

REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

January 1, 2021 to June 30, 2021



The National Bank of Ras Al-Khaimah (P.S.C.)



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Review report on condensed consolidated interim financial information to the Board of Directors of The National Bank of Ras Al-Khaimah (P.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of The National Bank of Ras Al-Khaimah (P.S.C.) ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and six-month periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods then ended, and other explanatory information. The directors are responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

Scope of our review

We conducted our review in accordance with International Standards on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated 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 consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

PricewaterhouseCoopers
27 July 2021

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

Condensed consolidated interim statement of financial position as at 30 June 2021

	Notes	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
ASSETS			
Cash and balances with UAE Central Bank	4	3,180,982	5,470,285
Due from other banks, net	5	8,860,420	6,562,391
Loans and advances, net	7	31,063,492	30,041,470
Investment securities measured at fair value	6	4,701,626	3,633,298
Investment securities measured at amortised cost	6	4,182,329	4,301,664
Insurance contract assets and receivables, net		335,190	282,265
Customer acceptances		47,027	116,865
Other assets	8	897,674	1,284,182
Property and equipment		736,176	795,930
Right-of-use assets	31	135,188	117,872
Goodwill		166,386	166,386
		54,306,490	52,772,608
Assets classified as held for sale		5,700	-
Total assets		54,312,190	52,772,608
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	9	3,514,453	2,067,762
Deposits from customers	10	37,027,293	36,944,324
Customer acceptances		47,027	116,865
Debt securities issued and other long term borrowing	11	3,867,307	3,612,266
Insurance contract liabilities and payables		469,949	430,394
Other liabilities	12	1,345,027	1,653,691
Lease liabilities	32	117,305	102,348
Total liabilities		46,388,361	44,927,650
Equity			
Share capital	13	1,676,245	1,676,245
Legal reserve		950,431	950,431
Retained earnings		2,132,146	2,079,275
Other reserves		3,126,098	3,099,695
Equity attributable to owners of the Bank		7,884,920	7,805,646
Non-controlling interests		38,909	39,312
Total equity		7,923,829	7,844,958
Total Liabilities and Equity		54,312,190	52,772,608


Peter William England
 Chief Executive Officer

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

Condensed consolidated interim statement of profit or loss (un-audited) for the period from 1 January 2021 to 30 June 2021

		Three months period ended 30 June		Six months period ended 30 June	
	Notes	2021 (un-audited) AED'000	2020 (un-audited) AED'000	2021 (un-audited) AED'000	2020 (un-audited) AED'000
Interest income	16	492,886	675,128	978,902	1,404,397
Interest expense	16	(49,010)	(117,921)	(104,600)	(261,431)
Net interest income		443,876	557,207	874,302	1,142,966
Income from Islamic financing	17	112,084	148,683	229,146	300,665
Distribution to depositors	17	(12,926)	(39,342)	(28,668)	(80,964)
Net income from Islamic financing		99,158	109,341	200,478	219,701
Net interest income and net income from Islamic financing		543,034	666,548	1,074,780	1,362,667
Net fees and commission income	18	180,168	142,069	352,253	332,258
Foreign exchange & derivative income		49,494	39,369	76,120	99,185
Gross insurance underwriting profit		13,295	14,624	16,627	26,591
Investment income	19	28,894	13,031	66,492	38,493
Other operating income		16,927	27,125	46,451	44,731
Non-interest income		288,778	236,218	557,943	541,258
Operating income		831,812	902,766	1,632,723	1,903,925
General and administrative expenses	20	(343,146)	(338,680)	(673,113)	(705,941)
Operating profit before provision for credit loss		488,666	564,086	959,610	1,197,984
Provision for credit loss, net	21	(296,615)	(410,966)	(653,612)	(891,366)
Profit for the period		192,051	153,120	305,998	306,618
Attributed to:					
Owners of the Bank		190,998	152,055	304,308	305,154
Non-controlling interests		1,053	1,065	1,690	1,464
Profit for the period		192,051	153,120	305,998	306,618
Earnings per share:					
Basic and diluted in AED	22	0.11	0.09	0.18	0.18

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

Condensed consolidated interim statement of comprehensive income (un-audited) for the period from 1 January 2021 to 30 June 2021

	Three months period ended 30 June		Six months period ended 30 June	
	2021	2020	2021	2020
	(un-audited)	(un-audited)	(un-audited)	(un-audited)
	AED'000	AED'000	AED'000	AED'000
Profit for the period	192,051	153,120	305,998	306,618
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	14,279	15,196	49,226	(49,488)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (debt instruments)	24,705	217,385	22,018	(75,540)
Loss/ (profit) on sale of debt instruments transferred to profit and loss	(18,348)	(4,000)	(40,949)	(18,154)
Net changes in fair value arising from cash flow hedges	4,849	(15,016)	(3,970)	10,287
Other comprehensive income / (loss) for the period	25,485	213,565	26,325	(132,895)
Total comprehensive income for the period	217,536	366,685	332,323	173,723
Attributed to:				
Owners of the Bank	216,505	364,620	330,711	172,198
Non-controlling interests	1,031	2,065	1,612	1,525
Total comprehensive income for the period	217,536	366,685	332,323	173,723

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

Condensed consolidated interim statement of changes in equity for the period from 1 January 2021 to 30 June 2021

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Other Reserves AED'000	Equity attributable to owners of the Bank AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 31 December 2019 (audited)	1,676,245	950,431	2,015,353	3,161,700	7,803,729	37,828	7,841,557
Profit for the period	-	-	305,154	-	305,154	1,464	306,618
Other comprehensive income	-	-	-	(132,956)	(132,956)	61	(132,895)
Total comprehensive income for the period	-	-	305,154	(132,956)	172,198	1,525	173,723
Dividend declared and approved	-	-	(502,873)	-	(502,873)	-	(502,873)
At 30 June 2020 (un-audited)	1,676,245	950,431	1,817,634	3,028,744	7,473,054	39,353	7,512,407
Balance at 31 December 2020 (audited)	1,676,245	950,431	2,079,275	3,099,695	7,805,646	39,312	7,844,958
Profit for the period	-	-	304,308	-	304,308	1,690	305,998
Other comprehensive income	-	-	-	26,403	26,403	(78)	26,325
Total comprehensive income for the period	-	-	304,308	26,403	330,711	1,612	332,323
Dividend paid	-	-	(251,437)	-	(251,437)	(2,015)	(253,452)
At 30 June 2021 (un-audited)	1,676,245	950,431	2,132,146	3,126,098	7,884,920	38,909	7,923,829

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

Condensed consolidated interim statement of cash flows (un-audited) for the period from 1 January 2021 to 30 June 2021

	Six months period ended 30 June	
	2021 (un-audited) AED'000	2020 (un-audited) AED'000
<i>Cash flows from operating activities</i>		
Profit for the period	305,998	306,618
Adjustments:		
Provision for credit losses, net	653,612	891,366
Depreciation and amortisation	63,463	57,859
Net changes in fair value arising from hedge and forex revaluation	44,660	(37,079)
Depreciation of right-of-use assets	14,933	18,257
Interest cost on lease liability	2,247	2,875
Gain from rent concession due to pandemic	(1,508)	-
Gain on disposal of property and equipment	(1,859)	(3)
Amortization of (premium)/ discount relating to investments securities	2,864	(84,882)
Gain on sale of investment securities	(46,442)	(45,464)
Fair value (gain)/loss of FVTPL investment securities	(7,107)	20,093
Amortisation of discount of debt securities	(955)	4,688
	1,029,906	1,134,328
Changes in operating assets and liabilities		
Decrease in deposits with the UAE Central Bank	820,681	750,508
(Increase) / decrease in due from other banks with original maturities of three month or over	(1,653,642)	404,012
(Increase) / decrease in loans and advances, net	(1,663,106)	1,111,726
Increase in insurance contract assets & receivables	(47,976)	(23,319)
Decrease in other assets	453,831	22,757
Increase / (decrease) in due to other banks and UAE Central Bank	1,446,692	(500,222)
Increase / (decrease) in deposits from customers	82,969	(1,766,940)
Increase in insurance contract liabilities and payables	39,555	38,040
Decrease in other liabilities	(387,431)	(193,166)
Net cash generated from operating activities	121,479	977,724
<i>Cash flows from investing activities</i>		
Purchase of investment securities	(4,736,869)	(3,761,568)
Proceeds from maturity/disposal of investment securities	3,820,713	4,008,444
Purchase of property and equipment	(25,404)	(41,003)
Proceeds from disposal of property and equipment	17,855	3
Net cash (used) / generated from investing activities	(923,705)	205,876
<i>Cash flows from financing activities</i>		
Dividends paid	(253,452)	(502,873)
Debt securities issued	549,834	-
Payment of debt securities and other long-term borrowing	(293,840)	-
Payment for rentals on lease contracts	(15,516)	(11,887)
Net cash used from financing activities	(12,974)	(514,760)
Net (decrease) / increase in cash and cash equivalents	(815,200)	668,840
Cash and cash equivalents, beginning of the period	3,636,113	1,903,424
Cash and cash equivalents, end of the period (Note 24)	2,820,913	2,572,264

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

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021

1. Incorporation and Principal Activities

The National Bank of Ras Al-Khaimah (P.S.C.) [the “Bank”] is a public shareholding company incorporated in the Emirate of Ras Al-Khaimah in the United Arab Emirates (“UAE”). The head office of the Bank is located at the National Bank of Ras Al-Khaimah building, Al Rifa area, Exit No. 129, Sheikh Mohammed Bin Zayed Road, Ras Al-Khaimah, UAE.

The Bank is engaged in providing retail and commercial banking services through a network of twenty seven branches in the UAE.

At 30 June 2021, The National Bank of Ras Al-Khaimah (P.S.C) comprises the Bank and five subsidiaries (together referred to as the “Group”). The condensed consolidated interim financial information for the six months period ended 30 June 2021 comprises the Bank and following direct subsidiaries:

<i>Subsidiary</i>	<i>Authorized & Ownership issued capital interest</i>	<i>Incorporated</i>	<i>Principal Activities</i>
Ras Al Khaimah National Insurance Company PSC	AED 121.275 million	79.23% UAE	All type of insurance business.
BOSS FZCO	AED 500,000	80%* UAE	Back office support services to the Bank.
RAK Technologies FZCO	AED 500,000	80%* UAE	Technological support services to the Bank.
Rakfunding Cayman Limited	Authorized USD 50,000 Issued USD 100	100% Cayman Island	To facilitate the issue Euro medium term notes (EMTN) under the Bank’s EMTN program.
RAK Global Markets Cayman Limited	Authorized USD 50,000 Issued USD 1	100% Cayman Island	To facilitate Treasury transactions.

*These represent legal ownership of the Bank. However, beneficial ownership is 100% as the remaining interest is held by a related party on trust and for the benefit of the Bank.

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

2.1 New and revised IFRSs applied with no material effect on the consolidated financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRSs 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.

- Amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.
- Amendments to Conceptual framework – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
 - increasing the prominence of stewardship in the objective of financial reporting
 - reinstating prudence as a component of neutrality
 - defining a reporting entity, which may be a legal entity, or a portion of an entity
 - revising the definitions of an asset and a liability
 - removing the probability threshold for recognition and adding guidance on derecognition
 - adding guidance on different measurement basis, and
 - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

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

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<i>New and revised IFRSs</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 17 Insurance Contracts	January 1, 2023

IFRS 17 requires insurance liabilities to be measured at a current fulfilment 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.

Amendments to IAS 1, Presentation of financial statements’ on January 1, 2022
classification of liabilities - These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated interim financial information as and when they are applicable and adoption of these new standards, interpretations and amendments. Except for IFRS 17, the directors anticipate no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these condensed consolidated interim financial information are set out below. These policies have been consistently applied for the period/years presented, unless otherwise stated.

(a) Basis of preparation

The condensed consolidated interim financial information of the Group is prepared under the historical cost basis except for certain financial instruments which are measured at fair value.

These condensed consolidated 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).

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

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020.

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

(b) Consolidation

The condensed consolidated interim financial information incorporates the condensed consolidated interim financial information of National Bank of Ras Al-Khaimah (P.S.C.) and its subsidiaries (collectively referred to as "Group").

i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

3. Significant accounting policies (continued)

(b) Consolidation (continued)

ii) Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial information. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

iii) Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest, and the Group allocates the purchase price to these net assets acquired. The measurement period for purchase price allocations ends as soon as information on the facts and circumstances becomes available, but does not exceed 12 months. The Group policy is aligned with that laid out in IFRS 3.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services which are charged to the income statement.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

(c) Islamic financing

The Group engages in Shari'ah compliant Islamic banking activities through various Islamic instruments such as Murabaha, Salam, Mudaraba, and Wakala. The accounting policy for initial recognition, subsequent measurement and derecognition of Islamic financial assets and liabilities are below:

i) Murabaha financing

A sale contract whereby the Group sells to a customer commodities and other assets at an agreed upon profit mark up on cost. The Group purchases the assets based on a promise received from customer to buy the item purchased according to specific terms and conditions. Profit from Murabaha is quantifiable at the commencement of the transaction. Such income is recognized as it accrues over the period of the contract on effective profit rate method on the balance outstanding.

3. Significant accounting policies (continued)

(c) Islamic financing (continued)

ii) Salam

Bai Al Salam is a Sale contract where the Customer (Seller) undertakes to deliver/supply a specified tangible asset to the Group (Buyer) at mutually agreed future date(s) in exchange for an advance price fully paid on the spot by the buyer.

Revenue on Salam financing is recognized on the effective profit rate basis over the period of the contract, based on the Salam capital outstanding.

iii) Mudaraba

A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal- customer) and the other party (the Mudarib- the Group) invests the funds in a project or a particular activity and any profits generated are distributed between the parties according to the profit shares that were pre-agreed in the contract. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba, otherwise, losses are borne by the Rab Al Mal.

iv) Wakala

An agreement between the Group and customer whereby one party (Rab Al Mal-principal) provides a certain sum of money to an agent (Wakil), who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Group may be Wakil or Rab Al Mal depending on the nature of the transaction.

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

v) Ijara

Ijara financing is a finance lease agreement whereby the Group (lessor) leases an asset based on the customer's (lessee) request and promise to lease the assets for a specific period in lieu of rental instalments. Ijara ends in transferring the ownership of the asset to the lessee at the end of the lease inclusive of the risks and rewards incident to an ownership of the leased assets. Ijara assets are stated at amounts equal to the net investment outstanding in the lease including the income earned thereon less impairment provisions.

(d) Cash and cash equivalents

In the condensed consolidated statement of cash flows, cash and cash equivalents include cash on hand, money in current and call accounts and placements with original maturity of less than three months excluding the statutory deposit required to be maintained with the UAE Central Bank.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

4. Cash and balances with UAE Central Bank

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Cash in hand	707,202	772,356
Balances with the UAE Central Bank	-	23,468
Overnight Deposits with the UAE central Bank	500,000	1,880,000
Statutory deposit with the UAE Central Bank (a)	1,973,780	2,019,461
Certificates of deposit with the UAE Central Bank (b)	-	775,000
	3,180,982	5,470,285

- (a) The Central Bank of the UAE has prescribed reserve requirements on the deposits, 1% for time deposits and 14% on current, saving, call and similar accounts. Last year, due to the pandemic situation this requirement has been reduced by the Central Bank to 7% on current, saving, call and similar accounts. These are only available for day-to-day operations under certain specified conditions and cannot be withdrawn without the Central Bank's prior approval.
- (b) The Central Bank Certificates of Deposit with value of AED Nil (31 December 2020: AED 350 million) have been given as collateral for zero cost funding of AED Nil (31 December 2020: AED 350 million) under UAE Central bank Targeted Economic Support Scheme ("TESS") programme (Note 9).

5. Due from other banks, net

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Placements with other banks	526,069	791,273
Demand deposits	1,461,816	471,279
Banker's acceptances	3,789,867	2,755,336
Syndicated loans	3,074,596	2,544,113
Other	52,925	36,208
Total due from other banks	8,905,273	6,598,209
Provision for credit loss	(44,853)	(35,818)
Net due from other banks	8,860,420	6,562,391

The below represents deposits and balances due from:

Banks in UAE	505,576	569,361
Banks outside UAE	8,399,697	6,028,848
Total due from other banks	8,905,273	6,598,209

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

6 Investment securities, net

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
<i>Securities at fair value through other comprehensive income (FVOCI)</i>		
Quoted equity securities	351,971	267,896
Unquoted equity securities	4,459	2,612
Quoted debt securities*	3,728,805	2,759,371
Unquoted debt securities	418,130	432,294
	4,503,365	3,462,173
<i>Securities at fair value through profit or loss (FVPL)</i>		
Quoted funds	130,163	125,100
Unquoted funds	44,494	42,481
Quoted debt securities	23,604	3,544
	198,261	171,125
Investment securities measured at fair value	4,701,626	3,633,298
<i>Securities held at amortised cost</i>		
Quoted debt securities*	3,963,521	4,044,523
Unquoted debt securities	244,622	279,186
	4,208,143	4,323,709
Provision for credit loss for securities held at amortised cost	(25,814)	(22,045)
Investment securities measured at amortised cost	4,182,329	4,301,664
Net investment securities	8,883,955	7,934,962

*As at 30 June 2021, quoted debt securities with fair value of AED 890.6 million (31 December 2020: Nil) have been given as collateral against repo borrowings of AED 800.9 million (31 December 2020: Nil) [Note 9].

Also quoted debt securities with fair value AED 491.6 million (31 December 2020: AED 968.5 million) have been given as collateral for UAE Central Bank zero cost funding under "TESS" programme [Note 9].

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

6 Investment securities, net (continued)

(b) The composition of the investment portfolio by category is as follows:

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Federal and local Government – UAE	901,052	628,475
Government related entity – UAE	973,322	1,104,783
Government - GCC	588,622	684,853
Government - other	1,457,728	1,116,368
Banks and financial institutions - UAE	594,695	566,584
Banks and financial institutions - GCC	336,330	403,084
Banks and financial institutions - other	1,556,758	1,298,239
Public limited companies – UAE	355,403	438,892
Public limited companies – GCC	620,887	510,030
Public limited companies – other	993,885	767,610
Total Debt securities	8,378,682	7,518,918
Quoted equity securities	351,971	267,896
Quoted funds	130,163	125,100
Unquoted funds	44,494	42,481
Unquoted equity securities	4,459	2,612
Total investment securities	8,909,769	7,957,007

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

7 Loans and advances, net

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
<i>(a) Loans and advances:</i>		
Retail banking loans	17,379,157	16,722,959
Wholesale banking loans	7,676,018	7,162,423
Business banking loans	8,153,599	8,315,530
Total loans and advances [Note 7(b)]	33,208,774	32,200,912
Provision for credit loss [Note 7(c)]	(2,145,282)	(2,159,442)
Net loans and advances	31,063,492	30,041,470
<i>(b) Analysis of loans and advances:</i>		
Personal loans	5,987,448	6,259,453
Mortgage loans	5,756,021	5,596,742
Credit cards	2,057,655	2,203,728
Auto loans	449,467	538,080
RAK Business loans	3,142,026	3,443,069
Other Business banking loans	5,011,573	4,872,461
Wholesale banking loans	7,676,018	7,162,423
Other retail loans	3,128,566	2,124,956
Total loans and advances	33,208,774	32,200,912
<i>(c) Provision for credit loss:</i>		
Balance at the beginning of the period/year	2,159,442	1,711,565
Impairment allowance for the period/year	686,639	1,699,534
Written-off during the period/year	(700,799)	(1,251,657)
Balance at the end of the period/year	2,145,282	2,159,442
<i>(d) Provision for credit loss/release on loans and advances, net of recovery - for the six months period ended:</i>		
	30 June 2021 (un-audited) AED'000	30 June 2020 (un-audited) AED'000
Impairment allowance for the period	686,639	920,333
Net recovery during the period	(45,555)	(35,040)
Net impairment charge for the period (Note 21)	641,084	885,293

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

7 Loans and advances, net (continued)

(e) Provision for credit loss/release on loans and advances, net of recovery - for the three months period ended:

	30 June 2021 (un-audited) AED'000	30 June 2020 (un-audited) AED'000
Impairment allowance for the period	317,226	420,152
Net recovery during the period	(24,597)	(9,202)
Net impairment charge for the period (Note 21)	292,629	410,950

(f) Islamic financing assets

The below table summarizes the Islamic financing assets that are part of loans and advances above:

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
i) Islamic financing assets		
Islamic retail financing assets	3,235,176	3,289,296
Islamic business banking assets	2,140,683	2,199,490
Islamic wholesale banking assets	817,092	886,131
Total Islamic financing assets	6,192,951	6,374,917
Provision for credit loss	(455,155)	(420,858)
	5,737,796	5,954,059

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
ii) Analysis of Islamic financing assets		
Islamic Salam Personal finance	2,062,333	2,166,569
Islamic Auto Murabaha	63,572	82,606
Islamic Business banking Finance	2,140,683	2,199,490
Islamic Ijara Property Finance	1,057,417	976,061
Islamic Credit Cards	50,576	63,281
Islamic wholesale banking	817,092	886,131
Islamic finance - other	1,278	779
	6,192,951	6,374,917

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

8 Other assets

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Interest receivable	273,168	275,931
Profit receivable on Islamic financing assets	42,708	44,326
Prepayments and deposits	70,217	101,502
Interest rate swaps and other derivatives	359,248	564,418
Insurance related receivables and assets	24,892	24,780
Gold on hand	1,869	21,196
Islamic profit paid in advance	2,453	9,473
Other	123,119	242,556
	897,674	1,284,182

9 Due to other banks

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Term borrowings	1,650,298	854,001
Repurchase agreements (Note 6)	800,906	-
UAE Central Bank current account	568,561	-
UAE Central Bank zero cost funding under "TESS" programme*	450,000	1,199,000
Demand deposits	44,688	14,761
	3,514,453	2,067,762

***Breakdown of UAE Central bank zero cost funding under "TESS"**

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
UAE Central Bank zero cost funding against quoted debt securities	450,000	849,000
UAE Central Bank zero cost funding against central bank certificate of deposit	-	350,000
	450,000	1,199,000

Under UAE Central Bank Targeted Economic Support Scheme ("TESS") programme, the Group has received zero cost funding totalling AED 450 million (31 December 2020: AED 1,199 million). Central Bank Certificates of Deposit of AED Nil (31 December 2020: AED 350 million) and quoted debt securities with fair value of AED 491.6 million (31 December 2020: AED 968.5 million) have been given as collateral.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

10 Deposits from customers

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Time deposits	9,507,475	8,884,497
Current accounts	22,589,312	22,984,282
Saving deposits	3,863,555	3,826,983
Call deposits	1,066,951	1,248,562
	37,027,293	36,944,324

Deposits include AED 1,202 million (31 December 2020: AED 1,308 million) held by the Group as cash collateral for loans and advances granted to customers.

The below table summarizes the Islamic deposits of customers that are part of deposits from customers above:

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Wakala deposits	2,240,319	1,209,557
Mudaraba term investment deposits	15,807	23,937
Murabaha Term Deposit	356,192	896,945
Qard-E-Hassan - current accounts	1,015,519	881,105
Mudaraba - current accounts	557,070	495,994
Mudaraba - saving accounts	224,106	213,613
Mudaraba - call deposits	13,765	14,998
	4,422,778	3,736,149

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

11 Debt securities in issue and other long-term borrowings

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
USD 500 million medium term note issued at discount in April 2019 (a)	1,833,224	1,832,671
USD 50 million private placement at discount in July 2017 (a)	183,631	183,494
USD 145 million private placement net of discount (a)	528,214	527,131
USD 75 million private placement (a)	275,475	-
USD 75 million private placement (a)	275,475	-
USD 80 million bilateral borrowing (b)	-	293,840
SAR 800 million Islamic bilateral borrowing (c)	783,490	783,458
Less: Debt securities and other borrowing issue costs	(12,202)	(8,328)
	<u>3,867,307</u>	<u>3,612,266</u>

- (a) In April 2019, the Group issued five year USD 500 million Euro Medium Term Notes (EMTN) under its USD 2 billion EMTN programme through its subsidiary RAK Funding Cayman limited. This was issued at a discounted rate of 99.692% and carries a fixed interest rate of 4.125% per annum which is payable half yearly in arrears. These notes mature in April 2024.

Under EMTN Programme, the Group issued USD 50 million floating rate notes in July 2017 through a private placement which matures in 2021. These carry a floating rate of USD 3 months LIBOR +1.5% per annum.

The Group issued USD 145 million of floating rate notes in March 2018 through a private placement with an interest rate of USD 3 months LIBOR +1.4% which mature in March 2023.

The Group issued USD 75 million of floating rate notes 24 May 2021 through a private placement with an interest rate of USD 3 months LIBOR +1% which matures on 24 November 2023

The Group issued USD 75 million of floating rate notes on 27 May 2021 through a private placement with an interest rate of USD 3 months LIBOR +1% which matures on 27 November 2023

- (b) In March 2018 the Group borrowed USD 80 million at an interest rate of USD 3 months LIBOR + 1.25% per annum which got matured and repaid in June 2021.
- (c) In March 2019 the Group borrowed SAR 800 million at a profit rate of 3.85% per annum which matures in March 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

12. Other liabilities

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Interest payable	47,774	83,313
Profit distributable on Islamic deposits	3,691	29,248
Accrued expenses	213,386	220,255
Provision for employees' end-of-service benefits	129,146	124,314
Foreign exchange and other derivatives derivative contracts	424,017	636,961
Credit card payables and liabilities	44,364	146,645
Managers cheques issued	247,318	208,669
Mortgage payables and liabilities	19,604	18,830
Insurance related payables and liabilities	23,322	32,431
Provision for credit loss on contingent assets and customer acceptances	15,985	11,027
Other	176,420	141,998
	1,345,027	1,653,691

13. Share capital and dividend

At 30 June 2021, the authorised, issued and fully paid share capital of the Bank comprised 1,676 million shares of AED 1 each (31 December 2020: 1,676 million shares of AED 1 each).

At the meeting held on 11 April 2021, the shareholders of the Bank approved a cash dividend of 15% amounting to AED 251.4 million of the issued and paid up capital in respect of the year ended 31 December 2020 (2019: 30% cash dividend amounting to AED 502.9 million). The dividend was subsequently paid on 15 April 2021.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

14. Contingencies and commitments

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Irrevocable commitments to extend credit	4,946,012	3,332,866
Letters of guarantee – Financial	473,378	505,797
Letters of guarantee – Non Financial	643,072	604,815
Letters of credit	547,211	384,395
Capital commitments and others	34,421	19,654
	6,644,094	4,847,527

The Group is holding AED 15.8 million (31 December 2020: AED 10.9 million) provision for credit loss on contingencies and commitments as per IFRS 9.

Commitments to extend credit shown above represent unfunded amounts out of approved limits offered to customers, which are irrevocable by the Group. Commitments to extend credit amounting to AED 7,020 (31 December 2020: AED 6,620 million) are revocable at the option of the Group and not included in the above table.

15. Forward foreign exchange and other derivative contracts

Foreign exchange contracts comprise commitments to purchase foreign and domestic currencies on behalf of customers and in respect of the Bank's undelivered spot transactions.

Outstanding forward foreign exchange contracts, interest rate swaps and other derivative contracts at 30 June 2021 and 31 December 2020 are as follows:

	Fair Values		
	Assets AED'000	Liability AED'000	Notional AED'000
30 June 2021			
Foreign exchange contracts	28,559	16,014	9,793,086
Interest rate swaps	320,396	399,784	11,943,454
Other derivative contracts	10,293	8,219	3,664,340
	359,248	424,017	25,400,880
31 December 2020			
Foreign exchange contracts	64,560	53,263	9,168,773
Interest rate swaps	456,964	573,207	11,976,928
Other derivative contracts	42,894	10,491	4,154,393
	564,418	636,961	25,300,094

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

16. Interest income and expense

	Three months period ended 30 June		Six months period ended 30 June	
	2021 (un-audited) AED'000	2020 (un-audited) AED'000	2021 (un-audited) AED'000	2020 (un-audited) AED'000
Interest income				
Personal loans	60,861	84,478	122,930	173,294
Mortgage loans	38,789	45,953	76,417	92,530
Credit cards	90,566	132,531	183,691	272,166
Auto loans	5,406	8,961	11,205	19,054
RAK business loans	78,841	119,624	154,387	240,801
Wholesale banking loans	44,661	61,025	89,054	137,336
Other business banking loans	61,804	76,341	121,066	159,067
Other retail banking loans	13,926	15,054	27,074	32,933
Investment securities	61,454	81,645	121,278	167,929
Deposits with the UAE Central Bank	81	3,194	229	6,118
Other banks	36,497	46,322	71,571	103,169
	492,886	675,128	978,902	1,404,397
Interest expense				
Due to customers	19,900	63,339	47,404	140,167
Debt securities issued and other borrowings	25,218	36,790	49,753	77,419
Borrowings from other banks	3,892	17,792	7,443	43,845
	49,010	117,921	104,600	261,431

17. Income from Islamic Financing and distribution to depositors

	Three months period ended 30 June		Six months period ended 30 June	
	2021 (un-audited) AED'000	2020 (un-audited) AED'000	2021 (un-audited) AED'000	2020 (un-audited) AED'000
Income from Islamic financing				
Islamic Salam personal finance	40,781	57,644	83,813	114,200
Islamic Auto Murabaha	861	1,877	1,825	4,179
Islamic business banking finance	46,723	65,321	94,059	132,358
Islamic wholesale banking finance	5,998	8,100	12,216	17,280
Islamic investment income	9,656	6,058	20,235	12,676
Islamic Ijara property finance	8,065	9,683	16,998	19,972
	112,084	148,683	229,146	300,665
Distribution to depositors				
Distribution of profit on Islamic term investment deposits	4,955	31,969	12,892	65,855
Bilateral long-term borrowings	7,624	7,092	15,164	14,172
Distribution of profit on Islamic demand deposits	347	281	612	937
	12,926	39,342	28,668	80,964

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

18. Net fees and commission income

	Three months period ended 30 June		Six months period ended 30 June	
	2021	2020	2021	2020
	(un-audited)	(un-audited)	(un-audited)	(un-audited)
	AED'000	AED'000	AED'000	AED'000
Personal loans	5,393	2,385	12,233	15,940
Mortgage loans	4,816	5,249	9,134	10,622
Credit cards	57,420	72,580	118,891	137,783
Auto loans	1,499	1,063	3,298	3,841
RAK business loans	8,275	(230)	15,875	11,284
Wholesale banking loans	15,695	6,349	29,341	15,607
Other business banking loans	39,336	31,170	77,714	72,981
Fiduciary income	20,885	12,246	45,025	27,028
Bancassurance	6,241	6,281	11,764	19,245
Others	20,608	4,976	28,978	17,927
	180,168	142,069	352,253	332,258

19. Investment income

	Three months period ended 30 June		Six months period ended 30 June	
	2021	2020	2021	2020
	(un-audited)	(un-audited)	(un-audited)	(un-audited)
	AED'000	AED'000	AED'000	AED'000
Fair value income / (loss)	4,026	1,075	7,107	(20,093)
Dividend income	3,858	4,035	12,943	13,122
Net gain on disposal of Investments	21,010	7,921	46,442	45,464
	28,894	13,031	66,492	38,493

20. General and administrative expenses

	Three months period ended 30 June		Six months period ended 30 June	
	2021	2020	2021	2020
	(un-audited)	(un-audited)	(un-audited)	(un-audited)
	AED'000	AED'000	AED'000	AED'000
Staff costs	185,944	188,888	371,924	401,842
Outsourced staff costs	9,756	13,163	18,996	24,647
Occupancy costs	16,528	19,744	32,692	41,521
Marketing expenses	6,802	6,451	13,624	16,052
Depreciation and amortisation	31,730	29,505	63,463	57,859
Communication costs	17,629	15,965	34,420	33,366
Legal and collection charges	12,728	8,831	22,014	17,978
Information and technology expenses	27,427	23,843	50,389	47,003
Other	34,602	32,290	65,591	65,673
	343,146	338,680	673,113	705,941

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

21. Provision for credit loss, net

	Six months period ended 30 June	
	2021	2020
	(un-audited)	(un-audited)
	AED'000	AED'000
Net impairment charge on loans and advances	641,084	885,293
Net impairment charge on due from other banks	9,035	186
Net impairment (release) / charge on Investment securities measured at fair value through OCI	(285)	8,949
Net impairment charge on Investment securities measured at amortised cost	3,769	(4,429)
Net impairment (release) / charge on insurance contracts	(4,949)	4,868
Net impairment charge / (release) on customer acceptances	32	(265)
Net impairment charge / (release) on off balance sheet items	4,926	(3,236)
Net impairment charge for the period	653,612	891,366

(b) Provision for credit loss for the three months period ended

	Three months period ended 30 June	
	2021	2020
	(un-audited)	(un-audited)
	AED'000	AED'000
Net impairment charge on loans and advances	292,629	410,950
Net impairment charge / (release) on due from other banks	1,284	(7,270)
Net impairment (release) / charge on Investment securities measured at fair value through OCI	(3,057)	7,194
Net impairment charge / (release) on Investment securities measured at amortised cost	4,809	(3,562)
Net impairment (release) / charge on insurance contracts	(475)	2,271
Net impairment charge / (release) on customer acceptances	15	(202)
Net impairment charge on off balance sheet items	1,410	1,585
Net impairment charge for the period	296,615	410,966

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

21. Provision for credit loss, net (continued)

Expected credit loss allowance

A summary of the provision for credit loss and the net movement on financial instruments by category are as follows:

	At 31 December 2020 AED'000	Net provided / (released) during the period AED'000	Other movement during the period AED'000	At 30 June 2021 AED'000
Due from other banks	35,818	9,035	-	44,853
Loans and advances	2,159,442	686,639	(700,799)	2,145,282
Investment Securities - FVOCI	22,920	(285)	-	22,635
Investment Securities – Amortised cost	22,045	3,769	-	25,814
Insurance contract assets and receivables	54,708	(4,949)	(15,325)	34,434
Customer acceptances	175	32	-	207
Off balance sheet items	10,852	4,926	-	15,778
Total	2,305,960	699,167	(716,124)	2,289,003

22. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period:

	Three months period ended 30 June		Six months period ended 30 June	
	2021 (un-audited) AED'000	2020 (un-audited) AED'000	2021 (un-audited) AED'000	2020 (un-audited) AED'000
Profit for the period (attributed to owners of the Bank)	190,998	152,055	304,308	305,154
Weighted average number of shares in issue (in thousands)	1,676,245	1,676,245	1,676,245	1,676,245
Basic earnings per share (AED)	0.11	0.09	0.18	0.18

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

23. Fiduciary activities

The Group holds assets in a fiduciary capacity for its customers without recourse. At 30 June 2021, market value of such assets amounted to AED 4,770 million (31 December 2020: AED 2,731 million) and are excluded from the condensed consolidated interim financial information of the Group.

24. Cash and cash equivalents

	30 June 2021 (un-audited) AED'000	30 June 2020 (un-audited) AED'000
Cash in hand and current account with UAE Central Bank	1,207,202	833,925
Due from other banks	8,905,273	7,199,813
	10,112,475	8,033,738
Less: Due from other banks with original maturity of three months or more	(7,291,562)	(5,461,474)
Cash and cash equivalents	2,820,913	2,572,264

25. Operating segments

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting to management, which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

The Group has five main business segments:

- Retail banking – incorporating individual customer and certain business current accounts, savings accounts, deposits, credit and debit cards, individual customer loans and mortgages;
- Wholesale banking – incorporating transactions with corporate bodies including government and public bodies and comprising of loans, advances, deposits and trade finance transactions of corporate customers and financial institutions;
- Business banking – incorporating transactions comprising of loans, advances, deposits and trade finance transactions of SME;
- Treasury – incorporating activities of the dealing room, related money market, and foreign exchange transactions and hedging activities with other banks and financial institutions including the UAE Central Bank, none of which constitute a separately reportable segment; and
- Insurance business – incorporating all insurance related transactions of its subsidiary Ras Al Khaimah National Insurance Company P.S.C.

The above segments include conventional and Islamic products and services of the Group.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and fees and commission income, management relies primarily on revenue and segmental results to assess the performance of the segment.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment revenue. Interest charged for these funds is based on the Group's funds transfer pricing policy. There are no other material items of income or expense between the business segments.

The Group's management reporting is based on a measure of net profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

25. Operating segments (continued)

The segment information provided to the management for the reportable segments for the periods ended 30 June 2021 and 2020 is as follows:

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Head office & unallocated costs AED'000	Insurance business AED'000	Consolidation elimination AED'000	Total AED'000
30 June 2021 (unaudited)								
Net interest income	399,418	139,257	265,767	64,758	-	3,980	1,122	874,302
Net income from Islamic financing net of distribution to depositors	95,277	7,291	92,906	5,004	-	-	-	200,478
Transfer pricing income	(124,979)	(37,439)	(39,325)	179,945	21,798	-	-	-
Net interest income and income from Islamic financing	369,716	109,109	319,348	249,707	21,798	3,980	1,122	1,074,780
Non-interest income	272,924	30,889	124,356	106,668	8,214	26,967	(12,075)	557,943
Operating income	642,640	139,998	443,704	356,375	30,012	30,947	(10,953)	1,632,723
General and administrative expenses excluding depreciation and amortisation	(275,973)	(20,227)	(125,158)	(10,436)	(156,727)	(25,108)	3,979	(609,650)
Depreciation and amortisation	(21,033)	(1,076)	(3,089)	(1,422)	(35,465)	(1,378)	-	(63,463)
Total general and administrative expenses	(297,006)	(21,303)	(128,247)	(11,858)	(192,192)	(26,486)	3,979	(673,113)
Provision for credit loss, net	(344,347)	(69,324)	(239,685)	(3,932)	-	3,676	-	(653,612)
Net profit / (loss)	1,287	49,371	75,772	340,585	(162,180)	8,137	(6,974)	305,998
Segment assets	17,202,466	14,285,197	7,531,545	13,530,446	1,291,696	746,355	(275,515)	54,312,190
Total assets	17,202,466	14,285,197	7,531,545	13,530,446	1,291,696	746,355	(275,515)	54,312,190
Segment liabilities	12,258,542	8,865,994	16,569,531	7,478,545	781,394	545,219	(110,864)	46,388,361
Total liabilities	12,258,542	8,865,994	16,569,531	7,478,545	781,394	545,219	(110,864)	46,388,361

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

25. Operating segments (continued)

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Head office & unallocated costs AED'000	Insurance business AED'000	Consolidation elimination AED'000	Total AED'000
30 June 2020 (unaudited)								
Net interest income	542,352	150,001	378,633	66,015	-	4,395	1,570	1,142,966
Net income from Islamic financing net of distribution to depositors	127,254	(30,609)	123,992	(1,658)	-	-	722	219,701
Transfer pricing income	(144,377)	(10,875)	(34,285)	130,672	58,865	-	-	-
Net interest income and income from Islamic financing	525,229	108,517	468,340	195,029	58,865	4,395	2,292	1,362,667
Non-interest income	276,226	17,078	109,741	110,018	1,206	34,154	(7,165)	541,258
Operating income	801,455	125,595	578,081	305,047	60,071	38,549	(4,873)	1,903,925
General and administrative expenses excluding depreciation and amortisation	(322,600)	(22,753)	(133,469)	(11,129)	(138,193)	(24,811)	4,873	(648,082)
Depreciation and amortisation	(19,348)	(919)	(1,146)	(381)	(34,260)	(1,805)	-	(57,859)
Total general and administrative expenses	(341,948)	(23,672)	(134,615)	(11,510)	(172,453)	(26,616)	4,873	(705,941)
Provision for credit loss, net	(497,820)	(54,513)	(328,669)	(5,482)	-	(4,882)	-	(891,366)
Net profit / (loss)	<u>(38,313)</u>	<u>47,410</u>	<u>114,797</u>	<u>288,055</u>	<u>(112,382)</u>	<u>7,051</u>	<u>-</u>	<u>306,618</u>
31 December 2020								
Segment assets	16,299,683	12,356,799	8,039,483	14,254,110	1,383,932	691,303	(252,702)	52,772,608
Total assets	<u>16,299,683</u>	<u>12,356,799</u>	<u>8,039,483</u>	<u>14,254,110</u>	<u>1,383,932</u>	<u>691,303</u>	<u>(252,702)</u>	<u>52,772,608</u>
Segment liabilities	13,023,703	9,163,769	15,467,683	6,123,400	748,207	488,227	(87,339)	44,927,650
Total liabilities	<u>13,023,703</u>	<u>9,163,769</u>	<u>15,467,683</u>	<u>6,123,400</u>	<u>748,207</u>	<u>488,227</u>	<u>(87,339)</u>	<u>44,927,650</u>

The comparative figures of 30 June 2020 and 31 December 2020 have been reclassified between operating segments due to movement of accounts among segments.

26. Related parties

Related parties comprise key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence. During the period, the Group entered into transactions with related parties in the ordinary course of business. The transactions with related parties and balances arising from these transactions are as follows:

	Six-month period ended 30 June	
	2021	2020
	(un-audited)	(un-audited)
	AED'000	AED'000
<i>Transactions during the period</i>		
Interest income	3,444	6,180
Interest expense	8,849	16,069
Commission income	502	495
Directors' and key management personnel's remuneration, sitting and other expenses	13,795	22,616
	30 June	31 December
	2021	2020
	(un-audited)	(audited)
	AED'000	AED'000
<i>Balances</i>		
<i>Loans and advances:</i>		
- Shareholders and their related companies	364,122	300,999
- Directors and their related companies	51,902	35,961
- Key management personnel	3,754	3,001
	419,778	339,961
<i>Deposits</i>		
- Shareholders and their related companies	1,756,729	2,107,864
- Directors and their related companies	17,940	10,327
- Key management personnel	21,002	18,503
	1,795,671	2,136,694
<i>Irrevocable commitments and contingent liabilities and forward contracts</i>		
- Shareholders and their related companies	187,221	166,161
- Directors and their related companies	40	40
	187,261	166,201

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

26. Related parties (continued)

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Insurance related receivables		
Due from policy holders	7,155	11,150
Insurance related payables		
Due to policy holders	745	59

27. Capital adequacy

Capital structure and capital adequacy as per Basel III requirement as at 30 June 2021

The Bank is required to report capital resources and risk-weighted assets under the Basel III from January 2020. Capital structure and capital adequacy as per Basel III requirement as at 30 June 2021 and 31 December 2020 is given below:

	30 June 2021 (un-audited) (after applying prudential filter) AED'000	31 December 2020 (audited) AED'000
Tier 1 capital		
Ordinary share capital	1,676,245	1,676,245
Legal and other reserves	4,143,720	4,172,571
Retained earnings	1,829,896	1,583,664
Current year profit	304,834	497,669
Dividend for year 2020	-	(251,437)
Tier 1 capital base	7,954,695	7,678,712
Tier 2 capital base	536,192	492,180
Total capital base	8,490,887	8,170,892
Risk weighted assets		
Credit risk	42,895,356	39,374,431
Market risk	1,494,514	1,153,831
Operational risk	3,341,552	3,341,552
Total risk weighted assets	47,731,422	43,869,814
Capital adequacy ratio on Tier 1 capital	16.67%	17.50%
Capital adequacy ratio on Tier 2 capital	1.12%	1.13%
Total Capital adequacy ratio	17.79%	18.63%

As per UAE Central Bank Regulation for Basel III, the Minimum Capital requirement including Capital Conservation Buffer is 13.0% for year 2021. However, according to UAE Central Bank regulation dated 12 November 2020, banks are allowed to tap into the Capital Conservation Buffer up to a maximum of 60% without supervisory consequences until 31 December 2021. Additionally, UAE Central Bank regulation dated 22 April 2020 provides for a "Prudential Filter" that permits Banks and Finance Companies to add back increases in IFRS 9 provisions to the regulatory capital over a transition period of 5 years, on a proportionate basis.

28. Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between the carrying values and fair value estimates of financial assets and liabilities. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms. At 30 June 2021, the carrying value of the Group's financial assets and liabilities approximate their fair values, except for the below mentioned financial assets and liabilities:

	Fair value		Carrying value	
	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Assets				
Loan and advances	31,494,254	30,280,145	31,063,492	30,041,470
Investment securities measured at fair value	4,701,626	3,633,298	4,701,626	3,633,298
Investment securities measured at amortised cost	4,350,696	4,456,657	4,182,329	4,301,664
Cash and balances with the UAE Central Bank	3,180,982	5,470,341	3,180,982	5,470,285
Due from other banks	8,831,057	6,519,107	8,860,420	6,562,391
Total financial assets	52,558,615	50,359,548	51,988,849	50,009,108
Liabilities				
Due to other banks	3,521,808	2,082,509	3,514,453	2,067,762
Deposits from customer	37,028,229	36,968,118	37,027,293	36,944,324
Debt securities issued and other borrowing	3,925,366	3,649,115	3,867,307	3,612,266
Total financial liabilities	44,475,403	42,699,742	44,409,053	42,624,352

29. Fair value hierarchy

The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices - Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs - Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as forward foreign exchange contracts which are valued using market standard pricing techniques.

Valuation techniques using significant unobservable inputs - Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from a transaction in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The table below analyses recurring fair value measurements for assets and liabilities.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

29. Fair value hierarchy (continued)

	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
30 June 2021 (un-audited)				
Assets at fair value				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	3,728,805	167,887	250,243	4,146,935
Investment securities - equity	351,971	-	4,459	356,430
Foreign exchange contracts	-	28,559	-	28,559
Derivative financial instruments	-	330,689	-	330,689
<i>(Through profit and loss)</i>				
Investment market fund	130,163	-	44,494	174,657
Investment - debt securities	23,604	-	-	23,604
<i>(Held at amortised cost)</i>				
Investment securities - debt	4,109,147	-	241,549	4,350,696
	8,343,690	527,135	540,745	9,411,570
Liabilities at fair value				
Foreign exchange contracts	-	16,014	-	16,014
Derivative financial instruments	-	408,003	-	408,003
	-	424,017	-	424,017
	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
31 December 2020				
Assets at fair value				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	2,759,371	272,662	159,632	3,191,665
Investment securities - equity	267,896	-	2,612	270,508
Foreign exchange contracts	-	64,560	-	64,560
Derivative financial instruments	-	499,858	-	499,858
<i>(through profit and loss)</i>				
Investment market fund	125,100	-	42,481	167,581
Investment- debt securities	3,544	-	-	3,544
<i>(Held at amortised cost)</i>				
Investment securities - debt	4,199,593	-	257,064	4,456,657
	7,355,504	837,080	461,789	8,654,373
Liabilities at fair value				
Foreign exchange contracts	-	53,263	-	53,263
Derivative financial instruments	-	583,698	-	583,698
	-	636,961	-	636,961

There were no transfers between level 1 / 2 to 3 during the period.

30. Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and key sources of estimation of uncertainty used in the preparation of these condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2020.

31. Right-of-use assets

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period	117,872	176,939
Additions during the period	2,633	909
Increase / (decrease) due to changes in lease liability and contract period	29,616	(22,541)
Depreciation for the period	(14,933)	(37,435)
Balance at the closing of the period	135,188	117,872

32. Lease liabilities

	30 June 2021 (un-audited) AED'000	31 December 2020 (audited) AED'000
Balance at the beginning of the period	102,348	151,710
Additions during the period	2,633	909
Increase / (decrease) due to changes in lease contract amount and contract period	27,101	(24,230)
Gain from rent concession due to pandemic	(1,508)	(3,936)
Interest cost on lease liability for the period	2,247	5,374
Less: Rental payments made during the period	(15,516)	(27,479)
Balance at the closing of the period	117,305	102,348

33. Seasonality of results

Dividend income of AED 12.94 million (30 June 2020: AED 13.12 million) of seasonal nature was recorded in the condensed consolidated interim financial information for the period.

34. Risk management in the current economic scenario

Risk management in the current economic scenario

The economic fallout of COVID-19 crisis is expected to be significant and continues to evolve. Regulators and governments across the globe introduced fiscal and economic stimulus measures to mitigate its impact. The Central Bank of UAE (“CBUAE”) also took multiple measures and has provided incentives totalling to AED 256 billion to help banks support the economic sectors and individuals in the UAE impacted by this crisis. The banking system in the UAE continues to remain resilient, and the support measures in the form of the Targeted Economic Support Scheme (“TESS”) have been further extended by the CBUAE until the first half of 2022.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Bank utilizes a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. The Bank has robust governance in place to ensure the appropriateness of the IFRS 9 framework and resultant ECL estimates at all times. Specifically, all aspects of the IFRS 9 framework are overseen by an IFRS 9 Steering Committee with participation from the Chief Risk Officer, Chief Financial Officer and other members from Risk and Finance functions. The Bank, through this committee, reviews the appropriateness of inputs and methodology for IFRS 9 ECL, effectiveness and reliability of the reporting under IFRS 9 and other relevant matters pertaining to IFRS 9 on an ongoing basis.

The Bank has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement, in light of available information. Overall, the COVID-19 situation remains fluid and continues to evolve, this makes it challenging to reliably reflect impacts in our ECL estimates. Vaccine developments and roll out of vaccination programs throughout geographies is continuing to mitigate the post pandemic impact, however, notwithstanding the same, recognizing the influence of the pandemic on the macro-economic environment, which in-turn impacts the Bank’s portfolio and performance. The Group, based on historical analysis determines key economic variables that impacts the credit risk of its various portfolios and uses macro-economic forecasts for these variables to estimate the PD’s. The Group employs experts who use external and internal information to generate 3 scenarios viz. Baseline, Upturn and Downturn, in accordance with IFRS 9 requirements. In accordance with the Joint Guidance Note issued by CBUAE, Dubai Financial Services Authority (“DFSA”) and the Financial Services Regulatory Authority (the “FSRA”), the Group has used the updated macro-economic forecasts for the year ended 31 December 2020 ECL, which incorporates the impact of COVID-19 on the Bank’s ECL numbers, and hence the increase in the probability of pessimistic scenario has been discontinued from the year ended 31 December 2020. The Bank is currently using the weightings of (40:30:30) for Baseline/Upside/Downturn in its model, consistent with 31 December 2020. The sensitivity to 10% increase in Downturn Scenario, with a corresponding decrease of 10% in Upside scenario is AED 82 million as at 30 June 2021.

In addition, the Group continues to review the appropriateness of ECL provisions in light of changes in risk profile as well as any actual and expected increase in credit risk. This assessment includes detailed review of potential impacts of COVID-19 on individual clients as well as on various industries.

34. Risk management in the current economic scenario (continued)

As per the requirement of the Joint Guidance, the Bank has started grouping of the customers receiving the payment deferrals, into two groups (Group 1 and Group 2) based on the estimated extent of impact of this pandemic on the particular customer; Group 1 classification for the mildly impacted customers and Group 2 classification for the borrowers whose credit profile has deteriorated materially.

The grouping decisions are being taken based on relevant product or portfolio, for example; for Non Retail portfolio (Wholesale banking & Business Banking clients), the grouping exercise is being done on a case-by-case assessment of the borrower & the underlying business including the impact of the externalities on the underlying business (cash-flows, turnover, repayment capacity, etc.) of the borrower and based on a combination of certain other criteria (like job loss, reduction in salary, level of business operations whether normalcy has reached or not) for retail and small and medium enterprise portfolios. These grouping decisions are iterative and are being reviewed on ongoing basis & may change based on the evolving external situations. The Bank has put an internal governance framework around grouping evaluation. With economic activities resuming the bank has noticed a reduction in the portfolio under payment deferral. For the Non retail portfolio (Wholesale banking & Business Banking clients), the case-by-case assessment that was done for grouping exercise in 2020, is being revisited and updated to factor in the current economic conditions and these updated, case by case assessments are being used to determine if any upgrades/downgrades (between group 1 & group 2) are warranted. This is an ongoing exercise.

The Bank continues to monitor the situation, which is unprecedented and is working very closely with its customers and extending required support in these uncertain and evolving times and has also reassessed its staging of the portfolio as at 30 June 2021. This included evaluating whether the investment and Financial Institutions' portfolio has suffered a significant increase in credit risk.

The Bank continues to work with CBUAE and other regulatory authorities in the jurisdictions it operates to refine and operationalize relief schemes being deployed to assist clients impacted by COVID-19. This includes the Targeted Economic Support Scheme ("TESS") announced in UAE in March 2020 and subsequently updated from time to time. More than twenty two thousand of the Bank's retail, SME and corporate clients have subscribed to these schemes as at 30 June 2021.

Liquidity management

The CBUAE has continued to support the banking industry by extending the Targeted Economic Support Scheme (TESS), allowing UAE Banks to access zero cost funding from the CBUAE and pass on the benefit through allowing fresh funds, principal and/or interest deferrals to their clients. This further eased the liquidity scenario for the industry as a whole and provided the sector an appropriate cushion, the Bank in line ensured that its clients are appropriately supported.

The Bank continues to remain vigilant and is well prepared for any unexpected liquidity scenarios.

34. Risk management in the current economic scenario (continued)

Business continuity planning

The Bank's Management Committee (GMC) consisting of heads of all departments continues to closely monitor the situation and take appropriate actions in line with the guidance by NCEMA (National Emergency Crisis and Disasters Management Authority) to ensure safety and security of Bank staff and an uninterrupted service to our customers. Senior Management and about 70% of the staff members have started working from the office and the teams working from the office have been split across various locations. All required protocols by the Department of Health (DHA) are being adhered to i.e. wearing of mask by staff members when on bank premises and maintaining social distance between workstations. Business Continuity Plans (BCP) for respective areas are in place and tested.

Remote access to workstations is protected using Virtual desktops (VDI) and Virtual private network (VPN) connectivity. The connectivity mandates two factor authentication using tokens. Specific cyber security awareness initiatives were rolled out for both staff and customers. All remote work capabilities enabled for staff are being monitored and all threat intelligence is intercepted and responded to by a 24x7 security operations centre.

The Bank is monitoring local developments that can have an impact on our operations. The Bank continues to promote usage of digital channels resulting in reduced footfall in Branches. All Branches are fully operational, and customers are being serviced. Social distancing and queues are being managed as per local authority guidelines. The Bank has taken measures to monitor service levels and the Bank continues to meet the expectations of our clients and support them effectively during these times.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34. Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE

Gross loans and advances to customers by product and/or industry

	Gross loans and advances (Un-Audited)			ECL on loans and advances (Un-Audited)		
	Gross loans	Deferred Amount	Deferrals under TESS/Non Tess (exposure)	%	No of Customers in deferral	Total ECL
As at 30 June 2021 (un-audited)	AED'000	AED'000	AED'000			AED'000
Retails banking loans:						
Personal loans	5,987,448	1,420	76,755	1.3%	300	480,285
Mortgage loans	5,756,021	-	-	0.0%	-	169,494
Credit cards	2,057,655	-	-	0.0%	-	274,364
Auto loans	449,467	77	1,886	0.4%	11	10,814
Other retail loans	3,128,566	-	-	0.0%	-	9,314
Total retail banking loans	17,379,157	1,497	78,641	0.5%	311	944,271
Business banking loans:						
RAK business loans	3,142,026	220	6,850	0.2%	5	495,748
Other business banking loans	5,011,573	19	152	0.0%	1	426,617
Total business banking loans	8,153,599	239	7,002	0.1%	6	922,365
Wholesale banking loans	7,676,018	5,544	68,575	0.9%	1	278,646
Total loans and advances	33,208,774	7,280	154,218	0.5%	318	2,145,282

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Gross loans and advances to customers by product and/or industry /Group

As at 30 June 2021 (un-audited)	Deferrals under TESS / Non-TESS					
	Group 1			Group 2		
	Gross loans	No of customers	ECL	Gross loans	No of customers	ECL
	AED'000		AED'000	AED'000		AED'000
<i>Retails banking loans:</i>						
Personal loans	68,368	271	1,958	8,387	29	4,098
Mortgage loans	-	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Auto loans	1,830	10	58	56	1	11
Other retail loans	-	-	-	-	-	-
Total retail banking loans	70,198	281	2,016	8,443	30	4,109
<i>Business banking loans:</i>						
RAK business loans	4,280	3	252	2,570	2	1,868
Other business banking loans	-	-	-	152	1	39
Total business banking loans	4,280	3	252	2,722	3	1,907
Wholesale banking loans	68,575	1	875	-	-	-
Total loans and advances	143,053	285	3,143	11,165	33	6,016

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Change in gross carrying amount and expected credit losses

	Gross carrying amount			ECL on loans and advances (un-audited)		
	30-June-21	31-Dec-20	%	30-June-21	31-Dec-20	%
	Un -audited AED'000	Audited AED'000		Un -audited AED'000	Audited AED'000	
Retails banking loans:						
Personal loans	5,987,448	6,259,453	(4.3%)	480,285	494,801	(2.9%)
Mortgage loans	5,756,021	5,596,742	2.8%	169,494	133,896	26.6%
Credit cards	2,057,655	2,203,728	(6.6%)	274,364	340,045	(19.3%)
Auto loans	449,467	538,080	(16.5%)	10,814	16,868	(35.9%)
Other retail loans	3,128,566	2,124,956	47.2%	9,314	11,020	(15.5%)
Total retail banking loans	17,379,157	16,722,959	3.9%	944,271	996,630	(5.3%)
Business banking loans:						
RAK business loans	3,142,026	3,443,069	(8.7%)	495,748	574,554	(13.7%)
Other business banking loans	5,011,573	4,872,461	2.3%	426,617	368,067	15.9%
Total business banking loans	8,153,599	8,315,530	(2.3%)	922,365	942,621	(2.1%)
Wholesale banking loans:						
Total wholesale banking loans	7,676,018	7,162,423	7.5%	278,646	220,191	26.5%
Total loans and advances	33,208,774	32,200,912	3.1%	2,145,282	2,159,442	(0.7%)

During the period, the non-retail portfolio underwent a re-segmentation exercise pursuant to which, Wholesale banking portfolio, has reduced due to certain Commercial Banking clients being re-segmented to Business Banking segment (SME). Due to this re-segmentation, the relevant comparative figures & disclosure notes have been regrouped. The above disclosures are in respect of Active Deferrals as at 30 June 2021.

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for loans and advances at amortized cost

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	28,419,296	2,491,544	1,821,462	32,732,302
Transfer from Stage 1 to Stage 2	(1,089,367)	1,089,367	-	-
Transfer from Stage 2 to Stage 3	-	(405,809)	405,809	-
Transfer from Stage 2 to Stage 1	227,210	(227,210)	-	-
Transfer from Stage 3 to Stage 2	-	41,939	(41,939)	-
Change in Exposures during the period	(4,007,734)	(545,717)	(68,557)	(4,622,008)
New financial assets originated	5,485,004	-	-	5,485,004
Write-offs	-	-	(386,524)	(386,524)
Gross carrying amount as at 30 June 2021	29,034,409	2,444,114	1,730,251	33,208,774

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	28,007,193	2,419,704	1,774,015	32,200,912
Transfer from Stage 1 to Stage 2	(2,312,789)	2,312,789	-	-
Transfer from Stage 2 to Stage 3	-	(904,666)	904,666	-
Transfer from Stage 2 to Stage 1	456,705	(456,705)	-	-
Transfer from Stage 3 to Stage 2	-	81,173	(81,173)	-
Change in Exposures during the year	(7,710,205)	(1,008,181)	(166,458)	(8,884,844)
New financial assets originated	10,593,505	-	-	10,593,505
Write-offs	-	-	(700,799)	(700,799)
Gross carrying amount as at 30 June 2021	29,034,409	2,444,114	1,730,251	33,208,774

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for loans and advances at amortized cost

	31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2020	32,600,836	2,268,213	1,393,079	36,262,128
Transfer from Stage 1 to Stage 2	(2,241,894)	2,241,894	-	-
Transfer from Stage 1 to Stage 3	(1,262,090)	-	1,262,090	-
Transfer from Stage 2 to Stage 3	-	(668,903)	668,903	-
Transfer from Stage 2 to Stage 1	470,322	(470,322)	-	-
Transfer from Stage 3 to Stage 2	-	62,517	(62,517)	-
Change in Exposures during the year	(10,843,065)	(1,013,695)	(235,883)	(12,092,643)
New financial assets originated	9,283,084	-	-	9,283,084
Write-offs	-	-	(1,251,657)	(1,251,657)
Gross carrying amount as at 31 December 2020	28,007,193	2,419,704	1,774,015	32,200,912

Changes in the gross carrying for due from banks

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	6,895,965	1,072,749	-	7,968,714
Transfer from Stage 1 to Stage 2	(157,811)	157,811	-	-
Change in Exposures during the period	(977,848)	(148,466)	-	(1,126,314)
New financial assets originated	2,062,873	-	-	2,062,873
Gross carrying amount as at 30 June 2021	7,823,179	1,082,094	-	8,905,273

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	5,516,681	1,081,528	-	6,598,209
Transfer from Stage 1 to Stage 2	(399,002)	399,002	-	-
Change in Exposures during the period	(1,188,615)	(398,436)	-	(1,587,051)
New financial assets originated	3,894,115	-	-	3,894,115
Gross carrying amount as at 30 June 2021	7,823,179	1,082,094	-	8,905,273

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for due from banks

	31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 January 2020	5,824,760	797,553	-	6,622,313
Transfer from Stage 1 to Stage 2	(1,068,183)	1,068,183	-	-
Transfer from Stage 2 to Stage 1	109,339	(109,339)	-	-
Change in Exposures during the year	(1,907,132)	(674,869)	-	(2,582,001)
New financial assets originated	2,557,897	-	-	2,557,897
Gross carrying amount as at 31 December 2020	5,516,681	1,081,528	-	6,598,209

Changes in the gross carrying for Investment securities – FVOCI

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 April 2021	3,731,478	204,686	11,712	3,947,876
Change in Exposures during the period	(536,374)	5,635	(11,712)	(542,451)
New financial assets originated	764,145	-	-	764,145
Gross carrying amount as at 30 June 2021	3,959,249	210,321	-	4,169,570

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	AED'000
Gross carrying amount as at 1 January 2021	2,978,737	224,332	11,516	3,214,585
Change in Exposures during the period	(1,177,339)	(14,011)	(11,516)	(1,202,866)
New financial assets originated	2,157,851	-	-	2,157,851
Gross carrying amount as at 30 June 2021	3,959,249	210,321	-	4,169,570

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for Investment securities – FVOCI

	31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2020	2,426,272	18,963	12,801	2,458,036
Transfer from Stage 1 to Stage 2	(270,055)	270,055		
Change in Exposures during the year	(267,304)	(64,686)	(1,285)	(333,275)
New financial assets originated	1,089,824	-	-	1,089,824
Gross carrying amount as at 31 December 2020	2,978,737	224,332	11,516	3,214,585

Changes in the gross carrying for Investment securities - Amortized Cost

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	3,638,207	516,688	-	4,154,895
Change in Exposures during the period	(10,066)	(30,566)	-	(40,632)
New financial assets originated	93,880	-	-	93,880
Gross carrying amount as at 30 June 2021	3,722,021	486,122	-	4,208,143

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	3,861,486	462,223	-	4,323,709
Change in Exposures during the period	(515,913)	23,899	-	(492,014)
New financial assets originated	376,448	-	-	376,448
Gross carrying amount as at 30 June 2021	3,722,021	486,122	-	4,208,143

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for Investment securities - Amortized Cost

	31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2020	4,622,930	591,369	-	5,214,299
Transfer from Stage 1 to Stage 2	(180,495)	180,495	-	
Change in Exposures during the year	(2,083,822)	(309,641)	-	(2,393,463)
New financial assets originated	1,502,873	-	-	1,502,873
Gross carrying amount as at 31 December 2020	3,861,486	462,223	-	4,323,709

Changes in the gross carrying for loans and advances at amortized cost - Wholesale Banking segment

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	6,730,553	295,345	250,374	7,276,272
Transfer from Stage 1 to Stage 2	(181,816)	181,816	-	-
Transfer from Stage 2 to Stage 3	-	(3,599)	3,599	-
Change in Exposures during the period	(1,767,900)	(102,848)	1,508	(1,869,240)
New financial assets originated	2,268,986	-	-	2,268,986
Gross carrying amount as at 30 June 2021	7,049,823	370,714	255,481	7,676,018

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	6,655,171	256,056	251,196	7,162,423
Transfer from Stage 1 to Stage 2	(370,413)	370,413	-	-
Transfer from Stage 2 to Stage 3	-	(3,599)	3,599	-
Change in Exposures during the period	(3,213,145)	(252,156)	686	(3,464,615)
New financial assets originated	3,978,210	-	-	3,978,210
Gross carrying amount as at 30 June 2021	7,049,823	370,714	255,481	7,676,018

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for loans and advances at amortized cost - Business Banking segment

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	6,315,465	1,255,032	709,591	8,280,088
Transfer from stage 1 to Stage 2	(637,882)	637,882	-	-
Transfer from stage 2 to Stage 3	-	(134,503)	134,503	-
Transfer from Stage 2 to Stage 1	61,378	(61,378)	-	-
Transfer from Stage 3 to Stage 2	-	7,173	(7,173)	-
Change in Exposures during the period	(896,044)	(356,818)	(19,486)	(1,272,348)
New financial assets originated period	1,321,261	-	-	1,321,261
Write-offs	-	-	(175,402)	(175,402)
Gross carrying amount as at 30 June 2021	6,164,178	1,347,388	642,033	8,153,599

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	6,303,700	1,395,243	616,587	8,315,530
Transfer from stage 1 to Stage 2	(1,051,649)	1,051,649	-	-
Transfer from stage 2 to Stage 3	-	(360,799)	360,799	-
Transfer from Stage 2 to Stage 1	145,351	(145,351)	-	-
Transfer from Stage 3 to Stage 2	-	8,401	(8,401)	-
Change in Exposures during the period	(1,628,951)	(601,755)	(50,795)	(2,281,501)
New financial assets originated	2,395,727	-	-	2,395,727
Write-offs	-	-	(276,157)	(276,157)
Gross carrying amount as at 30 June 2021	6,164,178	1,347,388	642,033	8,153,599

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Changes in the gross carrying for loans and advances at amortized cost - Retail Banking segment

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	15,373,278	941,167	861,497	17,175,942
Transfer from stage 1 to Stage 2	(269,669)	269,669	-	-
Transfer from stage 2 to Stage 3	-	(267,707)	267,707	-
Transfer from Stage 2 to Stage 1	165,832	(165,832)	-	-
Transfer from Stage 3 to Stage 2	-	34,766	(34,766)	-
Change in Exposures during the period	(1,343,790)	(86,051)	(50,579)	(1,480,420)
New financial assets originated	1,894,757	-	-	1,894,757
Write-offs	-	-	(211,122)	(211,122)
Gross carrying amount as at 30 June 2021	15,820,408	726,012	832,737	17,379,157

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	15,048,322	768,405	906,232	16,722,959
Transfer from stage 1 to Stage 2	(890,727)	890,727	-	-
Transfer from stage 2 to Stage 3	-	(540,268)	540,268	-
Transfer from Stage 2 to Stage 1	311,354	(311,354)	-	-
Transfer from Stage 3 to Stage 2	-	72,772	(72,772)	-
Change in Exposures during the period	(2,868,109)	(154,270)	(116,349)	(3,138,728)
New financial assets originated	4,219,568	-	-	4,219,568
Write-offs	-	-	(424,642)	(424,642)
Gross carrying amount as at 30 June 2021	15,820,408	726,012	832,737	17,379,157

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for loans and advances measured at amortized cost

	30 June 2021 (un-audited)			Total AED'000
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000	AED'000	AED'000	
Gross carrying amount as at 1 April 2021	674,743	567,706	972,131	2,214,580
Transfer from Stage 1 to Stage 2	(182,620)	182,620	-	-
Transfer from Stage 2 to Stage 3	-	(163,762)	163,762	-
Transfer from Stage 2 to Stage 1	98,598	(98,598)	-	-
Transfer from Stage 3 to Stage 2	-	17,608	(17,608)	-
Due to changes in PD's/ LGD's/ EAD	(107,799)	(14,005)	225,616	103,812
New financial assets originated	213,414	-	-	213,414
Write-offs	-	-	(386,524)	(386,524)
Gross carrying amount as at 30 June 2021	696,336	491,569	957,377	2,145,282

	30 June 2021 (un-audited)			Total AED'000
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000	AED'000	AED'000	
Gross carrying amount as at 1 January 2021	683,535	581,402	894,505	2,159,442
Transfer from Stage 1 to Stage 2	(407,929)	407,929	-	-
Transfer from Stage 2 to Stage 3	-	(375,955)	375,955	-
Transfer from Stage 2 to Stage 1	194,021	(194,021)	-	-
Transfer from Stage 3 to Stage 2	-	33,360	(33,360)	-
Due to changes in PD's/ LGD's/ EAD	(208,918)	38,854	421,076	251,012
New financial assets originated	435,627	-	-	435,627
Write-offs	-	-	(700,799)	(700,799)
Gross carrying amount as at 30 June 2021	696,336	491,569	957,377	2,145,282

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for loans and advances measured at amortized cost

	31 December 2020 (audited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2020	658,857	425,666	627,042	1,711,565
Transfer from Stage 1 to Stage 2	(226,561)	226,561	-	-
Transfer from Stage 1 to Stage 3	(303,408)	-	303,408	-
Transfer from Stage 2 to Stage 3	-	(214,762)	214,762	-
Transfer from Stage 2 to Stage 1	55,951	(55,951)	-	-
Transfer from Stage 3 to Stage 2	-	14,443	(14,443)	-
Due to changes in PD's/ LGD's/ EAD	(67,560)	185,445	1,015,393	1,133,278
New financial assets originated	566,256	-	-	566,256
Write-offs	-	-	(1,251,657)	(1,251,657)
Gross carrying amount as at 31 December 2020	683,535	581,402	894,505	2,159,442

Loss allowance for due from Banks

	30 June 2021 (un-audited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	27,077	16,492	-	43,569
Transfer from Stage 1 to Stage 2	(2,634)	2,634	-	-
Due to changes in PD's/ LGD's/ EAD	(10,779)	(5,463)	-	(16,242)
New financial assets originated	17,526	-	-	17,526
Gross carrying amount as at 30 June 2021	31,190	13,663	-	44,853

	30 June 2021 (un-audited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	17,427	18,391	-	35,818
Transfer from Stage 1 to Stage 2	(6,390)	6,390	-	-
Due to changes in PD's/ LGD's/ EAD	(7,666)	(11,118)	-	(18,784)
New financial assets originated	27,819	-	-	27,819
Gross carrying amount as at 30 June 2021	31,190	13,663	-	44,853

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for due from Banks

	31 December 2020 (audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2020	19,437	9,643	-	29,080
Transfer from Stage 1 to Stage 2	(9,336)	9,336	-	-
Transfer from Stage 2 to Stage 1	2,384	(2,384)	-	-
Due to changes in PD's/ LGD's/ EAD	(8,947)	1,796	-	(7,151)
New financial assets originated	13,889	-	-	13,889
Gross carrying amount as at 31 December 2020	17,427	18,391	-	35,818

Loss allowance for Investment securities - FVOCI

	30 June 2021 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 April 2021	13,403	12,077	212	25,692
Due to changes in PD's/ LGD's/ EAD	(3,267)	(291)	(212)	(3,770)
New financial assets originated	713	-	-	713
Gross carrying amount as at 30 June 2021	10,849	11,786	-	22,635

	30 June 2021 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2021	9,295	13,384	241	22,920
Due to changes in PD's/ LGD's/ EAD	(6,316)	(1,598)	(241)	(8,155)
New financial assets originated	7,870	-	-	7,870
Gross carrying amount as at 30 June 2021	10,849	11,786	-	22,635

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for Investment securities - FVOCI

	31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2020	3,843	428	-	4,271
Transfer from Stage 1 to Stage 2	(1,562)	1,562		
Due to changes in PD's/ LGD's/ EAD	748	11,394	4,041	16,183
New financial assets originated	6,266	-	-	6,266
Less: other movements	-	-	(3,800)	(3,800)
Gross carrying amount as at 31 December 2020	9,295	13,384	241	22,920

Loss allowance for Investment securities - Amortized Cost

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	6,542	14,463	-	21,005
Due to changes in PD's/ LGD's/ EAD	(978)	5,690	-	4,712
New financial assets originated	97	-	-	97
Gross carrying amount as at 30 June 2021	5,661	20,153	-	25,814

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	5,997	16,048	-	22,045
Due to changes in PD's/ LGD's/ EAD	(2,699)	4,105	-	1,406
New financial assets originated	2,363	-	-	2,363
Gross carrying amount as at 30 June 2021	5,661	20,153	-	25,814

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for Investment securities - Amortized Cost

	31 December 2020 (audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2020	13,564	14,597	-	28,161
Transfer from Stage 1 to Stage 2	(1,332)	1,332	-	-
Due to changes in PD's/ LGD's/ EAD	(9,014)	119	-	(8,895)
New financial assets originated	2,779	-	-	2,779
Gross carrying amount as at 31 December 2020	5,997	16,048	-	22,045

Loss allowance for loans and advances measured at amortized cost – Wholesale Banking

	30 June 2021 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 April 2021	46,835	36,580	154,659	238,074
Transfer from Stage 1 to Stage 2	(17,524)	17,524	-	-
Transfer from Stage 2 to Stage 3	-	(821)	821	-
Due to changes in PD's/ LGD's/ EAD	1,907	2,817	6,530	11,254
New financial assets originated	29,318	-	-	29,318
Gross carrying amount as at 30 June 2021	60,536	56,100	162,010	278,646

	30 June 2021 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
Gross carrying amount as at 1 January 2021	47,582	17,543	155,066	220,191
Transfer from Stage 1 to Stage 2	(32,645)	32,645	-	-
Transfer from Stage 2 to Stage 3	-	(821)	821	-
Due to changes in PD's/ LGD's/ EAD	(2,536)	6,733	6,123	10,320
New financial assets originated	48,135	-	-	48,135
Gross carrying amount as at 30 June 2021	60,536	56,100	162,010	278,646

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for loans and advances measured at amortized cost - Business Banking

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	247,796	229,619	460,233	937,648
Transfer from Stage 1 to Stage 2	(115,076)	115,076	-	-
Transfer from Stage 2 to Stage 3	-	(79,836)	79,836	-
Transfer from Stage 2 to Stage 1	34,770	(34,770)	-	-
Transfer from Stage 3 to Stage 2	-	5,585	(5,585)	-
Due to changes in PD's/ LGD's/ EAD	(47,902)	(22,313)	104,028	33,813
New financial assets originated	126,306	-	-	126,306
Write-offs	-	-	(175,402)	(175,402)
Gross carrying amount as at 30 June 2021	245,894	213,361	463,110	922,365

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	269,053	300,768	372,800	942,621
Transfer from Stage 1 to Stage 2	(221,254)	221,254	-	-
Transfer from Stage 2 to Stage 3	-	(199,131)	199,131	-
Transfer from Stage 2 to Stage 1	79,984	(79,984)	-	-
Transfer from Stage 3 to Stage 2	-	6,527	(6,527)	-
Due to changes in PD's/ LGD's/ EAD	(108,615)	(36,073)	173,863	29,175
New financial assets originated	226,726	-	-	226,726
Write-offs	-	-	(276,157)	(276,157)
Gross carrying amount as at 30 June 2021	245,894	213,361	463,110	922,365

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

Loss allowance for loans and advances measured at amortized cost – Retail Banking

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 April 2021	380,112	301,507	357,239	1,038,858
Transfer from Stage 1 to Stage 2	(50,020)	50,020	-	-
Transfer from Stage 2 to Stage 3	-	(83,105)	83,105	-
Transfer from Stage 2 to Stage 1	63,828	(63,828)	-	-
Transfer from Stage 3 to Stage 2	-	12,023	(12,023)	-
Due to changes in PD's/ LGD's/ EAD	(61,804)	5,491	115,058	58,745
New financial assets originated	57,790	-	-	57,790
Write-offs	-	-	(211,122)	(211,122)
Gross carrying amount as at 30 June 2021	389,906	222,108	332,257	944,271

Loss allowance for loans and advances measured at amortized cost – Retail Banking

	30 June 2021 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
Gross carrying amount as at 1 January 2021	366,900	263,091	366,639	996,630
Transfer from Stage 1 to Stage 2	(154,030)	154,030	-	-
Transfer from Stage 2 to Stage 3	-	(176,003)	176,003	-
Transfer from Stage 2 to Stage 1	114,037	(114,037)	-	-
Transfer from Stage 3 to Stage 2	-	26,833	(26,833)	-
Due to changes in PD's/ LGD's/ EAD	(97,767)	68,194	241,090	211,517
New financial assets originated	160,766	-	-	160,766
Write-offs	-	-	(424,642)	(424,642)
Gross carrying amount as at 30 June 2021	389,906	222,108	332,257	944,271

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

ECL flow for the three months period ended 30 June 2021

	Non-credit impaired		Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
Retail Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 April 2021	380,112	301,507	357,239	1,038,858
Credit Cards	10,797	(4,414)	(24,068)	(17,685)
Housing Loans	4,312	(7,478)	10,691	7,525
Personal Loans	(5,383)	(66,055)	(9,358)	(80,796)
Auto Loans	(425)	(874)	(1,743)	(3,042)
Other Retail Loans	493	(578)	(504)	(589)
ECL allowance as at 30 June 2021	389,906	222,108	332,257	944,271

ECL flow for the six months period ended 30 June 2021

	Non-credit impaired		Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
Retail Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2021	366,900	263,091	366,639	996,630
Credit Cards	27,102	(18,639)	(74,144)	(65,681)
Housing Loans	12,287	2,279	21,033	35,599
Personal Loans	(16,533)	(22,432)	24,450	(14,515)
Auto Loans	(770)	(1,906)	(3,378)	(6,054)
Other Retail Loans	920	(285)	(2,343)	(1,708)
ECL allowance as at 30 June 2021	389,906	222,108	332,257	944,271

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

ECL flow for the three months period ended 30 June 2021

	Non-credit impaired		Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
Business Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 April 2021	247,796	229,619	460,233	937,648
RAK Business Banking Loans	(5,630)	(45,691)	(25,042)	(76,363)
Other Business Banking Loans	3,728	29,433	27,919	61,080
ECL allowance as at 30 June 2021	245,894	213,361	463,110	922,365

ECL flow for the six months period ended 30 June 2021

	Non-credit impaired		Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
Business Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2021	269,053	300,768	372,800	942,621
RAK Business Banking Loans	(27,581)	(105,873)	54,649	(78,805)
Other Business Banking Loans	4,422	18,466	35,661	58,549
ECL allowance as at 30 June 2021	245,894	213,361	463,110	922,365

Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 30 June 2021 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE (continued)

ECL flow for the three months period ended 30 June 2021

	Non-credit impaired		Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
Wholesale Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 April 2021	46,835	36,580	154,659	238,074
Federal Government	(496)	-	-	(496)
GREs (Gov ownership >50%)	2,029	(10)	-	2,019
Corporate with Govt ownership <50%	5,691	-	-	5,691
Other Corporates	1,959	16,569	6,991	25,519
High Net Worth Individuals	490	-	-	490
SMEs	2,462	2,979	1,238	6,679
Banks	8	(20)	-	(12)
NBFI	215	-	-	215
Others	1,343	2	(878)	467
ECL allowance as at 30 June 2021	60,536	56,100	162,010	278,646

ECL flow for the six months period ended 30 June 2021

	Non-credit impaired		Credit Impaired	
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
Wholesale Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
ECL allowance as at 1 January 2021	47,582	17,543	155,066	220,191
Federal Government	(1,135)	-	-	(1,135)
GREs (Gov ownership >50%)	713	(22)	-	691
Corporate with Govt ownership <50%	9,442	-	-	9,442
Other Corporates	(3,114)	28,339	8,045	33,270
High Net Worth Individuals	(2)	-	-	(2)
SMEs	3,729	10,291	1,246	15,266
Banks	2,055	(23)	-	2,032
NBFI	(95)	-	-	(95)
Others	1,361	(28)	(2,347)	(1,014)
ECL allowance as at 30 June 2021	60,536	56,100	162,010	278,646

35. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved on **27 July 2021**.