Ajman Bank PJSC

Review report and condensed interim financial information for the three month period ended 31 March 2021

Ajman Bank PJSC

Contents

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Ajman Bank PJSC
Ajman
United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Ajman Bank PJSC** (the "Bank"), as at 31 March 2021, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three month period then ended, Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 Interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
4 May 2021
Dubai
United Arab Emirates

Condensed interim statement of financial position
As at 31 March 2021

	Notes	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
ASSETS			
Cash and balances with the Central Bank	6	**1,644,492**	1,722,122
Due from banks and other financial institutions		**377,006**	613,271
Islamic financing and investing assets, net	7	**16,982,261**	16,960,858
Islamic investments securities at FVTOCI	8	**2,075,418**	1,319,691
Investment in associate	9	**174,379**	177,556
Investment properties	10	**343,548**	343,393
Property and equipment		**130,825**	131,141
Other Islamic assets	11	**239,499**	239,096
Total assets		**21,967,428**	21,507,128
LIABILITIES AND EQUITY			
Liabilities			
Islamic customers' deposits	12	**13,895,014**	14,226,163
Due to banks and other financial institutions		**5,258,852**	4,338,583
Other liabilities	13	**302,164**	439,791
Total liabilities		**19,456,030**	19,004,537
Equity			
Share capital	14	**2,100,000**	2,100,000
Statutory reserve		**258,508**	258,508
Investment fair value reserve		**(87,852)**	(60,355)
General impairment reserve	15	**80,712**	97,042
Retained earnings		**160,030**	107,396
Total equity		**2,511,398**	2,502,591
Total liabilities and equity		**21,967,428**	21,507,128

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim financial information present fairly in all material respects the financial position, financial performance and cash flows of the Bank.

H.E. Sheikh Ammar Bin Humaid Al Nuaimi
Chairman

Mohamed Abdulrahman Amiri
Chief Executive Officer

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed interim income statement (unaudited)
for the three month period ended 31 March 2021

	Notes	Three month period ended 31 March	
		2021	2020
		AED'000	AED'000
Operating income			
Income from Islamic financing and investing assets	16	**181,978**	232,036
Income from Islamic investment securities at FVTOCI		**19,959**	29,191
Fees, commissions and other income		**26,385**	37,421
Share of results of associate	9	**(2,437)**	2,578
Total operating income before depositors' share of profit		**225,885**	301,226
Depositors' share of profit		**(59,513)**	(140,979)
Net operating income		**166,372**	160,247
Expenses			
Staff costs		**(48,490)**	(55,731)
General and administrative expenses		**(22,367)**	(14,549)
Depreciation of property and equipment		**(5,925)**	(6,907)
Impairment charge for financial assets	17	**(58,259)**	(78,451)
Total expenses		**(135,041)**	(155,638)
Profit for the period		**31,331**	4,609
Earnings per share (AED)	18	**0.015**	0.002

The accompanying notes form an integral part of these condensed interim financial statements.

Condensed interim statement of other comprehensive income (unaudited) for the three month period ended 31 March 2021

	Three month period ended 31 March	
	2021	2020
	AED'000	AED'000
Profit for the period	**31,331**	4,609
Other comprehensive loss		
Item that will not be reclassified subsequently to profit or loss:		
Movement in investment fair value reserve for equity instruments at FVTOCI	**(9,168)**	(31,500)
	(9,168)	(31,500)
Items that may be reclassified subsequently to profit or loss		
Fair value (loss) on investment securities at FVTOCI – sukuk instruments	**(17,127)**	(122,174)
Reclassification adjustments relating to investment securities at FVTOCI	**(1,202)**	(4,764)
	(18,329)	(126,938)
Other comprehensive loss	**(27,497)**	(158,438)
Total comprehensive income/(loss) for the period	**3,834**	(153,829)

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

Condensed interim statement of changes in equity
for the three month period ended 31 March 2021

	Share capital AED'000	Statutory reserve AED'000	Investment fair value reserve AED'000	General impairment reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2020 (audited)	2,100,000	253,168	(7,256)	111,583	54,824	2,512,319
Profit for the period	-	-	-	-	4,609	4,609
Other comprehensive loss	-	-	(158,438)	-	-	(158,438)
Total comprehensive (loss)/income for the period	-	-	(158,438)	-	4,609	(153,829)
Transfer from impairment reserve (Note 15)	-	-	-	(48,730)	48,730	-
At 31 March 2020 (unaudited)	**2,100,000**	**253,168**	**(165,694)**	**62,853**	**108,163**	**2,358,490**
At 1 January 2021 (audited)	2,100,000	258,508	(60,355)	97,042	107,396	2,502,591
Profit for the period	-	-	-	-	31,331	31,331
Other comprehensive loss	-	-	(27,497)	-	-	(27,497)
Total comprehensive (loss)/income for the period	-	-	(27,497)	-	31,331	3,834
Transfer from impairment reserve (Note 15)	-	-	-	(16,330)	16,330	-
Reversal of Zakat liability	-	-	-	-	4,973	4,973
At 31 March 2021 (unaudited)	**2,100,000**	**258,508**	**(87,852)**	**80,712**	**160,030**	**2,511,398**

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

Condensed interim statement of cash flows (unaudited)
for the three month period ended 31 March 2021

	Three month period ended 31 March	
	2021	2020
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	**31,331**	4,609
Adjustments for:		
Depreciation of property and equipment	**5,925**	6,907
Impairment charge for financial assets	**58,259**	78,451
Income from investment securities	**(17,774)**	(23,681)
Realized gain on disposal of investment securities	**(2,185)**	(5,510)
Share of results of associate	**2,437**	(2,578)
Operating cash flows before changes in operating assets and liabilities	**77,993**	58,198
Changes in operating assets and liabilities:		
Increase in Islamic financing and investing assets	**(78,757)**	(404,128)
(Increase)/decrease in due from banks and other financial institutions	**(18,934)**	46,342
(Increase)/decrease in statutory deposit with the Central Bank	**(41,703)**	27,979
Decrease in International murabahat with the Central Bank	**640,000**	720,000
(Increase)/decrease in other Islamic assets	**(1,017)**	91,505
Decrease in Islamic customers' deposits	**(331,149)**	(48,837)
Increase/(decrease) in due to banks and other financial institutions	**920,269**	(148,391)
Decrease in other liabilities	**(129,985)**	(34,215)
Net cash generated from operating activities	**1,036,717**	308,453
Cash flows from investing activities		
Purchase of investment securities	**(1,101,824)**	(568,022)
Proceeds from sale of investment securities	**318,077**	839,495
Profit income received on investment securities	**17,314**	21,572
Purchase of property and equipment	**(5,609)**	(6,434)
Dividend income received from associates	**740**	2,273
Additions to investment properties	**(155)**	(3,066)
Proceeds from disposal of investment in subsidiary	**-**	124,897
Net cash (used in)/generated from investing activities	**(771,457)**	410,715
Net increase in cash and cash equivalents	**265,260**	719,168
Cash and cash equivalents at the beginning of the period	**589,565**	809,715
Cash and cash equivalents at the end of the period (Note 6)	**854,825**	1,528,883

The accompanying notes form an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021

1. Legal status and activities

Ajman Bank PJSC (the "Bank") was incorporated as a Public Joint Stock Company. The registered address of the Bank is P.O. Box 7770, Ajman, United Arab Emirates ("UAE"). The Bank was legally incorporated on 17 April 2008 and was registered with the Securities and Commodities Authority ("SCA") on 12 September 2008 and obtained a license from the Central Bank of the UAE to operate as a Head Office on 14 September 2008. On 1 December 2008, the Bank obtained a branch banking license from UAE Central Bank and commenced its operations on 22 December 2008.

In addition to its Head office in Ajman, the Bank operates through nine branches and two pay offices in the UAE. The financial statements combine the activities of the Bank's head office and its branches.

The principal activities of the Bank are to undertake banking, financing and investing activities through various Islamic financing and investment products such as Murabaha, Mudarba, Musharika, Wakala, Sukuk and Ijarah. The activities of the Bank are conducted in accordance with the Islamic Sharia'a principles and within the provisions of its Memorandum and Articles of Association.

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

2.1 New and revised IFRS applied with no material effect on the condensed interim financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRS	**Summary**
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases)	The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
Amendments to IFRS 16 *Leases* relating to Covid-19-Related Rent Concessions	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

2.2 New and revised IFRSs in issue but not yet effective

The Bank has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 16 *Property, Plant and Equipment* relating to Proceeds before Intended Use The amendments prohibit 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 profit or loss.	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: • IFRS 1 *First-Time Adoption of International Financial Reporting Standards* – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 *Leases* – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example 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 in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	1 January 2022
Amendments to IFRS 3 *Business Combinations* relating to Reference to the Conceptual Framework The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	1 January 2022

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to Onerous Contracts - Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	1 January 2022
IFRS 17 *Insurance Contracts* IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	1 January 2023
Amendments to IFRS 17 *Insurance Contracts* Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.	1 January 2023

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IFRS 17 *Insurance Contracts (continued)* • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	1 January 2023
Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9 The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Bank anticipates that these new standards, interpretations and amendments will be adopted in the Bank's condensed interim financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the condensed interim financial statements of the Bank in the period of initial application.

3. Summary of significant accounting policies

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, certain required accounting policies have been disclosed in the condensed interim financial information.

3.1 Basis of preparation

The condensed interim financial information of the Bank are prepared under the historical cost basis except for certain financial instruments and investment properties, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

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

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

3. Summary of significant accounting policies (continued)

3.2 Financial risk management

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

3.3 Seasonality of results

No income of a seasonal nature was recorded in the condensed interim statement of profit or loss for the three month period ended 31 March 2021 and 31 March 2020.

3.4 Investment property

Investment properties are held to earn rental income and/or capital appreciation. Investment properties includes cost of initial purchase, developments transferred from property under development, subsequent cost of development, and fair value adjustments. Investment properties are reported at valuation based on fair value at the end of the reporting period. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value is determined on a periodic basis by independent professional valuers. Fair value adjustments on investment properties are included in the income statement in the period in which these gains or losses arise.

All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The fair value of investment properties are based on the nature, location and condition of the specific asset.

4. Critical accounting judgments and key sources of estimation of uncertainty

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

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

5. Classification of financial assets and liabilities

The tables below sets out the Bank's classification of each class of financial assets and liabilities:

	At fair value AED'000	Amortised cost AED'000	Total AED'000
At 31 March 2021 (unaudited)			
Financial assets			
Cash and balances with the Central Bank	-	**1,644,492**	**1,644,492**
Due from banks and other financial institutions	-	**377,006**	**377,006**
Islamic financing and investing assets, net	-	**16,982,261**	**16,982,261**
Islamic investment securities at FVTOCI	**2,075,418**	-	**2,075,418**
Other Islamic assets	**1,153**	**145,883**	**147,036**
Total	**2,076,571**	**19,149,642**	**21,226,213**

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

5. Classification of financial assets and liabilities (continued)

	At fair value AED'000	Amortised cost AED'000	Total AED'000
At 31 March 2021 (unaudited)			
Financial liabilities			
Islamic customers' deposits	**-**	**13,895,014**	**13,895,014**
Due to banks and other financial institutions	**-**	**5,258,852**	**5,258,852**
Other liabilities	**-**	**230,586**	**230,586**
Total	**-**	**19,384,452**	**19,384,452**
31 December 2020 (audited)			
Financial assets:			
Cash and balances with the central banks	-	1,722,122	1,722,122
Due from banks and other financial institutions	-	613,271	613,271
Islamic financing and investing assets	-	16,960,858	16,960,858
Islamic investments securities at FVTOCI	1,319,691	-	1,319,691
Other Islamic assets	1,611	138,511	140,122
Total	1,321,302	19,434,762	20,756,064
31 December 2020 (audited)			
Financial liabilities:			
Islamic customers' deposits	-	14,226,163	14,226,163
Due to banks and other financial institutions	-	4,338,583	4,338,583
Other Islamic liabilities	-	365,502	365,502
Total	-	18,930,248	18,930,248

6. Cash and balances with the Central Bank

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Cash on hand	**88,580**	98,709
Balances with the Central Bank:		
Current accounts	**87,599**	91,803
Reserve requirements with the Central Bank	**398,313**	356,610
International murabahat with the Central Bank	**1,070,000**	1,175,000
Total	**1,644,492**	1,722,122

Notes to the condensed interim financial statements for the three months period ended 31 March 2021 (continued)

6. Cash and balances with the Central Bank

Cash and cash equivalents included in the condensed interim statement of cash flows are as follows:

	31 March 2021 AED'000 (unaudited)	31 March 2020 AED'000 (unaudited)
Cash and balances with the Central Bank	**1,644,492**	2,739,240
Due from banks and other financial institutions (original maturity less than three months)	**18,646**	53,758
	1,663,138	2,792,998
Less: Statutory reserve with the Central Bank	**(398,313)**	(604,115)
Less: International murabahat with the Central Bank (original maturity more than three months)	**(410,000)**	(660,000)
Cash and cash equivalents	**854,825**	1,528,883

The reserve requirements are kept with the Central Bank are not available for use in the Bank's day to day operations, and cannot be withdrawn without the approval of the Central Bank. The level of reserve required changes periodically in accordance with the directives of the Central Bank.

7. Islamic financing and investing assets, net

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Islamic financing assets		
Vehicles murabahat	**63,679**	65,759
Commodities murabahat	**8,422,698**	8,427,433
Total murabahat	**8,486,377**	8,493,192
Ijarahs	**10,153,639**	10,338,901
Istisna'a	**1,611**	2,771
Islamic credit cards	**25,086**	23,932
	18,666,713	18,858,796
Deferred income	**(1,028,079)**	(1,062,614)
Total Islamic financing assets	**17,638,634**	17,796,182
Islamic investing Assets		
Mudaraba	**9,646**	20,646
Wakalat	**365,262**	117,855
Total Islamic investing assets	**374,908**	138,501
Total Islamic financing and investing assets	**18,013,542**	17,934,683
Less: Impairment loss allowance (Note 17)	**(1,031,281)**	(973,825)
Total Islamic financing and investing assets, net	**16,982,261**	16,960,858

8. Islamic investment securities at FVTOCI

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Islamic investments securities measured at FVTOCI – sukuk instruments	**1,832,840**	1,118,061
Islamic investments securities measured at FVTOCI – equity instruments	**242,578**	201,630
	2,075,418	1,319,691

Fair value hierarchy

Islamic investment securities measured at FVTOCI are set out below:

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 March 2021 (unaudited)				
At FVTOCI				
Sukuk instruments	**1,798,412**	**-**	**34,428**	**1,832,840**
Equity instruments	**95,411**	**-**	**147,167**	**242,578**
Total	**1,893,823**	**-**	**181,595**	**2,075,418**
31 December 2020 (audited)				
At FVTOCI				
Sukuk instruments	1,083,633	-	34,428	1,118,061
Equity instruments	49,500	-	152,130	201,630
Total	1,133,133	-	186,558	1,319,691

There were no transfers between financial instruments classified within level 1, level 2, and level 3 of the fair value hierarchy during the current or prior period/year.

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

9. Investment in associate

Information about the associate and the nature of the investment is shown below:

Name	Nature of Business	Country of Incorporation	% Interest held	Measurement method
Makaseb Real Estate Investment SPV Limited	Real Estate Investments	United Arab Emirates	48%	Equity
Makaseb 3 Real Estate Investment SPV Limited	Real Estate Investments	United Arab Emirates	44%	Equity

Movement in investment in associate is as follows:

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
At beginning of the period/year	**177,556**	74,282
Additions during the period/year	**-**	98,000
Share of results during the period/year	**(2,437)**	12,607
Distributions received during the period/year	**(740)**	(7,333)
Balance at the end of the period/year	**174,379**	177,556

10. Investment properties

Movement in investment properties is as follows:

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
At beginning of the period/year	**343,393**	783,362
Additions during the period/year	**155**	5,827
Derecognised due to disposal of investment in subsidiary (Note 23)	**-**	(421,402)
Decrease in fair value during the period/year	**-**	(24,394)
Balance at the end of the period/year	**343,548**	343,393

All of the Bank's investment properties are held under freehold interest and located in the U.A.E. The fair value of the Bank's investment properties as at 31 March 2021 is AED 344 million (31 December 2020: AED 343 million). The fair value is mainly based on unobservable market inputs (i.e. Level 3).

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

11. Other Islamic assets

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Accrued income on Islamic financing and investing assets	**103,083**	101,753
Acceptances (Note 13)	**-**	17,748
Assets acquired in settlement of Islamic financing and investing assets*	**50,131**	50,131
Accrued income on Islamic investments securities	**16,922**	11,547
Prepaid expenses	**19,348**	4,899
Staff advances (Soft finance)	**10,582**	10,998
Foreign currency forward contracts	**1,153**	1,611
Other	**54,274**	55,789
	255,493	254,476
Less: Impairment loss allowance (Note 17)	**(15,994)**	(15,380)
	239,499	239,096

12. Islamic customers' deposits

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Current accounts	**3,757,789**	2,986,498
Mudarba deposits:		
Savings accounts	**356,328**	279,099
Term deposits	**34,694**	47,707
	4,148,811	3,313,304
Wakala deposits	**9,545,299**	10,727,822
Escrow accounts	**163,445**	147,384
Margin accounts	**37,459**	37,653
	13,895,014	14,226,163

Notes to the condensed interim financial statements for the three months period ended 31 March 2021 (continued)

13. Other liabilities

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Accrued profit on Islamic customers' deposits and placements by banks	**140,216**	122,554
Provisions for staff salaries and benefits	**21,061**	21,154
Managers' cheques	**76,579**	224,492
Acceptances (Note 11)	**-**	17,748
Lease liability	**7,092**	8,946
Zakat payable	**-**	6,217
Impairment loss allowance (Note 17)	**11,508**	11,992
Other	**45,708**	26,688
	302,164	439,791

14. Share capital

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Issued and fully paid:		
2,100,000,000 (31 December 2020: 2,100,000,000) shares of AED 1 each	**2,100,000**	2,100,000

15. General impairment reserve

In accordance with the requirements of the Central Bank of the U.A.E. the excess of the credit impairment provisions calculated in accordance with CBUAE requirements over the ECL allowance calculated under Stage 1 and Stage 2 as per IFRS 9 is transferred to 'General impairment reserve' as an appropriation from retained earnings. This reserve is not available for payment of dividends.

16. Income from Islamic financing and investing assets

	Three month period ended 31 March	
	2021 AED'000 (unaudited)	2020 AED'000 (unaudited)
Income from Ijarah	**114,052**	119,747
Income from Murabaha	**66,869**	103,310
Income from Mudaraba	**158**	754
Income from Wakala	**872**	7,953
Income from Istisna	**27**	272
	181,978	232,036

17. Impairment allowance

17.1 Allocation of impairment allowance as of 31 March 2021 and 31 December 2020 is as follows:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
31 March 2021 (unaudited)				
Due from banks and other financial institutions	**-**	**157**	**-**	**157**
Islamic financing and investing assets	**28,468**	**114,674**	**888,139**	**1,031,281**
Islamic investment securities at FVTOCI	**3,230**	**-**	**50,078**	**53,308**
Other Islamic financial assets	**-**	**1**	**15,993**	**15,994**
Financial commitments and financial guarantees	**1,633**	**-**	**9,875**	**11,508**
Total	**33,331**	**114,832**	**964,085**	**1,112,248**
31 December 2020 (audited)				
Due from banks and financial institutions	-	365	-	365
Islamic financing and investing assets	32,292	91,805	849,728	973,825
Islamic investments securities at FVTOCI	2,247	-	50,078	52,325
Other Islamic financial assets	-	1	15,379	15,380
Financial commitments and financial guarantees	2,174	-	9,818	11,992
Total	36,713	92,171	925,003	1,053,887

17.2 The movement in impairment allowance by financial asset category during the period ended 31 March 2021 is as follows:

	Opening balance AED'000	Net charge during the period AED'000	Write-off, net of recoveries AED'000	Closing balance AED'000	Net charge during the period ended 31 March 2020 AED'000
Due from banks and other financial institutions	**365**	**(208)**	**-**	**157**	(58)
Islamic financing and investing assets (Note 7)	**973,825**	**57,354**	**102**	**1,031,281**	72,040
Islamic investment securities at FVTOCI	**52,325**	**983**	**-**	**53,308**	745
Other Islamic financial assets (Note 11)	**15,380**	**614**	**-**	**15,994**	3,878
Financial commitments and financial guarantees (Note 13)	**11,992**	**(484)**	**-**	**11,508**	1,846
Total	**1,053,887**	**58,259**	**102**	**1,112,248**	78,451

The credit impairment provisions calculated in accordance with CBUAE requirements were in excess of ECL allowance calculated under IFRS 9 as explained in note 4.

18. Earnings per share

Earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three month period ended 31 March	
	2021 (unaudited)	2020 (unaudited)
Earnings per share		
Profit for the period (AED'000)	**31,331**	4,609
	31,331	4,609
Weighted average number of shares outstanding during the period (in thousands)	**2,100,000**	2,100,000
Earnings per share (AED)	**0.015**	0.002

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

19. Related parties transactions

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

Transactions

Transactions with related parties are shown below:

	Three month period ended					
	31 March 2021 (unaudited)			31 March 2020 (unaudited)		
	Major shareholders AED'000	**Director and other related parties AED'000**	**Total AED'000**	Major shareholders AED'000	Director and other related parties AED'000	Total AED'000
Depositors' share of profit	**22,722**	**199**	**22,921**	27,808	422	28,230
Income from Islamic financing and investing assets	**15,898**	**2,108**	**18,006**	16,872	6,193	23,065

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

19. Related parties transactions (continued)

Balances

Balances with related parties at the reporting date are shown below:

	31 March 2021 (unaudited)			31 December 2020 (audited)		
	Major shareholders AED'000	**Director and other related parties AED'000**	**Total AED'000**	Major shareholders AED'000	Director and other related parties AED'000	Total AED'000
Islamic financing and investing assets	**1,992,234**	**525,294**	**2,517,528**	2,018,111	499,961	2,518,072
Islamic customers' deposits	**3,843,868**	**110,561**	**3,954,429**	3,877,712	118,058	3,995,770

Compensation of key management personnel

Key management compensation is as shown below:

	Three month period ended 31 March	
	2021 AED'000 (unaudited)	2020 AED'000 (unaudited)
Short term employment benefits	**2,110**	2,422
Terminal benefits	**93**	112
	2,203	2,534

20. Contingencies and commitments

Capital commitments

At 31 March 2021, the Bank had outstanding capital commitments of AED 52 million (31 December 2020: AED 67 million), which will be funded within the next twelve months.

Credit related commitments and contingencies

Credit related commitments include commitments to extend credit, which are designed to meet the requirements of the Bank's customers.

Notes to the condensed interim financial statements for the three months period ended 31 March 2021 (continued)

20. Contingencies and commitments

The Bank had the following credit related commitments and contingent liabilities:

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Commitments to extend credit	**366,753**	138,440
Letters of credit	**5,709**	3,162
Letters of guarantee	**286,627**	229,822
	659,089	371,424

21. Segment analysis

Operating segments are reported in accordance with the internal reporting provided to the Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance.

For operating purposes, the Bank is organised into the following business segments:

(i) Consumer banking – comprising personal banking where various products are offered e.g. private customer current accounts, savings accounts, deposits, credit and debit cards, personal finance, auto finance and house mortgage;

(ii) Corporate banking - incorporating transactions with corporate bodies including government and public bodies and comprising of Islamic financing and investing assets, deposits and trade finance transactions;

(iii) Investment banking – comprising priority banking, investment solutions and alternative investment banking, leasing of commercial & residential properties; and

(iv) Treasury - incorporating activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including the Central Bank of the UAE.

These segments are the basis on which the Bank reports its segment information. Transactions between segments are conducted at rates determined by management, taking into consideration the cost of funds and an equitable allocation of expenses.

21. Segment analysis (continued)

Segment results of operations

The segment information provided to the Board for the reportable segments are as follows:

	Consumer banking AED'000	Corporate banking AED'000	Treasury AED'000	Investments AED'000	Others AED'000	Total AED'000
Three month period ended 31 March 2021 (unaudited)						
Net income from Islamic financing and investing assets	**33,471**	**85,949**	**(4,667)**	**7,712**	**-**	**122,465**
Income from Islamic investment securities at FVTOCI	**-**	**-**	**17,784**	**2,175**	**-**	**19,959**
Share of results of associate	**-**	**-**	**-**	**(2,437)**	**-**	**(2,437)**
Impairment charges on financial assets	**(3,178)**	**(53,939)**	**(1,144)**	**2**	**-**	**(58,259)**
Fees, commissions and other income	**5,136**	**2,128**	**652**	**19,763**	**(1,294)**	**26,385**
Staff costs	**(11,743)**	**(2,696)**	**(671)**	**(1,319)**	**(32,061)**	**(48,490)**
General and administrative expenses	**(7,127)**	**(2,475)**	**(405)**	**(786)**	**(11,574)**	**(22,367)**
Depreciation of property and equipment	**-**	**-**	**-**	**-**	**(5,925)**	**(5,925)**
Operating profit/(loss) (unaudited)	**16,559**	**28,967**	**11,549**	**25,110**	**(50,854)**	**31,331**
Three month period ended 31 March 2020 (unaudited)						
Net income from Islamic financing and investing assets	23,628	68,651	(8,434)	7,212	-	91,057
Income from Islamic investment securities at FVTOCI	-	-	26,019	3,172	-	29,191
Share of results of associate	-	-	-	2,578	-	2,578
Impairment charge on financial assets	(9,621)	(63,481)	(695)	(4,654)	-	(78,451)
Fee, commissions and other income	4,733	15,870	7,484	9,869	(535)	37,421
Staff costs	(13,542)	(3,995)	(770)	(1,962)	(35,462)	(55,731)
General and administrative expenses	(8,661)	(2,966)	(482)	(164)	(2,276)	(14,549)
Depreciation of property and equipment	-	-	-	-	(6,907)	(6,907)
Operating profit/(loss) (unaudited)	(3,463)	14,079	23,122	16,051	(45,180)	4,609

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

21. Segment analysis (continued)

	Consumer banking AED'000	Corporate banking AED'000	Treasury AED'000	Investments AED'000	Others AED'000	Total AED'000
As at 31 March 2021						
Segment assets (unaudited)	**3,288,976**	**12,643,502**	**3,225,312**	**1,828,494**	**981,144**	**21,967,428**
Segment liabilities (unaudited)	**3,279,294**	**10,024,699**	**4,731,714**	**831,483**	**588,840**	**19,456,030**
As at 31 December 2020						
Segment assets (audited)	3,306,953	12,779,717	2,543,311	1,915,245	961,902	21,507,128
Segment liabilities (audited)	3,387,947	10,694,992	3,477,419	968,284	475,895	19,004,537

Notes to the condensed interim financial statements
for the three months period ended 31 March 2021 (continued)

22. Capital management

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

Regulatory capital

The Bank calculates its Capital Adequacy Ratio in line with guidelines issued by the Central Bank of the U.A.E. The Bank's regulatory capital position at the end of reporting period under Basel III is as follows:

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Tier 1 capital		
Share capital	**2,100,000**	2,100,000
Reserves	**343,952**	305,549
	2,443,952	2,405,549
Tier 2 capital		
General provision and fair value reserve	**190,729**	188,272
Total regulatory capital	**2,634,681**	2,593,821
Risk weighted assets		
Credit risk	**15,258,288**	15,061,720
Market risk	**524**	463
Operational risk	**1,125,368**	1,125,368
Total risk weighted assets	**16,384,180**	16,187,551

	Minimum requirement	**Capital ratios 31 March 2021 (unaudited)**	Capital ratios 31 December 2020 (audited)
Capital element			
Common equity tier 1 (CET 1) ratio	**7%**	**14.92%**	14.86%
Tier 1 capital ratio	**8.5%**	**14.92%**	14.86%
Capital adequacy ratio	**10.5%**	**16.08%**	16.02%
CET1 available for the buffer requirement	**2.5%**	**6.75%**	6.73%

23. Risk Management

COVID-19 Impact on measurement of ECL

The Covid-19 pandemic has had a far-reaching impact on the UAE economy, but slowly the economy is getting back on track post ease of lockdown. For interim period the government and CBUAE has implemented a number of measures to assist the business and minimize the impact of the pandemic through Targeted Economic Support Scheme (TESS).

To incorporate the uncertainty, the bank has updated the IFRS-9 model using the latest macro-economic forecast along with override of post Covid-19 projection provided by World Economic Outlook (WEO). As the projection data is taken after Covid-19 shock, IFRS-9 provision model itself incorporates significant Covid-19 impact across the Bank's exposures. Further to applying this WEO override, the bank has used the overlay strategy with management consensus to assign additional ECL charge by removing the upturn scenario and increased the weight for downturn scenario. Taking into consideration broader level measures and guidelines provided by Central Bank of UAE under the Targeted Economic Support Scheme (TESS). The Bank has done the grouping of the customer based on significant increase in credit risk (SICR). The Bank has also considered guidelines issued by the International Accounting Standards Board (IASB) on 27 March 2021 and Basel Committee issued on 4 April 2020 on determination of expected credit losses.

As advised by CBUAE under TESS guidelines, customer grouping is done looking at the customer profile. Customers who have availed TESS and is facing short term liquidity issues without SICR is retained in group 1, while the customer's with SICR is moved to group 2. Under IFRS 9, Islamic financing and investing assets are required to be moved from Stage 1 to Stage 2 if they have been the subject of a significant increase in credit risk (SICR) since origination.

Reasonableness of Forward Looking Information and probability weights

Despite several challenges associated with doing IFRS-9 provision estimate by incorporating the overall impact of Covid-19. Bank has refreshed the IFRS-9 provision model using the latest macro-economic forecast along with additional shock of macro-economic outlook provided WEO. All the macro-economic variable used within the model has been shocked and applied to incorporate the effect of Covid-19 and bring the forecast in line with recent forecast published by well-known institutions.

The Bank has used the workout LGD model which is purely based on Bank specific data based on its own curing, restructuring, recovery and collateral backing. In addition to incorporation of Covid-19 shock within the IFRS-9 model, the Bank has created additional overlay for corporate and retail portfolio using below set of mechanism.

For corporate portfolio the Bank has done the grouping of the customers who have availed TESS and simultaneously changed the scenario probability weights, to create additional overlay. For the retail portfolio a level of segmentation has been done where in UAE local exposure has been kept out of the grouping consideration (given the financial stability assurance provided to them)

Additional overlay for Corporate & SME portfolio is estimated as follows:

- Group 1: Customers who have availed TESS, and are facing short term liquidity issues without significant increase in credit risk. 12-month ECL is estimated for these customers keeping them in Stage 1.
- Group 2: Customers who have availed TESS, and are facing significant increase in credit risk (SICR). Life time ECL is estimated for these customers after classifying them in Stage 2.

23. Risk Management (continued)

COVID-19 Impact on measurement of ECL (continued)

Reasonableness of Forward Looking Information and probability weights (continued)

- Scenario probability weights are changed from existing (Baseline Scenario: 62.5%, Downturn Scenario: 18.75%, Upturn Scenario: 18.75%) to (Baseline Scenario: 75%, Downturn Scenario: 25%, Upturn Scenario: 0%). Upturn Scenario is taken out of consideration till the time uncertainty persists.

Additional overlay for Retail portfolio is estimated as follows:

- Bank ECL model for the retail portfolio is built on pool level data. Separate models are built for different segments of the retail portfolio (i.e. Home Finance, Auto Finance, and Personal Finance).
- Scenario probability weights are changed from existing (Baseline Scenario: 62.5%, Downturn Scenario: 18.75%, Upturn Scenario: 18.75%) to (Baseline Scenario: 75%, Downturn Scenario: 25%, Upturn Scenario: 0%). Upturn Scenario is taken out of consideration till the time uncertainty persists.
- All the retail exposure for UAE local customers who have availed TESS are not considered for grouping consideration as no significant increase in credit risk is anticipated because of financial assurance provided to them.
- By doing broader level assessment for all the expatriate's retail exposure who have availed TESS. Secured exposures which are backed by collateral (i.e. Home Finance, Auto Finance) looked more resilient than unsecured exposure (Personal Finance).
- Looking at overall TESS availed retail expatriates portfolio, 5% of the secured exposures will notice significant increase in credit risk and will move to Group 2 (i.e. Stage 2) whereas 15% of unsecured exposures in this segment will move to Group 2.

The treasury segment of the portfolio comprises mostly of sukuk, and is classified as FVTOCI. Considering much higher level of due diligence for listed securities, any risk associated with the securities immediately gets reflected in the price. The bank has kept the scenario weights intact for this segment of portfolio.

The Credit Department of the Bank will progressively keep on collecting all the information related to status of each customer who has applied for relief in the form of deferral during the current period. As soon as enough information is available to ascertain significant increase in credit risk, the department will classify those customers into Group 2. The same will be presented to the Credit committee for approval on the assignment of the customer to the appropriate stage.

Analysis of clients benefitting from payment deferrals

The table below contains analysis of the deferred amount and outstanding balances of customers benefitting from deferrals.

	Corporate banking AED'000	**Consumer banking AED'000**	**Total AED'000**
At 31 March 2021 (unaudited)			
Deferral Amount			
Islamic Financing	318,490	67,657	386,147
	318,490	**67,657**	**386,147**
Exposures			
Islamic Financing	3,610,866	1,047,511	4,658,378
	3,610,866	**1,047,511**	**4,658,378**

Notes to the condensed interim financial statements for the three months period ended 31 March 2021 (continued)

23. Risk Management (continued)

COVID-19 Impact on measurement of ECL (continued)

The table below contains analysis of outstanding balances and related ECL of customers benefitting from deferrals.

	12-month ECL AED'000	Lifetime ECL not credit-impaired AED'000	Lifetime ECL credit-impaired AED'000	Total AED'000
Corporate Banking				
Group 1				
Islamic financing and investing assets	725,505	265,407	-	990,912
Less: Expected credit losses	(2,879)	(2,633)	-	(5,512)
	725,505	**262,774**	**-**	**985,399**
Group 2				
Islamic financing and investing assets	-	2,577,762	42,193	2,619,955
Less: Expected credit losses	-	(20,389)	(6,906)	(27,295)
	-	**2,557,373**	**35,287**	**2,592,660**
Consumer Banking				
Group 1	871,071	77,205	-	948,275
Islamic financing and investing assets	(4,849)	(15,437)	-	(20,286)
Less: Expected credit losses				
	866,221	**61,768**	**-**	**927,989**
Group 2				
Islamic financing and investing assets	-	89,944	9,292	99,236
Less: Expected credit losses	-	(7,159)	(1,737)	(8,896)
	-	**82,785**	**7,555**	**90,340**

The total changes in Exposure at Default (EAD) since December 2020

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

	AED'000
EAD as at 1 January 2021	6,133,464
Additions during the period	666,274
Repayments / de-recognition during the period	(2,141,360)
EAD as at 31 March 2021	**4,658,378**

Notes to the condensed interim financial statements for the three months period ended 31 March 2021 (continued)

23. Risk Management (continued)

COVID-19 Impact on measurement of ECL (continued)

Stage migrations estimated as EAD by portfolio since December 2020

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

	12-month ECL AED'000	Lifetime ECL not credit-impaired AED'000	Lifetime ECL credit-impaired AED'000	Total AED'000
Corporate Banking				
EAD as at 1 January 2021	1,601,106	2,885,291	59,855	4,546,252
Transferred from 12-month ECL	(19,261)	19,261	-	-
Transferred from Lifetime ECL not credit-impaired	-	-	-	-
Transferred from Lifetime ECL credit-impaired	-	23,795	(23,795)	-
Change in exposure	7,948	(2,609)	1,020	6,359
Originated during the year	104,209	493,092	5,113	602,414
Derecognised during the year	(968,498)	(575,660)	-	(1,544,158)
EAD as at 31 March 2021	**725,505**	**2,843,169**	**42,193**	**3,610,866**
Consumer Banking				
EAD as at 1 January 2021	1,334,734	220,316	32,161	1,587,211
Transferred from 12-month ECL	(31,791)	31,555	235	-
Transferred from Lifetime ECL not credit-impaired	2,174	(8,081)	5,908	-
Transferred from Lifetime ECL credit-impaired	-	616	(616)	-
Change in exposure	(10,946)	4,601	56	(6,289)
Originated during the year	1,123	-	-	1,123
Derecognised during the year	(424,225)	(81,857)	(28,452)	(534,534)
EAD as at 31 March 2021	**871,071**	**167,149**	**9,292**	**1,047,511**

Below is an analysis of change in ECL since 31 December 2020 on corporate customers benefitting from payment deferrals.

	AED'000
ECL allowance as at 1 January 2021	41,168
01 – Manufacturing	(1,646)
02 - Construction and real estate	9,353
03 – Education	(65)
04 – Trading	(7,152)
05 – Hospitals	(6,091)
06 – Transportation	(264)
07 – Others	(2,496)
ECL allowance as at 31 March 2021	**32,807**

Notes to the condensed interim financial statements for the three months period ended 31 March 2021 (continued)

23. Risk Management (continued)

COVID-19 Impact on measurement of ECL (continued)

During 2020, the Bank had initiated a program of payment relief for its impacted customers by deferring profit/principal due for a period of one month to three months. These payment reliefs are considered as short-term liquidity to address customer cash flow issues. The relief offered to customers may indicate a SICR. However, the Bank believes that the extension of these payment reliefs do not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments.

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

24. Approval of condensed interim financial information

The condensed interim financial information were approved by the Board of Directors and authorized for issue on 4 May 2021.