

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2021

Emirates Investment Bank P.J.S.C.

**Review report and condensed consolidated interim financial information
for the six month period ended 30 June 2021**

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Review report on condensed consolidated interim financial information to the Directors of Emirates Investment Bank P.J.S.C

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates Investment Bank P.J.S.C. (the "Bank") and its subsidiary (together referred to as the "Group") as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income for the three month and six month periods then ended and the condensed consolidated interim statements of cash flows and changes in equity for the six-month period then ended and other explanatory information. The Directors are responsible for the preparation and presentation of this 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 this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard 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.

PricewaterhouseCoopers
25 July 2021

A handwritten signature in blue ink that reads 'Douglas O'Mahony'.

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

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
ASSETS			
Cash and balances with UAE Central Bank		236,153	536,529
Due from banks, net	3	233,238	299,858
Loans and advances, net	4	897,306	418,455
Investments, net	5	1,384,251	1,205,002
Other assets		25,788	19,067
Property, equipment and intangible assets		3,653	4,270
TOTAL ASSETS		2,780,389	2,483,181
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	7	492,894	171,678
Customer deposits		1,787,782	1,832,718
Other liabilities		27,588	23,658
TOTAL LIABILITIES		2,308,264	2,028,054
EQUITY			
Share capital		70,000	70,000
Legal reserve		35,000	35,000
Special reserve		44,251	44,251
Credit impairment reserve		11,007	4,885
Cumulative changes in fair value		17,525	14,878
Retained earnings		294,114	285,885
Equity attributable to equity holders of the parent		471,897	454,899
Non-controlling interests		228	228
TOTAL EQUITY		472,125	455,127
TOTAL LIABILITIES AND EQUITY		2,780,389	2,483,181

The condensed consolidated interim financial information were approved by the Board of Directors on 25 July 2021 and signed on its behalf by:



Edward Bagot Quinlan
(Director)



Marwan Shehadeh
(Director)

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six month period ended 30 June 2021 (Unaudited)

	Notes	<i>Three month period ended</i>		<i>Six month period ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Interest income	8	8,972	9,058	18,156	20,858
Net income/(loss) from investments	9	19,509	(1,342)	31,233	9,434
		28,481	7,716	49,389	30,292
Interest expense		(6,938)	(7,304)	(13,684)	(18,043)
INTEREST AND INVESTMENT INCOME, NET		21,543	412	35,705	12,249
Fee, commission and other income		4,322	4,769	9,636	11,504
Exchange gain, net		380	666	1,117	1,900
OPERATING INCOME		26,245	5,847	46,458	25,653
General and administrative expenses		(19,257)	(19,435)	(35,102)	(38,601)
Net impairment reversal/(loss) on financial assets	6.1	358	(1,207)	2,995	(7,917)
OPERATING EXPENSES		(18,899)	(20,642)	(32,107)	(46,518)
PROFIT/(LOSS) FOR THE PERIOD		7,346	(14,795)	14,351	(20,865)
Attributable to:					
Equity holders of the parent		7,346	(14,795)	14,351	(20,865)
Non-controlling interests		-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		7,346	(14,795)	14,351	(20,865)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT(in AED)	10	10.49	(21.14)	20.50	(29.81)

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six month period ended 30 June 2021 (Unaudited)

	<i>Three month period ended</i>		<i>Six month period ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
PROFIT/(LOSS) FOR THE PERIOD	7,346	(14,795)	14,351	(20,865)
<i>Other comprehensive income/(loss)</i>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in the fair value of equity instruments at fair value through other comprehensive income	(148)	(5,260)	1,136	(7,458)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Changes in the fair value of debt instruments at fair value through other comprehensive income	4,222	24,545	1,511	(12,037)
Other comprehensive income/(loss) for the period	4,074	19,285	2,647	(19,495)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	11,420	4,490	16,998	(40,360)
Attributable to:				
Equity holders of the parent	11,420	4,490	16,998	(40,360)
Non-controlling interests		-		-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	11,420	4,490	16,998	(40,360)

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2021 (Unaudited)

		<i>Six month period ended</i>	
		<i>30 June</i>	
	Notes	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
OPERATING ACTIVITIES			
Profit/(loss) for the period		14,351	(20,865)
Adjustments for:			
Depreciation on property and equipment		938	576
Amortisation of intangible assets		103	628
Depreciation on right-of-use assets		1,797	2,018
Net impairment (reversal)/loss on financial assets	6.1	(2,995)	7,917
		<hr/>	<hr/>
Operating profit/(loss) before changes in operating assets and liabilities		14,194	(9,726)
Change in UAE Central Bank statutory deposits		(14,806)	80,262
Change in due to bank	7	321,216	(777,286)
Change in loans and advances (net)		(478,849)	250,613
Change in investments (net)		(173,835)	193,261
Change in other assets		(8,518)	(17,602)
Change in customers' deposits		(44,936)	(6,519)
Change in other liabilities		3,930	30,696
		<hr/>	<hr/>
Net cash used in operating activities		(381,604)	(256,301)
INVESTING ACTIVITY			
Purchase of property and equipment		(424)	(168)
		<hr/>	<hr/>
Net cash used in investing activity		(424)	(168)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(382,028)	(256,469)
Cash and cash equivalents at 1 January		820,983	574,712
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE		438,955	318,243
		<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise the following amounts in the condensed consolidated interim statement of financial position with original maturities of three months or less:			
Cash and balances with the UAE Central Bank (excluding statutory deposits)		205,273	102,267
Due from banks	3	233,682	215,976
		<hr/>	<hr/>
		438,955	318,243
		<hr/> <hr/>	<hr/> <hr/>
Operational cash flows from interest and dividends			
Interest paid		7,475	15,823
Interest received (including interest from investments)		35,051	42,451
Dividends received		6,056	6,377

The accompanying notes from pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2021 (Unaudited)

	<i>Share Capital AED'000 (Unaudited)</i>	<i>Legal reserve AED'000 (Unaudited)</i>	<i>Special reserve AED'000 (Unaudited)</i>	<i>Credit impairment reserve* AED'000 (Unaudited)</i>	<i>Cumulative changes in fair values AED'000 (Unaudited)</i>	<i>Retained earnings AED'000 (Unaudited)</i>	<i>Total AED'000 (Unaudited)</i>	<i>Non- controlling interests AED'000 (Unaudited)</i>	<i>Total AED'000 (Unaudited)</i>
At 1 January 2021	70,000	35,000	44,251	4,885	14,878	285,885	454,899	228	455,127
Profit for the period	-	-	-	-	-	14,351	14,351	-	14,351
Other comprehensive income for the period	-	-	-	-	2,647	-	2,647	-	2,647
Total comprehensive income for the period	-	-	-	-	2,647	14,351	16,998	-	16,998
Transfer to credit impairment reserve	-	-	-	6,122	-	(6,122)	-	-	-
Balance at 30 June 2021	70,000	35,000	44,251	11,007	17,525	294,114	471,897	228	472,125

* The Bank has created a special reserve titled as 'credit impairment reserve' in lieu of the general provision required to be created in accordance with the "Circular No 28/2010" issued by the UAE Central Bank and any reversal from the reserve will be governed by IFRS 9 implementation guidance issued by the UAE Central Bank in 2018.

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the six month period ended 30 June 2021 (Unaudited)

	<i>Share Capital AED'000 (Unaudited)</i>	<i>Legal reserve AED'000 (Unaudited)</i>	<i>Special reserve AED'000 (Unaudited)</i>	<i>Credit impairment reserve* AED'000 (Unaudited)</i>	<i>Cumulative changes in fair values AED'000 (Unaudited)</i>	<i>Retained earnings AED'000 (Unaudited)</i>	<i>Total AED'000 (Unaudited)</i>	<i>Non- controlling interests AED'000 (Unaudited)</i>	<i>Total AED'000 (Unaudited)</i>
At 1 January 2020	70,000	35,000	44,251	23,742	23,642	296,343	492,978	228	493,206
Loss for the period	-	-	-	-	-	(20,865)	(20,865)	-	(20,865)
Other comprehensive loss for the period	-	-	-	-	(19,495)	-	(19,495)	-	(19,495)
Total comprehensive loss for the period	-	-	-	-	(19,495)	(20,865)	(40,360)	-	(40,360)
Balance at 30 June 2020	70,000	35,000	44,251	23,742	4,147	275,478	452,618	228	452,846

The accompanying notes from pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2021 (Unaudited)

1 GENERAL INFORMATION

Emirates Investment Bank P.J.S.C. (the “Bank”) was incorporated on 17 February 1976 in Dubai, United Arab Emirates by a decree of HH The Ruler of Dubai. In 1999, the Bank was registered under the UAE Commercial Companies Law No. (8) Of 1984 (as amended) as a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No. 8 of 1984.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The Bank is engaged in the business of investment advisory and wealth management. The address of the Bank’s registered office is P. O. Box 5503, Dubai, United Arab Emirates.

The condensed consolidated interim financial statements for the period ended 30 June 2021 comprise the financial statements of the Bank and its subsidiary (together referred to as the “Group”).

The Bank is a subsidiary of Al Futtaim Private Company LLC which holds 52.85% (2020: 52.85%) of the shares in the Bank.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed consolidated interim financial information of the Group is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting*, issued by the International Accounting Standard Board (‘IASB’) and also comply with the applicable requirement of the laws in the U.A.E.

The condensed consolidated interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020.

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

The accounting policies 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 audited consolidated financial statements for the year ended 31 December 2020, unless otherwise stated.

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

2.2 Basis of consolidation

This condensed consolidated interim financial information incorporates the financial information of the Bank and its subsidiary as at 30 June 2021. Control is achieved where the Bank has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor’s returns.

The condensed consolidated interim financial information comprises the financial information of the Bank and of its subsidiary. The financial information of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

2.3 New and revised IFRS applied on the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in this interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New and revised IFRS applied on the condensed consolidated interim financial information (continued)

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions** - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest rate benchmark (IBOR) reform** - The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate).

The impact of the above amendment is immaterial on the condensed consolidated interim financial information of the Group.

2.4 New and revised IFRS in issue but not yet effective and not early adopted

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS

Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 9 and IFRS 16

**Effective for
annual periods
beginning on or after
1 January 2022**

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 9, 'Financial instruments', and the Illustrative Examples accompanying IFRS 16, 'Leases'.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 1, Presentation of financial statements’ 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.	1 January 2022
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8- The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction- These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences.	1 January 2023

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

2.5 Significant accounting policies

Trade and settlement date accounting

Accounting policy from 1 January 2021

All “regular way” purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the asset is received from or delivered to the counter party except for certain debt instruments classified under FVPL that are recognised on trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Accounting policy before 1 January 2021

All “regular way” purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the asset is received from or delivered to the counter party. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

3 DUE FROM BANKS, NET

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Domestic	3,064	29,556
Regional	6,977	7,687
International	223,641	263,285
	<u>233,682</u>	<u>300,528</u>
Less: allowance for impairment (note 6)	(444)	(670)
	<u><u>233,238</u></u>	<u><u>299,858</u></u>

No balances with banks were pledged as collateral with banks against credit facilities (31 December 2020: AED 17,849 thousand). Refer note 7.1 for the detail of credit facilities as at reporting date.

4 LOANS AND ADVANCES, NET

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Gross loans and advances	926,359	446,805
Less: allowance for impairment (note 6)	(26,534)	(26,536)
Less: interest and fees in suspense	(2,519)	(1,814)
	<u>897,306</u>	<u>418,455</u>
Loans and advances, net	<u><u>897,306</u></u>	<u><u>418,455</u></u>

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

5 INVESTMENTS, NET

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
<i>Investment at fair value through profit or loss</i>		
<i>Debt instruments</i>		
Quoted	68,350	5,273
<i>Equity instruments</i>		
Quoted	41,642	23,469
Unquoted	80,437	90,008
	122,079	113,477
Total investments measured at fair value through profit or loss	190,429	118,750
<i>Investments at fair value through other comprehensive income</i>		
<i>Debt instruments</i>		
Quoted	370,901	340,160
<i>Equity instruments</i>		
Quoted	48,255	47,119
Total investments measured at fair value through other comprehensive income	419,156	387,279
<i>Investments at amortised cost</i>		
<i>Debt instruments</i>		
Quoted	782,715	709,775
Total investments measured at amortised cost	782,715	709,775
Gross investments	1,392,300	1,215,804
Less: allowance for impairment (note 6)	(8,049)	(10,802)
Investments, net	1,384,251	1,205,002

Part of the proprietary investment portfolio of the Group having a carrying value of AED 665,382 thousand (31 December 2020: AED 203,389 thousand) is pledged as collateral with banks against credit facilities. Refer note 7.1 for the details of collateral pledged against credit facilities as at reporting date.

The Group has not purchased equity shares during the six month period ended 30 June 2021.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

5 INVESTMENTS, NET (continued)

As at 30 June 2021, the Group held the following investments measured as follows:

	<i>30 June</i>	<i>Investments carried at fair value</i>			<i>Investments</i>
	<i>2021</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>carried at</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>amortised cost</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>AED'000</i>
					<i>(Unaudited)</i>
Debt instruments:					
Domestic	193,544	65,085	-	-	128,459
Regional	222,454	114,284	-	-	108,170
International	805,968	259,882	-	-	546,086
Equity instruments:					
Domestic	55,247	34,204	4	*21,039	-
Regional	850	850	-	-	-
International	114,237	40,879	73,358	-	-
Gross investments	1,392,300	515,184	73,362	21,039	782,715
Less: allowance for impairment (note 6)	(8,049)				
Investments, net	1,384,251				

The fair value of debt investments carried at amortised cost as at 30 June 2021 amounts to AED 794,728 thousand (31 December 2020: AED 722,512 thousand).

During the period, the Group has reviewed its portfolio and sold certain investments measured at amortised cost amounting to AED 23,996 thousand.

* Key inputs used in the valuation techniques for these investments are comparable sales transaction with appropriate haircut, Discounted cash flows (DCF) which included significant unobservable inputs of - haircut for comparable transactions and interest rate and in term of relationship of unobservable inputs to fair value, any changes in comparable sale transaction and interest rate change in DCF will directly impact the fair value.

As at 31 December 2020, the Group held the following investments measured as follows:

	<i>31 December</i>	<i>Investments carried at fair value</i>			<i>Investments</i>
	<i>2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>carried at</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>amortised cost</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>AED'000</i>
					<i>(Audited)</i>
Debt instruments:					
Domestic	123,887	59,121	-	-	64,766
Regional	268,448	151,195	-	-	117,253
International	662,873	135,117	-	-	527,756
Equity instruments:					
Domestic	54,125	33,125	5	*20,995	-
Regional	787	787	-	-	-
International	105,684	22,755	82,929	-	-
Gross investments	1,215,804	402,100	82,934	20,995	709,775
Less: allowance for impairment (note 6)	(10,802)				
Investments, net	1,205,002				

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

5 INVESTMENTS, NET (continued)

The following table shows a reconciliation of the opening and closing amounts of level 3 investments recorded at fair value:

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
At the beginning of the period/year	20,995	25,098
Net unrealised gain/(loss) recognised in other comprehensive income	44	(4,610)
Net unrealised gain recognised in profit or loss	-	507
	<u>21,039</u>	<u>20,995</u>

The Group has assessed the sensitivity of the fair value measurement of investments under level 3 due to changes in inputs used. Based on the assessment, no major changes in the fair value of investments under level 3 is noted as at 30 June 2021. Such an assessment is performed on a quarterly basis by reviewing the changes in unobservable inputs which might result in higher or lower fair value measurement.

6 ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Due from banks		
<i>Movement in allowances for impairment losses</i>		
Balance at 1 January	670	1,023
Net impairment reversal for the period/year	(226)	(353)
	<u>444</u>	<u>670</u>
Loans and advances		
<i>Movement in allowances for impairment losses</i>		
Balance at 1 January	26,536	10,187
Net impairment (reversal)/allowance for the period/year	(2)	16,349
	<u>26,534</u>	<u>26,536</u>
Investments		
<i>Movement in allowances for impairment losses</i>		
Balance at 1 January	10,802	5,959
Net impairment (reversal)/allowance for the period/year	(2,753)	4,843
	<u>8,049</u>	<u>10,802</u>

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

6 ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

Expected credit losses

The analysis of expected credit losses by stage for loans and advances, investment in debt instruments measured at amortised cost and due from banks is as follows:

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Expected credit losses- Lifetime ECL (Stage 3)	26,940	27,328
Expected credit losses- 12-months ECL (Stage 1)	3,940	3,521
Expected credit losses- Lifetime ECL (Stage 2)	4,147	7,159
Expected credit losses (Stage 1 and 2)	<u>8,087</u>	<u>10,680</u>
Total expected credit losses	<u><u>35,027</u></u>	<u><u>38,008</u></u>

6.1 Net impairment (reversal)/loss on financial assets

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021 AED'000 (Unaudited)</i>	<i>2020 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>	<i>2020 AED'000 (Unaudited)</i>
Impairment (reversal)/loss on investments measured at amortized cost	(172)	83	(2,753)	4,117
Impairment (reversal)/loss on investments measured at FVOCI	(7)	2,825	(14)	1,909
Impairment (reversal)/loss on loans and advances	(79)	(1,777)	(2)	1,966
Impairment loss on other assets	-	184	-	184
Impairment reversal on due from banks	(100)	(108)	(226)	(259)
	<u>(358)</u>	<u>1,207</u>	<u>(2,995)</u>	<u>7,917</u>

7 DUE TO BANKS

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Term deposits	264,367	157,939
Repurchase agreements	228,186	13,739
Demand and call deposits	341	-
	<u><u>492,894</u></u>	<u><u>171,678</u></u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

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7 DUE TO BANKS (continued)

7.1 Information on collateral

	<i>Balance 30 June 2021 AED'000 (Unaudited)</i>	<i>Collateral value 30 June 2021 AED'000 (Unaudited)</i>	<i>Balance 31 December 2020 AED'000 (Audited)</i>	<i>Collateral value 31 December 2020 AED'000 (Audited)</i>
Term deposits:				
Collateralized by investments	231,367	411,040	141,875	189,373
Collateralized by due from banks	-	-	16,064	17,849
	<u>231,367</u>	<u>411,040</u>	<u>157,939</u>	<u>207,222</u>
Repurchase agreements:				
Collateralized by debt instruments	<u>228,186</u>	<u>254,342</u>	<u>13,739</u>	<u>14,016</u>

The Group has unsecured term deposits amounting to AED 33,000 thousand (31 December 2020: nil) as at reporting date.

8 INTEREST INCOME

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021 AED'000 (Unaudited)</i>	<i>2020 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>	<i>2020 AED'000 (Unaudited)</i>
Loans and advances	8,933	8,979	18,083	20,111
Bank placements	39	79	73	747
	<u>8,972</u>	<u>9,058</u>	<u>18,156</u>	<u>20,858</u>

9 NET INCOME FROM INVESTMENTS

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2021 AED'000 (Unaudited)</i>	<i>2020 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>	<i>2020 AED'000 (Unaudited)</i>
Interest income on investments in debt instruments	10,477	9,459	20,080	20,864
Net loss on interest rate swaps	-	(973)	-	(1,508)
Dividend income	5,118	4,719	6,056	6,377
Net realised gain on disposal of investments measured at amortised cost and FVOCI	425	21	513	286
Net gain/(loss) from investment securities measured as fair value through profit or loss	3,698	(14,367)	5,014	(16,185)
Portfolio management fees paid to other financial institutions	(209)	(201)	(430)	(400)
	<u>19,509</u>	<u>(1,342)</u>	<u>31,233</u>	<u>9,434</u>

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

10 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

Basic earnings per share of AED 20.50 (30 June 2020: Basic loss per share of AED 29.81) is calculated by dividing the profit attributable to the equity holders of the parent of AED 14,351 thousand for the six month period ended 30 June 2021 (30 June 2020: loss of AED 20,865 thousand) by the weighted average number of shares outstanding during the period of 700,000 of AED 100 each (30 June 2020: 700,000 shares of AED 100 each).

The figure for basic and diluted earnings per share is the same as the Group has not issued any instruments which would have an impact on earnings per share.

11 SEGMENTAL ANALYSIS

For operating purposes, the Group is organised into two major business segments: (a) Investments, which is principally involved in managing the Group's own investment portfolio and provides treasury services; and (b) Banking Services, which principally manages clients' investment portfolios, provides credit facilities, accepts deposits from corporate and individual customers. These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds and an equitable allocation of expenses and the Group operations are primarily within the UAE.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

	<i>Investments</i>		<i>Banking Services</i>		<i>Total</i>	
	<i>Six months ended</i>		<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>		<i>30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue *	32,009	4,795	31,128	30,984	63,137	35,779
Expenses	(11,165)	(24,260)	(37,621)	(32,384)	(48,786)	(56,644)
Profit/(loss) for the period	20,844	(19,465)	(6,493)	(1,400)	14,351	(20,865)

* Revenue comprises of interest income, net income from investments, fee commission and other income and exchange gain/ (loss) less net impairment loss on financial assets.

	<i>Investments</i>		<i>Banking Services</i>		<i>Total</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Segment assets	1,868,441	2,051,452	911,948	431,729	2,780,389	2,483,181
Segment liabilities and equity	531,611	172,099	2,248,778	2,311,082	2,780,389	2,483,181

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

12 COMMITMENTS AND CONTINGENT LIABILITIES

Credit-related commitments and contingent liabilities

Credit-related commitments include commitments to extend credit, letters of credit, guarantees and acceptances which are designed to meet the requirements of the Group's customers.

Letters of credit, guarantees and acceptances commit the Group to make payments on behalf of customers, contingent upon the failure of the customers to perform under the terms of the contract.

The Group has the following credit related contingent liabilities and commitments:

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Guarantees	17,695	24,112
Unutilised committed credit facilities*	26,011	6,709
	<u>43,706</u>	<u>30,821</u>

The Group has commitments of AED 27,417 thousand on account of investment in equity instruments (31 December 2020: AED 30,416 thousand).

* Unutilised committed credit facilities represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. As commitments may expire without being drawn down and since conditions precedent to draw down have to be fulfilled, the total contract amounts do not necessarily represent exact future cash requirements.

Court cases in which the Group is a defendant, one in respect of the client's investment in a commercial paper, and the other in respect of the client's property held on a nominee basis are still in progress. The Group has performed an assessment and has concluded that it has no legal obligation to the counterparties in respect of this matter. Accordingly, no provision has been maintained by the Group as at 30 June 2021.

13 RELATED PARTY TRANSACTIONS

The Group enters into transactions in the ordinary course of business with related parties, defined as major shareholders, directors, key management personnel and their related companies. Transactions with such related parties are done on an arm's length basis, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties. Pricing policies and terms of related parties' transactions are approved by the Group's management.

The significant balances outstanding in respect of related parties included in the condensed consolidated interim financial information are as follows:

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
<i>Balances with shareholders and their related companies:</i>		
Customers' deposits	1,048,025	1,061,726
Loans and advances	422,000	-
Commitments and contingencies	13,885	16,894
Other liabilities	6,961	3,709
<i>Balances with directors, key management personnel and other related parties:</i>		
Investments	-	2,405
Customers' deposits	342	585
Other liabilities	-	2

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

13 RELATED PARTY TRANSACTIONS (continued)

The income and expenses in respect of related parties included in the condensed consolidated interim financial information are as follows:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2021 <i>AED'000</i> <i>(Unaudited)</i>	2020 <i>AED'000</i> <i>(Unaudited)</i>	2021 <i>AED'000</i> <i>(Unaudited)</i>	2020 <i>AED'000</i> <i>(Unaudited)</i>
<i>Shareholders and their related companies:</i>				
Interest income	3,734	2	7,303	3
Interest expense	(5,159)	(4,271)	(10,128)	(8,387)
Fee, commission and other income	1,213	381	1,315	1,017
General and administrative expenses	(1,626)	(2,064)	(3,396)	(3,849)
<i>Directors, key management personnel and other related parties:</i>				
Interest income	-	-	-	1
Interest expense	-	(182)	-	(182)
Fee, commission and other income	8	29	17	67
Director fees	(20)	(85)	(20)	(455)

Outstanding balances at the period end arise in the normal course of business. For the period ended 30 June 2021, the Group has not recorded any impairment on amounts owed by related parties (2020: Nil).

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2021 <i>AED'000</i> <i>(Unaudited)</i>	2020 <i>AED'000</i> <i>(Unaudited)</i>	2021 <i>AED'000</i> <i>(Unaudited)</i>	2020 <i>AED'000</i> <i>(Unaudited)</i>
Salaries and other benefits	3,393	3,396	6,443	6,309

15 DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business the Group enters into transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. The purpose of derivative financial instruments in the Group's business is to mitigate the risks arising from default, currency and interest fluctuations and other market variables. The Group uses forward foreign exchange contracts and options to mitigate the currency risk on certain investments.

During the period ended 30 June 2021, the Group had entered into one forward foreign exchange contract which has matured and no derivative instruments were held by the Group as of 30 June 2021 (31 December 2020: Nil).

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have an impact on the profit or loss of the Group. The Group's exposure under derivative contracts is closely monitored as part of the overall management of the Group's market risk.

For the six month period ended 30 June 2021 (Unaudited)

14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Derivative product type

Forwards

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in over-the-counter markets.

Options

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified year.

Swaps

Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments in a single currency without exchanging principal.

Fair value

The derivatives are recorded at fair value by using the published price quotations in an active market or counterparty prices or valuation techniques using a valuation model that has been tested against the prices of actual market transactions and the Group's best estimate of the most appropriate model inputs.

Foreign exchange forward contracts, foreign exchange option contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favorable to the Group. With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honors its obligation, but the counterparty fails to deliver the counter value.

Changes in counterparty credit risk have no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

15 RISK MANAGEMENT

Credit risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk arises from lending, trade finance, treasury and other activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated lending authorities, policies and procedures.

COVID-19 impact on credit risk

The economic fallout of COVID-19 crisis has been significant. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The Central Bank of UAE ("CBUAE") has also announced multiple measures and incentives totalling to AED 256 billion to help banks support the economic sectors and individuals in the UAE impacted by this crisis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

16 RISK MANAGEMENT (continued)

Credit risk (continued)

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 Group 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 Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point. The Group is conducting frequent reviews of the Loan to Value (“LTV”) ratios on the collateral held against loans given to customers. Accordingly, all staging and grouping decisions are subject to regular review to ensure these reflect an accurate view of the Group’s assessment of the customers’ creditworthiness, staging and grouping as of the reporting date.

The Group has reassessed its portfolio of Stage 1, Stage 2 and Stage 3 customers as at 30 June 2021. The Group has evaluated whether the investment portfolio has suffered a significant deterioration in credit quality. Based on ratings from external rating agencies and assessment of any increase in probability of default, the Group has concluded that there has been a significant increase in credit risk for certain investments and the ECL reflects the impact of significant increase in credit risk as at 30 June 2021.

The Group continues to work under CBUAE guidelines to refine and operationalize relief schemes being deployed to assist customers impacted by COVID-19, as applicable. This includes the Targeted Economic Support Scheme (“TESS”) announced in UAE on 6 April 2020.

Analysis of customers benefitting from payment deferrals

The table below contains analysis of the deferral amount and outstanding balance of UAE customers benefitting from deferrals.

	<i>30 June 2021 AED’000 (Unaudited)</i>	<i>31 December 2020 AED’000 (Audited)</i>
Deferral amount		
Loans and advances	2,980	13,739
	<hr/>	<hr/>
Exposures		
Loans and advances	2,980	13,739
Less: Expected credit losses	(6)	(27)
	<hr/>	<hr/>
	2,974	13,712
	<hr/>	<hr/>
Number of customers	1	3

The Group has assessed profile of the customers who have opted for payment deferrals by looking at their payment history and these customers are facing short term liquidity issues without significant increase in credit risk (SICR). Based on the assessment, no additional ECL is provided and no modification loss resulted from the customers benefitting payment deferrals. Zero Cost Funding under the CBUAE TESS program availed by the Group amounts to AED 3,010 thousand which has been utilized to provide payment relief to the impacted customers. The Zero Cost Funding is collateralized by certain investments as disclosed in note 7.1.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

16 RISK MANAGEMENT (continued)**Credit risk (continued)****COVID-19 impact on measurement of ECL (continued)****Analysis of customers benefitting from payment deferrals (continued)**

As per the requirements of the CBUAE, customers benefitting from payment deferrals can be divided into two groups as follows:

Group 1: includes those customers that are not expected to face substantial changes in their credit worthiness, beyond liquidity issues and are temporarily and mildly impacted by the Covid-19 crisis. For these customers, the payment deferrals are believed to be effective and thus the economic value of the facilities is not expected to be materially affected. These customers will remain in their current IFRS 9 stage, at least for the duration of the crisis, or their distress, whichever is shorter.

Group 2: includes those customers that are expected to face substantial changes in their creditworthiness, in addition to liquidity issues that will be addressed by payment deferrals. For these customers, there is sufficient deterioration in credit risk to trigger IFRS 9 stage migration.

Based on the assessment performed by the Group, all the customers benefitting from payment deferrals are under Group 1 as at 30 June 2021.

Movement in gross carrying amount

The following table explains the changes in the gross carrying amount from 1 January 2021 to 30 June 2021 and 1 January 2020 to 31 December 2020:

	30 June 2021 (Unaudited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
<i>Due from banks</i>				
Gross carrying amount as at 1 January 2021	300,528	-	-	300,528
<i>Transfers</i>				
New financial assets originated	122	-	-	122
Repayment and other movements	(66,968)	-	-	(66,968)
Gross carrying amount as at 30 June 2021	233,682	-	-	233,682
	30 June 2021 (Unaudited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
<i>Loans and advances</i>				
Gross carrying amount as at 1 January 2021	307,523	110,509	28,773	446,805
<i>Transfers</i>				
New financial assets originated	524,190	-	-	524,190
Repayment and other movements	(28,825)	(14,837)	(974)	(44,636)
Gross carrying amount as at 30 June 2021	802,888	95,672	27,799	926,359

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

16 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in gross carrying amount (continued)

	30 June 2021 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	AED'000	AED'000	AED'000	AED'000
<i>Investments – measured at amortised cost</i>				
Gross carrying amount as at 1 January 2021	442,933	260,818	6,024	709,775
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(7,376)	7,376	-	-
New financial assets originated	235,630	-	-	235,630
Repayment and other movements	(48,815)	(109,511)	(4,364)	(162,690)
Gross carrying amount as at 30 June 2021	622,372	158,683	1,660	782,715
31 December 2020 (Audited)				
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	AED'000	AED'000	AED'000	AED'000
<i>Due from banks</i>				
Gross carrying amount as at 1 January 2020	365,467	-	-	365,467
<i>Transfers</i>				
New financial assets originated	604	-	-	604
Repayment and other movements	(65,543)	-	-	(65,543)
Gross carrying amount as at 31 December 2020	300,528	-	-	300,528
31 December 2020 (Audited)				
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	AED'000	AED'000	AED'000	AED'000
<i>Loans and advances</i>				
Gross carrying amount as at 1 January 2020	739,844	81,872	80,788	902,504
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(83,417)	83,417	-	-
Transfer from Stage 2 to Stage 3	-	(1,661)	1,661	-
New financial assets originated	10,334	-	-	10,334
Repayment and other movements	(359,238)	(53,119)	(53,676)	(466,033)
Gross carrying amount as at 31 December 2020	307,523	110,509	28,773	446,805
31 December 2020 (Audited)				
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	AED'000	AED'000	AED'000	AED'000
<i>Investments – measured at amortised cost</i>				
Gross carrying amount as at 1 January 2020	461,853	124,750	71,460	658,063
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(171,979)	171,979	-	-
Transfer from Stage 3 to Stage 2	-	35,874	(35,874)	-
Transfer from Stage 2 to Stage 3	-	(1,848)	1,848	-
New financial assets originated	300,137	-	-	300,137
Repayment and other movements	(147,078)	(69,937)	(31,410)	(248,425)
Gross carrying amount as at 31 December 2020	442,933	260,818	6,024	709,775

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance

The following table explain the changes in the loss allowance from 1 January 2021 to 30 June 2021 and 1 January 2020 to 31 December 2020:

	30 June 2021 (Unaudited)			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
<i>Due from banks</i>				
Loss allowance as at 1 January 2021	670	-	-	670
Transfers				
New financial assets originated	20	-	-	20
Changes in PDs/LGDs/EADs	(246)	-	-	(246)
Loss allowance as at 30 June 2021	444	-	-	444

	30 June 2021 (Unaudited)			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
<i>Loans and advances</i>				
Loss allowance as at 1 January 2021	608	580	25,348	26,536
Transfers				
New financial assets originated	202	-	-	202
Changes in PDs/LGDs/EADs	(57)	(79)	(68)	(204)
Loss allowance as at 30 June 2021	753	501	25,280	26,534

	30 June 2021 (Unaudited)			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
<i>Investments – measured at amortised cost</i>				
Loss allowance as at 1 January 2021	2,243	6,579	1,980	10,802
Transfers				
Transfer from Stage 1 to Stage 2	(23)	23	-	-
New financial assets originated	376	-	-	376
Changes in PDs/LGDs/EADs	148	(2,957)	(320)	(3,129)
Loss allowance as at 30 June 2021	2,744	3,645	1,660	8,049

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance (continued)

	31 December 2020 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL AED'000	Lifetime ECL AED'000	Lifetime ECL AED'000	
<i>Due from banks</i>				
Loss allowance as at 1 January 2020	1,023	-	-	1,023
Transfers				
New financial assets originated	97	-	-	97
Changes in PDs/LGDs/EADs	(450)	-	-	(450)
Loss allowance as at 31 December 2020	<u>670</u>	<u>-</u>	<u>-</u>	<u>670</u>

	31 December 2020 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL AED'000	Lifetime ECL AED'000	Lifetime ECL AED'000	
<i>Loans and advances</i>				
Loss allowance as at 1 January 2020	172	368	9,647	10,187
Transfers				
New financial assets originated	20	-	-	20
Changes in PDs/LGDs/EADs	416	212	15,701	16,329
Loss allowance as at 31 December 2020	<u>608</u>	<u>580</u>	<u>25,348</u>	<u>26,536</u>

	31 December 2020 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL AED'000	Lifetime ECL AED'000	Lifetime ECL AED'000	
<i>Investments – measured at amortised cost</i>				
Loss allowance as at 1 January 2020	1,109	957	3,893	5,959
Transfers				
Transfer from Stage 1 to Stage 2	(1,662)	1,662	-	-
Transfer from Stage 3 to Stage 2	-	1,051	(1,051)	-
Transfer from Stage 2 to Stage 3	-	(96)	96	-
New financial assets originated	4,059	-	-	4,059
Changes in PDs/LGDs/EADs	(1,263)	3,005	(958)	784
Loss allowance as at 31 December 2020	<u>2,243</u>	<u>6,579</u>	<u>1,980</u>	<u>10,802</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2021 (Unaudited)

15 RISK MANAGEMENT (continued)

Liquidity management

Global stress in the markets brought on by the COVID-19 crisis has affected liquidity in global and regional markets. In this environment, the Group continues to focus on high level of liquidity and is strengthening its liquidity buffer through selective disbursements, raising local deposits as well as adding new counterparties for secured funding.

The CBUAE has adopted a proactive approach in order to ensure flow of credit to the economy, especially sectors severely impacted by the COVID-19 crisis. The CBUAE announced a comprehensive TESS on 6 April 2020, allowing UAE Banks to access zero cost funding and pass on the benefit through Principal and Interest deferrals to their clients.

CBUAE has introduced several measures to improve liquidity in order to help banks support the economy. This includes a reduction in the CB reserve requirement for demand liabilities from 14% to 7% and a reduction in the minimum level required for LCR/ELAR by 30%. The combination of above measures by the CBUAE along with prudent management of liquidity by the Group will help ensure that the Group is able to meet its clients' banking services requirements effectively and without disruption, even during a prolonged period of reduced access to the foreign funding markets.

16 FIDUCIARY ASSETS

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Balance of fiduciary assets	<u><u>3,185,392</u></u>	<u><u>2,510,461</u></u>

The Group provides custody services for its customers' assets. These assets are held by the Group in a fiduciary capacity and are, accordingly, not included in these condensed consolidated interim financial information as assets of the Group.

17 COMPARATIVE FIGURES

Cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition including cash and balances with UAE Central Bank and due from banks. Due to banks maturing within 3 months that were classified within cash and cash equivalents in the previous period have now been shown as part of operating activities in the cash flow statement to be consistent with the current year treatment.

18 SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the six month period ended 30 June 2021.