

**Arab Bank for Investment and  
Foreign Trade PJSC**

Condensed interim financial information

*For the six-month period ended 30 June 2021*

**Principal business address:**

P.O. Box 46733

Abu Dhabi

United Arab Emirates

# **Arab Bank for Investment and Foreign Trade PJSC**

## **Review report and condensed interim financial statements**

*For the six-month period ended 30 June 2021*

<i><b>Contents</b></i>	<i><b>Pages</b></i>
Report on review of condensed interim financial information	1
Condensed interim statement of financial position	2
Condensed interim statement of comprehensive income	3
Condensed interim statement of changes in equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial information	6 - 29



# Review report on condensed interim financial information to the board of directors of Arab Bank for Investment and Foreign Trade PJSC

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## Introduction

We have reviewed the accompanying condensed interim statement of financial position of Arab Bank for Investment and Foreign Trade PJSC (the “Bank”) as at 30 June 2021 and the related condensed interim statement of comprehensive income for the three month and six month periods then ended, and condensed interim statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes. The directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity.” A review of condensed 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.

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## Conclusion

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

PricewaterhouseCoopers  
21 September 2021

Jacques Fakhoury  
Registered Auditor Number 379  
Place: Abu Dhabi, United Arab Emirates

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Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

# Arab Bank for Investment and Foreign Trade PJSC

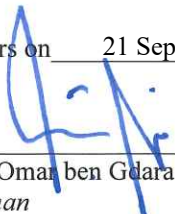
## Condensed Interim Statement of Financial Position

As at 30 June 2021

		(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
<b>Assets</b>			
Cash and balances with the Central Bank of the UAE	6	1,704,666	3,102,884
Due from banks – net	7	2,080,530	1,686,180
Investments at fair value through other comprehensive income (FVOCI) – net		2,428,794	2,406,828
Investments at fair value through profit or loss (FVTPL)		11,021	11,021
Investments at amortised cost		102,575	31,905
Loans and advances – net	8	15,481,576	15,671,535
Investment properties – net	9	325,445	330,776
Other assets	11	604,422	409,248
Property and equipment	12	282,211	282,011
		<u>23,021,240</u>	<u>23,932,388</u>
Asset held-for-sale	10	49,690	49,690
<b>Total assets</b>		<u><u>23,070,930</u></u>	<u><u>23,982,078</u></u>
<b>Liabilities</b>			
Customers' deposits	13	17,062,880	16,226,696
Due to banks	14	1,358,789	3,418,217
Other liabilities	15	851,712	671,085
<b>Total liabilities</b>		<u>19,273,381</u>	<u>20,315,998</u>
<b>Equity</b>			
Share capital	16	1,500,000	1,500,000
Statutory reserve	16	642,722	642,722
Special reserve	16	638,132	638,132
General reserve	16	380,000	380,000
Revaluation reserve	16	129,613	129,613
Fair value reserve	16	111,446	98,430
Retained earnings		395,636	277,183
<b>Total equity</b>		<u>3,797,549</u>	<u>3,666,080</u>
<b>Total liabilities and equity</b>		<u><u>23,070,930</u></u>	<u><u>23,982,078</u></u>

This condensed interim financial information was authorised and approved for issue by the Board of

Directors on 21 September 2021, and signed on their behalf by:

  
Farhat Omar ben Gdara  
Chairman

  
Charles Doghlass  
Acting Chief Executive Officer

The notes on pages 6 to 29 are an integral part of the condensed interim financial information.  
The independent auditor's report on review of the condensed interim financial information is set out on page 1.

# Arab Bank for Investment and Foreign Trade PJSC

## Condensed Interim Statement of Comprehensive Income

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

	Note	For the six-month ended		For the three-month ended	
		30 June		30 June	
		2021	2020	2021	2020
		AED'000	AED'000	AED'000	AED'000
Interest income	18	332,262	433,191	173,520	207,099
Interest expense	19	(60,683)	(133,013)	(30,741)	(63,878)
<b>Net interest income</b>		<b>271,579</b>	<b>300,178</b>	<b>142,779</b>	<b>143,221</b>
Income from Islamic financing contracts	20	48,030	53,934	26,008	26,063
Depositors' share of profits	21	(10,002)	(20,865)	(4,654)	(9,086)
<b>Net income from Islamic financing</b>		<b>38,028</b>	<b>33,069</b>	<b>21,354</b>	<b>16,977</b>
<b>Net interest and Islamic financing income</b>		<b>309,607</b>	<b>333,247</b>	<b>164,133</b>	<b>160,198</b>
Fee and commission income	22	55,044	57,658	29,844	23,789
Fee and commission expense	22	(4,562)	(3,892)	(2,387)	(1,447)
<b>Net fee and commission income</b>		<b>50,482</b>	<b>53,766</b>	<b>27,457</b>	<b>22,342</b>
Dividend income		4,777	6,047	1,161	143
Net investment income		647	394	360	35
Net foreign exchange gain		5,250	13,359	8,882	6,307
Other operating income	23	17,841	9,874	3,367	4,696
		<b>28,515</b>	<b>29,674</b>	<b>13,770</b>	<b>11,181</b>
<b>Operating income</b>		<b>388,604</b>	<b>416,687</b>	<b>205,360</b>	<b>193,721</b>
General, administrative and other operating expenses	24	(127,094)	(134,531)	(59,871)	(66,024)
<b>Net profit before net impairment charge</b>		<b>261,510</b>	<b>282,156</b>	<b>145,489</b>	<b>127,697</b>
Net impairment charge on financial assets	26	(141,310)	(159,636)	(81,224)	(73,338)
Change in fair value of investment at FVTPL		-	(5,000)	-	(5,000)
Net impairment charge on property acquired in settlement of debt		-	(2,100)	-	(2,100)
<b>Net profit for the period</b>		<b>120,200</b>	<b>115,420</b>	<b>64,265</b>	<b>47,259</b>
<b>Other comprehensive income / (loss)</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in fair value of equity investments at FVOCI		15,719	(30,120)	11,430	8,174
<i>Items that may be reclassified subsequently to profit or loss</i>					
Change in fair value of debt investments at FVOCI		(2,703)	(15,037)	18,151	124,042
<b>Other comprehensive income / (loss) for the period</b>		<b>13,016</b>	<b>(45,157)</b>	<b>29,581</b>	<b>132,216</b>
<b>Total comprehensive income for the period attributable to shareholders</b>		<b>133,216</b>	<b>70,263</b>	<b>93,846</b>	<b>179,475</b>
<b>Basic and diluted earnings per share (AED)</b>	28	<b>1.60</b>	<b>1.54</b>	<b>0.86</b>	<b>0.63</b>

The notes on pages 6 to 30 are an integral part of the condensed interim financial information.

The independent auditor's report on review of the condensed interim financial information is set out on page 1.

# Arab Bank for Investment and Foreign Trade PJSC

## Condensed Interim Statement of Changes in Equity

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

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	General reserve AED'000	Revaluation reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2020	1,500,000	642,722	638,132	380,000	129,542	55,457	1,168,876	4,514,729
Profit for the period	-	-	-	-	-	-	115,420	115,420
Other comprehensive loss for the period	-	-	-	-	-	(45,157)	-	(45,157)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,157)</b>	<b>115,420</b>	<b>70,263</b>
Zakat paid	-	-	-	-	-	-	(1,871)	(1,871)
<b>Balance at 30 June 2020</b>	<b>1,500,000</b>	<b>642,722</b>	<b>638,132</b>	<b>380,000</b>	<b>129,542</b>	<b>10,300</b>	<b>1,282,425</b>	<b>4,583,121</b>
Balance at 1 January 2021	1,500,000	642,722	638,132	380,000	129,613	98,430	277,183	3,666,080
Profit for the period	-	-	-	-	-	-	120,200	120,200
Other comprehensive income for the period	-	-	-	-	-	13,016	-	13,016
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,016</b>	<b>120,200</b>	<b>133,216</b>
Zakat paid	-	-	-	-	-	-	(1,747)	(1,747)
<b>Balance at 30 June 2021</b>	<b>1,500,000</b>	<b>642,722</b>	<b>638,132</b>	<b>380,000</b>	<b>129,613</b>	<b>111,446</b>	<b>395,636</b>	<b>3,797,549</b>

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# Arab Bank for Investment and Foreign Trade PJSC

## Condensed Interim Statement of Cash Flows

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

	<i>Note</i>	<b>2021</b> <b>AED'000</b>	2020 AED'000
<b>Operating activities</b>			
Profit for the period		<b>120,200</b>	115,420
<i>Adjustments for:</i>			
Depreciation	24	<b>16,809</b>	16,370
Net impairment charge on financial assets	25	<b>141,310</b>	159,636
Amortization of premium on bonds		<b>6,747</b>	8,353
Change in fair value of investment at FVTPL		-	5,000
Net impairment charge on property acquired in settlement of debt		-	2,100
Unrealised foreign exchange loss		<b>(34)</b>	-
<b>Operating cash flows before payment of employees' end of service benefits and changes in working capital</b>		<b>285,032</b>	306,879
<i>Changes in:</i>			
Loans and advances		<b>13,380</b>	(821,572)
Due from banks		<b>100,854</b>	9,184
Other assets		<b>(195,174)</b>	(71,511)
Customers' deposits		<b>836,184</b>	570,396
Due to banks		<b>(2,059,428)</b>	(252,509)
Other liabilities		<b>214,559</b>	(14,014)
Cash reserve with Central Bank of the UAE		<b>257,591</b>	303,968
<b>Net cash (used in) / generated from operating activities</b>		<b>(547,002)</b>	30,821
<b>Investing activities</b>			
Purchases of property and equipment	12	<b>(11,678)</b>	(14,518)
Proceeds from sale / redemption of investments at FVOCI		<b>247,928</b>	102,843
Proceeds from redemption of investments at amortised cost		<b>2,259</b>	2,262
Purchases of investments at FVOCI		<b>(263,264)</b>	(272,425)
Purchase of investments at amortised cost		<b>(74,985)</b>	-
<b>Net cash used in investing activities</b>		<b>(99,740)</b>	(181,838)
<b>Net decrease in cash and cash equivalents</b>		<b>(646,742)</b>	(151,017)
Cash and cash equivalents at 1 January		<b>3,816,875</b>	3,649,264
<b>Cash and cash equivalents at 30 June</b>	17	<b>3,170,133</b>	3,498,247

The notes on pages 6 to 30 are an integral part of the condensed interim financial information. The independent auditor's report on review of the condensed interim financial information is set out on page 1.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited)

## 1 Legal status and principal activities

Arab Bank for Investment and Foreign Trade PJSC (the “Bank”) was incorporated in the Emirate of Abu Dhabi by Union Decree No. 50 of 1976 as a Public Joint Stock Company in accordance with Federal Law No. (8) of 1984 (as amended). The address of the Bank’s registered office is P.O. Box 46733 Abu Dhabi, United Arab Emirates.

The Bank is engaged in commercial and retail banking activities and carries out its operations solely in the United Arab Emirates through its nine branches.

The Bank’s Islamic banking activities are conducted in accordance with Islamic Sharia’a laws issued by the Sharia’a Supervisory Board of the Bank.

The financial statements of the Bank as at and for the period ended 30 June 2021 and for the year ended 31 December 2020 are available upon request from the Bank’s registered address at P. O. Box 46733, Abu Dhabi, United Arab Emirates.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The condensed interim financial information has been prepared on a going concern basis and in accordance with IAS 34 Interim Financial Reporting and the requirements of the applicable laws in the UAE. It does not include all of the information required for full annual financial statements as required under IFRS. These condensed interim financial information should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2020 which were prepared in accordance with International Financial Reporting Standards (“IFRS”), except for the changes in accounting policies mentioned in note 2.2.

UAE Federal Law No 2 of 2015 being the Commercial Companies Law (“UAE Companies Law of 2015”) was issued on 1 April 2015 and has come into force on 1 July 2015. The Bank has complied, where applicable, with the UAE Federal Law of No 2 of 2015.

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

The condensed interim financial information are presented in United Arab Emirates Dirhams (“AED”) which is the functional currency of the Bank, rounded to the nearest thousand.

The results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.



# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 2 Summary of significant accounting policies (continued)

### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

#### New and revised IFRSs effective for accounting periods beginning on or after January 1, 2021

In the current period, the Bank has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Bank’s future transactions or arrangements.

- Amendments to IFRS 3 – definition of a business
- Amendments to IAS 1 and IAS 8 on the definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1

Other than the above, there are no other significant IFRSs, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 January 2021.

#### Standards and Interpretations in issue but not yet effective

The Bank has not early adopted new and revised IFRSs that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
<b>Amendment to IFRS 16, ‘Leases’ – COVID-19 related rent concessions:</b> As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 January 2021
<b>Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2:</b> The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.	1 January 2021

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 2 Summary of significant accounting policies (continued)

### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

#### Standards and Interpretations in issue but not yet effective (continued)

New standards and significant amendments to standards applicable to the Group:	Effective for annual periods beginning on or after
<p><b>Amendments to IAS 1, Presentation of financial statements’, on classification of liabilities :</b></p> <p>These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or noncurrent, 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</p>	1 January 2023
<p><b>A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16:</b></p> <p>Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.</p> <p>Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.</p>	1 January 2022
<p><b>Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8:</b></p> <p>The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies</p>	1 January 2023

Management anticipates that these amendments will be adopted in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by management.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 3 Judgments and estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, equity, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by management in applying the Bank's accounting policies and the key sources of estimates uncertainty were the same as those described in the audited financial statements as at and for the year ended 31 December 2020.

## 4 Financial risk management

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

### *Exposure to credit risk*

The Bank measures its exposure to credit risk by reference to the gross carrying amount of financial assets less amounts offset, interest suspended and impairment losses, if any. The carrying amounts of financial assets represent the maximum credit exposure.

### *Credit quality analysis*

The following table sets out information about the credit quality of financial assets as at 30 June 2021 and 31 December 2020. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	30 June 2021 (unaudited)				31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Due from banks</b>								
Low-fair risk	1,738,240	347,176	-	2,085,416	529,696	1,162,183	-	1,691,879
Higher risk	-	-	-	-	-	-	-	-
Grade 8: Substandard	-	-	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-	-	-
Grade 10: Loss	-	-	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>1,738,240</b>	<b>347,176</b>	<b>-</b>	<b>2,085,416</b>	<b>529,696</b>	<b>1,162,183</b>	<b>-</b>	<b>1,691,879</b>
Loss allowance (Stage 1 + Stage 2)	(3,034)	(1,852)	-	(4,886)	(2,438)	(3,261)	-	(5,699)
<b>Carrying amount</b>	<b>1,735,206</b>	<b>345,324</b>	<b>-</b>	<b>2,080,530</b>	<b>527,258</b>	<b>1,158,922</b>	<b>-</b>	<b>1,686,180</b>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 4 Financial risk management (continued)

Credit quality analysis (continued)

	30 June 2021 (unaudited)				31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances to customers</b>								
Low-fair risk	8,579,576	4,498,228	-	13,077,804	9,777,439	2,634,889	-	12,412,328
Higher risk	88,384	852,692	-	941,076	14,169	1,984,994	-	1,999,163
Grade 8: Substandard	-	-	1,949,951	1,949,951	-	-	1,508,779	1,508,779
Grade 9: Doubtful	-	-	1,730,536	1,730,536	-	-	1,924,154	1,924,154
Grade 10: Loss	-	-	290,111	290,111	-	-	82,040	82,040
<b>Total gross carrying amount</b>	<b>8,667,960</b>	<b>5,350,920</b>	<b>3,970,598</b>	<b>17,989,478</b>	<b>9,791,608</b>	<b>4,619,883</b>	<b>3,514,973</b>	<b>17,926,464</b>
Loss allowance (Stage 1 + Stage 2)	(72,380)	(356,951)	-	(429,331)	(130,250)	(448,332)	-	(578,582)
Loss allowance (Stage 3)	-	-	(1,787,221)	(1,787,221)	-	-	(1,451,351)	(1,451,351)
Interest / profit in suspense	-	-	(272,441)	(272,441)	-	-	(206,145)	(206,145)
Deferred Profit	(18,909)	-	-	(18,909)	(18,851)	-	-	(18,851)
<b>Carrying amount</b>	<b>8,576,671</b>	<b>4,993,969</b>	<b>910,936</b>	<b>15,481,576</b>	<b>9,642,507</b>	<b>4,171,551</b>	<b>1,857,477</b>	<b>15,671,535</b>

	30 June 2021 (unaudited)				31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Debt Securities – FVOCI</b>								
Low-fair risk	2,312,890	-	-	2,312,890	2,150,920	154,425	-	2,305,345
Higher risk	-	-	-	-	-	-	-	-
Grade 8: Substandard	-	-	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-	-	-
Grade 10: Loss	-	-	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>2,312,890</b>	<b>-</b>	<b>-</b>	<b>2,312,890</b>	<b>2,150,920</b>	<b>154,425</b>	<b>-</b>	<b>2,305,345</b>
Loss allowance (Stage 1 + Stage 2)	(18,644)	-	-	(18,644)	(13,177)	(3,563)	-	(16,740)
<b>Carrying amount</b>	<b>2,294,246</b>	<b>-</b>	<b>-</b>	<b>2,294,246</b>	<b>2,137,743</b>	<b>150,862</b>	<b>-</b>	<b>2,288,605</b>

The allowance for impairment on debt instruments designated at FVOCI is included in revaluation reserve of investments carried at FVOCI and recognized in other comprehensive income.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 4 Financial risk management (continued)

	30 June 2021 (unaudited)				31 December 2020 (audited)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Debt Securities – Amortised cost</b>								
Low-fair risk	102,734	-	-	102,734	32,238	-	-	32,238
Higher risk	-	-	-	-	-	-	-	-
Grade 8: Substandard	-	-	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-	-	-
Grade 10: Loss	-	-	-	-	-	-	-	-
<b>Total gross carrying amount</b>	<b>102,734</b>	<b>-</b>	<b>-</b>	<b>102,734</b>	<b>32,238</b>	<b>-</b>	<b>-</b>	<b>32,238</b>
Loss allowance (Stage 1 + Stage 2)	(159)	-	-	(159)	(333)	-	-	(333)
<b>Carrying amount</b>	<b>102,575</b>	<b>-</b>	<b>-</b>	<b>102,575</b>	<b>31,905</b>	<b>-</b>	<b>-</b>	<b>31,905</b>

### Capital management

The Bank's regulatory capital positions as at 30 June 2021 and 31 December 2020 is as follows:

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
<b>Tier 1 capital</b>		
Share capital	1,500,000	1,500,000
Statutory reserve	642,722	642,722
Special reserve	638,132	638,132
General reserve	380,000	380,000
Fair value reserve	50,151	44,294
Retained earnings	395,636	277,183
IFRS transitional arrangement: Partial addback of ECL	15,896	181,705
Deduction from Capital	(111,087)	-
Eligible Tier 1 capital(a)	<b>3,511,450</b>	<b>3,664,036</b>
Tier 2 capital		
Eligible general provisions	239,173	238,222
Eligible Tier 2 capital(b)	<b>239,173</b>	<b>238,222</b>
Total capital base (a+b)	<b>3,750,623</b>	<b>3,902,258</b>
<i>Risk weighted assets:</i>		
Credit risk	19,133,818	19,057,734
Market risk	31,889	31,057
Operational risk	1,530,757	1,530,757
<b>Total risk weighted assets</b>	<b>20,696,464</b>	<b>20,619,548</b>
<b>CET 1 ratio</b>	<b>17.0%</b>	17.8%
<b>Tier 1 ratio</b>	<b>17.0%</b>	17.8%
<b>Capital adequacy ratio</b>	<b>18.1%</b>	18.9%

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 4 Financial risk management (continued)

### Impact of Covid-19

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. The measures necessary to contain the virus have triggered an economic downturn. At this point, there is great uncertainty about its severity and length. Since the pandemic's outbreak, prices of risk assets have fallen sharply.

In response to this crisis, the Central Bank of UAE (CBUAE) has instituted measures in the UAE to support businesses and households. These measures are expected to remain in place through the period of disruption. It is difficult at this time to incorporate the specific effects of COVID-19 and government support measures on a reasonable and supportable basis.

To counter volatility in financial market and its impact on regulatory capital, CBUAE has issued a new requirement for all banks to apply a prudential filter to IFRS 9 expected credit loss (ECL) provisions. Any increase in the provisioning on stage 1 and 2 accounts compared to 31 December 2019 will be added back to regulatory capital and will be gradually phased-out during a five-year period, ending 31 December 2024.

### Impact of Covid-19 (continued)

**IASB Guidance and Joint Guidance issued by the Central Bank of UAE, Dubai Financial Services Authority (the "DFSA") and the Financial Services Regulatory Authority (the "FSRA").**

The Bank recognizes any changes made to ECL to estimate the overall impact of Covid-19 will be subject to very high levels of uncertainty as little reasonable and supportable forward-looking information is currently available on which to base those changes. Accordingly, IASB and regulatory bodies in the UAE have proposed certain measures to manage the impact of economic uncertainty on ECL while remaining compliant with IFRS.

On 27 March 2020, the IASB issued a guidance note on accounting for expected credit losses in the light of current uncertainty arising from the COVID-19 pandemic. As per CBUAE guidelines on "Treatment of IFRS 9 ECL in context of COVID-19 crises", Banks and finance companies were not expected to update macroeconomic scenarios in their ECL systems immediately and were encouraged to (i) estimate the impact of new scenarios by assessing a range of possible outcomes on ECL separately and, (ii) based on these estimations, gradually introduce judgmental overlays on top of ECL with the view that scenarios should be re-introduced in their ECL systems no later than 30 September 2020. Accordingly, the Bank recorded provisions based on judgmental overlays on the top of ECL up to the quarter ended 30 June 2020. Thereafter, the Bank used the latest available macro-economic forecasts to reflect the impact of COVID-19, as would have been used and has taken the provisions accordingly.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 4 Financial risk management (continued)

### Impact of Covid-19 (continued)

#### Covid-19 and Expected Credit Loss (ECL)

COVID-19 continues to disrupt businesses and economic activity in 2021. In response, governments and central banks extended economic support and relief measures (including payment deferrals) launched in 2020 to lessen the impact on individuals and corporates. In determination of Q2 2021 ECL, the Bank has considered potential impact caused by COVID-19 pandemic (based upon available information) and taken into account economic support and relief measures of government and Central Bank. The Bank has also considered the notices issued by the Central Bank of UAE with regards to the 'Targeted Economic Support Scheme (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). The Bank has suitable governance process in place for IFRS 9.

#### Forward Looking Information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank formulates three economic scenarios: a base case, which is the median scenario assigned a 40% probability of occurring (31 December 2020: 40%), and two less likely scenarios, one upside and one downside, each assigned a 30% probability of occurring (31 December 2020: 30%). The same information is used by the Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities, and the International Monetary Fund, and selected private-sector and academic forecasters. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. The Bank has applied the following Macro Economic Variables for the Corporate portfolio in conditional IFRS 9 analysis with forecast scenarios: Equity (ADX Equity Index) and Oil Price. Had the weightage to the adverse scenario been increased by another 10% with a corresponding decrease of 10% in upside scenario, the impairment loss allowance would increase by AED 11.2 million at 30 June 2021.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 5 Valuation of financial instruments and other assets

### Fair value hierarchy

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 30 June 2021</b>				
Investments at FVOCI	2,409,646	-	19,148	2,428,794
Investment at FVTPL	-	-	11,021	11,021
Investment properties	-	-	325,445	325,445
Property and equipment	-	-	182,696	182,696
Property acquired in settlement of Debt	-	-	9,185	9,185
Asset held-for-sale	-	-	49,690	49,690
	2,409,646	-	597,185	3,006,831
	2,409,646	-	597,185	3,006,831
<b>At 31 December 2020</b>				
Investments at FVOCI	2,388,287	-	18,541	2,406,828
Investment at FVTPL	-	-	11,021	11,021
Investment properties	-	-	330,776	330,776
Property and equipment	-	-	182,869	182,869
Property acquired in settlement of Debt	-	-	9,185	9,185
Asset held-for-sale	-	-	49,690	49,690
	2,388,287	-	602,082	2,990,369
	2,388,287	-	602,082	2,990,369

All financial assets are measured at fair value by reference to published price quotations in an active market or from prices quoted by counterparties or through use of the valuation techniques such as the discounted cash flow method.

The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers of assets between Level 1 and Level 2 or any transfers into or out of Level 3 of the fair value hierarchy during the period.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other inputs used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and correlations. The objective of valuation techniques is to arrive at a fair value determination of the price that reflects the consideration 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 in the principal, or in its absence, the most advantageous market to which the Bank has access at that date.



# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 6 Cash and balances with the Central Bank of the UAE

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Cash in hand	104,188	81,997
Balances with the Central Bank of the UAE	1,048,626	2,211,950
Cash reserve with Central Bank of the UAE	552,027	809,618
Gross balance	<u>1,704,841</u>	<u>3,103,565</u>
Allowance for expected credit losses	(175)	(681)
	<u><u>1,704,666</u></u>	<u><u>3,102,884</u></u>

Cash reserve deposits are not available for the Bank's day-to-day operations.

The movement in the allowance for expected credit losses during the period is shown below:

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Opening balance	681	-
Net (reversal) / charge for the period, net (Note 25)	(506)	681
	<u>175</u>	<u>681</u>

## 7 Due from banks - net

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Current, call and nostro balances	727,513	1,064,628
Fixed deposits	1,289,806	458,300
Loan syndication	68,097	168,951
Gross balance	<u>2,085,416</u>	<u>1,691,879</u>
Allowance for expected credit losses	(4,886)	(5,699)
	<u><u>2,080,530</u></u>	<u><u>1,686,180</u></u>

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 7 Due from banks - net (continued)

The movement in the allowance for impairment during the period is shown below:

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Opening balance	5,699	10,442
Net (reversal)/charge for the period (Note 25)	(813)	3,687
Transfer to other liabilities	-	(8,430)
	<u>4,886</u>	<u>5,699</u>

### 8 Loans and advances - net

Loans and advances are stated net of provision for expected credit losses.

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Loans and advances	15,854,990	15,573,220
Islamic financing	2,134,488	2,353,244
<b>Gross loans and Islamic financing</b>	<b>17,989,478</b>	<b>17,926,464</b>
Deferred profit	(18,909)	(18,851)
Allowance for expected credit losses	(2,216,552)	(2,029,933)
Interest / profit suspended	(272,441)	(206,145)
<b>Net loans and advances</b>	<b>15,481,576</b>	<b>15,671,535</b>

Management has assessed the fair value of loans and advances and the carrying value approximates the fair value as at 30 June 2021.

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 8 Loans and advances – net (continued)

An analysis of gross loans and advances by segment at the reporting date is shown below:

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Corporate segment	16,893,219	16,898,971
Consumer segment	1,096,259	1,027,493
<b>Gross loans and Islamic financing</b>	<b>17,989,478</b>	<b>17,926,464</b>

The movements in the allowance for expected credit losses on loans and advances during the six-month period ended 30 June 2021 were as follows:

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Opening balance	2,029,933	964,220
Charge for the period / year, net (Note 25)	186,882	1,180,514
Recoveries	-	(16,732)
<b>Net charge during the period / year</b>	<b>186,882</b>	<b>1,163,782</b>
Net amounts written off	(262)	(1,412)
Transfer to other liabilities	-	(96,657)
	<b>2,216,552</b>	<b>2,029,933</b>

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 9 Investment properties - net

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Investment properties		
Land	402,224	402,224
Buildings	200,176	205,507
Work-in-progress	9,505	9,505
	<hr/>	<hr/>
	611,905	617,236
Less: Allowance for impairment	(286,460)	(286,460)
	<hr/>	<hr/>
	<b>325,445</b>	<b>330,776</b>
	<hr/> <hr/>	<hr/> <hr/>

Towards the end of 2020, the Bank carried out an evaluation exercise of the investment properties and investment properties under development through qualified, independent external valuers, the valuation methodologies used by the external valuers include:

- Direct Comparable method: This method seeks to determine the value of the property from transactions of comparable properties in the vicinity applying adjustments to reflect differences to the subject property.
- Investment method: This method is used to assess the value of the property by capitalizing the net operating income of the property at an appropriate yield an investor would expect for an investment of the duration of the interest being valued. A yield range of 4% to 5% has been applied, together with allowances for rent free periods.
- Income capitalisation method: This method includes development of valuation model that applies a rate to an amount that represents a measure of economic income (e.g. free cash flows to firm or free cash flows to equity) to arrive at an estimate of present value. The model is useful as a cross-check when other approaches have been used.

A further independent valuation has not been performed as of 30 June 2021 and management believes that fair value on the reporting date is not materially different from carrying value.

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 10 Assets held-for-sale

During 2018, the Bank entered into a commercial agreement to sell a part of its investment property portfolio. During the year, the Bank successfully completed the sale of one land. The deal for the second land is expected to be finalized by 31 December 2021. These assets are non-cash generating units and therefore have no impact on the statement of comprehensive income.

	<b>(Unaudited)</b> <b>30 June</b> <b>2021</b> <b>AED'000</b>	(Audited) 31 December 2020 AED'000
Land	<b>49,690</b>	49,690
	<b>49,690</b>	49,690

## 11 Other assets

	<b>(Unaudited)</b> <b>30 June</b> <b>2021</b> <b>AED'000</b>	(Audited) 31 December 2020 AED'000
Acceptances	<b>406,031</b>	165,029
Interest receivable	<b>160,115</b>	210,186
Sundry debtors and other assets	<b>29,091</b>	24,848
Property acquired in settlement of debt, net	<b>9,185</b>	9,185
	<b>604,422</b>	409,248

## 12 Property and equipment

During the six-month period ended 30 June 2021, the Bank acquired assets with a cost of AED 11,678 thousand (30 June 2020: AED 14,518 thousand). The depreciation charged during the six-month period ended 30 June 2021 is AED 11,478 thousand (30 June 2020: AED 11,039 thousand).

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 13 Customers' deposits

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
<i>By type:</i>		
Notice and time deposits	10,962,448	9,863,657
Current accounts	3,908,416	4,119,175
Savings accounts	130,792	137,236
	<u>15,001,656</u>	<u>14,120,068</u>
<i>Islamic deposits</i>		
<i>By type:</i>		
Current accounts	457,581	380,656
Mudaraba term and savings deposits	10,296	15,411
Wakala deposits	1,593,347	1,710,561
	<u>2,061,224</u>	<u>2,106,628</u>
<b>Total deposits</b>	<u>17,062,880</u>	<u>16,226,696</u>
<i>By sector:</i>		
Government sector	3,363,442	4,763,105
Private sector	11,122,142	8,523,578
Individuals	2,577,296	2,940,013
	<u>17,062,880</u>	<u>16,226,696</u>

Management has assessed the fair value of customer's deposit and the carrying value approximates the fair value as at 30 June 2021.

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 14 Due to banks

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Current, call and vostro balances	220,159	229,145
Fixed deposits	1,138,630	2,528,019
Funds received from CBUAE under TESS	-	661,053
	<u>1,358,789</u>	<u>3,418,217</u>
<i>By location:</i>		
Within the UAE	-	1,377,294
Outside the UAE	1,358,789	2,040,923
	<u>1,358,789</u>	<u>3,418,217</u>

### 15 Other liabilities

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Acceptances	406,031	165,029
Interest payable	49,286	68,014
Provision for employees' end of service benefits	27,630	26,610
ECL on contingent assets	188,866	224,544
Others	179,899	186,888
	<u>851,712</u>	<u>671,085</u>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 16 Equity

### a) Share capital

The authorized, issued and paid up share capital as at 30 June 2021 is comprised of 75,000 thousand ordinary shares of AED 20,000 each (*31 December 2020: 75,000 thousand ordinary shares of AED 20,000 each*).

### b) Statutory reserve

In accordance with the UAE Companies Law of 2015 (UAE Federal Law No. (2) issued on 1 April 2015), as amended, 10% of the net profit for each year is transferred to a statutory reserve until this reserve equals 50% of the share capital. The statutory reserve is not available for distribution. Transfers to the statutory reserve are made at year end, if at all.

### c) Special reserve

In accordance with Union Law No. 10 of 1980 concerning the Central Bank of the UAE, the monetary system and organization of banking, 10% of the net profit for each year is transferred to a special reserve until this reserve equals 50% of the share capital. The special reserve is not available for distribution. Transfers to the special reserve are made at year end, if at all.

### d) General reserve

The general reserve has been established to enhance the equity base of the Bank. Transfers to the general reserve are made upon the recommendation of the Board of Directors. This reserve may only be used for the purposes recommended by the Board of Directors and approved by the shareholders.

### e) Revaluation reserve

The revaluation includes cumulative gains on revaluation of freehold land and buildings, amounting to AED 129.61 million (*2020: AED 129.61 million*).

### f) Fair value reserve

The fair value reserve includes the cumulative net change in the FVOCI investments, until the investments are derecognized or impaired.

	<b>(Unaudited)</b>	(Audited)
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
Fair value reserve – Investments designated at FVOCI		
At 1 January	<b>98,430</b>	55,457
Fair value changes – net	<b>13,016</b>	42,973
	<b>111,446</b>	98,430



# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 17 Cash and cash equivalents

Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following balances maturing within three month of the date of the acquisition / placement.

	<b>(Unaudited)</b> <b>30 June</b> <b>2021</b> <b>AED'000</b>	(Audited) 31 December 2020 AED'000
Cash and balances with the Central Bank of the UAE - gross	<b>1,704,841</b>	3,103,565
Due from banks -gross	<b>2,085,416</b>	1,691,879
	<b>3,790,257</b>	4,795,444
<i>Less: cash reserve with Central Bank of the UAE</i>	<b>(552,027)</b>	(809,618)
<i>Less: due from banks with original maturity of more than 3 month</i>	<b>(68,097)</b>	(168,951)
<b>Cash and cash equivalents</b>	<b>3,170,133</b>	3,816,875

For the purpose of determining cash and cash equivalents, cash reserve deposits not available for the Bank's day to day operations are deduced from cash balances.

## 18 Interest income

	<b>For the six-month ended</b>		<b>For the three-month ended</b>	
	<b>30 June</b> <b>2021</b> <b>(Unaudited)</b> <b>AED'000</b>	2020 (Unaudited) AED'000	<b>30 June</b> <b>2021</b> <b>(Unaudited)</b> <b>AED'000</b>	2020 (Unaudited) AED'000
Loans and advances to customers	<b>285,652</b>	373,498	<b>150,302</b>	180,884
Investment securities	<b>39,944</b>	35,537	<b>19,802</b>	18,208
Due from banks	<b>6,666</b>	24,156	<b>3,416</b>	8,007
	<b>332,262</b>	433,191	<b>173,520</b>	207,099

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 19 Interest expense

	For the six-month ended 30 June		For the three-month ended 30 June	
	2021 (Unaudited) AED'000	2020 (Unaudited) AED'000	2021 (Unaudited) AED'000	2020 (Unaudited) AED'000
Customers' deposits	58,127	116,769	29,531	56,925
Due to banks	2,556	16,244	1,210	6,953
	<u>60,683</u>	<u>133,013</u>	<u>30,741</u>	<u>63,878</u>

### 20 Income from Islamic financing contracts

	For the six-month ended 30 June		For the three-month ended 30 June	
	2021 (Unaudited) AED'000	2020 (Unaudited) AED'000	2021 (Unaudited) AED'000	2020 (Unaudited) AED'000
Ijarah	27,897	28,292	15,040	15,504
Murabaha	20,133	25,642	10,968	10,559
	<u>48,030</u>	<u>53,934</u>	<u>26,008</u>	<u>26,063</u>

### 21 Depositors' share of profits

	For the six-month ended 30 June		For the three-month ended 30 June	
	2021 (Unaudited) AED'000	2020 (Unaudited) AED'000	2021 (Unaudited) AED'000	2020 (Unaudited) AED'000
Wakala	10,002	20,857	4,654	9,084
Mudaraba term and saving	-	8	-	2
	<u>10,002</u>	<u>20,865</u>	<u>4,654</u>	<u>9,086</u>

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 22 Net fee and commission income

	For the six-month ended		For the three-month ended	
	30 June		30 June	
	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000
<i>Fee and commission income:</i>				
Letters of credit	17,931	17,391	11,756	7,264
Letters of guarantee	9,240	9,572	4,364	4,258
Retail and corporate lending fee	6,856	10,389	3,885	4,159
Transfers and other fee	2,996	4,675	1,675	1,101
Others	18,021	15,631	8,164	7,007
<b>Total fee and commission income</b>	<b>55,044</b>	<b>57,658</b>	<b>29,844</b>	<b>23,789</b>
<i>Fee and commission expenses:</i>				
Brokerage fee	(416)	(180)	(348)	(58)
Handling charges	(704)	(837)	(297)	(179)
Others	(3,442)	(2,875)	(1,742)	(1,210)
<b>Total fee and commission expense</b>	<b>(4,562)</b>	<b>(3,892)</b>	<b>(2,387)</b>	<b>(1,447)</b>
<b>Net fee and commission income</b>	<b>50,482</b>	<b>53,766</b>	<b>27,457</b>	<b>22,342</b>

### 23 Other operating income

	For the six-month ended		For the three-month ended	
	30 June		30 June	
	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000
Rental income	7,016	9,874	3,367	4,696
Others	10,825	-	-	-
<b>Total</b>	<b>17,841</b>	<b>9,874</b>	<b>3,367</b>	<b>4,696</b>

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 24 General, administrative and other operating expenses

	For the six-month ended 30 June		For the three-month ended 30 June	
	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000
Staff costs	78,219	90,678	37,732	44,554
Depreciation	16,809	16,371	8,405	8,323
Board of Directors expenses	7,431	7,373	3,723	3,586
Other operating expenses	24,635	20,109	10,011	9,561
	<u>127,094</u>	<u>134,531</u>	<u>59,871</u>	<u>66,024</u>

### 25 Net impairment charge on financial assets

	For the six-month ended 30 June		For the three-month ended 30 June	
	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000
Net impairment on loans and advances	186,882	160,628	106,727	74,319
Net impairment on unfunded exposures	(35,678)	-	(28,466)	-
Net impairment on due from banks	(813)	1,333	1,486	-
Net impairment on central bank balances	(506)	-	(17)	-
Net impairment on investment securities	1,730	2,950	2,918	-
Write-off of impaired financial assets	566	-	1	-
Recovery of loans previously written - off	(10,871)	(5,275)	(1,425)	(981)
	<u>141,310</u>	<u>159,636</u>	<u>81,224</u>	<u>73,338</u>

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 26 Commitments and contingent liabilities

The Bank, in the ordinary course of business, enters into various types of transactions that involve undertaking certain commitments such as letters of credit, guarantees and capital commitments.

	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Letters of credit	1,951,833	1,574,524
Letters of guarantee	3,239,054	3,568,676
	<u>5,190,887</u>	<u>5,143,200</u>
Un-drawn commitments to extend credit	4,728,281	5,022,247
Commitment for future capital expenditure	3,901	5,887
	<u>4,732,182</u>	<u>5,028,134</u>
<b>Total commitments and contingencies</b>	<u><u>9,923,069</u></u>	<u><u>10,171,334</u></u>

## 27 Related party transactions

### Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. Related parties comprise major shareholders, directors and key management personnel of the Bank. The Bank's shareholding pattern is as follows:

	<u>Shareholding percentage %</u>	
	2021	2020
Emirates Investment Authority	42.28	42.28
Libyan Foreign Bank	42.28	42.28
Banque Exterieur d'Algerie	15.44	15.44

# Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

## 27 Related party transactions (continued)

In the normal course of business, the Bank enters into various transactions with its related parties. Banking transactions are entered into with related parties on terms and conditions approved by either the Bank's management or the Board of Directors. The volume of related party transactions, outstanding balances and related expenses and income for the year were as follows:

Balances:	Key management personnel		Others	
	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000	(Unaudited) 30 June 2021 AED'000	(Audited) 31 December 2020 AED'000
Loans and advances	20,185	16,528	-	-
Due from banks	-	-	29,930	31,381
Deposits	16,045	22,312	1,012,293	2,494,420
Due to banks	-	-	1,022,671	1,126,447
Commitments and contingencies	-	-	1,066,290	1,134,808
Transactions:	Key management personnel		Others	
	(Unaudited) 30 June 2021 AED'000	(Unaudited) 30 June 2020 AED'000	(Unaudited) 30 June 2021 AED'000	(Unaudited) 30 June 2020 AED'000
Board of Directors' expenses	7,431	7,373	-	-
Salaries and benefits	8,158	8,930	-	-
Post-employment benefits	693	730	-	-
Interest income	218	286	-	-
Interest expense	48	60	6,723	22,079
Fee and commission	-	-	418	1,048

## Arab Bank for Investment and Foreign Trade PJSC

Notes to the condensed interim financial information for the six-month period ended 30 June 2021 (unaudited) (continued)

### 27 Related party transactions *(continued)*

Loans and advances granted to key management personnel are repayable over one year and bear interest rates ranging between 3% and 5% (2020: 4% to 7%). No collateral is under lien on loans and advances to key management personnel. No life time ECL provision has been recorded against these loans and advances.

Deposits from other related parties include fixed deposits under lien amounting to AED 955 million (31 December 2020: AED 1,102 million).

### 28 Basic and diluted earnings per share

	For the six-month ended 30 June		For the three-month ended 30 June	
	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000	(Unaudited) 2021 AED'000	(Unaudited) 2020 AED'000
Profit for the period	<b>120,200</b>	115,420	<b>64,265</b>	47,259
Weighted average number of ordinary shares	<b>75,000</b>	75,000	<b>75,000</b>	75,000
Earnings per share (AED)	<b>1.60</b>	1.54	<b>0.86</b>	0.63

There were no potentially dilutive securities as at 30 June 2021 or 30 June 2020, and accordingly, diluted earnings per share are the same as basic earnings per share.

### 29 Subsequent events

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