

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2022

Emirates Investment Bank P.J.S.C.

**Review report and condensed consolidated interim financial information
for the six month period ended 30 June 2022**

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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 2022 and the related condensed consolidated interim income statement and statement of 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 notes. 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
11 August 2022

Rami Sarhan
Registered Auditor Number: 1152
Place: Dubai, United Arab Emirates

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
ASSETS			
Cash and balances with UAE Central Bank		278,797	276,385
Due from banks, net	3	297,268	271,146
Loans and advances, net	4	864,598	914,473
Investments, net	5	1,522,128	1,361,376
Other assets		40,231	42,676
Property, equipment and intangible assets		3,953	3,935
TOTAL ASSETS		3,006,975	2,869,991
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	7	66,029	350,996
Customer deposits		2,472,533	1,978,735
Other liabilities		56,846	59,151
TOTAL LIABILITIES		2,595,408	2,388,882
EQUITY			
Share capital		70,000	70,000
Legal reserve		35,000	35,000
Special reserve		44,251	44,251
Credit impairment reserve		19,049	13,412
Cumulative changes in fair value		(18,910)	10,241
Retained earnings		261,949	307,977
Equity attributable to equity holders of the Parent		411,339	480,881
Non-controlling interests		228	228
TOTAL EQUITY		411,567	481,109
TOTAL LIABILITIES AND EQUITY		3,006,975	2,869,991

The condensed consolidated interim financial information was approved by the Board of Directors on 11 August 2022 and signed on its behalf by:



Omar Abdullah Al Futaim
(Chairman)



Edward Quinlan
(Director)



Gaurav Shah
(Chief Executive Officer)

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six month period ended 30 June 2022 (Unaudited)

	Notes	<u>Three month period ended</u> <u>30 June</u>		<u>Six month period ended</u> <u>30 June</u>	
		2022	2021	2022	2021
		AED'000	AED'000	AED'000	AED'000
Interest income	8	10,276	8,972	19,058	18,156
Net income from investments	9	14,921	19,509	25,961	31,233
		<u>25,197</u>	<u>28,481</u>	<u>45,019</u>	<u>49,389</u>
Interest expense		(7,759)	(6,938)	(15,261)	(13,684)
INTEREST AND INVESTMENT INCOME, NET		17,438	21,543	29,758	35,705
Fee, commission and other income		5,926	4,322	11,598	9,636
Exchange gain, net		954	380	1,448	1,117
OPERATING INCOME		24,318	26,245	42,804	46,458
General and administrative expenses		(15,033)	(19,257)	(29,864)	(35,102)
Net impairment (loss)/reversal on financial assets	6.1	(6,043)	358	(53,331)	2,995
OPERATING EXPENSES		(21,076)	(18,899)	(83,195)	(32,107)
PROFIT/(LOSS) FOR THE PERIOD		3,242	7,346	(40,391)	14,351
Attributable to:					
Equity holders of the parent		3,242	7,346	(40,391)	14,351
Non-controlling interests		-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		3,242	7,346	(40,391)	14,351
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (in AED)	10	4.63	10.49	(57.70)	20.50

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six month period ended 30 June 2022 (Unaudited)

	<u>Three month period ended</u>		<u>Six month period ended</u>	
	<u>30 June</u>		<u>30 June</u>	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
PROFIT/(LOSS) FOR THE PERIOD	3,242	7,346	(40,391)	14,351
<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	687	(148)	11,452	1,136
<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	(20,977)	4,222	(40,603)	1,511
Other comprehensive (loss)/ income for the period	(20,290)	4,074	(29,151)	2,647
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(17,048)	11,420	(69,542)	16,998
Attributable to:				
Equity holders of the parent	(17,048)	11,420	(69,542)	16,998
Non-controlling interests	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(17,048)	11,420	(69,542)	16,998

Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2022 (Unaudited)

		<i>Six month period ended</i>	
		<i>30 June</i>	
	<i>Notes</i>	<i>2022</i>	<i>2021</i>
		<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES			
(Loss)/Profit for the period		(40,391)	14,351
Adjustments for:			
Depreciation on property and equipment		515	938
Amortisation of intangible assets		63	103
Depreciation on right-of-use assets		1,755	1,797
Net impairment loss/(reversal) on financial assets	6.1	53,331	(2,995)
Operating profit before changes in operating assets and liabilities		15,273	14,194
Change in UAE Central Bank statutory deposits		(72,282)	(14,806)
Change in loans and advances, net		49,990	(478,849)
Change in investments, net		(243,120)	(173,835)
Change in other assets		690	(8,518)
Change in due to banks		(284,967)	321,216
Change in customers' deposits		493,798	(44,936)
Change in other liabilities		(2,305)	3,930
Net cash used in operating activities		(42,923)	(381,604)
INVESTING ACTIVITY			
Purchase of property and equipment		(596)	(424)
Net cash used in investing activity		(596)	(424)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(43,519)	(382,028)
Cash and cash equivalents at 1 January		521,940	820,983
CASH AND CASH EQUIVALENTS AT 30 June		478,421	438,955
Cash and cash equivalents comprise the following amounts in the statement of financial position with original maturities of six months or less:			
Cash and balances with the UAE Central Bank (excluding statutory deposits)		180,416	205,273
Due from banks	3	298,005	233,682
		478,421	438,955
Operational cash flows from interest and dividends			
Interest paid		9,664	7,475
Interest received (including interest from investments)		39,660	35,051
Dividends received		5,839	6,056

The accompanying notes from pages 8 to 24 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 2022 (Unaudited)

	Share Capital AED '000	Legal reserve AED '000	Special reserve AED '000	Credit impairment reserve* AED '000	Cumulative changes in fair value AED '000	Retained earnings AED '000	Total AED '000	Non- controlling interests AED '000	Total AED '000
At 1 January 2022	70,000	35,000	44,251	13,412	10,241	307,977	480,881	228	481,109
Loss for the period	-	-	-	-	-	(40,391)	(40,391)	-	(40,391)
Other comprehensive loss for the period	-	-	-	-	(29,151)	-	(29,151)	-	(29,151)
Total comprehensive loss for the period	-	-	-	-	(29,151)	(40,391)	(69,542)	-	(69,542)
Transfer to credit impairment reserve	-	-	-	5,637	-	(5,637)	-	-	-
Balance at 30 June 2022	70,000	35,000	44,251	19,049	(18,910)	261,949	411,339	228	411,567

* In accordance with the requirements of CBUAE, the excess of the credit impairment provisions calculated in accordance with CBUAE requirements over the ECL allowance calculated under IFRS 9 is transferred to 'credit impairment reserve' as an appropriation from retained earnings. This reserve is not available for payment of dividends.

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</i>	<i>Legal reserve AED '000</i>	<i>Special reserve AED '000</i>	<i>Credit impairment reserve* AED '000</i>	<i>Cumulative changes in fair value AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>	<i>Non- controlling interests AED '000</i>	<i>Total AED '000</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 accompanying notes from pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six month period ended 30 June 2022 (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.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Bank has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021. The Bank 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 information for the six month period ended 30 June 2022 comprise the financial information 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% (2021: 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 Standards Board ('IASB') and comply with the applicable requirements 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 for the year ended 31 December 2021.

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

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 preparation of annual audited consolidated financial statements for the year ended 31 December 2021, 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 2021.

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 2022. 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 subsidiary is prepared for the same reporting period as that of the Bank, using consistent accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

The following subsidiary in which the Bank exercises control is consolidated in this interim condensed consolidated financial information:

<i>Name of subsidiary</i>	<i>Country</i>	<i>% Holding</i>		<i>Principal activities</i>
		30 June 2022	31 December 2021	
EIB Investment Co. LLC*	U.A.E	24%	24%	Investment in commercial, industrial and agricultural enterprises and their respective management.

*The Bank has the ability to exercise control over EIB Investment Co. LLC (the entity) as it has rights to variable returns and has the ability to affect the returns. As the Bank has control over the entity, it has been consolidated in this condensed consolidated interim financial information. The entity has a wholly owned subsidiary named EIB Investment Management Cayman Ltd. The entity is dormant with no operations.

2.3 Significant management judgments and estimates

In the application of the Group's accounting policies, management is required to make judgments, 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.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021, except for the judgements involved in estimation of ECL on the Russian exposures as described in note 15.

2.4 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 2022, 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.

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

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 2022 (Unaudited)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 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

**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.

Deferred until

accounting periods

starting not earlier

than 1 January 2024

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 deductable 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.

3 DUE FROM BANKS, NET

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Domestic	35,899	33,294
Regional	5,182	5,329
International	256,924	233,031
	298,005	271,654
Less: allowance for impairment (note 6)	(737)	(508)
	297,268	271,146

4 LOANS AND ADVANCES, NET

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Gross loans and advances	892,361	941,609
Less: allowance for impairment (note 6)	(23,855)	(23,970)
Less: interest and fees in suspense	(3,908)	(3,166)
Loans and advances, net	864,598	914,473

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

5 INVESTMENTS, NET

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
<i>Investments at fair value through profit or loss</i>		
<i>Debt instruments</i>		
Quoted	55,161	34,386
<i>Equity instruments</i>		
Quoted	26,361	60,121
Unquoted	82,701	96,750
	109,062	156,871
Total investments measured at fair value through profit or loss	164,223	191,257
<i>Investments at fair value through other comprehensive income</i>		
<i>Debt instruments</i>		
Quoted	725,525	433,737
<i>Equity instruments</i>		
Quoted	64,959	52,706
Unquoted	6,349	6,352
	71,308	59,058
Total investments measured at fair value through other comprehensive income	796,833	492,795
<i>Investments at amortised cost</i>		
<i>Debt instruments</i>		
Quoted	617,744	686,219
Total investments measured at amortised cost	617,744	686,219
Gross investments	1,578,800	1,370,271
Less: allowance for impairment (note 6)	(56,672)	(8,895)
Investments, net	1,522,128	1,361,376

Part of the proprietary investment portfolio of the Group having a carrying value of AED 84,557 thousand (31 December 2021: AED 438,001 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 purchased equity shares during the six month period ended 30 June 2022 amounting to AED 794 thousand (30 June 2021: Nil).

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.

There were no transfers between levels during the six month period ended 30 June 2022 and the year ended 31 December 2021.

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

5 INVESTMENTS, NET (continued)

As at 30 June 2022, the Group held the following investments measured as follows:

	Total 2022 AED'000	Investments carried at fair value			Investments carried at amortised cost AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
Debt instruments:					
Domestic	159,258	53,866	-	-	105,392
Regional	200,135	114,243	-	-	85,892
International	1,039,037	612,577	-	-	426,460
Equity instruments:					
Domestic	70,500	39,395	4	*31,101	-
Regional	787	787	-	-	-
International	109,083	26,361	82,722	-	-
Gross investments	1,578,800	847,229	82,726	31,101	617,744
Less: allowance for impairment (note 6)	(56,672)				
Investments, net	1,522,128				

The fair value of debt investments carried at amortised cost as at 30 June 2022 amounts to AED 536,693 thousand (31 December 2021: AED 680,582 thousand) and this would be classified as level 1 within the fair value hierarchy.

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

As at 31 December 2021, the Group held the following investments measured as follows:

	Total 2021 AED'000	Investments carried at fair value			Investments carried at amortised cost AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
Debt instruments:					
Domestic	128,086	22,168	-	-	105,918
Regional	205,594	98,215	-	-	107,379
International	820,662	347,740	-	-	472,922
Equity instruments:					
Domestic	58,255	35,784	4	*22,467	-
Regional	779	779	-	-	-
International	156,895	60,121	96,774	-	-
Gross investments	1,370,271	564,807	96,778	22,467	686,219
Less: allowance for impairment (note 6)	(8,895)				
Investments, net	1,361,376				

Emirates Investment Bank P.J.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (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:

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
At the beginning of the period/year	22,467	20,995
Net unrealised gain recognised in other comprehensive income	<u>8,634</u>	<u>1,472</u>
At the end of the period/year	<u><u>31,101</u></u>	<u><u>22,467</u></u>

The Group has assessed the sensitivity of the fair value measurement of investments under level 3 due to changes in inputs used. 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

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Due from banks		
<i>Movement in allowances for impairment losses</i>		
Balance at 1 January	508	670
Net impairment loss/(reversal) for the period/year	<u>229</u>	<u>(162)</u>
	<u><u>737</u></u>	<u><u>508</u></u>
Loans and advances		
<i>Movement in allowances for impairment losses</i>		
Balance at 1 January	23,970	26,536
Net impairment reversal for the period/year	<u>(115)</u>	<u>(2,566)</u>
	<u><u>23,855</u></u>	<u><u>23,970</u></u>
Investments		
<i>Movement in allowances for impairment losses</i>		
Balance at 1 January	8,895	10,802
Net impairment allowance/(reversal) for the period/year	<u>47,777</u>	<u>(1,907)</u>
	<u><u>56,672</u></u>	<u><u>8,895</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (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 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Expected credit losses- Lifetime ECL (Stage 3)	76,135	24,649
Expected credit losses- 12-months ECL (Stage 1)	4,045	5,072
Expected credit losses- Lifetime ECL (Stage 2)	1,095	3,652
	<u>5,140</u>	<u>8,724</u>
Expected credit losses (Stage 1 and 2)	5,140	8,724
Total expected credit losses	<u><u>81,275</u></u>	<u><u>33,373</u></u>

6.1 Net impairment (loss)/reversal on financial assets

	<i>Three month ended 30 June</i>		<i>Six month ended 30 June</i>	
	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>
Impairment (loss)/reversal on investments measured at amortized cost	(5,786)	172	(47,777)	2,753
Impairment (loss)/reversal on investments measured at FVOCI	(32)	7	(5,440)	14
Impairment (loss)/reversal on loans and advances	135	79	115	2
Impairment (loss)/reversal on due from banks	(360)	100	(229)	226
	<u>(6,043)</u>	<u>358</u>	<u>(53,331)</u>	<u>2,995</u>

7 DUE TO BANKS

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Term deposits	36,725	146,900
Repurchase agreements	29,304	204,096
	<u>66,029</u>	<u>350,996</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

7 DUE TO BANKS (continued)**7.1 Information on collateral**

	<i>30 June 2022</i>		<i>31 December 2021</i>	
	<i>Balance AED'000 (Unaudited)</i>	<i>Collateral value AED'000 (Unaudited)</i>	<i>Balance AED'000 (Audited)</i>	<i>Collateral value AED'000 (Audited)</i>
Term deposits:				
Collateralized by investments	<u>36,725</u>	<u>47,922</u>	<u>146,900</u>	<u>203,780</u>
Repurchase agreements:				
Collateralized by debt instruments	<u>29,304</u>	<u>36,635</u>	<u>204,096</u>	<u>234,221</u>

8 INTEREST INCOME

	<i>Three month ended 30 June</i>		<i>Six month ended 30 June</i>	
	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>
Loans and advances	<u>9,726</u>	<u>8,933</u>	<u>18,412</u>	<u>18,083</u>
Bank placements	<u>550</u>	<u>39</u>	<u>646</u>	<u>73</u>
	<u>10,276</u>	<u>8,972</u>	<u>19,058</u>	<u>18,156</u>

9 NET INCOME FROM INVESTMENTS

	<i>Three month ended 30 June</i>		<i>Six month ended 30 June</i>	
	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>
Interest income on investments in debt instruments	<u>11,302</u>	<u>10,477</u>	<u>22,138</u>	<u>20,080</u>
Dividend income	<u>4,023</u>	<u>5,118</u>	<u>5,839</u>	<u>6,056</u>
Net realised gain on disposal of investments measured at amortised cost and FVOCI	<u>380</u>	<u>425</u>	<u>345</u>	<u>513</u>
Net (loss)/gain from investments measured at fair value through profit or loss	<u>(521)</u>	<u>3,698</u>	<u>(1,922)</u>	<u>5,014</u>
Portfolio management fees paid to other financial institutions	<u>(263)</u>	<u>(209)</u>	<u>(439)</u>	<u>(430)</u>
	<u>14,921</u>	<u>19,509</u>	<u>25,961</u>	<u>31,233</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

10 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

Basic loss per share of AED 57.70 (30 June 2021: Basic earnings per share of AED 20.50) is calculated by dividing the loss attributable to the equity holders of the Parent of AED 40,391 thousand for the six month period ended 30 June 2022 (30 June 2021: profit of AED 14,351 thousand) by the weighted average number of shares outstanding during the period of 700,000 of AED 100 each (30 June 2021: 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 month ended</i>		<i>Six month ended</i>		<i>Six month ended</i>	
	<i>30 June</i>		<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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 *	(24,832)	35,388	29,566	27,749	4,734	63,137
Expenses	(15,198)	(14,544)	(29,927)	(34,242)	(45,125)	(48,786)
(Loss)/profit for the period	(40,030)	20,844	(361)	(6,493)	(40,391)	14,351

* Revenue comprises of interest income, net income from investments, fee commission and other income and exchange gain/ (loss) less net impairment loss/(reversal) 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>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</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	2,114,028	1,925,724	892,947	944,267	3,006,975	2,869,991
Segment liabilities and equity	7,861	402,740	2,999,114	2,467,251	3,006,975	2,869,991

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (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 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Guarantees	16,834	17,695
Unutilised committed credit facilities*	68,379	26,878
	85,213	44,573

The Group has commitments of AED 19,925 thousand on account of investment in equity instruments (31 December 2021: AED 21,055 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.

As at 31 December 2021, the Group was a defendant in two court cases, one in respect of a client's investment in a commercial paper and the other in respect of a client's property held on a nominee basis. During the six month period ended 30 June 2022, in both cases the Group obtained court judgements closing the litigation in favour of the Group. Accordingly, no provision has been maintained by the Group as at 30 June 2022. The Group, on a continuous basis, identifies and assesses such risks and recognizes provisions, in accordance with the accounting policy for provisions as disclosed in the annual consolidated financial statements for the year ended 31 December 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 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
<i>Balances with shareholders and their related companies:</i>		
Customers' deposits	1,032,811	1,077,695
Loans and advances	422,123	422,018
Other liabilities	28,188	21,824
Other assets	1,607	1,753
Commitments and contingencies	13,024	13,885
<i>Balances with directors, key management personnel and other related parties:</i>		
Customers' deposits	-	282

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (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 month ended 30 June</i>		<i>Six month ended 30 June</i>	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Shareholders and their group companies:				
Interest income	3,734	3,734	7,427	7,303
Interest expense	(5,118)	(5,159)	(10,221)	(10,128)
Fee, commission and other income	1,164	1,213	2,268	1,315
General and administrative expenses	(1,725)	(1,539)	(3,414)	(3,309)

Directors, key management personnel and other related parties:

Fee, commission and other income	-	8	-	17
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Outstanding balances at the period end arise in the normal course of business. For the six month period ended 30 June 2022, the Group has not recorded any impairment on amounts owed by related parties (2021: Nil).

	<i>Three month ended 30 June</i>		<i>Six month ended 30 June</i>	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits to key management personnel	2,638	3,393	5,278	6,443

14 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.

There were no derivative instruments held by the Group as of 30 June 2022 (31 December 2021: 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (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.

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. The management of credit risk also involves the monitoring of risk concentrations by industrial sector as well as by geographic location.

Impact of current economic and geopolitical situation on credit risk

The economic fallout of COVID-19 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”) also announced multiple economic support measures and incentives. In this regard, a Zero Cost Funding scheme was announced to support the banking and financial institutions, corporates and individuals in the UAE impacted by this crisis. Under this scheme the Targeted Economic Support Scheme (“TESS”) program was introduced in which the customers were allowed deferrals in the repayment of their loan’s instalments.

To assess the impact of the TESS program and other discretionary deferrals as allowed by the banks and financial institutions on their own, the CBUAE, the DFSA and FSRA issued a Joint Guidance on the treatment of IFRS 9 provisions.

However, on 7 January 2022, the CBUAE formally terminated the TESS program and has allowed a transitional period of 6 months (i.e., till 30 June 2022), to bring all such customers benefiting from the deferrals in line with business-as-usual SICR criteria as applied by the banks before the application of this Joint Guidance. During this transitional period, all the banks were required to make a realistic assessment of the credit worthiness of their clients that were benefitting from deferral programs.

As of 30 June 2022 and 31 December 2021, the Group does not have any customers benefitting from the deferrals. All such customers who were allowed any deferrals were brought under the normal payment terms and are being monitored under the provisions of IFRS 9 as usual.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

15 RISK MANAGEMENT**Credit risk (continued)****Impact of current economic and geopolitical situation on credit risk (continued)**

On 24 February 2022, the military conflict between Russia and Ukraine started. As a result, a number of countries have and continue to impose new sanctions against Russian government entities, state-owned enterprises and certain specified entities and individuals linked to Russia anywhere in the world. The situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will directly impact entities that have significant operations or exposures in, or with Russia and Ukraine. The situation is fluid and may also have significant consequences for other entities that could be exposed to fluctuations in commodity prices and foreign exchange rates, as well as the possibility of a protracted economic downturn.

As of 30 June 2022, the Group's investment in Russian bonds (before provision for ECL) was as below:

	30 June 2022	31 December 2021
	Amortised cost AED'000 (Unaudited)	Amortised cost AED'000 (Audited)
Investments at amortised cost	30,027	30,088
Investments at fair value through other comprehensive income	5,485	5,498
	35,512	35,586

Detailed portfolio reviews are conducted on an ongoing basis and the Group is applying increased scrutiny when onboarding clients in sensitive industries and is ensuring compliance with sanctions requirements. The Group continues to monitor the current Russia-Ukraine geopolitical situation and its impact on the economy and will mitigate its exposures and risks as appropriate.

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 economic and geopolitical unrest outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. In light of the current economic situation and ongoing sanctions, the Group has utilized stressed / punitive credit ratings and haircuts on securities, where relevant, within the ECL framework, thereby ensuring a pragmatic view and sufficient coverage from a provision standpoint. The Group is monitoring the day-to-day situation of the crisis and is actively managing down any direct exposure

In respect of the loans and advances portfolio, 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 2022.

For its investment portfolio, 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 assessed whether there has been a significant increase in credit risk for investments and whether these investments are credit impaired and assessed the impact on ECL as at 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

15 RISK MANAGEMENT (continued)**Credit risk (continued)****Impact on measurement of ECL (continued)**

Based on the assessment performed, the Group has transferred its investments in Russian bonds to stage 3. To reflect the credit impairment on these investments, the Group has recognised an ECL on these stage 3 instruments as below:

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Investments at amortised cost	30,027	292
Investments at fair value through other comprehensive income	5,485	2
	<u>35,512</u>	<u>294</u>

Movement in gross carrying amount

The following table explains the changes in the gross carrying amount from 1 January 2022 to 30 June 2022 and 1 January 2021 to 31 December 2021:

	30 June 2022 (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>				
As at 1 January 2022	271,654	-	-	271,654
Repayment and other movements	26,351	-	-	26,351
As at 30 June 2022	<u>298,005</u>	<u>-</u>	<u>-</u>	<u>298,005</u>
<i>Loans and advances</i>				
As at 1 January 2022	913,734	1,720	26,155	941,609
New financial assets originated	83,178	-	-	83,178
Repayments and other movements	(131,448)	(1,720)	742	(132,426)
As at 30 June 2022	<u>865,464</u>	<u>-</u>	<u>26,897</u>	<u>892,361</u>
<i>Investments – measured at amortised cost</i>				
As at 1 January 2022	620,969	63,590	1,660	686,219
Transfers				
Transfer from Stage 1 to Stage 3	(9,316)	-	9,316	-
Transfer from Stage 1 to Stage 2	(13,656)	13,656	-	-
Transfer from Stage 2 to Stage 1	3,688	(3,688)	-	-
Transfer from Stage 2 to Stage 3	-	(42,375)	42,375	-
Repayment and other movements	(62,558)	(5,712)	(205)	(68,475)
As at 30 June 2022	<u>539,127</u>	<u>25,471</u>	<u>53,146</u>	<u>617,744</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in gross carrying amount (continued)

	31 December 2021 (Audited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Due from banks				
As at 1 January 2021	300,528	-	-	300,528
New financial assets originated	344	-	-	344
Repayment and other movements	(29,218)	-	-	(29,218)
As at 31 December 2021	<u>271,654</u>	<u>-</u>	<u>-</u>	<u>271,654</u>
Loans and advances				
As at 1 January 2021	307,523	110,509	28,773	446,805
New financial assets originated	556,731	-	-	556,731
Transfers				
Transfer from Stage 1 to Stage 2	(1,744)	1,744	-	-
Transfer from Stage 2 to Stage 1	108,799	(108,799)	-	-
Repayment and other movements	(57,575)	(1,734)	(2,618)	(61,927)
As at 31 December 2021	<u>913,734</u>	<u>1,720</u>	<u>26,155</u>	<u>941,609</u>
Investments – measured at amortised cost				
As at 1 January 2021	442,933	260,818	6,024	709,775
New financial assets originated	224,983	-	-	224,983
Transfers				
Transfer from Stage 1 to Stage 2	(54,266)	54,266	-	-
Transfer from Stage 2 to Stage 1	91,363	(91,363)	-	-
Repayment and other movements	(84,044)	(160,131)	(4,364)	(248,539)
As at 31 December 2021	<u>620,969</u>	<u>63,590</u>	<u>1,660</u>	<u>686,219</u>

Movement in loss allowance

The following table explain the changes in the loss allowance from 1 January 2022 to 30 June 2022 and 1 January 2021 to 31 December 2021:

	30 June 2022 (Unaudited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Due from banks				
As at 1 January 2022	508	-	-	508
Changes in PDs/LGDs/EADs	229	-	-	229
As at 30 June 2022	<u>737</u>	<u>-</u>	<u>-</u>	<u>737</u>
Loans and advances				
As at 1 January 2022	972	9	22,989	23,970
New financial assets originated	155	-	-	155
Changes in PDs/LGDs/EADs	(261)	(9)	-	(270)
As at 30 June 2022	<u>866</u>	<u>-</u>	<u>22,989</u>	<u>23,855</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance (continued)

	30 June 2022 (Unaudited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Investments – measured at amortised cost				
As at 1 January 2022	3,592	3,643	1,660	8,895
Transfers				
Transfer from Stage 1 to Stage 3	(2)	-	2	-
Transfer from Stage 1 to Stage 2	(23)	23	-	-
Transfer from Stage 2 to Stage 1	7	(7)	-	-
Transfer from Stage 2 to Stage 3		(3,387)	3,387	-
Changes in PDs/LGDs/EADs	(1,143)	823	48,097	47,777
As at 30 June 2022	2,431	1,095	53,146	56,672

All guarantees issued by the Group are collateralised by cash and classified as stage 1 within the ECL model as at 30 June 2022 and 31 December 2021.

	31 December 2021 (Audited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Due from banks				
As at 1 January 2021	670	-	-	670
Changes in PDs/LGDs/EADs	(162)	-	-	(162)
As at 31 December 2021	508	-	-	508

Loans and advances

As at 1 January 2021	608	580	25,348	26,536
New financial assets originated	265	-	-	265
Transfers				
Transfer from Stage 1 to Stage 2	(3)	3	-	-
Transfer from Stage 2 to Stage 1	571	(571)	-	-
Changes in PDs/LGDs/EADs	(469)	(3)	(2,359)	(2,831)
As at 31 December 2021	972	9	22,989	23,970

Investments – measured at amortised cost

As at 1 January 2021	2,243	6,579	1,980	10,802
New financial assets originated	3,821	-	-	3,821
Transfers				
Transfer from Stage 1 to Stage 2	(3,418)	3,418	-	-
Transfer from Stage 2 to Stage 1	4,938	(4,938)	-	-
Changes in PDs/LGDs/EADs	(3,992)	(1,416)	(320)	(5,728)
As at 31 December 2021	3,592	3,643	1,660	8,895

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the six month period ended 30 June 2022 (Unaudited)

15 RISK MANAGEMENT (continued)**Libor transition**

In line with the disclosures in the financial statements for the year ended 31 December 2021, the Group's transition program has commenced and will be running until the final publication date of LIBOR on 30 June 2023. The Group has established a project to manage the transition for any of its contracts that could be affected.

The following table shows the Group's exposure at the year-end to significant IBORs subject to reform that have yet to transition to RFRs.

Financial instruments exposed to USD LIBOR

	30 June 2022		31 December 2021	
	Assets AED'000 (Unaudited)	Liabilities AED'000 (Unaudited)	Assets AED'000 (Audited)	Liabilities AED'000 (Audited)
Loans and advances	68,531	-	61,795	-
Due to banks	-	66,029	-	350,996

All the above exposures to IBOR are yet to transition to an alternative benchmark interest rate. All the exposures will expire before transition is required.

There are no loan commitments and financial guarantees as at 30 June 2022 and 31 December 2021 which are referenced to LIBOR.

Hedge accounting:

As at 30 June 2022 and 31 December 2021 the Group did not hold any hedged instruments which reference USD LIBOR and have not yet transitioned to an alternative interest rate.

16 FIDUCIARY ASSETS

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Balance of fiduciary assets	3,393,154	3,430,595

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 this condensed consolidated interim financial information as assets of the Group.

17 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 2022.