



## REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

January 1, 2022 to June 30, 2022



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 2022 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  
26 July 2022

A blue ink signature of Murad Alnsour, consisting of a horizontal line with a stylized flourish underneath.

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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 2022

	Notes	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
<b>ASSETS</b>			
Cash and balances with UAE Central Bank	4	5,166,689	3,894,068
Due from other banks, net	5	9,335,732	8,428,854
Investment securities measured at fair value	6	4,783,652	4,898,867
Investment securities measured at amortised cost	6	4,946,390	4,567,056
Loans and advances, net	7	33,981,337	32,283,560
Insurance contract assets and receivables, net		313,379	362,491
Customer acceptances		90,306	67,568
Other assets	8	1,159,451	806,165
Property and equipment		666,489	694,267
Right-of-use assets	31	148,528	134,424
Goodwill		166,386	166,386
<b>Total assets</b>		<b>60,758,339</b>	<b>56,303,706</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to other banks	9	6,106,772	3,174,223
Deposits from customers	10	39,552,337	37,647,088
Customer acceptances		90,306	67,568
Debt securities issued and other long term borrowing	11	4,495,018	5,274,326
Insurance contract liabilities and payables		477,365	477,847
Other liabilities	12	1,557,525	1,150,212
Lease liabilities	32	141,770	130,600
<b>Total liabilities</b>		<b>52,421,093</b>	<b>47,921,864</b>
<b>Equity</b>			
Share capital	13	1,676,245	1,676,245
Legal reserve		950,431	950,431
Retained earnings		2,756,377	2,584,864
Other reserves		2,922,978	3,131,076
<b>Equity attributable to owners of the Bank</b>		<b>8,306,031</b>	<b>8,342,616</b>
Non-controlling interests		31,215	39,226
<b>Total equity</b>		<b>8,337,246</b>	<b>8,381,842</b>
<b>Total Liabilities and Equity</b>		<b>60,758,339</b>	<b>56,303,706</b>



Raheel Ahmed  
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 2022 to 30 June 2022

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2022 (un-audited) AED'000	2021 (un-audited) AED'000	2022 (un-audited) AED'000	2021 (un-audited) AED'000
Interest income	16	531,593	492,886	1,024,845	978,902
Interest expense	16	(69,374)	(49,010)	(120,120)	(104,600)
<b>Net interest income</b>		<b>462,219</b>	<b>443,876</b>	<b>904,725</b>	<b>874,302</b>
Income from Islamic financing	17	117,575	112,084	231,499	229,146
Distribution to depositors	17	(16,784)	(12,926)	(32,790)	(28,668)
<b>Net income from Islamic financing</b>		<b>100,791</b>	<b>99,158</b>	<b>198,709</b>	<b>200,478</b>
<b>Net interest income and net income from Islamic financing</b>		<b>563,010</b>	<b>543,034</b>	<b>1,103,434</b>	<b>1,074,780</b>
Net fees and commission income	18	168,786	180,168	339,778	352,253
Foreign exchange & derivative income		74,407	49,494	60,222	76,120
Gross insurance underwriting (loss)/profit		(1,947)	13,295	3,488	16,627
Investment (loss)/income	19	(8,501)	28,894	(159)	66,492
Other operating income		19,266	16,927	35,186	46,451
<b>Non-interest income</b>		<b>252,011</b>	<b>288,778</b>	<b>438,515</b>	<b>557,943</b>
<b>Operating income</b>		<b>815,021</b>	<b>831,812</b>	<b>1,541,949</b>	<b>1,632,723</b>
General and administrative expenses	20	(367,711)	(343,146)	(740,085)	(673,113)
<b>Operating profit before provision for credit loss</b>		<b>447,310</b>	<b>488,666</b>	<b>801,864</b>	<b>959,610</b>
Provision for credit loss, net	21	(139,968)	(296,615)	(274,461)	(653,612)
<b>Profit for the period</b>		<b>307,342</b>	<b>192,051</b>	<b>527,403</b>	<b>305,998</b>
<b>Attributed to:</b>					
Owners of the Bank		310,453	190,998	531,273	304,308
Non-controlling interests		(3,111)	1,053	(3,870)	1,690
<b>Profit for the period</b>		<b>307,342</b>	<b>192,051</b>	<b>527,403</b>	<b>305,998</b>
<b>Earnings per share:</b>					
Basic and diluted in AED	22	0.19	0.11	0.32	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 2022 to 30 June 2022

	Three months period ended 30 June		Six months period ended 30 June	
	2022 (un- audited) AED'000	2021 (un- audited) AED'000	2022 (un- audited) AED'000	2021 (un- audited) AED'000
Profit for the period	307,342	192,051	527,403	305,998
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Profit on sale of equity instruments held at fair value through other comprehensive income	17,395	-	17,395	-
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	(75,182)	14,279	(19,292)	49,226
<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)	(113,581)	24,705	(175,113)	22,018
Profit on sale of debt instruments transferred to profit and loss	(53)	(18,348)	(4,914)	(40,949)
Net changes in fair value arising from cash flow hedges	2,928	4,849	(10,905)	(3,970)
<b>Other comprehensive (loss)/income for the period</b>	<b>(168,493)</b>	<b>25,485</b>	<b>(192,829)</b>	<b>26,325</b>
<b>Total comprehensive income for the period</b>	<b>138,849</b>	<b>217,536</b>	<b>334,574</b>	<b>332,323</b>
<b>Attributed to:</b>				
Owners of the Bank	143,075	216,505	340,570	330,711
Non-controlling interests	(4,226)	1,031	(5,996)	1,612
<b>Total comprehensive income for the period</b>	<b>138,849</b>	<b>217,536</b>	<b>334,574</b>	<b>332,323</b>

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 2022 to 30 June 2022

	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 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/(loss)	-	-	-	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
<b>Balance at 31 December 2021 (audited)</b>	<b>1,676,245</b>	<b>950,431</b>	<b>2,584,864</b>	<b>3,131,076</b>	<b>8,342,616</b>	<b>39,226</b>	<b>8,381,842</b>
<b>Profit /(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>531,273</b>	<b>-</b>	<b>531,273</b>	<b>(3,870)</b>	<b>527,403</b>
<b>Other comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>17,395</b>	<b>(208,098)</b>	<b>(190,703)</b>	<b>(2,126)</b>	<b>(192,829)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>548,668</b>	<b>(208,098)</b>	<b>340,570</b>	<b>(5,996)</b>	<b>334,574</b>
<b>Dividend paid</b>	<b>-</b>	<b>-</b>	<b>(377,155)</b>	<b>-</b>	<b>(377,155)</b>	<b>(2,015)</b>	<b>(379,170)</b>
<b>At 30 June 2022 (un-audited)</b>	<b>1,676,245</b>	<b>950,431</b>	<b>2,756,377</b>	<b>2,922,978</b>	<b>8,306,031</b>	<b>31,215</b>	<b>8,337,246</b>

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 2022 to 30 June 2022

	Six months period ended 30 June	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000
<b><i>Cash flows from operating activities</i></b>		
Profit for the period	527,403	305,998
<b>Adjustments:</b>		
Provision for credit losses, net	274,461	653,612
Depreciation and amortisation	59,625	63,463
Net changes in fair value arising from hedge and forex revaluation	137,766	47,627
Depreciation of right-of-use assets	16,028	14,933
Interest cost on lease liability	2,987	2,247
Gain from rent concession due to pandemic	-	(1,508)
Gain on disposal of property and equipment	(10)	(1,859)
Amortization of discount relating to investments securities	(12,975)	(34,766)
Gain on sale of investment securities	(6,811)	(46,442)
Fair value loss/(gain) of FVTPL investment securities	20,849	(7,107)
Amortisation of discount of debt securities	3,805	2,889
	<b>1,023,128</b>	<b>999,087</b>
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in deposits with the UAE Central Bank	(44,883)	820,681
Increase in due from other banks with original maturities of three month or over	(1,123,680)	(1,653,642)
Increase in loans and advances, net	(1,860,683)	(1,663,106)
Decrease/(increase) in insurance contract assets & receivables	43,101	(47,976)
(Increase)/decrease in other assets	(380,366)	453,831
Increase in due to other banks and UAE Central Bank	2,932,549	1,446,692
Increase in deposits from customers	1,905,249	82,969
(Decrease)/increase in insurance contract liabilities and payables	(481)	39,555
Increase/(decrease) in other liabilities	411,829	(391,275)
<b>Net cash generated from operating activities</b>	<b>2,905,763</b>	<b>86,816</b>
<b><i>Cash flows from investing activities</i></b>		
Purchase of investment securities	(4,524,804)	(4,702,206)
Proceeds from maturity/disposal of investment securities	3,836,443	3,820,713
Purchase of property and equipment	(31,890)	(25,404)
Proceeds from disposal of property and equipment	52	17,855
<b>Net cash used in investing activities</b>	<b>(720,199)</b>	<b>(889,042)</b>
<b><i>Cash flows from financing activities</i></b>		
Dividends paid	(379,170)	(253,452)
Debt securities issued	-	549,834
Payment of debt securities and other long-term borrowing	(783,114)	(293,840)
Payment for rentals on lease contracts	(17,606)	(15,516)
<b>Net cash used in financing activities</b>	<b>(1,179,890)</b>	<b>(12,974)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>1,005,674</b>	<b>(815,200)</b>
Cash and cash equivalents, beginning of the period	<b>3,324,614</b>	<b>3,636,113</b>
<b>Cash and cash equivalents, end of the period (Note 24)</b>	<b>4,330,288</b>	<b>2,820,913</b>

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 2022 to 30 June 2022

### 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 2022, The National Bank of Ras Al-Khaimah (P.S.C.) comprises the Bank and six subsidiaries (together referred to as the “Group”). The condensed consolidated interim financial information for the six months period ended 30 June 2022 comprises the Bank and following direct subsidiaries:

<i>Subsidiary</i>	<i>Authorized &amp; issued capital</i>	<i>Ownership 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.
RAK Financial Services Limited**	USD 1,300,000	100%	Dubai International Financial Centre, UAE	Arranging and advising on Financial products, Investments and custody.

\*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.

\*\* RAK Financial Services Limited was incorporated under Dubai International Financial Centre (“DIFC”). DIFC’s approval for commencement of business and capital infusion was received in June 2022 and capital of USD 1.3 million was subscribed during June 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**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 2022 have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs and interpretations 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.

<b>Title</b>	<b>Key requirements</b>	<b>Effective date</b>
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.  Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

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:

<b><i>New and revised IFRSs</i></b>	<b><i>Effective for annual periods beginning on or after</i></b>
<b>IFRS 17 Insurance Contracts</b>	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.	
<b>Amendments to IAS 1, Presentation of financial statements’</b> on 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.	January 1, 2023
<b>Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2,</b> The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.	1 January 2023
<b>Definition of accounting estimates – Amendments to IAS 8,</b> The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

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 2021.

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 2021.

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 2021. In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

#### **(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 2022 to 30 June 2022 (continued)

4. Cash and balances with UAE Central Bank

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Cash in hand	1,079,454	740,644
Balances with the UAE Central Bank	-	111,072
Overnight Deposits with the UAE central Bank	2,000,000	1,000,000
Statutory deposit with the UAE Central Bank (a)	2,087,235	2,042,352
	<b>5,166,689</b>	<b>3,894,068</b>

The Central Bank of the UAE has prescribed reserve requirements on the deposits, 1% (31 December 2021: 1%) for time deposits and 7 % (31 December 2021: 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.

5. Due from other banks, net

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Placements with other banks	537,922	380,635
Demand deposits	891,501	1,340,318
Banker's acceptances	4,752,584	3,400,933
Syndicated loans	2,709,391	2,823,719
Trade loans	427,638	464,635
Other	50,703	57,883
Total due from other banks	9,369,739	8,468,123
Provision for credit loss	(34,007)	(39,269)
Net due from other banks	<b>9,335,732</b>	<b>8,428,854</b>

The below represents deposits and balances due from:

Banks in UAE	289,563	258,683
Banks outside UAE	9,080,176	8,209,440
<b>Total due from other banks</b>	<b>9,369,739</b>	<b>8,468,123</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**6 Investment securities, net**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
<b><i>Securities at fair value through other comprehensive income (FVOCI)</i></b>		
Quoted equity securities	<b>407,719</b>	377,540
Unquoted equity securities	<b>5,240</b>	4,459
Quoted debt securities*	<b>3,747,709</b>	3,829,217
Unquoted debt securities	<b>446,679</b>	450,775
	<b>4,607,347</b>	4,661,991
<b><i>Securities at fair value through profit or loss (FVPL)</i></b>		
Quoted funds	<b>101,516</b>	131,577
Unquoted funds	<b>42,431</b>	43,842
Quoted debt securities	<b>32,358</b>	61,457
	<b>176,305</b>	236,876
<b>Investment securities measured at fair value</b>	<b>4,783,652</b>	4,898,867
<b><i>Securities held at amortised cost</i></b>		
Quoted debt securities*	<b>4,874,220</b>	4,423,773
Unquoted debt securities	<b>117,310</b>	168,223
	<b>4,991,530</b>	4,591,996
Provision for credit loss for securities held at amortised cost	<b>(45,140)</b>	(24,940)
<b>Investment securities measured at amortised cost</b>	<b>4,946,390</b>	4,567,056
<b>Net investment securities</b>	<b>9,730,042</b>	9,465,923

\*As at 30 June 2022, quoted debt securities with fair value of AED 2,746 million (31 December 2021: AED 1,336 million) have been given as collateral against repo borrowings of AED 2,534 million (31 December 2021: AED 1,313 million) [Note 9].



Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

6 Investment securities, net (continued)

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

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Federal and local Government – UAE	1,238,051	1,188,494
Government related entity – UAE	862,808	957,344
Government – GCC	941,230	862,073
Government – other	911,296	1,400,826
Banks and financial institutions - UAE	475,966	550,208
Banks and financial institutions - GCC	543,749	451,666
Banks and financial institutions - other	1,757,831	1,499,567
Public limited companies – UAE	397,051	352,905
Public limited companies – GCC	614,384	611,922
Public limited companies – other	1,475,910	1,058,440
<b>Total Debt securities</b>	<b>9,218,276</b>	<b>8,933,445</b>
Quoted equity securities	407,719	377,540
Quoted funds	101,516	131,577
Unquoted funds	42,431	43,842
Unquoted equity securities	5,240	4,459
<b>Total investment securities</b>	<b>9,775,182</b>	<b>9,490,863</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

7 Loans and advances, net

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
<b>(a) Loans and advances:</b>		
Retail banking loans	17,772,510	17,432,820
Wholesale banking loans	9,444,754	8,690,747
Business banking loans	8,575,916	8,053,201
Total loans and advances [Note 7(b)]	35,793,180	34,176,768
Provision for credit loss [Note 7(c)]	(1,811,843)	(1,893,208)
<b>Net loans and advances</b>	<b>33,981,337</b>	<b>32,283,560</b>
<b>(b) Analysis of loans and advances:</b>		
Personal loans	5,547,737	5,481,178
Mortgage loans	6,163,415	5,942,175
Credit cards	2,140,037	2,115,034
Auto loans	403,124	383,499
RAK Business loans	3,202,972	3,056,201
Other Business banking loans	5,372,944	4,997,000
Wholesale banking loans	9,444,754	8,690,747
Other retail loans	3,518,197	3,510,934
<b>Total loans and advances</b>	<b>35,793,180</b>	<b>34,176,768</b>
<b>(c) Provision for credit loss:</b>		
Balance at the beginning of the period/year	1,893,208	2,159,442
Impairment allowance for the period/year	216,533	1,160,648
Written-off during the period/year	(297,898)	(1,426,882)
<b>Balance at the end of the period/year</b>	<b>1,811,843</b>	<b>1,893,208</b>
<b>(d) Provision for credit loss/release on loans and advances, net of recovery - for the six months period ended:</b>		
	30 June 2022 (un-audited) AED'000	30 June 2021 (un-audited) AED'000
Impairment allowance for the period	216,533	686,639
Net recovery during the period	(53,627)	(45,555)
<b>Net impairment charge for the period (Note 21)</b>	<b>162,906</b>	<b>641,084</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited) AED'000	30 June 2021 (un-audited) AED'000
Impairment allowance for the period	122,987	317,226
Net recovery during the period	(30,657)	(24,597)
<b>Net impairment charge for the period (Note 21)</b>	<b>92,330</b>	<b>292,629</b>

(f) Islamic financing assets

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

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
<b>i) Islamic financing assets</b>		
Islamic retail financing assets	3,347,941	3,180,614
Islamic business banking assets	2,181,322	2,127,033
Islamic wholesale banking assets	529,163	589,682
Total Islamic financing assets	6,058,426	5,897,329
Provision for credit loss	(387,353)	(399,390)
	<b>5,671,073</b>	<b>5,497,939</b>

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
<b>ii) Analysis of Islamic financing assets</b>		
Islamic Salam Personal finance	2,036,760	1,944,821
Islamic Auto Murabaha	39,172	46,225
Islamic Business banking Finance	2,181,322	2,127,033
Islamic Ijara Property Finance	1,224,552	1,140,783
Islamic Credit Cards	46,151	47,329
Islamic wholesale banking	529,163	589,682
Islamic finance - other	1,306	1,456
	<b>6,058,426</b>	<b>5,897,329</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**8 Other assets**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Interest receivable	<b>350,148</b>	303,846
Profit receivable on Islamic financing assets	<b>49,599</b>	47,747
Prepayments	<b>62,396</b>	52,460
Interest rate swaps and other derivatives	<b>310,465</b>	206,801
Insurance related receivables and assets	<b>36,427</b>	24,516
Gold on hand	<b>14,471</b>	7,296
Islamic profit paid in advance	<b>7,095</b>	1,642
Assets acquired in settlements of debts*	<b>11,055</b>	-
Other	<b>317,795</b>	161,857
	<b>1,159,451</b>	806,165

\*AED 11.055 million represents the fair value less cost to sell of the asset acquired in settlement of debts during the six months period ended 30 June 2022. The carrying amount will be recovered principally through a sale transaction rather than through continuing use. It is subject to revaluation at each reporting date, and the related fair value gain/(loss) would be accounted for in the statement of profit or loss.

**9 Due to other banks**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Term borrowings	<b>2,612,900</b>	1,831,560
Current account with Central Bank of UAE*	<b>844,293</b>	-
Repurchase agreements (Note 6)	<b>2,533,780</b>	1,313,445
Demand deposits	<b>115,799</b>	29,218
	<b>6,106,772</b>	3,174,223

\*Overdrawn balance in Central Bank of UAE ("CBUAE") current account was subsequently settled during first week of July.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**10 Deposits from customers**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Time deposits	<b>10,825,462</b>	9,544,572
Current accounts	<b>23,471,726</b>	22,839,231
Saving deposits	<b>3,951,216</b>	3,969,997
Call deposits	<b>1,303,933</b>	1,293,288
	<b><u>39,552,337</u></b>	<u>37,647,088</u>

Deposits include AED 1,371 million (31 December 2021: AED 1,258 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:

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Wakala deposits	<b>1,360,000</b>	774,825
Mudaraba term investment deposits	<b>19,626</b>	18,401
Murabaha Term Deposit	<b>1,462,090</b>	2,124,618
Qard-E-Hassan - current accounts	<b>1,000,478</b>	993,596
Mudaraba - current accounts	<b>529,162</b>	542,796
Mudaraba - saving accounts	<b>237,171</b>	234,719
Mudaraba - call deposits	<b>18,108</b>	13,407
	<b><u>4,626,635</u></b>	<u>4,702,362</u>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**11 Debt securities in issue and other long-term borrowings**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
USD 500 million medium term note issued at discount in April 2019 (a)	<b>1,831,885</b>	1,833,789
USD 145 million private placement net of discount (a)	<b>530,428</b>	529,326
USD 75 million private placement ( a)	<b>275,475</b>	275,475
USD 75 million private placement ( a)	<b>275,475</b>	275,475
SAR 800 million Islamic bilateral borrowing (b)	<b>-</b>	782,655
USD 100 million bilateral borrowing ( c)	<b>367,300</b>	367,300
USD 125 million bilateral borrowing ( d)	<b>459,125</b>	459,125
USD 75 million bilateral borrowing ( e)	<b>275,475</b>	275,475
SAR 500 million Islamic bilateral borrowing ( f)	<b>489,459</b>	489,160
Less: Debt securities and other borrowing issue costs	<b>(10,274)</b>	(13,454)
Fair value adjustment on hedged medium term note	<b>670</b>	-
	<b>4,495,018</b>	<b>5,274,326</b>

(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.

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 in March 2023.

The Group issued USD 75 million of floating rate notes on 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 June 2019 the Group borrowed SAR 800 million at a profit rate of 3.85% per annum which got matured and repaid in June 2022.

(c) In August 2021 the Group borrowed USD 100 million at an interest rate of 1.35% per annum which matures in August 2023.

(d) In October 2021 the Group borrowed USD 125 million at an interest rate of 3 months LIBOR +0.80% per annum which matures in October 2023.

(e) In November 2021 the Group borrowed USD 75 million at an interest rate of 3 months LIBOR +0.80% per annum which matures in November 2023.

(f) In November 2021 the Group borrowed SAR 500 million at fixed interest rate of 1.4% per annum which matures in November 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**12. Other liabilities**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Interest payable	<b>68,638</b>	45,337
Profit distributable on Islamic deposits	<b>12,366</b>	28,882
Accrued expenses	<b>277,071</b>	253,128
Provision for employees' end-of-service benefits	<b>134,905</b>	128,268
Foreign exchange and other derivatives derivative contracts	<b>330,520</b>	248,219
Credit card payables and liabilities	<b>53,256</b>	62,673
Managers cheques issued	<b>285,513</b>	186,487
Mortgage payables and liabilities	<b>39,292</b>	26,840
Insurance related payables and liabilities	<b>37,613</b>	34,885
Provision for credit loss on contingent assets and customer acceptances	<b>16,742</b>	9,425
Other	<b>301,609</b>	126,068
	<b>1,557,525</b>	<b>1,150,212</b>

**13. Share capital and dividend**

At 30 June 2022, the authorised, issued and fully paid share capital of the Bank comprised 1,676 million shares of AED 1 each (31 December 2021: 1,676 million shares of AED 1 each).

At the meeting held on 12 April 2022, the shareholders of the Bank approved a cash dividend of 22.5% amounting to AED 377.2 million of the issued and paid up capital in respect of the year ended 31 December 2021 (2020: 15% cash dividend amounting to AED 251.4 million). Subsequently the dividend was paid on 19 April 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**14. Contingencies and commitments**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Irrevocable commitments to extend credit	<b>6,386,710</b>	5,237,315
Letters of guarantee – Financial	<b>332,329</b>	367,645
Letters of guarantee – Non Financial	<b>757,594</b>	763,841
Letters of credit	<b>156,617</b>	93,296
Capital commitments and others	<b>107,834</b>	31,404
	<b>7,741,084</b>	6,493,501

The Group is holding AED 16.56 million (31 December 2021: AED 9.18 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 7,359 million (31 December 2021: AED 7,036 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 2022 and 31 December 2021 are as follows:

	<b>Fair Values</b>		
	<b>Assets AED'000</b>	<b>Liability AED'000</b>	<b>Notional AED'000</b>
<b>30 June 2022</b>			
Foreign exchange contracts	<b>36,476</b>	<b>52,182</b>	<b>10,782,461</b>
Interest rate swaps	<b>260,693</b>	<b>203,006</b>	<b>12,105,504</b>
Other derivative contracts	<b>13,296</b>	<b>75,332</b>	<b>9,802,129</b>
	<b>310,465</b>	<b>330,520</b>	<b>32,690,094</b>
<b>31 December 2021</b>			
Foreign exchange contracts	38,968	28,608	10,181,956
Interest rate swaps	160,523	207,517	9,924,480
Other derivative contracts	7,310	12,094	2,480,645
	206,801	248,219	22,587,081



Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

16. Interest income and expense

	Three months period ended 30 June		Six months period ended 30 June	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000	2022 (un-audited) AED'000	2021 (un-audited) AED'000
<b>Interest income</b>				
Personal loans	56,015	60,861	111,790	122,930
Mortgage loans	39,470	38,789	77,243	76,417
Credit cards	76,018	90,566	155,461	183,691
Auto loans	5,197	5,406	10,165	11,205
RAK Business loans	82,365	78,841	159,251	154,387
Wholesale banking loans	67,886	44,661	119,378	89,054
Other Business banking loans	74,701	61,804	141,625	121,066
Other retail banking loans	20,633	13,926	36,465	27,074
Investment securities	53,624	61,454	117,135	121,278
Deposits with the U.A.E. Central Bank	1,705	81	1,966	229
Other banks	53,979	36,497	94,366	71,571
	<b>531,593</b>	<b>492,886</b>	<b>1,024,845</b>	<b>978,902</b>
<b>Interest expense</b>				
Due to customers	29,512	19,900	47,960	47,404
Debt securities issued and other borrowings	25,254	25,218	49,325	49,753
Borrowings from other banks	14,608	3,892	22,835	7,443
	<b>69,374</b>	<b>49,010</b>	<b>120,120</b>	<b>104,600</b>

17. Income from Islamic Financing and distribution to depositors

	Three months period ended 30 June		Six months period ended 30 June	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000	2022 (un-audited) AED'000	2021 (un-audited) AED'000
<b>Income from Islamic financing</b>				
Islamic Salam personal finance	37,005	40,781	73,462	83,813
Islamic Auto Murabaha	620	861	1,274	1,825
Islamic business banking finance	56,089	46,723	109,620	94,059
Islamic wholesale banking finance	3,732	5,998	8,444	12,216
Islamic Ijara property finance	11,016	8,065	20,524	16,998
Islamic investment income	9,113	9,656	18,175	20,235
	<b>117,575</b>	<b>112,084</b>	<b>231,499</b>	<b>229,146</b>
<b>Distribution to depositors</b>				
Distribution of profit on Islamic term investment deposits	8,082	4,955	14,607	12,892
Bilateral long-term borrowings	8,435	7,624	17,686	15,164
Distribution of profit on Islamic demand deposits	267	347	497	612
	<b>16,784</b>	<b>12,926</b>	<b>32,790</b>	<b>28,668</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

18. Net fees and commission income

	Three months period ended 30 June		Six months period ended 30 June	
	2022	2021	2022	2021
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Personal loans	735	5,393	4,310	12,233
Mortgage loans	4,295	4,816	7,561	9,134
Credit cards	54,225	57,420	117,036	118,891
Auto loans	1,418	1,499	3,523	3,298
RAK Business loans	12,291	8,275	24,067	15,875
Wholesale banking loans	17,687	15,695	32,629	29,341
Other Business banking	44,091	39,336	87,499	77,714
Fiduciary income	12,606	20,885	30,683	45,025
Bancassurance	6,027	6,241	12,082	11,764
Other	15,411	20,608	20,388	28,978
	<b>168,786</b>	<b>180,168</b>	<b>339,778</b>	<b>352,253</b>

19. Investment income

	Three months period ended 30 June		Six months period ended 30 June	
	2022	2021	2022	2021
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Fair value (loss)/income	(11,719)	4,026	(21,277)	7,107
Dividend income	3,606	3,858	14,307	12,943
Net (loss)/gain on disposal of investments	(388)	21,010	6,811	46,442
	<b>(8,501)</b>	<b>28,894</b>	<b>(159)</b>	<b>66,492</b>

20. General and administrative expenses

	Three months period ended 30 June		Six months period ended 30 June	
	2022	2021	2022	2021
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Staff costs	213,981	185,907	418,728	371,924
Outsourced staff costs	8,813	9,756	17,791	18,996
Occupancy costs	16,872	16,489	35,834	32,692
Marketing expenses	6,172	6,802	12,480	13,624
Depreciation and amortisation	29,497	31,730	59,625	63,463
Communication costs	12,239	13,533	26,223	26,069
Credit card expenses	28,535	19,487	57,838	37,074
Information and technology expenses	23,092	27,426	51,172	50,389
Other	28,510	32,016	60,394	58,882
	<b>367,711</b>	<b>343,146</b>	<b>740,085</b>	<b>673,113</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

21. Provision for credit loss, net

	Six months period ended 30 June	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000
Net impairment charge on loans and advances	162,906	641,084
Net impairment (release)/charge on due from other banks	(5,262)	9,035
Net impairment charge/(release) on Investment securities measured at fair value through OCI	83,289	(285)
Net impairment charge on Investment securities measured at amortised cost	20,200	3,769
Net impairment charge/(release) on insurance contracts	6,011	(4,949)
Net impairment (release)/charge on customer acceptances	(69)	32
Net impairment charge on off balance sheet items	7,386	4,926
<b>Net impairment charge for the period</b>	<b>274,461</b>	<b>653,612</b>

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

	Three months period ended 30 June	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000
Net impairment charge on loans and advances	92,330	292,629
Net impairment (release)/charge on due from other banks	(7,597)	1,284
Net impairment charge/(release) on Investment securities measured at fair value through OCI	36,639	(3,057)
Net impairment charge on Investment securities measured at amortised cost	10,704	4,809
Net impairment charge/(release) on insurance contracts	6,506	(475)
Net impairment (release)/charge on customer acceptances	(13)	15
Net impairment charge on off balance sheet items	1,399	1,410
<b>Net impairment charge for the period</b>	<b>139,968</b>	<b>296,615</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2021 AED'000	Net provided / (released) during the period AED'000	Other movement during the period AED'000	At 30 June 2022 AED'000
Due from other banks	39,269	(5,262)	-	34,007
Loans and advances	1,893,208	216,533	(297,898)	1,811,843
Investment Securities - FVOCI	24,929	83,289	-	108,218
Investment Securities – Amortised cost	24,940	20,200	-	45,140
Insurance contract assets and receivables	32,575	6,011	(3,203)	35,383
Customer acceptances	247	(69)	-	178
Off balance sheet items	9,178	7,386	-	16,564
<b>Total</b>	<b>2,024,346</b>	<b>328,088</b>	<b>(301,101)</b>	<b>2,051,333</b>

**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	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000	2022 (un-audited) AED'000	2021 (un-audited) AED'000
Profit for the period (attributed to owners of the Bank)	310,453	190,998	531,273	304,308
Weighted average number of shares in issue (in thousands)	1,676,245	1,676,245	1,676,245	1,676,245
<b>Basic earnings per share (AED)</b>	<b>0.19</b>	<b>0.11</b>	<b>0.32</b>	<b>0.18</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**23. Fiduciary activities**

The Group holds assets in a fiduciary capacity for its customers without recourse. At 30 June 2022, market value of such assets amounted to AED 4,986 million (31 December 2021: AED 5,488 million) and are excluded from the condensed consolidated interim financial information of the Group.

**24. Cash and cash equivalents**

	<b>30 June 2022 (un-audited) AED'000</b>	30 June 2021 (un-audited) AED'000
Cash in hand and current account with UAE Central Bank	<b>3,079,454</b>	1,207,202
Due from other banks	<b>9,369,739</b>	8,905,273
	<b>12,449,193</b>	10,112,475
Less: Due from other banks with original maturity of three months or more	<b>(8,118,905)</b>	(7,291,562)
<b>Cash and cash equivalents</b>	<b>4,330,288</b>	2,820,913

## 25. Operating segments

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting to the 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, the 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 2022 to 30 June 2022 (continued)

25. Operating segments (continued)

The segment information provided to the management for the reportable segments for the periods ended 30 June 2022 and 2021 is as follows:

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Insurance business AED'000	Head office & Unallocated costs AED'000	Consolidation adjustments AED'000	Total AED'000
30 June 2022								
Net external interest income	375,964	175,751	294,919	53,883	4,089	-	119	904,725
Income from Islamic financing net of distribution to depositors	93,885	(4,404)	109,270	(42)	-	-	-	198,709
Internal revenue	(66,869)	(52,894)	71,759	5,551	-	42,453	-	-
Net interest income and net income from Islamic financing	402,980	118,453	475,948	59,392	4,089	42,453	119	1,103,434
Non-interest income	240,575	34,174	146,510	16,967	10,107	1,996	(11,814)	438,515
Operating income	643,555	152,627	622,458	76,359	14,196	44,449	(11,695)	1,541,949
Operating expense excluding depreciation & amortisation	(309,249)	(22,071)	(135,108)	(11,543)	(27,015)	(179,482)	4,008	(680,460)
Depreciation & amortisation	(16,765)	(873)	(3,901)	(1,437)	(1,246)	(35,403)	-	(59,625)
Total operating expense	(326,014)	(22,944)	(139,009)	(12,980)	(28,261)	(214,885)	4,008	(740,085)
Impairment charge, net	(51,521)	(6,580)	(94,643)	(103,562)	(4,569)	(13,586)	-	(274,461)
Net profit	266,020	123,103	388,806	(40,183)	(18,634)	(184,022)	(7,687)	527,403
As at 30 June 2022								
Segment assets	17,603,109	17,149,092	8,458,741	15,587,198	727,354	1,551,002	(318,157)	60,758,339
Segment liabilities	12,757,943	10,319,480	17,550,519	10,442,611	563,265	940,781	(153,506)	52,421,093

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

25. Operating segments (continued)

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Insurance business AED'000	Head office & Unallocated costs AED'000	Consolidation adjustments AED'000	Total AED'000
30 June 2021								
Net external interest income	399,418	139,257	265,767	64,758	3,980	-	1,122	874,302
Income from Islamic financing net of distribution to depositors	95,277	7,291	92,906	5,004	-	-	-	200,478
Internal revenue	(124,979)	(37,439)	(39,325)	179,945	-	21,798	-	-
Net interest income and net income from Islamic financing	369,716	109,109	319,348	249,707	3,980	21,798	1,122	1,074,780
Non-interest income	272,696	30,889	124,356	106,668	26,967	8,442	(12,075)	557,943
Operating income	642,412	139,998	443,704	356,375	30,947	30,240	(10,953)	1,632,723
Operating expense excluding depreciation & amortisation	(277,284)	(20,227)	(125,158)	(10,436)	(25,108)	(155,416)	3,979	(609,650)
Depreciation & amortisation	(19,719)	(1,076)	(3,089)	(1,422)	(1,378)	(36,779)	-	(63,463)
Total operating expense	(297,003)	(21,303)	(128,247)	(11,858)	(26,486)	(192,195)	3,979	(673,113)
Impairment charge, net	(344,347)	(69,324)	(239,685)	(3,932)	3,676	-	-	(653,612)
Net profit	1,062	49,371	75,772	340,585	8,137	(161,955)	(6,974)	305,998
As at 31 December 2021								
Segment assets	17,162,512	15,186,616	7,893,733	14,378,162	796,804	1,198,910	(313,031)	56,303,706
Segment liabilities	11,958,514	10,110,492	16,736,468	7,940,565	594,142	730,063	(148,380)	47,921,864

The comparative figures of 30 June 2021 and 31 December 2021 have been reclassified between operating segments due to movement of accounts among segments.



Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**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:

	<b>Six-month period ended 30 June</b>	
	<b>2022</b> <b>(un-audited)</b> <b>AED'000</b>	<b>2021</b> <b>(un-audited)</b> <b>AED'000</b>
<b>Transactions during the period</b>		
Interest income	5,768	3,444
Interest expense	4,576	8,849
Commission income	487	502
Directors' and key management personnel's remuneration, sitting and other expenses	<b>20,670</b>	<b>13,795</b>
	<b>30 June</b> <b>2022</b> <b>(un-audited)</b> <b>AED'000</b>	<b>31 December</b> <b>2021</b> <b>(audited)</b> <b>AED'000</b>
<b>Balances</b>		
<i>Loans and advances:</i>		
- Shareholders and their related companies	580,929	379,316
- Directors and their related companies	102,039	85,630
- Key management personnel	3,961	2,829
	<b>686,929</b>	<b>467,775</b>
<b>Deposits</b>		
- Shareholders and their related companies	2,440,773	2,119,011
- Directors and their related companies	19,284	12,334
- Key management personnel	22,396	18,966
	<b>2,482,453</b>	<b>2,150,311</b>
<b>Irrevocable commitments and contingent liabilities and forward contracts</b>		
- Shareholders and their related companies	98,349	76,002
- Directors and their related companies	40	40
	<b>98,389</b>	<b>76,042</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

26. Related parties (continued)

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
<b>Insurance related receivables</b>		
Due from policy holders	3,637	12,812
<b>Insurance related payables</b>		
Due to policy holders	41	35

27. Capital adequacy

**Capital structure and capital adequacy as per Basel III requirement as at 30 June 2022**

The Bank is required to report capital resources and risk-weighted assets under the Basel III from February 2017. Capital structure and capital adequacy as per Basel III requirement as at 30 June 2022 and 31 December 2021 (after applying prudential filter) is given below:

	30 June 2022 (un-audited) (after applying prudential filter) AED'000	31 December 2021 (audited) AED'000
<b>Tier 1 capital</b>		
Ordinary share capital	1,676,245	1,676,245
Legal and other reserves	3,840,818	4,004,761
Retained earnings	2,225,541	1,830,499
Current period/year profit	553,724	754,802
Dividend for year 2021	-	(377,155)
<b>Tier 1 capital base</b>	<b>8,296,328</b>	<b>7,889,152</b>
<b>Tier 2 capital base</b>	<b>592,368</b>	<b>545,734</b>
<b>Total capital base</b>	<b>8,888,696</b>	<b>8,434,886</b>
<b>Risk weighted assets</b>		
Credit risk	47,389,433	43,658,721
Market risk	1,717,478	2,186,151
Operational risk	3,678,449	3,678,449
<b>Total risk weighted assets</b>	<b>52,785,360</b>	<b>49,523,321</b>
Capital adequacy ratio on Tier 1 capital	15.72%	15.93%
Capital adequacy ratio on Tier 2 capital	1.12%	1.10%
Total Capital adequacy ratio	16.84%	17.03%

As per the Central Bank of UAE Regulation for Basel III, the Minimum Capital requirement including Capital Conservation Buffer is 13.0% for year 2022. However, according to Central Bank of UAE regulation dated 16 December 2021, banks are allowed to tap into the Capital Conservation Buffer up to a maximum of 60% without supervisory consequences until 30 June 2022. Additionally, Central Bank of UAE 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.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**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 2022, 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 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
<b>Assets</b>				
Loan and advances	34,336,241	32,695,315	33,981,337	32,283,560
Investment securities measured at fair value	4,783,652	4,898,867	4,783,652	4,898,867
Investment securities measured at amortised cost	4,774,724	4,664,979	4,946,390	4,567,056
Cash and balances with the UAE Central Bank	5,166,689	3,894,068	5,166,689	3,894,068
Due from other banks	9,267,807	8,378,915	9,335,732	8,428,854
<b>Total financial assets</b>	<b>58,329,113</b>	<b>54,532,144</b>	<b>58,213,800</b>	<b>54,072,405</b>
<b>Liabilities</b>				
Due to other banks	6,130,247	3,184,645	6,106,772	3,174,223
Deposits from customer	39,558,601	37,654,150	39,552,337	37,647,088
Debt securities issued and other borrowing	4,517,239	5,354,510	4,495,018	5,274,326
<b>Total financial liabilities</b>	<b>50,206,087</b>	<b>46,193,305</b>	<b>50,154,127</b>	<b>46,095,637</b>

**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.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

29. Fair value hierarchy (continued)

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.

	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
<b>30 June 2022 (un-audited)</b>				
<b>Assets at fair value</b>				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	3,747,709	389,311	57,368	4,194,388
Investment securities - equity	407,719	-	5,240	412,959
Foreign exchange contracts	-	36,476	-	36,476
Derivative financial instruments	-	273,989	-	273,989
<i>(Through profit and loss)</i>				
Investment market fund	101,516	-	42,431	143,947
Investment - debt securities <i>(Held at amortised cost)</i>	32,358	-	-	32,358
Investment securities - debt	4,657,999	-	116,725	4,774,724
	<b>8,947,301</b>	<b>699,776</b>	<b>221,764</b>	<b>9,868,841</b>
<b>Liabilities at fair value</b>				
Foreign exchange contracts	-	52,182	-	52,182
Derivative financial instruments	-	278,338	-	278,338
	-	330,520	-	330,520

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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
<i>31 December 2021</i>				
<i>Assets at fair value</i>				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	3,829,217	408,538	42,237	4,279,992
Investment securities - equity	377,540	-	4,459	381,999
Foreign exchange contracts	-	38,968	-	38,968
Derivative financial instruments <i>(through profit and loss)</i>	-	167,833	-	167,833
Investment market fund	131,577	-	43,842	175,419
Investment- debt securities <i>(Held at amortised cost)</i>	61,457	-	-	61,457
Investment securities - debt	4,498,220	-	166,759	4,664,979
	<b>8,898,011</b>	<b>615,339</b>	<b>257,297</b>	<b>9,770,647</b>
<i>Liabilities at fair value</i>				
Foreign exchange contracts	-	28,608	-	28,608
Derivative financial instruments	-	219,611	-	219,611
	<b>-</b>	<b>248,219</b>	<b>-</b>	<b>248,219</b>

There are 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 2021.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

**31. Right-of-use assets**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	134,424	117,872
Additions during the period/year	19,062	14,017
Increase / (decrease) due to changes in lease liability and contract period/year	11,070	32,223
Depreciation for the period/year	(16,028)	(29,688)
<b>Balance at the closing of the period/year</b>	<b>148,528</b>	<b>134,424</b>

**32. Lease liabilities**

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Balance at the beginning of the period/year	130,600	102,348
Additions during the period/year	19,062	14,017
Increase due to changes in lease contract amount and contract period/year	6,727	33,641
Gain from rent concession due to pandemic	-	(1,508)
Interest cost on lease liability for the period/year	2,987	4,880
Less: payments made during the period/year	(17,606)	(22,778)
<b>Balance at the closing of the period/year</b>	<b>141,770</b>	<b>130,600</b>

**33. Seasonality of results**

Dividend income of AED 14.3 million (30 June 2021: AED 12.9 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 continues albeit with a slower pace to disrupt businesses and economy in 2022. 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 totaling 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 United Arab Emirates (“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 on an ongoing basis reviews the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement, in light of available information. An improved vaccination rate of UAE population coupled with roll out of vaccination programs throughout geographies, and normalization of travel to a large extent have led to economic recovery in major sectors that has also been supported by strong oil prices in the UAE is continuing to mitigate the post pandemic impact. 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 Probability of Defaults (“PDs”). The Group employs experts who use external and internal information to generate 3 scenarios viz. Baseline, Upside and Downside, in accordance with the IFRS 9 requirements. The Group has used the updated macro-economic forecasts for the year ended 31 December 2021 and is currently using the weightings of (40:30:30) for Baseline: Upside: Downside scenarios. The sensitivity to 10% increase in Downside Scenario, with a corresponding decrease of 10% in Upside scenario is AED 35 million as of 30 June 2022.

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 grouped its customers receiving payment deferrals, into two groups (Group 1 and Group 2). This is 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 portfolio under deferral has reduced significantly since last few quarters which are signs of economic recovery in the economy.

The grouping decisions are being taken based on relevant product or portfolio. E.g. 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. With economic activities resuming the bank has noticed a reduction in the portfolio under payment deferral.

As per the letter from CBUAE dated 07 January 2022 requiring the termination of the grouping approach, the Bank has made the staging classification as per the business as usual Significant Increase in Credit Risk ("SICR") criteria and as per realistic assessment of the creditworthiness of the customers benefitting from payment deferrals as of 30 June 2022.

#### Liquidity management

The Targeted Economic Support Scheme ("TESS") programme and measures to support new lending including those related to capital buffers, liquidity and stable funding requirements from the Central Bank of UAE is now drawing to a close with effect from 30 June 2022. The bank has repaid the entire Zero Cost Funds raised from the CBUAE in the last quarter of the year 2021 and continues to remain vigilant and is well prepared for any unexpected liquidity scenarios.

#### Business continuity planning

The Bank's Management Committee (GMC) continues to closely monitor the pandemic situation and take appropriate actions in line with the guidance by National Emergency Crisis and Disasters Management Authority ("NCEMA") to ensure safety and security of Bank's staff and an uninterrupted service to our customers. All departments have started working from the office with exception to staff members either infected with COVID or who get treated as "Close Contact". Exception to work from home has been given to few staff members such as Pregnant / nursing ladies, staff with chronic ailment / other critical medical conditions. Staff members who are on mandatory quarantine are also allowed to work from home. All required protocols recommended by the Ministry of Health are being adhered to. Business Continuity Plans ("BCP") for the various units of the Bank are in place and tested. Work from home option has been made available for staff members handling critical activity.



Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un- audited)	AED'000	AED'000	AED'000			AED'000
<b><i>Retails banking loans:</i></b>						
Personal loans	5,547,737	2,097	77,264	1.4%	411	369,121
Mortgage loans	6,163,415	-	-	0.0%	-	144,758
Credit cards	2,140,037	-	-	0.0%	-	174,957
Auto loans	403,124	21	363	0.1%	5	7,335
Other retail loans	3,518,197	-	-	0.0%	-	7,637
<b>Total retail banking loans</b>	<b>17,772,510</b>	<b>2,118</b>	<b>77,627</b>	<b>0.4%</b>	<b>416</b>	<b>703,808</b>
<b><i>Business banking loans:</i></b>						
RAK business loans	3,202,972	196	7,979	0.2%	7	390,028
Other business banking loans	5,372,944	2,531	36,308	0.7%	1	465,609
<b>Total business banking loans</b>	<b>8,575,916</b>	<b>2,727</b>	<b>44,287</b>	<b>0.5%</b>	<b>8</b>	<b>855,637</b>
<b>Wholesale banking loans</b>	<b>9,444,754</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>0</b>	<b>252,398</b>
<b>Total loans and advances</b>	<b>35,793,180</b>	<b>4,845</b>	<b>121,914</b>	<b>0.3%</b>	<b>424</b>	<b>1,811,843</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 in Group 1 and 2

As at 30 June 2022 (un-audited)	Deferrals under TESS / Non-TESS					
	Group 1			Group 2		
	Gross loans AED'000	No of customers	ECL AED'000	Gross loans AED'000	No of customers	ECL AED'000
<b><i>Retails banking loans:</i></b>						
Personal loans	69,833	365	3,297	7,431	46	4,923
Mortgage loans	-	-	-	-	-	-
Credit cards	-	-	-	-	-	-
Auto loans	23	1	-	340	4	109
Other retail loans	-	-	-	-	-	-
<b>Total retail banking loans</b>	<b>69,856</b>	<b>366</b>	<b>3,297</b>	<b>7,771</b>	<b>50</b>	<b>5,032</b>
<b><i>Business banking loans:</i></b>						
RAK business loans	3,354	2	165	4,625	5	3,677
Other business banking loans	-	-	-	36,308	1	5,000
<b>Total business banking loans</b>	<b>3,354</b>	<b>2</b>	<b>165</b>	<b>40,933</b>	<b>6</b>	<b>8,677</b>
<b>Wholesale banking loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total loans and advances</b>	<b>73,210</b>	<b>368</b>	<b>3,462</b>	<b>48,704</b>	<b>56</b>	<b>13,709</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (continued)

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-22	31-Dec-21	%	30-June-22	31-Dec-21	%
	Un -audited AED'000	Audited AED'000		Un -audited AED'000	Audited AED'000	
<b><i>Retails banking loans:</i></b>						
Personal loans	5,547,737	5,481,178	1.2%	369,121	421,348	(12.4%)
Mortgage loans	6,163,415	5,942,175	3.7%	144,758	164,837	(12.2%)
Credit cards	2,140,037	2,115,034	1.2%	174,957	181,599	(3.7%)
Auto loans	403,124	383,499	5.1%	7,335	7,811	(6.1%)
Other retail loans	3,518,197	3,510,934	0.2%	7,637	8,211	(7.0%)
<b>Total retail banking loans</b>	<b>17,772,510</b>	<b>17,432,820</b>	<b>1.9%</b>	<b>703,808</b>	<b>783,806</b>	<b>(10.2%)</b>
<b><i>Business banking loans:</i></b>						
RAK business loans	3,202,972	3,056,201	4.8%	390,028	423,366	(7.9%)
Other business banking loans	5,372,944	4,997,000	7.5%	465,609	442,580	5.2%
<b>Total business banking loans</b>	<b>8,575,916</b>	<b>8,053,201</b>	<b>6.5%</b>	<b>855,637</b>	<b>865,946</b>	<b>(1.2%)</b>
<b><i>Wholesale banking loans:</i></b>						
<b>Total wholesale banking loans</b>	<b>9,444,754</b>	<b>8,690,747</b>	<b>8.7%</b>	<b>252,398</b>	<b>243,456</b>	<b>3.7%</b>
<b>Total loans and advances</b>	<b>35,793,180</b>	<b>34,176,768</b>	<b>4.7%</b>	<b>1,811,843</b>	<b>1,893,208</b>	<b>(4.3%)</b>

The above disclosures are in respect of Active Deferrals as at 30 June 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 April 2022</b>	<b>33,182,799</b>	<b>1,248,559</b>	<b>1,351,664</b>	<b>35,783,022</b>
Transfer from Stage 1 to Stage 2	(485,641)	485,641	-	-
Transfer from Stage 2 to Stage 3	-	(190,063)	190,063	-
Transfer from Stage 2 to Stage 1	97,669	(97,669)	-	-
Transfer from Stage 3 to Stage 2	-	34,934	(34,934)	-
Change in Exposures during the period	(5,080,089)	(66,712)	(72,420)	(5,219,221)
New financial assets originated	5,377,944	-	-	5,377,944
Write-offs	-	-	(148,565)	(148,565)
<b>Gross carrying amount as at 30 June 2022</b>	<b>33,092,682</b>	<b>1,414,690</b>	<b>1,285,808</b>	<b>35,793,180</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 January 2022</b>	<b>31,025,830</b>	<b>1,696,182</b>	<b>1,454,756</b>	<b>34,176,768</b>
Transfer from Stage 1 to Stage 2	(720,770)	720,770	-	-
Transfer from Stage 2 to Stage 3	-	(355,153)	355,153	-
Transfer from Stage 2 to Stage 1	563,255	(563,255)	-	-
Transfer from Stage 3 to Stage 2	-	81,923	(81,923)	-
Change in Exposures during the year	(8,423,612)	(165,777)	(144,280)	(8,733,669)
New financial assets originated	10,647,979	-	-	10,647,979
Write-offs	-	-	(297,898)	(297,898)
<b>Gross carrying amount as at 30 June 2022</b>	<b>33,092,682</b>	<b>1,414,690</b>	<b>1,285,808</b>	<b>35,793,180</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 (continued)

	31 December 2021 (audited)			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	
<b>Gross carrying amount as at 1 January 2021</b>	28,007,193	2,419,704	1,774,015	32,200,912
Transfer from Stage 1 to Stage 2	(3,372,829)	3,372,829	-	-
Transfer from Stage 2 to Stage 3	-	(1,695,346)	1,695,346	-
Transfer from Stage 2 to Stage 1	1,152,809	(1,152,809)	-	-
Transfer from Stage 3 to Stage 2	-	171,554	(171,554)	-
Change in Exposures during the year	(15,164,391)	(1,419,750)	(416,169)	(17,000,310)
New financial assets originated	20,403,048	-	-	20,403,048
Write-offs	-	-	(1,426,882)	(1,426,882)
<b>Gross carrying amount as at 31 December 2021</b>	<b>31,025,830</b>	<b>1,696,182</b>	<b>1,454,756</b>	<b>34,176,768</b>

Changes in the gross carrying for due from other banks

	30 June 2022 (un-audited)			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	
<b>Gross carrying amount as at 1 April 2022</b>	9,104,539	116,422	-	9,220,961
Change in Exposures during the period	(1,110,340)	(11,379)	-	(1,121,719)
New financial assets originated	1,270,497	-	-	1,270,497
<b>Gross carrying amount as at 30 June 2022</b>	<b>9,264,696</b>	<b>105,043</b>	<b>-</b>	<b>9,369,739</b>

	30 June 2022 (un-audited)			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	
<b>Gross carrying amount as at 1 January 2022</b>	7,780,561	687,562	-	8,468,123
Transfer from Stage 2 to Stage 1	257,890	(257,890)	-	-
Change in Exposures during the period	(2,014,540)	(324,629)	-	(2,339,169)
New financial assets originated	3,240,785	-	-	3,240,785
<b>Gross carrying amount as at 30 June 2022</b>	<b>9,264,696</b>	<b>105,043</b>	<b>-</b>	<b>9,369,739</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 other banks (continued)

	31 December 2021 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	
<b>Gross carrying amount as at 1 January 2021</b>	5,516,681	1,081,528	-	6,598,209
Transfer from Stage 1 to Stage 2	(716,195)	716,195	-	-
Transfer from Stage 2 to Stage 1	250,819	(250,819)	-	-
Change in Exposures during the year	(4,319,878)	(859,342)	-	(5,179,220)
New financial assets originated	7,049,134	-	-	7,049,134
<b>Gross carrying amount as at 31 December 2021</b>	<b>7,780,561</b>	<b>687,562</b>	<b>-</b>	<b>8,468,123</b>

Changes in the gross carrying for Investment securities – FVOCI\*

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	
<b>Gross carrying amount as at 1 April 2022</b>	4,121,064	100,381	28,308	4,249,753
Transfer from Stage 2 to Stage 3	-	(100,381)	100,381	-
Change in Exposures during the period	(263,322)	-	20,669	(242,653)
New financial assets originated	295,657	-	-	295,657
<b>Gross carrying amount as at 30 June 2022</b>	<b>4,153,399</b>	<b>-</b>	<b>149,358</b>	<b>4,302,757</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000	
<b>Gross carrying amount as at 1 January 2022</b>	4,147,291	157,630	-	4,304,921
Transfer from Stage 1 to Stage 2	(37,475)	37,475	-	-
Transfer from Stage 2 to Stage 3	-	(137,856)	137,856	-
Transfer from Stage 2 to Stage 1	82,646	(82,646)	-	-
Change in Exposures during the period	(1,447,461)	25,397	11,502	(1,410,562)
New financial assets originated	1,408,398	-	-	1,408,398
<b>Gross carrying amount as at 30 June 2022</b>	<b>4,153,399</b>	<b>-</b>	<b>149,358</b>	<b>4,302,757</b>

\*Exposures are gross of IFRS 9 provisions held

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 – FVOCI\* (continued)

	31 December 2021 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 January 2021</b>	2,978,737	224,332	11,516	3,214,585
Transfer from Stage 1 to Stage 2	36,060	(36,060)	-	-
Change in Exposures during the year	(2,773,527)	(30,642)	(11,516)	(2,815,685)
New financial assets originated	3,906,021	-	-	3,906,021
<b>Gross carrying amount as at 31 December 2021</b>	<b>4,147,291</b>	<b>157,630</b>	<b>-</b>	<b>4,304,921</b>

\*Exposures are gross of IFRS 9 provisions held

Changes in the gross carrying for Investment securities - Amortized Cost

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 April 2022</b>	4,499,136	56,950	-	4,556,086
Transfer from Stage 2 to Stage 3	-	(38,585)	38,585	-
Change in Exposures during the period	95,889	-	(66)	95,823
New financial assets originated	339,621	-	-	339,621
<b>Gross carrying amount as at 30 June 2022</b>	<b>4,934,646</b>	<b>18,365</b>	<b>38,519</b>	<b>4,991,530</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 January 2022</b>	4,418,527	173,469	-	4,591,996
Transfer from Stage 2 to Stage 3	-	(38,585)	38,585	-
Transfer from Stage 2 to Stage 1	81,908	(81,908)	-	-
Change in Exposures during the period	(262,843)	(34,611)	(66)	(297,520)
New financial assets originated	697,054	-	-	697,054
<b>Gross carrying amount as at 30 June 2022</b>	<b>4,934,646</b>	<b>18,365</b>	<b>38,519</b>	<b>4,991,530</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 (continued)

	31 December 2021 (audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>Gross carrying amount as at 1 January 2021</b>	3,861,486	462,223	
Transfer from Stage 1 to Stage 2	309,413	(309,413)	-	-
Change in Exposures during the year	(660,743)	20,659	-	(640,084)
New financial assets originated	908,371	-	-	908,371
<b>Gross carrying amount as at 31 December 2021</b>	<b>4,418,527</b>	<b>173,469</b>	<b>-</b>	<b>4,591,996</b>

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

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>Gross carrying amount as at 1 April 2022</b>	9,448,925	331,016	
Transfer from Stage 1 to Stage 2	(8,084)	8,084	-	-
Transfer from Stage 2 to Stage 3	-	(47,316)	47,316	-
Change in Exposures during the period	(2,704,192)	(10,808)	(12,713)	(2,727,713)
New financial assets originated	2,218,206	-	-	2,218,206
Write-offs	-	-	(927)	(927)
<b>Gross carrying amount as at 30 June 2022</b>	<b>8,954,855</b>	<b>280,976</b>	<b>208,923</b>	<b>9,444,754</b>

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>Gross carrying amount as at 1 January 2022</b>	8,119,997	377,497	
Transfer from Stage 1 to Stage 2	(28,544)	28,544	-	-
Transfer from Stage 2 to Stage 3	-	(48,980)	48,980	-
Transfer from Stage 2 to Stage 1	31,934	(31,934)	-	-
Change in Exposures during the period	(3,725,762)	(44,151)	(31,430)	(3,801,343)
New financial assets originated	4,557,230	-	-	4,557,230
Write offs	-	-	(1,880)	(1,880)
<b>Gross carrying amount as at 30 June 2022</b>	<b>8,954,855</b>	<b>280,976</b>	<b>208,923</b>	<b>9,444,754</b>



Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 April 2022</b>	<b>7,097,140</b>	<b>605,482</b>	<b>588,607</b>	<b>8,291,229</b>
Transfer from stage 1 to Stage 2	(364,547)	364,547	-	-
Transfer from stage 2 to Stage 3	-	(58,293)	58,293	-
Transfer from Stage 2 to Stage 1	8,662	(8,662)	-	-
Transfer from Stage 3 to Stage 2	-	4,276	(4,276)	-
Change in Exposures during the period	(851,194)	(36,016)	(21,032)	(908,242)
New financial assets originated period	1,257,217	-	-	1,257,217
Write-offs	-	-	(64,288)	(64,288)
<b>Gross carrying amount as at 30 June 2022</b>	<b>7,147,278</b>	<b>871,334</b>	<b>557,304</b>	<b>8,575,916</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 January 2022</b>	<b>6,544,039</b>	<b>918,063</b>	<b>591,099</b>	<b>8,053,201</b>
Transfer from stage 1 to Stage 2	(435,396)	435,396	-	-
Transfer from stage 2 to Stage 3	-	(129,059)	129,059	-
Transfer from Stage 2 to Stage 1	288,618	(288,618)	-	-
Transfer from Stage 3 to Stage 2	-	10,669	(10,669)	-
Change in Exposures during the period	(1,516,109)	(75,117)	(34,477)	(1,625,703)
New financial assets originated	2,266,126	-	-	2,266,126
Write-offs	-	-	(117,708)	(117,708)
<b>Gross carrying amount as at 30 June 2022</b>	<b>7,147,278</b>	<b>871,334</b>	<b>557,304</b>	<b>8,575,916</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 April 2022</b>	<b>16,636,734</b>	<b>312,061</b>	<b>587,810</b>	<b>17,536,605</b>
Transfer from stage 1 to Stage 2	(113,010)	113,010	-	-
Transfer from stage 2 to Stage 3	-	(84,454)	84,454	-
Transfer from Stage 2 to Stage 1	89,007	(89,007)	-	-
Transfer from Stage 3 to Stage 2	-	30,658	(30,658)	-
Change in Exposures during the period	(1,524,703)	(19,888)	(38,675)	(1,583,266)
New financial assets originated	1,902,521	-	-	1,902,521
Write-offs	-	-	(83,350)	(83,350)
<b>Gross carrying amount as at 30 June 2022</b>	<b>16,990,549</b>	<b>262,380</b>	<b>519,581</b>	<b>17,772,510</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>Gross carrying amount as at 1 January 2022</b>	<b>16,361,794</b>	<b>400,622</b>	<b>670,404</b>	<b>17,432,820</b>
Transfer from stage 1 to Stage 2	(256,830)	256,830	-	-
Transfer from stage 2 to Stage 3	-	(177,114)	177,114	-
Transfer from Stage 2 to Stage 1	242,703	(242,703)	-	-
Transfer from Stage 3 to Stage 2	-	71,254	(71,254)	-
Change in Exposures during the period	(3,181,741)	(46,509)	(78,373)	(3,306,623)
New financial assets originated	3,824,623	-	-	3,824,623
Write-offs	-	-	(178,310)	(178,310)
<b>Gross carrying amount as at 30 June 2022</b>	<b>16,990,549</b>	<b>262,380</b>	<b>519,581</b>	<b>17,772,510</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	691,578	267,216	878,627	1,837,421
Transfer from Stage 1 to Stage 2	(100,920)	100,920	-	-
Transfer from Stage 2 to Stage 3	-	(63,303)	63,303	-
Transfer from Stage 2 to Stage 1	38,601	(38,601)	-	-
Transfer from Stage 3 to Stage 2	-	17,516	(17,516)	-
Due to changes in PD's/ LGD's/ EAD	(97,801)	44,980	70,985	18,164
New financial assets originated	104,823	-	-	104,823
Write-offs	-	-	(148,565)	(148,565)
<b>ECL allowance as at 30 June 2022</b>	<b>636,281</b>	<b>328,728</b>	<b>846,834</b>	<b>1,811,843</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2022</b>	682,854	300,583	909,771	1,893,208
Transfer from Stage 1 to Stage 2	(144,815)	144,815	-	-
Transfer from Stage 2 to Stage 3	-	(125,026)	125,026	-
Transfer from Stage 2 to Stage 1	112,725	(112,725)	-	-
Transfer from Stage 3 to Stage 2	-	39,041	(39,041)	-
Due to changes in PD's/ LGD's/ EAD	(221,860)	82,040	148,976	9,156
New financial assets originated	207,377	-	-	207,377
Write-offs	-	-	(297,898)	(297,898)
<b>ECL allowance as at 30 June 2022</b>	<b>636,281</b>	<b>328,728</b>	<b>846,834</b>	<b>1,811,843</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 (continued)

	31 December 2021 (audited)			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2021</b>	683,535	581,402	894,505	2,159,442
Stage 1 to Stage 2 Transfer	(639,599)	639,599	-	-
Stage 2 to Stage 3 Transfer	-	(688,862)	688,862	-
Stage 2 to Stage 1 Transfer	368,293	(368,293)	-	-
Stage 3 to Stage 2 Transfer	-	73,374	(73,374)	-
Due to changes in PD's/ LGD's/ EAD	(477,814)	63,363	826,660	412,209
Due to new financial assets originated	748,439	-	-	748,439
Write offs	-	-	(1,426,882)	(1,426,882)
<b>ECL allowance as at 31 December 2021</b>	<b>682,854</b>	<b>300,583</b>	<b>909,771</b>	<b>1,893,208</b>

Loss allowance for due from other banks

	30 June 2022 (un-audited)			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	<b>40,414</b>	<b>1,190</b>	<b>-</b>	<b>41,604</b>
Due to changes in PD's/ LGD's/ EAD	(11,367)	(133)	-	(11,500)
New financial assets originated	3,903	-	-	3,903
<b>ECL allowance as at 30 June 2022</b>	<b>32,950</b>	<b>1,057</b>	<b>-</b>	<b>34,007</b>

	30 June 2022 (un-audited)			Total
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2022</b>	<b>33,549</b>	<b>5,720</b>	<b>-</b>	<b>39,269</b>
Transfer from Stage 2 to Stage 1	3,052	(3,052)	-	-
Due to changes in PD's/ LGD's/ EAD	(17,777)	(1,611)	-	(19,388)
New financial assets originated	14,126	-	-	14,126
<b>ECL allowance as at 30 June 2022</b>	<b>32,950</b>	<b>1,057</b>	<b>-</b>	<b>34,007</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 other banks (continued)

	31 December 2021 (audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 January 2021</b>	17,427	18,391	
Transfer from Stage 1 to Stage 2	(7,089)	7,089	-	-
Transfer from Stage 2 to Stage 1	2,283	(2,283)	-	-
Due to changes in PD's/ LGD's/ EAD	(22,629)	(17,477)	-	(40,106)
New financial assets originated	43,557	-	-	43,557
<b>ECL allowance as at 31 December 2021</b>	<b>33,549</b>	<b>5,720</b>	<b>-</b>	<b>39,269</b>

Loss allowance for Investment securities - FVOCI

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 April 2022</b>	8,227	42,070	
Transfer from Stage 2 to Stage 3	-	(42,070)	42,070	-
Due to changes in PD's/ LGD's/ EAD	(1,852)	-	38,362	36,510
New financial assets originated	128	-	-	128
<b>ECL allowance as at 30 June 2022</b>	<b>6,503</b>	<b>-</b>	<b>101,714</b>	<b>108,217</b>

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 January 2022</b>	10,943	13,986	
Transfer from Stage 1 to Stage 2	(106)	106	-	-
Transfer from Stage 2 to Stage 3	-	(42,176)	42,176	-
Transfer from Stage 2 to Stage 1	317	(317)	-	-
Due to changes in PD's/ LGD's/ EAD	(7,519)	28,401	59,538	80,420
New financial assets originated	2,868	-	-	2,868
<b>ECL allowance as at 30 June 2022</b>	<b>6,503</b>	<b>-</b>	<b>101,714</b>	<b>108,217</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 – FVOCI (continued)

	31 December 2021 (audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 January 2021</b>	9,295	13,384	
Transfer from Stage 2 to Stage 1	863	(863)	-	-
Due to changes in PD's/ LGD's/ EAD	(14,874)	1,465	(241)	(13,650)
New financial assets originated	15,659	-	-	15,659
<b>ECL allowance as at 31 December 2021</b>	<b>10,943</b>	<b>13,986</b>	<b>-</b>	<b>24,929</b>

Loss allowance for Investment securities - Amortized Cost

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 April 2022</b>	11,550	22,886	
Transfer from Stage 2 to Stage 3	-	(13,704)	13,704	-
Due to changes in PD's/ LGD's/ EAD	(698)	-	9,408	8,710
New financial assets originated	1,994	-	-	1,994
<b>ECL allowance as at 30 June 2022</b>	<b>12,846</b>	<b>9,182</b>	<b>23,112</b>	<b>45,140</b>

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 January 2022</b>	9,957	14,983	
Transfer from Stage 2 to Stage 3	-	(13,704)	13,704	-
Transfer from Stage 2 to Stage 1	1,146	(1,146)	-	-
Due to changes in PD's/ LGD's/ EAD	(1,641)	9,049	9,408	16,816
New financial assets originated	3,384	-	-	3,384
<b>ECL allowance as at 30 June 2022</b>	<b>12,846</b>	<b>9,182</b>	<b>23,112</b>	<b>45,140</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 (continued)

	31 December 2021 (audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 January 2021</b>	5,997	16,048	
Transfer from Stage 2 to Stage 1	6,432	(6,432)	-	-
Due to changes in PD's/ LGD's/ EAD	(9,006)	5,367	-	(3,639)
New financial assets originated	6,534	-	-	6,534
<b>ECL allowance as at 31 December 2021</b>	<b>9,957</b>	<b>14,983</b>	<b>-</b>	<b>24,940</b>

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

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 April 2022</b>	<b>72,476</b>	<b>37,478</b>	
Transfer from Stage 1 to Stage 2	(575)	575	-	-
Transfer from Stage 2 to Stage 3	-	(8,160)	8,160	-
Due to changes in PD's/ LGD's/ EAD	(679)	(2,075)	10,450	7,696
New financial assets originated	2,948	-	-	2,948
Write offs	-	-	(927)	(927)
<b>ECL allowance as at 30 June 2022</b>	<b>74,170</b>	<b>27,818</b>	<b>150,410</b>	<b>252,398</b>

	30 June 2022 (un-audited)			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
	<b>ECL allowance as at 1 January 2022</b>	<b>70,572</b>	<b>38,820</b>	
Transfer from Stage 1 to Stage 2	(1,613)	1,613	-	-
Transfer from Stage 2 to Stage 3	-	(8,303)	8,303	-
Transfer from Stage 2 to Stage 1	2,538	(2,538)	-	-
Due to changes in PD's/ LGD's/ EAD	(5,816)	(1,774)	9,923	2,333
New financial assets originated	8,489	-	-	8,489
Write offs	-	-	(1,880)	(1,880)
<b>ECL allowance as at 30 June 2022</b>	<b>74,170</b>	<b>27,818</b>	<b>150,410</b>	<b>252,398</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	<b>249,985</b>	<b>113,539</b>	<b>483,809</b>	<b>847,333</b>
Transfer from Stage 1 to Stage 2	(82,257)	82,257	-	-
Transfer from Stage 2 to Stage 3	-	(22,179)	22,179	-
Transfer from Stage 2 to Stage 1	5,594	(5,594)	-	-
Transfer from Stage 3 to Stage 2	-	3,722	(3,722)	-
Due to changes in PD's/ LGD's/ EAD	(16,179)	22,190	20,641	26,652
New financial assets originated	45,940	-	-	45,940
Write-offs	-	-	(64,288)	(64,288)
<b>ECL allowance as at 30 June 2022</b>	<b>203,083</b>	<b>193,935</b>	<b>458,619</b>	<b>855,637</b>

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2022</b>	<b>246,888</b>	<b>139,258</b>	<b>479,800</b>	<b>865,946</b>
Transfer from Stage 1 to Stage 2	(104,581)	104,581	-	-
Transfer from Stage 2 to Stage 3	-	(53,496)	53,496	-
Transfer from Stage 2 to Stage 1	38,282	(38,282)	-	-
Transfer from Stage 3 to Stage 2	-	9,342	(9,342)	-
Due to changes in PD's/ LGD's/ EAD	(66,851)	32,532	52,373	18,054
New financial assets originated	89,345	-	-	89,345
Write-offs	-	-	(117,708)	(117,708)
<b>ECL allowance as at 30 June 2022</b>	<b>203,083</b>	<b>193,935</b>	<b>458,619</b>	<b>855,637</b>



Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	<b>369,117</b>	<b>116,199</b>	<b>262,091</b>	<b>747,407</b>
Transfer from Stage 1 to Stage 2	(18,088)	18,088	-	-
Transfer from Stage 2 to Stage 3	-	(32,964)	32,964	-
Transfer from Stage 2 to Stage 1	33,007	(33,007)	-	-
Transfer from Stage 3 to Stage 2	-	13,794	(13,794)	-
Due to changes in PD's/ LGD's/ EAD	(80,943)	24,865	39,894	(16,184)
New financial assets originated	55,935	-	-	55,935
Write-offs	-	-	(83,350)	(83,350)
<b>ECL allowance as at 30 June 2022</b>	<b>359,028</b>	<b>106,975</b>	<b>237,805</b>	<b>703,808</b>

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

	30 June 2022 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2022</b>	<b>365,394</b>	<b>122,505</b>	<b>295,907</b>	<b>783,806</b>
Transfer from Stage 1 to Stage 2	(38,621)	38,621	-	-
Transfer from Stage 2 to Stage 3	-	(63,227)	63,227	-
Transfer from Stage 2 to Stage 1	71,905	(71,905)	-	-
Transfer from Stage 3 to Stage 2	-	29,699	(29,699)	-
Due to changes in PD's/ LGD's/ EAD	(149,193)	51,282	86,680	(11,231)
New financial assets originated	109,543	-	-	109,543
Write-offs	-	-	(178,310)	(178,310)
<b>ECL allowance as at 30 June 2022</b>	<b>359,028</b>	<b>106,975</b>	<b>237,805</b>	<b>703,808</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022

Retail Banking segment Loans	Non-credit impaired		Credit Impaired	Total
	Stage 1 12-month (unaudited)	Stage 2 Lifetime (unaudited)	Stage 3 Lifetime (unaudited)	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	369,117	116,199	262,091	747,407
Credit Cards	(212)	208	(3,369)	(3,373)
Housing Loans	(726)	(5,196)	(13,847)	(19,769)
Personal Loans	(9,682)	(5,176)	(6,513)	(21,371)
Auto Loans	61	334	(1,378)	(983)
Other Retail Loans	470	606	821	1,897
<b>ECL allowance as at 30 June 2022</b>	<b>359,028</b>	<b>106,975</b>	<b>237,805</b>	<b>703,808</b>

ECL flow for the six months period ended 30 June 2022

Retail Banking segment Loans	Non-credit impaired		Credit Impaired	Total
	Stage 1 12-month (unaudited)	Stage 2 Lifetime (unaudited)	Stage 3 Lifetime (unaudited)	
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2022</b>	365,394	122,505	295,907	783,806
Credit Cards	2,148	1,343	(10,133)	(6,642)
Housing Loans	(971)	(4,865)	(14,243)	(20,079)
Personal Loans	(9,174)	(11,053)	(32,000)	(52,227)
Auto Loans	968	266	(1,712)	(478)
Other Retail Loans	663	(1,221)	(14)	(572)
<b>ECL allowance as at 30 June 2022</b>	<b>359,028</b>	<b>106,975</b>	<b>237,805</b>	<b>703,808</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 2022

	Non-credit impaired		Credit Impaired	Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
Business Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	249,985	113,539	483,809	847,333
RAK Business Banking Loans	9,021	4,000	(19,597)	(6,576)
Other Business Banking Loans	(55,923)	76,396	(5,593)	14,880
<b>ECL allowance as at 30 June 2022</b>	<b>203,083</b>	<b>193,935</b>	<b>458,619</b>	<b>855,637</b>

ECL flow for the six months period ended 30 June 2022

	Non-credit impaired		Credit Impaired	Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
Business Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 January 2022</b>	246,888	139,258	479,800	865,946
RAK Business Banking Loans	9,757	(6,181)	(36,914)	(33,338)
Other Business Banking Loans	(53,562)	60,858	15,733	23,029
<b>ECL allowance as at 30 June 2022</b>	<b>203,083</b>	<b>193,935</b>	<b>458,619</b>	<b>855,637</b>

ECL flow for the three months period ended 30 June 2022

	Non-credit impaired		Credit Impaired	Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
Wholesale Banking segment Loans	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED'000	AED'000	AED'000	AED'000
<b>ECL allowance as at 1 April 2022</b>	72,476	37,478	132,727	242,681
Federal Government	276	-	-	276
GREs (Gov ownership >50%)	742	-	-	742
Corporate with Govt ownership <50%	216	-	-	216
Other Corporates	(957)	(8,345)	17,683	8,381
High Net Worth Individuals	189	-	-	189
SMEs	(151)	(1,286)	-	(1,437)
Financial Institutions	1,221	(29)	-	1,192
NBFI	(110)	-	-	(110)
Others	268	-	-	268
<b>ECL allowance as at 30 June 2022</b>	<b>74,170</b>	<b>27,818</b>	<b>150,410</b>	<b>252,398</b>

Notes to the condensed consolidated interim financial information for the period from 1 January 2022 to 30 June 2022 (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 six months period ended 30 June 2022

	Non-credit impaired		Credit Impaired	Total
	Stage 1 12-month (unaudited)	Stage 2 Lifetime (unaudited)	Stage 3 Lifetime (unaudited)	
	AED'000	AED'000	AED'000	AED'000
<b>Wholesale Banking segment Loans</b>				
<b>ECL allowance as at 1 January 2022</b>	<b>70,572</b>	<b>38,820</b>	<b>134,064</b>	<b>243,456</b>
Federal Government	1,080	-	-	1,080
GREs (Gov ownership >50%)	(2,488)	(3)	-	(2,491)
Corporate with Govt ownership <50%	(3,149)	-	-	(3,149)
Other Corporates	3,501	(10,698)	17,523	10,326
High Net Worth Individuals	173	-	-	173
SMEs	(260)	(653)	(1,177)	(2,090)
Financial Institutions	5,040	354	-	5,394
NBFI	(606)	-	-	(606)
Others	307	(2)	-	305
<b>ECL allowance as at 30 June 2022</b>	<b>74,170</b>	<b>27,818</b>	<b>150,410</b>	<b>252,398</b>

35. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved on 26 July 2022.