



REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

January 1, 2020 to June 30, 2020



The National Bank of Ras Al-Khaimah (P.S.C.)



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Review report on condensed consolidated interim financial information to the Board of Directors of The National Bank of Ras Al-Khaimah (P.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of The National Bank of Ras Al-Khaimah (P.S.C.) ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and six-month periods then ended, and the condensed consolidated interim statements of changes in equity and cash flows for the six-month periods then ended, and other explanatory information. Management is responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

Scope of our review

We conducted our review in accordance with International Standards on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

PricewaterhouseCoopers
5 August 2020

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Condensed consolidated interim statement of financial position as at 30 June 2020

	Notes	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
ASSETS			
Cash and balances with UAE Central Bank	4	3,722,324	4,785,504
Due from other banks, net	5	7,170,547	6,593,233
Investment securities, net	6	7,894,187	8,141,433
Loans and advances, net	7	32,553,542	34,550,563
Insurance contract assets and receivables, net		458,932	440,481
Customer acceptances		121,968	424,265
Other assets	8	1,288,637	1,009,125
Property and equipment		814,774	831,630
Right-of-use assets	31	151,042	176,939
Goodwill and other intangible assets		166,386	166,386
Total assets		54,342,339	57,119,559
LIABILITIES AND EQUITY			
Liabilities			
Due to other banks	9	4,476,833	4,977,055
Deposits from customers	10	35,059,420	36,826,360
Customer acceptances		121,968	424,265
Debt securities issued and other long term borrowing	11	4,893,568	4,888,881
Insurance contract liabilities and payables		594,414	556,374
Other liabilities	12	1,548,700	1,453,357
Lease liabilities	32	135,029	151,710
Total liabilities		46,829,932	49,278,002
Equity			
Share capital	13	1,676,245	1,676,245
Legal reserve		950,431	950,431
Retained earnings		1,817,634	2,015,353
Other reserves		3,028,744	3,161,700
Equity attributable to owners of the Bank		7,473,054	7,803,729
Non-controlling interests		39,353	37,828
Total equity		7,512,407	7,841,557
Total Liabilities and Equity		54,342,339	57,119,559



Peter William England
 Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of profit or loss (un-audited) for the period from 1 January 2020 to 30 June 2020

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2020 (un-audited) AED'000	2019 (un-audited) AED'000	2020 (un-audited) AED'000	2019 (un-audited) AED'000
Interest income	16	675,128	797,146	1,404,397	1,578,126
Interest expense	16	(117,921)	(189,574)	(261,431)	(362,169)
Net interest income		557,207	607,572	1,142,966	1,215,957
Income from Islamic financing	17	148,683	126,149	300,665	237,722
Distribution to depositors	17	(39,342)	(38,001)	(80,964)	(74,158)
Net income from Islamic financing		109,341	88,148	219,701	163,564
Net interest income and net income from Islamic financing		666,548	695,720	1,362,667	1,379,521
Net fees and commission income	18	142,069	196,898	332,258	397,482
Foreign exchange & derivative income		39,369	56,243	99,185	122,065
Gross insurance underwriting profit		14,624	8,225	26,591	20,856
Investment income	19	13,031	16,855	38,493	33,671
Other operating income		27,125	18,772	44,731	40,131
Non-interest income		236,218	296,993	541,258	614,205
Operating income		902,766	992,713	1,903,925	1,993,726
General and administrative expenses	20	(338,680)	(395,832)	(705,941)	(780,362)
Operating profit before provision for credit loss		564,086	596,881	1,197,984	1,213,364
Provision for credit loss, net	21	(410,966)	(312,115)	(891,366)	(658,438)
Profit for the period		153,120	284,766	306,618	554,926
Attributed to:					
Owners of the Bank		152,055	284,773	305,154	554,511
Non-controlling interests		1,065	(7)	1,464	415
Profit for the period		153,120	284,766	306,618	554,926
Earnings per share:					
Basic and diluted in AED	22	0.09	0.17	0.18	0.33

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (un-audited) for the period from 1 January 2020 to 30 June 2020

	Three months period ended 30 June		Six months period ended 30 June	
	2020 (un-audited) AED'000	2019 (un-audited) AED'000	2020 (un-audited) AED'000	2019 (un-audited) AED'000
Profit for the period	153,120	284,766	306,618	554,926
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Loss on sale of equity investments held at fair value through other comprehensive income	-	(7,054)	-	(17,568)
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (equity instruments)	15,196	14,069	(49,488)	22,857
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (debt instruments)	217,385	29,818	(75,540)	64,328
Loss/ (profit) on sale of debt instruments transferred to profit and loss	(4,000)	(2,996)	(18,154)	(6,613)
Net changes in fair value arising from cash flow hedges	(15,016)	(3,960)	10,287	7,983
Other comprehensive income / (loss) for the period	213,565	29,877	(132,895)	70,987
Total comprehensive income for the period	366,685	314,643	173,723	625,913
Attributed to:				
Owners of the Bank	364,620	314,304	172,198	624,792
Non-controlling interests	2,065	339	1,525	1,121
Total comprehensive income for the period	366,685	314,643	173,723	625,913

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity for the period from 1 January 2020 to 30 June 2020

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Other reserves AED'000	Equity attributable to owners of the Bank AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 31 December 2018 (audited)	1,676,245	950,431	1,479,856	3,007,575	7,114,107	45,868	7,159,975
Prior year adjustment related to insurance business	-	-	(25,427)	-	(25,427)	(6,665)	(32,092)
Restated opening balance as at 1 January 2019	1,676,245	950,431	1,454,429	3,007,575	7,088,680	39,203	7,127,883
Profit for the period	-	-	554,511	-	554,511	415	554,926
Other comprehensive income	-	-	(17,568)	87,849	70,281	706	70,987
Total comprehensive income for the period	-	-	536,943	87,849	624,792	1,121	625,913
Dividend paid	-	-	(502,873)	-	(502,873)	(2,285)	(505,158)
Directors' remuneration	-	-	(4,673)	-	(4,673)	-	(4,673)
At 30 June 2019 (un-audited)	1,676,245	950,431	1,483,826	3,095,424	7,205,926	38,039	7,243,965
Balance at 31 December 2019 (audited)	1,676,245	950,431	2,015,353	3,161,700	7,803,729	37,828	7,841,557
Profit for the period	-	-	305,154	-	305,154	1,464	306,618
Other comprehensive income	-	-	-	(132,956)	(132,956)	61	(132,895)
Total comprehensive income for the period	-	-	305,154	(132,956)	172,198	1,525	173,723
Dividend paid	-	-	(502,873)	-	(502,873)	-	(502,873)
At 30 June 2020 (un-audited)	1,676,245	950,431	1,817,634	3,028,744	7,473,054	39,353	7,512,407

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (un-audited) for the period from 1 January 2020 to 30 June 2020

	Six months period ended 30 June	
	2020 (un-audited) AED'000	2019 (un-audited) AED'000
<i>Cash flows from operating activities</i>		
Profit for the period	306,618	554,926
Adjustments:		
Provision for credit losses, net	891,366	658,438
Depreciation of property and equipment	57,859	55,146
Depreciation of Right-of-use assets	18,257	19,411
Interest cost on lease liability	2,875	3,877
Amortization of intangible assets	-	1,337
Gain on disposal of property and equipment	(3)	(58)
Amortization of discount relating to investments securities	(84,882)	(55,357)
Gain on sale of investment securities	(45,464)	(15,688)
Fair value gain of investment securities	(16,986)	(41,244)
Amortization premium of debt securities	4,688	11,033
	1,134,328	1,191,821
Changes in operating assets and liabilities		
Decrease / (Increase) in deposits with the UAE Central Bank	750,508	(1,290,424)
Decrease / (Increase) in due from other banks with original maturities of three month or over	404,012	(804,651)
Decrease / (Increase) in loans and advances, net	1,111,726	(1,378,505)
Increase in insurance contract assets & receivables	(23,319)	(40,215)
Decrease / (Increase) in other assets	22,757	(261,410)
Decrease in due to other banks	(500,222)	(887,161)
Increase / (decrease) in deposits from customers	(1,766,940)	4,729,373
Increase in insurance contract liabilities and payables	38,040	41,173
Increase / (decrease) in other liabilities	(193,166)	336,236
Net cash generated from operating activities	977,724	1,636,237
<i>Cash flows from investing activities</i>		
Purchase of investment securities	(3,761,568)	(3,658,825)
Proceeds from maturity/disposal of investment securities	4,008,444	3,707,844
Purchase of property and equipment	(41,003)	(38,352)
Proceeds from disposal of property and equipment	3	58
Net cash generated from investing activities	205,876	10,725
<i>Cash flows from financing activities</i>		
Dividends paid	(502,873)	(505,158)
Directors' remuneration	-	(4,673)
Payment for rentals on lease contracts	(11,887)	(21,283)
Payment of debt security and other borrowings	-	(2,562,803)
Issue of debt security and other borrowings	-	2,609,946
Net cash used in financing activities	(514,760)	(483,971)
Net increase in cash and cash equivalents	668,840	1,162,991
Cash and cash equivalents, beginning of the period	1,903,424	2,422,692
Cash and cash equivalents, end of the period (Note 24)	2,572,264	3,585,683

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020

1. Incorporation and Principal Activities

The National Bank of Ras Al-Khaimah (P.S.C.) [the “Bank”] is a public shareholding company incorporated in the Emirate of Ras Al-Khaimah in the United Arab Emirates (“UAE”). The head office of the Bank is located at the National Bank of Ras Al-Khaimah building, Al Rifa area, Exit No. 129, Sheikh Mohammed Bin Zayed Road, Ras Al-Khaimah, UAE.

The Bank is engaged in providing retail and commercial banking services through a network of thirty six branches in the UAE.

At 30 June 2020, The National Bank of Ras Al-Khaimah (P.S.C) comprises the Bank and five subsidiaries (together referred to as the “Group”). The condensed consolidated interim financial information for the six month period ended 30 June 2020 comprises the Bank and following direct subsidiaries:

<i>Subsidiary</i>	<i>Authorized & Ownership issued capital</i>	<i>Ownership interest</i>	<i>Incorporated</i>	<i>Principal Activities</i>
Ras Al Khaimah National Insurance Company PSC	AED 121.275 million	79.23%	UAE	All type of insurance business.
BOSS FZCO	AED 500,000	80%*	UAE	Back office support services to the Bank.
RAK Technologies FZCO	AED 500,000	80%*	UAE	Technological support services to the Bank.
Rakfunding Cayman Limited	Authorized USD 50,000 Issued USD 100	100%	Cayman Islands	To facilitate the issue Euro medium term notes (EMTN) under the Bank’s EMTN program.
Rak Global Markets Cayman Limited	Authorized USD 50,000 Issued USD 1	100%	Cayman Islands	To facilitate Treasury transactions.

*These represent legal ownership of the Bank. However, beneficial ownership is 100% as the remaining interest is held by a related party on trust and for the benefit of the Bank.

2. Application of new and revised International Financial Reporting Standards (“IFRS”)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.
- Amendments to Conceptual framework – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
 - increasing the prominence of stewardship in the objective of financial reporting
 - reinstating prudence as a component of neutrality
 - defining a reporting entity, which may be a legal entity, or a portion of an entity
 - revising the definitions of an asset and a liability
 - removing the probability threshold for recognition and adding guidance on derecognition
 - adding guidance on different measurement basis, and
 - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<i>New and revised IFRSs</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 17 Insurance Contracts	January 1, 2023

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

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. January 1, 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated interim financial information as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

3. Significant accounting policies

The significant accounting policies applied in the preparation of this condensed consolidated interim financial information are set out below. These policies have been consistently applied for the period/years presented, unless otherwise stated.

(a) Basis of preparation

The condensed consolidated interim financial information of the Group is prepared under the historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The condensed consolidated interim financial information is prepared in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”), issued by the International Accounting Standard Board (IASB) and also complies with the applicable requirements of the laws in the U.A.E.

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2019.

As required by the Securities and Commodities Authority of the U.A.E. (“SCA”) Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties have been disclosed in the condensed consolidated interim financial information.

The condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2019. In addition, results for the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

(b) Consolidation

The condensed consolidated financial information incorporates the condensed consolidated financial information of National Bank of Ras Al-Khaimah (P.S.C.) and its subsidiaries (collectively referred to as “Group”).

i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

3. Significant accounting policies (continued)

(b) Consolidation (continued)

ii) Transactions eliminated on consolidation

Intra-group balances and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial information. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

iii) Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest, and the Group allocates the purchase price to these net assets acquired. The measurement period for purchase price allocations ends as soon as information on the facts and circumstances becomes available but does not exceed 12 months. The Group policy is aligned with that laid out in IFRS 3.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services which are charged to the income statement.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

(c) Islamic financing

The Group engages in Shari'ah compliant Islamic banking activities through various Islamic instruments such as Murabaha, Salam, Mudaraba, and Wakala. The accounting policy for initial recognition, subsequent measurement and derecognition of Islamic financial assets and liabilities are below:

i) Murabaha financing

A sale contract whereby the Group sells to a customer commodities and other assets at an agreed upon profit mark up on cost. The Group purchases the assets based on a promise received from customer to buy the item purchased according to specific terms and conditions. Profit from Murabaha is quantifiable at the commencement of the transaction. Such income is recognized as it accrues over the period of the contract on effective profit rate method on the balance outstanding.

3. Significant accounting policies (continued)

(c) Islamic financing (continued)

ii) Salam

Bai Al Salam is a Sale contract where the Customer (Seller) undertakes to deliver/supply a specified tangible asset to the Group (Buyer) at mutually agreed future date(s) in exchange for an advance price fully paid on the spot by the buyer.

Revenue on Salam financing is recognized on the effective profit rate basis over the period of the contract, based on the Salam capital outstanding.

iii) Mudaraba

A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal- customer) and the other party (the Mudarib- the Group) invests the funds in a project or a particular activity and any profits generated are distributed between the parties according to the profit shares that were pre-agreed in the contract. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba, otherwise, losses are borne by the Rab Al Mal.

iv) Wakala

An agreement between the Group and customer whereby one party (Rab Al Mal - principal) provides a certain sum of money to an agent (Wakil), who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Group may be Wakil or Rab Al Mal depending on the nature of the transaction.

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

v) Ijara

Ijara financing is a finance lease agreement whereby the Group (lessor) leases an asset based on the customer's (lessee) request and promise to lease the assets for a specific period in lieu of rental instalments. Ijara ends in transferring the ownership of the asset to the lessee at the end of the lease inclusive of the risks and rewards incident to an ownership of the leased assets. Ijara assets are stated at amounts equal to the net investment outstanding in the lease including the income earned thereon less impairment provisions.

(d) Cash and cash equivalents

In the condensed consolidated statement of cash flows, cash and cash equivalents include cash on hand, money in current and call accounts and placements with original maturity of less than three months excluding the statutory deposit required to be maintained with the UAE Central Bank.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

4. Cash and balances with UAE Central Bank

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Cash in hand	730,804	867,233
Balances with the UAE Central Bank	103,121	279,364
Statutory deposit with the UAE Central Bank (a)	1,813,399	3,238,907
Certificates of deposit with the UAE Central Bank (b)	1,075,000	400,000
	3,722,324	4,785,504

- (a) The statutory deposit with the UAE Central Bank is not available to finance the day to day operations of the Group.
- (b) Central bank certificates of deposit with value of AED 291.76 million have been given as collateral for zero cost repurchase agreement of AED 291.76 million under UAE Central bank Targeted Economic Support Scheme ("TESS") programme (note 9)

5. Due from other banks, net

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Placements with other banks	1,145,801	447,445
Demand deposits	1,022,845	455,628
Banker's acceptances	2,133,657	2,812,694
Syndicated loans	2,846,893	2,845,259
Others	50,617	61,287
Total due from other banks	7,199,813	6,622,313
Provision for credit loss	(29,266)	(29,080)
Net due from other banks	7,170,547	6,593,233

The below represents deposits and balances due from:

Banks in UAE	838,220	478,977
Banks outside UAE	6,361,593	6,143,336
Total due from other banks	7,199,813	6,622,313

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

6 Investment securities, net

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Securities at fair value through other comprehensive income		
Quoted equity securities	214,113	161,776
Unquoted equity securities	2,612	2,612
Quoted debt securities*	2,727,257	2,453,870
	2,943,982	2,618,258
Securities at fair value through profit or loss		
Quoted funds	32,184	37,641
Unquoted funds	40,326	42,083
Quoted debt securities	32,877	257,418
	105,387	337,142
Securities held at amortised cost		
Quoted debt securities*	4,321,143	4,749,913
Unquoted debt securities	547,508	464,386
	4,868,651	5,214,299
Total investment securities	7,918,020	8,169,699
Provision for credit loss	(23,833)	(28,266)
Net investment securities	7,894,187	8,141,433

*As at 30 June 2020, quoted debt securities with fair value of AED 967 million (31 December 2019: AED 1,637 million) have been given as collateral against repo borrowings of AED 952 million (31 December 2019: AED 1,594 million). Also quoted debt securities with fair value of AED 1,369.44 million as at 30 June 2020 (31 December 2019: Nil) have been given as collateral for UAE Central Bank zero cost term deposit under "TESS" programme [Note 9].

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

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Federal and local Government – UAE	565,670	441,515
Government related entity - UAE	1,185,021	1,088,673
Government - GCC	599,422	1,165,760
Government - other	1,360,311	1,528,764
Banks and financial institutions - UAE	587,934	713,749
Banks and financial institutions - GCC	335,673	244,607
Banks and financial institutions - other	1,347,177	1,265,947
Public limited companies - UAE	439,169	458,536
Public limited companies - GCC	334,142	294,522
Public limited companies - other	874,266	723,514
Total debt securities	7,628,785	7,925,587
Quoted equity securities	214,113	161,776
Quoted funds	32,184	37,641
Unquoted funds	40,326	42,083
Unquoted equity securities	2,612	2,612
Total investment securities	7,918,020	8,169,699

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

7 Loans and advances, net

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
(a) Loans and advances:		
Retail banking loans	17,429,987	18,715,661
Wholesale banking loans	9,366,526	9,418,422
Business banking loans	7,757,749	8,128,045
Total loans and advances [Note 7(b)]	34,554,262	36,262,128
Provision for impairment [Note 7(c)]	(2,000,720)	(1,711,565)
Net loans and advances	32,553,542	34,550,563

(b) Analysis of loans and advances:

Personal loans	6,789,322	7,222,957
Mortgage loans	5,388,756	5,380,041
Credit cards	2,493,202	3,121,075
Auto loans	691,977	868,125
Business banking RAK finance loans	3,921,369	4,099,197
Business banking other loans	3,836,380	4,028,848
Wholesale banking loans	9,366,526	9,418,422
Other retail loans	2,066,730	2,123,463
Total loans and advances	34,554,262	36,262,128

(c) Provision for credit loss:

Balance at the beginning of the period/year	1,711,565	1,966,612
Impairment allowance for the period/year	920,333	1,399,022
Written-off during the period/year	(631,178)	(1,654,069)
Balance at the end of the period/year	2,000,720	1,711,565

(d) Provision for credit loss /release on loans and advances, net of recovery - for the six months period ended:

	30 June 2020 (un-audited) AED'000	30 June 2019 (un-audited) AED'000
Impairment allowance for the period	920,333	695,307
Net recovery during the period	(35,040)	(42,412)
Net impairment charge for the period (Note 21)	885,293	652,895

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

7 Loans and advances, net (continued)

(e) Provision for credit loss/release on loans and advances, net of recovery - for the three months period ended:

	30 June 2020 (un-audited) AED'000	30 June 2019 (un-audited) AED'000
Impairment allowance for the period	420,152	329,065
Net recovery during the period	(9,202)	(17,622)
Net impairment charge for the period (Note 21)	410,950	311,443

(f) Islamic financing assets

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

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
i) Islamic financing assets		
Islamic retail financing assets	3,373,419	3,508,781
Islamic business banking assets	2,103,596	2,043,967
Islamic wholesale banking assets	1,276,373	1,083,011
Total Islamic financing assets	6,753,388	6,635,759
Provision for credit loss	(328,651)	(288,385)
	6,424,737	6,347,374

ii) Analysis of Islamic financing assets

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Islamic Salam personal finance	2,301,273	2,390,269
Islamic auto Murabaha	117,642	160,162
Islamic Business banking finance	2,103,596	2,043,967
Islamic Ijara property finance	881,601	869,109
Islamic credit cards	72,179	86,731
Islamic wholesale banking	1,276,373	1,083,011
Islamic finance - other	724	2,510
	6,753,388	6,635,759

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

8 Other assets

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Interest receivable	297,359	322,003
Profit receivable on Islamic financing assets	49,972	63,618
Prepayments and deposits	67,568	48,231
Interest rate swaps and other derivatives	607,733	338,403
Insurance related receivables and assets	31,195	42,312
Gold on hand	81,867	33,069
Islamic profit paid in advance	18,212	18,977
Other	134,731	142,512
	1,288,637	1,009,125

9 Due to other banks

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Term borrowings	2,100,360	3,306,567
Repurchase agreements (Note 6)	951,937	1,593,659
UAE Central Bank zero cost repurchase agreement under "TESS" programme*	1,421,771	-
Demand deposits	2,765	76,829
	4,476,833	4,977,055

***Breakdown of UAE Central bank zero cost repurchase agreements (Repo)**

	AED'000
UAE Central Bank zero cost repo against quoted debt securities	1,130,011
UAE Central Bank zero cost repo against central bank certificate of deposit	291,760
	1,421,771

Under UAE Central Bank Targeted Economic Support Scheme ("TESS") programme the Bank has received zero cost deposits totalling AED 1,421.77 million. Central bank certificates of deposit of AED 291.76 million and quoted debt securities with fair value of AED 1,369.44 million as at 30 June 2020 have been given as collateral.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

10 Deposits from customers

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Time deposits	11,074,782	13,891,359
Current accounts	19,289,744	18,434,769
Saving deposits	3,457,724	3,275,754
Call deposits	1,237,170	1,224,478
	35,059,420	36,826,360

Deposits include AED 1,405 million (31 December 2019: AED 1,420 million) held by the Group as cash collateral for loans and advances granted to customers.

The below table summarizes the Islamic deposits of customers that are part of deposits from customers above:

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Wakala deposits	2,004,881	2,881,992
Mudaraba term investment deposits	15,626	15,690
Murabaha Term Deposit	966,268	1,184,065
Qard-E-Hassan - current accounts	877,763	831,169
Mudaraba - current accounts	476,405	451,227
Mudaraba - saving accounts	214,801	228,079
Mudaraba - call deposits	18,516	21,283
	4,574,260	5,613,505

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

11 Debt securities in issue and other long term borrowings

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
USD 500 million medium term note issued at discount in April 2019 (a)	1,832,129	1,831,598
USD 50 million private placement at discount in July 2017 (a)	183,357	183,220
USD 145 million private placement net of discount (a)	526,044	524,996
USD 350 million syndicated borrowing (b)	1,285,550	1,285,550
USD 80 million bilateral borrowing (c)	293,840	293,840
SAR 800 million Islamic bilateral borrowing (d)	783,365	783,302
Less: Debt securities and other borrowing issue costs	(10,717)	(13,625)
	<u>4,893,568</u>	<u>4,888,881</u>

- (a) In April 2019, the Group issued five-year USD 500 million Euro Medium Term Notes (EMTN) under its USD 2 billion EMTN programme through its subsidiary RAK Funding Cayman limited. This was issued at a discounted rate of 99.692% and carries a fixed interest rate of 4.125% per annum which is payable half yearly in arrears. These notes mature in April 2024.

Under the EMTN Programme, the Group issued USD 50 million floating rate notes in July 2017 through a private placement which matures in 2021. These carry a floating rate of USD 3 months LIBOR +1.5% per annum.

The Group issued USD 145 million of floating rate notes in March 2018 through a private placement with an interest rate of USD 3 months LIBOR +1.4% which mature in March 2023.

- (b) During the third quarter of year 2017, the Group arranged a three-year syndicated borrowing of USD 350 million maturing in 2020. This syndicated borrowing carries an interest rate of USD 3 months LIBOR + 1.55% per annum.

Subsequently on 15 July 2020, the Group has settled in advance syndicated borrowing of USD 350 million maturing in September 2020.

- (c) In March 2018 the Group borrowed USD 80 million at an interest rate of USD 3 months LIBOR + 1.25% per annum which matures in March 2021.
- (d) In March 2019 the Group borrowed SAR 800 million at a profit rate of 3.85% per annum which matures in March 2022.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

12. Other liabilities

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Interest payable	97,836	180,647
Profit distributable on Islamic deposits	20,804	66,274
Accrued expenses	180,914	242,261
Provision for employees' end-of-service benefits	117,406	115,269
Foreign exchange and other derivatives derivative contracts	712,034	377,378
Credit card payables and liabilities	29,778	48,142
Managers cheques issued	167,737	157,663
Mortgage payables and liabilities	16,069	7,151
Asset based finance payables and liabilities	2,649	24,428
Insurance related payables and liabilities	54,653	48,213
Provision for credit loss on contingent assets and customer acceptances	7,637	11,138
Other	141,183	174,793
	1,548,700	1,453,357

13. Share capital and dividend

At 30 June 2020, the authorised, issued and fully paid share capital of the Bank comprised 1,676 million shares of AED 1 each (31 December 2019: 1,676 million shares of AED 1 each).

At the meeting held on 30 March 2020, the shareholders of the Bank approved a cash dividend of 30% amounting to AED 503 million of the issued and paid up capital in respect of the year ended 31 December 2019 (2018: 30% cash dividend amounting to AED 503 million).

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

14. Contingencies and commitments

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Irrevocable commitments to extend credit	2,778,279	2,597,848
Letters of guarantee - Financial	518,303	363,087
Letters of guarantee - Non-Financial	428,916	467,512
Letters of credit	322,056	328,514
Capital commitments and others	76,089	33,379
	4,123,643	3,790,340

The Group is holding AED 7.48 million (31 December 2019: AED 10.72 million) provision for expected credit loss on contingencies and commitments as per IFRS 9.

Commitments to extend credit shown above represent unfunded amounts out of approved limits offered to customers, which are irrevocable by the Group. Commitments to extend credit amounting to AED 6,597 million (31 December 2019: AED 7,661 million) are revocable at the option of the Group and not included in the above table.

15. Forward foreign exchange and other derivative contracts

Foreign exchange contracts comprise commitments to purchase foreign and domestic currencies on behalf of customers and in respect of the Bank's undelivered spot transactions.

Outstanding forward foreign exchange contracts, interest rate swaps and other derivative contracts at 30 June 2020 and 31 December 2019 are as follows:

	Fair Values		
	Assets AED'000	Liability AED'000	Notional AED'000
30 June 2020			
Foreign exchange contracts	65,401	74,112	12,545,704
Interest rate swaps	490,058	628,480	10,509,974
Other derivative contracts	52,274	9,442	2,796,698
	607,733	712,034	25,852,376
31 December 2019			
Foreign exchange contracts	127,052	109,746	12,472,086
Interest rate swaps	181,539	253,140	9,842,282
Other derivative contracts	29,812	14,492	5,585,298
	338,403	377,378	27,899,666

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

16. Interest income and expense

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Interest income				
Personal loans	84,478	93,976	173,294	184,949
Mortgage loans	45,954	48,675	92,531	96,070
Credit cards	132,531	161,983	272,166	325,310
Auto loans	8,961	15,170	19,054	32,632
Business banking RAK Finance loans	119,624	142,419	240,801	289,934
Wholesale banking loans	75,614	96,158	167,326	189,611
Business banking other loans	61,752	72,851	129,077	141,804
Other retail banking loans	15,054	18,652	32,933	36,626
Investment securities	81,644	85,535	167,928	164,665
Deposits with the U.A.E. Central Bank	3,194	4,986	6,118	9,494
Other banks	46,322	56,741	103,169	107,031
	675,128	797,146	1,404,397	1,578,126
Interest expense				
Due to customers	63,338	98,076	140,166	191,914
Debt securities issued and other borrowings	36,791	71,628	77,420	124,775
Borrowings from other banks	17,792	19,870	43,845	45,480
	117,921	189,574	261,431	362,169

17. Income from Islamic Financing and distribution to depositors

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Income from Islamic financing				
Islamic Salam personal finance	57,644	54,427	114,200	104,602
Islamic Auto Murabaha	1,877	4,155	4,179	8,692
Islamic business banking finance	62,326	47,668	125,927	86,075
Islamic wholesale banking finance	11,096	10,590	23,711	20,230
Islamic investment income	6,057	-	12,675	-
Islamic Ijara property finance	9,683	9,309	19,973	18,123
	148,683	126,149	300,665	237,722
Distribution to depositors				
Distribution of profit on Islamic term investment deposits	31,969	36,155	65,855	71,657
Bilateral long-term borrowings	7,092	1,173	14,172	1,173
Distribution of profit on Islamic demand deposits	281	673	937	1,328
	39,342	38,001	80,964	74,158

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

18. Net fees and commission income

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Personal loans	2,385	15,665	15,940	31,321
Mortgage loans	5,249	6,627	10,622	13,113
Credit cards	70,010	65,562	137,784	135,292
Auto loans	1,063	2,725	3,841	6,252
RAK Finance business loans	(230)	11,417	11,284	22,691
Wholesale banking loans	6,930	15,874	17,613	33,310
Business banking loans	30,589	41,946	70,975	79,889
Fiduciary income	12,246	11,424	27,028	23,469
Bancassurance	6,281	14,197	19,245	28,918
Other	7,546	11,461	17,926	23,227
	142,069	196,898	332,258	397,482

19. Investment income

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Fair value income / (loss)	1,075	(2,214)	(20,093)	(406)
Dividend income	4,035	4,716	13,122	13,518
Net gain on disposal of Investments	7,921	14,353	45,464	20,559
	13,031	16,855	38,493	33,671

20. General and administrative expenses

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Staff costs	188,842	230,206	401,772	450,340
Outsourced staff costs	13,163	10,382	24,647	14,274
Occupancy costs	19,718	25,778	41,495	50,408
Marketing expenses	6,451	9,506	16,052	19,092
Depreciation and amortisation	29,505	28,173	57,859	56,483
Communication costs	11,328	14,437	24,482	26,389
Legal and collection charges	8,895	9,630	17,891	23,580
Information and technology expenses	28,403	29,550	55,753	56,165
Other	32,375	38,170	65,990	83,631
	338,680	395,832	705,941	780,362

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

21. Provision for credit loss, net

(a) Provision for credit loss for the six months period ended

	Six months period ended 30 June	
	2020 (un-audited) AED'000	2019 (un-audited) AED'000
Net impairment charge on loans and advances	885,293	652,895
Net impairment charge on due from other banks	186	1,800
Net impairment charge on investment securities	4,520	4,013
Net impairment charge on insurance contracts	4,868	2,219
Net impairment charge /(release) on customer acceptances	(265)	127
Net impairment (release) on off balance sheet items	(3,236)	(2,616)
Net impairment charge for the period	891,366	658,438

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

	Three months period ended 30 June	
	2020 (un-audited) AED'000	2019 (un-audited) AED'000
Net impairment charge on loans and advances	410,950	311,443
Net impairment charge /(release) on due from other banks	(7,270)	1,261
Net impairment charge on investment securities	3,632	463
Net impairment charge on insurance contracts	2,271	155
Net impairment release on customer acceptances	(202)	(245)
Net impairment charge /(release) on off balance sheet items	1,585	(962)
Net impairment charge for the period	410,966	312,115

Expected credit loss allowance

A summary of the provision for credit loss and the net movement on financial instruments by category are as follows:

	At 31 December 2019 AED'000	Net provided / (released) during the year AED'000	Other movement during the year AED'000	At 30 June 2020 AED'000
Due from other banks	29,080	186	-	29,266
Loans and advances	1,711,565	920,333	(631,178)	2,000,720
Investment securities	32,432	4,520	-	36,952
Insurance contract assets and receivables	38,637	4,560	-	43,197
Customer acceptances	421	(265)	-	156
Off balance sheet items	10,717	(3,236)	-	7,481
Total	1,822,852	926,098	(631,178)	2,117,772

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

22. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period:

	Three months period ended 30 June		Six months period ended 30 June	
	2020 (un-audited) AED'000	2019 (un-audited) AED'000	2020 (un-audited) AED'000	2019 (un-audited) AED'000
Profit for the period (AED'000) (attributed to owners of the Bank)	152,055	284,773	305,154	554,511
Weighted average number of shares in issue (in thousands)	1,676,245	1,676,245	1,676,245	1,676,245
Basic earnings per share (AED)	0.09	0.17	0.18	0.33

23. Fiduciary activities

The Group holds assets in a fiduciary capacity for its customers without recourse. At 30 June 2020, market value of such assets amounted to AED 2,229 million (31 December 2019: AED 2,178 million) and are excluded from the condensed consolidated financial information of the Group.

24. Cash and cash equivalents

	30 June 2020 (un-audited) AED'000	30 June 2019 (un-audited) AED'000
Cash in hand and current account with UAE Central Bank	833,925	1,037,974
Due from other banks	7,199,813	7,022,847
	8,033,738	8,060,821
Less: Due from other banks with original maturity of three months or more	(5,461,474)	(4,475,138)
	2,572,264	3,585,683

25. Operating segments

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting to the management, which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Group meet the definition of a reportable segment under IFRS 8.

The Group has five main business segments:

- Retail banking - incorporating individual customer and certain business current accounts, savings accounts, deposits, credit and debit cards, individual customer loans and mortgages;
- Wholesale banking - incorporating transactions with corporate bodies including government and public bodies and comprising of loans, advances, deposits and trade finance transactions of corporate customers and financial institutions;
- Business banking - incorporating transactions comprising of loans, advances, deposits and trade finance transactions of SME;
- Treasury - incorporating activities of the dealing room, related money market, and foreign exchange transactions and hedging activities with other banks and financial institutions including the UAE Central Bank, none of which constitute a separately reportable segment; and
- Insurance business - incorporating all insurance related transactions of its subsidiary Ras Al Khaimah National Insurance Company P.S.C.

The above segments include conventional and Islamic products and services of the Group.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and fees and commission income, the management relies primarily on revenue and segmental results to assess the performance of the segment.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment revenue. Interest charged for these funds is based on the Group's funds transfer pricing policy. There are no other material items of income or expense between the business segments.

The Group's management reporting is based on a measure of net profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

25. Operating segments (continued)

The segment information provided to the management for the reportable segments for the periods ended 30 June 2020 and 2019 is as follows:

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Head office & unallocated costs AED'000	Insurance business AED'000	Consolidation elimination AED'000	Total AED'000
30 June 2020 (unaudited)								
Net interest income	542,352	178,658	349,976	66,015	-	4,395	1,570	1,142,966
Net income from Islamic financing net of distribution to depositors	127,254	(28,755)	122,139	(1,658)	-	-	721	219,701
Transfer pricing (expense)/income	(144,377)	(28,366)	(16,795)	130,673	58,865	-	-	-
Net interest income and income from Islamic financing	525,229	121,537	455,320	195,030	58,865	4,395	2,291	1,362,667
Non-interest income	276,227	19,084	107,734	110,018	1,206	34,154	(7,165)	541,258
Operating income	801,456	140,621	563,054	305,048	60,071	38,549	(4,874)	1,903,925
Operating expense excluding depreciation and amortisation	(322,600)	(26,092)	(130,129)	(11,129)	(138,195)	(24,811)	4,874	(648,082)
Depreciation and amortisation	(19,348)	(919)	(1,147)	(381)	(34,259)	(1,805)	-	(57,859)
Total operating expense	(341,948)	(27,011)	(131,276)	(11,510)	(172,454)	(26,616)	4,874	(705,941)
Provision for credit loss, net	(497,820)	(72,820)	(310,360)	(5,483)	-	(4,883)	-	(891,366)
Net profit / (loss)	(38,312)	40,790	121,418	288,055	(112,383)	7,050	-	306,618
Segment assets	16,431,706	14,051,440	7,441,156	13,604,304	2,209,642	853,592	(249,501)	54,342,339
Total assets	16,431,706	14,051,440	7,441,156	13,604,304	2,209,642	853,592	(249,501)	54,342,339
Segment liabilities	11,846,317	9,348,615	14,489,601	9,866,752	712,469	657,231	(91,053)	46,829,932
Total liabilities	11,846,317	9,348,615	14,489,601	9,866,752	712,469	657,231	(91,053)	46,829,932

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

25. Operating segments (continued)

	Retail Banking AED'000	Wholesale Banking AED'000	Business Banking AED'000	Treasury & other AED'000	Head office & unallocated costs AED'000	Insurance business AED'000	Consolidation elimination AED'000	Total AED'000
30 June 2019 (unaudited)								
Net interest income	614,668	147,178	404,442	43,500	-	5,076	1,093	1,215,957
Net income from Islamic financing net of distribution to depositors	118,135	(17,275)	74,766	(12,531)	-	-	469	163,564
Transfer pricing (expense)/income	(157,479)	(14,057)	32,180	20,919	118,437	-	-	-
Net interest income and income from Islamic financing	575,324	115,846	511,388	51,888	118,437	5,076	1,562	1,379,521
Non-interest income	298,183	35,438	138,588	120,027	57	27,602	(5,690)	614,205
Operating income	873,507	151,284	649,976	171,915	118,494	32,678	(4,128)	1,993,726
Operating expense excluding depreciation and amortisation	(387,446)	(22,192)	(100,433)	(9,833)	(181,492)	(25,122)	2,639	(723,879)
Depreciation and amortisation	(18,557)	(736)	(618)	(403)	(32,991)	(1,841)	(1,337)	(56,483)
Total operating expense	(406,003)	(22,928)	(101,051)	(10,236)	(214,483)	(26,963)	1,302	(780,362)
Provision for credit loss, net	(359,366)	(87,944)	(206,426)	(2,473)	-	(2,229)	-	(658,438)
Net profit	108,138	40,412	342,499	159,206	(95,989)	3,486	(2,826)	554,926
31 December 2020								
Segment assets	18,658,865	15,222,530	7,850,779	13,169,569	1,610,472	823,743	(216,399)	57,119,559
Total assets	18,658,865	15,222,530	7,850,779	13,169,569	1,610,472	823,743	(216,399)	57,119,559
Segment liabilities	11,794,122	12,179,386	14,456,801	9,455,469	815,449	634,726	(57,951)	49,278,002
Total liabilities	11,794,122	12,179,386	14,456,801	9,455,469	815,449	634,726	(57,951)	49,278,002

The comparative figures of 30 June 2019 and 31 December 2019 have been reclassified between operating segments due to movement of accounts among segments.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

26. Related parties

Related parties comprise key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence. During the period, the Group entered into transactions with related parties in the ordinary course of business. The transactions with related parties and balances arising from these transactions are as follows:

	Six month period ended 30 June	
	2020 (un-audited) AED'000	2019 (un-audited) AED'000
Transactions during the period		
Interest income	6,180	7,237
Interest expense	16,069	15,944
Commission income	495	877
Directors' and key management personnel's remuneration, sitting and other expenses	22,616	22,795
	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Balances		
Loans and advances:		
- Shareholders and their related companies	358,854	376,207
- Directors and their related companies	7,732	6,312
- Key management personnel	6,431	6,549
	373,017	389,068
Deposits		
- Shareholders and their related companies	3,558,823	2,218,798
- Directors and their related companies	12,102	10,712
- Key management personnel	20,879	16,882
	3,591,804	2,246,392
Irrevocable commitments and contingent liabilities and forward contracts		
- Shareholders and their related companies	854,121	182,520
- Directors and their related companies	40	40
	854,161	182,560

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

26. Related parties (continued)

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
<i>Insurance related receivables</i>		
Due from policy holders	9,500	10,351
<i>Insurance related payables</i>		
Due to policy holders	469	134

27. Capital adequacy

Capital structure and capital adequacy as per Basel III requirement as at 30 June 2020

The Bank is required to report capital resources and risk-weighted assets under the Basel III from January 2018. Capital structure and capital adequacy as per Basel III requirement as at 30 June 2020 and 31 December 2019 is given below:

	30 June 2020 (un-audited) (after applying prudential filter) AED'000	31 December 2019 (audited) AED'000
<i>Tier 1 capital</i>		
Ordinary share capital	1,676,245	1,676,245
Legal and other reserves	4,211,327	4,077,839
Retained earnings	1,520,646	919,100
Current year profit	299,567	1,104,419
Dividend		(502,874)
Tier 1 capital base	7,707,785	7,274,729
Tier 2 capital base	513,136	526,496
Total capital base	8,220,921	7,801,225
<i>Risk weighted assets</i>		
Credit risk	41,050,908	42,119,704
Market risk	851,728	1,178,301
Operational risk	3,044,186	3,044,186
Total risk weighted assets	44,946,822	46,342,191
Capital adequacy ratio on Tier 1 capital	17.15%	15.70%
Capital adequacy ratio on Tier 2 capital	1.14%	1.13%
Total Capital adequacy ratio	18.29%	16.83%

As per UAE Central Bank Regulation for Basel III, Minimum Capital requirement including Capital Conservation Buffer is 13.0% for year 2020. New UAE CB regulation dated 22 April 2020 provides for a "Prudential Filter" that permits Banks and Finance Companies to add back increases in IFRS 9 provisions to the regulatory capital over a transition period of 5 years, on a proportionate basis.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

28. Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between the carrying values and fair value estimates of financial assets and liabilities. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms. At 30 June 2020, the carrying value of the Group's financial assets and liabilities approximate their fair values, except for the below mentioned financial assets and liabilities:

	Fair value		Carrying value	
	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Assets				
Loan and advances	32,861,661	34,906,646	32,553,542	34,550,563
Investment securities	7,935,753	8,284,077	7,894,187	8,141,433
Cash and balances with the UAE Central Bank	3,724,487	4,789,244	3,722,324	4,785,504
Due from other banks	7,109,242	6,530,790	7,170,547	6,593,233
Total financial assets	51,631,143	54,510,757	51,340,600	54,070,733
Liabilities				
Due to other banks	4,483,066	4,973,965	4,476,833	4,977,055
Deposits from customer	35,062,873	36,843,560	35,059,420	36,826,360
Debt securities issued and other borrowing	4,924,025	4,895,514	4,893,568	4,888,881
Total financial liabilities	44,469,964	46,713,039	44,429,821	46,692,296

29. Fair value hierarchy

The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices - Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs - Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as forward foreign exchange contracts which are valued using market standard pricing techniques.

Valuation techniques using significant unobservable inputs - Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from a transaction in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The table below analyses recurring fair value measurements for assets and liabilities.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

29. Fair value hierarchy (continued)

	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
30 June 2020 (un-audited)				
Asset at fair value				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	2,727,257	-	-	2,727,257
Investment securities - equity	214,113	-	2,612	216,725
Foreign exchange contracts	-	65,401	-	65,401
Derivative financial instruments	-	542,332	-	542,332
<i>(Through profit and loss)</i>				
Investment market fund	32,184	-	40,326	72,510
Investment - debt securities <i>(Held at amortised cost)</i>	32,877	-	-	32,877
Investment securities - debt	4,372,770	-	513,614	4,886,384
	7,379,201	607,733	556,552	8,543,486
Liabilities at fair value				
Foreign exchange contracts	-	74,112	-	74,112
Derivative financial instruments	-	637,922	-	637,922
	-	712,034	-	712,034
	Quoted market prices Level 1 AED'000	Observable inputs Level 2 AED'000	Significant unobservable inputs Level 3 AED'000	Total AED'000
31 December 2019				
Asset at fair value				
<i>(Through other comprehensive income)</i>				
Investment securities - debt	2,453,870	-	-	2,453,870
Investment securities - equity	161,776	-	2,612	164,388
Foreign exchange contracts	-	127,052	-	127,052
Derivative financial instruments	-	211,351	-	211,351
<i>(through profit and loss)</i>				
Investment mutual fund <i>(Held at amortised cost)</i>	295,059	-	42,083	337,142
Investment securities - debt	4,865,024	-	463,653	5,328,677
	7,775,729	338,403	508,348	8,622,480
Liabilities at fair value				
Foreign exchange contracts	-	109,746	-	109,746
Derivative financial instruments	-	267,632	-	267,632
	-	377,378	-	377,378

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

30. Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

31. Right-of-use assets

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Balance at the beginning of the period / year	176,939	-
Impact of adoption of IFRS 16 1 January 2019	-	225,191
Additions during the period / year	909	-
Decrease due to termination of contract	(1,583)	-
Decrease due to changes in lease liability	(6,966)	(10,333)
Depreciation for the period / year	(18,257)	(37,919)
Balance at the closing of the period / year	151,042	176,939

32. Lease liabilities

	30 June 2020 (un-audited) AED'000	31 December 2019 (audited) AED'000
Balance at the beginning of the period / year	151,710	-
Impact of adoption of IFRS 16 - 1 January 2019	-	195,885
Additions during the period / year	909	-
Decrease due to termination of contract	(1,612)	-
Decrease due to change in lease contract amount	(6,966)	(10,511)
Interest cost on lease liability for the period / year	2,875	7,520
Less: payments made during the period / year	(11,887)	(41,184)
Balance at the closing of the period / year	135,029	151,710

33. Seasonality of results

Dividend income of AED 13.12 million (30 June 2019 AED 13.52 million) of seasonal nature was recorded in the condensed consolidated financial information for the period.

34. Risk management in the current economic scenario

The economic fallout of COVID-19 crisis is expected to be significant and continues to evolve rapidly. 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 measures and incentives totalling to AED 256 billion to help banks support the economic sectors and individuals in the UAE impacted by this crisis.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Bank utilizes a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. The Bank has robust governance in place to ensure the appropriateness of the IFRS 9 framework and resultant ECL estimates at all times. Specifically, all aspects of the IFRS 9 framework are overseen by a IFRS 9 Steering Committee with participation from the Chief Risk Officer, Chief Financial Officer and other members from Risk and Finance functions. The Bank, through this committee, reviews the appropriateness of inputs and methodology for IFRS 9 ECL, effectiveness and reliability of the reporting under IFRS 9 & other relevant matters pertaining to IFRS 9 on an ongoing basis.

The Bank has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. Notwithstanding this, recognizing that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt, the Bank has assessed the impact of an increase in probability for the pessimistic scenario in ECL measurement. The probability of pessimistic scenario was increased from 15% to 40% and the probability of the optimistic scenario was reduced to 0% in the first quarter. With the continuation of pessimism around the control of the pandemic and the current business environment, the Bank further increased the probability of the pessimistic scenario, from 40% to 70% in the second quarter. If the pessimistic scenario was further changed by +10%/-10% , ECL provision would change by +/-AED 33 million as at 30 June 2020. As a result of change in the scenario weights, the total management overlay of AED 232 million (including AED 5.7 million for its insurance subsidiary) has been taken by the group in the second half of 2020 giving due consideration to the uncertain external environment.

In recognition of significant economic uncertainty due to the COVID-19 crisis coupled with challenge while applying IFRS 9 principles and requirements under these circumstances, CBUAE, Dubai Financial Services Authority (“DFSA”) and the Financial Services Regulatory Authority (the “FSRA”) jointly issued a guidance note to Banks and Finance companies (“Joint Guidance”) in UAE on 15 April 2020 relating to estimation of IFRS 9 ECL provisions in context of the COVID-19 crisis. The Group has taken into consideration provisions of the Joint Guidance in estimating ECL.

In addition, the Group continues to review the appropriateness of ECL provisions in light of changes in risk profile as well as any actual and expected increase in credit risk. This assessment includes detailed review of potential impacts of COVID-19 on individual clients as well as on industry sectors.

34. Risk management in the current economic scenario (continued)

COVID-19 impact on measurement of ECL (continued)

As per the requirement of the Joint Guidance, the Bank has started grouping of the customers receiving the payment deferrals, into two groups (Group 1 and Group 2) based on the estimated extent of impact of this pandemic on the particular customer; Group 1 classification for the mildly impacted customers and Group 2 classification for the borrowers whose credit profile has deteriorated materially.

The grouping decisions are being taken based on relevant product or portfolio, for example; individual assessment for the wholesale portfolio and based on a combination of certain criteria (like job loss, reduction in salary, level of business operations whether normalcy has reached or not) for other retail and small and medium enterprise portfolios. These grouping decisions are iterative and may change based on the evolving external situations. The Bank has put an internal governance framework around grouping evaluation.

The Bank is continuously monitoring the current situation, which is unprecedented and is working very closely with its customers and extending required support in these uncertain and evolving times and has also reassessed its staging of the portfolio as at 30 June 2020. This included evaluating whether the investment and Financial Institutions' portfolio has suffered a significant deterioration in credit quality.

The Bank continues to work with CBUAE and other regulatory authorities in the jurisdictions it operates to refine and operationalize relief schemes being deployed to assist clients impacted by COVID-19. This includes the Targeted Economic Support Scheme ("TESS") announced in UAE in March 2020 and subsequently updated on 6th April 2020. More than twenty-one thousand of the Bank's retail, SME and corporate clients had subscribed to these schemes as at 30 June 2020. The bank staff is in regular contact with customers to explain them about how can the customers claim relief under TESS.

Liquidity management

Global stress in the markets brought on by the COVID-19 crisis was felt by the UAE banks in March and early April 2020 largely due to lack of liquidity in foreign funding markets. The decline in oil prices has also led to uncertainty about the oil rich GCC region's Governments' finances.

As the recent COVID 19 scenario panned out in mid-March the Bank saw financial conditions tightening and impacting market liquidity. The US Fed cut rates to zero, in anticipation of market stresses but there was no respite as the LIBOR kept inching up. There was a sharp selloff in global equity and other financial markets which led to a contagion to other financial assets which saw the short-term funding markets seizing due to margin calls for investors. The global market liquidity crunch spilled over to the UAE markets and the Inter-bank liquidity dried up and as competition for liabilities amongst banks grew with liquidity conservation/ preservation becoming the need of the hour. As an appropriate response, the ALCO chair along with the relevant members heightened the monitoring around the liquidity position of the bank with multiple meetings held in March and April. There were multiple calls every day to establish and execute the requisite actions to address the situation at hand including regular updates to the Board of Directors. Accordingly, the bank secured the requisite liquidity in a timely manner, albeit sometimes at higher rates. The internal Funds Transfer Pricing was also amended with immediate effect to tighten assets disbursements and to encourage more deposit seeking to tide over the situation. The Bank effectively stopped all non-committed business which was not relationship driven or did not impact the Bank's franchise for a short period of time.

34. Risk management in the current economic scenario (continued)

Liquidity management (continued)

The CBUAE has adopted a proactive approach in order to ensure flow of credit to the economy, especially sectors severely impacted by the COVID-19 crisis. The CBUAE announced a comprehensive TESS on 15th March 2020 and revised TESS program on 6th April 2020, allowing UAE Banks to access zero cost funding and pass on the benefit through Principal or/and Interest deferrals to their clients.

CBUAE also reduced Reserve Requirement against CASA balances, providing an immediate boost to UAE Banks' liquidity. In order to allow Banks to utilize the liquidity thus released, the CBUAE reduced the liquidity ratios (LCR and ELAR) minimum threshold by 30%. The combination of the above measures by CBUAE along with prudent management of liquidity by the Bank helped ensure that the Bank was able to meet its clients' banking services requirements effectively and without disruption, even during a prolonged period of reduced access to the foreign funding markets. The market liquidity since early April has since improved dramatically both locally and globally. This has led to a substantial glut of liquidity in the banking system after the initial tightening of liquidity in mid-March to early April. The Bank continues to monitor the liquidity scenario on a regular basis and is prepared for any further unexpected tightening of liquidity conditions.

Business continuity planning

The Bank is closely monitoring the situation and has invoked crisis management actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. A Crisis Management Committee with representation of heads of all departments of the Bank has been set up to monitor the COVID-19 situation and to facilitate timely decisions in response to any situation presenting itself. Remote working arrangements have been tested and majority of the staff are currently working from home. Business Continuity Plans (BCP) for respective areas are in place and tested.

The Bank has significantly enhanced monitoring for all cyber threats and arrangements are put in place in response to threat actors that are engaged in campaigns specific to pandemic. The bank has access to both commercial and open source threat intelligence in addition to community sharing platforms comprised of both local and global banks. All threat intelligence is intercepted and responded to by a 24x7 security operations centre. All remote work capabilities enabled for staff were assessed and identified risks were treated. Remote access to workstations is protected using virtual desktops and Virtual private Network (VPN) connectivity. The connectivity mandates two factor authentication using tokens. Specific cyber security awareness initiatives were rolled out for both staff and customers.

Business continuity plans for all units are updated and tested. The Bank is monitoring local developments that can have an impact on our operations. The Bank is promoting transactions through digital channels resulting in right sizing of the Bank's branch network. Customers are updated regularly through email and social media of the services that are available at our branches and through digital channels. The Bank has taken measures to monitor service levels and the Bank continues to meet the expectations of our clients and support them effectively during these times.

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

34. Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE

Gross loans and advances to customers by product and/or industry

	Gross loans and advances (un-audited)			ECL on loans and advances (un-audited)	
	Gross loans	Deferrals	%	Total ECL	Of which
		under TESS			Macro overlay
As at 30 June 2020	AED'000	AED'000		AED'000	AED'000
<i>Retails banking loans:</i>					
Personal loans	6,789,322	1,482,790	21.8%	488,881	68,073
Mortgage loans	5,388,756	1,201,215	22.3%	125,909	15,130
Credit cards	2,493,202	-	0.0%	321,421	46,115
Auto loans	691,977	187,323	27.1%	45,215	6,730
Other retail loans	2,066,730	-	0.0%	16,599	600
Total retail banking loans	17,429,987	2,871,328	16.5%	998,025	136,648
<i>Business banking loans:</i>					
RAK business loans RAK finance loans	3,921,369	2,914,489	74.3%	478,218	58,851
Business banking other loans	3,836,380	2,179,151	56.8%	246,226	11,408
Total business banking loans	7,757,749	5,093,640	65.7%	724,444	70,259
<i>Wholesale banking loans:</i>					
Government Related Entities (GRE's)	2,643,828	-	0.0%	9,340	958
Real Estate and construction	2,158,094	329,077	15.2%	56,307	6,667
Other Services	995,079	337,228	33.9%	142,347	3,527
Financial Institutions	946,325	-	0.0%	2,716	-
High net worth borrowers	931,706	574,487	61.7%	6,852	3,483
Trade	735,088	164,128	22.3%	34,892	2,708
Manufacturing	387,514	82,527	21.3%	18,360	1,543
Non-banking financial Institutions	329,423	11,525	3.5%	2,899	204
Govt. Exposures	183,650	-	0.0%	806	-
Other Miscellaneous	55,819	24,362	43.6%	3,732	263
Total wholesale banking loans	9,366,526	1,523,334	16.3%	278,251	19,353
Total loans and advances	34,554,262	9,488,302	27.5%	2,000,720	226,260

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE

Change in gross carrying amount and expected credit losses

	Gross carrying amount			ECL on loans and advances (un-audited)		
	30-Jun-20	31-Dec-19	%	30-Jun-20	31-Dec-19	%
	Un -audited AED'000	Audited AED'000	Change	Un -audited AED'000	Audited AED'000	Change AED'000
<i>Retails banking loans:</i>						
Personal loans	6,789,322	7,222,957	(6.0%)	488,881	419,479	16.5%
Mortgage loans	5,388,756	5,380,041	0.2%	125,909	82,036	53.5%
Credit cards	2,493,202	3,121,075	(20.1%)	321,421	279,702	14.9%
Auto loans	691,977	868,125	(20.3%)	45,215	34,003	33.0%
Other retail loans	2,066,730	2,123,463	(2.7%)	16,599	15,863	4.6%
Total retail banking loans	17,429,987	18,715,661	(6.9%)	998,025	831,083	20.1%
<i>Business banking loans:</i>						
RAK business loans RAK finance loans	3,921,369	4,099,197	(4.3%)	478,218	507,394	(5.8%)
Business banking other loans	3,836,380	4,028,848	(4.8%)	246,226	154,994	58.9%
Total business banking loans	7,757,749	8,128,045	(4.6%)	724,444	662,388	9.4%
<i>Wholesale banking loans:</i>						
Government Related Entities (GRE's)	2,643,828	2,401,033	10.1%	9,340	3,747	149.3%
Real Estate & Construction	2,158,094	2,003,607	7.7%	56,307	66,305	(15.1%)
Other Services	995,079	877,281	13.4%	142,347	62,508	127.7%
Financial Institutions	946,325	1,756,888	(46.1%)	2,716	8,587	(68.4%)
High net worth borrowers	931,706	838,509	11.1%	6,851	5,618	22.0%
Trade	735,088	529,410	38.9%	34,892	47,828	(27.0%)
Manufacturing	387,514	402,149	(3.6%)	18,361	15,847	15.9%
Non-banking financial Institutions	329,423	353,949	(6.9%)	2,899	2,133	35.9%
Govt. Exposures	183,650	214,264	(14.3%)	806	1,338	(39.8%)
Other Miscellaneous	55,819	41,332	35.1%	3,732	4,183	(10.8%)
Total wholesale banking loans	9,366,526	9,418,422	(0.6%)	278,251	218,094	27.6%
Total loans and advances	34,554,262	36,262,128	(4.7%)	2,000,720	1,711,565	16.9%

Notes to the condensed consolidated interim financial information for the period from 1 January 2020 to 30 June 2020 (continued)

34 Risk management in the current economic scenario (continued)

Quantitative disclosures as required by the Joint Guidance issued by the CBUAE

Gross loans and advances - Stage transfers during the six months period ending 30 June 2020

Product/portfolio	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
	2	1	3	2	3	1
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Retail banking loans	554,943	103,191	152,241	26,356	234,059	-
RAK business loans RAK finance loans	92,545	49,613	48,601	3,483	76,183	-
Business banking other loans	198,239	137,910	41,901	1,756	9,924	-
Wholesale banking loans	123,262	87,407	62,052	-	113,408	-
Total loans and advances	968,989	378,121	304,795	31,595	433,574	-

35. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved on **5 August 2020**.