NATIONAL BANK OF UMM AL-QAIWAIN (PSC) AND SUBSIDIARY

Review report and condensed consolidated interim financial statements

For the period ended 30 June 2021

NATIONAL BANK OF UMM AL-QAIWAIN (PSC) AND SUBSIDIARY

Review report and condensed consolidated interim financial statements
For the six months period ended 30 June 2021

Contents	Pages
Report on review of condensed consolidated interim financial statements	1
Consolidated interim statement of financial position	2
Consolidated interim income statement	3
Consolidated interim statement of comprehensive income	4
Consolidated interim statement of changes in equity	5
Consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial statements	7 - 25

Ernst & Young (Sharjah Branch)
P.O. Box 1350
City Gate Tower, Office No. 1402
Al Ittihad Street
Sharjah, United Arab Emirates

Tel: +971 6 574 1491
ey.com

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NATIONAL BANK OF UMM AL-QAIWAIN PSC AND SUBSIDIARY

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of National Bank of Umm Al-Qaiwain PSC (the "Bank") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated interim statement of financial position as at 30 June 2021 and the related consolidated interim statements of income, comprehensive income for the three month and six month periods then ended and consolidated interim statement of cash flows and changes in equity for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

27 July 2021

Sharjah, United Arab Emirates

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021 (Unaudited)

	Notes	*30 June 2021 AED '000 (Unaudited)*	*31 December 2020 AED '000 (Audited)*
ASSETS			
Cash and balances with the U.A.E. Central Bank	4	**1,324,129**	1,510,911
Due from other banks	5	**3,410,424**	2,947,129
Loans and advances and Islamic financing receivables	6	**7,178,492**	7,639,656
Investment securities	7	**1,081,161**	943,354
Customers' acceptances		**216,684**	166,207
Investment in an associate		**1,196**	990
Property and equipment		**93,920**	86,362
Other assets	8	**241,651**	251,435
TOTAL ASSETS		**13,547,657**	13,546,044
LIABILITIES			
Due to other banks	9	**221,019**	198,585
Customers' deposits and Islamic customers' deposits	10	**8,085,695**	8,224,858
Customers' acceptances		**216,684**	166,207
Other liabilities	11	**208,003**	258,972
TOTAL LIABILITIES		**8,731,401**	8,848,622
SHAREHOLDERS' EQUITY			
Share capital	12	**1,848,000**	1,848,000
Statutory reserve		**1,019,266**	1,019,266
General reserve		**6,440**	6,440
Cumulative change in fair values		**270,826**	135,632
Retained earnings		**1,671,724**	1,688,084
TOTAL SHAREHOLDERS' EQUITY		**4,816,256**	4,697,422
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**13,547,657**	13,546,044
COMMITMENTS AND CONTINGENCIES	13	**3,351,434**	3,650,629

Nasser Bin Rashid Al Moalla
Vice Chairman and
Chairman of Executive Committee

Adnan Al Awadhi
Chief Executive Officer

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

CONSOLIDATED INTERIM INCOME STATEMENT

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

	Notes	*Three months period ended 30 June (Unaudited)*		*Six months period ended 30 June (Unaudited)*	
		2021 AED '000	*2020 AED '000*	***2021 AED '000***	*2020 AED '000*
Interest income		**75,876**	108,705	**151,147**	221,733
Income from Islamic financing products		**5,999**	6,708	**14,764**	15,057
Total interest income and income from Islamic financing products		**81,875**	115,413	**165,911**	236,790
Interest expense		**(12,047)**	(22,940)	**(25,452)**	(51,651)
Distribution to depositors – Islamic products		**(80)**	(131)	**(176)**	(294)
Net interest income and income from Islamic products net of distribution to depositors		**69,748**	92,342	**140,283**	184,845
Net fees and commission income		**10,457**	10,072	**23,847**	32,378
Other operating income		**4,986**	4,718	**18,169**	7,560
GROSS INCOME		**85,191**	107,132	**182,299**	224,783
Operating expenses		**(32,835)**	(32,015)	**(64,994)**	(66,336)
Investment gains		**5,899**	1,986	**33,484**	39,364
OPERATING INCOME		**58,255**	77,103	**150,789**	197,811
Share of results from an associate		**200**	(69)	**254**	(105)
PROFIT FOR THE PERIOD BEFORE IMPAIRMENT		**58,455**	77,034	**151,043**	197,706
Net impairment losses	14	**(3,462)**	(22,614)	**(19,563)**	(70,470)
PROFIT FOR THE PERIOD		**54,993**	54,420	**131,480**	127,236
Basic and diluted earnings per share (AED)	15	**0.03**	0.03	**0.07**	0.07

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

	Three months period ended 30 June (Unaudited)		*Six months period ended 30 June (Unaudited)*	
	2021 AED '000	*2020 AED '000*	***2021 AED '000***	*2020 AED '000*
PROFIT FOR THE PERIOD	**54,993**	54,420	**131,480**	127,236
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Net fair value gain on investment securities carried at FVTOCI - equity	**73,239**	41,660	**135,194**	(180,996)
Other comprehensive income/ (loss) for the period	**73,239**	41,660	**135,194**	(180,996)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**128,232**	96,080	**266,674**	(53,760)

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

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

	Share capital AED '000	*Statutory reserve AED '000*	*General reserve AED '000*	*Impairment reserve - general AED '000*	*Cumulative change in fair values AED '000*	*Retained earnings AED '000*	*Total AED '000*
Balance at 1 January 2021 (audited)	1,848,000	1,019,266	6,440	-	135,632	1,688,084	4,697,422
Profit for the period	-	-	-	-	-	131,480	131,480
Other comprehensive income for the period	-	-	-	-	135,194	-	135,194
Total comprehensive income for the period	-	-	-	-	135,194	131,480	266,674
Dividend paid (see Note 16)	-	-	-	-	-	(147,840)	(147,840)
Balance at 30 June 2021 (unaudited)	**1,848,000**	**1,019,266**	**6,440**	**-**	**270,826**	**1,671,724**	**4,816,256**
Balance at 1 January 2020 (audited)	1,848,000	1,019,266	6,440	16,385	211,976	1,667,929	4,769,996
Profit for the period	-	-	-	-	-	127,236	127,236
Other comprehensive loss for the period	-	-	-	-	(180,996)	-	(180,996)
Total comprehensive loss for the period	-	-	-	-	(180,996)	127,236	(53,760)
Other movements of FVTOCI equity investments	-	-	-	-	4,724	(4,724)	-
Excess provisions under CBUAE requirement written back (see Note 25)	-	-	-	(16,385)	-	16,385	-
Dividend paid (see Note 16)	-	-	-	-	-	(203,280)	(203,280)
Balance at 30 June 2020 (unaudited)	1,848,000	1,019,266	6,440	-	35,704	1,603,546	4,512,956

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

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

	Notes	*Six months period ended 30 June (Unaudited)*	
		2021	*2020*
		AED '000	*AED '000*
Cash flows from operating activities			
Profit for the period		**131,480**	127,236
Adjustments for:			
Provision for expected credit losses	14	**16,613**	69,120
Depreciation of property and equipment		**7,569**	4,248
Depreciation of right of use asset		**863**	-
Provision for employee end of service benefits		**706**	808
Provision for impairment of inventory	14	**2,950**	1,350
Increase in fair value of investment in securities at FVTPL		**1,749**	2,410
Discount amortised on investment securities		**-**	(16)
Dividend income		**(35,238)**	(41,758)
(Gain) / loss on disposal of property and equipment		**(90)**	16
Share of results from an associate		**(254)**	105
Finance cost on lease liability		**67**	-
Operating cash flows before movements in working capital		**126,415**	163,519
Decrease / (increase) in certificate of deposits with original maturity greater than 3 months	17	**31,620**	(25,000)
(Increase) / decrease in statutory deposit with CBUAE		**(27,971)**	227,352
Payment of employee end of service benefits		**(3,208)**	(1,846)
Decrease in loans and advances and Islamic financing receivables		**446,895**	292,593
Decrease in other assets		**6,834**	2,641
Decrease in customers' deposits and Islamic customers' deposits		**(139,163)**	(264,053)
(Decrease)/ increase in other liabilities		**(57,398)**	333,796
Net cash generated from operating activities		**384,024**	729,002
Cash flows from investing activities			
Purchase of property and equipment		**(7,504)**	(1,092)
Proceeds from disposal of property and equipment		**247**	-
Proceeds from sale and maturity of investment securities		**(4,286)**	-
Dividend received from investment securities		**35,238**	41,758
Dividend received from investment in an associate		**49**	-
Net cash generated from investing activities		**23,744**	40,666
Cash flows from financing activity			
Dividend paid		**(147,840)**	(203,280)
Lease payments		**(899)**	-
Net cash used in financing activity		**(148,739)**	(203,280)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**259,029**	566,388
Cash and cash equivalents at the beginning of the period	17	**3,308,809**	3,633,059
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17	**3,567,838**	4,199,447

The attached notes 1 to 26 form an integral part of these condensed consolidated interim financial statements.
The independent auditor's report on review of the condensed consolidated interim financial statements is set out on page 1.

1 GENERAL INFORMATION

National Bank of Umm Al-Qaiwain (PSC) (the "Bank") is a Public Shareholding Company incorporated in the Emirate of Umm Al-Qaiwain ("UAQ") in the United Arab Emirates ("U.A.E.") by Amiri Decree Number (1) on 5 January 1982, issued by His Highness, the Ruler of Umm Al-Qaiwain, and commenced its operations with effect from 1 August 1982. National Bank of Umm Al-Qaiwain (PSC), and its subsidiary, Twin Towns Marketing Management L.L.C. are together referred to as the "Group". The address of the Bank's registered Head Office is P.O. Box 800, Umm Al-Qaiwain, United Arab Emirates.

The Bank is engaged in providing retail and corporate banking services through a network of 12 branches in the U.A.E. The Group carries out Islamic banking operations through Islamic banking window established in 2005 across all its branch network.

The condensed consolidated interim financial statements of the Group for the six months period ended 30 June 2021 were authorised and approved for issue by the Board of Directors on 27 July 2021.

2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, amendments and interpretations that are effective for the Group's accounting period beginning on 1 January 2021
The Group has consistently applied the accounting policies as applied in the annual consolidated financial statements for the year ended 31 December 2020 , except for effect of the Inter Bank Offer Rate ("IBOR") transition as mentioned below.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

The following amendments to existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

Standard Issued but not yet Effective
IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the effective date.

Interest Rate Benchmark Reform - Phase 2 amendments
Effective from 1 January 2021, Interest Rate Benchmark Reform - Phase 2 amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

2 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

2.1 CHANGES IN ACCOUNTING POLICIES (continued)

Interest Rate Benchmark Reform - Phase 2 amendments (continued)
The Group is in discussion with counterparties in relation to exposure to non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. Management believes that the amendments are not expected to have a material on the Group's condensed consolidated interim financial information.

Key accounting estimates and judgments
The preparation of the condensed consolidated interim financial information requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. In preparing, the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited consolidated financial information as at and for the year ended 31 December 2020.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial statements are prepared in accordance with the historical cost basis, except for the revaluation of certain financial instruments.

The condensed consolidated interim financial statements are presented in U.A.E. Dirhams (AED) as that is the functional currency in which the majority of the Group's transactions are denominated. All financial information presented in AED has been rounded off to the nearest thousand, unless otherwise stated.

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

3.2 BASIS OF CONSOLIDATION

These condensed consolidated interim financial statements incorporate the financial statements of the Bank and entity controlled by the Bank. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The condensed consolidated interim financial statements comprise the financial statements of the Bank and of the subsidiary as disclosed in the annual audited financial statements for the year ended 31 December 2020. The financial statements of the subsidiary are prepared for the same reporting period as that of the Bank.

3.3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020, except for changes in accounting policies explained in Note 2.1.

4 CASH AND BALANCES WITH THE U.A.E. CENTRAL BANK

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Balances with the CBUAE		
Current account	**11,833**	12,912
Statutory cash reserve deposit	**339,885**	311,914
Monetary Bills	**457,887**	-
Overnight deposits	**430,000**	610,000
Certificate of deposits	**-**	475,000
	1,239,605	1,409,826
Cash in hand	**84,524**	101,085
	1,324,129	1,510,911

The statutory cash reserve deposit with the CBUAE is not available to finance the day to day operations of the Bank.

5 DUE FROM OTHER BANKS

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Term deposits	**3,000,046**	2,756,204
Loans to financial institutions	**385,665**	165,285
Demand deposits	**27,567**	27,193
Total due from other banks	**3,413,278**	2,948,682
Provision for credit loss	**(2,854)**	(1,553)
Net due from other banks	**3,410,424**	2,947,129

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Gross amounts due from other banks by geographical area		
Within U.A.E.	**3,367,346**	2,921,489
Within GCC	**19,236**	1,037
Other countries	**26,696**	26,156
	3,413,278	2,948,682

All amounts due from other banks were classified as Stage 1 as at 30 June 2021 (31 December 2020: Stage 1) with corresponding ECL of AED 2.85 million at 30 June 2021 (31 December 2020: AED 1.55 million). There was no inter-stage movement in gross balances due from other banks during the period ended 30 June 2021 (31 December 2020: no inter-stage movement).

6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Loans	**6,051,254**	6,224,681
Overdrafts	**1,065,204**	1,401,570
Islamic financing products	**215,449**	232,859
Loans against trust receipts	**132,918**	108,087
Others	**30,351**	24,636
Total loans and advances and Islamic financing receivables	**7,495,176**	7,991,833
Provision for credit loss	**(316,684)**	(352,177)
Net loans and advances and Islamic financing receivables	**7,178,492**	7,639,656
Gross loans and advances and Islamic financing receivables by economic sector		
Wholesale and retail trade	**1,009,275**	1,099,471
Real estate and construction	**2,260,057**	2,488,031
Personal loans and other	**439,491**	485,427
Manufacturing	**378,754**	387,166
Agriculture and allied activities	**1,199**	1,213
Transport and communication	**224,516**	232,786
Financial institutions	**468,213**	535,042
Services and others	**2,713,671**	2,762,697
	7,495,176	7,991,833

All loans and advances and Islamic financing receivables are from customers within U.A.E.

Movement in the gross balances of loans and advances and Islamic financing receivables

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Gross carrying amount as at 31 December 2020	**6,813,529**	**382,877**	**795,427**	**7,991,833**
New assets originated or purchased	**159,177**	**-**	**-**	**159,177**
Assets derecognised or repaid	**(541,146)**	**(56,735)**	**(8,191)**	**(606,072)**
Transfer to Stage 1	**1,245**	**(1,245)**	**-**	**-**
Transfer to Stage 2	**(65,218)**	**71,636**	**(6,418)**	**-**
Transfer to Stage 3	**(1,414)**	**(1,423)**	**2,837**	**-**
Write-off	**-**	**-**	**(49,762)**	**(49,762)**
As at 30 June 2021 (unaudited)	**6,366,173**	**395,110**	**733,893**	**7,495,176**

6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

Movement in the gross balances of loans and advances and Islamic financing receivables (continued)

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Gross carrying amount as at 31 December 2019	7,114,324	773,830	752,678	8,640,832
New assets originated or purchased	249,312	1,052	-	250,364
Assets derecognised or repaid	(528,672)	(227,093)	(19,432)	(775,197)
Transfer to Stage 1	309,111	(309,111)	-	-
Transfer to Stage 2	(118,034)	185,893	(67,859)	-
Transfer to Stage 3	(212,512)	(41,694)	254,206	-
Write off	-	-	(124,166)	(124,166)
As at 31 December 2020	6,813,529	382,877	795,427	7,991,833

Movement in the provision for impairment of loans and advances and Islamic financing receivables:

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
ECL allowances as at 31 December 2020	**112,318**	**39,523**	**200,336**	**352,177**
Net impairment charged during the period	**(1,326)**	**2,306**	**14,930**	**15,910**
Recoveries	**-**	**-**	**(1,641)**	**(1,641)**
Transfer to Stage 1	**52**	**(52)**	-	-
Transfer to Stage 2	**(1,222)**	**1,222**	**-**	**-**
Transfer to Stage 3	**(7)**	**(82)**	**89**	**-**
Write off	**-**	**-**	**(49,762)**	**(49,762)**
Closing Balance as at 30 June 2021 (unaudited)	**109,815**	**42,917**	**163,952**	**316,684**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
ECL allowances as at 31 December 2019	97,146	48,909	231,508	377,563
Net impairment charged during the period	3,161	6,812	97,159	107,132
Recoveries	-	-	(8,352)	(8,352)
Transfer to Stage 1	15,047	(15,047)	-	-
Transfer to Stage 2	(1,469)	1,469	-	-
Transfer to Stage 3	(1,567)	(2,620)	4,187	-
Write off	-	-	(124,166)	(124,166)
Closing Balance as at 31 December 2020 (audited)	112,318	39,523	200,336	352,177

6 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

Grading of loans and advances and Islamic financing receivables along with stages:

	30 June 2021 (Unaudited)			
	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
Performing (Grades 1-8)	**6,366,173**	**69,570**	**-**	**6,435,743**
Performing watchlist (9-12)	**-**	**325,540**	**-**	**325,540**
Sub-standard (Grade 13)	**-**	**-**	**89,505**	**89,505**
Doubtful (Grade 14)	**-**	**-**	**615,207**	**615,207**
Loss (Grades 15)	**-**	**-**	**29,181**	**29,181**
Total gross carrying amount	**6,366,173**	**395,110**	**733,893**	**7,495,176**
Expected credit loss	**(109,815)**	**(42,917)**	**(163,952)**	**(316,684)**
Carrying amount	**6,256,358**	**352,193**	**569,941**	**7,178,492**

	31 December 2020 (Audited)			
	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Performing (Grades 1-8)	6,813,528	32,165	-	6,845,693
Performing watchlist (9-12)	-	350,713	-	350,713
Sub-standard (Grade 13)	-	-	187,688	187,688
Doubtful (Grade 14)	-	-	578,608	578,608
Loss (Grades 15)	-	-	29,131	29,131
Total gross carrying amount	6,813,528	382,878	795,427	7,991,833
Expected credit loss	(112,318)	(39,523)	(200,336)	(352,177)
Carrying amount	6,701,210	343,355	595,091	7,639,656

The non-performing loans as at 30 June 2021 amounted to AED 733.89 million (31 December 2020: AED 795.43 million) which is covered by securities of AED 1,112.18 million (31 December 2020: AED 1,134.73 million) and impairment provision of AED 163.95 million (31 December 2020: AED 200.30 million) aggregating to AED 1,276.13 million (31 December 2020: AED 1,334.73 million) which is 1.74 times (31 December 2020: 1.68 times) of the non-performing loans.

7 INVESTMENT SECURITIES

Investment securities comprise the following:

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Securities at FVTPL		
Quoted equity securities	**15,977**	17,730
Discretionary funds managed by third parties – quoted equity securities	**249**	248
	16,226	17,978
Securities at FVTOCI		
Quoted equity securities	**894,788**	759,593
Unquoted equity securities	**1,362**	747
	896,150	760,340
Securities at amortised cost		
Quoted debt instruments	**168,958**	165,285
Total investment securities	**1,081,334**	943,603
Provision for expected credit loss	**(173)**	(249)
Net investment securities	**1,081,161**	943,354
Gross investment securities by geographical area		
Within U.A.E.	**986,804**	865,038
Within GCC	**57,343**	44,152
Other countries	**37,187**	34,413
	1,081,334	943,603

All debt investment are classified as Stage 1 as at 30 June 2021 (31 December 2020: Stage 1) with corresponding ECL of AED 0.17 million as at 30 June 2021 (31 December 2020: AED 0.25 million). There was no inter-stage movement in investment securities during the period ended 30 June 2021 (31 December 2020: no inter-stage movement).

8 OTHER ASSETS

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Inventory*	**136,754**	63,726
Interest receivable	**29,556**	39,105
Prepayments and deposits	**23,142**	19,157
Others**	**52,199**	129,447
	241,651	251,435

*Inventory represents property acquired in the settlement of debt. The group has recorded an impairment on its inventory amounting to AED 2.95 million during period ended 30 June 2021 (31 December 2020: AED 8.25 million).

**Others include amount of AED 48.89 million (31 December 2020: AED 124.87 million) deposited with the UAE courts for auction bids made by the bank.

9 DUE TO OTHER BANKS

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Borrowing from the U.A.E. Central Bank *	**221,000**	198,560
Demand deposits	**19**	25
	221,019	198,585
By geographical area		
Within U.A.E.	**221,000**	198,560
Outside U.A.E.	**19**	25
	221,019	198,585

* Represents zero cost funding ("ZCF") availed from the U.A.E. Central Bank under the Targeted Economic Support Scheme ("TESS").

10 CUSTOMERS' DEPOSITS AND ISLAMIC CUSTOMERS' DEPOSITS

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Time deposits	**5,123,024**	5,307,100
Current accounts	**2,666,639**	2,616,166
Savings deposits	**189,267**	191,898
Margin deposits	**27,476**	29,420
Islamic customers' deposits	**79,289**	80,274
	8,085,695	8,224,858

All customers' deposits and Islamic customers' deposits are from customers within U.A.E.

11 OTHER LIABILITIES

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Accounts payable	**29,951**	25,638
Interest payable	**16,405**	26,588
Provision for employees' end of service benefits	**18,499**	20,873
Other staff benefits	**3,749**	761
Dividend payable	**10,619**	10,619
Provision for expected credit loss on acceptance	**584**	421
Provision for expected credit loss on commitments and contingencies (Note 13)	**8,133**	7,177
Cheques on shelves	**103,964**	144,481
Others	**16,099**	22,414
	208,003	258,972

12 SHARE CAPITAL

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Issued and fully paid:		
1,848 million ordinary shares of AED 1 each	**1,848,000**	1,848,000

13 COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Guarantees	**1,988,633**	2,362,293
Letters of credit	**106,083**	72,171
	2,094,716	2,434,464
Commitments to extend credit	**1,067,803**	956,972
Others	**188,915**	259,193
	3,351,434	3,650,629
Gross commitments and contingent liabilities by geographical area		
Within the U.A.E.	**3,279,912**	3,632,460
Outside the U.A.E.	**71,522**	18,169
	3,351,434	3,650,629

Movement in the gross balance and corresponding ECL allowances of commitments and contingent liabilities

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
Gross carrying amount as at 31 December 2020	**2,382,538**	**2,252**	**49,674**	**2,434,464**
New assets originated or purchased	**166,422**	**-**	**-**	**166,422**
Assets derecognised or repaid	**(506,170)**	**-**	**-**	**(506,170)**
Transfer to Stage 2	**(346)**	**346**	**-**	**-**
Transfer to Stage 3	**(1,608)**	**-**	**1,608**	**-**
As at 30 June 2021 ***(unaudited)***	**2,040,836**	**2,598**	**51,282**	**2,094,716**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Gross carrying amount - 1 January 2020	3,787,709	22,259	49,977	3,859,945
Net movement during the period	(1,420,317)	(4,861)	(303)	(1,425,481)
Transferred from Stage 1	15,146	(15,146)	-	-
As at 31 December 2020 *(audited)*	2,382,538	2,252	49,674	2,434,464

13 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Movement in the provision for impairment of commitments and contingent liabilities (included in other liabilities)

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
ECL allowances as at 31 December 2020	**7,171**	**6**	**-**	**7,177**
Net impairment charged during the period	**1,555**	**5**	**-**	**1,560**
Assets derecognised or repaid	**(594)**	**-**	**(10)**	**(604)**
Transferred from stage 3	**(10)**	**-**	**10**	**-**
Closing balance as at 30 June 2021 *(unaudited)*	**8,122**	**11**	**-**	**8,133**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
ECL allowances – 1 January 2020	3,324	189	-	3,513
Transferred from Stage 1	158	(158)	-	-
Net movement during the period	3,689	(25)	-	3,664
Closing balance as at 31 December 2020 *(audited)*	7,171	6	-	7,177

Grading of commitments and contingent liabilities along with stages:

	30 June 2021 (Unaudited)			
	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
Performing (Grades 1-8)	**2,040,837**	**-**	**-**	**2,040,837**
Performing watchlist (9-12)	**-**	**2,597**	**-**	**2,597**
Sub-standard (Grade 13)	**-**	**-**	**360**	**360**
Doubtful (Grade 14)	**-**	**-**	**10,765**	**10,765**
Loss (Grades 15)	**-**	**-**	**40,157**	**40,157**
Total gross carrying amount	**2,040,837**	**2,597**	**51,282**	**2,094,716**
Expected credit loss	**(8,122)**	**(11)**	**-**	**(8,133)**
Carrying amount	**2,032,715**	**2,586**	**51,282**	**2,086,583**

	31 December 2020 (audited)			
	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Performing (Grades 1-8)	2,382,538	-	-	2,382,538
Performing watchlist (9-12)	-	2,252	-	2,252
Sub-standard (Grade 13)	-	-	285	285
Doubtful (Grade 14)	-	-	10,765	10,765
Loss (Grades 15)	-	-	38,624	38,624
Total gross carrying amount	2,382,538	2,252	49,674	2,434,464
Expected credit loss	(7,171)	(6)	-	(7,177)
Carrying amount	2,375,367	2,246	49,674	2,427,287

At 30 June 2021, the group has capital commitments of AED 3.04 million (31 December 2020: AED 3.34 million).

14 NET IMPAIRMENT LOSSES

	Six months period ended 30 June (Unaudited)	
	2021 AED'000	*2020 AED'000*
Loans and advances and Islamic financing receivables	**15,910**	69,620
Due from other banks	**1,301**	997
Investment securities	**(76)**	65
Customers' acceptances	**163**	(132)
Commitments and contingencies	**956**	679
Property valuation – Impairment	**2,950**	1,350
Total impairment charged	**21,204**	72,579
Recoveries from loans and advances and Islamic financing receivables	**(1,641)**	(2,109)
	19,563	70,470

15 BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to shareholders by the average number of ordinary shares in issue during the year.

	Three months period ended 30 June (Unaudited)		*Six months period ended 30 June (Unaudited)*	
	2021 AED '000	*2020 AED '000*	***2021 AED '000***	*2020 AED '000*
Profit for the period (in AED '000)	**54,993**	54,420	**131,480**	127,236
Weighted average number of shares ('000)	**1,848,000**	1,848,000	**1,848,000**	1,848,000
Basic earnings per share (in AED)	**0.03**	0.03	**0.07**	0.07

There were no potential dilutive shares as at 30 June 2021 and 30 June 2020.

16 DIVIDENDS

At the Annual General Meeting held on 28 March 2021, the Shareholders approved dividend of 8% amounting to AED 147.84 million in respect of the year ended 31 December 2020 (2019: AED 203.28 million).

17 CASH AND CASH EQUIVALENTS

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Cash and balances with the CBUAE (Note 4)	**1,324,129**	1,510,911
Due from other banks (Note 5)	**3,413,278**	2,948,682
Statutory cash reserve deposit (Note 4)	**(339,885)**	(311,914)
Due from other bank and Certificates of deposits with original maturity over 3 months	**(608,665)**	(640,285)
Due to other banks (Note 9)	**(221,019)**	(198,585)
	3,567,838	3,308,809

18 RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of business with related parties, defined as shareholders who have a significant equity interest in the Group, all Directors of the Group and companies in which such shareholders and Directors have a significant interest and key management personnel of the Group.

During the period, the Group entered into the following significant transactions with related parties in the ordinary course of business.

	Six months period ended 30 June (unaudited)	
	2021 AED'000	*2020 AED'000*
Interest income	**888**	3,331
Interest expense	**14,004**	24,984
Remuneration of key management personnel	**1,839**	1,382
Other income	**44**	59
Directors' fees	**1,500**	1,500

Remuneration of key management personnel

	2021 AED'000	*2020 AED'000*
Salaries and other short-term benefits	**1,799**	1,330
Employee end of service benefits	**40**	52

The Group has entered into transactions with related parties which were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties.

Outstanding balances at the end of reporting date from transactions with related parties are as follows:

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Loans and advances and Islamic financing receivables	**68,825**	82,798
Customer deposits and Islamic customer deposits	**2,913,334**	2,728,217
Irrevocable commitments and contingent liabilities	**251,348**	260,229

18 RELATED PARTY TRANSACTIONS (continued)

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Key Management		
Loans and advances and Islamic financing receivables	**-**	534
Customer deposits and Islamic customer deposits	**658**	412

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 61.15 million (31 December 2020: AED 61.15 million). All loans and advances to related parties are classified as Stage 1 (31 December 2020: Stage 1) with corresponding ECL of AED 3.06 million. (31 December 2020: AED 1.88 million)

19 BUSINESS SEGMENTS

The Group is organised into three main business segments:

Retail and corporate banking - wherein retail banking comprises private customer current accounts, savings accounts, deposits, credit and debit cards, customer loans and mortgages. Corporate banking involves transactions with corporate bodies including government and public bodies and comprises loans, advances, deposits and trade finance transactions.

Treasury and investments - incorporating the activities of the dealing room, related money market, foreign exchange transactions with other banks and financial institutions including the U.A.E. Central Bank and operations by the Bank's Head Office as a whole, none of which mutually constitute a separately reportable segment.

Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income and expense arising between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the condensed consolidated statement of financial position items.

Primary segment information

	Retail and corporate banking AED' 000	***Treasury and investments AED' 000***	***Other AED' 000***	***Total AED' 000***
Six months period ended 30 June 2021 (Unaudited)				
Net interest income and income from Islamic products net of distribution to depositors	134,867	5,416	-	140,283
Non-Interest income (Net)	23,987	1,684	16,345	42,016
Gross income	158,854	7,100	16,345	182,299
Operating expenses	(17,368)	(1,056)	(46,570)	(64,994)
Investment gains	-	33,484	-	33,484
Provision for impairment on financial assets	(15,388)	(1,225)	(2,950)	(19,563)
Share of results from an associate	-	-	254	254
Segment result	126,098	38,303	(32,921)	131,480
As at 30 June 2021 (Unaudited)				
Segment assets	**7,423,544**	**5,393,490**	**730,623**	**13,547,657**
Segment liabilities and equity	**8,108,667**	**414,924**	**5,024,066**	**13,547,657**

19 BUSINESS SEGMENTS (continued)

Primary segment information (continued)

	Retail and corporate banking AED' 000	*Treasury and investments AED' 000*	*Other AED' 000*	*Total AED' 000*
Six months period ended 30 June 2020 (Unaudited)				
Net interest income and income from Islamic products net of distribution to depositors	159,753	25,092	-	184,845
Non-interest income (Net)	30,478	1,566	7,894	39,938
Gross income	190,231	26,658	7,894	224,783
Operating expenses	(21,249)	(1,047)	(44,040)	(66,336)
Investment gains	-	39,364	-	39,364
Provision for impairment on financial assets	(68,780)	(1,142)	(548)	(70,470)
Share of results from an associate	-	-	(105)	(105)
Segment result	100,202	63,833	(36,799)	127,236
As at 30 June 2020 (Unaudited)				
Segment assets	8,026,888	5,455,990	570,590	14,053,468
Segment liabilities and equity	8,592,642	716,572	4,744,254	14,053,468

20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20 FAIR VALUE MEASUREMENTS (continued)

Fair value of financial instruments carried at amortised cost
The fair value of the quoted debt instruments at 30 June 2021 amounted to AED 169.15 million (31 December 2020: AED 165.90 million). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Management believes that fair value of other financial instruments carried at amortized cost, are not materially different from their carrying values at the end of the reporting period.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2020. The quoted securities are valued using the prices from active market. The unquoted securities are valued using Internal valuation and models.

Fair value of the Group's financial assets that are measured at fair value on recurring basis
Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

	Fair value as at		
Financial assets	***30 June 2021 (unaudited) AED '000***	*31 December 2020 (audited) AED '000*	***Fair value hierarchy***
Financial assets at FVTPL			
Quoted equity Securities	**15,977**	17,730	Level 1
Discretionary funds managed by third parties – quoted equity securities	**249**	248	Level 1
Financial assets at FVTOCI			
Quoted equity securities	**857,602**	725,279	Level 1
Unquoted equity securities	**38,548**	35,061	Level 3
Positive fair value of derivatives	**4.2**	211	Level 2
Negative fair value of derivatives	**0.3**	2	Level 2

There were no transfers between each of level during the year. There are no financial liabilities which should be categorised under any of the level in above table.

21 SEASONALITY OF RESULTS

Investment income includes dividend income of AED 35.24 million for the six months period ended 30 June 2021 (30 June 2020: AED 41.76 million), which is of a seasonal nature.

22 CAPITAL ADEQUACY RATIOS

Capital element	**Basel III Minimum requirement**	**As at 30 June 2021**	**As at 31 December 2020**
Common equity tier 1 ratio (Including Buffers)	9.50%	41.24%	40.34%
Tier 1 capital ratio (Including Buffers)	11.00%	41.24%	40.34%
Capital adequacy ratio (Including Buffers)	13.00%	42.36%	41.45%

23 DERIVATIVES

	30 June 2021 (Unaudited)			*31 December 2020 (Audited)*		
	Positive fair value AED'000	***Negative fair value AED'000***	***Notional amount AED'000***	*Positive fair value AED 000*	*Negative fair value AED 000*	*Notional amount AED 000*
Foreign currency forward contracts	**4.2**	**0.3**	**165,817**	211	2	257,674
Total	**4.2**	**0.3**	**165,817**	211	2	257,674

24 RISK MANAGEMENT

COVID- 19 and Expected Credit Losses (ECL)

The economic fallout of COVID-19 crisis continues to evolve. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact on corporates and individuals. The relief measures include liquidity support, payment moratoriums to customers and capital relief by the U.A.E. Central Bank ("CBUAE").

The Bank in its ECL computations has taken into consideration the guidelines issued by CBUAE on TESS and 'Treatment of IFRS9 Expected Credit Loss in the context of Covid-19 crisis' as well as the guidance issued by the International Accounting Standards Board (IASB). Further, the Bank has robust governance in place to ensure the appropriateness of the IFRS 9 framework and resultant ECL estimates at all times. The Bank has also reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS9 ECL measurement in light of available information.

As at 30 June 2021, the Bank hold probability of pessimistic scenario to 40% while the probability of the upturn scenario is 20%.

As per the CBUAE requirements, the Bank has divided its customers benefitting from payment deferrals into two groups as follows:

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

- *Group 2: includes those customers that are expected to face substantial changes in their creditworthiness, in addition to liquidity issues that will be addressed by payment deferrals. For these customers, there is sufficient deterioration in credit risk to trigger IFRS 9 stage migration. The Group continues to monitor the creditworthiness of these customers, particularly indications of potential inability to pay any of their obligations as and when they become due.*

Accordingly, all staging and grouping decisions are subject to regular review to ensure these reflect an accurate view of the Bank's assessment of the customers' creditworthiness, staging and grouping as of the reporting date.

24 RISK MANAGEMENT (continued)

COVID- 19 and Expected Credit Losses (ECL) (continued)

Analysis of customers benefiting from payment deferrals under TESS
Below table contains analysis of the deferral amount and outstanding balances of customers benefiting from the TESS program:

Deferral amount and outstanding balances as at 30 June 2021:

Loans and advances and Islamic financing receivables

	Wholesale AED'000	***Retail AED'000***	***Total AED'000***
Gross exposure	**2,161,002**	**1,331**	**2,162,333**
Deferral amount	**215,832**	**200**	**216,032**
Number of customers	**50**	**2**	**52**

Group wise break up

Loans and advances and Islamic financing receivables

	Group 1 AED'000	***Group 2 AED'000***	***Total AED'000***
Gross exposure	**2,005,492**	**156,841**	**2,162,333**
ECL	**(37,601)**	**(19,188)**	**(56,789)**
Net exposure	**1,967,891**	**137,653**	**2,105,544**

Sectoral composition of ECL for customers benefitting from payment deferrals under TESS:

Economic Sector	***Exposure AED'000***	***ECL AED' 000***
Wholesale and retail trade	181,726	7,797
Real estate and construction	570,649	9,496
Personal loans and other	259,209	7,052
Manufacturing	65,590	1,518
Transport and communication	12,307	204
Services and other	1,072,852	30,722
Grand Total	**2,162,333**	**56,789**

By Product	***Gross exposure AED'000***	***ECL AED' 000***
Term Loans	1,951,898	48,344
Loans against trust receipts	210,435	8,445
Grand Total	**2,162,333**	**56,789**

24 RISK MANAGEMENT (continued)

Movement in the gross balances of loans and advances and Islamic financing receivables deferred under TESS:

	Stage1 *AED'000*	*Stage2* *AED'000*	*Stage3* *AED'000*	*Total* *AED'000*
Gross carrying amount as at 1 January 2021	**1,787,871**	**97,021**	**-**	**1,884,892**
New assets originated or purchased	**190,122**	**87,319**	**-**	**277,441**
Exposure as at 30 June 2021	**1,977,993**	**184,340**	**-**	**2,162,333**

Movement in the provision for impairment of loans and advances and Islamic financing receivables deferred under TESS

	Stage1 *AED'000*	*Stage2* *AED'000*	*Stage3* *AED'000*	*Total* *AED'000*
ECL allowances as at 1 January 2021	**40,333**	**7,731**	**-**	**48,064**
New assets originated or purchased	**(6,322)**	**15,047**	**-**	**8,725**
ECL as at 30 June 2021	**34,011**	**22,778**	**-**	**56,789**

25 GENERAL RESERVE

The Group maintains a general reserve and the contributions to this reserve are made at the discretion of the Directors. This reserve may be utilised for any purpose to be determined by a resolution of the shareholders of the Group at an Ordinary General Meeting.

Impairment Reserve under the CBUAE
The CBUAE issued its IFRS 9 guidance on 30 April 2018 via notice no. CBUAE/BSD/2018/458 addressing various implementation challenges and practical implications for banks adopting IFRS 9 in the UAE (the "Guidance"). Pursuant to clause 6.4 of the guidance, the reconciliation between general and specific provision under circular 28/2010 of CBUAE and IFRS 9 is as follows:

	30 June 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Impairment Reserve: General		
General Provisions under Circular 28/2010 of CBUAE	**147,438**	149,022
Less: Stage 1 & Stage 2 provisions under IFRS 9	**152,732**	151,841
Impairment Reserve: General*	**-**	-
Impairment Reserve: Specific		
Specific Provisions under Circular 28/2010 of CBUAE	**163,952**	200,336
Less: Stage 3 provisions under IFRS 9	**(163,952)**	(200,336)
Impairment Reserve: Specific*	**-**	-

***** In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.

26 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in these condensed consolidated interim financial statements.