Emirates Investment Bank P.J.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three month period ended 31 March 2022

Emirates Investment Bank P.J.S.C.

Review report and condensed consolidated interim financial information for the three month period ended 31 March 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 31 March 2022 and the related condensed consolidated interim statements of profit or loss, other comprehensive income, cash flows and changes in equity for the three-month period then ended and 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
12 May 2022

Murad Alnsour
Registered Auditor Number: 1301
Place: Dubai, United Arab Emirates

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	*31 March 2022 AED'000 (Unaudited)*	*31 December 2021 AED'000 (Audited)*
ASSETS			
Cash and balances with UAE Central Bank		**284,253**	276,385
Due from banks, net	3	**169,869**	271,146
Loans and advances, net	4	**926,966**	914,473
Investments, net	5	**1,490,479**	1,361,376
Other assets		**45,697**	42,676
Property, equipment and intangible assets		**4,011**	3,935
TOTAL ASSETS		**2,921,275**	2,869,991
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	7	**318,013**	350,996
Customer deposits		**2,113,651**	1,978,735
Other liabilities		**60,996**	59,151
TOTAL LIABILITIES		**2,492,660**	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		**2,275**	13,412
Cumulative changes in fair value		**1,380**	10,241
Retained earnings		**275,481**	307,977
Equity attributable to equity holders of the Parent		**428,387**	480,881
Non-controlling interests		**228**	228
TOTAL EQUITY		**428,615**	481,109
TOTAL LIABILITIES AND EQUITY		**2,921,275**	2,869,991

The condensed consolidated interim financial information was approved by the Board of Directors on 12 May 2022 and signed on its behalf by:

Yusuf Mohammed Al Mulla (Vice Chairman)	Edward Quinlan (Director)	Gaurav Shah (Chief Executive Officer)

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the three month period ended 31 March 2022 (Unaudited)

		Three month period ended 31 March	
	Notes	***2022 AED'000***	*2021 AED'000*
Interest income	8	**8,782**	9,184
Net income from investments	9	**11,040**	11,724
		19,822	20,908
Interest expense		**(7,502)**	(6,746)
INTEREST AND INVESTMENT INCOME, NET		**12,320**	14,162
Fee, commission and other income		**5,672**	5,314
Exchange gain, net		**494**	737
OPERATING INCOME		**18,486**	20,213
General and administrative expenses		**(14,831)**	(15,845)
Net impairment (loss)/reversal on financial assets	6.1	**(47,288)**	2,637
OPERATING EXPENSES		**(62,119)**	(13,208)
(LOSS)/PROFIT FOR THE PERIOD		**(43,633)**	7,005
Attributable to:			
Equity holders of the Parent		**(43,633)**	7,005
Non-controlling interests		**-**	-
(LOSS)/PROFIT FOR THE PERIOD		**(43,633)**	7,005
BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (in AED per share)	10	**(62.33)**	10.01

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the three month period ended 31 March 2022 (Unaudited)

	Three month period ended 31 March	
	2022	*2021*
	AED'000	*AED'000*
(LOSS)/PROFIT FOR THE PERIOD	**(43,633)**	7,005
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of equity instruments at fair value through other comprehensive income, net	**10,765**	1,284
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income, net	**(19,626)**	(2,711)
Other comprehensive loss for the period	**(8,861)**	(1,427)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(52,494)**	5,578
Attributable to:		
Equity holders of the Parent	**(52,494)**	5,578
Non-controlling interests	**-**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(52,494)**	5,578

The accompanying notes from pages 8 to25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2022 (Unaudited)

	Notes	*Three month period ended 31 March* 2022 AED'000	2021 AED'000
OPERATING ACTIVITIES			
(Loss)/Profit for the period		**(43,633)**	7,005
Adjustments for:			
Depreciation on property and equipment		**271**	460
Amortisation of intangible assets		**18**	56
Depreciation on right-of-use assets		**877**	1,009
Net impairment loss/(reversal) on financial assets	6.1	**47,288**	(2,637)
Operating profit before changes in operating assets and liabilities		**4,821**	5,893
Change in UAE Central Bank statutory deposits		**381**	(47,102)
Change in loans and advances, net		**(12,513)**	(495,474)
Change in investments, net		**(185,363)**	(47,069)
Change in other assets		**(3,898)**	(3,544)
Change in due to banks		**(32,983)**	178,643
Change in customers' deposits		**134,916**	(33,468)
Change in other liabilities		**1,845**	10,492
Net cash used in operating activities		**(92,794)**	(431,629)
INVESTING ACTIVITY			
Purchase of property and equipment		**(365)**	(378)
Net cash used in investing activity		**(365)**	(378)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(93,159)**	(432,007)
Cash and cash equivalents at 1 January		**521,940**	820,983
CASH AND CASH EQUIVALENTS AT 31 MARCH		**428,781**	388,976
Cash and cash equivalents comprise the following amounts in the statement of financial position with original maturities of three months or less:			
Cash and balances with the UAE Central Bank (excluding statutory deposits)		**258,535**	140,410
Due from banks	3	**170,246**	248,566
		428,781	388,976
Operational cash flows from interest and dividends			
Interest paid		**4,338**	2,874
Interest received (including interest from investments)		**16,519**	16,256
Dividends received		**1,816**	938

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2022 (Unaudited)

	Share Capital	*Legal reserve*	*Special reserve*	*Credit impairment reserve**	*Cumulative changes in fair value*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*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	-	-	-	-	-	**(43,633)**	**(43,633)**	-	**(43,633)**
Other comprehensive loss for the period	-	-	-	-	**(8,861)**	-	**(8,861)**	-	**(8,861)**
Total comprehensive loss for the period	-	-	-	-	**(8,861)**	**(43,633)**	**(52,494)**	-	**(52,494)**
Transfer from credit impairment reserve	-	-	-	**(11,137)**	-	**11,137**	-	-	-
Balance at 31 March 2022	**70,000**	**35,000**	**44,251**	**2,275**	**1,380**	**275,481**	**428,387**	**228**	**428,615**

** 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.*

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the three month period ended 31 March 2022 (Unaudited)

	Share Capital	*Legal reserve*	*Special reserve*	*Credit impairment reserve**	*Cumulative changes in fair value*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
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	-	-	-	-	-	7,005	7,005	-	7,005
Other comprehensive loss for the period	-	-	-	-	(1,427)	-	(1,427)	-	(1,427)
Total comprehensive (loss)/ income for the period	-	-	-	-	(1,427)	7,005	5,578	-	5,578
Transfer to credit impairment reserve	-	-	-	2,242	-	(2,242)	-	-	-
Balance at 31 March 2021	70,000	35,000	44,251	7,127	13,451	290,648	460,477	228	460,705

The accompanying notes from pages 8 to 25 form an integral part of this condensed consolidated interim financial information.

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 three month period ended 31 March 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 three month period ended 31 March 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 31 March 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.

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:

Name of subsidiary	*Country*	*% Holding*		*Principal activities*
		31 March 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'.

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 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.

3 DUE FROM BANKS, NET

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Domestic	**14,634**	33,294
Regional	**4,878**	5,329
International	**150,734**	233,031
	170,246	271,654
Less: allowance for impairment (note 6)	**(377)**	(508)
	169,869	271,146

4 LOANS AND ADVANCES, NET

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Gross loans and advances	**954,489**	941,609
Less: allowance for impairment (note 6)	**(23,990)**	(23,970)
Less: interest and fees in suspense	**(3,533)**	(3,166)
Loans and advances, net	**926,966**	914,473

5 INVESTMENTS, NET

	31 March 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Investments at fair value through profit or loss		
Debt instruments		
Quoted	**103,177**	34,386
Equity instruments		
Quoted	**28,304**	60,121
Unquoted	**98,529**	96,750
	126,833	156,871
Total investments measured at fair value through profit or loss	**230,010**	191,257
Investments at fair value through other comprehensive income		
Debt instruments		
Quoted	**595,857**	433,737
Equity instruments		
Quoted	**63,470**	52,706
Unquoted	**6,352**	6,352
	69,822	59,058
Total investments measured at fair value through other comprehensive income	**665,679**	492,795
Investments at amortised cost		
Debt instruments		
Quoted	**645,676**	686,219
Total investments measured at amortised cost	**645,676**	686,219
Gross investments	**1,541,365**	1,370,271
Less: allowance for impairment (note 6)	**(50,886)**	(8,895)
Investments, net	**1,490,479**	1,361,376

Part of the proprietary investment portfolio of the Group having a carrying value of AED 358,188 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 has not purchased equity shares during the three month period ended 31 March 2022 and 31 March 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.

There were no transfers between levels during the three month period ended 31 March 2022 and the year ended 31 December 2021.

5 INVESTMENTS, NET (continued)

As at 31 March 2022, the Group held the following investments measured as follows:

	Total 2022 AED'000	**Investments carried at fair value Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Investments carried at amortised cost AED'000**
Debt instruments:					
Domestic	**171,729**	**66,071**	-	-	**105,658**
Regional	**193,665**	**107,361**	-	-	**86,304**
International	**979,315**	**525,601**	-	-	**453,714**
Equity instruments:					
Domestic	**69,008**	**40,323**	**4**	***28,681**	-
Regional	**792**	**792**	-	-	-
International	**126,856**	**28,304**	**98,552**	-	-
Gross investments	**1,541,365**	**768,452**	**98,556**	**28,681**	**645,676**
Less: allowance for impairment (note 6)	**(50,886)**				
Investments, net	**1,490,479**				

The fair value of debt investments carried at amortised cost as at 31 March 2022 amounts to AED 595,523 thousand (31 December 2021: AED 680,582 thousand) and this would be classified as level 1 within the fair value heirarchy.

* 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 Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Investments carried at amortised cost 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				

5 INVESTMENTS, NET (continued)

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

	31 March 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	**6,214**	1,472
At the end of the period/year	**28,681**	22,467

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

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Due from banks		
Movement in allowances for impairment losses		
Balance at 1 January	**508**	670
Net impairment reversal for the period/year	**(131)**	(162)
	377	508
Loans and advances		
Movement in allowances for impairment losses		
Balance at 1 January	**23,970**	26,536
Net impairment allowance/(reversal) for the period/year	**20**	(2,566)
	23,990	23,970
Investments		
Movement in allowances for impairment losses		
Balance at 1 January	**8,895**	10,802
Net impairment allowance/(reversal) for the period/year	**41,991**	(1,907)
	50,886	8,895

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:

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Expected credit losses- Lifetime ECL (Stage 3)	**60,161**	24,649
	-	
Expected credit losses- 12-months ECL (Stage 1)	**5,686**	5,072
Expected credit losses- Lifetime ECL (Stage 2)	**16,647**	3,652
Expected credit losses (Stage 1 and 2)	**22,333**	8,724
Total expected credit losses	**82,494**	33,373

6.1 Net impairment (loss)/reversal on financial assets

	Three month ended 31 March	
	2022 AED'000 (Unaudited)	*2021 AED'000 (Unaudited)*
Impairment (loss)/ reversal on investments measured at amortized cost	**(41,991)**	**2,581**
Impairment (loss)/ reversal of impairment on investments measured at FVOCI	**(5,408)**	**7**
Impairment loss on loans and advances	**(20)**	**(77)**
Reversal of impairment on due from banks	**131**	**126**
	(47,288)	**2,637**

7 DUE TO BANKS

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Term deposits	**111,813**	146,900
Repurchase agreements	**206,126**	204,096
Demand and call deposits	**74**	-
	318,013	350,996

7 DUE TO BANKS (continued)

7.1 Information on collateral

	31 March 2022		*31 December 2021*	
	Balance AED'000 (Unaudited)	***Collateral value AED'000 (Unaudited)***	*Balance AED'000 (Audited)*	*Collateral value AED'000 (Audited)*
Term deposits:				
Collateralized by investments	**91,813**	**115,630**	146,900	203,780
Repurchase agreements:				
Collateralized by debt instruments	**206,126**	**242,558**	204,096	234,221

The Group has unsecured term deposits amounting to AED 20,000 thousand (31 December 2021: nil) as at the reporting date.

8 INTEREST INCOME

	Three month ended 31 March	
	2022	*2021*
	AED'000 (Unaudited)	*AED'000 (Unaudited)*
Loans and advances	**8,686**	9,150
Bank placements	**96**	34
	8,782	9,184

9 NET INCOME FROM INVESTMENTS

	Three month ended 31 March	
	2022 AED'000 (Unaudited)	***2021*** *AED'000 (Unaudited)*
Interest income on investments in debt instruments	**10,836**	9,603
Dividend income	**1,816**	938
Net realised (loss)/gain on investments measured at amortised cost and FVOCI	**(35)**	88
Net (loss)/gain from investment securities measured as fair value through profit or loss	**(1,401)**	1,316
Portfolio management fees paid to other financial institutions	**(176)**	(221)
	11,040	11,724

10 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

Basic loss per share of AED 62.33 (31 March 2021: Basic earnings per share of AED 10.01) is calculated by dividing the loss attributable to the equity holders of the Parent of AED 43,633 thousand for the three month period ended 31 March 2022 (31 March 2021: profit of AED 7,005 thousand) by the weighted average number of shares outstanding during the period of 700,000 of AED 100 each (31 March 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.

	Investments		*Banking Services*		*Total*	
	Three month ended 31 March		***Three month ended 31 March***		***Three month ended 31 March***	
	2022	*2021*	***2022***	*2021*	***2022***	*2021*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Revenue *	**(35,096)**	14,895	**13,796**	14,701	**(21,300)**	29,596
Expenses	**(6,823)**	(6,506)	**(15,510)**	(16,085)	**(22,333)**	(22,591)
(Loss)/profit for the period	**(41,919)**	8,389	**(1,714)**	(1,384)	**(43,633)**	7,005

* 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.

	Investments		*Banking Services*		*Total*	
	31 March 2022	*31 December 2021*	***31 March 2022***	*31 December 2021*	***31 March 2022***	*31 December 2021*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*
Segment assets	**1,966,347**	1,925,724	**954,928**	944,267	**2,921,275**	2,869,991
Segment liabilities and equity	**278,624**	402,740	**2,642,651**	2,467,251	**2,921,275**	2,869,991

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:

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Guarantees	**17,695**	17,695
Unutilised committed credit facilities*	**65,125**	26,878
	82,820	44,573

The Group has commitments of AED 20,801 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 three month period ended 31 March 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 31 March 2022. The Group, on a continuous basis, identifies and assesses such risks and recognizes provisions, 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:

	31 March 2022 AED'000 (Unaudited)	*31 December 2021 AED'000 (Audited)*
Balances with shareholders and their related companies:		
Customers' deposits	**1,066,728**	1,077,695
Loans and advances	**422,022**	422,018
Other liabilities	**23,412**	21,824
Other assets	**905**	1,753
Commitments and contingencies	**13,885**	13,885
Balances with directors, key management personnel and other related parties:		
Customers' deposits	**282**	282

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:

	Three month ended 31 March	
	2022 AED'000 (Unaudited)	***2021 AED'000 (Unaudited)***
Shareholders and their related companies:		
Interest income	**3,693**	3,569
Interest expense	**(5,103)**	(4,969)
Fee, commission and other income	**1,103**	377
General and administrative expenses	**(1,689)**	(1,770)
Directors, key management personnel and other related parties:		
Fee, commission and other income	**-**	9

Outstanding balances at the period end arise in the normal course of business. For the three month period ended 31 March 2022, the Group has not recorded any impairment on amounts owed by related parties (2021: Nil).

	Three month ended 31 March	
	2022 AED'000 (Unaudited)	*2021 AED'000 (Unaudited)*
Salaries and other benefits to key management personnel	**2,640**	2,913

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 31 March 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.

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 discretional 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 are required to make a realistic assessment of the credit worthiness of their clients that are still benefitting from deferral programs.

As of 31 March 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.

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 31 March 2022, the Group's investment in Russian bonds (before provision for ECL) was as below:

	31 March 2022 Amortised cost AED'000 (Unaudited)	*31 December 2021 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 31 March 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 31 March 2022.

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:

	31 March 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
	35,512	294

Movement in gross carrying amount

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

	31 March 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	**271,654**	**-**	**-**	**271,654**
Repayment and other movements	**(101,408)**	**-**	**-**	**(101,408)**
As at 31 March 2022	**170,246**	**-**	**-**	**170,246**

	31 March 2022 (Unaudited)			
	Stage 1 12-month ECL AED'000	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loans and advances				
As at 1 January 2022	**913,734**	**1,720**	**26,155**	**941,609**
New financial assets originated	**25,649**	**-**	**-**	**25,649**
Repayments and other movements	**(11,838)**	**(1,297)**	**366**	**(12,769)**
As at 31 March 2022	**927,545**	**423**	**26,521**	**954,489**

	31 March 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	**620,969**	**63,590**	**1,660**	**686,219**
Transfers				
Transfer from Stage 1 to Stage 3	**(9,316)**	**-**	**9,316**	**-**
Transfer from Stage 2 to Stage 1	**3,688**	**(3,688)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(20,773)**	**20,773**	**-**
Repayment and other movements	**(40,363)**	**(118)**	**(62)**	**(40,543)**
As at 31 March 2022	**574,978**	**39,011**	**31,687**	**645,676**

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	271,654	-	-	271,654

	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
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	913,734	1,720	26,155	941,609

	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
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	620,969	63,590	1,660	686,219

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance

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

	31 March 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 2021	**508**	**-**	**-**	**508**
Changes in PDs/LGDs/EADs	**(131)**	**-**	**-**	**(131)**
As at 31 March 2022	**377**			**377**

	31 March 2022 (Unaudited)			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loans and advances				
As at 1 January 2022	**972**	**9**	**22,989**	**23,970**
New financial assets originated	**51**	**-**	**-**	**51**
Changes in PDs/LGDs/EADs	**(24)**	**(7)**	**-**	**(31)**
As at 31 March 2022	**999**	**2**	**22,989**	**23,990**

	31 March 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 2 to Stage 1	**7**	**(7)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(290)**	**290**	**-**
Changes in PDs/LGDs/EADs	**(833)**	**13,089**	**29,735**	**41,991**
As at 31 March 2022	**2,764**	**16,435**	**31,687**	**50,886**

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

15 RISK MANAGEMENT (continued)

Credit risk (continued)

Movement in loss allowance (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	670	-	-	670
Changes in PDs/LGDs/EADs	(162)	-	-	(162)
As at 31 December 2021	508	-	-	508

	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
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

	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
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

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

	Carrying value as at 31 March 2022	
	Assets	**Liabilities**
	AED'000	**AED'000**
	(Unaudited)	***(Unaudited)***
Loans and advances	70,304	
Due to banks		317,939

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 31 March 2022 and 31 December 2021 which are referenced to LIBOR.

Hedge accounting:
As at 31 March 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

	31 March 2022	*31 December 2021*
	AED'000	*AED'000*
	(Unaudited)	*(Audited)*
Balance of fiduciary assets	**3,466,511**	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 three month period ended 31 March 2022.