A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations to be met.

Step 2: Identify the performance obligations in the contract
A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or provide a service to the customer.

Step 3: Determine the transaction price
The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract
For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
The Group satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time when the performance obligation is satisfied.

Principal versus agent
When more than one party is involved in a transaction for providing goods or services to a customer, the Group is required to determine whether it acts as a principal or an agent.

The Group acts as a principal if it controls a promised good or service before transferring it to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services. The factors considered in making this assessment are most notably whether the Group has discretion in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good.

Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent revenue is recorded as a net amount reflecting the margin earned.

Variable consideration
If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. The variable consideration is estimated at the inception of the contract using either the expected value or the most likely amount, and this is included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component
The Group is required to assess whether its contract with customers contain a significant financing component, if the period between the customer payment date and the date of transfer of goods or services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk arising from the customer.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract modification
A contract modification occurs when the Group and the customer approve a change in a contract that either creates new enforceable rights and obligations, or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, verbal, or implied by customary business practices.

The Group treats a contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Fees and commission
Fee income is measured by the Group based on the consideration specified in contracts with customers and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- Income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- Other fees and commission income and expense are recognised as the related services are performed or received.

If such fee income forms an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate and included in interest income.

Interest income and expense
Interest income and expense are recognised in the consolidated income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset (as defined below); or
- the amortised cost of the financial liability (as defined below).

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired financial assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income and expense (continued)

Gross carrying amount
The 'gross carrying amount' of a financial asset and a financial liability is the amortised cost of the financial asset before adjusting any loss allowance and the financial liability.

Calculation of interest income and expense
For the purpose of calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to their initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross carrying amount.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross carrying amount, even if the credit risk of the asset improves.

Interest income and expense arising from banking operations are presented within 'revenue' and 'cost of revenue', respectively, in the consolidated income statement. Interest income and expense arising from non-banking operations are presented within 'other finance income' and 'other finance cost', respectively, in the consolidated income statement.

Income from Islamic financing and investment products
Islamic financing and investment products are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These products are carried at amortised cost less impairment. The main classes of Islamic investment assets are:

Murabaha
A Murabaha is an agreement under which the Group sells to a customer a commodity, which the Group has purchased and acquired, based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

The profit is quantifiable and contractually determined at the commencement of the contract. Profit is recognised as it accrues over the life of the contract using an effective profit method on the outstanding balance.

Istissna'a
An Istissna'a is an agreement under which the Group sells to a customer a developed property according to agreed upon specifications. The Group develops the property either on its own or through a subcontractor and then hands it over to the customer on a fixed date at an agreed price.

Istissna'a revenue and the associated profit margin (difference between the cash price to the customer and the Group's total Istissna'a cost) are accounted for on a time proportion basis.

Ijara
An Ijara is an agreement under which the Group (lessor) leases an asset to a customer (lessee) for a specific period of time against the payment of certain rent instalments. Ijara can end by transferring the ownership of the asset to the lessee at the end of the agreement or substantially transferring all the risks and returns related to the ownership.

Ijara income is recognised on a time proportion basis over the period of contract.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Income from Islamic financing and investment products (continued)

Mudaraba
A Mudaraba is an agreement between two parties under which the Rab-Ul-Mal, provides the funds and the other party, the Mudarib, provides efforts and expertise. The Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudaraba income. Typically, in the event of a loss, the Rab-Ul-Mal bears the loss of his funds while the Mudarib bears the loss of his efforts. However, in an event of default, negligence or violation of any of the terms and conditions of the Mudaraba agreement, only the Mudarib bears the losses. The Group may act as Mudarib when accepting funds from depositors and as Rab-Ul-Mal when investing such funds on a Mudaraba basis.

Income on Mudaraba financing is recognised on distribution of profits by the Mudarib, whereas losses are charged to income statement on their declaration by the Mudarib.

Wakala
A Wakala is an agreement under which the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in the event of default, negligence or violation of any of the terms and conditions of the Wakala.

The estimated income from the Wakala is recognised on an accrual basis over the period and adjusted for any differences with the actual income when received. Losses are accounted for on the date of declaration by the agent.

Sukuk
Investment Sukuk are certificates of equal value, representing undivided shares in the ownership of tangible assets, usufruct and services or assets of particular projects or special investment activities. Sukuk represents a common share in the ownership of the assets made available for investment.

Income is accounted for on a time-apportioned basis over the terms of the Sukuk.

Exchange house trading
Trading commission fees are recognised at the time when the underlying trade has been executed.

Airline revenue
The Group's aviation activities principally generate revenue from commercial air transportation which includes passengers, baggage, cargo, in-flight services and other services such as fast check-in, airport shuttle service etc.

The Group assesses whether the promises made in a contract are capable of being distinct and are also distinct within the context of the contract or not. There can be multiple performance obligations in a single transaction; for example multiple services such as non-stop flights or multiple connecting/stopover flights, round trips, or ancillary services and customer loyalty programs etc.

Passenger (including excess baggage) and cargo sales are recognised as revenue when (or as) the performance obligation for transportation service is fulfilled towards its customers, and are presented net of discounts and taxes. Sales are allocated to each performance obligation based on the relative stand-alone selling price method. Revenue documents (e.g. tickets or airway bills) sold but unused are held in the consolidated statement of financial position under trade and other payables as 'passenger and cargo sales in advance'. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of services to the customer.

Revenue from the sale of consumer goods, food and beverages and catering operations is recognised when the control of goods is transferred or services are rendered to the customer and is stated net of discounts and returns.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Airport operations and travel services
Revenue from airport operations including ground handling and cargo services is recognised on the performance of the related services.

Revenue from travel services includes the sale of travel holiday packages and also travel individual component bookings. Where the Group acts as a principal, the total consideration received is allocated to the separate performance obligations based on relative stand-alone selling prices and revenue is recognised upon satisfaction of each performance obligation within a single contract with the customer. Where the Group acts as an agent between the service provider and the end customer, the net commission is recognised as revenue upon satisfaction of the performance obligation, i.e., upon confirmation of the travel booking taking place.

Revenue from oil and gas products and services
A sale of goods is recognised when the Group has delivered products to the customers, the customer has accepted the products and the collectability of the related receivables is reasonably assured. Sales of crude oil arising from upstream operations exclude the share of crude oil attributable to abandonment and decommissioning barrels under the terms of Production Sharing Agreements ("PSA"). Revenue from services is recognised in the period during which services are provided in accordance with the respective services agreements. Where products have not been delivered or services have not been performed, but settlements have been received in advance, revenue recognition is deferred until completion of delivery of the products or performance of the services.

Lease income
Lease income from assets under operating lease is recognised as income on a straight line basis over the term of the lease. When the Group provides incentives to its customers, the cost of incentives is recognised on a straight-line basis over the lease, as a reduction of lease income.

Construction and real estate developer revenue
Where the outcome of a performance obligation can be estimated reliably, and when one of the criteria for recognising revenue over time is met in accordance with IFRS 15, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. It is measured as the proportion of contract costs incurred for work performed to date over the estimated total contract costs. In determining the contract cost incurred, the Group excludes the effect of any inputs that do not depict its performance in transferring control of goods and services to the customer. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

If none of the criteria to recognise revenue over time are met, then the Group recognises revenue when it transfers control of goods or services to the customer, which may not be until practical completion is reached.

Revenue related to variation orders is recognised when it is probable that the customer will approve the variation and the amount of revenue arising from the variation can be reliably measured. Claims and incentive payments are recognised as contract revenue when settled or when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be reliably measured.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately and the contract is treated as an onerous contract.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned related to the satisfied performance obligation. Where the amount of consideration received from the customer exceeds the amount of revenue recognised, a contract liability is recognised.

Revenue from hospitality operations
Hotel revenue includes all the revenue received from hotel guests. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to guests are representative of their stand-alone selling prices and are recognised when they have been delivered or rendered.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from hospitality operations (continued)

Management fees from management contracts with third-party hotel owners are typically earned based on hotel revenue (e.g. base fees). They may also include an incentive fee subject to certain performance criteria. Base fees are typically billed and collected monthly, and revenue is recognised as services are provided. Incentive management fees are billed and recognised monthly based on each property's financial results, as long as the Group does not expect a significant reversal due to projected future hotel performance or cash flows in future periods.

Revenue from organisation of exhibitions and the provision of event services
Revenue derived from the organisation of exhibitions and the provision of event services is recognised immediately once the exhibition or event is held or the services rendered.

Licensing Fees
The Group earns revenue from the sale of licenses, which provide the customers with the right to use the underlying assets.

The Group identifies each of the performance obligations in a contract that includes a promise to grant a license in addition to other promised goods or services. This includes an assessment of whether the:

- customer can benefit from the license on its own or together with other resources that are readily available; and
- license is separately identifiable from other goods or services in the contract.

When a license cannot be identified distinctly, the Group recognises revenue for the single performance obligation when (or as) the combined goods or services are transferred to the customer.

When a license is distinct from other goods or services, the Group assesses its nature to determine whether to recognise revenue allocated to the license at a point in time or over time. To determine whether the performance obligation is satisfied at a point in time or over time, the Group evaluates whether the nature of the promise is to provide the customer with a right to:

- access the intellectual property throughout the license period; or
- use the intellectual property as it exists at the point in time when the license is granted.

License fees earned by certain subsidiaries that operate free zones are recognised at the time when the license is issued. This license fee is a fixed and non-refundable fee that permits the licensee to operate freely under the terms of the license with no remaining obligation.

Dividend income
Dividend income is recognised when the Group’s right to receive the corresponding payment is established.

Government grant
A government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives a grant of a non-monetary asset, the asset and the grant are recorded at a nominal amount.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (excluding goodwill)
Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is the fair value of intangible assets as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recorded in the consolidated income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates i.e. adjusted prospectively. The amortisation expense of intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives as follows:

Service rights	5 - 15 years
Customer relationships, order backlog and trademarks	3 - 20 years
Computer software	3 - 10 years
Contractual rights	Over the term of rights or based on usage pattern of the underlying contract
Licenses and exclusive rights	5 - 50 years

Intangible assets include goodwill, and certain brands and trademarks that have an indefinite life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Capital work-in-progress is stated at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised but instead tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the assessment that their life is indefinite continues to be supportable. If as a result of this assessment, it can no longer be supported, a change in the useful life from indefinite to finite is made on a prospective basis.

Exploration and evaluation ("E&E") assets
E&E costs in respect of Group's oil and gas operations are initially capitalised within 'intangible assets'. Such E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Pre-license costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the consolidated income statement as they are incurred.

E&E assets related to each exploration licence/prospect are not amortised; they are carried forward until the existence (or otherwise) of commercial reserves has been established. If commercial reserves have been discovered, the related E&E assets are assessed for impairment and any loss is recognised in the consolidated income statement. The carrying value, net of any impairment loss, of the relevant E&E assets is then reclassified as development and production assets within property, plant and equipment and is amortised as per the Group's depletion (depreciation) policy. No depletion is charged during the exploration and evaluation phase.

Tangible assets acquired for use in E&E activities are classified as property, plant and equipment. The depreciation of such tangible assets is recorded as part of the cost of E&E assets.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development activities is only recognised when both the identification and recognition criteria defined in IAS 38, Intangible Assets (listed below) are met:

- the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use;
- the Group has the intention to complete the asset and use or sell it;
- the Group has the ability to use or sell the asset;
- it is probable that the asset created will generate future economic benefits;
- adequate technical, financial and other resources are available to the Group to complete the development and to use or sell the asset; and
- the development cost of the asset can be measured reliably.

If these conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred. The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. The period during which such expenditure is capitalised starts when the above criteria are met and ends when the product is considered available for use.

Internally-generated intangible assets are amortised on a straight-line basis over their useful life. The assessment regarding the useful life of capitalised development costs is based upon various factors including the typical product lifecycle for similar assets in the market. Management will assess the useful life of capitalised development projects on a case-by-case basis, when they meet the IAS 38 requirements for capitalisation.

Property, plant and equipment
Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. This excludes the costs of day-to-day servicing. An item of property, plant and equipment should be recognised only if it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing, such as repair and maintenance of property, plant and equipment and which largely comprise labour costs and minor parts are recognised in the consolidated income statement as incurred. However, when expenditure involves replacing a significant part of an asset, this part should be capitalised as part of the property, plant and equipment, if the recognition criteria are met.

Land is not depreciated and is stated at cost less impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of property, plant and equipment as follows:

Buildings and leasehold improvements	up to 60 years
Furniture, fixture, and office equipment	2 - 20 years
Plant, machinery, equipment and vehicles	up to 40 years
Aircraft, aircraft engines and parts (other than aircraft held for lease)	5 - 23 years (residual value do not exceed 10%)
Aircraft held for lease (given on operating leases to various operators)	Not to exceed 25 years from the date of manufacture (residual value do not exceed 15%)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

When significant parts of items of property, plant and equipment are required to be replaced at regular intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Similarly, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a separate part if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred.

Major overhaul expenditure is depreciated over the shorter of the period to the next major overhaul, the lease term or the useful life of the asset concerned.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year when the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

Development and production assets
Development and production assets represent the cost of developing the commercial oil and gas reserves discovered and of bringing them into production, in addition to the E&E expenditure incurred in finding commercial reserves and transferred from intangible E&E assets. Costs of development and production assets also include the costs of licence acquisition, drilling, infrastructure projects and a proportion of directly attributable administrative and overhead costs.

The Group's development and production activities are conducted in accordance with the PSA between one of the Group's indirect subsidiaries engaged in oil and gas business and an agency of the relevant government of the country where such development and production activities are carried out. Capital and operating costs are recovered as part of the cost recovery mechanism provided for in the PSA.

Inventory of drilling spares is classified under property, plant and equipment and is not depleted until it is put to use as development and production assets.

Depletion of development and production assets is provided using the unit-of-production method, with reference to the ratio of the production during the period and the estimated commercial reserves of the field taking into account future development expenditure necessary to bring those reserves into production. Gas reserves are converted into barrels of oil equivalent based on energy conversion rate for the purpose of determining depletion charges. Changes in estimates of commercial reserves or future field development costs affecting the unit-of-production calculations for depletion are accounted for prospectively.

Commercial reserves
Commercial reserves are estimated quantities of proven and probable oil and gas reserves that available data demonstrates, with a specified degree of certainty, to be recoverable in the future from known reservoirs that are considered commercially producible. The working interest of the proven and probable commercial reserves are based on a reserves report produced by an independent engineer. Reserves estimates are reviewed by the independent engineer based on significant new data or a material change with a review of the field undertaken generally every year.

Capital work-in-progress
Assets in the course of construction are carried at cost less accumulated impairment losses.

Manufacturers' credits and liquidated damages
Group's subsidiaries engaged in the aviation business receive credits from manufacturers in connection with the acquisition of certain aircraft and related assets, or as an overall business consideration.

When credits from manufacturers relate to a consideration received for loss of income or incremental operating costs, it is recognised in the period to which costs pertain in the consolidated income statement, either as other operating income or as a reduction from operating costs, provided a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. These credits are recorded as a reduction of the cost of the aircraft and related assets when it relates to its acquisition.

Aircraft held for lease
Aircraft held for lease are stated at cost less accumulated depreciation and impairment losses.

The maintenance right asset, a component of aircraft held for lease, represents the value of the difference between the contractual right under the acquired lease to receive the aircraft in a specified maintenance condition at the end of the lease and the actual physical condition of the aircraft at the date of acquisition.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Aircraft held for lease (continued)

The maintenance right asset will be amortised over the remaining useful life of the aircraft. Once the related maintenance work is performed, the unamortised amount will then be capitalised on to the aircraft. If the work is not performed during the term of the lease, the amount will be derecognised and any related maintenance reserves will be released, and the net impact is recorded in the consolidated income statement.

Major improvements to be performed by the Group pursuant to lease agreement are accounted for as lease incentives and are amortised against revenue over the term of the lease, assuming no lease renewals. Lessee specific modifications to the aircraft are capitalised and amortised against revenue over the term of the lease. Generally, lessees are required to provide for repairs, scheduled maintenance and overhauls during the lease term and to comply with return conditions of the flight equipment at the lease termination.

Major improvements and modifications incurred for an aircraft that is yet to be leased or those transitioning to a new lease are capitalised and depreciated over the remaining life of the aircraft held for lease when these increase the future economic benefit of related aircraft. Miscellaneous repairs are expensed when incurred.

At the time of an aircraft acquisition, the Group evaluates whether the lease acquired with the aircraft is at fair value by comparing the contractual lease rates to the range of current lease rates of similar aircraft. A lease premium is recognised when it is determined that the acquired lease's terms are above fair value; lease discounts are recognised when it is determined that the acquired lease's terms are below fair value. Lease premiums and discounts are capitalised as a portion of the aircraft held-for-lease value and are amortised as rental revenue on a straight-line basis over the lease term.

Expenditure incurred to transition an aircraft from one lessee to another, due to either a lease termination or a bankruptcy is expensed.

Aircraft purchase deposits
Aircraft purchase deposits are included in 'capital-work-in progress' and represent the progress payment made to aircraft manufacturers.

Investment properties
Properties held for rental income or for capital appreciation, or held with undetermined future use, which are not occupied by the Group companies are classified as investment properties. The properties occupied by the Group are classified as 'property, plant and equipment'. The Group has adopted the cost model for accounting for its investment properties. Accordingly, investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Land is not depreciated and is stated at cost less impairment.

Properties under construction are carried at cost less accumulated impairment losses.

Depreciation is calculated on a straight line method to write-off the cost of investment properties over their estimated useful lives. These useful lives are estimated by management to be between 14 and 70 years.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any amendment to the above is accounted for prospectively.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied properties or vice versa, the deemed cost of property for subsequent accounting is its cost less accumulated depreciation and impairment at the date of change in use.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Expenditure incurred to replace a component of an investment property that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected. Any gain or loss arising on derecognition of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated income statement in the year when the asset is derecognised.

Development properties
Properties in the course of construction for sale are classified as development properties and are stated at the lower of cost less accumulated impairment, or net realisable value.

Cost includes:
- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if it is material, less costs to complete the construction and the estimated cost of sale.

Management reviews the carrying value of development properties on an annual basis. No depreciation is charged during the development period.

With respect to real estate and development subsidiaries, the cost of land and cost incurred in the course of development relating to properties sold during the year, for which revenue is recognised, are transferred to cost of revenue.

Leases

Identification of leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(a) the contract involves the use of an identified asset. The asset may be identified by being explicitly or implicitly specified in the contract, and should be physically distinct or represent substantially all of the capacity of an asset. If the supplier has a substantive substitution right, the Group does not have the right to use an identified asset;
(b) the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and
(c) the Group has the right to direct the use of the identified asset throughout the period of use. The Group has this right when either:
    - it has the right to direct how and for what purpose the asset is used; or
    - where the decision about how and for what purpose the asset is used is predetermined, the Group:
        - has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
        - designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose it will be used.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Identification of leases (continued)

The Group acquires the right to purchase certain assets that are manufactured as per bespoke specifications and design, and are delivered through various financing arrangements. These are 'in-substance purchases' as it is certain that the title of these assets will eventually be transferred to the Group at the end of the financing term, and hence these assets are accounted for as property, plant and equipment under IAS 16. The related liabilities are treated as term loans under IFRS 9.

Group as a lessee

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for contracts that meet the definition of lease under IFRS 16.

Right-of-use-assets
For qualifying leases, a right-of-use asset is initially recognised and measured at cost, comprising of the initial measurement of lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or restore the underlying asset or the site on which it is located to the condition required by the terms of the lease. For contracts that contain one or more additional lease components, the consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component, estimated by maximising the use of observable information, if an observable standalone price is not readily available.

The right-of-use asset is subsequently depreciated over the shorter of the useful life or lease term of the right-of-use asset, except where the lessee has the option to purchase the leased asset at the end of the lease term and it is reasonably certain that it will do so; in this event, the right-of-use asset is depreciated over the useful life of the underlying asset. The estimated useful life of a right-of-use asset is determined on the same basis as that of property, plant and equipment. In addition, the right-of-use asset is periodically assessed for impairment and, if necessary, adjusted for remeasurements of the lease liability.

Right-of-use assets are recognised as a separate line item in the consolidated statement of financial position, except for the right-of-use assets that meet the definition of investment property, in which case they are presented as 'investment properties'.

Lease liabilities
A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments, less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments to be made for an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Lease liabilities (continued)

A lease liability is measured at amortised cost using the effective interest method. A lease liability is remeasured if there is a change in the lease term, in future lease payments arising from a change in an index or rate, in amount expected to be payable under a residual value guarantee, or assessment of whether the Group will exercise an option to purchase the underlying asset. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the Group recognises the remaining amount of such remeasurement in the consolidated income statement.

The Group presents lease liabilities in 'borrowings and lease liabilities' in the consolidated statement of financial position.

Lease modifications
The Group accounts for a lease modification as a separate lease if both:
- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any adjustments to that stand-alone price reflect the circumstances of the particular contract.

For lease modifications that are not accounted for as a separate lease, at the effective date of the lease modification, the Group:
- allocates the consideration in the modified contract;
- determines the lease term of the modified lease; and
- remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term or, if that rate cannot be readily determined, the Group uses the incremental borrowing rate at the effective date of the modification.

<u>COVID-19 related rent concessions (applicable from 1 January 2020)</u>
The Group has applied an optional practical expedient available under IFRS to treat rent concessions occurring as a direct consequence of the COVID-19 pandemic in the same way as they would if they were not lease modifications, if these concessions meet the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

This practical expedient has been applied to all the leases other than leases of aircraft and aircraft engine.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

Group as a lessor
Leases where the Group transfers substantially all the risks and rewards incidental to the ownership of an underlying asset are classified as finance leases. All other leases are classified as operating leases. Lease classification is made at the inception date and is reassessed only if there is a lease modification.

Amounts due from lessees under finance leases are recognised as receivables at the amount equal to the net investment in the leases. Finance lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor (continued)

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term or by using another systematic basis if it is more representative of the time pattern in which the benefit of the underlying asset is diminished.

If an arrangement contains lease and non-lease components, the Group applies guidance provided in IFRS 15 – Revenue from Contracts with Customers to allocate the consideration in the contract.

Sale and leaseback transactions
In order to determine whether the transfer of an asset is accounted for as a sale of that asset, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15. If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset:

(a) the Group (as seller-lessee) derecognises the underlying asset and recognises a right-of-use asset with a corresponding liability equal to the retained interest in the asset. Accordingly, the Group (as seller-lessee) recognises a gain or a loss that relates to the rights transferred to the buyer-lessor in the consolidated income statement; and
(b) the Group (as buyer-lessor) accounts for the purchase of the asset under the relevant IFRSs, and for the lease applies the lessor accounting requirements of IFRS 16.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market terms is accounted for as a prepayment of lease payments; and
(b) any above-market terms is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

If the transaction does not qualify as a sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements as ‘bank and other borrowings’ under 'borrowings and lease liabilities'.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

The following policies apply when assessing the impairment of specific assets:

Goodwill
Goodwill is reviewed for impairment test purposes annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount plus the carrying amount of the goodwill allocated to the CGU, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Other intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are tested for impairment at each reporting period either individually or at the CGU level, as appropriate.

Investments in associates and joint ventures
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss against the carrying value of Group's investments in its associates or joint ventures. The Group determines at each reporting date whether there is any objective evidence that an investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the investment in associate or joint venture and its carrying value, and recognises the resulting impairment in the consolidated income statement.

Reversal of impairment losses
As far as the reversal of impairment losses on non-financial assets is concerned, for assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying amount that would have been determined, net of depreciation / amortisation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the consolidated income statement.

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognised on their trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the consolidated income statement.

Classification and measurement of financial assets and liabilities
On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL. Derivatives embedded in contracts where the host is a financial asset are never bifurcated. Instead, the whole hybrid instrument is assessed for classification purposes.

i) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses related to these assets are recognised in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

ii) Financial assets measured at FVOCI

(a) Debt instruments
Debt instruments are measured at FVOCI where they meet both of the following conditions and are not designated as measured at FVTPL:

- the contractual cash flows are solely payments of principal and interest on the outstanding principal; and
- the objective of the Group's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses (including reversals) are recognised in the consolidated income statement. Other net gains and losses are recognised in the consolidated statement of comprehensive income.

(b) Equity instruments
Equity instruments are normally measured at FVTPL. However, upon initial recognition of equity instruments that are not held for trading, the Group may elect to designate them as measured at FVOCI and accordingly present subsequent changes in the fair value of the instrument in the consolidated statement of comprehensive income. This election is irrevocable and made on an instrument-by-instrument basis.

Foreign exchange gains or losses arising on these assets are recognised in the consolidated statement of comprehensive income. Dividends are recognised as income in the consolidated income statement unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are recognised in the consolidated statement of comprehensive income.

iii) Financial assets measured at FVTPL
On initial recognition, the Group may irrevocably designate as measured at FVTPL a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL. This includes derivatives and financial assets held for trading.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

These assets are subsequently measured at fair value and net gains or losses are recognised in the consolidated income statement.

Business model assessment
The Group entities make an assessment of the objective of a business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Assessment whether contractual cash flows are solely payments of principal and interest
For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows in such a way that it would not meet this condition.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities are classified as held for trading if they are incurred with the intention to repurchase them in the near term or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities may be designated at FVTPL on initial recognition, if the following criteria are met:

(a) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
(b) they are managed within a group of financial liabilities or of financial assets and financial liabilities whose performance is evaluated on a fair value basis; or
(c) The financial liability contains an embedded derivative that significantly modifies the cash flows of the contract or it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative is not prohibited.

Financial liabilities at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest expense, are recognised in the consolidated income statement. Any gains and losses arising from changes in own credit risk are recognised in consolidated statement of comprehensive income.

Financial liabilities measured at amortised cost mainly include borrowings and lease liabilities, customer deposits, Islamic customer deposits and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated income statement.

Reclassification
The Group reclassifies financial assets other than equity instruments measured at FVOCI if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

The Group determines the classification of financial liabilities on initial recognition. Their subsequent reclassification is not permitted.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. The difference on derecognition of the original financial asset is recognised as gain or loss in the consolidated income statement.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement.

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different, then a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and that of the new financial liability with modified terms is recognised in the consolidated income statement.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(a) the rights to receive cash flows from the asset have expired; or
(b) the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
(c) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Any gain or loss arising on the derecognition of financial assets measured at amortised cost is recognised in the consolidated income statement.

Upon derecognition of debt instruments measured at FVOCI, cumulative gains or losses recognised in the consolidated statement of comprehensive income are reclassified to the consolidated income statement.

Any cumulative gain or loss recognised in the consolidated statement of comprehensive income in respect of an equity instrument designated as FVOCI is reclassified to retained earnings upon derecognition.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. Any gains or losses arising on the derecognition of a financial liability is recognised in the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses ("ECLs") on the following instruments that are not measured at FVTPL:
- financial assets measured at amortised cost and debt instruments measured at FVOCI;
- lease receivables;
- financial guarantee contracts issued;
- loan commitments issued; and
- contract assets (as defined in IFRS 15).

No impairment loss is recognised on equity instruments that are financial assets.

The Group measures impairment allowances either using the general or simplified approach, as considered appropriate.

Under the general approach, impairment allowances are measured at an amount equal to 12-month ECL except when there has been a significant increase in credit risk ("SICR") since inception. In such cases, the Group measures impairment allowances at an amount equal to the credit loss expected over the life of the financial asset.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is a SICR since inception.

12-month ECL: These losses are the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL.

For ECL under the simplified approach, the Group uses a provision matrix approach to measure the ECL mainly on trade receivables, retention receivables, contract receivables, loan receivables (non-banking operations) and finance lease receivables. The estimation of ECL under the provision matrix approach is based on the historical credit loss experience adjusted for forward-looking information.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:
- financial assets that are not credit-impaired: measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired: measured as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: measured as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive upon such drawdown; and
- financial guarantee contracts: measured as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Credit losses are measured using a 'three-stage' approach based on changes in credit-quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in stage 1 and has its credit risk continuously monitored by the Group.
- If a SICR since initial recognition is identified, the financial instrument is moved to stage 2 but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to stage 3.
- Financial instruments in stage 1 have their ECL measured as an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on all possible default events that can take place over the lifetime of the instrument.
- ECL is measured after factoring in forward-looking information.
- ECL on purchased or originated credit-impaired financial assets is measured on a lifetime basis by the Group.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default ("PD")
- Loss Given Default ("LGD")
- Exposure at Default ("EAD")

In order to compute ECL, the PD, EAD and LGD are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in earlier year) on an annual basis. This effectively calculates an ECL for each future period, which is then discounted back to the reporting date and summed up. The discount rate used in the ECL computation is the original effective interest rate or an approximation thereof.

Lifetime PD is determined based on maturity profile. The maturity profile looks at how defaults develop on a portfolio throughout the remaining life of the loans. The maturity profile is based on historically observed data.

EAD is determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over the 12 months and lifetime basis. This is also adjusted for any overpayments made by the borrower.
- For revolving products in the Bank, the EAD is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default.

LGD is computed at a facility level. This is based upon information such as exposure, collateral and business segment characteristics, and macro-economic outlook.

Restructured or modified financial assets
If the terms of a financial asset are renegotiated, or modified or an existing financial asset is replaced with a new one due to the financial difficulties of the borrower, then an assessment is made to ascertain whether the financial asset should be derecognised and ECLs are measured as follows:

- if the expected restructuring or modification does not result in the derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in the calculation of cash shortfalls arising from the existing asset.
- if the expected restructuring results in the derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow arising from the existing financial asset at the time of its derecognition. This amount is included in the calculation of cash shortfalls arising from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Purchased or originated credit- impaired ("POCI") assets
POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value on original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. Lifetime ECLs are only recognised or released to the extent that there is a subsequent change in the ECL.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties or other economic factors.

Revolving Facilities in the Bank
The Group's banking operations have a product offering that includes a variety of corporate and retail overdraft and credit cards facilities, for which the Bank has the right to cancel or reduce the facilities at a short notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Reversals of impairment
If the amount of an impairment loss decreases in subsequent periods, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the impairment allowance account accordingly. The write-back is recognised in the consolidated income statement.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ECL, including those arising from banking operations, are presented as 'net impairment losses on financial assets' in the consolidated income statement.

Derivative financial instruments and hedging
The Group uses derivative financial instruments as trading investments as well as to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. Derivative financial instruments are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedging (continued)
For the purpose of hedge accounting, a hedging relationship is categorised as either:

- hedge of an exposure to changes in the fair value of a recognised asset or liability or firm commitment (fair value hedge);
- hedge of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge); or
- hedge of a net investment in a foreign operation (net investment hedge).

Hedge accounting rules are governed by IFRS 9 and apply to financial instruments that qualify as hedging instruments and are designated in a hedging relationship such as one of the three categories listed above.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Hedge effectiveness is measured by the Group on a prospective basis at inception and prospectively over the term of the hedging relationship. Sources of ineffectiveness in hedge accounting include the impact of derivatives related credit risk on the valuation of the hedging derivative and hedged item. To mitigate this credit risk, the Group executes hedging derivatives with high quality counterparties and the majority of the Group's hedging derivatives are collateralised.

Hedges that meet the criteria for hedge accounting as defined by IFRS 9 are accounted for as follows:

Fair value hedge
When a derivative is designated as the hedging instrument in a fair value hedge of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in the consolidated income statement together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

Cash flow hedge
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of derivative is recognised in the 'hedge reserve' within equity. Any gain or loss in fair value relating to an ineffective portion of the hedge is recognised immediately in the consolidated income statement.

The accumulated gains and losses recognised in OCI are reclassified to the consolidated income statement in the periods in which the hedged item will affect profit or loss. However, when a forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are removed from equity and included in the initial measurement of the cost of the asset or liability.

When the hedging instrument expires or is sold, or when it no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively, and any cumulative gain or loss recognised in other comprehensive income at that time remains in equity until the forecast transaction is eventually recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is immediately reclassified to the consolidated income statement.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedging (continued)

Net investment hedges
Hedging instruments of a net investment in foreign operation often consist of derivatives such as forward contracts that are accounted for in the same manner as cash flow hedges. The effective portion of changes in the fair value of the hedging instrument is recognised in other comprehensive income and presented in the 'translation reserve' within equity. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in the consolidated income statement. The amount recognised in other comprehensive income is reclassified to the income statement upon disposal of the foreign operation.

Hedge rebalancing
The Group performs a rebalancing of a hedging relationship, whereby, if the hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the Group may adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Interest rate benchmark reforms related reliefs (applicable from 1 January 2020)
The Group assumes that the benchmark interest rate will not be altered as a result of the IBOR reform for the following purposes:

- assessment of whether a forecast transaction (or component thereof) is highly probable for cash flow hedges;
- assessing when to reclassify the amount in the cash flow hedge reserve to consolidated income statement i.e. determination of whether a designated forecast transaction is no longer expected to occur; and
- assessment of the economic relationship between the hedged item and the hedging instrument.

The Group will prospectively cease to apply these reliefs at the earlier of when the uncertainty regarding the timing and amount of interest rate benchmark-based cash flows is no longer present, and when the hedging relationship is discontinued.

Borrowings
Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the consolidated income statement over the period of the borrowing using the effective interest method.

Interest or profit is payable on various facilities, bank borrowings and bank loans at normal commercial rates. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring the expenditure related to the qualifying asset and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Borrowing costs relating to the period after acquisition or construction are expensed.

Gains and losses arising from derecognition of the liabilities are recognised in the consolidated income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of liabilities for at least 12 months after the reporting date.

Sale and repurchase agreements
Securities sold subject to repurchase agreements ("repos") are disclosed in the Group's consolidated financial statements when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included as a separate deposit. Securities purchased under agreements to resell ("reverse repos") are recorded as loans to and receivables from other banks or customers, as appropriate. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are stated at the lower of cost and estimated net realisable value. Cost of materials comprises of expenditure incurred in bringing each product to its present location and condition. Cost of finished goods and work in progress comprises of cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs and is determined as below:

Petroleum products	weighted average
Airline inventory for internal use (excluding consumer goods)	weighted average
Airline consumer goods	first-in-first-out
Other consumable goods	weighted average
Contracting inventory	first-in-first-out

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Properties held with the intention to be sold in the future are classified as inventory properties under inventory.

Crude oil overlifts and underlifts
Crude oil overlifts and underlifts arise on differences in quantities between the Group's entitlement production and the production either sold or held as inventory by the Group at the reporting date. Underlifts and overlifts of entitlement to crude oil production are measured at market value and recorded as a receivable and payable, respectively. The movement within an accounting period is adjusted through 'cost of revenue' in the consolidated income statement.

Work in progress and excess billings (in respect of construction contracts)
Work in progress is stated at cost plus attributable profits, less provision for any anticipated losses and progress payments received and receivable, and shown as contract receivables. Where the payments received or receivable for any contract exceed the cost plus attributable profits or less anticipated losses, the excess is shown as excess billings.

Cash and cash equivalents
For the purpose of the consolidated cash flows statement, cash and cash equivalents consist of cash and deposits with banks, due from banks and Islamic financing and investment products with an original maturity of three months or less, net of bank overdrafts and due to banks with an original maturity of three months or less.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Expenses relating to provisions are presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for aircraft return conditions
The provision for aircraft return conditions (restoration cost) represents the estimate of the cost required to meet the contractual lease end obligations on certain aircraft and engines at the end of the associated lease. The present value of the expected cost considering the existing fleet plan and long-term maintenance schedules is capitalised as part of right-of-use asset and depreciated over the lease term.

Maintenance reserves
One of the Group's subsidiaries engaged in an aircraft leasing business holds maintenance reserves. A maintenance reserve comprises of maintenance advances, lessor contributions, repossession provisions, re-lease provisions and heavy maintenance provisions. In many aircraft operating lease contracts, the lessee has the obligation to make periodic payments which are calculated with reference to the utilisation of airframes, engines and other major life-limited components during the lease (supplemental amounts). In such contracts, upon presentation by the lessee of the invoices evidencing the completion of qualifying work on the aircraft, the Group reimburses the lessee for the work, up to a maximum of the supplemental amounts received with respect to such work.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Maintenance reserve (continued)
During the lease term, the Group also recognises as lease revenue the maintenance reserve that is not expected to be reimbursed to a lessee, when the Group has reliable information that the lessee will not require reimbursement of additional rentals based on a maintenance forecasting model. Where amounts expected to be reimbursed are not certain, revenue is recognised at the end of the lease.

When an aircraft is sold, the portion of the accrued liability not specifically assigned to the buyer is derecognised from the consolidated statement of financial position as part of the gain or loss on disposal of the aircraft.

Lessor contributions
At the beginning of each new lease subsequent to the first lease on a new aircraft, lessor contributions are established. They represent contractual obligations on the part of the Group to contribute to the lessee's cost of the next planned major maintenance event, expected to occur during the lease. The Group regularly reviews the level of lessor contributions required to cover its contractual obligations under current lease contracts and makes adjustments as necessary.

Lessor contributions represent a lease incentive and are recorded as a charge against lease rental income over the life of the associated lease.

Lessor contributions in respect of end of lease adjustments are recognised when the Group believes it is probable that it will be required to reimburse amounts to a lessee and the amount can be reasonably estimated.

Frequent flyer programme ("Skywards")
The Group's airline subsidiaries operate a frequent flyer programme that provides a variety of awards to programme members based on a mileage credit for flights on the Group's airlines and other airlines that participate in the programme. Members can also accrue miles by utilising the services of non-airline programme participants.

These subsidiaries account for Skywards miles (predominantly accrued through the sale of flight tickets or purchase of miles by programme partners) as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Skywards miles based on their stand-alone selling price, adjusted for expected expiry and the extent to which the demand for an award cannot be met, and is accounted for as 'deferred revenue' under 'trade and other payables' in the consolidated statement of financial position. The standalone selling price is determined using the adjusted market assessment approach, using estimation techniques and taking into consideration the various redemption options available to Skywards members. Marketing income earned from partners associated with the programme is recognised when the miles are issued.

Revenue for redemption of miles is recognised in the consolidated income statement only when these subsidiaries fulfil their obligations by supplying free or discounted goods or services on redemption of the miles accrued, or when the validity of the miles expires.

Abandonment and decommissioning costs
A PSA provides for a fixed proportion of the proceeds of the Group's oil production to be set aside in an escrow bank account to meet abandonment and decommissioning costs of wells, platforms and other facilities and is not therefore available for other purposes. In accordance with the terms of a PSA, abandonment and decommissioning obligations are limited to the accumulated abandonment and decommissioning funds set aside in an escrow account.

Employees' end of service benefits
The Group operates or participates in various end of service benefit plans that are classified either as defined contribution or defined benefit plans.

A defined contribution plan is a pension scheme under which the relevant subsidiary pays a fixed contribution and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle the benefits relating to the employees service in the current and prior periods. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits (continued)

A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at this date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the reporting date of high quality bonds that have terms to maturity approximating the estimated term of the post-employment benefit obligations.

Actuarial gains and losses for defined benefit plans are fully recognised in retained earnings through consolidated statement of comprehensive income in the period in which they arise.

UAE national employees participate in the UAE government's pension fund to which the employee and the Group contribute a specified percentage of salary. Contributions to the pension fund are charged to the consolidated income statement in the period in which they fall due.

End of service benefits for other employees are provided for as per UAE labour law or in accordance with other relevant local regulation.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements, but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but is disclosed when an inflow of economic benefits is probable.

Financial guarantees and undrawn loan commitments
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are carried at amortised cost when a payment under the contract has become probable.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a financing with pre-specified terms to the customer.

Financial guarantees issued and undrawn loan commitments are initially measured at fair value (which is the charges received on issuance). The received charges is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense also includes interest, fines and penalties payable to the relevant tax authorities in the jurisdictions in which the Group entities operate.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, that affects neither accounting nor taxable profit or loss; and
- in respect of temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which they can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated income statement.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- expected to be realised or intended to sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively.

2 ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale rather than through their continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to sell, and the sale transaction should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is a component of the Group that is a CGU or a group of CGUs, that either has been disposed of, or is classified as held for sale or distribution, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the consolidated statement of financial position. Results of the discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the senior management of ICD, who makes strategic decisions and is responsible for the overall allocation of resources and assessment of performance of the operating segments.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, 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 following are information about the key sources of estimation uncertainty where management of the relevant entities exercised judgments and made assumptions that have a material impact over the carrying value of assets and liabilities.

Classification of financial assets
When the Group classifies financial assets, it makes judgments and estimates to:
- assess the business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amounts outstanding;
- determine the classification of certain financial assets as measured at FVTPL or at FVOCI; and
- determine fair value at the time of reclassification i.e. on initial adoption of IFRS 9.

Calculation of ECL

Assessment of significant increase in credit risk
While estimating ECL, the Group assumes that the credit risk on a financial asset has significantly increased since initial recognition when there is an objective evidence or key risk indicators to support it.

IFRS 9 contains a rebuttable presumption that instruments that are 30 days past due have experienced a SICR.

The Group performs the following analysis to find objective evidence or key risk indicators of increased credit risk:

- The Group compares the risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding risk of default at origination.
- The Group performs additional qualitative reviews to assess the SICR and make adjustments, as necessary, to better reflect the positions that have significantly increased in risk.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL (continued)

Assessment of significant increase in credit risk (continued)
The Group reviews its financial assets to assess whether they are impaired on a regular basis. Whilst performing this impairment testing, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows generated by a financial asset or homogenous group of financial assets. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce differences between loss estimates and actual loss.

During the current year, given the impact of COVID-19 pandemic, the methodology and assumptions for estimating both the amount and timing of future cash flows were updated to reflect the increased level of risk and uncertainty.

Macroeconomic factors and forward-looking information
IFRS 9 requires an unbiased and probability weighted estimate of credit losses obtained by evaluating a range of possible outcomes that incorporate forecasts of future economic conditions. Macroeconomic factors and forward-looking information, which requires significant judgement, are incorporated into the measurement of ECL as well as the determination of whether there has been a SICR since inception. The measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors and forward-looking information – specific to the Bank
The estimation and application of forward-looking information requires significant judgement based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio and represent the underlying causal effects of changes in these economic conditions. Each macroeconomic scenario used in the Bank's ECL calculation will have forecasts of the relevant macroeconomic variables.

The estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts published by external experts and other publicly available data. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions. Identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant.

Scenarios are probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. In some instances, the inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Bank's governance process for oversight.

An assessment of the sensitivity due to changes in each macroeconomic variable and the respective weights under the three scenarios is periodically performed by the Bank.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Calculation of ECL (continued)

Macroeconomic factors and forward-looking information – specific to the Bank (continued)

The table below summarises key macroeconomic indicators included in the economic scenarios for the respective operating regions relevant to their markets at 31 December 2020 for the years ending 2020 to 2024:

	Base Scenario					**Upside Scenario**					**Downside Scenario**				
	2020	**2021**	**2022**	**2023**	**2024**	**2020**	**2021**	**2022**	**2023**	**2024**	**2020**	**2021**	**2022**	**2023**	**2024**
UAE															
Oil Price – USD	43	48	58	63	65	43	53	65	69	71	43	30	28	42	50
GDP – Change %	(5.4)	1.8	2.7	2.2	2.4	(5.4)	6.3	5.3	2.0	2.0	(5.4)	(8.0)	(1.8)	3.8	5.1
Imports – AED in Bn	1,016	1,100	1,170	1,233	1,292	1,016	1,174	1,306	1,391	1,461	1,016	963	966	1,026	1,103
KSA															
Oil GDP – SAR in Trn	1.03	1.06	1.09	1.11	1.13	1.03	1.10	1.12	1.15	1.18	1.03	0.96	0.94	0.98	1.02
Unemployment %	13.1	13.4	13.2	13.0	12.9	13.1	13.4	13.1	12.9	12.8	13.1	13.6	13.5	13.4	13.2
Turkey															
Real GDP - Growth%	(2.1)	3.0	4.6	4.3	-	1.0	2.6	5.4	4.6	-	(3.5)	2.0	4.5	3.5	-
Unemployment - %	14.5	14.0	13.5	13.0	-	14.0	13.5	12.8	12.0	-	15.0	14.5	14.0	13.5	-

Definition of default
The definition of default followed by the Group for impairment assessment purposes is in line with the guidelines of IFRS 9. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Expected life
When estimating ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of financial instruments

The fair value of investments that are actively traded on an organised financial market is determined by reference to quoted market bid prices available at the close of business of the reporting date. Where the fair value of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, it is determined using a variety of valuation techniques and valuation models, depending on the financial instrument type and available market data. The input to these models is taken from observable market data where possible, and where not possible, a degree of judgment is required in establishing fair values. For example, in the absence of an 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.

Revenue from contracts with customers

Satisfaction of performance obligations
The Group assesses its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of revenue recognition.

Determination of transaction prices
The Group determines the transaction price of each of its contracts with customers. In doing so, the Group assesses the existence in the contract of variable considerations, significant financing components and non-cash considerations, and their impact.

Allocation of transaction price to performance obligation in contracts with customers
A transaction price is allocated to each performance obligation on the basis of their stand-alone selling price. The Group estimates the standalone selling price as a price at which a promised good or service is sold separately to a customer in the market. Where an observable market price is not available, 'the adjusted market assessment approach', 'the expected cost plus margin approach' or 'the residual method', as relevant, may be used to estimate the stand-alone selling price.

Method to recognise revenue over time
The Group exercises significant judgment to evaluate whether to apply the input method or output method in allocating the transaction price to performance obligations when revenue is recognised over a period of time. The Group may select an appropriate output or input method based on business segment or products or services in such business segment. However, the Group applies the method consistently to similar performance obligations and in similar circumstances.

In applying the input method, the Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognised. The Group uses the output method where performance is measured based on the direct value of the goods or services transferred to date to the customers, in comparison to the remaining goods or services to be provided under the contract.

Transfer of control in a contract with a customer
Where the Group determines that performance obligations are satisfied at a single point in time, revenue is recognised when the control over the asset is transferred to the customer. Significant judgment is required to evaluate when the control is transferred to the customer.

Passenger and cargo revenue recognition
The Group's subsidiaries recognise passenger and cargo sales as revenue when each performance obligation for the transportation service is fulfilled. The value of unused revenue documents is held in the consolidated statement of financial position under 'trade and other payables' as 'passenger and cargo sales in advance'. Passenger ticket related breakage is estimated based on historical trends and recognised in the consolidated income statement proportionally with each transfer of service to the customer.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment losses on non-financial assets
At each reporting date, the Group reviews its non-financial assets and their carrying values to assess whether there are any indications of impairment. Where an impairment indicator is identified, management estimates the recoverable value of the asset. 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 compute the value-in-use, management estimates the present value of future cash flows using a reasonable discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where fair value is used to determine recoverable amount, management uses valuations techniques and may appoint external independent valuers, as deemed appropriate. The Group's investment in publicly listed companies often operate under restrictions due to the applicable listing regulations on the disclosure of information to a selective group of equity holders and, therefore for such investments, the Group determines the recoverable value using publicly available data or analysts' forecasts, as appropriate. During the current year, given the impact of the COVID-19 pandemic, the assumptions and the future cash flows projections have been updated to reflect the increased level of risk and uncertainty for impairment test purposes. 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.

Depreciation of property, plant and equipment and investment properties
The Group determines the useful lives and residual values of property, plant and equipment and investment properties based on the intended use and the economic lives of those assets. Subsequent changes in circumstances due to factors such as technological advancement or a change in the prospective utilisation of these assets could result in the actual useful lives or residual values differing from initial estimates.

Aircraft held for lease
To determine the carrying value of aircraft held for lease, the Group estimates useful lives, fair value of leases and residual values of aircraft. In doing so, the Group relies upon actual industry experience, supported by estimates received from independent appraisers, for the same or similar aircraft types and considering the Group's anticipated utilisation of the aircraft. For the purpose of assessing the impairment of aircraft held for lease, the key assumptions used include estimates of discount rate applied to forecast cash flows, future lease rates and residual value at the end of the aircraft's life. A significant level of judgment is exercised by management given the long-term nature and diversity of inputs that go into determining these estimates.

Development and production assets – depletion
To come up with the carrying value of the Group's development and production assets, significant assumptions have been made in respect of the depletion charge. These significant assumptions include estimates of oil and gas reserves, future oil prices and future development costs including the cost of drilling, infrastructure facilities and other capital and operating costs. The depletion charge computation assumes the continued development of the field to extract the assessed oil and gas reserves and the underlying capital expenditure required for this purpose. For this purpose, it assumes that the PSA, which is valid up to 2025, will be extended up to 2035 under an exclusive right to negotiate for an extension period of not less than 10 years, provided for in the PSA.

Frequent flyer programme
The Group's airline subsidiaries account for Skyward miles (predominantly accrued through sales of flight tickets or purchases of miles by programme partners) as a separately identifiable component of the sale transaction in which they are granted. The consideration in respect of the initial sale is allocated to Skyward miles based on their stand-alone selling price and is accounted for as 'deferred revenue' under 'trade and other payables' in the consolidated statement of financial position. The stand-alone selling price is determined using an adjusted market assessment approach. The adjusted market assessment approach involves the use of estimation techniques to determine the standalone value of Skyward miles and reflects the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards using historical trends. Adjustments to the stand-alone selling price of miles are also made in consideration of those miles not expected to be redeemed by programme members and of the extent to which the demand for an award cannot be met. A level of judgment is exercised by management due to the diversity of inputs that go into determining the stand-alone selling price of miles. A reasonably possible change to any single assumption will not result in a material change to the deferred revenue.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Provision for aircraft return conditions
The measurement of the provision for aircraft return conditions includes assumptions relating to expected costs, escalation rates, discount rates commensurate with the expected obligation maturity and long-term maintenance schedules. An estimate is therefore made at each reporting date to ensure that the provision corresponds to the present value of the expected costs to be borne by the Group's subsidiaries operating in the aviation sector. A significant level of judgment is exercised by management given the long-term nature and diversity of assumptions that go into the determination of the provision. A reasonably possible change in any single assumption will not result in a material change to the provision.

Determination of lease term under IFRS 16
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. To determine the term of a lease, the Group considers all relevant factors that create an economic incentive for an extension option or a termination option. Extension options (or periods covered by an option to terminate the lease) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). To ascertain whether it is reasonably certain for the Group to exercise these options, the Group takes into consideration lease termination penalties that would be incurred, leasehold improvements that are estimated to have significant remaining value, historical lease durations and the cost associated to business disruption caused by replacing the leased asset.

Valuation of intangible assets on acquisition
For each acquisition, the Group assesses the fair value of intangible assets acquired. In instances where the fair value of individual assets in a CGU cannot be measured reliably, a single asset is recognised separately from goodwill. Where the fair value of an intangible asset cannot be determined by reference to the value of assets on an active market, this fair value is established using valuation techniques e.g. discounting the future cash flows of the assets. In the process, estimates are made of future cash flows, the useful life and the discount rate based on the Group's experience and expectation at the time of acquisition.

Amortisation of intangible assets
The Group assigns useful lives and residual values to intangible assets based on the intended use of the assets, the underlying contractual or legal rights and historical experience. Subsequent changes in circumstances due to factors such as technological advancement, changes in the terms of the underlying contracts or prospective utilisation of these assets result in the useful lives or residual values differing from initial estimates. The Group reviews the residual values and useful lives of major intangible assets and makes adjustments where necessary.

Provision for obsolete inventory
The Group reviews on a regular basis its inventory to assess losses due to obsolescence. In determining whether a provision for obsolescence should be recognised in the consolidated income statement, the Group assesses whether there is any observable data indicating that there are future adverse factors affecting the saleability of a product and the net realisable value for such product. Accordingly, a provision for impairment is recognised where the net realisable value is less than its cost based on management's best estimates. The provision for obsolescence of inventory is based on past movement including future expected consumption or age analysis.

Contingent liability arising from litigations
Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for a litigation is recorded only if an outflow of economic resources is probable to settle the obligation and a sufficiently reliable estimate of the amount of the obligation can be made. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property. In doing so, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. In some instances, part of a property may be held to earn rentals or for capital appreciation purposes and the remaining part of the same property may be held for use in the production or supply of goods or services or for administrative purposes. If these parts can be sold separately (or leased out separately under a finance lease), the Group accounts for these parts separately. If these parts cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Management applies judgment to determine whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its assessment.

Pension and other post-employment benefits
The cost of defined benefit pension plans and other post-employment benefits is determined using a number of methods including actuarial valuations. This process involves making assumptions about expected rates of return on assets, discount rates, future salary increases, mortality rates and future pension increases and the assessment of the materiality of the amounts involved. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Income taxes
The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain. The Group recognises liabilities for expected tax payable based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recognised, such differences impact the income tax and deferred tax provisions in the period in which such a determination is made.

Considerations 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 while strictly following all rules and regulations laid out by government authorities.

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.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

Banking

Expected Credit Losses

For the purpose of determining their ECL for the year, the Bank has considered potential impact caused by the COVID-19 pandemic based upon the available information and taken into account the 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 the 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.

Assessment of significant increase in credit risk

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

During 2020, the Bank has initiated a program of payment relief to support its impacted customers either by deferring interest/principal for a period or by adjusting monthly instalments. The Bank believes that the extension of payment reliefs does not automatically trigger a SICR where the impact on the customer’s business is expected to be short term. For all other customers, the Bank continues to consider the severity and extent of the potential COVID-19 impact on the economic sector and future outlook, cash flows 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 as follows its customers benefiting from payment deferrals into two groups:

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 customers, 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 are subject to ongoing monitoring for any changes in their creditworthiness for appropriateness of their grouping and IFRS 9 staging.

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 an IFRS 9 stage migration. 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.

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 categorised in Group 2. In exceptional circumstances, a Stage 3 migration may have also been triggered where a customer’s business, income streams and interest servicing capacity are expected to be permanently impaired. Such customers have also been categorised in Group 2.

The accounting impact of the extension and restructuring 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.

The impact of the COVID-19 crisis continues to filter through the real economy. As a result, the Bank has taken a proactive approach whereby on an ongoing basis for all customers, it continues to consider the severity and extent of potential the COVID-19 impact on economic sectors and outlook. This also involves considering cash flows, 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 that these reflect an accurate view of the Bank’s assessment of the customers’ creditworthiness, staging and grouping as of the reporting date.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

Banking (continued)

Expected Credit Losses (continued)

Macroeconomic factors and forward-looking information
In light of the current uncertain economic environment, the Bank has continued to assess a range of possible macro-economic scenarios and associated weightings, and analysed their impact on ECL estimates for the year 2020. Accordingly, the Bank updated its macro-economic forecasts in 2020 to reflect the impact of COVID-19, using baseline, upside and downside scenarios with 40%-30%-30% weightings respectively with the exception of Turkey that uses 50%-25%-25%. The Bank also applied portfolio-level ECL adjustments to corporate 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 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.

Analysis of customers benefiting from payment deferrals – specific to the Bank

Deferral amount and outstanding balances of UAE customers

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

	Corporate and Institutional banking AED'000	*Retail banking and Wealth Management AED'000*	*Total AED'000*
31 December 2020			
Deferral amount			
Loans and receivables	5,846,525	822,662	6,669,187
Islamic financing receivables	1,839,938	697,986	2,537,924
Less: Repayments made during the year	(3,483,418)	(565,124)	(4,048,542)
	4,203,045	**955,524**	**5,158,569**
Exposures (Gross)			
Loans and receivables	27,438,897	6,830,511	34,269,408
Islamic financing receivables	8,771,230	7,611,569	16,382,799
	36,210,127	**14,442,080**	**50,652,207**
Number of customers / accounts	**393**	**102,701**	**103,094**

During the year, the Bank drew AED 6.9 billion of Zero Cost Funding under the TESS program. The Bank repaid AED 1.7 billion during the year and the balance as at 31 December 2020 is AED 5.2 billion.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

Banking (continued)

Analysis of customers benefiting from payment deferrals – specific to the Bank (continued)

Outstanding balances and related ECL of UAE customers

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

	Loans and receivables AED'000	*Islamic financing receivables AED'000*	*Total AED'000*
31 December 2020			
Corporate and Institutional banking			
Group 1			
Exposures	25,666,575	7,966,995	33,633,570
Less: Expected credit losses	(2,164,244)	(903,956)	(3,068,200)
	23,502,331	**7,063,039**	**30,565,370**
Group 2			
Exposures	1,772,322	804,235	2,576,557
Less: Expected credit losses	(538,558)	(582,408)	(1,120,966)
	1,233,764	**221,827**	**1,455,591**
Retail banking and Wealth Management			
Group 1			
Exposures	6,344,330	7,156,821	13,501,151
Less: Expected credit losses	(264,455)	(216,556)	(481,011)
	6,079,875	**6,940,265**	**13,020,140**
Group 2			
Exposures	486,181	454,748	940,929
Less: Expected credit losses	(153,017)	(173,919)	(326,936)
	333,164	**280,829**	**613,993**

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:

	AED'000
EAD as at 1 January 2020	56,137,881
Increase due to new originations	3,052,885
EAD increase of the existing customers	2,982,005
EAD decrease of the existing customers	(5,098,953)
Decrease due to closure	(2,731,583)
EAD as at 31 December 2020	**54,342,235**

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

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

Banking (continued)

Analysis of customers benefiting from payment deferrals – specific to the Bank (continued)

Stage migrations of UAE customers

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

	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	25,318,768	5,206,457	-	30,525,225	6,896,144	2,068,686	404,287	9,369,117
Transferred from 12-month ECL	(1,154,983)	1,036,557	118,426	-	(616,034)	430,170	185,864	-
Transferred from lifetime ECL not credit-impaired	1,291,096	(1,673,549)	382,453	-	706,987	(833,224)	126,237	-
Transferred from lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Other movements - net	(646,689)	476,935	35,951	(133,803)	(147,797)	(11,933)	(2,089)	(161,819)
EAD as at 31 December 2020	**24,808,192**	**5,046,400**	**536,830**	**30,391,422**	**6,839,300**	**1,653,699**	**714,299**	**9,207,298**
Retail banking and Wealth Management								
EAD as at 1 January 2020	7,382,945	182,481	-	7,565,426	8,440,931	237,018	164	8,678,113
Transferred from 12-month ECL	(428,715)	387,859	40,856	-	(377,946)	362,715	15,231	-
Transferred from lifetime ECL not credit-impaired	-	-	-	-	64,810	(177,630)	112,820	-
Transferred from lifetime ECL credit-impaired	-	-	-	-	-	-	-	-
Other movements - net	(560,795)	(14,804)	(7,825)	(583,424)	(885,516)	(27,338)	(3,746)	(916,600)
EAD as at 31 December 2020	**6,393,435**	**555,536**	**33,031**	**6,982,002**	**7,242,279**	**394,765**	**124,469**	**7,761,513**

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

Banking (continued)

Analysis of customers benefiting from payment deferrals – specific to the Bank (continued)

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

Below is an analysis of changes in ECL allowance by industry sector since the beginning of the year on UAE Corporate and Institutional banking customers benefiting from payment deferrals:

	Loans and receivables AED'000	*Islamic financing receivables AED'000*
Balance at 1 January 2020	1,664,624	1,325,010
Manufacturing	(51,093)	(10,090)
Construction	(1,874)	785
Trade	161,119	178,320
Services	157,018	8,138
Personal	219,813	24,486
Real estate	443,406	(51,053)
Others	109,789	10,768
Balance at 31 December 2020	**2,702,802**	**1,486,364**

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

Below is an analysis of changes in ECL allowance by products since the beginning of the year on UAE Retail banking and Wealth Management customers of the Bank benefiting from payment deferrals:

	Loans and receivables AED'000	*Islamic financing receivables AED'000*
Balance at 1 January 2020	128,009	143,128
Personal Finance	221,213	144,532
Home Finance	21,649	(8,002)
Auto loans	11,532	61,557
Credit Cards	6,212	1,156
Others	28,857	48,104
Balance at 31 December 2020	**417,472**	**390,475**

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

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. This resulted in a diminished revenue line and large operating losses.

According to International Air Transport Association, passenger demand is not expected to recover to the pre-COVID-19 levels until 2024. Government bail-outs and scientific advances in fighting COVID-19, including swift availability of successful vaccine at a large scale, 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 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 31 December 2020, the Government had provided equity injections adding up to AED 11.3 billion as part of its commitment to Emirates; these were routed through ICD (refer note 24).

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 expected to consume the same volume of jet fuel as initially envisaged given the reduction in planned operations. The resulting hedge ineffectiveness charge of AED 2,244,802 thousand (2019: AED Nil) has been recognised in the consolidated income statement within 'net loss from derivative financial instruments'.

Furthermore, 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 CGU. The Emirates airline network is considered to be the primary and most significant CGU of Emirates. The impairment assessment on this CGU was carried out using a value-in-use model and no impairment was recognised in respect of this CGU during the year ended 31 December 2020 (see note 10).

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.

Oil and gas

The Group's oil and gas businesses have been adversely impacted by the outbreak because of the decreased demand for crude oil which has not been matched by the decreased production. International oil prices witnessed a steep decline in the first and second quarter 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 year (refer note 38). The markets showed signs of recovery during the third quarter of 2020 as governments began to ease restrictions and the improved economic activity translated into increased crude oil demand and higher prices when compared with the second quarter of 2020.

2 ACCOUNTING POLICIES (continued)

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Considerations in respect of COVID-19 (continued)

Oil and gas (continued)

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 year, 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 the 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 year ended 31 December 2020 (see note 10).

As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown on the date of the consolidated financial statements. As a result of the above and the resulting disruptions to the social and economic activities, the Group's oil and gas businesses continues to assess and monitor the evolving situation on a regular basis, and take necessary steps in a dynamic manner to cope with these uncertainties.

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 the 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 year. That, coupled with other operational challenges, has materially impacted the results for the year. 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 year ended 31 December 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 consolidated income statement (refer notes 10, 13 and 14).

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 consolidated income statement (refer notes 10 and 13).

3 OTHER OPERATING INCOME

	2020 AED'000	2019 AED'000
Net gain on disposal of property, plant and equipment, right-of-use assets, investment properties, intangible assets	**107,497**	241,688
Manufacturers' credits and liquidated damages	**769,783**	436,914
Vendors' support fee income	**112,450**	315,252
Net gain on sale of debt instruments measured at FVOCI	**71,795**	79,001
Net change in fair value of investment securities measured at FVTPL	**(24,024)**	108,620
Site rentals	**177,178**	209,725
Government grants	**509,732**	621
Net foreign exchange gains	**1,841,980**	2,048,453
Others	**2,002,864**	2,461,554
	5,569,255	5,901,828

4 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2020 AED'000	2019 AED'000
Impairment loss on loans and receivables – net of recoveries (see note 21.2)	**6,313,242**	4,332,473
Impairment loss on Islamic financing and investment products – net of recoveries (see note 20.2)	**1,567,649**	818,475
Impairment loss on trade and other receivables – net of recoveries (see note 19.2)	**507,410**	204,230
Impairment loss on other non-current assets – net of recoveries (see note 17.2)	**59,250**	15,127
Impairment loss / (reversal) on investment securities - net	**53,519**	(10,532)
Impairment loss / (reversal) on cash and deposits with banks - net	**55,598**	(20,897)
Impairment loss on unfunded exposures	**70,914**	37,557
Bad debt recovery - net of other losses	**(97,126)**	(284,684)
	8,530,456	5,091,749

5 OTHER FINANCE INCOME

	2020 AED'000	2019 AED'000
Interest income and profit earned from bank deposits and investing activities	**455,561**	775,952
Interest income and profit earned from associates and joint ventures (see note 36(a))	**400,812**	560,926
Interest income and profit earned from the Government, Ministry of Finance of the UAE ("MOF") and other related parties (see note 36(a))	**136,669**	341,336
Other interest income and profit	**102,293**	91,309
	1,095,335	1,769,523

6 OTHER FINANCE COSTS

	2020 AED'000	2019 AED'000
Finance costs on borrowings	**3,424,247**	4,615,947
Finance charges on lease liabilities	**3,194,385**	3,543,701
Interest / profit on loans from associates and joint ventures (see note 36(a))	**360,793**	434,733
Interest / profit on loans from Government, MOF and other related parties (see note 36(a))	**330,124**	479,221
Others	**684,772**	661,893
	7,994,321	9,735,495

7 INCOME TAX EXPENSE

The components of income tax expense are as follows:

	2020 AED'000	*2019 AED'000*
Current income tax		
Current income tax charge	**816,972**	675,957
Deferred income tax		
Relating to origination and reversal of temporary differences (see below)	**(22,989)**	250,381
Income tax expense	**793,983**	926,338

Deferred income tax

Deferred income tax at year-end relates to the following:

	Consolidated statement of financial position 2020 AED'000	***Consolidated income statement 2020 AED'000***
Deferred tax liabilities		
Accelerated depreciation for tax purposes	**2,920,964**	**(99,452)**
Tax effect of intangible assets and other timing differences	**(650,009)**	**152,383**
	2,270,955	**52,931**
Deferred tax assets		
Losses available for offset against future taxable income	**180,302**	**(38,119)**
Other timing differences	**1,146,833**	**(37,801)**
	1,327,135	**(75,920)**
Deferred income tax		**(22,989)**

	Consolidated statement of financial position 2019 AED'000	*Consolidated income statement 2019 AED'000*
Deferred tax liabilities		
Accelerated depreciation for tax purposes	2,914,538	45,487
Tax effect of intangible assets and other timing differences	(613,066)	219,638
	2,301,472	265,125
Deferred tax assets		
Losses available for offset against future taxable income	143,329	(23,611)
Other timing differences	943,075	8,867
	1,086,404	(14,744)
Deferred income tax		250,381

A significant part of the Group's operations is carried out within the UAE and currently the Group's operations in the UAE are not subject to corporation tax. Some of the Group's subsidiaries operating abroad secured tax exemptions by virtue of double taxation avoidance agreements and reciprocal arrangements in most of the jurisdictions in which they operate. Income tax therefore relates only to certain overseas subsidiary companies and operations that are subject to income tax.

7 INCOME TAX EXPENSE (continued)

The relationship between the tax expense and the accounting profit can be broadly explained as follows:

	2020 *AED'000*	*2019* *AED'000*
(Loss) / Profit for the year before income tax	**(14,706,033)**	25,923,853
Of which (loss) / profit arising from taxable jurisdictions is:	**(115,342)**	2,407,506

	2020 *AED'000*	*2019* *AED'000*
Tax calculated at domestic tax rates applicable to profits arising in taxable jurisdictions	**276,607**	630,433
Effect of non-deductible expenses	**611,430**	334,331
Effect of income exempt from tax	**(67,882)**	(64,739)
Prior period adjustment / release of provision	**(7,178)**	8,187
Impact of tax rate change - net	**(66,281)**	7,755
Effect of other items - net	**47,287**	10,371
Income tax expense - net	**793,983**	926,338

8 (LOSS) / PROFIT FOR THE YEAR

	2020 *AED'000*	*2019* *AED'000*
(Loss) / Profit for the year is stated after charging the following:		
Staff costs	**24,831,172**	30,263,855
Rental expense incurred on low value and short-term leases	**879,712**	1,052,404
Depreciation charge on property, plant and equipment, right-of-use assets, and investment properties (see notes 10, 11 and 13)	**27,521,438**	27,095,561
Amortisation charge on intangible assets (see note 12)	**1,206,292**	1,158,547

Staff costs include UAE pension costs of AED 225,972 thousand (2019: AED 186,014 thousand), other post-employment benefits of AED 1,435,657 thousand (2019: AED 1,335,979 thousand), and employee profit share scheme expense of AED 78,854 thousand (2019: AED 127,331 thousand).

9 BUSINESS COMBINATIONS AND TRANSFER OF ENTITIES UNDER COMMON CONTROL

(a) Transfer of Dubai Multi Commodities Centre Authority under common control

H.H. the Ruler of Dubai issued law number (3) of 2020 and law number (10) of 2020 (the "Laws") relating to the Dubai Multi Commodities Centre Authority ("DMCCA"). Pursuant to the Laws, DMCCA was transferred by the Government, and became a wholly owned subsidiary of ICD. The transfer value of DMCCA amounted to AED 2,854,367 thousand based on the net assets value (adjusted to align with Group's accounting policies). The transaction was accounted for as a capital contribution from the Government (see note 24).

9 BUSINESS COMBINATIONS AND TRANSFER OF ENTITIES UNDER COMMON CONTROL (continued)

(a) Transfer of Dubai Multi Commodities Centre Authority under common control (continued)

The Group recorded the carrying value of the assets and liabilities of DMCCA at the date of transfer, as summarised below:

	AED'000
Property, plant and equipment	**113,372**
Right-of-use assets	**19,844**
Intangible assets	**104,791**
Investment properties	**1,801,603**
Investment in associates and joint ventures	**1,633**
Investment securities	**270,546**
Other non-current assets	**1,790**
Islamic financing and investment products	**559,896**
Cash and deposits with banks	**1,621,176**
Inventories	**220,992**
Trade and other receivables	**319,205**
Employees' end of service benefits	**(58,491)**
Other non-current payable	**(554,080)**
Borrowings and lease liabilities	**(401,690)**
Negative fair value of derivatives	**(16,028)**
Trade and other payables	**(1,112,684)**
Net assets	**2,891,875**
Less: Non-controlling interest	**(37,508)**
Net assets attributable to ICD	**2,854,367**

(b) Acquisition of DenizBank A.S.

During the prior year, the Group acquired the full equity ownership of 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:

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

(c) Increase in the shareholding of Dubai Aerospace Enterprise (DAE) Limited

During the prior year, 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 became wholly 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 consolidated statement of changes in equity.

(d) During the current year, the Group acquired or incorporated a number of other immaterial subsidiaries. In addition, the Group's shareholding in a number of subsidiaries changed, and individually these had no significant impact on the Group's consolidated financial statements.

10 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:							
Balance at 1 January 2020	40,612,260	7,958,982	34,044,297	23,257,201	159,982,512	13,277,057	279,132,309
Transfers from investment properties (see note 13)	413,988	1,772	-	-	-	26,655	442,415
Transfers from development properties (see note 14)	1,558,461	96,719	121,308	-	-	-	1,776,488
Transfers from assets held for sale	-	-	-	-	376,695	-	376,695
Other transfers	1,412,647	1,920,364	2,341,656	-	3,282,246	(8,956,913)	-
Additions	432,640	337,085	1,003,294	1,025,795	2,548,936	5,943,786	11,291,536
Arising on business combination / transfer of a subsidiary by the Government	279,342	141,291	163,762	-	-	33,401	617,796
Disposals	(493,544)	(330,926)	(1,674,049)	-	(2,810,170)	(129,891)	(5,438,580)
Write-off	(19,952)	(11)	(1,482)	-	(212,731)	-	(234,176)
Translation differences	85,536	126,102	109,047	-	558	17,439	338,682
Balance at 31 December 2020	**44,281,378**	**10,251,378**	**36,107,833**	**24,282,996**	**163,168,046**	**10,211,534**	**288,303,165**
Accumulated depreciation and impairment:							
Balance at 1 January 2020	13,220,631	6,147,404	21,064,158	13,658,163	47,969,622	6,446	102,066,424
Depreciation charge (see note 8)	1,504,316	1,115,137	3,431,231	2,081,443	8,717,633	-	16,849,760
Impairment charge	917,717	8,179	1,962	-	-	1,288,866	2,216,724
Transfers to investment properties (see note 13)	(10,220)	-	-	-	-	-	(10,220)
Transfers from assets held for sale	-	-	-	-	71,490	-	71,490
Arising on business combination / transfer of a subsidiary by the Government	131,897	111,330	65,219	-	-	-	308,446
Related to disposals	(361,801)	(284,953)	(1,606,462)	-	(1,905,574)	-	(4,158,790)
Related to write-off	(19,952)	(11)	(1,482)	-	(96,366)	-	(117,811)
Translation differences	79,408	111,960	50,100	-	558	(743)	241,283
Other transfers	10,399	1,237,637	(1,248,036)	-	-	-	-
Balance at 31 December 2020	**15,472,395**	**8,446,683**	**21,756,690**	**15,739,606**	**54,757,363**	**1,294,569**	**117,467,306**
Net book value:							
Balance at 31 December 2020	**28,808,983**	**1,804,695**	**14,351,143**	**8,543,390**	**108,410,683**	**8,916,965**	**170,835,859**

10 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:							
Balance at 1 January 2019	42,264,451	7,448,606	31,373,334	19,828,778	157,286,686	11,093,652	269,295,507
Impact on adoption of IFRS 16	(2,885,548)	(6,516)	(106,794)	-	(2,839,893)	-	(5,838,751)
Restated balance at 1 January 2019	39,378,903	7,442,090	31,266,540	19,828,778	154,446,793	11,093,652	263,456,756
Transfers from investment properties (see note 13)	95,400	633	-	-	-	-	96,033
Transfers (to) / from development properties (see note 14)	(70,942)	7,843	8,131	-	-	(16,005)	(70,973)
Transfers to assets held for sale	-	-	-	-	(3,916,109)	-	(3,916,109)
Other transfers	842,581	207,582	310,467	-	7,968,920	(9,329,550)	-
Additions	442,877	562,376	2,670,184	3,428,423	3,224,117	11,624,814	21,952,791
Arising on business combination	453,253	2,369	1,618,272	-	-	-	2,073,894
Disposals	(506,797)	(265,193)	(1,837,276)	-	(1,625,532)	(97,504)	(4,332,302)
Write-off	(1,360)	(1,036)	-	-	(115,369)	(40)	(117,805)
Translation differences	(21,655)	2,318	7,979	-	(308)	1,690	(9,976)
Balance at 31 December 2019	40,612,260	7,958,982	34,044,297	23,257,201	159,982,512	13,277,057	279,132,309
Accumulated depreciation and impairment:							
Balance at 1 January 2019	12,282,963	5,660,094	17,795,836	12,242,450	42,131,935	5,648	90,118,926
Impact on adoption of IFRS 16	(292,367)	(5,876)	(17,989)	-	(343,443)	-	(659,675)
Restated balance at 1 January 2019	11,990,596	5,654,218	17,777,847	12,242,450	41,788,492	5,648	89,459,251
Depreciation charge (see note 8)	1,464,991	695,348	4,064,838	1,415,713	8,530,402	-	16,171,292
Impairment charge	-	782	1,424	-	-	698	2,904
Transfers from investment properties (see note 13)	1,587	8	-	-	-	-	1,595
Transfers to assets held for sale	-	-	-	-	(1,509,473)	-	(1,509,473)
Arising on business combination	165,106	1,414	982,270	-	-	-	1,148,790
Related to disposals	(397,340)	(225,274)	(1,751,505)	-	(798,463)	(283)	(3,172,865)
Related to write-off	(129)	(922)	-	-	(41,028)	-	(42,079)
Translation differences	(4,182)	(357)	11,473	-	(308)	383	7,009
Other transfers	2	22,187	(22,189)	-	-	-	-
Balance at 31 December 2019	13,220,631	6,147,404	21,064,158	13,658,163	47,969,622	6,446	102,066,424
Net book value:							
Balance at 31 December 2019	27,391,629	1,811,578	12,980,139	9,599,038	112,012,890	13,270,611	177,065,885

10 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Land, buildings and leasehold improvements include:

(i) land with a total carrying value of AED 4,839,478 thousand (2019: AED 5,481,585 thousand);

(ii) certain buildings and leasehold improvements that are constructed on plots of land granted by the Government. The Group accounted for these non-monetary government grants at nominal value; and

(iii) certain business premises that are erected on plots of land obtained on a leasehold basis from the Government or third parties. Management believes that these leases are renewable and that the land will be available to the Group on an ongoing basis for the foreseeable future.

(b) Borrowing costs of AED 108,740 thousand (2019: AED 262,574 thousand) have been capitalised during the year.

(c) Capital work-in-progress mainly includes:

(i) pre-delivery payments of AED 2,994,772 thousand (2019: AED 3,513,649 thousand) in respect of aircraft deliveries;

(ii) amounts related to the construction of a pipeline, berth facilities and retail sites. During the current year, the Group has completed the construction of the refinery plant expansion project and the cost of the project was capitalised; and

(iii) amounts related to the construction of hospitality assets.

(d) Aircraft, aircraft engines and parts include aircraft with a carrying value of AED 34,624,560 thousand (2019: AED 33,838,114 thousand) representing those given on operating leases to various operators by DAE. It also includes a carrying value of AED 1,458,571 thousand (2019: AED 2,001,607 thousand) representing maintenance right assets.

DAE has carried an impairment assessment of these aircraft held for lease. Based on the analysis, no impairment charge was recognised for the year ended 31 December 2020. The key assumptions and judgments associated with the impairment review are:

- current market values of aircraft based on independent appraiser data;
- estimates relating to lease transition periods and related costs;
- assumed future aircraft values and residual values at the end of the aircraft's life based on independent appraiser data;
- assumed future non contracted lease rates assessed against appraiser rates for each aircraft; and
- the discount rate applied to forecasted cash flows based on DAE's weighted average cost of capital ("WACC") of 4.8% (2019: 4.5%).

A sensitivity analysis was performed to determine the potential impact of the below movements in the various risk variables:

- 0.5% increase/decrease in the discount rate;
- 10% increase/decrease in the current market values of aircraft;
- 10% increase/decrease in the future non contracted rental income of each aircraft; and
- 10% increase/decrease in the residual value of aircraft at the end of its useful life.

None of the above movements in risk variables would have led to a material impact on the impairment charge for the year ended 31 December 2020.

10 PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Plant, machinery, equipment and vehicles include a refinery plant in Jebel Ali, Dubai constructed by a subsidiary of the Group on land leased for a period of 15 years, expiring on 31 January 2026, with an option to renew.

Based on the market conditions and changes in the business environment, an impairment assessment of the Jebel Ali refinery plant was carried out. The recoverable amount of the Jebel Ali refinery plant was computed based on its value-in-use, determined by discounting the future cash flows to be generated from the continuing use of the refinery plant.

The key assumptions used in the estimation of the recoverable amount are as follows:

Production in barrels – until 2022	133,000 bopd
Production in barrels – 2023 and beyond	199,504 bopd

The cash flow projections included specific estimates for seven years. The forecast period was extended further using normalised cost and income assumptions without factoring any inflation until the end of the useful life of the refinery plant. The first seven years of projections were discounted using the nominal discount rate and the extended years' cash flow were discounted using a real discount rate (nominal minus the long term inflation).

Based on this assessment, the Group did not record any impairment loss in the current year as the recoverable amount is higher than the carrying value as at the reporting date.

(f) The aircraft, aircraft engines and parts include aircraft and related assets of Emirates. As a result of the adverse impact of COVID-19, and in accordance with the requirements of IAS 36, Emirates carried out an impairment assessment of its airline network using a value-in-use model. Some of the key assumptions used include:

- an anticipated gradual recovery of airline operations to 90% of pre-COVID-19 revenues by the twelve months period ending 31 March 2024;
- with the exception of terminal growth of 1.5%, 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 adjusted expected volumes;
- other operating expenses have been adjusted to be in-line with expected operational capacity and known cost savings;
- capital expenditure is in-line with management's best estimate of aircraft replacement timing at contracted values; and
- a pre-tax discount rate of 7.5%.

No impairment charge was recognised in respect of the airline CGU during the year. Reasonably possible changes in the significant judgements disclosed above were considered in performing the impairment test. The most material impact on the determination of the cash flows for the CGU relates to periods after March 2024 and whilst the earlier years impact the overall cash flows of the CGU, any reasonably possible changes to the cash flows of the earlier years do not materially impact the surplus identified.

(g) The impairment charge for the year ended 31 December 2020 includes AED 1,887,256 thousand relating to certain hospitality assets. The recoverable amount was determined based on the fair value less cost to sell using income approach. The significant assumptions used for the valuation are discount rate, hotel average daily rates, growth rate, occupancy rate and the estimated costs to complete. The discount rate used in the model was 10.3%. A reasonably possible change in any of these key assumptions will not result in a significant increase in the impairment charge.

(h) During the prior year, one of Group's subsidiaries completed the acquisition of working interests in certain producing and exploration concessions in the area of Gulf of Suez, Egypt. The acquisition cost of the working interests amounted to USD 594.2 million (AED 2,183.7 million) and was recognised under 'oil and gas interests' as an addition during the prior year.

11 RIGHT-OF-USE ASSETS

31 December 2020

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Total AED'000*
Balance at 1 January 2020	**9,892,683**	**93,303**	**422,919**	**707,808**	**50,935,375**	**62,052,088**
Additions	**2,627,488**	**12,639**	**174,361**	**771,114**	**-**	**3,585,602**
Arising on business combination / transfer of a subsidiary by the Government	**142,310**	**-**	**193**	**-**	**-**	**142,503**
Depreciation charge (see note 8)	**(2,087,060)**	**(23,008)**	**(260,663)**	**(461,933)***	**(7,864,263)**	**(10,696,927)**
Remeasurements	**(462,897)**	**(10,386)**	**11,763**	**-**	**(1,071,302)**	**(1,532,822)**
Disposals	**(98,204)**	**(7,993)**	**(47,123)**	**-**	**-**	**(153,320)**
Translation differences	**154,433**	**2,829**	**10,213**	**2**	**-**	**167,477**
Balance at 31 December 2020	**10,168,753**	**67,384**	**311,663**	**1,016,991**	**41,999,810**	**53,564,601**

31 December 2019

	Land, buildings and leasehold improvements AED'000	*Furniture, fixtures and office equipment AED'000*	*Plant, machinery, equipment and vehicles AED'000*	*Oil and gas interests AED'000*	*Aircraft, aircraft engines and parts AED'000*	*Total AED'000*
Impact on adoption of IFRS 16	9,817,698	205,910	391,126	940,164	59,566,325	70,921,223
Additions	1,688,708	15,743	219,429	91,331	283,532	2,298,743
Arising on business combination	399,642	-	-	-	-	399,642
Depreciation charge (see note 8)	(1,783,059)	(24,962)	(239,393)	(323,687)*	(8,523,113)	(10,894,214)
Remeasurements	(201,043)	58	85,301	-	(391,369)	(507,053)
Disposals	(32,820)	(103,587)	(31,875)	-	-	(168,282)
Translation differences	3,557	141	(1,669)	-	-	2,029
Balance at 31 December 2019	9,892,683	93,303	422,919	707,808	50,935,375	62,052,088

* This includes depreciation charge of AED 329,167 thousand (2019: AED 240,243 thousand), which is recognised as an addition to the cost of 'oil and gas interests' within 'property, plant and equipment' during the year, as it is eligible for capitalisation. Accordingly, such amount is not included as an expense for the year in the consolidated income statement.

12 INTANGIBLE ASSETS

	Licences and exclusive rights AED'000	*Goodwill AED'000*	*Customer relationships and order backlog AED'000*	*Computer software AED'000*	*Service rights AED'000*	*Brands, trade names and contractual rights AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2020	11,637,130	13,285,625	1,459,095	3,081,801	2,282,270	5,352,441	631,329	37,729,691
Additions	-	-	8,570	219,797	310,122	712,422	235,097	1,486,008
Arising on business combination / transfer of a subsidiary by the Government	-	139,009	115,293	237,437	-	152,261	6,962	650,962
Disposals	(129)	-	-	(158,991)	(190,016)	(810)	-	(349,946)
Write-off	-	(198)	-	(121,754)	-	-	(129)	(122,081)
Other transfers	-	-	-	678,984	-	-	(678,984)	-
Translation differences	7,290	121,137	(12,985)	25,305	(27,713)	(18,563)	1,173	95,644
As at 31 December 2020	**11,644,291**	**13,545,573**	**1,569,973**	**3,962,579**	**2,374,663**	**6,197,751**	**195,448**	**39,490,278**
Accumulated amortisation and impairment:								
Balance at 1 January 2020	3,316,377	251,747	708,120	2,107,634	1,589,528	1,161,083	-	9,134,489
Amortisation charge (see note 8)	64,156	-	228,007	486,346	103,289	324,494	-	1,206,292
Impairment charge*	-	732,256	77,384	129,996	187,366	3,082	-	1,130,084
Arising on business combination / transfer of a subsidiary by the Government	-	5,360	-	136,091	-	24,902	-	166,353
Related to disposals	-	-	-	(134,810)	-	(1,240)	-	(136,050)
Related to write-off	-	(198)	-	(121,754)	-	-	-	(121,952)
Translation differences	3,477	50,190	(4,100)	15,895	(21,172)	48,736	-	93,026
As at 31 December 2020	**3,384,010**	**1,039,355**	**1,009,411**	**2,619,398**	**1,859,011**	**1,561,057**	**-**	**11,472,242**
Net book value:								
As at 31 December 2020	**8,260,281**	**12,506,218**	**560,562**	**1,343,181**	**515,652**	**4,636,694**	**195,448**	**28,018,036**

* The impairment charge mainly arises from the airport operations, inflight catering and travel services CGUs of one of the Group's subsidiaries (see note 12(c)).

12 INTANGIBLE ASSETS (continued)

	Licences and exclusive rights AED'000	*Goodwill AED'000*	*Customer relationships and order backlog AED'000*	*Computer software AED'000*	*Service rights AED'000*	*Brands, trade names and contractual rights AED'000*	*Capital work-in-progress AED'000*	*Total AED'000*
Cost:								
Balance at 1 January 2019	11,611,455	13,233,709	1,130,040	2,721,700	1,728,078	2,872,313	511,627	33,808,922
Additions	129	-	34,475	169,713	427,226	2,113,103	313,008	3,057,654
Arising on business combination	-	63,250	376,096	396	277,088	375,431	-	1,092,261
Disposals	-	-	(50)	(10,260)	(132,263)	-	-	(142,573)
Write-off	-	-	(58,822)	-	-	-	(2,530)	(61,352)
Other transfers	-	-	-	191,427	-	-	(191,427)	-
Translation differences	25,546	(11,334)	(22,644)	8,825	(17,859)	(8,406)	651	(25,221)
Balance at 31 December 2019	11,637,130	13,285,625	1,459,095	3,081,801	2,282,270	5,352,441	631,329	37,729,691
Accumulated amortisation and impairment:								
Balance at 1 January 2019	2,928,616	244,868	615,643	1,753,488	935,584	898,144	-	7,376,343
Amortisation charge (see note 8)	383,425	-	148,914	362,045	45,139	219,024	-	1,158,547
Impairment charge**	-	2,028	-	40	609,418	28,727	-	640,213
Related to disposals	-	-	-	(7,792)	-	(577)	-	(8,369)
Related to write-off	-	-	(58,822)	-	-	-	-	(58,822)
Translation differences	4,336	4,851	2,385	(147)	(613)	15,765	-	26,577
Balance at 31 December 2019	3,316,377	251,747	708,120	2,107,634	1,589,528	1,161,083	-	9,134,489
Net book value:								
Balance at 31 December 2019	8,320,753	13,033,878	750,975	974,167	692,742	4,191,358	631,329	28,595,202

** The impairment charge mainly relates to certain exploration and evaluation assets of one of the Group's subsidiaries.

12 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets
A significant proportion of goodwill and other intangible assets with indefinite useful lives as at 31 December 2020 relates to Emirates NBD PJSC, Emirates, dnata, Borse Dubai Limited, Dubai Duty Free, Smartstream Technologies Holding Investments Limited and Binaa Dubai LLC. The significant assumptions used by management in carrying out the impairment testing of these assets are as follows:

(a) Emirates NBD PJSC

The goodwill arising on business combinations is reviewed annually for impairment by comparing the recoverable amount of the CGUs to which goodwill has been allocated, with their carrying value.

The goodwill has been allocated to the following four CGUs:

- Corporate and Institutional banking
- Retail banking and Wealth Management
- Global Markets and Treasury
- Emirates NBD Egypt S.A.E

Key assumptions used in the impairment test of goodwill
The recoverable amount of the CGUs has been determined based on a value-in-use calculation, using cash flow projections covering a five-year period and applying a terminal growth rate thereafter. The forecasted cash flows have been discounted using the WACC in the jurisdiction where the CGUs operate (5.22% for UAE and 19.33% for Egypt).

The calculation of the value-in-use in the CGUs is most sensitive to the following assumptions:

- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local Gross Domestic Product (“GDP”); and
- Local inflation rates.

Interest margins
Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates
Discount rates reflect management’s estimate of the return on capital employed (“ROCE”) required in each business. This is the benchmark used by management to assess operating performance and evaluate future investment proposals. Discount rates are calculated by using the relevant WACC.

Projected growth rate, GDP and local inflation rates
Assumptions are based on published industry research.

The goodwill allocated to the CGUs or group of CGUs is mainly as follows:

	Goodwill (AED million)	
CGUs	***2020***	*2019*
Corporate and Institutional banking	**3,364**	3,364
Retail banking and Wealth Management	**1,700**	1,700
Global Markets and Treasury	**206**	206

12 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(a) Emirates NBD PJSC (continued)

A one percentage point change in the discount rate or the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

CGUs	*Recoverable amount (AED million)*	*One percentage increase in discount rate (AED million)*	*One percentage decrease in terminal growth rate (AED million)*
Corporate and Institutional banking	**139,366**	**33,278**	**29,406**
Retail banking and Wealth Management	**149,767**	**35,761**	**31,601**
Global Markets and Treasury	**26,412**	**6,242**	**5,516**
Emirates NBD Egypt S.A.E	**2,456**	**143**	**86**

Based on the current impairment assessment, goodwill is not impaired as at 31 December 2020.

(b) Emirates

For the purpose of testing the goodwill for impairment, the recoverable amounts of the CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a three year period, adjusted for Emirates' view of the impact of COVID-19 on the results of the CGUs. Cash flows beyond the three year period have been extrapolated using long-term terminal growth rates. The key assumptions used in the value in-use calculations include a risk adjusted pre-tax discount rate ranging from 6.5% to 9.5% (2019: 12%), gross margins consistent with historical trends and growth rates based on management’s expectations for market development. The long-term terminal growth rates of 1% to 4.5% (2020: 2%) do not exceed the long-term average growth rate for the markets in which the CGUs operate. Any reasonably possible change to the assumptions will not lead to an impairment charge.

The goodwill allocated to the CGUs or group of CGUs are as follows:

CGUs	***Goodwill (AED million)*** ***2020***	*2019*
Catering operations	**369**	369
Consumer goods	**212**	212
Food and beverage	**150**	28
	731	609

(c) dnata

For the purpose of testing the goodwill for impairment, the recoverable amounts of the CGUs or group of CGUs have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a period of three-years, adjusted for dnata's view of the impact of the COVID-19 outbreak on the results of the CGUs. Cash flows beyond such period have been extrapolated using the long-term terminal growth rates. The key assumptions used in the value-in-use calculations include a risk adjusted pre-tax discount rate in a range of 7% to 16% (2019: 7% to 16%), gross margins consistent with historical trends and growth rates based on management's expectations for market development. The long-term terminal growth rates of 1.5% to 3% (2019: 1.5% to 3%) do not exceed the long-term average growth rate for the markets in which the CGUs or group of CGUs operate.

12 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(c) dnata (continued)

The goodwill allocated to CGUs or group of CGUs are as follows:

	Goodwill (AED million)	
CGUs	***2020***	*2019*
Airport operations	**618**	806
In-flight catering	**475**	582
Travel services	**333**	659
Others	**97**	142
	1,523	2,189

The recoverable value of CGUs or group of CGUs would not fall materially below their carrying amount with a 1% reduction in the terminal growth rate or a 1% increase in the discount rate.

(d) Dubai Duty Free ("DDF")

Licenses and exclusive rights include AED 5,936 million (2019: AED 5,936 million) of exclusivity rights acquired by DDF from Dubai Aviation City Corporation relating to operations of retail duty free shops and sale of goods exempt from duty at the airports in Dubai. The impairment testing on this exclusivity rights is based on a value-in-use model. The key assumptions used to determine the values are as follows:

Years of forecast	10 years
Forecasted annual sales growth (year 1 to 3)	36.1%
Forecasted annual sales growth (year 4 to 10)	2.5%
Years beyond forecast period	Perpetuity

The discount rate has been computed by adjusting the WACC to include the effect specific risk to DDF. Management considers that the sales growth assumed in the impairment testing is highly critical. However, an unfavourable change of approximately 10% in any key assumption (including sales growth and the discount rate used) would not impact the results of impairment testing carried by the management. Management is confident that based on its assessment, the recoverable value of the exclusivity rights exceeds its carrying value. Accordingly, no impairment charge has been recorded against it.

(e) Borse Dubai Limited ("Borse Dubai")

The goodwill relating to Borse Dubai has a carrying value of AED 2,883 million (2019: AED 2,883 million). Management allocates the entire goodwill to Dubai Financial Market PJSC ("DFM"), a subsidiary of Borse Dubai.

For the purpose of testing the goodwill for impairment, the recoverable amount of the CGU was assessed using both a value-in-use model and the fair value less cost to sell; the exercise concluded that the latter was higher than the value-in-use (2019: fair value less cost to sell was higher than the value-in-use).

To arrive at the fair value less costs to sell for the CGU to which goodwill is allocated, management used the closing quoted market price as at 31 December 2020 of AED 0.93/share (2019: volume weighted 3 month average quoted market price and closing quoted market price) and a control premium (net of costs to sell) of 15% (2019: 15%) to calculate the recoverable amount. Based on the results of this analysis, no impairment was required for the year ended 31 December 2020.

Management identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount as at 31 December 2020.

	Percentage change
Closing quoted market price as at 31 December 2020	8.6%
Control premium - net of cost to sell	66.7%

12 INTANGIBLE ASSETS (continued)

Impairment test on goodwill and other intangible assets (continued)

(f) Smartstream Technologies Holding Investments Limited ("SSTHIL")

The goodwill relating to SSTHIL (the parent of D-Clear Europe Limited) has a carrying value of AED 606 million (2019: AED 593 million). Management allocates the goodwill mainly to Smartstream Technologies Group Limited, an indirect subsidiary of SSTHIL.

For the purpose of testing the goodwill for impairment, the recoverable amount of the CGU has been determined on the basis of a value-in-use calculation using cash flow forecasts approved by management covering a period up to December 2024 (2019: December 2023). Cash flows beyond such period have been extrapolated using a terminal growth rate of 2% per annum (2019: 2% per annum). The key assumptions used in the value-in-use calculation also include a pre-tax discount rate of 10.2% per annum (2019: 10.2% per annum). Based on the results of this analysis, management concluded that no impairment was required for the year ended 31 December 2020.

The recoverable value of the CGU would not fall below the carrying amount if the terminal growth rate is reduced to 0.5% or the discount rate increased by 1%.

(g) Binaa Dubai LLC

The goodwill relating to Binaa Dubai LLC has a carrying value of AED 651 million (2019: AED 648 million). Management allocates the entire goodwill mainly to ALEC Engineering & Contracting LLC ("ALEC"), a subsidiary of Binaa Dubai LLC. The recoverable amount of the ALEC goodwill is determined on the basis of a fair value less costs of disposal calculation using relevant observable market multiples derived from comparable businesses. Based on the results of this analysis, management concluded that no impairment was required for the year ended 31 December 2020.

13 INVESTMENT PROPERTIES

	2020 *AED'000*	2019 *AED'000*
Cost:		
Balance at 1 January	**28,240,195**	23,967,209
Impact on adoption of IFRS 16	**-**	78,710
Restated balance at 1 January	**28,240,195**	24,045,919
Additions	**3,223,684**	4,144,600
Arising on business combination / transfer of a subsidiary by the Government	**1,927,848**	135,444
Transfers to property, plant and equipment (see note 10)	**(442,415)**	(96,033)
Transfers from development properties (see note 14)	**56,060**	81,920
Transfers from inventories	**-**	5,422
Disposals	**(83,128)**	(59,710)
Write-off	**-**	(12,082)
Translation difference	**(1,968)**	(5,285)
Balance at 31 December	**32,920,276**	28,240,195
Accumulated depreciation and impairment:		
Balance at 1 January	**4,743,208**	4,187,135
Impact on adoption of IFRS 16	**-**	10,528
Restated balance at 1 January	**4,743,208**	4,197,663
Depreciation charge (see note 8)	**303,918**	270,298
Impairment charge*	**2,101,751**	279,858
Arising on transfer of a subsidiary by the Government	**126,245**	-
Transfers from / (to) property, plant and equipment (see note 10)	**10,220**	(1,595)
Related to disposals	**(17,934)**	(3,174)
Translation difference	**(4,299)**	158
Balance at 31 December	**7,263,109**	4,743,208
Net book value:		
Balance at 31 December	**25,657,167**	23,496,987

* The impairment charge for the year ended 31 December 2020 includes AED 1,494,001 thousand relating to certain real estate assets. The recoverable amount was determined based on the fair value less cost to sell using income approach. The significant assumptions used for the valuation are discount rate, rental growth, occupancy rate and the estimated costs to complete. The discount rate used in the model was 10.3%. Any significant movement in the assumptions used in the valuation would result in a significantly lower or higher impairment charge.

At the year-end, the fair value of investment properties has been determined internally by management or through third party valuations. The fair value measurement of investment properties has been categorised as a level 3 fair value based on the valuation techniques inputs used. Any significant movement in the assumptions used for these fair valuations such as discount rates, yield, rental growth and vacancy rate, is expected to result in a significantly lower or higher fair value of those assets.

Investment properties with a carrying value of AED 25,052,429 thousand (2019: AED 22,894,080 thousand) has a fair value of AED 33,253,895 thousand (2019: AED 32,524,810 thousand). The balance represents investment properties for which the fair value cannot be determined reliably, as key valuation inputs can often be subjective and may not be supported by third party comparable transactions.

Investment properties include right-of-use assets with a carrying value of AED 75,218 thousand as at 31 December 2020 (2019: AED 79,057 thousand).

14 DEVELOPMENT PROPERTIES

	2020 AED'000	*2019 AED'000*
Cost:		
Balance at 1 January	**3,577,772**	2,578,646
Additions	**808,199**	1,014,538
Transfers (to) / from property, plant and equipment (see note 10)	**(1,776,488)**	70,973
Transfers to investment properties (see note 13)	**(56,060)**	(81,920)
Transfer to cost of sales	**(360)**	(4,465)
Balance at 31 December	**2,553,063**	3,577,772
Accumulated impairment:		
Balance at 1 January	**42,166**	42,119
Impairment charge	**186,752**	47
Balance at 31 December	**228,918**	42,166
Net book value:		
Balance at 31 December	**2,324,145**	3,535,606

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2020 AED'000	*2019 AED'000*
Investments in associates	**33,939,775**	32,914,908
Investments in joint ventures	**20,459,911**	20,336,002
	54,399,686	53,250,910

The movement in investments in associates and joint ventures during the year is as follows:

	2020 AED'000	*2019 AED'000*
Balance at 1 January	**53,250,910**	52,993,913
Impact on adoption of IFRS 16	**-**	(36,561)
Restated balance at 1 January	**53,250,910**	52,957,352
Investments made	**618,598**	593,269
Share of results of associates and joint ventures - net	**2,396,090**	3,825,721
Dividends received	**(1,628,087)**	(2,280,617)
Arising on business combination / transfer of a subsidiary by the Government	**1,633**	17,023
Change in ownership - net (see note 15(a))	**272,321**	-
Transfer to investment securities (see note 15(b))	**-**	(321,999)
Disposals (see note 15(b))	**(6,096)**	(1,118,644)
Conversion of joint ventures to subsidiaries	**30,167**	(38,774)
Amounts recognised directly in equity – net:		
- Other comprehensive income		
Translation difference	**209,782**	(73,669)
Cumulative changes in fair value	**(313,146)**	(204,830)
Actuarial gain on defined benefit plans	**(2,279)**	1,602
- Others	**(414,361)**	(105,524)
Impairment charge	**(15,846)**	-
Balance at 31 December	**54,399,686**	53,250,910

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(a) During the current year, 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 resultant gain is recognised as 'other income' in the consolidated income statement.

Subsequent to the year-end, the Group received additional DIB shares as a distribution from another associate of the Group, resulting in an increase in the Group's shareholding in DIB to 27.97%.

(b) During the prior year, the Group disposed of 39.1% of its shareholding in Network International Holdings Plc, then a jointly controlled entity, for a net consideration of AED 4,222 million in two tranches. This compared to a carrying value of AED 1,076 million resulted in a gain on disposal of AED 3,146 million, which was recognised as 'other income' during the prior year. Upon completion of these transactions, the Group no longer held significant influence, thereby discontinued equity accounting. The retained interest in Network International Holdings Plc was classified as investment security measured at FVOCI. The fair value gain on measurement of the retained interest was AED 1,243 million; it was recognised as 'other income' in the consolidated income statement during the prior year.

(c) The Group's investments in associates and joint ventures have been tested for impairment. Based on this assessment, an impairment charge of AED 15,846 thousand was recorded for the year ended 31 December 2020 (2019: AED Nil).

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture:

Emaar Properties PJSC

	2020 AED'000	*2019 AED'000*
Statement of financial position		
Total assets	**116,435,604**	116,870,404
The assets mainly include:		
Bank balances and cash	6,270,731	6,795,737
Trade and unbilled receivables	12,165,577	10,465,030
Other assets, receivables, deposits and prepayments	15,969,870	15,459,265
Development properties	38,532,763	40,319,940
Property, plant and equipment	10,278,470	10,900,437
Investment properties	22,318,549	21,905,268
Total liabilities	**50,519,209**	53,420,981
The liabilities mainly include:		
Trade and other payables	17,607,042	16,919,196
Advances from customers	8,592,009	10,147,032
Interest-bearing loans, borrowings and sukuk	21,360,803	23,101,901
Net assets	**65,916,395**	63,449,423
Group's share of net assets	**15,605,105**	14,892,228

Statement of comprehensive income

	2020 AED'000	*2019 AED'000*
Revenue	**19,710,456**	24,585,931
Profit for the year attributable to the equity holders	2,616,999	6,200,029
Other comprehensive income for the year attributable to the equity holders	(48,386)	348,627
Total comprehensive income for the year	**2,568,613**	6,548,656
Group's share of total comprehensive income for the year	**706,253**	1,800,585
Dividend paid to the Group during the year	**-**	295,291

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Dubai Islamic Bank PJSC

	2020	*2019*
	AED'000	*AED'000*
Statement of financial position		
Non-current assets	198,138,741	156,471,307
Current assets	91,150,627	75,057,242
Total assets	**289,289,368**	231,528,549
Non-current liabilities	(54,230,465)	(44,547,061)
Current liabilities	(192,195,613)	(152,516,502)
Total liabilities	**(246,426,078)**	(197,063,563)
Net assets	**42,863,290**	34,464,986
Group's share of net assets	**7,317,079**	7,239,460

Statement of comprehensive income	***2020***	*2019*
	AED'000	*AED'000*
Revenue	**12,015,967**	12,205,751
Profit for the year attributable to the equity holders	2,754,013	4,555,279
Other comprehensive income for the year attributable to the equity holders	(392,611)	(454,371)
Total comprehensive income for the year	**2,361,402**	4,100,908
Group's share of total comprehensive income for the year	**609,714**	1,163,360
Dividend paid to the Group during the year	**654,275**	654,275

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Nasdaq Inc.

	2020 ***AED'000***	*2019* *AED'000*
Statement of financial position		
Non-current assets	38,830,050	36,312,675
Current assets	27,999,821	15,618,750
Total assets	**66,829,871**	51,931,425
Non-current liabilities	(24,302,775)	(14,891,100)
Current liabilities	(17,731,875)	(15,174,075)
Total liabilities	**(42,034,650)**	(30,065,175)
Net assets	**24,795,221**	21,866,250
Group's share of net assets	**4,478,017**	3,943,275

The difference between the carrying value of the Group's investment and the Group's share of net assets of this associate predominantly relates to goodwill and intangible assets included in the carrying value.

Statement of comprehensive income

	2020 ***AED'000***	*2019* *AED'000*
Revenue	**10,668,525**	9,305,100
Profit for the year attributable to the equity holders	3,428,775	2,851,800
Other comprehensive income for the year attributable to the equity holders	1,168,650	(573,300)
Total comprehensive income for the year	**4,597,425**	2,278,500
Group's share of total comprehensive Income for the year	**733,409**	317,035
Dividend paid to the Group during the year	**212,316**	202,467

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(d) The following table summarises the financial information of the Group's material associates and a material joint venture (continued):

Emirates Global Aluminium PJSC

	2020 ***AED'000***	*2019* *AED'000*
Statement of financial position		
Non-current assets	54,403,714	55,544,176
Current assets	10,410,558	9,368,573
Total assets	**64,814,272**	64,912,749
Non-current liabilities	(26,842,533)	(28,874,764)
Current liabilities	(7,126,295)	(5,413,529)
Total liabilities	**(33,968,828)**	(34,288,293)
Net assets	**30,845,444**	30,624,456
Group's share of net assets	**15,422,722**	15,312,228

There is no significant difference between the carrying value of the Group's investment and the Group's share of net assets of the joint venture.

Statement of comprehensive income

	2020 ***AED'000***	*2019* *AED'000*
Revenue	**18,714,598**	20,498,579
Profit for the year attributable to the equity holders	445,311	(805,500)
Other comprehensive income for the year attributable to the equity holders	(224,315)	(88,127)
Total comprehensive income for the year	**220,996**	(893,627)
Group's share of total comprehensive income for the year	**110,498**	(446,814)
Dividend paid to the Group during the year	**-**	550,980

(e) The following table summarises the Group's share of results in individually immaterial associates and joint ventures for the year:

	2020 ***AED'000***	*2019* *AED'000*
Profit for the year	**220,392**	811,040
Other comprehensive income for the year	**(89,819)**	(96,382)
Group's share of total comprehensive income for the year	**130,573**	714,658
Carrying amount of the Group's interest	**8,626,031**	8,963,033

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

(f) The carrying value and market value, as at 31 December, of the Group's interest held in various associates whose shares are listed, are as follows:

	Carrying value		*Market value*	
	2020 AED'000	*2019 AED'000*	***2020 AED'000***	*2019 AED'000*
Emaar Properties PJSC	**15,605,105**	14,892,228	**6,949,178**	7,913,795
Dubai Islamic Bank PJSC	**7,317,079**	7,239,460	**8,617,731**	10,300,152
Commercial Bank of Dubai PSC	**2,142,259**	2,035,586	**2,208,554**	2,242,187
Nasdaq Inc.	**6,456,541**	5,871,753	**14,516,250**	11,723,250

The Group has performed an internal assessment on its investment in one of the above mentioned associates in line with the requirements of IFRS. Based on this assessment, it has been concluded that the recoverable value exceeds the carrying value of the associate as at the reporting date. A reasonably possible change in any of the key assumptions does not lead to a material adjustment to the carrying value of the investment.

16 INVESTMENT SECURITIES

	2020 AED'000	*2019 AED'000*
Measured at FVOCI		
Equities	**3,294,296**	3,998,353
Sovereign bonds	**11,879,953**	9,742,646
Corporate bonds	**5,341,853**	3,450,013
Others	**626,953**	750,741
	21,143,055	17,941,753
Measured at FVTPL		
Equities	**3,446,386**	2,626,417
Sovereign bonds	**4,136,352**	2,218,276
Corporate bonds	**4,008,913**	3,972,769
Others	**1,948,737**	801,179
	13,540,388	9,618,641
Measured at amortised cost		
Sovereign bonds	**46,716,120**	33,364,443
Corporate bonds	**4,797,374**	4,700,413
Others	**25,764**	9,412
	51,539,258	38,074,268
Total investment securities	**86,222,701**	65,634,662
Disclosed as follows:		
Non-current assets	**64,882,820**	47,271,737
Current assets	**21,339,881**	18,362,925
	86,222,701	65,634,662

16 INVESTMENT SECURITIES (continued)

Certain investment securities held by the Bank with a carrying value of AED 184 million were collateralised for the purpose of obtaining AED 184 million of Zero Cost Funding from the Central Bank (under its TESS program) presented under 'borrowings and lease liabilities' in the consolidated statement of financial position.

As at year-end, investment securities and derivative financial instruments measured at fair value are categorised as follows:

31 December 2020

	Total AED'000	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***
Measured at FVOCI	**21,143,055**	**20,397,653**	**734,147**	**11,255**
Measured at FVTPL	**13,540,388**	**10,221,252**	**1,249,574**	**2,069,562**
Derivative financial instruments - net (see note 29)	**1,119,335**	**(139,679)**	**1,276,732**	**(17,718)**
	35,802,778	**30,479,226**	**3,260,453**	**2,063,099**

31 December 2019

	Total AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
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 (see note 29)	1,796,183	(293,096)	2,094,012	(4,733)
	29,356,577	24,446,216	2,938,020	1,972,341

During the current and prior year, there were no transfers 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:

	2020 AED'000	*2019 AED'000*
Balance at 1 January	**1,972,341**	2,332,251
Investments made during the year	**892,532**	395,719
Settlements / disposals of investment during the year	**(231,226)**	(576,227)
Net fair value movement during the year:		
- in income statement	**(498,848)**	(83,807)
- in other comprehensive income	**(71,700)**	(95,595)
Balance at 31 December	**2,063,099**	1,972,341

The table below shows the classification of investment securities (excluding equity instruments) as per their external ratings:

31 December 2020

	Measured at FVTPL AED'000	***Measured at FVOCI AED'000***	***Measured at amortised cost AED'000***	***Total AED'000***
Ratings				
AAA	**294,245**	**48,185**	**4,092,770**	**4,435,200**
AA- to AA+	**2,081,644**	**1,537,340**	**14,748,444**	**18,367,428**
A- to A+	**1,463,008**	**3,884,041**	**17,590,824**	**22,937,873**
Lower than A-	**3,218,513**	**11,414,056**	**8,455,979**	**23,088,548**
Unrated	**3,036,592**	**965,137**	**6,651,241**	**10,652,970**
Total	**10,094,002**	**17,848,759**	**51,539,258**	**79,482,019**

16 INVESTMENT SECURITIES (continued)

31 December 2019

	Measured at FVTPL AED'000	*Measured at FVOCI AED'000*	*Measured at amortised cost AED'000*	*Total AED'000*
Ratings				
AAA	127,154	-	7,560,300	7,687,454
AA- to AA+	1,659,174	1,741,937	11,289,376	14,690,487
A- to A+	1,438,240	1,904,151	7,258,288	10,600,679
Lower than A-	2,337,244	8,915,188	8,932,342	20,184,774
Unrated	1,430,412	1,382,124	3,033,962	5,846,498
Total	6,992,224	13,943,400	38,074,268	59,009,892

The allowance for impairment on investment securities as at 31 December 2020 amounts to AED 87,757 thousand (2019: AED 34,177 thousand).

17 OTHER NON-CURRENT ASSETS

	2020 AED'000	*2019 AED'000*
Loans to and receivables from Government, MOF and other related parties (see notes 17.1 and 36(b)) (non-banking operations)	**4,164,995**	4,160,844
Loans to and receivables from associates and joint ventures (see note 36(b)) (non-banking operations)	**48,218**	273,716
Other loan receivable (non-banking operations)	**456,192**	124,072
Lease acquisition cost and finance lease receivables	**1,386,029**	1,472,359
Long term retentions	**285,738**	304,162
Other receivables	**1,362,635**	1,278,360
	7,703,807	7,613,513
Less: Allowance for impairment (see note 17.2)	**(145,091)**	(73,501)
	7,558,716	7,540,012

17.1 A subsidiary of the Group was required historically to provide retail gasoline at a fixed price in the UAE. During the year 2015, the UAE Ministry of Energy announced a new pricing policy linked to global oil prices. Since 1 August 2015, the prices of retail gasoline and diesel are set based on the average of international fuel price trackers and an addition of a margin for distribution companies.

Included in the amounts receivable from the Government, MOF and other related parties is an amount of AED 4,130,553 thousand (2019: AED 4,130,553 thousand) due from the Government representing a receivable in respect of such cost overruns.

The outstanding receivable is subject to interest at the rate of EIBOR plus margin.

17.2 Movements in allowance for impairment during the year are as follows:

	2020 AED'000	*2019 AED'000*
Balance at 1 January	**73,501**	58,220
Allowance for impairment made – net of recoveries (see note 4)	**59,250**	15,127
Amounts written-off	**(8,644)**	(5,571)
Translation differences - net	**20,984**	5,725
Balance at 31 December	**145,091**	73,501

The majority of other non-current assets as at the reporting date is neither past due nor impaired.

18 INVENTORIES

	2020 AED'000	2019 AED'000
Finished goods / inventory properties	**4,794,401**	6,085,130
Raw materials	**473,194**	1,068,967
Spare parts and consumables	**1,868,348**	1,883,848
Engineering	**457,117**	549,232
Goods in-transit	**779,922**	2,044,475
Consumer goods	**614,209**	732,365
Others	**197,769**	245,237
	9,184,960	12,609,254
Less: Provision for slow moving and obsolete inventories	**(198,560)**	(176,848)
	8,986,400	12,432,406

19 TRADE AND OTHER RECEIVABLES

	2020 AED'000	2019 AED'000
Trade receivables	**16,639,848**	18,927,549
Prepayments and other receivables	**7,996,915**	10,479,844
Amounts receivable from Government, MOF and other related parties (see note 36(b))	**1,497,344**	1,695,809
Accrued interest receivable	**5,101,204**	5,236,307
Contract receivables	**1,538,634**	1,311,936
Amounts receivable from associates and joint ventures (see note 36(b))	**632,208**	1,189,318
Loan receivables (non-banking operations)	**178,315**	229,044
Retention receivables - current portion	**316,526**	378,517
Advance to suppliers	**736,862**	793,389
Lease acquisition costs	**214,061**	209,093
Finance lease receivables	**195,006**	137,022
Gross trade and other receivables	**35,046,923**	40,587,828
Less: Allowance for impairment (see note 19.2)	**(2,050,370)**	(1,568,149)
Net trade and other receivables	**32,996,553**	39,019,679

19.1 The credit quality of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables as at the reporting date is as follows:

31 December 2020

	Neither past due nor credit-impaired	**Past due but not credit-impaired:**		**Past due and credit-impaired**	**Total**
		Past due 1 – 90 days	**Past due 91 – 365 days**		
	AED'000	***AED'000***	***AED'000***	***AED'000***	***AED'000***
Gross carrying value	14,592,192	2,577,373	1,704,271	2,124,045	**20,997,881**
Less: Allowance for impairment	(18,910)	(70,071)	(359,706)	(1,601,683)	**(2,050,370)**
Net carrying value	**14,573,282**	**2,507,302**	**1,344,565**	**522,362**	**18,947,511**

19 TRADE AND OTHER RECEIVABLES (continued)

19.1 The credit quality of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables as at the reporting date is as follows: (continued)

31 December 2019

	Neither past due nor credit-impaired	Past due but not credit-impaired: Past due 1 – 90 days	Past due 91 – 365 days	Past due and credit-impaired	Total
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Gross carrying value	17,677,592	3,004,252	1,607,800	1,579,551	23,869,195
Less: Allowance for impairment	(13,994)	(35,158)	(115,009)	(1,403,988)	(1,568,149)
Net carrying value	17,663,598	2,969,094	1,492,791	175,563	22,301,046

The Group does not have significant credit risk concentration on its trade and other receivables, since they arise from diversified businesses that have a large customer base.

19.2 Movements in allowance for impairment of trade receivables, due from related parties, loan receivables (non-banking operations), retention receivables, contract receivables and finance lease receivables during the year are as follows:

	2020	*2019*
	AED'000	*AED'000*
Balance at 1 January	**1,568,149**	1,542,246
Allowance for impairment made - net of recoveries (see note 4)	**507,410**	204,230
Amounts written-off	**(146,341)**	(143,106)
Arising on business combinations / transfer of a subsidiary by the Government	**57,869**	-
Translation differences	**63,283**	(35,221)
Balance at 31 December	**2,050,370**	1,568,149

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	2020	*2019*
	AED'000	*AED'000*
Murabaha	**38,615,364**	35,642,773
Ijara	**20,263,477**	19,431,136
Wakala	**21,031,138**	19,080,389
Mudaraba	**758,134**	575,968
Istisna'a	**1,291,483**	1,318,526
Credit cards receivable	**1,483,910**	1,491,354
Others	**1,283,944**	1,430,930
Gross Islamic financing and investment products	**84,727,450**	78,971,076
Less: Deferred income	**(1,721,350)**	(1,774,423)
Less: Allowance for impairment (see note 20.2)	**(6,454,897)**	(5,788,475)
Net Islamic financing and investment products	**76,551,203**	71,408,178

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Islamic financing and investment products include AED 955,782 thousand (2019: AED 955,782 thousand) due from Government, MOF and other related parties and AED 18,278,532 thousand (2019: AED 15,718,651 thousand) due from associates and joint ventures (see note 36(b)).

AED 4.6 billion of Corporate Ijara assets (2019: AED 2.3 billion) and AED 0.2 billion of Murabaha assets (2019: AED 1.4 billion) in the Bank were securitised for the purpose of the issuance of Sukuk liability (see note 28(d)).

	2020	*2019*
	AED'000	*AED'000*
Analysis by economic activity:		
Services	**1,500,560**	1,567,880
Personal	**31,650,560**	27,961,213
Construction and real estate	**9,825,039**	9,206,006
Trade	**7,674,079**	8,304,869
Financial institutions and investment companies	**24,135,576**	22,751,713
Transport and communication	**538,598**	268,239
Manufacturing	**2,301,059**	2,342,297
Management of companies and enterprises	**2,614,556**	1,673,373
Others	**4,487,423**	4,895,486
Gross Islamic financing and investment products	**84,727,450**	78,971,076
Less: Deferred income	**(1,721,350)**	(1,774,423)
Less: Allowance for impairment (see note 20.2)	**(6,454,897)**	(5,788,475)
Net Islamic financing and investment products	**76,551,203**	71,408,178
Disclosed as follows:		
Non-current assets	**30,663,807**	28,531,651
Current assets	**45,887,396**	42,876,527
Net Islamic financing and investment products	**76,551,203**	71,408,178

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

20.1 The following table sets out information about the credit quality of Islamic financing and investment products:

31 December 2020

	12-month ECL AED'000	*Lifetime ECL not credit-impaired AED'000*	*Lifetime ECL credit -impaired AED'000*	*Total AED'000*
Gross carrying value:				
Non-banking operations				
Performing	21,973,371	319,548	-	22,292,919
Non-performing	-	-	348,293	348,293
Gross carrying value - Non-banking operations	**21,973,371**	**319,548**	**348,293**	**22,641,212**
Banking operations				
Corporate banking				
Performing	21,762,956	3,237,254	-	25,000,210
Non-performing	-	-	4,888,039	4,888,039
	21,762,956	3,237,254	4,888,039	29,888,249
Retail banking				
Performing	28,901,097	642,878	-	29,543,975
Non-performing	-	-	932,664	932,664
	28,901,097	642,878	932,664	30,476,639
Gross carrying value - Banking operations	**50,664,053**	**3,880,132**	**5,820,703**	**60,364,888**
Total gross carrying value	**72,637,424**	**4,199,680**	**6,168,996**	**83,006,100**
Less: Allowance for impairment (see note 20.2)	**(953,537)**	**(425,869)**	**(5,075,491)**	**(6,454,897)**
Net carrying value	**71,683,887**	**3,773,811**	**1,093,505**	**76,551,203**

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

20.1 The following table sets out information about the credit quality of Islamic financing and investment products: (continued)

31 December 2019

	12-month ECL AED'000	*Lifetime ECL not credit-impaired AED'000*	*Lifetime ECL credit -impaired AED'000*	*Total AED'000*
Gross carrying value:				
Non-banking operations				
Performing	19,445,706	315,220	-	19,760,926
Non-performing	-	-	387,358	387,358
Gross carrying value - Non-banking operations	19,445,706	315,220	387,358	20,148,284
Banking operations				
Corporate banking				
Performing	21,425,564	3,370,960	-	24,796,524
Non-performing	-	-	4,037,665	4,037,665
	21,425,564	3,370,960	4,037,665	28,834,189
Retail banking				
Performing	26,804,371	578,929	-	27,383,300
Non-performing	-	-	830,880	830,880
	26,804,371	578,929	830,880	28,214,180
Gross carrying value - Banking operations	48,229,935	3,949,889	4,868,545	57,048,369
Total gross carrying value	67,675,641	4,265,109	5,255,903	77,196,653
Less: Allowance for impairment (see note 20.2)	(974,507)	(409,830)	(4,404,138)	(5,788,475)
Net carrying value	66,701,134	3,855,279	851,765	71,408,178

20 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

20.2 The following table sets out the movement in the allowance for impairment during the year:

31 December 2020

	12-month ECL AED'000	***Lifetime ECL not credit-impaired AED'000***	***Lifetime ECL credit -impaired AED'000***	***Total AED'000***
Balance at 1 January 2020	974,507	409,830	4,404,138	**5,788,475**
Allowance for impairment made - net of recoveries (see note 4)	(20,939)	16,020	1,572,568	**1,567,649**
Amounts written off	-	-	(854,905)	**(854,905)**
Exchange and other adjustments	(31)	19	(46,310)	**(46,322)**
Balance at 31 December 2020	**953,537**	**425,869**	**5,075,491**	**6,454,897**

31 December 2019

	12-month ECL AED'000	*Lifetime ECL not credit-impaired AED'000*	*Lifetime ECL credit -impaired AED'000*	*Total AED'000*
Balance at 1 January 2019	1,192,430	752,725	3,951,899	5,897,054
Allowance for impairment made - net of recoveries (see note 4)	(172,168)	(342,193)	1,332,836	818,475
Amounts written off	-	-	(860,087)	(860,087)
Exchange and other adjustments	(45,755)	(702)	(20,510)	(66,967)
Balance at 31 December 2019	974,507	409,830	4,404,138	5,788,475

21 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:

	2020 AED'000	*2019 AED'000*
Overdrafts	**147,606,488**	150,166,905
Time loans	**238,906,612**	229,499,795
Loans against trust receipts	**7,915,401**	8,054,202
Bills discounted	**3,594,752**	4,475,928
Credit card receivables	**12,842,426**	12,711,497
Gross loans and receivables	**410,865,679**	404,908,327
Less: Allowance for impairment (see note 21.2)	**(28,845,608)**	(23,790,153)
Net loans and receivables	**382,020,071**	381,118,174
Disclosed as follows:		
Non-current assets	**148,056,954**	136,977,692
Current assets	**233,963,117**	244,140,482
Net loans and receivables	**382,020,071**	381,118,174

21 LOANS AND RECEIVABLES (continued)

Loans and receivables include AED 158,573,871 thousand (2019: AED 161,651,754 thousand) due from the Government, MOF and other related parties. In the prior year, the loans and receivables also included AED 64 thousand due from associates and joint ventures (see note 36(b)).

As at 31 December 2020, AED 918 million of corporate loans and receivables (2019: AED 918 million) have been securitised for the purpose of the issuance of a borrowing under a loan securitisation agreement. The associated liability has been included under 'debt issued and other borrowed funds' (see note 28(a)).

	2020	*2019*
	AED'000	*AED'000*
Analysis by segment:		
Corporate and Institutional banking	**303,739,759**	303,525,962
Retail banking	**78,280,312**	77,592,212
Net loans and receivables	**382,020,071**	381,118,174
Analysis by economic activity:		
Services	**15,366,827**	15,865,073
Personal	**60,076,977**	56,933,847
Sovereign	**160,224,042**	162,760,253
Construction and real estate	**63,964,812**	59,067,966
Manufacturing	**19,483,494**	17,761,078
Trade	**22,744,139**	23,224,225
Transport and communication	**8,397,263**	6,147,502
Hotels and restaurants	**14,026,803**	15,911,904
Management of companies and enterprises	**8,788,924**	13,930,191
Financial institutions and investment companies	**17,400,058**	15,534,634
Agriculture	**8,579,836**	8,127,732
Others	**11,812,504**	9,643,922
Gross loans and receivables	**410,865,679**	404,908,327
Less: Allowance for impairment (see note 21.2)	**(28,845,608)**	(23,790,153)
Net loans and receivables	**382,020,071**	381,118,174

21 LOANS AND RECEIVABLES (continued)

21.1 The following table sets out information about the credit quality of loans and receivables:

31 December 2020

	12-month ECL AED'000	***Lifetime ECL not credit-impaired AED'000***	***Lifetime ECL credit – impaired AED'000***	***Purchased / originated credit-impaired AED'000***	***Total AED'000***
Gross carrying value:					
Corporate banking					
Performing	291,475,028	15,852,185	-	-	307,327,213
Non-performing	-	-	19,647,341	1,212,693	20,860,034
	291,475,028	**15,852,185**	**19,647,341**	**1,212,693**	**328,187,247**
Retail banking					
Performing	72,298,680	7,242,575	-	-	79,541,255
Non-performing	-	-	2,290,988	846,189	3,137,177
	72,298,680	**7,242,575**	**2,290,988**	**846,189**	**82,678,432**
Total gross carrying value	**363,773,708**	**23,094,760**	**21,938,329**	**2,058,882**	**410,865,679**
Less: Allowance for impairment (see note 21.2)	**(3,659,321)**	**(5,271,329)**	**(19,037,235)**	**(877,723)**	**(28,845,608)**
Net carrying value	**360,114,387**	**17,823,431**	**2,901,094**	**1,181,159**	**382,020,071**

31 December 2019

	12-month ECL AED'000	*Lifetime ECL not credit-impaired AED'000*	*Lifetime ECL credit – impaired AED'000*	*Purchased / originated credit-impaired AED'000*	*Total AED'000*
Gross carrying value:					
Corporate banking					
Performing	293,498,853	12,129,418	-	-	305,628,271
Non-performing	-	-	16,611,817	1,490,850	18,102,667
	293,498,853	12,129,418	16,611,817	1,490,850	323,730,938
Retail banking					
Performing	69,923,048	8,201,100	-	-	78,124,148
Non-performing	-	-	1,496,278	1,556,963	3,053,241
	69,923,048	8,201,100	1,496,278	1,556,963	81,177,389
Total gross carrying value	363,421,901	20,330,518	18,108,095	3,047,813	404,908,327
Less: Allowance for impairment (see note 21.2)	(3,701,749)	(3,221,584)	(16,717,467)	(149,353)	(23,790,153)
Net carrying value	359,720,152	17,108,934	1,390,628	2,898,460	381,118,174

21 LOANS AND RECEIVABLES (continued)

21.2 The following table sets out the movement in the allowance for impairment during the year:

31 December 2020

	12-month ECL AED'000	***Lifetime ECL not credit-impaired AED'000***	***Lifetime ECL credit – impaired AED'000***	***Purchased / originated credit-impaired AED'000***	***Total AED'000***
Balance at 1 January 2020	3,701,749	3,221,584	16,717,467	149,353	**23,790,153**
Allowance for impairment made - net of recoveries (see note 4)	(63,901)	1,742,389	3,932,761	701,993	**6,313,242**
Amounts written off	-	-	(1,241,754)	-	**(1,241,754)**
Exchange and other adjustments	21,473	307,356	(371,239)	26,377	**(16,033)**
Balance at 31 December 2020	**3,659,321**	**5,271,329**	**19,037,235**	**877,723**	**28,845,608**

31 December 2019

	12-month ECL AED'000	*Lifetime ECL not credit-impaired AED'000*	*Lifetime ECL credit – impaired AED'000*	*Purchased / originated credit-impaired AED'000*	*Total AED'000*
Balance at 1 January 2019	3,928,737	1,639,483	15,548,805	-	21,117,025
Allowance for impairment made - net of recoveries (see note 4)	66,397	1,797,281	2,319,442	149,353	4,332,473
Amounts written off	-	-	(1,145,807)	-	(1,145,807)
Exchange and other adjustments	(293,385)	(215,180)	(4,973)	-	(513,538)
Balance at 31 December 2019	3,701,749	3,221,584	16,717,467	149,353	23,790,153

The contractual amount outstanding on loans and receivables which were written off during the year, and are still subject to enforcement activity amounted to AED 1,242 million (2019: AED 1,146 million).

22 CASH AND DEPOSITS WITH BANKS

	2020 *AED'000*	*2019* *AED'000*
Banking operations		
Cash and deposits with Central Banks (as defined below)		
Cash	**4,488,333**	4,461,421
Interest bearing placements with Central Banks	**218,096**	7,646
Murabahas and interest bearing certificates of deposits with Central Banks	**53,195,536**	54,913,791
Statutory and other deposits with Central Banks	**42,942,928**	49,976,924
Less: Allowance for impairment	**(2,997)**	(2,835)
Total (A)	**100,841,896**	109,356,947
Due from other banks		
Overnight, call and short notice	**4,641,103**	6,330,724
Time loans	**30,477,139**	33,921,023
Less: Allowance for impairment	**(120,562)**	(84,206)
Total (B)	**34,997,680**	40,167,541
Total (C = A+B)	**135,839,576**	149,524,488
Non-banking operations		
Cash at banks and in hand	**7,174,438**	6,659,314
Short-term deposits	**12,607,325**	17,643,467
Placements with banks and other financial institutions	**1,942,796**	1,791,059
Less: Allowance for impairment	**(125)**	(207)
Total (D)	**21,724,434**	26,093,633
Total (C+D)	**157,564,010**	175,618,121
Disclosed as follows:		
Non-current assets	**2,812,147**	5,271,928
Current assets	**154,751,863**	170,346,193
	157,564,010	175,618,121

For the purpose of the consolidated cash flow statement, cash and cash equivalents have been computed as explained below:

	2020 *AED'000*	*2019* *AED'000*
Cash and deposits with banks - current	**154,751,863**	170,346,193
Islamic financing and investment products with original maturity of less than three months (non-banking operations)	**6,879,047**	3,283,493
Due to banks (see note 28)	**(51,672,068)**	(41,715,299)
Bank overdrafts (see note 28)	**(183,047)**	(145,100)
	109,775,795	131,769,287
Due to banks with original maturity of more than three months	**33,972,246**	26,103,569
Deposits with Central Banks for regulatory purposes	**(42,942,928)**	(49,976,924)
Murabaha and interest bearing certificates of deposits with Central Banks with original maturity of more than three months	**(33,500,000)**	(33,600,000)
Due from other banks and deposits with other banks with original maturity of more than three months	**(30,133,959)**	(31,372,737)
Cash and cash equivalents	**37,171,154**	42,923,195

22 CASH AND DEPOSITS WITH BANKS (continued)

Cash and deposits with banks include reserve requirements maintained by the Bank with the Central Bank of the UAE 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.

AED 5,150 million of Murabahas and certificates of deposits with Central Banks were collateralised for the purpose of obtaining AED 5,058 million of Zero Cost Funding from the Central Bank (under the TESS program) presented under 'borrowings and lease liabilities' in the consolidated statement of financial position.

Cash and deposits with banks include AED 6,016,823 thousand (2019: AED 4,429,630 thousand) due from associates, joint ventures, and other related parties (see note 36(b)).

23 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

As at 31 December 2020, there are no assets classified as held for sale.

24 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 year is as follows:

	2020	*2019*
	AED'000	*AED'000*
Balance at 1 January	**68,185,180**	64,569,417
Capital contributions from the Government (see notes 2.5 and 9(a))	**14,219,748**	3,615,763
Balance at 31 December	**82,404,928**	68,185,180

25 DISTRIBUTIONS TO THE GOVERNMENT

During the year ended 31 December 2020, an amount of AED 3,358,339 thousand (2019: AED 4,988,526 thousand) was approved for distribution to the Government.

26 OTHER RESERVES

31 December 2020

	Legal and statutory reserve AED'000	***Capital reserve AED'000***	***Merger reserve AED'000***	***Cumulative changes in fair value AED'000***	***Hedge reserve AED'000***	***General reserve AED'000***	***Asset replacement reserve AED'000***	***Translation reserve AED'000***	***Others AED'000***	***Total AED'000***
Balance at 1 January 2020	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 year	-	-	-	(670,670)	(2,327,798)	-	-	(629,408)	-	(3,627,876)
Transfers from/(to) retained earnings – net	11,211	-	-	43,763	-	71,956	740	-	(65,066)	62,604
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	221,830	-	-	-	-	-	221,830
Other movements	(26,316)	7,976	-	6,051	95	-	-	(39,633)	(10,078)	(61,905)
Balance at 31 December 2020	**3,122,294**	**935,064**	**9,177,030**	**(1,480,066)**	**(2,965,715)**	**1,265,375**	**12,956**	**(4,411,252)**	**34,970**	**5,690,656**

31 December 2019

	Legal and statutory reserve AED'000	*Capital reserve AED'000*	*Merger reserve AED'000*	*Cumulative changes in fair value AED'000*	*Hedge reserve AED'000*	*General reserve AED'000*	*Asset replacement reserve AED'000*	*Translation reserve AED'000*	*Others AED'000*	*Total AED'000*
Balance at 1 January 2019	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 year	-	-	-	179,289	278,395	-	-	(317,009)	-	140,675
Transfers from/(to) retained earnings – net	212,716	(32,089)	-	-	-	212,772	2,687	-	71,488	467,574
Change in Group's ownership in existing subsidiaries	-	-	-	-	(1,683)	-	-	(1,154)	195	(2,642)
Transfers upon disposal of equity instruments measured at FVOCI	-	-	-	(122,373)	-	-	-	-	-	(122,373)
Other movements	4,146	(45,211)	-	659,841	(2)	-	-	(766,601)	306,109	158,282
Balance at 31 December 2019	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

26 OTHER RESERVES (continued)

Legal and statutory reserve
This mainly includes the transfer of 10% of annual profit for the year to a non-distributable legal reserve, in various entities of the Group in accordance with their articles of association and in compliance with the UAE Federal Law No. (2) of 2015 or Decretal Federal Law No. (14) of 2018, as applicable. These transfers may be discontinued when the reserve equals 50% of the paid up capital of the respective entities.

Capital reserve
This represents the Group's share of reserves capitalised by various entities in the Group. This reserve is non-distributable.

Merger reserve
The merger reserve includes amounts relating to:

- Borse Dubai Limited
- Emirates NBD PJSC
- Aswaaq LLC
- National Bonds Corporation PSC

Borse Dubai Limited
In 2007, the Government transferred the ownership of DFM (80% shareholding) and Nasdaq Dubai Limited ("Nasdaq Dubai") (100% shareholding) to Borse Dubai, without any consideration. This transaction was a common control transaction and was accounted for under the pooling of interests method. Since no consideration was paid by Borse Dubai for the acquisition of DFM and Nasdaq Dubai, the entire amount of issued and paid up share capital of the two entities amounting to AED 5,984,759 thousand was recognised as a merger reserve in these consolidated financial statements.

Emirates NBD PJSC
In 2007, the merger of Emirates Bank International PJSC and National Bank of Dubai PJSC into Emirates NBD PJSC resulted in the recognition of a merger reserve of AED 3,460,860 thousand.

Aswaaq LLC
In 2009, the Government transferred a 99% ownership interest in Aswaaq LLC to ICD for a consideration of AED 99,000 thousand. This transaction was a common control transaction and was accounted for under the pooling of interests method. Accordingly, the excess of consideration paid over the book value of net assets amounting to AED 91,827 thousand was recognised as merger reserve.

National Bonds Corporation PSC
During prior years, the shareholders of National Bonds Corporation PSC other than the Group, transferred their entire shareholding in National Bonds Corporation PSC to the Group. This transaction was a common control transaction and was accounted for under the pooling of interests method. Accordingly, the excess of consideration paid over the book value of net assets amounting to AED 595,639 thousand was recognised as merger reserve.

Cumulative changes in fair value
Cumulative changes in fair value comprises the cumulative net changes in the fair value of investment securities measured at FVOCI until the investments are derecognised.

Translation reserve
The translation reserve mainly comprises of foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

27 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits recognised in the consolidated statement of financial position are as follows:

	2020 AED'000	*2019 AED'000*
Balance at 1 January	**4,478,024**	3,915,732
Provision made	**1,284,598**	1,367,798
End of service benefits paid	**(2,071,017)**	(1,146,749)
Actuarial (gain) / loss on defined benefit plans	**(67,711)**	251,991
Arising on business combination / transfer of a subsidiary by the Government	**58,633**	118,260
Other movements - net	**35,073**	(29,008)
Balance at 31 December	**3,717,600**	4,478,024
Disclosed as follows:		
Non-current liabilities	**3,691,061**	4,465,484
Current liabilities	**26,539**	12,540
	3,717,600	4,478,024

Employees' Pension Scheme
Eligible UAE National employees of the Group are entitled to join the pension scheme operated for UAE National employees by the UAE General Pension and Social Security Authority (the "Pension Authority"). Contributions for the period for eligible UAE National employees made to the Pension Authority, in accordance with the provisions of UAE Federal Law on Pension and Social Security, were charged to the consolidated income statement.

Defined benefit obligations
In accordance with the provisions of IAS 19, an exercise to assess the present value of its defined benefit obligations at 31 December was carried out, in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 0% to 5.8% (2019: 1.9% to 4.9%) per annum and a discount rate of 0.45% to 3.0% (2019: 1.1% to 4.0%) per annum. The present values of the defined benefit obligations at 31 December were computed using the actuarial assumptions set out above.

The liabilities recognised in the consolidated statement of financial position are:

	2020 AED'000	*2019 AED'000*
Present value of funded defined benefit obligations	**4,110,438**	4,360,661
Less: Fair value of plan assets (see note (i) below)	**(3,561,678)**	(3,964,544)
	548,760	396,117
Present value of unfunded defined benefit obligations	**3,168,840**	4,081,907
Employees' end of service benefits provision	**3,717,600**	4,478,024

(i) Funded schemes
Senior employees in certain subsidiaries based mainly in the UAE, participate in a defined benefit provident scheme (the "Fund") to which these subsidiaries contribute a specified percentage of basic salary based upon the employee's grade and duration of service. Amounts contributed are invested in a trustee administered scheme and accumulate along with returns earned on investments. Contributions are made on a regular basis irrespective of the Fund's performance and are not pooled, but are separately identifiable and attributable to each participant. The Fund comprises of a diverse mix of managed funds, and investment decisions are controlled directly by the participating employees.

27 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(i) Funded schemes (continued)

Benefits receivable under the provident scheme are subject to vesting rules that are dependent upon the participating employee's length of service. If at the time when an employee leaves employment, the accumulated vested amount including investment returns is less than the end of service benefits that would have been payable to that employee under relevant local regulations, the Group pays the shortfall amount directly to the employee. However, if the accumulated vested amount exceeds the end of service benefits that would have been payable to an employee under relevant local regulations, the employee receives a defined percentage of their fund balance. Vested assets of the scheme are not available to the Group or its creditors in any circumstances.

Movements in the fair value of the plan assets in respect of the funded schemes are as follows:

	2020 AED'000	*2019 AED'000*
Balance at 1 January	**3,964,544**	3,369,271
Contributions made	**289,176**	408,023
Benefits paid	**(649,746)**	(300,133)
Fair value (loss) / gain - net	**(96,999)**	485,600
Other movements	**54,703**	1,783
Balance at 31 December	**3,561,678**	3,964,544

Actuarial gains and losses and expected returns on plan assets are not calculated given that investment decisions relating to plan assets are under the direct control of participating employees.

(ii) Unfunded schemes

End of service benefits for employees who do not participate in the provident scheme or other defined contribution plans follow relevant local regulations and are mainly based on the period of cumulative service and the employees' final basic salary level.

28 BORROWINGS AND LEASE LIABILITIES

	Notes	***2020 AED'000***	*2019 AED'000*
<u>**Banking operations**</u>			
Non-current liabilities			
Debt issued and other borrowed funds	28(a)	**41,266,457**	35,196,359
Due to banks (see note 22)	28(b)	**13,745,723**	11,693,601
Sukuk payable	28(d)	**1,836,250**	3,679,921
Lease liabilities	28(e)	**625,524**	743,668
(A)		**57,473,954**	51,313,549
Current liabilities			
Debt issued and other borrowed funds	28(a)	**13,396,213**	14,120,956
Due to banks (see note 22)	28(b)	**37,926,345**	30,021,698
Sukuk payable	28(d)	**3,674,683**	-
Lease liabilities	28(e)	**172,949**	183,762
(B)		**55,170,190**	44,326,416
Total banking operations (C = A + B)		**112,644,144**	95,639,965

28 BORROWINGS AND LEASE LIABILITIES (continued)

	Notes	***2020 AED'000***	*2019 AED'000*
Non-banking operations			
Non-current liabilities			
Bank and other borrowings	28(c)	**82,463,885**	77,114,595
Bonds (including Sukuk)	28(d)	**20,848,849**	18,714,954
Lease liabilities	28(e)	**45,261,363**	52,674,567
Loan from Government, MOF and other related parties (see note 36(b))	28(c)	**9,357,722**	240,562
Loans from associates and joint ventures (see note 36(b))	28(c)	**9,750,384**	10,887,840
(D)		**167,682,203**	159,632,518
Current liabilities			
Bank and other borrowings	28(c)	**16,056,937**	13,573,261
Bonds (including Sukuk)	28(d)	**9,400,031**	11,093,373
Lease liabilities	28(e)	**10,214,183**	9,682,403
Loans from Government, MOF and other related parties (see note 36(b))	28(c)	**1,041,762**	10,167,453
Loans from associates and joint ventures (see note 36(b))	28(c)	**3,857,165**	2,363,044
Bank overdrafts (see note 22)		**183,047**	145,100
(E)		**40,753,125**	47,024,634
Total non-banking operations (F = D + E)		**208,435,328**	206,657,152
Total borrowings and lease liabilities (C + F)		**321,079,472**	302,297,117
Disclosed as follows:			
Non-current liabilities (A+D)		**225,156,157**	210,946,067
Current liabilities (B+E)		**95,923,315**	91,351,050
		321,079,472	302,297,117

The above interest / profit bearing loans and lease liabilities are denominated in various currencies.

(a) Debt issued and other borrowed funds

	2020 AED'000	*2019 AED'000*
Medium-term note programme	**46,408,605**	41,075,715
Term loans from banks	**7,335,940**	7,323,475
Borrowing raised from loan securitisations (see note 21)	**918,125**	918,125
	54,662,670	49,317,315

28 BORROWINGS AND LEASE LIABILITIES (continued)

(a) Debt issued and other borrowed funds (continued)

The repayment profile of the above liabilities is as follows:

	2020 AED in millions	*2019 AED in millions*
2020	**-**	14,121
2021	**13,396**	12,128
2022	**10,347**	9,706
2023	**3,235**	1,941
2024	**2,374**	2,289
Beyond 2024	**25,311**	9,132
	54,663	49,317

The interest rate paid on the above averaged 3.32% per annum for the year ended 31 December 2020 (2019: 3.82% per annum).

(b) Due to banks

	2020 AED'000	*2019 AED'000*
Demand and call deposits	**4,075,248**	2,543,717
Balances with correspondent banks	**1,154,569**	2,250,185
Repurchase agreements with banks*	**5,988,940**	501,000
Time and other deposits	**40,453,311**	36,420,397
	51,672,068	41,715,299

* As at 31 December 2020, this includes Zero Cost Funding obtained from the Central Bank under its TESS program amounting to AED 5,242 million which has been fully utilised to provide payment relief to the impacted customers.

The interest rates paid on the above averaged 1.83% per annum for the year ended 31 December 2020 (2019: 3.03% per annum).

(c) Bank and other borrowings and loans from Government, MOF, associates, joint ventures and other related parties

Included under this category are:

- Conventional syndicated facilities of AED 5,650,535 thousand, repayable over the period up to 2025 and carrying a margin over LIBOR (2019: AED 3,767,555 thousand).
- Ijara syndicated facilities of AED 2,379,636 thousand, repayable over the period up to 2025 and carrying a margin over LIBOR (2019: AED 1,741,287 thousand).
- Bilateral facilities of AED 1,837,100 thousand, repayable over the period up to 2022 and carrying a margin over EIBOR and LIBOR (2019: AED 1,837,100 thousand).
- Term loan facilities of AED 8,631,682 thousand, repayable over the period up to 2026 and carrying a margin over EIBOR and LIBOR (2019: AED 9,674,526 thousand).
- Murabaha, Istissna'a and conventional credit facilities of AED 6,832,706 thousand, repayable over the period up to 2034 (2019: AED 6,535,262 thousand). The facilities consist of AED 366,260 thousand (2019: AED 373,872 thousand) carrying a fixed rate of interest and AED 6,466,446 thousand (2019: AED 6,161,390 thousand) carrying a margin over LIBOR and EIBOR.
- Term loan and other credit facilities of AED 17,364,085 thousand, repayable over the period up to 2030 (2019: AED 19,871,905 thousand). The facilities consist of AED 6,671,605 thousand (2019: AED 7,641,825 thousand) carrying a fixed rate of interest and AED 10,692,480 thousand (2019: AED 12,230,080 thousand) carrying a margin over LIBOR, EIBOR or MIDSWAP.

28 BORROWINGS AND LEASE LIABILITIES (continued)

(c) Bank and other borrowings and loans from Government, MOF, associates, joint ventures and other related parties (continued)

- Term loan facility from the MOF of AED 9,187,500 thousand, repayable in 2025 and carrying a margin over EIBOR (2019: AED 9,187,500 thousand).
- Term loan facility of AED 2,540,018 thousand, repayable over the period up to 2030 (2019: AED 2,032,732 thousand). The facility consists of AED 993,851 thousand (2019: AED 841,366 thousand) carrying a fixed rate of interest and AED 1,546,167 thousand (2019: AED 1,191,366 thousand) carrying a margin over LIBOR and EIBOR.
- Term loan facility of AED 57,622,857 thousand, repayable over the period up to 2031 (2019: AED 50,523,953 thousand). The facility consists of AED 20,156,394 thousand (2019: AED 13,683,332 thousand) carrying a fixed rate of interest and AED 37,466,463 thousand (2019: AED 36,840,621 thousand) carrying a margin over EIBOR and LIBOR.
- Wakala deposit of AED 955,782 thousand from Department of Finance of the Government, carrying a fixed rate of profit (2019: AED 955,782 thousand). During the current year, both parties agreed to amend the Wakala agreement and set a new maturity date of 31 December 2020 and further agreeing to an automatic renewal and extension of up to two additional one-year periods.
- Murabaha facility of AED 3,528,000 thousand, repayable over the period up to 2023 and carrying a margin over LIBOR (2019: AED 3,528,000 thousand).
- Murabaha facility of AED 750,000 thousand, repayable in 2021 and carrying a margin over EIBOR (2019: AED 750,000 thousand).
- Term loan facility of AED 548,490 thousand, repayable in 2022 and carrying a margin over LIBOR (2019: AED 534,632 thousand).
- Syndicated loan facility of AED 873,360 thousand, repayable over the period up to 2026 and carrying a margin over EIBOR (2019: AED 720,000 thousand).
- Wakala and other credit facilities of AED 2,040,914 thousand, repayable over the period up to 2028 and carrying a margin over LIBOR and EIBOR (2019: AED 1,422,850 thousand).
- Term loan facility of AED 479,565 thousand, repayable over the period up to 2026 and carrying a fixed rate of interest (2019: AED 468,195 thousand).
- Musharaka facility of AED 401,486 thousand, repayable in 2029 and carrying a margin over EIBOR.

The effective interest rate paid on the above averaged 3.16% per annum for the current year (2019: 4.1% per annum). These loans are mainly denominated in AED and USD.

(d) Bonds (including Sukuk)

	2020	*2019*
	AED'000	*AED'000*
These instruments are denominated in the following currencies:		
US Dollar (see note (i) below)	**27,796,890**	26,719,373
UAE Dirham (see note (ii) below)	**7,774,106**	6,596,553
Korean Won	**205,994**	193,381
	35,776,990	33,509,307
Less: transaction costs	**(17,177)**	(21,059)
	35,759,813	33,488,248

These bonds (including sukuk) have been issued at fixed coupon rates varying from 1.83% to 5.75% (2019: 3.51% to 5.75%).

28 BORROWINGS AND LEASE LIABILITIES (continued)

(d) Bonds (including Sukuk) (continued)

(i) This represents bonds and Sukuks that are repayable either periodically or as a bullet payment upon their relevant maturities over the period up to 2028 (2019: period up to 2028).

(ii) This represents bonds issued by one of the Group's subsidiaries under a Shari'ah compliant open-ended investment fund that are repayable on demand to bond holders.

(e) Lease liabilities

Lease liabilities are payable as follows:

31 December 2020

	Future lease payments AED'000	***Interest component AED'000***	***Present value of lease payments AED'000***
Less than one year	**12,991,433**	**(2,604,301)**	**10,387,132**
Between one and five years	**35,968,118**	**(6,318,490)**	**29,649,628**
More than five years	**19,595,259**	**(3,358,000)**	**16,237,259**
	68,554,810	**(12,280,791)**	**56,274,019**

31 December 2019

	Future lease payments AED'000	*Interest component AED'000*	*Present value of lease payments AED'000*
Less than one year	12,919,584	(3,053,419)	9,866,165
Between one and five years	39,457,969	(7,921,540)	31,536,429
More than five years	25,973,435	(4,091,629)	21,881,806
	78,350,988	(15,066,588)	63,284,400

(f) Securities

The significant securities provided against the borrowings are as follows:

- First mortgage over applicable property, plant and equipment;
- Assignment of insurance policies and earnings from applicable property, plant and equipment;
- Negative pledge whereby the relevant subsidiaries of the Group shall not create or permit to subsist any security on any of the applicable property, plant and equipment to third parties;
- Confirmation from a Group entity that it shall not merge or amalgamate or sell its assets, except in the ordinary course of business, without prior approval of the concerned banks;
- Confirmation from a Group entity that prior consent of the lenders will be obtained before effecting any change in its ownership and/or sale of significant assets; and
- Certain applicable real estate assets of the Group have been designated to support the issuance of borrowings in the form of Ijara.

29 DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the positive and negative fair values of derivative financial instruments together with notional amounts analysed by term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor of the credit risk.

31 December 2020

	Positive fair value AED'000	*Negative fair value AED'000*	*Notional amounts*		
			Total AED'000	*<1year AED'000*	*>1 year AED'000*
Banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	1,824,632	(1,435,225)	284,477,968	253,625,543	30,852,425
Foreign exchange options	23,029	(28,850)	5,000,963	4,243,901	757,062
Interest rate swaps / caps	9,854,841	(8,343,567)	437,154,696	127,631,932	309,522,764
Commodity options	18,117	(18,508)	1,052,878	582,957	469,921
	11,720,619	**(9,826,150)**	**727,686,505**	**386,084,333**	**341,602,172**
Derivatives held as cash flow hedges:					
Interest rate swaps	**549,448**	**(106,004)**	**40,741,351**	**21,604,527**	**19,136,824**
Derivatives held as fair value hedges:					
Interest rate swaps	**1,427,332**	**(804,474)**	**26,699,467**	**651,458**	**26,048,009**
Derivatives held as hedge of a net investment in foreign operations:					
Foreign exchange forward contracts	**-**	**(38,603)**	**520,792**	**520,792**	**-**
(A)	**13,697,399**	**(10,775,231)**	**795,648,115**	**408,861,110**	**386,787,005**
Non-banking operations					
Derivatives held for trading:					
Debt equity swaps	2,664	-	2,664	2,664	-
Commodity contracts swaps and futures	25,424	(184,125)	7,262,851	7,262,851	-
	28,088	**(184,125)**	**7,265,515**	**7,265,515**	**-**
Derivatives held as cash flow hedges:					
Foreign exchange forward contracts	-	(10,347)	341,756	341,756	-
Interest rate swaps	-	(1,192,768)	16,485,667	2,690,040	13,795,627
Commodity forward contracts	11,250	(454,931)	7,587,012	6,359,918	1,227,094
	11,250	**(1,658,046)**	**24,414,435**	**9,391,714**	**15,022,721**
(B)	**39,338**	**(1,842,171)**	**31,679,950**	**16,657,229**	**15,022,721**
Total (A+B)	**13,736,737**	**(12,617,402)**	**827,328,065**	**425,518,339**	**401,809,726**

29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

31 December 2019

	Positive fair value AED'000	*Negative fair value AED'000*	*Notional amounts*		
			Total AED'000	*<1year AED'000*	*>1 year AED'000*
Banking operations					
Derivatives held for trading:					
Foreign exchange forward contracts	1,429,777	(880,947)	289,960,752	258,359,662	31,601,090
Foreign exchange options	38,931	(44,107)	14,839,726	14,407,345	432,381
Interest rate swaps / caps	5,349,659	(3,815,855)	352,950,859	117,345,790	235,605,069
Commodity options	7,184	(7,152)	1,774,959	1,122,320	652,639
	6,825,551	(4,748,061)	659,526,296	391,235,117	268,291,179
Derivatives held as cash flow hedges:					
Interest rate swaps	187,912	(169,280)	26,622,355	9,848,690	16,773,665
Derivatives held as fair value hedges:					
Interest rate swaps	130,036	(646,030)	16,782,081	358,142	16,423,939
Derivatives held as hedge of a net investment in foreign operations:					
Foreign exchange forward contracts	-	(1,848)	293,235	293,235	-
(A)	7,143,499	(5,565,219)	703,223,967	401,735,184	301,488,783
Non-banking operations					
Derivatives held for trading:					
Debt equity swaps	2,503	-	2,503	2,503	-
Commodity contracts swaps and futures	1,646	(291,108)	21,610,161	21,610,161	-
Commodity options	-	(5,902)	133,770	133,770	-
	4,149	(297,010)	21,746,434	21,746,434	-
Derivatives held as cash flow hedges:					
Foreign exchange forward contracts	7,792	(26,171)	3,779,678	3,779,678	-
Interest rate swaps	36,626	(471,906)	13,871,764	2,860,925	11,010,839
Commodity forward contracts	959,969	-	8,105,920	6,069,156	2,036,764
	1,004,387	(498,077)	25,757,362	12,709,759	13,047,603
Derivatives held as fair value hedges:					
Interest rate swaps	4,454	-	552,848	94,098	458,750
(B)	1,012,990	(795,087)	48,056,644	34,550,291	13,506,353
Total (A+B)	8,156,489	(6,360,306)	751,280,611	436,285,475	314,995,136

29 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Disclosed as follows:

	2020	*2019*
	AED'000	*AED'000*
Positive fair value of derivatives:		
Non-current assets	**10,697,320**	5,642,225
Current assets	**3,039,417**	2,514,264
Total	**13,736,737**	8,156,489
Negative fair value of derivatives:		
Non-current liabilities	**(9,060,691)**	(4,613,338)
Current liabilities	**(3,556,711)**	(1,746,968)
Total	**(12,617,402)**	(6,360,306)
Net fair value of derivatives (see note 16)	**1,119,335**	1,796,183

The 'net loss from derivative financial instruments' includes AED 2,244,802 thousand (2019: AED Nil) of losses relating to hedge ineffectiveness on jet fuel forward contracts designated as cash flow hedges and AED 600,613 thousand (2019: AED Nil) of realised gains on currency derivatives not qualifying for hedge accounting, arising from one of the Group's airline subsidiaries. It also includes AED 836,794 thousand of gains (2019: AED 1,448,255 thousand of losses) on commodity oil derivatives not qualifying for hedge accounting, arising from the Group's oil and gas operations.

Derivative related credit risk - banking operations

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Bank and potential future fluctuations. The majority of the fair value of favourable contracts (and therefore credit risk) represent an exposure to financial institutions. All credit exposure is managed under approved facilities, and in many cases are collateralised under a credit support annex. The Bank takes a Credit Value Adjustment ("CVA") on outstanding derivative transactions. The methodology for CVA calculation relies on three components: the probability of default of the counterparty, the expected positive exposure and the recovery rate. CVA is computed on all asset classes including foreign exchange, interest rates and commodities.

30 OTHER NON-CURRENT PAYABLES

	2020	*2019*
	AED'000	*AED'000*
Deferred revenue	**881,514**	882,744
Provision for aircraft return conditions	**5,442,742**	6,048,893
Retention payable	**492,412**	337,297
Maintenance reserve and security deposits	**3,598,667**	4,118,389
Provision for construction warranty	**144,435**	123,300
Amounts due to Government, MOF and other related parties (see note 36(b))	**23,169**	22,770
Other provisions	**513,995**	522,405
Others	**1,002,705**	555,743
	12,099,639	12,611,541

31 TRADE AND OTHER PAYABLES

	2020 *AED'000*	*2019* *AED'000*
Trade payables	**25,103,781**	33,489,392
Passenger and cargo sales in advance	**5,058,120**	11,595,597
Accrued interest / profit payable	**4,028,088**	4,461,757
Advance from customers	**1,563,058**	3,104,172
Amounts due to associates and joint ventures (see note 36(b))	**771,326**	1,255,555
Amounts due to Government, MOF and other related parties (see note 36(b))	**443,494**	428,234
Managers' cheques	**1,482,690**	1,228,374
Abandonment and decommissioning liability	**357,148**	296,080
Deferred revenue	**3,036,628**	3,703,422
Excess billings from construction contracts	**410,873**	310,336
Members' margin deposit	**291,644**	20,235
Dividend payable (includes payable on behalf of companies listed on the stock exchange)	**1,005,557**	812,432
iVESTOR cards payable	**352,374**	300,627
Retention payable	**566,583**	539,094
Provision for aircraft return conditions	**914,408**	656,598
Maintenance reserve and security deposits	**915,406**	775,807
Other provisions	**2,116,519**	2,382,081
ECL on unfunded exposures (banking operations) (see note 35(g))	**701,666**	487,024
Other payables and accruals	**8,747,187**	7,688,619
	57,866,550	73,535,436

32 CUSTOMER DEPOSITS

Customer deposits represent the payables arising from the banking operations of the Group carried out through the Bank. The details of customer deposits are as follows:

	2020 *AED'000*	*2019* *AED'000*
Time	**160,754,896**	202,184,894
Demand, call and short notice	**156,963,943**	128,554,455
Savings	**41,996,161**	36,319,483
Others	**6,875,754**	6,085,521
	366,590,754	373,144,353
Disclosed as follows:		
Non-current liabilities	**9,186,433**	15,609,276
Current liabilities	**357,404,321**	357,535,077
	366,590,754	373,144,353

The interest paid on the above deposits averaged 1.55% per annum for the year ended 31 December 2020 (2019: 2.05% per annum).

Customer deposits (including Islamic customer deposits) include AED 4,423,770 thousand (2019: AED 4,845,014 thousand) deposits from Government, MOF and other related parties and AED 90,675 thousand (2019: AED 38,315 thousand) deposits from associates and joint ventures (see note 36(b)).

33 ISLAMIC CUSTOMER DEPOSITS

Islamic customer deposits represent the payables arising from the banking operations of the Group carried out through the Bank. The details of customer deposits are as follows:

	2020	*2019*
	AED'000	*AED'000*
Time	**48,143,912**	55,245,931
Demand, call and short notice	**20,471,113**	17,202,274
Savings	**14,747,031**	11,265,223
Others	**173,422**	388,480
	83,535,478	84,101,908
Disclosed as follows:		
Non-current liabilities	**1,808,595**	7,770,038
Current liabilities	**81,726,883**	76,331,870
	83,535,478	84,101,908

The profit paid on the above deposits averaged 1.40% per annum for the year ended 31 December 2020 (2019: 2.29% per annum).

34 NON-CONTROLLING INTERESTS

(a) Tier 1 Capital notes

Non-controlling interests as at 31 December 2020 include three series of regulatory Tier 1 capital notes ("Capital Notes") issued in 2009 ("2009 Notes"), 2019 ("2019 Notes") and 2020 ("2020 Notes") by the Bank for an amount of AED 4 billion, USD 1 billion (AED 3.66 billion (net of issuance cost)) and USD 750 million (AED 2.75 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 2019 Notes and 2020 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 year, the Bank issued the aforementioned 2020 Notes and exercised its option to redeem Tier 1 capital notes issued in 2014 for an amount of USD 500 million (AED 1.84 billion).

During the previous year, the Bank issued the aforementioned 2019 Notes and exercised its option to redeem Tier 1 capital notes issued in 2013 for an amount of USD 1 billion (AED 3.67 billion).

(b) Rights issue

During the prior year, the Bank completed a rights issue exercise by issuing 758,823,529 new shares for an aggregate amount of AED 6,450 million.

The rights issue resulted in an AED 2,846,481 thousand increase in non-controlling interests; this has been disclosed under 'increase in non-controlling interests' in the statement of changes in equity.

(c) Material partly owned subsidiaries

The financial information of a subsidiary in which the Group has material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests as at 31 December:

Name	***Country of incorporation***	***2020***	*2019*
Emirates NBD PJSC	UAE	**44.24%**	44.24%

34 NON-CONTROLLING INTERESTS (continued)

(c) Material partly owned subsidiaries (continued)

The financial information of the Bank is provided below:

	2020	*2019*
	AED'000	*AED'000*
Balances of material non-controlling interests	**43,760,410**	41,909,750
Profit allocated to material non-controlling interests	**3,447,570**	6,787,718
Dividend / interest paid to material non-controlling interests	**1,766,566**	1,645,977

The above analysis includes the Capital Notes and interest thereon.

The summarised financial information of the Bank is provided below. This information is based on amounts before any intra-Group eliminations.

Summarised statement of comprehensive income for the year ended 31 December is set out below:

	2020	*2019*
	AED'000	*AED'000*
Profit for the year	**6,965,169**	14,503,683
Total comprehensive income	**5,357,043**	14,141,049

Summarised statement of financial position as at 31 December is set out below:

	2020	*2019*
	AED'000	*AED'000*
Current assets	**436,738,335**	456,431,501
Non-current assets	**261,349,138**	226,889,063
Current liabilities	**529,731,918**	517,266,566
Non-current liabilities	**83,737,457**	84,447,137

Summarised cash flow statement information for the year ended 31 December is set out below:

	2020	*2019*
	AED'000	*AED'000*
Net cash flows from operating activities	**3,083,905**	22,950,180
Net cash flows used in investing activities	**(18,812,485)**	(20,432,868)
Net cash flows from financing activities	**4,349,005**	3,533,005
Net (decrease) / increase in cash and cash equivalents	**(11,379,575)**	6,050,317

35 COMMITMENTS AND CONTINGENCIES

(a) Investment commitments

The Group has the following contractual investment commitments as at 31 December:

	2020 ***AED'000***	*2019* *AED'000*
Investment securities	**1,474,990**	391,945
Investments in associates	**323,436**	324,216

(b) Capital commitments

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

	2020 ***AED'000***	*2019* *AED'000*
Capital commitments for the purchase of aircraft:		
Within one year	**7,011,515**	14,401,008
More than 1 year	**256,279,622**	252,290,304
	263,291,137	266,691,312
Contractual capital commitments in relation to other non-financial assets	**8,532,347**	12,816,107
Group's share of associates' and joint ventures' contractual capital commitments	**4,526,995**	6,390,272
	276,350,479	285,897,691

(c) 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 consolidated financial statements.

(d) Contingencies

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

	2020 ***AED'000***	*2019* *AED'000*
Letters of credit	**12,824,485**	14,923,938
Financial guarantees	**60,500,111**	67,602,921
Performance bonds	**9,092,224**	6,333,800
Liabilities on risk participation	**113,037**	175,090
Group's share of financial guarantees issued by associates and joint ventures	**8,286,665**	9,653,225
Group's share of letters of credit issued by associates and joint ventures	**981,592**	1,044,488
Third party claims*	**1,122,430**	1,014,592

35 COMMITMENTS AND CONTINGENCIES (continued)

(d) Contingencies (continued)

* 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 is made to account for any adverse effect on their financial standing. Proper controls and policies to manage such claims are in place. Consequently, at reporting date it is believed that any adverse outcome from these claims are remote and no liability is recognised in respect of these contingencies.

(e) Operational commitments

One of the Group's subsidiaries has operational commitments of AED 2,895,947 thousand relating to sales and marketing as at 31 December 2020 (2019: AED 2,804,326 thousand).

(f) Undrawn loan commitments

The Group's banking operations (including the Group's share of associates) have undrawn loan commitments of AED 43,124,491 thousand outstanding at 31 December 2020 (2019: AED 53,140,987 thousand). 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 drawdown have to be fulfilled, the total contract amounts do not necessarily represent the exact future cash requirements.

(g) ECL on unfunded exposures

As at 31 December 2020, ECL on unfunded exposures of the Bank included under 'trade and other payables' in the consolidated statement of financial position amounted to AED 598 million in Stage 1 (exposure of AED 80,262 million) and AED 104 million in Stage 2 (exposure of AED 6,670 million) (see note 31).

As at 31 December 2019, ECL on unfunded exposures of the Bank included under 'trade and other payables' in the consolidated statement of financial position amounted to AED 439 million in Stage 1 (exposure of AED 111,550 million) and AED 48 million in Stage 2 (exposure of AED 7,841 million) (see note 31).

(h) Customer acceptances

Under IFRS 9, customer acceptances are recognised on balance sheet with a corresponding liability. Accordingly, there is no off-balance sheet commitment for customer acceptances.

36 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the owner, associates, joint ventures, directors and key management personnel of the Group, and entities controlled or jointly controlled by such parties. It also represents entities that are significantly influenced by the owner. 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.

36 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	Purchase of goods and services (including cost of revenue) AED'000	*Sale of goods and services (including revenue) AED'000*	*Other finance income AED'000*	*Other finance costs AED'000*
2020				
Associates and joint ventures	**1,723,311**	**1,521,149**	**400,812**	**360,793**
Government, MOF and other related parties	**57,403**	**452,913**	**136,669**	**330,124**
2019				
Associates and joint ventures	3,762,698	3,000,227	560,926	434,733
Government, MOF and other related parties	104,340	659,047	341,336	479,221

(b) Significant amounts due from and due to related parties as at 31 December 2020 are as follows, further details of which are disclosed in notes 17, 19, 20, 21, 22, 28, 30, 31 and 32:

	2020		*2019*	
	Receivables AED'000	***Payables AED'000***	*Receivables AED'000*	*Payables AED'000*
Associates and joint ventures*	**24,975,742**	**14,469,550**	21,611,365	14,544,754
Government, MOF and other related parties (see note 36(b)(i))	**7,468,527**	**15,289,917**	7,710,279	15,704,033
	32,444,269	**29,759,467**	29,321,644	30,248,787

* Significant portion of these receivables and payables represents balances due from or due to associates.

(i) In addition to the above, there is an amount of AED 157,723,504 thousand (2019: AED 160,753,924 thousand) that represents loans and receivables provided by the Bank to the Government on normal commercial terms.

(ii) Impairment provisions of AED 203,731 thousand (2019: AED 182,355 thousand) and AED 90,783 thousand (2019: AED 82,241 thousand) have been made against amounts receivable from the 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' at the year-end.

36 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Compensation to key managerial personnel:

The remuneration of directors and other key members of management included in the consolidated income statement are as follows:

	2020	*2019*
	AED'000	*AED'000*
Short term benefits	**592,947**	647,710
End of service benefits	**44,359**	45,997
Directors' fees	**38,265**	37,963
Management fees charged by managers	**15,899**	28,395
	691,470	760,065

(d) The investments made in, change in ownership and disposals of associates and joint ventures, the Group's share of results of associates and joint ventures, the dividends received from them during the current and prior year are disclosed in note 15 of these consolidated financial statements. In addition, a transaction with an associate during the prior year has been disclosed in note 9(c) to the consolidated financial statements.

(e) The contributions from and distributions to the Government have been disclosed in the consolidated statement of changes in equity, note 24 and note 25 to the consolidated financial statements.

(f) The Bank's investment in Government bonds amounted to AED 6,474,854 thousand (2019: AED 18,841 thousand).

37 FINANCIAL RISK MANAGEMENT

The tables below set out the Group's classification of each class of financial assets and financial liabilities at the date of statement of financial position:

31 December 2020

	Measured at FVTPL AED'000	*Measured at FVOCI AED'000*	*Measured at amortised cost AED'000*	*Derivative financial instruments AED'000*	*Total carrying value AED'000*
Financial assets					
Non-derivative financial assets					
Investment securities (see note 16)	13,540,388	21,143,055	51,539,258	-	86,222,701
Islamic financing and investment products (see note 20)	-	-	76,551,203	-	76,551,203
Loans and receivables (see note 21)	-	-	382,020,071	-	382,020,071
Other non-current assets	-	-	6,805,192	-	6,805,192
Trade and other receivables	-	-	28,826,940	-	28,826,940
Customer acceptances	-	-	8,837,724	-	8,837,724
Cash and deposits with banks (see note 22)	-	-	157,564,010	-	157,564,010
Derivative financial assets					
Positive fair value of derivatives (see note 29)	-	-	-	13,736,737	13,736,737
	13,540,388	**21,143,055**	**712,144,398**	**13,736,737**	**760,564,578**
Financial liabilities					
Non-derivative financial liabilities					
Customer deposits (see note 32)	-	-	366,590,754	-	366,590,754
Islamic customer deposits (see note 33)	-	-	83,535,478	-	83,535,478
Borrowings and lease liabilities (see note 28)	-	-	321,079,472	-	321,079,472
Other non-current payables	68,887	-	10,858,227	-	10,927,114
Customer acceptances	-	-	8,837,724	-	8,837,724
Trade and other payables	-	-	47,232,039	-	47,232,039
Derivative financial liabilities					
Negative fair value of derivatives (see note 29)	-	-	-	12,617,402	12,617,402
	68,887	**-**	**838,133,694**	**12,617,402**	**850,819,983**

37 FINANCIAL RISK MANAGEMENT (continued)

31 December 2019

	Measured at FVTPL AED'000	*Measured at FVOCI AED'000*	*Measured at amortised cost AED'000*	*Derivative financial instruments AED'000*	*Total carrying value AED'000*
Financial assets					
Non-derivative financial assets					
Investment securities (see note 16)	9,618,641	17,941,753	38,074,268	-	65,634,662
Islamic financing and investment products (see note 20)	-	-	71,408,178	-	71,408,178
Loans and receivables (see note 21)	-	-	381,118,174	-	381,118,174
Other non-current assets	-	-	6,367,225	-	6,367,225
Trade and other receivables	-	-	34,331,153	-	34,331,153
Customer acceptances	-	-	10,227,557	-	10,227,557
Cash and deposits with banks (see note 22)	-	-	175,618,121	-	175,618,121
Derivative financial assets					
Positive fair value of derivatives (see note 29)	-	-	-	8,156,489	8,156,489
	9,618,641	17,941,753	717,144,676	8,156,489	752,861,559
Financial liabilities					
Non-derivative financial liabilities					
Customer deposits (see note 32)	-	-	373,144,353	-	373,144,353
Islamic customer deposits (see note 33)	-	-	84,101,908	-	84,101,908
Borrowings and lease liabilities (see note 28)	-	-	302,297,117	-	302,297,117
Other non-current payables	64,811	-	11,558,209	-	11,623,020
Customer acceptances	-	-	10,227,557	-	10,227,557
Trade and other payables	-	-	55,061,385	-	55,061,385
Derivative financial liabilities					
Negative fair value of derivatives (see note 29)	-	-	-	6,360,306	6,360,306
	64,811	-	836,390,529	6,360,306	842,815,646

The fair value of the above mentioned financial assets and liabilities (that are not stated at fair value) is not materially different from their carrying value.

37 FINANCIAL RISK MANAGEMENT (continued)

Overview

As a result of using financial instruments, the Group is exposed to the following main risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included in these consolidated financial statements.

Risk Management Framework and Process

The Board of Directors of ICD and of the respective entities are responsible for:

- The establishment and oversight of risk management frameworks including the determination and approval of risk appetite; and
- The formation of appropriate risk management committees responsible for developing and monitoring risk management policies and the identification, analysis and management of the risks in the operations of the respective businesses.

The Group's risk management framework takes into account the complexity of the Group's business operations and diversity of geographical locations. The Group's risk management framework is not intended to prescribe a specific process for risk management but rather to integrate risk management as a practice into each Group entity's processes and according to each Group entity's specific needs.

The key features of the Group's risk management framework are:

- Risk management policies designed to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits;
- Design and implementation of appropriate controls with adequate reporting in place to monitor their ongoing effectiveness to safeguard the Group's interests;
- Timely escalation to management of exceptions and deviations from authorised limits and other relevant risk guidelines and policies;
- Regular review of risk management policies and processes to reflect changes in market conditions and the Group's operations;
- Training of employees to develop a disciplined control environment in which all employees understand their roles and responsibilities; and
- Risk taking within approved authorities and compliance with applicable regulatory requirements.

The risk management functions of Group entities assist their senior management in controlling and actively managing the Group's overall risk. These functions also ensure that:

- Policies, procedures and methodologies are consistent with the risk appetite;
- The overall business strategy is consistent with its risk appetite; and
- Appropriate risk management processes are developed and implemented.

37.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to investment securities (primarily bonds and sukuks), Islamic financing and investment products, loans and receivables, trade and other receivables (including amounts due from related parties), derivative financial instruments, cash at bank, reverse repurchase agreements, customer acceptances, letters of credit, financial guarantees and undrawn loan commitments. The Group's exposure to such credit risk is monitored on an ongoing basis by the management of the respective subsidiaries. The Group's cash is placed with banks of repute.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk management and structure
The approach to credit risk management is based on the foundation to preserve independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures in the respective business segments. Standard procedures specific to businesses are set up to manage various risks across different business segments, products and portfolios.

Credit risk management and structure specific to the Bank
The Bank's credit policy focuses on the core credit principles, lending guidelines and parameters, control and monitoring requirements, problem loan identification, management of high risk counterparties and provisioning. The relevant Credit Management and Investment Committee retain the ultimate authority to approve larger credits. Independent functions within the Bank manage credit risks on the corporate and retail portfolios.

Corporate and Institutional banking credit risk management
Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment considers amongst other things the purpose of the facility, sources of re-payment, prevailing and potential macroeconomic factors, industry trends, customers' credit worthiness and standing within the industry.

The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

Management of Early Alert ("EA"), Watch List ("WL") & Impaired Non-Performing Loans ("NPL")
The Bank has a well-defined process for the identification of EA, WL & NPL accounts and dealing with them effectively. There are policies which govern credit grading of EA, WL & NPL accounts and impairment, in line with IFRS and regulatory guidelines.

Retail banking credit risk management
The Bank has a structured management framework for Retail banking risk management. The framework enables the Bank to identify and evaluate the significance of all credit risks that the Bank faces, which may have an adverse material impact on its financial position.

In the Retail banking portfolio, losses stem from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending transactions.

The Bank's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Bank to prudently recognise impairment on its retail portfolios.

Model risk management and independent validation
The Bank has utilised models in many of its financial and business activities from underwriting a credit facility to reporting expected loss under the IFRS 9 accounting standards.

To manage the model risks, the Bank has implemented the Group Model Governance Framework (the "Framework"). The Framework is a Bank wide policy and is applicable to models in all entities and subsidiaries of the Bank. According to the Framework, all internally or externally (vendor based) developed risk quantification models that directly affect the financial reporting on expected loss and lifetime expected loss require independent validation.

The Framework establishes a systematic approach to manage the development, validation, approval, implementation and on-going use of the models. It sets out an effective management structure with clearly defined roles and responsibilities, policies and controls for managing model risk. The Framework is reviewed on a regular basis to ensure it meets regulatory standards and international practices. Any major change to the Framework must be approved by the Board of Directors or the Board Risk Committee ("BRC") of the Bank.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk management and structure (continued)

Credit risk management and structure specific to the Bank (continued)

Model risk management and independent validation (continued)

The Bank has an independent validation function that performs independent model validation. It provides 'Fit-for-Purpose', 'Conditional Approval' or 'Not Fit-for-Purpose' recommendation for the BRC or an appropriately delegated authority to approve the use of the new risk quantification/valuation models. In addition to new model validation, the validation function also evaluates the performance of existing models through an annual validation process. The independency of the team enables it to serve as an effective second line of defense for the Bank.

Credit approving authorities
Board Credit & Investment Committee ("BCIC") of the Bank has delegated credit approving authorities to Management Credit Committee ("MCC"), Management Investment Committee ("MIC"), Retail Credit Committee ("RCC") and members of senior management to facilitate and effectively manage the business. However, BCIC retains the ultimate authority to approve credits beyond MCC's authority.

Trade and other receivables
Sales are made to customers on mutually agreed terms. The credit committees set up by the respective subsidiaries are responsible for determining:

- The creditworthiness of their customers;
- The credit exposure and the credit ratings of the customers; and
- The required appropriate collateral to be held as security and financial guarantees.

Credit risk measurement
The Group uses a combination of general approach and simplified approach to measure credit risk and compute expected credit losses.

For instruments where the general approach is used, the estimation of credit risk for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails making further estimations on the likelihood of defaults occurring and the associated loss ratios. The Group measures credit risk using the PD, EAD and LGD. These parameters are generally derived from internally developed statistical models and other historical data, and are adjusted to reflect forward-looking information.

For instruments where the simplified approach is followed (this mainly includes trade receivables, due from related parties, loan receivables (non-banking operations) retention receivables, contract receivables and finance lease receivables), credit risk is assessed using a provision matrix approach. Under the provision matrix approach, a historical credit loss experience adjusted for forward-looking information is used in estimating ECL. The Group carries periodic reviews of its counterparties, to update their credit worthiness in the light of all actual market available information and historical observed defaults.

Credit risk measurement specific to the Bank

Credit risk grading
The Bank allocates exposure with respect to loans and receivables, Islamic financing and investments in debt securities to a credit risk grade that reflects its assessment of the probability of default of individual counterparties. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors vary depending on the nature of the exposure and the type of counterparty. Credit risk grades are defined and calibrated in such a way that the risk of default occurring increases exponentially as the credit risk deteriorates. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the counterparty. The financial assets for which the credit risk grades corresponds to the definition of credit-impaired financial assets are classified as non-performing financial assets.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Credit risk grading (continued)

The following are additional considerations for each type of portfolio held by the Bank:

Retail:
After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their credit worthiness, such as unemployment and previous delinquency history, is also incorporated into the behaviour score. This score is mapped to a PD.

Corporate and Institutional banking:
For Corporate and Institutional banking business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessment into the credit system on an ongoing basis. In addition, the relationship manager also updates information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating and PD.

Treasury:
For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Bank's rating method comprises 24 rating levels for instruments not in default (1 to 24) and 4 default classes (25 to 28). The Bank's internal rating scale are mapped with external ratings. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating models are reviewed for recalibration so that they reflect the latest projections in the light of all actually observed defaults.

Significant increase in credit risk
The Bank considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

Retail:
Thresholds have been set for each portfolio based on historical default rates. Facilities exceeding the threshold are considered for SICR.

Corporate and Institutional banking:
SICR is measured by comparing the risk of default estimated at origination with the risk of default at reporting date.

Qualitative criteria:
The Bank also considers in its assessment of SICR, various qualitative factors like significant adverse changes in business, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flows and liquidity problems.

Backstop:
A backstop is applied and the financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Definition of default and credit-impaired assets
The Bank defines a financial instrument as in default, which is fully aligned with definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative:
The borrower is more than 90 days past due on its contractual payments.

Qualitative:
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances like long-term forbearance, borrower is insolvent, borrower is entering bankruptcy etc.

Curing
The Bank continues to monitor such financial instruments for a minimum probationary period of 12 months to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1).

The Bank is observing a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading from Stage 3 to 2.

Forward-looking information incorporated in the ECL model
The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables, namely the base, upside and downside economic scenario along with scenario weighting, are obtained externally on a quarterly basis. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

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

Credit risk monitoring
Corporate and Institutional banking: the Bank's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts.

Early Alert accounts are identified based on oversight, vigilance and risk triggers. Account strategy and action plans on these accounts are regularly monitored and discussed in the Early Alert Committee meetings.

Additionally for IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 requirements. Stage migrations, any exceptions to SICR criteria, other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

Retail banking: risks of the Bank's loan portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Credit risk measurement (continued)

Credit risk measurement specific to the Bank (continued)

Credit risk mitigation strategy
The Bank operates within prudential exposure ceilings set by its Board in line with the Central Bank guidelines. There are well laid out processes for exception management and escalation. The Bank has adopted measures to diversify the exposures to various sectors. Diversification is achieved by limiting concentration through setting customer, industry and geographical limits.

The risk transfer in the form of syndicated loans, risk participation agreements with other banks, credit default swaps and sale of loans are globally accepted practices followed by the Bank, where appropriate, to limit its exposure.

Collateral management
Collaterals and guarantees are effectively used as mitigating tools by the Bank. The quality of collateral is continuously monitored and assessed. Major categories of collaterals held by the Bank include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables, gold and vehicles.

Where credit facilities are secured by collateral, the Bank seeks to ensure the enforceability of the collateral.

Collateral is revalued regularly as per the Bank's credit policy. In addition, ad-hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Bank to assess the fair market value of the collateral and ensure that risks are appropriately covered. Security structures and legal covenants are also subject to regular review.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk arising from financial assets at the reporting date was:

	2020	*2019*
	AED'000	*AED'000*
Investment securities	**79,482,019**	59,009,892
Other non-current assets	**6,805,192**	6,367,225
Positive fair value of derivatives	**13,736,737**	8,156,489
Islamic financing and investment products	**76,551,203**	71,408,178
Loans and receivables	**382,020,071**	381,118,174
Trade and other receivables	**28,826,940**	34,331,153
Customer acceptances	**8,837,724**	10,227,557
Deposits with banks (including due from banks)	**152,933,773**	171,022,764
	749,193,659	741,641,432

The maximum exposure to credit risk relating to a financial guarantee and a letter of credit is the maximum amount the Group might have to pay if these are called on. The maximum exposure to credit risk relating to an undrawn loan commitment is the full amount of the commitment.

37 FINANCIAL RISK MANAGEMENT (continued)

37.1 Credit risk (continued)

Exposure to credit risk (continued)

The table below shows the Group's maximum credit risk exposure arising from commitments and guarantees at the reporting date:

	2020	*2019*
	AED'000	*AED'000*
Letters of credit	**12,824,485**	14,923,938
Financial guarantees	**60,500,111**	67,602,921
Liabilities on risk participation	**113,037**	175,090
Group's share of financial guarantees issued by associates and joint ventures	**8,286,665**	9,653,225
Group's share of letters of credit issued by associates and joint ventures	**981,592**	1,044,488
Undrawn loan commitments	**43,124,491**	53,140,987
	125,830,381	146,540,649

The credit quality and movement in allowance for impairment of other non-current assets, trade receivables, due from related parties, loan receivables (non-banking receivables), retention receivables, contract receivables, finance lease receivables, Islamic financing and investment products, and loans and receivables as at year-end / during the year (respectively) are disclosed in notes 17, 19, 20 and 21.

37.2 Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its financial obligations as they fall due, or that it can only do so at excessive cost. Liquidity risk mainly relates to trade and other payables (including amounts due to related parties), borrowings and lease liabilities, Islamic customer deposits and customer deposits. The objective of liquidity risk management is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. Each subsidiary is also responsible for managing its liquidity risk. The Group manages its liquidity by:

- Setting appropriate liquidity risk management frameworks for short, medium and long-term funding and liquidity management requirements;
- Monitoring future cash flows to ensure that requirements can be met;
- Maintaining a portfolio of assets that can be easily liquidated; and
- Maintaining adequate cash reserves and banking facilities.

37 FINANCIAL RISK MANAGEMENT (continued)

37.2 Liquidity risk (continued)

The following are the maturities of financial liabilities, including interest payments, and certain off-balance sheet commitments and contingencies based on contractual undiscounted repayment obligations, at the reporting date:

31 December 2020

	Carrying amount AED'000	***Contractual cash flows AED'000***	***Less than one year AED'000***	***One to five years AED'000***	***More than five years AED'000***
Financial liabilities					
Customer deposits	**366,590,754**	**368,092,291**	**358,663,944**	**8,946,537**	**481,810**
Islamic customer deposits	**83,535,478**	**84,121,879**	**82,057,027**	**2,044,713**	**20,139**
Borrowings and lease liabilities	**321,079,472**	**361,121,661**	**105,425,121**	**174,945,935**	**80,750,605**
Other non-current payables	**10,927,114**	**12,575,060**	**-**	**9,842,389**	**2,732,671**
Customer acceptances	**8,837,724**	**8,837,724**	**8,837,724**	**-**	**-**
Trade and other payables	**47,232,039**	**47,264,692**	**47,264,692**	**-**	**-**
Negative fair value of derivatives	**12,617,402**	**12,773,524**	**3,584,098**	**5,041,101**	**4,148,325**
Total financial liabilities	**850,819,983**	**894,786,831**	**605,832,606**	**200,820,675**	**88,133,550**
Off-balance sheet commitments and contingencies					
Letters of credit and financial guarantees	**73,324,596**	**73,324,596**	**52,323,941**	**10,794,569**	**10,206,086**
Group's share of letters of credit and financial guarantees issued by associates and joint ventures	**9,268,257**	**9,268,257**	**6,067,439**	**2,324,156**	**876,662**
Undrawn loan commitments	**43,124,491**	**43,124,491**	**34,722,954**	**7,674,534**	**727,003**
Total off balance sheet items	**125,717,344**	**125,717,344**	**93,114,334**	**20,793,259**	**11,809,751**

31 December 2019

	Carrying amount AED'000	*Contractual cash flows AED'000*	*Less than one year AED'000*	*One to five years AED'000*	*More than five years AED'000*
Financial liabilities					
Customer deposits	373,144,353	376,132,683	359,562,241	15,678,469	891,973
Islamic customer deposits	84,101,908	85,075,821	77,181,545	7,673,289	220,987
Borrowings and lease liabilities	302,297,117	350,381,109	102,193,687	162,816,632	85,370,790
Other non-current payables	11,623,020	13,530,122	-	9,360,610	4,169,512
Customer acceptances	10,227,557	10,227,557	10,227,557	-	-
Trade and other payables	55,061,385	55,061,385	54,940,565	120,820	-
Negative fair value of derivatives	6,360,306	6,293,098	1,736,288	2,724,252	1,832,558
Total financial liabilities	842,815,646	896,701,775	605,841,883	198,374,072	92,485,820
Off-balance sheet commitments and contingencies					
Letters of credit and financial guarantees	82,526,859	82,526,859	58,270,506	14,401,102	9,855,251
Group's share of letters of credit and financial guarantees issued by associates and joint ventures	10,697,713	10,697,713	7,692,860	2,304,190	700,663
Undrawn loan commitments	53,140,987	53,140,987	42,455,856	10,182,930	502,201
Total off balance sheet items	146,365,559	146,365,559	108,419,222	26,888,222	11,058,115

37 FINANCIAL RISK MANAGEMENT (continued)

37.2 Liquidity risk (continued)

The Group is also exposed to liquidity risk in respect of those contingencies and commitments as are disclosed in notes 35 (a), (b) and (e).

Please refer to the Bank's publicly available financial statements for further information on the maturity analysis of its assets and liabilities.

37.3 Market risk

Market risk is the risk that changes in market factors, such as equity prices, commodity prices, credit spreads, interest or profit rates and foreign currency rates will affect the Group's income, equity or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The diverse activities of entities within the Group create exposures to specific market risks that are managed through risk management frameworks appropriate for the inherent business risks. Certain subsidiaries buy and sell derivatives and incur financial liabilities to manage market risks. All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity. Relevant aspects of the Bank's market risk framework are described below.

Market risk specific to the Bank

To better capture the multi-dimensional aspects of market risk, the Bank's primary market risk metric is a statistical measure, Value-at-Risk ("VaR"), used for short-term risk holding periods. VaR metrics are calculated daily for the specific Trading Desk listed below:

- Interest Rate Desk VaR;
- Foreign Exchange Desk VaR; and
- Overall Trading Book VaR.

The year-end VaR numbers reported below have been derived using the following parameters:

- Statistical level of confidence: 99%
- Holding period: 1 business day
- Methodology: full revaluation, historical simulation using over 2 years of historical market data.

Total Value-at-Risk

By Trading Desk	*Average AED'000*	*Maximum AED'000*	*Minimum AED'000*	*Actual* AED'000*
31 December 2020				
Interest rate risk	**6,505**	**12,637**	**3,449**	**11,921**
Foreign exchange risk	**2,258**	**10,394**	**257**	**2,703**
Credit trading risk	**3,105**	**7,627**	**559**	**5,589**
Total	**8,017**	**14,714**	**4,378**	**12,890**
31 December 2019				
Interest rate risk	5,467	11,228	3,101	3,856
Foreign exchange risk	2,175	8,442	379	1,085
Credit trading risk	1,503	3,445	439	1,340
Total	7,308	18,215	4,258	5,039

* Note that the sum of asset class VaR metrics does not add up to the reported Total VaR metric due to diversification and cross-correlation effects.

37 FINANCIAL RISK MANAGEMENT (continued)

37.3 Market risk (continued)

Market risk specific to the Bank (continued)

The major foreign currency open positions of the Bank are as follows:

	2020	*2019*
	AED'000	*AED'000*
	Long / (Short)	Long / (Short)
U.S. Dollar (USD)	**(2,067,219)**	(977,451)
Oman Riyal (OMR)	**(273,127)**	(268,762)
Euro (EUR)	**1,735,894**	565,274
Saudi Riyal (SAR)	**(682,897)**	(1,066,290)
Turkish Lira (TRY)	**4,146**	(1,981)
Egyptian Pound (EGP)	**288,466**	239,527
Bahraini Dinar (BHD)	**(258,688)**	(256,385)
Indian Rupee (INR)	**157,788**	(241,817)

As AED, SAR, OMR and BHD are pegged against USD, the Bank's exposure to these currencies is limited to that extent.

37.3.1 Equity price risk

Equity price risk arises from investments in equity instruments measured at FVTPL and FVOCI at the reporting date. Group entities are responsible for monitoring their investment portfolios. Material investments within portfolios are managed on an individual basis. All such investments are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity.

Equity price risk – sensitivity analysis
A five percent increase in equity prices would have increased the fair value of securities by AED 337,034 thousand (2019: AED 331,239 thousand); an equal change in the opposite direction would have decreased the fair value of securities by AED 337,034 thousand (2019: AED 331,239 thousand). The following table demonstrates the sensitivity of the Group's equity and profit to a 5 percent change in the price of its equity holdings, assuming all other variables, in particular foreign currency rates, remain constant.

	Effect on profit AED'000	***Effect on equity AED'000***
31 December 2020		
Effect of changes in equity portfolio of the Group	**172,319**	**337,034**
31 December 2019		
Effect of changes in equity portfolio of the Group	131,321	331,239

37.3.2 Commodity price risk

The Group is exposed to commodity price risk mainly from the price volatility of crude oil and oil derived products. The Group manages its exposure to changes in oil prices, and, in doing so, may use commodity derivative instruments including commodity futures, swaps and options. All such transactions are managed in accordance with the risk framework approved by the Board of Directors of the relevant entity.

37 FINANCIAL RISK MANAGEMENT (continued)

37.3 Market risk (continued)

37.3.2 Commodity price risk (continued)

Commodity price risk – sensitivity analysis
An increase of 5% in oil prices relating to commodity derivative contracts would have increased / (decreased) equity and profit respectively by the amounts shown below. This analysis assumes that all other variables remain constant. An equivalent decrease of the same magnitude would have an equal but opposite effect.

	Effect on profit AED'000	***Effect on equity AED'000***
31 December 2020		
Effect of changes in oil prices	**(13,017)**	**339,236**
31 December 2019		
Effect of changes in oil prices	(60,119)	393,175

At the reporting date, if the market price of crude oil had been USD 10 per barrel higher/lower, the crude oil under lift receivable would have been higher/lower by AED 244.8 million (2019: AED 27.2 million).

37.3.3 Interest and profit rate risk

The Group is exposed to interest or profit rate risk due to interest rate or profit fluctuations with respect to investment in securities (primarily bonds and sukuks), Islamic financing and investment products, loans and receivables, derivatives, cash and deposits with banks, customer deposits, Islamic customer deposits, and borrowings and lease liabilities.

Certain subsidiaries manage their interest or profit rate risk by entering into interest rate swap contracts. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates or conversely. For details on the fair values, notional amounts and maturity analysis of interest rate swap contracts, please see note 29.

Banking operations
The Bank measures, monitors and manages the interest rate risk in its banking book, and its key components repricing risk, yield curve risk, basis risk, and optionality, as appropriate.

Interest Rate Risk in the Banking Book ("IRRBB") is defined as the exposure of the non-trading products of the Bank to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Bank's retail and corporate and institutional banking assets and liabilities, and debt instruments measured at FVOCI and amortised cost. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes.

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to the Bank's treasury under the supervision of the Bank's Asset and Liability Committee ("ALCO"), through Funds Transfer Pricing Systems. The Bank's ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

37 FINANCIAL RISK MANAGEMENT (continued)

37.3 Market risk (continued)

37.3.3 Interest and profit rate risk (continued)

In order to measure the overall interest sensitivity in the banking book, the Bank conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points ("bp"), and assessing the corresponding impact on its net interest income.

	31 December 2020		*31 December 2019*	
	Amount AED'000	***Variance AED'000***	*Amount AED'000*	*Variance AED'000*
Rates Up 200 bp	**18,947,846**	**2,426,410**	22,169,490	2,333,073
Base Case	**16,521,436**	**-**	19,836,417	-
Rates Down 200 bp	**16,142,537**	**(378,899)**	16,677,990	(3,158,427)

The interest rate sensitivities set out in the table above are based on a set of scenarios i.e. the projections above assume that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections also make the assumption that all positions run to maturity. This effect does not incorporate actions that would be taken by the Bank's treasury or in the business units to mitigate the impact of this interest rate risk. In practice, the Bank's treasury seeks proactively to change the interest rate risk profile to minimise losses and optimise net revenue.

Please refer to the Bank's publicly available financial statements for its interest rate repricing analysis.

Non-banking operations
The table below shows the effect on the consolidated income statement and consolidated statement of changes in equity of an increase of 100 basis points in interest/profit rate relating to the net interest/profit bearing financial assets and liabilities of non-banking operations of the Group. The analysis below excludes interest capitalised and assumes that all other variables remain constant. An equivalent decrease would have an equal but opposite effect accordingly.

	31 December 2020 Effect on		*31 December 2019 Effect on*	
	profit AED'000	***equity AED'000***	*profit AED'000*	*equity AED'000*
100 bp increase in rates	**(863,469)**	**(554,425)**	(813,452)	(391,021)

37.3.4 Currency risk

Banking operations
The foreign currency open positions of the Group's banking operations are disclosed in the market risk section specific to banking operations (see note 37.3).

Non-banking operations
The Group's non-banking operations are exposed to foreign exchange risk on transactions denominated in currencies other than the functional currencies of the Group entities. These transactions give rise to foreign currency exposures. In practice, there is no foreign exchange risk involved in respect of monetary assets and liabilities denominated in USD since AED is currently pegged to USD. Certain Group entities operate in countries where exchange controls and other foreign exchange restrictions apply. Group entities monitor exchange rate movements and the related impact on their financial assets and financial liabilities, and manage their foreign currency exposure in accordance with their risk management framework. A 5% change in exchange rate of foreign currencies other than USD would not have a significant impact on the Group's profit or equity.

37 FINANCIAL RISK MANAGEMENT (continued)

37.4 Capital management

The objective of the Group's capital management is to ensure that it maintains strong capital ratios to enable it to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in economic and market conditions. The total equity attributable to the equity holder of ICD comprises capital, other distributable and non-distributable reserves and retained earnings adding up to AED 192,595,467 thousand as at 31 December 2020 (2019: AED 204,637,998 thousand).

The Group has certain bank borrowing arrangements that require maintaining certain ratios and shareholding structures. Apart from these requirements and subordination of funding provided by the shareholders of certain subsidiaries, certain Group entities, such as the Bank, operate in a highly regulated environment and accordingly their capital management is subject to specific regulatory requirements.

38 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities that is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's management.

For such monitoring and evaluation purposes, the Group is organised in three major reportable operating segments:

- Banking and other financial services: this segment comprises of banking operations, non-bank financial institutions, holding and administering of interests in financial exchanges and financial transaction management advisory services;
- Transportation and related services: this segment comprises primarily of passenger and commercial air transportation (including retail of consumer goods and in-flight catering), airport handling operations, aircraft handling and engineering services, other travel related services and aircraft leasing and financing services; and
- Oil and gas products/services: this segment comprises of upstream oil and gas production, downstream marketing, retailing of oil and gas, and refinery functions.

A brief description of the businesses in the 'Others' operating segment is as follows:

- Retail trade: primarily comprises of duty free retail services at Dubai's airports, ownership and operations of supermarkets and retail services, and trading of goods and services across various sectors;
- Hotels and leisure: primarily comprises of the hotels owned or managed by the Group and related operations;
- Real estate and construction: comprises of activities such as real estate development, construction contracting, structural steelwork manufacturing, leasing of buildings, and rental of exhibition and convention centres; and
- Others: primarily comprises of investment operations.

38 OPERATING SEGMENTS (continued)

The following table presents certain consolidated income statement related information of the Group's operating segments for the year ended 31 December 2020 and 31 December 2019:

31 December 2020

	Banking and other financial services AED'000	*Transportation and related services AED'000*	*Oil and gas products / services AED'000*	*Others AED'000*	*Total AED'000*
Total revenue	**34,339,229**	**54,599,596**	**35,735,462**	**17,766,743**	**142,441,030**
Intra-segment revenue	**(4,527)**	**(2,103,235)**	**-**	**(1,780,722)**	**(3,888,484)**
Inter-segment revenue	**(151,815)**	**(63,827)**	**(2,140,192)**	**(86,804)**	**(2,442,638)**
Total revenue from external customers	**34,182,887**	**52,432,534**	**33,595,270**	**15,899,217**	**136,109,908**
Interest and similar income / income from Islamic financing and investment products	**28,167,002**	**-**	**-**	**-**	**28,167,002**
Lease revenue	**30,019**	**3,749,439**	**236,350**	**1,111,964**	**5,127,772**
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	**25,765**	**44,536,000**	**-**	**9,661,669**	**54,223,434**
- Single point in time	**5,957,604**	**4,147,095**	**33,358,920**	**4,932,750**	**48,396,369**
Other revenue	**2,497**	**-**	**-**	**192,834**	**195,331**
Total revenue from external customers	**34,182,887**	**52,432,534**	**33,595,270**	**15,899,217**	**136,109,908**
Depreciation and impairment charge on property, plant and equipment, right-of-use assets, investment properties and development properties	**1,019,463**	**21,821,221**	**3,208,190**	**5,977,791**	**32,026,665**
Amortisation and impairment charge on intangible assets	**256,988**	**1,691,197**	**244,895**	**143,296**	**2,336,376**
Other finance cost	**214,604**	**6,044,194**	**375,927**	**1,359,596**	**7,994,321**
Other finance income	**86,937**	**438,020**	**169,708**	**400,670**	**1,095,335**
Share of results of equity accounted investees - net	**1,374,436**	**(77,028)**	**171,909**	**926,773**	**2,396,090**
Profit / (Loss) for the year before income tax	**9,136,504**	**(18,681,249)**	**(368,526)**	**(4,792,762)**	**(14,706,033)**

38 OPERATING SEGMENTS (continued)

The following table presents certain consolidated income statement related information of the Group's operating segments for the year ended 31 December 2020 and 31 December 2019: (continued)

31 December 2019

	Banking and other financial services AED'000	*Transportation and related services AED'000*	*Oil and gas products / services AED'000*	*Others AED'000*	*Total AED'000*
Total revenue	34,307,992	119,923,979	60,606,226	25,672,982	240,511,179
Intra-segment revenue	(4,183)	(4,171,781)	-	(1,603,030)	(5,778,994)
Inter-segment revenue	(182,961)	(174,770)	(6,316,638)	(46,786)	(6,721,155)
Total revenue from external customers	34,120,848	115,577,428	54,289,588	24,023,166	228,011,030
Interest and similar income / income from Islamic financing and investment products	28,082,141	-	-	-	28,082,141
Lease revenue	44,443	4,115,128	186,694	1,135,951	5,482,216
Revenue from contracts with customers - IFRS 15:					
- Over a period of time	28,220	102,430,814	-	11,086,103	113,545,137
- Single point in time	5,962,095	9,031,486	54,102,894	11,622,227	80,718,702
Other revenue	3,949	-	-	178,885	182,834
Total revenue from external customers	34,120,848	115,577,428	54,289,588	24,023,166	228,011,030
Depreciation and impairment charge on property, plant and equipment, right-of-use assets, investment properties and development properties	804,520	22,554,392	2,442,912	1,576,546	27,378,370
Amortisation and impairment charge on intangible assets	125,806	579,897	638,811	454,246	1,798,760
Other finance cost	223,454	7,385,931	492,035	1,634,075	9,735,495
Other finance income	115,689	585,299	333,763	734,772	1,769,523
Share of results of equity accounted investees - net	2,209,568	234,677	175,125	1,206,351	3,825,721
Profit for the year before income tax	17,318,815	5,393,672	465,421	2,745,945	25,923,853

38 OPERATING SEGMENTS (continued)

The cost of revenue of banking and financial services segment mainly includes interest and similar expense of AED 8,122 million (2019: AED 9,250 million).

The cost of oil and gas products consumed and traded included in the cost of revenue of oil and gas products / services operating segment amounted to AED 29,314 million (2019: AED 51,044 million).

The cost of revenue of the transportation and related services segment includes jet fuel cost, in-flight catering cost (including crew layover), and airport handling and operations cost of AED 10,299 million (2019: AED 22,443 million), AED 1,827 million (2019: AED 4,631 million) and AED 3,326 million (2019: AED 6,015 million) respectively.

The following table presents certain consolidated statement of financial position related information of the Group's operating segments as at 31 December 2020 and 31 December 2019:

31 December 2020

	Banking and other financial services AED'000	***Transportation and related services AED'000***	***Oil and gas products / services AED'000***	***Others AED'000***	***Total AED'000***
Total assets	**725,006,605**	**220,410,693**	**40,614,466**	**124,568,980**	**1,110,600,744**
Total liabilities	**612,595,414**	**179,577,828**	**21,397,683**	**55,770,926**	**869,341,851**
Investments in associates and joint ventures	**16,843,389**	**1,388,337**	**1,210,436**	**34,957,524**	**54,399,686**

31 December 2019

	Banking and other financial services AED'000	*Transportation and related services AED'000*	*Oil and gas products / services AED'000*	*Others AED'000*	*Total AED'000*
Total assets*	711,483,535	238,958,738	45,492,110	124,303,977	1,120,238,360
Total liabilities*	598,476,332	194,133,985	25,334,703	51,578,408	869,523,428
Investments in associates and joint ventures	16,632,635	1,489,864	1,516,853	33,611,558	53,250,910

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

39 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

List of significant subsidiaries, associates and joint ventures along with their principal activities is as follows:

SUBSIDIARIES:

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD				
Emirates NBD PJSC	**55.76%**	55.76%	UAE	Banking
Emirates National Oil Company Limited (ENOC) LLC	**100.00%**	100.00%	UAE	Development and production of oil and gas, gas gathering and processing, production and selling of methyl tertiary butyl ether (“MTBE”), marketing of petroleum products and retailing at service stations, oil trading, terminalling and storage, condensate processing, aviation fuel marketing, lubricant marketing, bunkering and oil related shipping activities
Dubai World Trade Centre Authority	**100.00%**	100.00%	UAE	Development and management of the Dubai World Trade Centre Complex and Expo Dubai related projects
Emirates	**100.00%**	100.00%	UAE	Commercial air transportation including passenger, cargo and postal carriage services, wholesale and retail of consumer goods, in-flight and institutional catering and hotel operations
Dnata/dnata World Travel	**100.00%**	100.00%	UAE	Ground and cargo handling services, travel services and inflight catering
Dubal Holding LLC	**100.00%**	100.00%	UAE	Investment, incorporation and management of commercial and industrial enterprises
Borse Dubai Limited	**89.72%**	89.72%	UAE	Acquire and hold interests in undertakings operating or active in the financial exchange sector (or companies holding shares in such sector) as well as the administration, development and management of such holdings
Dubai Duty Free Establishment	**100.00%**	100.00%	UAE	Duty free operations at Dubai airports
Dubai Silicon Oasis Authority	**100.00%**	100.00%	UAE	Development and management of a Free Zone Technology park
Dubai Airport Freezone Authority	**100.00%**	100.00%	UAE	Development and management of Dubai Airport Freezone

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD (continued)				
National Bonds Corporation PSC	**100.00%**	100.00%	UAE	Fund manager for a Shari'ah compliant open-ended investment fund
Dubai Aerospace Enterprises (DAE) Limited	**100.00%**	100.00%	UAE	Aircraft leasing and financing services to the aviation industry including its maintenance, repair and overhaul
Kerzner International Holdings Ltd	**99.99%**	99.99%	Bahamas	Hotel operations and management
Emaratech (Emarat Technology Solutions) FZ LLC	**100.00%**	100.00%	UAE	Information Technology software solutions for General Department for Residency and Foreign Affairs, Ministry of Interior and other government departments
Aswaaq LLC	**100.00%**	100.00%	UAE	Operations of supermarkets, commercial complex, leasing properties and general trading
Smartstream Technologies Holding Investments Limited	**100.00%**	100.00%	UAE	Development, distribution and service of its transaction lifecycle management software products and data management services, primarily to the financial services industry
Atlantis the Palm 2 Holding LLC (see note 39.1)	**-**	100.00%	UAE	Leisure and hospitality
Deira Waterfront Development Holdings LLC	**100.00%**	100.00%	UAE	Property development
Cleveland Bridge and Engineering Middle East (Private) Limited	**51.00%**	51.00%	UAE	Contracting for designing, industrial and commercial structures
Ssangyong Engineering & Construction Co. Ltd	**99.95%**	99.98%	South Korea	Engineering and construction contracting
Imdaad LLC	**100.00%**	100.00%	UAE	Facility management services
Dubai Aviation Corporation (trading as "flydubai")	**100.00%**	100.00%	UAE	Commercial air transportation services including passengers, cargo and postal carriage services

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of ICD (continued)				
Ithra Dubai LLC	**100.00%**	100.00%	UAE	Property investment and development, and property management services
Deira Creek Holdings LLC (see note 39.1)	**-**	90.00%	UAE	Leisure, hospitality, and leasing of properties
ISS Global Forwarding Company LLC	**100.00%**	100.00%	UAE	Global freight forwarding services
One Zaabeel Holdings LLC (see note 39.1)	**-**	100.00%	UAE	Property development
ICD Hospitality & Leisure LLC	**100.00%**	100.00%	UAE	Holding company of entities engaged in leisure and hospitality activities
Dubai Global Connect LLC	**100.00%**	100.00%	UAE	Holding company of an entity engaged in developing a global trade hub
Ithra Europe LLC	**100.00%**	100.00%	UAE	Investment in leisure, real estate and hospitality
Ithra Africa LLC	**100.00%**	100.00%	UAE	Investment in leisure, real estate and hospitality
ICD Cape Town FZE	**100.00%**	100.00%	UAE	Investment in hospitality and leisure
Columbus Centre Corporation (Cayman)	**100.00%**	100.00%	Cayman Islands	Investment in hotel operations
ICD Funding Limited	**100.00%**	100.00%	Cayman Islands	Vehicle to issue EMTN funds
Ibtikar Innovation Investment LLC	**100.00%**	100.00%	UAE	Investment in commercial enterprises and management
Binaa Dubai LLC	**100.00%**	100.00%	UAE	Investment in commercial enterprises and management
Palmilla JV, LLC	**100.00%**	100.00%	Delaware	Investment in hotel operations
Dubai Multi Commodities Centre Authority	**100.00%**	-	UAE	Development and management of DMCC Free Zone

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of Dubai Aerospace Enterprises (DAE) Limited				
DAE Holding KFT	**100.00%**	100.00%	Hungary	Acquires, leases, and sells commercial jet and associated aircraft disposals
DAE Funding LLC	**100.00%**	100.00%	Delaware	Borrower
List of significant subsidiaries of Smartstream Technologies Holding Investments Limited				
SmartStream Technologies Limited	**100.00%**	100.00%	UK	Intellectual property ownership, software development, distribution, support, and implementation
SmartStream Technologies GmbH	**100.00%**	100.00%	Austria	Software development, distribution, support and implementation
SmartStream Technologies Inc.	**100.00%**	100.00%	USA	Software distribution, support and implementation
List of significant subsidiaries of Binaa Dubai LLC				
ALEC Engineering & Contracting LLC	**90.00%**	90.00%	UAE	Engineering and construction contracting
List of significant subsidiaries of Emirates NBD PJSC				
Emirates Islamic Bank PJSC	**99.90%**	99.90%	UAE	Islamic banking
DenizBank Anonim Sirketi	**100.00%**	100.00%	Turkey	Banking
Emirates NBD Egypt S.A.E	**100.00%**	100.00%	Egypt	Banking
List of significant subsidiaries of Emirates National Oil Company Limited (ENOC) LLC				
Dubai Natural Gas Company Limited	**100.00%**	100.00%	UAE	Gas processing
Emirates Gas LLC	**100.00%**	100.00%	UAE	Bottling and sale of LPG
Emirates National Oil Company (Singapore) Private Limited	**100.00%**	100.00%	Singapore	Petroleum supply & trading
ENOC Processing Company LLC	**100.00%**	100.00%	UAE	Petroleum refining
Dragon Oil (Holdings) Limited	**100.00%**	100.00%	UAE	Upstream oil and gas exploration, development and production

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of Emirates National Oil Company Limited (ENOC) LLC (continued)				
Horizon Emirates Terminals LLC	**100.00%**	100.00%	UAE	Petroleum terminal
ENOC Marketing L.L.C.	**100.00%**	100.00%	UAE	Petroleum sales and marketing
ENOC Retail L.L.C.	**100.00%**	100.00%	UAE	Service stations, retail, and marketing
ENOC Supply and Trading LLC	**100.00%**	100.00%	UAE	Petroleum supply & trading
Horizon Jebel Ali Terminals LLC	**100.00%**	100.00%	UAE	Petroleum terminal
Horizon Singapore Terminals Private Limited	**52.00%**	52.00%	Singapore	Petroleum terminal
List of significant subsidiaries of Emirates				
Maritime & Mercantile International L.L.C.	**68.70%**	68.70%	UAE	Wholesale and retail of consumer goods
Emirates Leisure Retail L.L.C.	**68.70%**	68.70%	UAE	Food and beverage operations
Emirates Flight Catering Company L.L.C.	**90.00%**	90.00%	UAE	In-flight and institutional catering
List of significant subsidiaries of dnata / dnata World Travel				
Dnata Aviation Services Ltd	**100.00%**	100.00%	United Kingdom	Ground and cargo handling services
dnata Travel Holdings UK Limited	**100.00%**	100.00%	United Kingdom	Travel services
Dnata Catering Services Limited	**100.00%**	100.00%	UAE	In-flight catering services
Alpha Flight Services Pty Ltd	**100.00%**	100.00%	Australia	In-flight catering services
Alpha Flight US Inc.	**100.00%**	100.00%	USA	In-flight catering services

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES: (continued)

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant subsidiaries of Borse Dubai Limited				
Dubai Financial Market (DFM) PJSC	**80.72%**	80.72%	UAE	Electronic financial market
Nasdaq Dubai Limited	**87.14%**	87.14%	UAE	Electronic financial market
List of significant subsidiaries of ICD Hospitality and Leisure LLC				
Atlantis the Palm Holding Company Limited	**100.00%**	100.00%	British Virgin Islands	Hotel operation
Hotels Washington Corporation (Cayman)	**100.00%**	100.00%	UAE	Property development
Optimum ICD Holdings LLC	**90.00%**	90.00%	UAE	Leisure, hospitality, and leasing of properties
Atlantis the Palm 2 Holding LLC (see note 39.1)	**100.00%**	-	UAE	Leisure and hospitality
One Zaabeel Holdings LLC (see note 39.1)	**100.00%**	-	UAE	Property development
Deira Creek Holdings LLC (see note 39.1)	**90.00%**	-	UAE	Leisure, hospitality, and leasing of properties
List of significant subsidiaries of Atlantis the Palm 2 Holding LLC				
The Royal Atlantis Resort & Residences FZCO	**100.00%**	100.00%	UAE	Operating real estate assets
Atlantis the Palm 2 Development LLC	**100.00%**	100.00%	UAE	Real estate development
List of significant subsidiaries of Deira Waterfront Development Holdings LLC				
Deira Waterfront Development LLC	**100.00%**	100.00%	UAE	Property development and management
List of significant subsidiaries of Dubai Multi Commodities Centre Authority				
Dubai Community Management DMCC	**100.00%**	100.00%	UAE	Management of master communities
Dubai Gold and Commodities Exchange DMCC	**100.00%**	100.00%	UAE	Derivative exchange and clearing corporation
Concordia DMCC	**51.00%**	51.00%	UAE	Facilities management services
Dubai Tea Centre DMCC	**100.00%**	100.00%	UAE	Trading in tea, blending and packaging services

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

ASSOCIATES:

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant associates of ICD				
Emaar Properties PJSC (see note 39.3)	**27.50%**	27.50 %	UAE	Property investment and development, property management services, retail, hospitality, and investments in providers of financial services
Dubai Islamic Bank PJSC (see note 15(a))	**25.82%**	28.37%	UAE	Islamic banking
Commercial Bank of Dubai PSC	**20.00%**	20.00%	UAE	Banking
Noor Investment Group LLC	**25.00%**	25.00%	UAE	Investment company
Airport Financing Company FZE	**24.50%**	24.50%	UAE	Investment Company
List of significant associates of Emirates National Oil Company Limited (ENOC) LLC				
Vopak Horizon Fujairah Holding Limited	**33.33%**	33.33%	Gibraltar	Rental of storage tanks and provision of related downstream activities
Arabtank Terminals Limited	**36.50%**	36.50%	Saudi Arabia	Rental of storage tanks and provision of related downstream activities
Gulf Energy Maritime (GEM) P.J.S.C.	**35.62%**	35.62%	UAE	Vessel ownership, ship management and operations, ship chartering and other ancillary services
Horizon Djibouti Holding Limited	**44.44%**	44.44%	Djibouti	Rental of storage tanks and provision of related downstream activities
Horizon Tangiers Terminals S.A.	**34.00%**	34.00%	Morocco	Rental of storage tanks and provision of related downstream activities
List of significant associates of Borse Dubai Limited				
Nasdaq, Inc. (see note 39.2)	**18.06%**	18.04%	USA	Stock Exchange

39 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

JOINT VENTURES:

	Beneficial interest 2020	*Beneficial interest 2019*	***Country of incorporation***	***Principal activities***
List of significant joint ventures of ICD				
Dubai Cable Company (Private) Limited	**50.00%**	50.00%	UAE	Manufacture and sales of power cables, control cables, building wires, lead cables, copper rods and aluminium rods
ICD Brookfield Place Dubai Limited	**50.00%**	50.00%	UAE	Property leasing
List of significant joint ventures of Emirates National Oil Company Limited (ENOC) LLC				
EPPCO International Limited	**50.00%**	50.00%	Bahamas	Petroleum terminal
EPPCO Projects LLC	**51.00%**	51.00%	UAE	Aviation and lubricants marketing
List of significant joint ventures of Dubal Holding LLC				
Emirates Global Aluminium PJSC	**50.00%**	50.00%	UAE	Develop, operate, finance and maintain aluminium smelters, alumina refineries and bauxite mines
JA Power and Water Co. LLC	**50.00%**	50.00%	UAE	Power generation and water desalination

In a number of cases, the Group owns more than a 50% ownership interest in an entity and yet has classified them as associate or joint venture, as management believes that the Group does not control these entities. In certain cases, the Group has joint control on these entities with other owners and a unanimous owners consent is required for strategic financial and operating decisions making.

39.1 During the current year, ICD transferred its ownership of these subsidiaries to another subsidiary of the Group, ICD Hospitality & Leisure LLC.

39.2 Although the Group holds less than 20% of the equity shares of Nasdaq Inc. the Group exercises significant influence through having a direct representation on the Board of Directors of Nasdaq Inc. and accordingly, has adopted the equity method of accounting for this investment.

39.3 Subsequent to the reporting date, the respective Board of Directors of Emaar Properties PJSC and Emaar Malls PJSC have recommended an all share merger to the respective shareholders of Emaar Malls PJSC. As a part of the transaction, the existing business of Emaar Malls will be reconstituted in a wholly owned subsidiary of Emaar Properties PJSC. The transaction is subject to completion of necessary legal and statutory formalities and approvals including from the respective shareholders.