

عام  
زايد



YEAR OF  
ZAYED



## FAB Q2/H1'18 Financial Results

- *Pro forma Condensed Consolidated Financial Statements*
- *Reviewed Condensed Consolidated Interim Financial Statements*

Grow  
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بنك أبوظبي الأول

**FAB**

First Abu Dhabi Bank

# Pro forma Condensed Consolidated Financial Statements

June 30, 2018

## PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following pro forma condensed consolidated financial information (“Pro forma financial information”) illustrates the effects on the statement of financial position and financial performance of the combination (Merger) between National Bank of Abu Dhabi and its subsidiaries (together referred to as “NBAD”) and First Gulf Bank and its subsidiaries (together referred to as “FGB”).

The Pro forma financial information consists of the unaudited Pro Forma Condensed Consolidated Statement of Financial Position of NBAD and FGB (together referred to as “the Group”) as at 30 June 2018, and its unaudited Pro forma Condensed Consolidated statement of Profit or Loss for the period then ended. These statements are prepared as if the Merger has taken place as at 1 January 2017.

The purpose of the Pro forma financial statements is to show the material effects that the Merger of NBAD and FGB would have had on the historical consolidated statement of financial position and the consolidated statement of profit or loss if the Group had already existed in the structure created by the Merger. They are not representative of the financial situation and performance that could have been observed if the indicated business combination had been undertaken at an earlier date.

The presentation of the Pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma consolidated statement of financial position and profit or loss addresses a hypothetical situation and, therefore, does not represent and may not give a true picture of the financial position and financial performance of the Group. Furthermore, the Pro forma financial information is only meaningful in conjunction with the historical consolidated financial statements of First Abu Dhabi Bank PJSC as at and for the financial year ended 31 December 2017.

The Pro forma financial information has been compiled based on the accounting policies adopted by the Group for the preparation of 30 June 2018 financial information. Any impact due to change in the accounting policy and adjustment have been reflected in prior comparative periods. The Pro forma financial information does not take into consideration the effects of expected synergies or costs incurred to achieve these synergies as a result of the Merger. The Pro forma financial information gives no indication of the results and future financial situation of the activities of the Group.

## Pro forma Condensed consolidated statement of financial position

As at

Assets	30 June 2018 AED'000	31 Dec 2017 AED'000
Cash and balances with central banks	139,316,246	138,111,054
Investments at fair value through profit or loss	17,501,258	19,320,764
Due from banks and financial institutions	14,462,348	13,829,490
Reverse repurchase agreements	20,488,019	21,346,974
Derivative financial instruments	15,214,229	11,399,432
Loans and advances	344,677,782	330,465,888
Non-trading investments	90,406,003	88,457,710
Investment properties	7,029,377	6,927,692
Property and equipment	3,652,212	3,535,501
Intangibles	19,803,257	19,901,374
Other assets	19,106,853	15,672,416
<b>Total assets</b>	<b>691,657,584</b>	<b>668,968,295</b>
<b>Liabilities</b>		
Due to banks and financial institutions	32,112,895	30,576,336
Repurchase agreements	25,157,118	37,674,016
Commercial paper	21,506,904	24,124,097
Derivative financial instruments	17,827,490	14,941,331
Customer accounts and other deposits	431,303,429	395,843,664
Term borrowings	43,406,299	42,145,718
Subordinated notes	408,440	420,381
Other liabilities	22,899,214	21,033,339
<b>Total liabilities</b>	<b>594,621,789</b>	<b>566,758,882</b>
<b>Equity</b>		
Share capital	10,897,545	10,897,545
Share premium	53,086,670	53,026,644
Treasury shares	(35,689)	(42,433)
Statutory and special reserves	7,081,074	7,081,074
Other reserves	336,480	962,736
Tier 1 capital notes	10,754,750	10,754,750
Share option scheme	261,242	256,265
Convertible notes - equity component	108,265	108,265
Retained earnings	14,035,164	18,677,552
<b>Total equity attributable to shareholders of the Group</b>	<b>96,525,501</b>	<b>101,722,398</b>
Non-controlling interest	510,294	487,015
<b>Total Equity</b>	<b>97,035,795</b>	<b>102,209,413</b>
<b>Total liabilities and equity</b>	<b>691,657,584</b>	<b>668,968,295</b>

## Pro forma Condensed consolidated statement of profit or loss

For the period ended

	Note	Six Month Period Ended		Three Month Period Ended	
		30 June		30 June	
		2018	2017	2018	2017
		AED'000	AED'000	AED'000	AED'000
Interest income		10,174,229	9,266,582	5,256,218	4,638,397
Interest expense		(3,682,429)	(2,767,293)	(2,032,897)	(1,403,519)
<b>Net interest income</b>		<b>6,491,800</b>	6,499,289	<b>3,223,321</b>	3,234,878
Fee and commission income		2,505,885	2,340,810	1,238,767	1,210,831
Fee and commission expense		(711,445)	(699,158)	(378,072)	(351,001)
<b>Net fee and commission income</b>		<b>1,794,440</b>	1,641,652	<b>860,695</b>	859,830
Net foreign exchange gain	1	896,634	378,144	561,130	261,969
Net gain on investments and derivatives	2	430,203	1,252,646	109,937	271,437
Other operating income	3	178,092	102,034	165,058	48,650
<b>Operating income</b>		<b>9,791,169</b>	9,873,765	<b>4,920,141</b>	4,676,764
General, administration and other operating expenses		(2,663,937)	(2,914,856)	(1,337,868)	(1,398,984)
<b>Profit before net impairment charge and taxation</b>		<b>7,127,232</b>	6,958,909	<b>3,582,273</b>	3,277,780
Net impairment charge	4	(862,608)	(1,260,323)	(423,480)	(610,971)
<b>Profit before taxation</b>		<b>6,264,624</b>	5,698,586	<b>3,158,793</b>	2,666,809
Overseas income tax expense		(179,928)	(199,499)	(85,668)	(94,274)
<b>Profit for the period</b>		<b>6,084,696</b>	5,499,087	<b>3,073,125</b>	2,572,535
Profit attributable to:					
Shareholders of the Bank		6,057,238	5,487,737	3,059,318	2,562,058
Non-controlling interests		27,458	11,350	13,807	10,477
		<b>6,084,696</b>	5,499,087	<b>3,073,125</b>	2,572,535

## Segmental information

	Business Segment					Geographic Segment				
	Corporate and Investment Banking AED'000	Personal Banking Group AED'000	Subsidiaries AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Middle East And Africa AED'000	Europe and Americas AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the six month period ended 30 June 2018 (Unaudited)</i>										
Net Interest income	2,856,995	2,756,882	(15,210)	893,133	6,491,800	5,612,418	279,208	466,578	133,596	6,491,800
Net non-interest income	2,071,598	953,580	162,158	112,033	3,299,369	2,868,296	181,909	107,351	141,813	3,299,369
Operating income	<u>4,928,593</u>	<u>3,710,462</u>	<u>146,948</u>	<u>1,005,166</u>	<u>9,791,169</u>	<u>8,480,714</u>	<u>461,117</u>	<u>573,929</u>	<u>275,409</u>	<u>9,791,169</u>
General administration and other operating expenses	866,159	1,404,395	72,741	320,642	2,663,937	2,201,606	177,656	162,008	122,667	2,663,937
Net impairment charge	<u>472,108</u>	<u>351,511</u>	<u>(4,716)</u>	<u>43,705</u>	<u>862,608</u>	<u>869,043</u>	<u>(36,508)</u>	<u>(36,730)</u>	<u>66,803</u>	<u>862,608</u>
Profit before taxation	<u>3,590,326</u>	<u>1,954,556</u>	<u>78,923</u>	<u>640,819</u>	<u>6,264,624</u>	<u>5,410,065</u>	<u>319,969</u>	<u>448,651</u>	<u>85,939</u>	<u>6,264,624</u>
Overseas taxation	<u>97,477</u>	<u>63,492</u>	<u>17,791</u>	<u>1,168</u>	<u>179,928</u>	<u>1,625</u>	<u>54,453</u>	<u>119,002</u>	<u>4,848</u>	<u>179,928</u>
Net profit for the period	<u>3,492,849</u>	<u>1,891,064</u>	<u>61,132</u>	<u>639,651</u>	<u>6,084,696</u>	<u>5,408,440</u>	<u>265,516</u>	<u>329,649</u>	<u>81,091</u>	<u>6,084,696</u>
<i>As at 30 June 2018 (Unaudited)</i>										
Segment total assets	<u>507,127,707</u>	<u>116,797,430</u>	<u>13,724,685</u>	<u>106,462,695</u>	<u>744,112,517</u>	<u>574,472,997</u>	<u>28,720,360</u>	<u>129,221,886</u>	<u>30,082,191</u>	<u>762,497,434</u>
Inter segment balances					(52,454,933)					(70,839,850)
Total assets					<u>691,657,584</u>					<u>691,657,584</u>
Segment total liabilities	<u>444,315,480</u>	<u>94,746,759</u>	<u>6,007,338</u>	<u>102,007,145</u>	<u>647,076,722</u>	<u>491,836,195</u>	<u>19,895,624</u>	<u>127,029,449</u>	<u>26,700,371</u>	<u>665,461,639</u>
Inter segment balances					(52,454,933)					(70,839,850)
Total liabilities					<u>594,621,789</u>					<u>594,621,789</u>

## Segmental information (continued)

	Business Segment					Geographic Segment				
	Corporate and Investment Banking AED'000	Personal Banking Group AED'000	Subsidiaries AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Middle East And Africa AED'000	Europe and Americas AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the six month period ended 30 June 2017 (Unaudited)</i>										
Net Interest income	2,916,169	2,902,200	(40,650)	721,570	6,499,289	5,708,639	329,379	311,919	149,352	6,499,289
Net non-interest income	1,904,336	904,777	164,706	400,657	3,374,476	2,918,098	153,514	195,863	107,001	3,374,476
Operating income	<u>4,820,505</u>	<u>3,806,977</u>	<u>124,056</u>	<u>1,122,227</u>	<u>9,873,765</u>	<u>8,626,737</u>	<u>482,893</u>	<u>507,782</u>	<u>256,353</u>	<u>9,873,765</u>
General administration and other operating expenses	1,033,606	1,610,914	73,753	196,583	2,914,856	2,497,693	174,364	158,288	84,511	2,914,856
Net impairment charge	(78,805)	1,230,305	38,987	69,836	1,260,323	1,277,863	21,072	(293)	(38,319)	1,260,323
Profit before taxation	<u>3,865,704</u>	<u>965,758</u>	<u>11,316</u>	<u>855,808</u>	<u>5,698,586</u>	<u>4,851,181</u>	<u>287,457</u>	<u>349,787</u>	<u>210,161</u>	<u>5,698,586</u>
Overseas taxation	<u>126,734</u>	<u>66,285</u>	<u>7,180</u>	<u>(700)</u>	<u>199,499</u>	<u>2,086</u>	<u>59,480</u>	<u>122,991</u>	<u>14,942</u>	<u>199,499</u>
Net profit for the period	<u>3,738,970</u>	<u>899,473</u>	<u>4,136</u>	<u>856,508</u>	<u>5,499,087</u>	<u>4,849,095</u>	<u>227,977</u>	<u>226,796</u>	<u>195,219</u>	<u>5,499,087</u>
<i>As at 31December 2017(Audited)</i>										
Segment total assets	<u>450,441,539</u>	<u>106,156,608</u>	<u>13,606,508</u>	<u>126,345,510</u>	<u>696,550,165</u>	<u>544,299,763</u>	<u>21,240,671</u>	<u>129,441,066</u>	<u>23,406,626</u>	<u>718,388,126</u>
Inter segment balances					(27,581,870)					(49,419,831)
Total assets					<u>668,968,295</u>					<u>668,968,295</u>
Segment total liabilities	<u>437,975,693</u>	<u>100,411,415</u>	<u>6,170,495</u>	<u>49,783,149</u>	<u>594,340,752</u>	<u>456,642,109</u>	<u>13,808,673</u>	<u>126,033,661</u>	<u>19,694,270</u>	<u>616,178,713</u>
Inter segment balances					(27,581,870)					(49,419,831)
Total liabilities					<u>566,758,882</u>					<u>566,758,882</u>

## Notes to the condensed consolidated Pro forma financial statements

### 1 Net foreign exchange gain

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Trading and retranslation gain on foreign exchange and related derivatives	736,070	172,810	482,867	151,009
Dealings with customers	160,564	205,334	78,263	110,960
	<u>896,634</u>	<u>378,144</u>	<u>561,130</u>	<u>261,969</u>

### 2 Net gain on investments and derivatives

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	386,063	520,055	150,873	179,478
Net gain from sale of non-trading investments	(3,480)	698,244	(74,717)	79,735
Dividend income	47,620	34,347	33,781	12,224
	<u>430,203</u>	<u>1,252,646</u>	<u>109,937</u>	<u>271,437</u>

### 3 Other Operating Income

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Investment property income	1,938	29,997	414	18,487
Leasing related income	40,478	45,704	18,679	22,401
Other income	135,676	26,333	145,965	7,762
	<u>178,092</u>	<u>102,034</u>	<u>165,058</u>	<u>48,650</u>



#### 4 Net impairment charge

	<b>(Unaudited)</b> <b>Six month</b> <b>period ended</b> <b>30 June 2018</b> <b>AED'000</b>	(Unaudited) Six month period ended 30 June 2017 AED'000	<b>(Unaudited)</b> <b>Three month</b> <b>period ended</b> <b>30 June 2018</b> <b>AED'000</b>	(Unaudited) Three month period ended 30 June 2017 AED'000
Impairment charge on loans and advances	<b>1,133,503</b>	1,443,466	<b>478,829</b>	733,573
other financial assets	<b>(28,334)</b>	910	<b>(40,781)</b>	(41)
unfunded exposures	<b>(151,955)</b>	(203,745)	<b>35,504</b>	-
Recoveries	<b>(152,843)</b>	-	<b>(95,630)</b>	(130,489)
Write-off of impaired financial assets	<b>62,237</b>	19,692	<b>45,558</b>	7,928
	<b>862,608</b>	1,260,323	<b>423,480</b>	610,971

# Condensed Consolidated Interim Financial Statements

June 30, 2018



بنك أبوظبي الأول  
**FAB**  
First Abu Dhabi Bank

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## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

To the Shareholders of First Abu Dhabi Bank P.J.S.C.

### *Introduction*

We have reviewed the accompanying 30 June 2018 condensed consolidated interim financial information of First Abu Dhabi Bank P.J.S.C. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2018;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of other comprehensive income for the three-month and the six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2018;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2018; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.



*Scope of Review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Vijendra Nath Malhotra  
Registration No.: 48  
Abu Dhabi, United Arab Emirates  
Date: **24 JUL 2018**

## Condensed consolidated interim statement of financial position

As at

Assets	Note	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Cash and balances with central banks	8	139,316,246	138,111,054
Investments at fair value through profit or loss	9	17,501,258	19,320,764
Due from banks and financial institutions		14,462,348	13,829,490
Reverse repurchase agreements		20,488,019	21,346,974
Derivative financial instruments		15,214,229	11,399,432
Loans and advances	10	344,677,782	330,465,888
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Investment properties	12	7,029,377	6,927,692
Property and equipment		3,652,212	3,535,501
Intangibles	13	19,803,257	19,901,374
Other assets		19,106,853	15,672,416
<b>Total assets</b>		<b>691,657,584</b>	<b>668,968,295</b>
<b>Liabilities</b>			
Due to banks and financial institutions	14	32,112,895	30,576,336
Repurchase agreements		25,157,118	37,674,016
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Derivative financial instruments		17,827,490	14,941,331
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Other liabilities		22,899,214	21,033,339
<b>Total liabilities</b>		<b>594,621,789</b>	<b>566,758,882</b>
<b>Equity</b>			
Share capital	19	10,897,545	10,897,545
Share premium		53,086,670	53,026,644
Treasury shares		(35,689)	(42,433)
Statutory and special reserves		7,081,074	7,081,074
Other reserves		336,480	962,736
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Share option scheme	21	261,242	256,265
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Retained earnings		14,035,164	18,677,552
<b>Total equity attributable to shareholders of the Bank</b>		<b>96,525,501</b>	<b>101,722,398</b>
Non-controlling interest		510,294	487,015
<b>Total Equity</b>		<b>97,035,795</b>	<b>102,209,413</b>
<b>Total liabilities and equity</b>		<b>691,657,584</b>	<b>668,968,295</b>

  
Chairman

  
Group Chief Executive Officer

  
Group Chief Financial Officer

The notes 1 to 33 are an integral part of these condensed consolidated interim financial statements.  
The independent auditor's report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

## Condensed consolidated interim statement of profit or loss

For the period ended (Unaudited)

	Note	Six Month Period Ended 30 June		Three Month Period Ended 30 June	
		2018 AED'000	2017 AED'000	2018 AED'000	2017 AED'000
Interest income		10,174,229	6,751,452	5,256,218	4,638,397
Interest expense		(3,682,429)	(1,962,020)	(2,032,897)	(1,403,519)
<b>Net interest income</b>		<b>6,491,800</b>	4,789,432	<b>3,223,321</b>	3,234,878
Fee and commission income		2,505,885	1,601,610	1,238,767	1,210,831
Fee and commission expense		(711,445)	(423,967)	(378,072)	(351,001)
<b>Net fee and commission income</b>		<b>1,794,440</b>	1,177,643	<b>860,695</b>	859,830
Net foreign exchange gain	24	896,634	303,047	561,130	261,969
Net gain on investments and derivatives	25	430,203	356,334	109,937	271,437
Other operating income	26	178,092	94,780	165,058	48,650
<b>Operating income</b>		<b>9,791,169</b>	6,721,236	<b>4,920,141</b>	4,676,764
General, administration and other operating expenses		(2,663,937)	(1,941,001)	(1,337,868)	(1,398,984)
<b>Profit before net impairment charge and taxation</b>		<b>7,127,232</b>	4,780,235	<b>3,582,273</b>	3,277,780
Net impairment charge	27	(862,608)	(962,706)	(423,480)	(610,971)
<b>Profit before taxation</b>		<b>6,264,624</b>	3,817,529	<b>3,158,793</b>	2,666,809
Overseas income tax expense		(179,928)	(100,950)	(85,668)	(94,274)
<b>Profit for the period</b>		<b>6,084,696</b>	3,716,579	<b>3,073,125</b>	2,572,535
Profit attributable to:					
Shareholders of the Bank		6,057,238	3,705,229	3,059,318	2,562,058
Non-controlling interests		27,458	11,350	13,807	10,477
		<b>6,084,696</b>	3,716,579	<b>3,073,125</b>	2,572,535
<b>Basic earnings per share (AED)</b>	28	<b>0.54</b>	0.43	<b>0.28</b>	0.23
<b>Diluted earnings per share (AED)</b>	28	<b>0.53</b>	0.43	<b>0.27</b>	0.23

The notes 1 to 33 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

## Condensed consolidated interim statement of comprehensive income

For the period ended (Unaudited)

	Six Month Period Ended		Three Month Period Ended	
	30 June		30 June	
	2018	2017	2018	2017
	AED'000	AED'000	AED'000	AED'000
<b>Profit for the period</b>	<b>6,084,696</b>	3,716,579	<b>3,073,125</b>	2,572,535
<i>Other comprehensive income</i>				
<b>Items that are or may subsequently be reclassified to condensed consolidated interim statement of profit or loss</b>				
Exchange difference on translation of foreign operations	(209,266)	27,347	(154,931)	20,566
Net change in fair value reserve during the period	(237,091)	214,166	(53,058)	105,453
<b>Items that will not subsequently be reclassified to condensed consolidated interim statement of profit or loss</b>				
Re-measurement of defined benefit obligations	569	(865)	1,498	(865)
Other comprehensive (loss) / income for the period	(445,788)	240,648	(206,491)	125,154
<b>Total comprehensive income for the period</b>	<b>5,638,908</b>	3,957,227	<b>2,866,634</b>	2,697,689
Comprehensive income attributable to:				
Shareholders of the Bank	5,615,629	3,936,420	2,865,229	2,680,280
Non-controlling interest	23,279	20,807	1,405	17,409
<b>Total comprehensive income for the period</b>	<b>5,638,908</b>	3,957,227	<b>2,866,634</b>	2,697,689

The notes 1 to 33 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 2 and 3.



## Condensed consolidated interim statement of cash flows

For the six month period ended (Unaudited)

	Note	30 June 2018 AED'000	30 June 2017 AED'000
<b>Cash flows from operating activities</b>			
Profit before taxation		6,264,624	3,817,529
Adjustments for:			
Depreciation and amortization		248,629	142,767
Gain on sale of investment property		(1,938)	(29,997)
Net impairment charges		1,015,452	1,153,835
Accreted interest		33,120	62,799
Foreign currency translation adjustment		(388,914)	254,138
Share option scheme		4,977	6,168
Change in investments at fair value through profit or loss		1,819,506	1,264,050
Change in due from central banks, banks and financial institutions		(3,297,420)	(1,545,729)
Change in reverse repurchase agreements		852,438	307,170
Change in loans and advances		(17,296,997)	22,239,372
Change in other assets		(3,475,255)	(2,245,397)
Change in due to banks and financial institutions		1,536,559	(18,551,292)
Change in repurchase agreements		(12,516,898)	2,689,312
Change in customer accounts and other deposits		35,460,388	(21,509,489)
Change in derivative financial instruments		(1,954,321)	2,163,229
Change in other liabilities		1,302,708	1,134,477
Overseas income tax paid, net of recoveries		(209,426)	(104,682)
<b>Net cash from / (used in) operating activities</b>		<b>9,397,232</b>	<b>(8,751,740)</b>
<b>Cash flows from investing activities</b>			
Net purchase of non-trading investments		(2,131,914)	(7,027,216)
Purchase of investment property		(119,630)	(300,248)
Sale proceeds from disposal of investment property		19,883	200,773
Cash and cash equivalents of subsidiary acquired		-	121,258,636
Purchase of property and equipment, net of disposals		(267,224)	35,510
<b>Net cash (used in) / from investing activities</b>		<b>(2,498,885)</b>	<b>114,167,455</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares under share option scheme		66,770	30,999
Dividend paid		(7,618,180)	(4,489,524)
Net movement of commercial paper		(2,617,193)	(8,537,463)
Issue of term borrowings		6,598,534	1,575,799
Repayment of term borrowings		(4,224,450)	(7,477,833)
Payment on Tier 1 capital notes		(237,024)	(149,529)
<b>Net cash used in financing activities</b>		<b>(8,031,543)</b>	<b>(19,047,551)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,133,196)</b>	<b>86,368,164</b>
<b>Cash and cash equivalents at 1 January</b>		<b>134,605,917</b>	<b>23,579,527</b>
<b>Cash and cash equivalents at 30 June</b>	23	<b>133,472,721</b>	<b>109,947,691</b>

The notes 1 to 33 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

## Condensed consolidated interim statement of changes in equity

For the six month period ended (Unaudited)

	Share capital	Share premium	Treasury shares	Statutory and special reserves	General reserve	Tier 1 capital notes	Share option scheme	Fair value reserve	Foreign currency translation reserve	Revaluation reserve	Convertible notes - equity component	Retained earnings	Equity attributable to shareholders of the Bank	Non-controlling interest	Total
	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)	(AED '000)
<b>Balance at 1 January 2017</b>	4,500,000	-	-	11,030,110	120,000	4,000,000	-	412,790	(88,327)	280,601	-	16,969,016	37,224,190	432,782	37,656,972
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	3,705,229	3,705,229	11,350	3,716,579
Other comprehensive income for the period	-	-	-	-	-	-	-	214,166	17,890	-	-	(865)	231,191	9,457	240,648
Business combination transaction (note 31)	6,397,545	52,997,018	(46,832)	(5,775,565)	-	6,754,750	235,798	-	-	-	108,265	-	60,670,979	-	60,670,979
Accounting policy alignment	-	-	-	-	-	-	-	-	-	-	-	(659,281)	(659,281)	-	(659,281)
<u>Transactions with owners of the Group</u>															
Zakat	-	-	-	-	-	-	-	-	-	-	-	(689)	(689)	-	(689)
Share options exercised (note 21)	-	27,042	3,957	-	-	-	-	-	-	-	-	-	30,999	-	30,999
Dividend for the year 2016	-	-	-	-	-	-	-	-	-	-	-	(4,500,000)	(4,500,000)	-	(4,500,000)
Options granted to staff	-	-	-	-	-	-	6,168	-	-	-	-	-	6,168	-	6,168
Payment on Tier 1 capital notes (note 20)	-	-	-	-	-	-	-	-	-	-	-	(149,529)	(149,529)	-	(149,529)
<b>Balance at 30 June 2017</b>	10,897,545	53,024,060	(42,875)	5,254,545	120,000	10,754,750	241,966	626,956	(70,437)	280,601	108,265	15,363,881	96,559,257	453,589	97,012,846
<b>Balance at 1 January 2018</b>	10,897,545	53,026,644	(42,433)	7,081,074	120,000	10,754,750	256,265	625,210	(63,075)	280,601	108,265	18,677,552	101,722,398	487,015	102,209,413
Impact of adopting IFRS 9 at 1 January 2018 (note 5)	-	-	-	-	-	-	-	(184,078)	-	-	-	(2,841,261)	(3,025,339)	-	(3,025,339)
<b>Restated balance at 1 January 2018</b>	10,897,545	53,026,644	(42,433)	7,081,074	120,000	10,754,750	256,265	441,132	(63,075)	280,601	108,265	15,836,291	98,697,059	487,015	99,184,074
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	6,057,238	6,057,238	27,458	6,084,696
Other comprehensive income for the period	-	-	-	-	-	-	-	(237,091)	(205,087)	-	-	569	(441,609)	(4,179)	(445,788)
<u>Transactions with owners of the Group</u>															
Zakat	-	-	-	-	-	-	-	-	-	-	-	6,372	6,372	-	6,372
Share options exercised (note 21)	-	60,026	6,744	-	-	-	-	-	-	-	-	-	66,770	-	66,770
Dividend for the year 2017 (note 19)	-	-	-	-	-	-	-	-	-	-	-	(7,628,282)	(7,628,282)	-	(7,628,282)
Options granted to staff	-	-	-	-	-	-	4,977	-	-	-	-	-	4,977	-	4,977
Payment on Tier 1 capital notes (note 20)	-	-	-	-	-	-	-	-	-	-	-	(237,024)	(237,024)	-	(237,024)
<b>Balance at 30 June 2018</b>	10,897,545	53,086,670	(35,689)	7,081,074	120,000	10,754,750	261,242	204,041	(268,162)	280,601	108,265	14,035,164	96,525,501	510,294	97,035,795

The notes 1 to 33 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

## Notes to the condensed consolidated interim financial statements

### 1 Legal status and principal activities

On 7 December 2016, shareholders of National Bank of Abu Dhabi PJSC (“NBAD”) and First Gulf Bank PJSC (“FGB”) approved the merger of the two Banks pursuant to Article 283(1) of UAE Federal Law No. 2 of 2015 Concerning Commercial Companies (the Law). The merger was effected through the issuance of 1.254 new NBAD shares for every 1 share in FGB on close of business 30 March 2017, FGB shares were delisted from Abu Dhabi Securities Exchange. On 25 April 2017, NBAD shareholders approved the proposal to change the name of the combined bank ‘First Abu Dhabi Bank’ (the “Bank”) and have its registered office in FAB Building, Khalifa Business Park 1 Al Qurm P. O Box 6316 Abu Dhabi, United Arab Emirates.

These condensed consolidated interim financial statements as at and for the period ended 30 June 2018 comprises the Bank and its subsidiaries (together referred to as the “Group”). The Group is primarily engaged in corporate, retail, private and investment banking activities, management services, Islamic banking activities, real estate activities; and carries out its operations through its local and overseas branches, subsidiaries and representative offices located in the United Arab Emirates, Bahrain, Brazil, Cayman Islands, China, Egypt, France, Hong Kong, India, Jordan, Kingdom of Saudi Arabia, Kuwait, Lebanon, Libya, Malaysia, Oman, Qatar, Singapore, South Korea, Sudan, Switzerland, the United Kingdom and the United States of America.

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

The Bank is listed on the Abu Dhabi Securities Exchange (Ticker: FAB).

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 are available upon request from the Bank’s registered office or at <http://www.bankfab.com/>.

### 2 Statement of compliance

These condensed consolidated interim financial statements have been prepared on an ongoing basis in accordance with IAS 34 Interim Financial Reporting and the requirements of applicable laws in the UAE. They do not include all of the information required for the complete set of annual consolidated financial statements as required under IFRS. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

On 1 April 2015, a new UAE Federal Law No 2 for Commercial Companies (“UAE Companies Law of 2015”) was issued with effective date 1 July 2015. The Bank is compliant with applicable sections of the UAE Companies Law of 2015 as at the date of the financial statements.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 24 July 2018.

### 3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2017 except for the adoption of the following amendments to standards and new standards as of 1 January 2018.

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers

#### **IFRS 9 – Financial Instruments**

The Bank has adopted IFRS 9 as issued by the IASB in July 2014 with a date of initial application of 1 January 2018. The requirement of IFRS 9 brings a fundamental change from IAS 39 Financial Instrument recognition and measurement. The key changes to the Bank’s accounting policies resulting from its adoption of IFRS 9 are summarised below.

## Notes to the condensed consolidated interim financial statements *(continued)*

### 3 Significant accounting policies *(continued)*

#### Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is driven by business model in which a financial asset is managed and its contractual cash flow.

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

IFRS 9 removes the requirement contained in IAS 39 relating to bifurcation of an embedded derivative from an asset host contract. However, entities are still required to separate derivatives embedded in financial liabilities where they are not closely related to the host contract.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated under the fair value option were recognized in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

#### Business model assessment

The Bank makes an annual assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

## Notes to the condensed consolidated interim financial statements *(continued)*

### 3 Significant accounting policies *(continued)*

#### Business model assessment *(continued)*

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending costs and profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers;

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Banks claim to cash flows from specified assets and
- features that modify consideration of the time value of money

#### Modifications of financial assets

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

#### Impairment

The Bank recognises loss allowances for Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- balances with central banks;
- due from banks and financial institutions;
- reverse repurchase agreements;
- financial assets that are debt instruments;
- loans and advances;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

## Notes to the condensed consolidated interim financial statements *(continued)*

### 3 Significant accounting policies *(continued)*

#### Measurement of ECL

Credit loss allowances are measured using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – Where there has not been a significant increase in credit risk (SCIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be impaired, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be impaired are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

ECL is probability weighted estimate of credit losses which are as the present value of all cash shortfall i.e., the difference between the cash flows in accordance with the contract and the cash flow that the Group expects to receive.

#### Assessment of significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. For retail loan significant increase in credit risk is measure based on days past due.

#### Definition of Impaired

At each reporting date, the bank assesses whether there is an objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flow of the assets.

Objective evidence that financial assets are impaired includes, but not limited to:

- Significant financial difficulty of a borrower or issuer
- Decrease in the risk rating
- Non-payment of obligations to other banks
- Default or delinquency by a borrower
- Restructuring of a facility by the group on terms that the bank would not consider otherwise
- Indication that a borrower or issuer would enter bankruptcy
- Disappearance of an active market for a security

## Notes to the condensed consolidated interim financial statements *(continued)*

### 3 Significant accounting policies *(continued)*

#### Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

#### Macroeconomic factors

In its models, the Bank relies on a broad range of forward looking information as economic inputs, such as: GDP growth, equity index, real estate price, oil prices, etc. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgement.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.
- loan commitments and financial guarantee contracts: generally, as a provision under other liability.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

#### Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
  - For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.
  - If a debt security had low credit risk at the date of initial application of IFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see Note 5.

The Group continues to refine its modelling assumptions, governance framework and techniques employed for estimation and will continue throughout the year.

## Notes to the condensed consolidated interim financial statements *(continued)*

### 3 Significant accounting policies *(continued)*

#### **IFRS 7 Financial Instruments: Disclosures**

IFRS 7 Financial Instruments: Disclosures, which was updated to reflect the differences between IFRS 9 and IAS 39, was also adopted by the Bank together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 5.

Reconciliations from opening to closing ECL allowances are presented in Notes 6.

#### **IFRS 15 - Revenue from contracts with customers**

IFRS 15 standard on revenue recognition replaces IAS 11, 'Construction contracts', and IAS 18, 'Revenue' and related interpretations.

IFRS 15 is more prescriptive, provides detailed guidance on revenue recognition and reduces the use of judgment in applying revenue recognition policies and practices as compared to the replaced IFRS and related interpretations. Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognizes revenue as it transfers the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

#### **Amendment to IFRS 15 - Revenue from contracts with customers**

The amendments comprise clarifications on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

The Group has assessed that the impact of IFRS 15 is not material on the condensed consolidated interim financial statements of the Group.

#### **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations have been issued that are applicable to the Group but are not yet effective for the period ended 30 June 2018, and have not been applied in preparing these condensed consolidated interim financial information:

#### **IFRS 16 – Leases**

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Group does not foresee any significant accounting impact on its consolidated financial statements. The Group is assessing potential impact of this standard on its consolidated financial statements.

#### **Basis of consolidation**

Subsidiaries are investees that controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.



## Notes to the condensed consolidated interim financial statements *(continued)*

### 3 Significant accounting policies *(continued)*

#### Basis of consolidation *(continued)*

The interim condensed consolidated financial statements comprise the financial statements of the Group and those of its following subsidiaries:

Legal Name	Country of incorporation	Principal activities	Holding % 2018
First Abu Dhabi Bank USA N.V.	Curacao	Banking	100%
FAB Securities LLC	United Arab Emirates	Brokerage	100%
Abu Dhabi National Leasing LLC	United Arab Emirates	Leasing	100%
Abu Dhabi National Properties PJSC	United Arab Emirates	Property Management	100%
FAB Private Bank (Suisse) SA	Switzerland	Banking	100%
Abu Dhabi National Islamic Finance Pvt. JSC	United Arab Emirates	Islamic Finance	100%
Ample China Holdings Limited	Hong Kong	Leasing	100%
Abu Dhabi Brokerage Egypt	Egypt	Brokerage	96%
National Bank of Abu Dhabi Malaysia Berhad	Malaysia	Banking	100%
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities	100%
SAS 10 Magellan	France	Leasing	100%
NBAD Global Multi-Strategy Fund	Cayman Island	Fund Management	100%
National Bank of Abu Dhabi Representações Ltda	Brazil	Banking	100%
NBAD Financial Markets (Cayman) Limited	Cayman Islands	Financial Institution	100%
Nawat Management Services	United Arab Emirates	Services	100%
Mismak Properties Co. LLC (Mismak)	United Arab Emirates	Real estate investments	100%
Moora Properties LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments	67%
First Merchant International LLC	United Arab Emirates	Real estate investments	100%
First Abu Dhabi Employment Services LLC (Subsidiary of FMI)	United Arab Emirates	Resourcing services	100%
First Gulf Wealth Services LLC (Subsidiary of FMI)	United Arab Emirates	Real estate investments	100%
FAB Resourcing LLC (Subsidiary of FMI)	United Arab Emirates	Resourcing services	100%
FGB Sukuk Company Limited	Cayman Islands	Special purpose vehicle	100%
FGB Sukuk Company II Limited	Cayman Islands	Special purpose vehicle	100%
First Gulf Libyan Bank <sup>1</sup>	Libya	Banking services	50%
FGB Global Markets Cayman Limited	Cayman Islands	Financial Institution	100%
FAB Properties LLC	United Arab Emirates	Management and brokerage of real estate properties	100%
Aseel Finance PJSC	United Arab Emirates	Islamic finance	100%
Dubai First PJSC	United Arab Emirates	Credit card finance	100%
First Gulf Information Technology LLC	United Arab Emirates	IT Services	100%
FAB Investment KSA	Kingdom of Saudi Arabia	Financial Institution	100%

<sup>1</sup> Although the Bank owns 50% of the outstanding shares of First Gulf Libyan Bank, the investment has been classified as a subsidiary as the Bank exercises control over the investee because it casts the majority of the votes on the board of directors.

## Notes to the condensed consolidated interim financial statements (continued)

### 4 Use of estimates and judgements

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2017 except the following estimates and judgements which are applicable from 1 January 2018.

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 and in any future periods affected.

Changes to judgements made in applying accounting policies that have most significant effects on the amounts recognised in the condensed interim financial statements of the period ended 30 June 2018 pertain to the changes introduced as a result of adoption of IFRS 9: Financial Instruments which impact

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.
- Calculation of the expected credit loss: changes to the assumptions and estimation uncertainties that have a significant impact on expected credit losses for the period ended 30 June 2018 pertain to the changes introduced as a result of the adoption of IFRS 9 - Financial Instruments. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

### 5 Transitional impact

The impact from the adoption of IFRS 9 as at 1 January 2018 on the retained earnings and fair value reserve is as follows:

	Retained earnings AED'000	Fair value reserve AED'000	Total AED'000
Balance as at 31 December 2017 under IAS 39	18,677,552	625,210	19,302,762
<b>Impact on reclassification and re measurements:</b>			
Investment securities (debt) from held to maturity to those measured at fair value through other comprehensive income	-	24,138	24,138
Investment securities (debt) from available-for-sale to those measured at fair value through profit or loss	602	(602)	-
Investment securities (equity) from available-for-sale to those measured at fair value through profit or loss	(47,015)	47,015	-
Investment securities (private equity) from available-for-sale to those measured at fair value through profit or loss	303,742	(303,742)	-
<b>Impact on recognition of Expected Credit Losses</b>			
On financial assets and unfunded exposures (net of tax)	(3,098,590)	49,113	(3,049,477)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	<u>15,836,291</u>	<u>441,132</u>	<u>16,277,423</u>

## Notes to the condensed consolidated interim financial statements (continued)

### 5 Transitional impact (continued)

The following tables reconciles the original measurement categories and carrying amounts in accordance with IAS 39 and the new measurement categories with those under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018

	IAS 39 classification	IFRS 9 classification	IAS 39 carrying amount AED'000	Reclassification to other category AED'000	Re-measurements AED'000	Impact of ECL AED'000	IFRS 9 carrying amount AED'000
<b>Financial assets</b>							
Cash and balances with central banks	Loans and receivables	Amortised cost	138,111,054	-	-	(278,979)	<b>137,832,075</b>
Investments at fair value through profit or loss	FVTPL	FVTPL	19,320,764	2,393,533	-	-	<b>21,714,297</b>
Due from banks and financial institutions	Loans and receivables	Amortised cost	13,829,490	-	-	(27,796)	<b>13,801,694</b>
Reverse repurchase agreements	Loans and receivables	Amortised cost	21,346,974	-	-	(5,895)	<b>21,341,079</b>
Derivative financial instruments	FVTPL	FVTPL	11,399,432	-	-	-	<b>11,399,432</b>
Loans and advances	Loans and receivables	Amortised cost	330,465,888	-	-	(1,889,336)	<b>328,576,552</b>
Non-trading investments							
	Held to maturity	Amortised cost	7,075,467	(873,590)	-	(63,937)	<b>6,137,940</b>
	Available for sale - debt	FVOCI Debt	78,984,329	580,683	24,138	-	<b>79,589,150</b>
	Available for sale - equity	FVOCI Equity	2,328,154	(2,100,626)	-	-	<b>227,528</b>
Other assets	Loans and receivables	Amortised cost	15,542,116	-	-	(42,075)	<b>15,500,041</b>
<b>Total Financial Assets</b>			<b>638,403,668</b>	<b>-</b>	<b>24,138</b>	<b>(2,308,018)</b>	<b>636,119,788</b>

## Notes to the condensed consolidated interim financial statements (continued)

### 5 Transitional impact (continued)

	IAS 39 carrying amount	IAS 39 Classification	IFRS 9 Classification AED'000	Reclassification to other category AED'000	Re-measurements AED'000	Impact of ECL AED'000	IFRS 9 carrying amount AED'000
<b>Financial liability</b>							
Due to banks and financial institutions	Amortised cost	Amortised cost	30,576,336	-	-	-	<b>30,576,336</b>
Repurchase agreements	Amortised cost	Amortised cost	37,674,016	-	-	-	<b>37,674,016</b>
Commercial paper	Amortised cost	Amortised cost	24,124,097	-	-	-	<b>24,124,097</b>
Derivative financial instruments	FVTPL	FVTPL	14,941,331	-	-	-	<b>14,941,331</b>
Customer accounts and other deposits	Amortised cost	Amortised cost	395,843,664	-	-	-	<b>395,843,664</b>
Term borrowings	Amortised cost	Amortised cost	42,145,718	-	-	-	<b>42,145,718</b>
Subordinated notes	Amortised cost	Amortised cost	420,381	-	-	-	<b>420,381</b>
Other liabilities <sup>1</sup>	Amortised cost	Amortised cost	21,033,339	-	-	741,459	<b>21,774,798</b>
<b>Total Financial Liabilities</b>			<b>566,758,882</b>	-	-	<b>741,459</b>	<b>567,500,341</b>

<sup>1</sup>Includes ECL for unfunded exposures

## Notes to the condensed consolidated interim financial statements (continued)

### 6 Financial risk management

#### Credit risk

The Group's credit concentration by counterparty for trading securities and non-trading investments are disclosed below:

	Investments at fair value through profit or loss		Non-trading investments	
	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Government sector	3,044,355	4,397,799	42,385,732	38,956,577
Supranational	751,085	915,279	2,998,096	3,180,983
Public Sector	1,567,459	2,287,703	22,070,599	23,521,158
Banking sector	9,068,632	11,070,764	16,536,506	15,019,621
Corporate / private sector	3,069,727	649,219	6,435,817	7,779,371
	<b>17,501,258</b>	<b>19,320,764</b>	<b>90,426,750</b>	<b>88,457,710</b>
Less: allowance for impairment (expected credit loss) on amortised cost securities	-	-	(20,747)	-
	<b>17,501,258</b>	<b>19,320,764</b>	<b>90,406,003</b>	<b>88,457,710</b>

The external ratings for trading securities and non-trading investments are disclosed below:

	Investments at fair value through profit or loss		Non-trading investments	
	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
AAA	40,888	93,281	15,020,817	13,736,429
AA to A	9,913,644	12,451,229	57,773,124	55,568,380
BBB to B	4,373,400	5,924,467	14,632,157	14,561,101
CCC and below	26	27	111,585	26,535
Unrated	3,173,300	851,760	2,889,067	4,565,265
	<b>17,501,258</b>	<b>19,320,764</b>	<b>90,426,750</b>	<b>88,457,710</b>

Investments at fair value through profit or loss include investment in equity instruments and private equity funds which do not carry credit risk (refer Note 9).

## Notes to the condensed consolidated interim financial statements (continued)

### 6 Financial risk management (continued)

#### Credit risk (continued)

The Group also 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 amount of financial assets represents the maximum credit exposure.

As of 30 June 2018	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired <sup>4</sup>		Total	
	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision
Balances with central banks	132,414,053	39,354	5,546,726	253,182	-	-	-	-	137,960,779	292,536
Due from banks and financial institutions	14,122,102	14,652	373,820	18,922	-	-	-	-	14,495,922	33,574
Reverse repurchase agreements	20,494,535	6,516	-	-	-	-	-	-	20,494,535	6,516
Loans and advances <sup>1</sup>	324,179,352	1,615,009	22,131,579	4,521,486	7,753,257	4,568,607	5,502,965	2,164,023	359,567,153	12,869,125
Non-trading investments										
Amortised cost	5,894,963	3,486	33,751	17,261	-	-	-	-	5,928,714	20,747
FVOCI Debt <sup>2</sup>	83,996,914	43,222	33,056	1,668	-	-	-	-	84,029,970	44,890
Other assets <sup>3</sup>	13,977,565	46,177	89,851	1,360	2,258	1,324	-	-	14,069,674	48,861
Unfunded exposure	197,027,632	74,543	6,369,823	330,893	547,923	184,140	-	-	203,945,378	589,576
	<b>792,107,116</b>	<b>1,842,959</b>	<b>34,578,606</b>	<b>5,144,772</b>	<b>8,303,438</b>	<b>4,754,071</b>	<b>5,502,965</b>	<b>2,164,023</b>	<b>840,492,125</b>	<b>13,905,825</b>

<sup>1</sup>The exposure represents gross loans and advances.

<sup>2</sup>The provision against loans classified as FVOCI is netted off against the fair value reserve.

<sup>3</sup>On certain assets included as part of other assets, ECL is computed based on simplified approach and reported as part of stage 1.

<sup>4</sup>The Group, from an internal credit quality point of view, considers AED 5,219 million as par to non-performing loans.

## Notes to the condensed consolidated interim financial statements (continued)

### 6 Financial risk management (continued)

#### Credit risk (continued)

Opening balance as at 1 January 2018	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired		Total	
	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision	AED'000 Exposure	AED'000 Provision
Balances with central banks	130,830,533	23,757	5,502,359	255,222	-	-	-	-	136,332,892	278,979
Due from banks and financial institutions	13,350,927	6,716	478,563	21,080	-	-	-	-	13,829,490	27,796
Reverse repurchase agreements	21,346,974	5,895	-	-	-	-	-	-	21,346,974	5,895
Loans and advances <sup>1</sup>	310,729,079	1,849,288	21,602,034	5,734,822	7,023,405	4,643,719	5,734,540	2,383,559	345,089,058	14,611,388
Non-trading investments										
Amortised cost	6,086,877	5,123	115,000	58,814	-	-	-	-	6,201,877	63,937
FVOCI Debt <sup>2</sup>	79,562,572	47,067	26,535	2,046	-	-	-	-	79,589,107	49,113
Other assets <sup>3</sup>	10,932,092	49,019	331,545	431	113	48	-	-	11,263,750	49,498
Unfunded exposure	194,025,796	206,352	6,599,105	333,156	368,148	201,951	-	-	200,993,049	741,459
	<u>766,864,850</u>	<u>2,193,217</u>	<u>34,655,141</u>	<u>6,405,571</u>	<u>7,391,666</u>	<u>4,845,718</u>	<u>5,734,540</u>	<u>2,383,559</u>	<u>814,646,197</u>	<u>15,828,065</u>

<sup>1</sup>The exposure represents gross loans and advances.

<sup>2</sup>The provision against loans classified as FVOCI is netted off against the fair value reserve.

<sup>3</sup>On certain assets included as part of other assets, ECL is computed based on simplified approach and reported as part of stage 1.

## Notes to the condensed consolidated interim financial statements (continued)

### 6 Financial risk management (continued)

#### Credit risk (continued)

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

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000
Beginning of the period	12,728,111	4,468,060
Impact due to IFRS 9 adoption	3,106,013	-
	<u>15,834,124</u>	<u>4,468,060</u>
Increase due to acquisition and other adjustment	-	6,857,276
Impact of accounting policy alignment	-	325,260
Net charge for impairment of financial instruments	953,214	1,145,111
Amounts written off and other adjustment	(2,881,513)	(1,082,486)
End of the period	<u><u>13,905,825</u></u>	<u><u>11,713,221</u></u>

### 7 Financial assets and liabilities

#### Financial instruments measured at fair value - hierarchy

The table below analyses financial instruments 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 categorised:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>As at 30 June 2018 (Unaudited)</b>				
Fair value through profit and loss	14,056,229	1,654,992	1,790,037	17,501,258
Fair value through other comprehensive income				
- with recycle to profit or loss	80,324,984	3,704,986	-	84,029,970
- without recycle to profit or loss	218,699	-	169,077	387,776
Derivative financial instruments (Assets)	107,470	15,106,759	-	15,214,229
	<u>94,707,382</u>	<u>20,466,737</u>	<u>1,959,114</u>	<u>117,133,233</u>
Derivative financial instruments (Liabilities)	231,136	17,596,354	-	17,827,490



## Notes to the condensed consolidated interim financial statements *(continued)*

### 7 Financial assets and liabilities *(continued)*

#### Financial instruments measured at fair value – hierarchy *(continued)*

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2017 (Audited)				
Financial assets held for trading	17,170,765	2,131,636	7,241	19,309,642
Designated at fair value through profit and loss	11,122	-	-	11,122
Available-for-sale financial assets	76,177,486	3,266,871	1,868,126	81,312,483
Derivative financial instruments (Assets)	32,592	11,366,840	-	11,399,432
	<u>93,391,965</u>	<u>16,765,347</u>	<u>1,875,367</u>	<u>112,032,679</u>
Derivative financial instruments (Liabilities)	133,073	14,808,258	-	14,941,331
	<u>133,073</u>	<u>14,808,258</u>	<u>-</u>	<u>14,941,331</u>

There were no transfers between the fair value hierarchies for any financial asset or liability except for five securities that were moved from level 1 to level 2 amounting to AED 1,763 million, sixteen securities from level 2 to level 1 amounting to AED 1,337 million and three securities were moved from level 2 to level 3 amounting to AED 11 million.

The valuation techniques and inputs used in these condensed consolidated interim financial statements are same as those prescribed in the Group as at and for the year ended 31 December 2017.

### 8 Cash and balances with central banks

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Cash on hand	1,648,003	1,778,162
Central Bank of the UAE		
cash reserve deposits	21,568,928	20,732,467
certificates of deposits	17,998,890	14,987,010
other balances	1,296,420	4,505,644
Balances with other central banks		
cash reserve deposits	1,089,362	1,031,581
other deposits and balances	96,007,179	95,076,190
	<u>139,608,782</u>	<u>138,111,054</u>
Less: expected credit losses	(292,536)	-
	<u>139,316,246</u>	<u>138,111,054</u>

Cash reserve deposits are not available for the day to day operations of the Group.

## Notes to the condensed consolidated interim financial statements (continued)

### 9 Investments at fair value through profit or loss

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Investments in managed funds	33,828	55,719
Investment in private equity	1,784,727	-
Investments in equities	1,085,394	503,769
Debt securities	14,597,309	18,761,276
	<u>17,501,258</u>	<u>19,320,764</u>

### 10 Loans and advances

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Gross loans and advances	359,567,153	345,089,058
Less: interest suspended	(2,020,246)	(1,895,059)
Less: expected credit losses	(12,869,125)	(12,728,111)
Net loans and advances	<u>344,677,782</u>	<u>330,465,888</u>

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
<b>By counterparty:</b>		
Government sector	5,435,228	5,006,234
Public sector	58,322,412	54,586,399
Banking sector	33,663,265	21,099,155
Corporate / private sector	192,341,488	193,175,957
Personal / retail sector	69,804,760	71,221,313
Gross loans and advances	<u>359,567,153</u>	<u>345,089,058</u>

## Notes to the condensed consolidated interim financial statements *(continued)*

### 10 Loans and advances *(continued)*

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
<b>By product:</b>		
Overdrafts	15,849,299	15,200,956
Term loans	273,232,829	267,487,712
Trade related loans	32,420,154	22,970,550
Personal loans	29,782,104	30,246,430
Credit cards	7,211,827	8,035,270
Vehicle financing loans	1,070,940	1,148,140
	<hr/>	<hr/>
Gross loans and advances	<b>359,567,153</b>	<b>345,089,058</b>
	<hr/> <hr/>	<hr/> <hr/>

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
<b>Concentration by industry sector:</b>		
Agriculture	513,545	435,808
Energy	23,753,704	24,225,459
Manufacturing	20,741,850	20,178,714
Construction	11,519,659	12,034,840
Real estate	90,857,033	90,530,386
Trading	24,601,996	22,877,522
Transport and communication	24,505,307	26,421,661
Banks	33,663,265	21,099,155
Other financial institutions	26,735,886	26,641,128
Services	26,963,246	24,228,514
Government	5,435,228	5,006,234
Personal - Loans & Credit Cards	56,786,551	58,363,714
Personal - Retail Mortgage	13,018,209	12,857,601
Others	471,674	188,322
	<hr/>	<hr/>
	<b>359,567,153</b>	<b>345,089,058</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the condensed consolidated interim financial statements (continued)

### 11 Non-trading Investments

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Available-for-sale investments	-	81,312,483
Fair value through other comprehensive income:		
- with recycle to profit or loss	84,029,970	-
- without recycle to profit or loss	387,776	-
Held-to-maturity investments	-	7,075,467
Amortised cost	5,928,714	-
Investment in associates and joint venture	80,290	69,760
	<b>90,426,750</b>	<b>88,457,710</b>
Less: expected credit losses	(20,747)	-
	<b>90,406,003</b>	<b>88,457,710</b>

An analysis of non-trading investments by type at the reporting date is shown below:

	(Unaudited) 30 June 2018 AED'000			(Audited) 31 Dec 2017 AED'000		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity investments	218,699	249,367	468,066	450,356	234,364	684,720
Investments in private equity funds	-	-	-	-	1,703,524	1,703,524
Debt investments	88,374,906	1,583,778	89,958,684	84,330,388	1,727,335	86,057,723
Funds	-	-	-	11,743	-	11,743
	<b>88,593,605</b>	<b>1,833,145</b>	<b>90,426,750</b>	<b>84,792,487</b>	<b>3,665,223</b>	<b>88,457,710</b>
Less: expected credit losses	-	-	(20,747)	-	-	-
			<b>90,406,003</b>			<b>88,457,710</b>

Debt instruments under repurchase agreements included in non-trading investments amounted to AED 17,837 million (31 December 2017: AED 23,781 million).

## Notes to the condensed consolidated interim financial statements *(continued)*

### 12 Investment Properties

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Beginning of the period	6,927,692	6,422,502
Additions	119,630	553,203
Business Combination transaction	-	45,106
Disposals / transfers	(17,945)	(273,035)
Fair value adjustment	-	179,916
End of the period	<u>7,029,377</u>	<u>6,927,692</u>

### 13 Intangibles

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Goodwill	17,370,249	17,317,445
Customer relationship	1,774,716	1,813,517
Core deposits	593,335	976,038
License	368,700	-
Brand	22,000	22,000
	<u>20,129,000</u>	<u>20,129,000</u>
Amortisation	(325,743)	(227,626)
	<u>19,803,257</u>	<u>19,901,374</u>

### 14 Due to banks and financial institutions

Due to banks and financial institutions include balances due to central banks amounting to AED 13,585 million (31 December 2017: AED 13,695 million).

### 15 Commercial paper

The Bank has established two Euro Commercial Paper Programmes with programme limits totaling up to USD 10.5 billion in aggregate. The Bank has a "US Dollar commercial paper programme" with a programme limit of USD 5 billion.

## Notes to the condensed consolidated interim financial statements *(continued)*

### 16 Customer accounts and other deposits

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
<b>By account:</b>		
Current accounts	131,345,911	137,005,200
Savings accounts	13,260,243	13,323,504
Margin accounts	5,134,049	5,744,664
Notice and time deposits	251,149,074	205,096,675
	<u>400,889,277</u>	<u>361,170,043</u>
Certificates of deposit	30,414,152	34,673,621
	<u>431,303,429</u>	<u>395,843,664</u>
	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
<b>By counterparty:</b>		
Government sector	110,130,818	78,639,783
Public sector	71,933,526	74,303,858
Corporate / private sector	144,615,779	135,281,622
Personal / retail sector	74,209,154	72,944,780
	<u>400,889,277</u>	<u>361,170,043</u>
Certificates of deposit	30,414,152	34,673,621
	<u>431,303,429</u>	<u>395,843,664</u>

## Notes to the condensed consolidated interim financial statements (continued)

### 17 Term borrowings

		30 June 2018 (Unaudited)					31 December 2017 (Audited)						
Currency	Interest	Up to 3 months AED'000	3 months to 1 year AED'000	1 to 3 years AED'000	3 to 5 years AED'000	Over 5 Years AED'000	Total AED'000	Up to 3 months AED'000	3 months to 1 year AED'000	1 to 3 years AED'000	3 to 5 years AED'000	Over 5 Years AED'000	Total AED'000
AED	Equity linked	-	-	-	-	-	-	-	96,830	-	-	-	96,830
AED	3 month EIBOR + 2.462% p.a.	-	49,967	-	-	-	49,967	-	-	49,936	-	-	49,936
AUD	Fixed rate of 3.17% to 5% p.a.	-	1,784,926	82,102	80,446	-	1,947,474	861,918	-	1,983,239	84,717	-	2,929,874
AUD	3 month AUD BBSW + 1.10% to 1.42% p.a.	-	-	54,258	67,894	-	122,152	-	-	57,268	71,812	-	129,080
CHF	Fixed rate of 0.16% to 0.625% p.a.	-	-	-	738,108	539,373	1,277,481	-	-	-	754,538	556,742	1,311,280
CNH	Fixed rate of 4% to 4.79% p.a.	127,454	392,774	172,332	38,366	-	730,926	73,324	355,185	572,242	-	-	1,000,751
CNY	Fixed rate of 4.8% p.a.	-	-	1,113,538	-	-	1,113,538	-	-	-	-	-	-
EUR	Fixed rate of 0.516% to 3% p.a.	-	-	107,722	-	558,416	666,138	-	-	111,017	-	580,853	691,870
EUR	3 month EURIBOR + 0.33% p.a.	-	-	255,259	-	-	255,259	66,128	-	263,084	-	-	329,212
HKD	Fixed rate of 2.37% to 4.45% p.a.	-	-	392,281	325,691	544,524	1,262,496	-	-	303,202	238,052	567,182	1,108,436
JPY	Fixed rate of 0.86% to 2.60% p.a.	-	-	331,367	-	352,413	683,780	-	-	325,853	-	347,592	673,445
MXN	Fixed rate of 0.50% p.a.	-	-	-	-	1,715	1,715	-	-	-	-	1,960	1,960
MYR	Fixed rate of 4.90% p.a.	-	-	438,569	-	-	438,569	-	-	453,894	-	-	453,894
SGD	Fixed rate of 2.10% p.a.	-	-	-	-	-	-	-	30,249	-	-	-	30,249
USD	Fixed rate till 5.10% p.a.	-	1,835,100	8,399,698	4,580,984	7,900,030	22,715,812	1,830,007	-	10,284,027	2,134,531	8,265,264	22,513,829
USD	1-3 Month LIBOR + till 2.35% p.a.	312,205	1,249,002	8,160,815	298,386	2,120,584	12,140,992	367,098	2,221,999	7,992,009	243,966	-	10,825,072
		<b>439,659</b>	<b>5,311,769</b>	<b>19,507,941</b>	<b>6,129,875</b>	<b>12,017,055</b>	<b>43,406,299</b>	<b>3,198,475</b>	<b>2,704,263</b>	<b>22,395,771</b>	<b>3,527,616</b>	<b>10,319,593</b>	<b>42,145,718</b>

## Notes to the condensed consolidated interim financial statements *(continued)*

### 17 Term borrowings *(continued)*

During the period, the Bank has issued various fixed and floating rate notes. The movement of term borrowings during the period is below:

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Beginning of the period	42,145,718	18,294,545
Increase due to acquisition	-	31,308,591
New issuances	6,598,534	3,135,955
Redemptions	(4,224,450)	(11,433,020)
Exchange and other adjustments	(1,113,503)	839,647
End of the period	<u>43,406,299</u>	<u>42,145,718</u>

### 18 Subordinated notes

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
10 December 2012 issue <i>(4.75 percent fixed rate maturing on 9 December 2027)</i>	<u>408,440</u>	<u>420,381</u>

The Bank has hedged the interest rate and foreign currency exposure on the subordinated notes. The Bank has not had any defaults of principal, interests, or other breaches with respect to its subordinated notes during the six month period ended 30 June 2018.

### 19 Share Capital

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Ordinary shares of AED 1 each	<u>10,897,545</u>	<u>10,897,545</u>
Treasury shares of AED 1 each	<u>35,689</u>	<u>42,433</u>

At the Annual General Meeting (AGM) held on 25 February 2018, the shareholders of the Bank approved a cash dividend of AED 0.70 per ordinary shares amounting to AED 7,628 million *(31 December 2016: AED 1 per ordinary share amounting to AED 4,500 million)*.



## Notes to the condensed consolidated interim financial statements *(continued)*

### 20 Tier 1 capital notes

	Currency	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Government of Abu Dhabi Notes (6 month EIBOR plus 2.3 percent per annum)	AED	8,000,000	8,000,000
USD 750 million Notes (5.25 percent fixed rate until 2020, thereafter 5 year mid swap rate plus 3.35 percent per annum)	USD	2,754,750	2,754,750
		<u>10,754,750</u>	<u>10,754,750</u>

Tier 1 capital notes are perpetual, subordinated, unsecured and carry a fixed coupon during the initial period and are paid semi-annually in arrears. The Bank may elect not to pay a coupon at its own discretion. The note holder does not have a right to claim the coupon and an election by the Bank not to service coupon is not considered an event of default. In addition, there are certain circumstances under which the Bank is prohibited from making a coupon payment on a relevant coupon payment date.

If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Notes except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until two consecutive coupon payments have been paid in full.

During the period, coupon payment election was made by the Bank in the amount of AED 237,024 thousand (*30 June 2017: AED 149,529 thousand*).

### 21 Share option scheme

The Group had introduced in 2008 a share based payment scheme (the "Scheme") for selected employees which would vest over three years and can be exercised within the next three years after the vesting period. The key vesting condition is that the option holder is in continued employment with the Bank until the end of the vesting period. The options lapse six years after their date of grant irrespective of whether they are exercised or not.

The Group established a subsidiary to issue shares when the vested option is exercised by the employee. These shares are treated as treasury shares until exercised by the option holders.

As part of the merger, the Bank has continued the scheme with the same terms and conditions. Employees exercising under the NBAD share option scheme shall be granted shares of the new entity.

During the period, 6,744 thousand options (*30 June 2017: 3,957 thousand*) had been exercised by the option holders resulting in an increase in the total share capital by AED 6,744 thousand (*30 June 2017: AED 3,957 thousand*) and share premium by AED 60,026 thousand (*30 June 2017: AED 27,042 thousand*).

## Notes to the condensed consolidated interim financial statements (continued)

### 22 Commitments and contingencies

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

There were no other significant changes in contingent liabilities and commitments during the period other than those arising out of normal course of business.

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Letter of credit	55,605,073	48,863,532
Letters of guarantees	104,864,703	102,810,624
Financial guarantees	1,204,596	763,441
Irrevocable Undrawn Commitments	42,271,006	48,555,452
Private Equity	900,360	985,495
	<u>204,845,738</u>	<u>201,978,544</u>

### 23 Cash and cash equivalents

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 Dec 2017 AED'000
Cash and balances with Central Banks	139,608,782	138,111,054
Due from banks and financial institutions	14,495,922	13,829,490
	<u>154,104,704</u>	<u>151,940,544</u>
<i>Less:</i> Balances with Central Banks maturing after three months of placement	(13,735,640)	(10,186,771)
<i>Less:</i> Due from banks and financial institutions maturing after three months of placement	(6,896,343)	(7,147,856)
	<u>133,472,721</u>	<u>134,605,917</u>

### 24 Net foreign exchange gain

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Trading and retranslation gain on foreign exchange and related derivatives <sup>1</sup>	736,070	186,688	482,867	151,009
Dealings with customers	160,564	116,359	78,263	110,960
	<u>896,634</u>	<u>303,047</u>	<u>561,130</u>	<u>261,969</u>

## Notes to the condensed consolidated interim financial statements (continued)

### 24 Net foreign exchange gain (continued)

<sup>1</sup> Due to effective hedging strategies, the offsetting impact of hedging instruments is reflected in the net gains from sale of non-trading investments.

Includes negative interest income of AED 132 million arising from placement with ECB.

### 25 Net gain on investments and derivatives

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	386,063	183,278	150,873	179,478
Net (loss) / gain from sale of non-trading investments	(3,480)	156,740	(74,717)	79,735
Dividend income	47,620	16,316	33,781	12,224
	<u>430,203</u>	<u>356,334</u>	<u>109,937</u>	<u>271,437</u>

### 26 Other Operating Income

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Investment property income	1,938	29,997	414	18,487
Leasing related income	40,478	37,938	18,679	22,401
Other income	135,676	26,845	145,965	7,762
	<u>178,092</u>	<u>94,780</u>	<u>165,058</u>	<u>48,650</u>

### 27 Net impairment charge

	(Unaudited) Six month period ended 30 June 2018 AED'000	(Unaudited) Six month period ended 30 June 2017 AED'000	(Unaudited) Three month period ended 30 June 2018 AED'000	(Unaudited) Three month period ended 30 June 2017 AED'000
Impairment charge / (reversal) on loans and advances	1,133,503	1,145,111	478,829	733,573
other financial assets	(28,334)	796	(40,781)	(41)
unfunded exposures	(151,955)	-	35,504	-
Recoveries	(152,843)	(191,129)	(95,630)	(130,489)
Write-off of impaired financial assets	62,237	7,928	45,558	7,928
	<u>862,608</u>	<u>962,706</u>	<u>423,480</u>	<u>610,971</u>

## Notes to the condensed consolidated interim financial statements (continued)

### 28 Earnings per share

Earnings per share is calculated by dividing the net profit for the period after deduction of Tier 1 capital notes payment by the weighted average number of ordinary shares in issue during the period as set out below:

	(Unaudited) Six month period ended 30 June 2018	(Unaudited) Six month period ended 30 June 2017	(Unaudited) Three month period ended 30 June 2018	(Unaudited) Three month period ended 30 June 2017
<b>Basic earnings per share:</b>				
Net profit for the period (AED'000)	6,057,238	3,705,229	3,059,318	2,562,058
Less: payment on Tier 1 capital notes (AED'000)	(237,024)	(149,529)	(72,312)	(72,311)
Net profit after payment of Tier 1 capital notes (AED'000)	<u>5,820,214</u>	<u>3,555,700</u>	<u>2,987,006</u>	<u>2,489,747</u>
<b>Weighted average number of ordinary shares:</b>				
Number of shares issued / deemed to be outstanding from the beginning of the period ('000)	10,855,111	5,643,000	10,859,100	10,854,670
Weighted average number of shares exercised under the share options scheme ('000)	-	2,620,232	-	-
Weighted average number of shares exercised under the share options scheme ('000)	3,306	2,194	1,082	2,194
Weighted average number of ordinary shares ('000)	<u>10,858,417</u>	<u>8,265,426</u>	<u>10,860,182</u>	<u>10,856,864</u>
<b>Basic earnings per share (AED)</b>	<u>0.54</u>	<u>0.43</u>	<u>0.28</u>	<u>0.23</u>
<b>Diluted earnings per share:</b>				
Net profit after payment of Tier 1 capital notes (AED'000)	5,820,214	3,555,700	2,987,006	2,489,747
Add: Interest on convertible note (AED'000)	18,801	11,635	-	11,635
Net profit for the period for calculating diluted earnings per share (AED'000)	<u>5,839,015</u>	<u>3,567,335</u>	<u>2,987,006</u>	<u>2,501,382</u>
Weighted average number of ordinary shares ('000)	10,858,417	8,265,426	10,860,182	10,856,864
Effect of dilutive potential ordinary shares issued ('000)	58,007	73,936	-	73,936
Weighted average number of dilutive shares under share options scheme ('000)	7,121	6,324	7,121	6,324
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<u>10,923,545</u>	<u>8,345,686</u>	<u>10,867,303</u>	<u>10,937,124</u>
<b>Diluted earnings per share (AED)</b>	<u>0.53</u>	<u>0.43</u>	<u>0.27</u>	<u>0.23</u>

## Notes to the condensed consolidated interim financial statements *(continued)*

### 29 Segmental information

The operating structure consists of four key Business segments across Geographic segments that are driving the business strategy, customer value propositions, products and channel development and customer relationships in addition to supporting the delivery of the Group's financial performance.

#### Business segments

##### Corporate & Investment Banking ("CIB")

Covers corporate and institutional clients through dedicated client segments (Corporate Banking, Institutional Banking, Commercial Banking, Privileged Clients Groups and Financial Institutions). CIB offers Credit facilities, Global Transaction Services, Corporate Finance, Islamic Finance and Global Markets products to both UAE and international clients.

##### Personal Banking Group ("PBG")

The business targets retail, affluent, high net-worth customers, Islamic consumer finance and SME customer segments. The products' ranges offered include every day banking products such as current accounts, deposits, credit cards, loans, sophisticated investment solutions, business banking products and services. The business furnishes variety of distribution and sales channels, including mobile and internet banking, branches, direct sales agents and through its banking subsidiaries namely Dubai First, Aseel and ADNIF.

##### Subsidiaries

The business includes a diversified business model supported by complementary offerings provided across real estate, property management, brokerage and conventional banking. This business covers subsidiaries partially or fully owned by the Group, namely FAB Properties, ADNP, Mismak, FAB Securities and First Gulf Libyan Bank.

##### Head office

The Group provides centralized human resources, information technology, operations, finance, strategy, investor relations, risk management, credit management, corporate communications, legal & compliance, internal audit, procurement, treasury operations, integration management office and administrative support to all of its business units.

##### Geographic segments

The Group is managing its various business segments through a network of branches, subsidiaries and representative offices within the two defined geographic segments which are UAE and International. International business is further sub-divided into three sub-segments which are Middle East and Africa ("MEA"), Asia Pacific ("APAC") and Europe and Americas ("E&A").

- **Middle East and Africa (MEA)**  
FAB network in the MEA region is operated through its presence in Oman, Bahrain, Qatar, Egypt, Sudan, Kuwait, Lebanon, Jordan, Kingdom of Saudi Arabia and Libya.
- **Asia Pacific (APAC)**  
FAB's business in the Asia region is run through its presence in Singapore, Hong Kong, Korea, China, Malaysia and India.
- **Europe and Americas (E&A)**  
FAB Europe and America coverage is carried out via its operational presence in United States of America, Brazil, United Kingdom, France and Switzerland.

## Notes to the condensed consolidated interim financial statements (continued)

### 29 Segmental information (continued)

	Business Segment					Geographic Segment				
	Corporate and Investment Banking AED'000	Personal Banking Group AED'000	Subsidiaries AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Middle East And Africa AED'000	Europe and Americas AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the six month period ended 30 June 2018 (Unaudited)</i>										
Net Interest income	2,856,995	2,756,882	(15,210)	893,133	6,491,800	5,612,418	279,208	466,578	133,596	6,491,800
Net non-interest income	2,071,598	953,580	162,158	112,033	3,299,369	2,868,296	181,909	107,351	141,813	3,299,369
Operating income	<u>4,928,593</u>	<u>3,710,462</u>	<u>146,948</u>	<u>1,005,166</u>	<u>9,791,169</u>	<u>8,480,714</u>	<u>461,117</u>	<u>573,929</u>	<u>275,409</u>	<u>9,791,169</u>
General administration and other operating expenses	866,159	1,404,395	72,741	320,642	2,663,937	2,201,606	177,656	162,008	122,667	2,663,937
Net impairment charge	<u>472,108</u>	<u>351,511</u>	<u>(4,716)</u>	<u>43,705</u>	<u>862,608</u>	<u>869,043</u>	<u>(36,508)</u>	<u>(36,730)</u>	<u>66,803</u>	<u>862,608</u>
Profit before taxation	<u>3,590,326</u>	<u>1,954,556</u>	<u>78,923</u>	<u>640,819</u>	<u>6,264,624</u>	<u>5,410,065</u>	<u>319,969</u>	<u>448,651</u>	<u>85,939</u>	<u>6,264,624</u>
Overseas taxation	<u>97,477</u>	<u>63,492</u>	<u>17,791</u>	<u>1,168</u>	<u>179,928</u>	<u>1,625</u>	<u>54,453</u>	<u>119,002</u>	<u>4,848</u>	<u>179,928</u>
Net profit for the period	<u>3,492,849</u>	<u>1,891,064</u>	<u>61,132</u>	<u>639,651</u>	<u>6,084,696</u>	<u>5,408,440</u>	<u>265,516</u>	<u>329,649</u>	<u>81,091</u>	<u>6,084,696</u>
<i>As at 30 June 2018 (Unaudited)</i>										
Segment total assets	<u>507,127,707</u>	<u>116,797,430</u>	<u>13,724,685</u>	<u>106,462,695</u>	<u>744,112,517</u>	<u>574,472,997</u>	<u>28,720,360</u>	<u>129,221,886</u>	<u>30,082,191</u>	<u>762,497,434</u>
Inter segment balances					(52,454,933)					(70,839,850)
Total assets					<u>691,657,584</u>					<u>691,657,584</u>
Segment total liabilities	<u>444,315,480</u>	<u>94,746,759</u>	<u>6,007,338</u>	<u>102,007,145</u>	<u>647,076,722</u>	<u>491,836,195</u>	<u>19,895,624</u>	<u>127,029,449</u>	<u>26,700,371</u>	<u>665,461,639</u>
Inter segment balances					(52,454,933)					(70,839,850)
Total liabilities					<u>594,621,789</u>					<u>594,621,789</u>

## Notes to the condensed consolidated interim financial statements (continued)

### 29 Segmental information (continued)

	Business Segment					Geographic Segment				
	Corporate and Investment Banking AED'000	Personal Banking Group AED'000	Subsidiaries AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Middle East And Africa AED'000	Europe and Americas AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the six month period ended 30 June 2017 (Unaudited)</i>										
Net Interest income	2,218,442	2,090,866	(45,737)	525,861	4,789,432	4,303,160	187,222	169,480	129,570	4,789,432
Net non-interest income	1,138,058	630,266	144,052	19,428	1,931,804	1,674,488	106,032	90,233	61,051	1,931,804
Operating income	<u>3,356,500</u>	<u>2,721,132</u>	<u>98,315</u>	<u>545,289</u>	<u>6,721,236</u>	<u>5,977,648</u>	<u>293,254</u>	<u>259,713</u>	<u>190,621</u>	<u>6,721,236</u>
General administration and other operating expenses	579,577	989,893	52,524	319,007	1,941,001	1,705,594	98,404	82,559	54,444	1,941,001
Net impairment charge	<u>(81,836)</u>	<u>1,026,208</u>	<u>38,993</u>	<u>(20,659)</u>	<u>962,706</u>	<u>958,156</u>	<u>19,322</u>	<u>11,675</u>	<u>(26,447)</u>	<u>962,706</u>
Profit before taxation	<u>2,858,759</u>	<u>705,031</u>	<u>6,798</u>	<u>246,941</u>	<u>3,817,529</u>	<u>3,313,898</u>	<u>175,528</u>	<u>165,479</u>	<u>162,624</u>	<u>3,817,529</u>
Overseas taxation	<u>78,050</u>	<u>17,400</u>	<u>7,180</u>	<u>(1,680)</u>	<u>100,950</u>	<u>685</u>	<u>34,267</u>	<u>55,850</u>	<u>10,148</u>	<u>100,950</u>
Net profit for the period	<u>2,780,709</u>	<u>687,631</u>	<u>(382)</u>	<u>248,621</u>	<u>3,716,579</u>	<u>3,313,213</u>	<u>141,261</u>	<u>109,629</u>	<u>152,476</u>	<u>3,716,579</u>
<i>As at 31 December 2017(Audited)</i>										
Segment total assets	<u>450,441,539</u>	<u>106,156,608</u>	<u>13,606,508</u>	<u>126,345,510</u>	<u>696,550,165</u>	<u>544,299,763</u>	<u>21,240,671</u>	<u>129,441,066</u>	<u>23,406,626</u>	<u>718,388,126</u>
Inter segment balances					<u>(27,581,870)</u>					<u>(49,419,831)</u>
Total assets					<u>668,968,295</u>					<u>668,968,295</u>
Segment total liabilities	<u>437,975,693</u>	<u>100,411,415</u>	<u>6,170,495</u>	<u>49,783,149</u>	<u>594,340,752</u>	<u>456,642,109</u>	<u>13,808,673</u>	<u>126,033,661</u>	<u>19,694,270</u>	<u>616,178,713</u>
Inter segment balances					<u>(27,581,870)</u>					<u>(49,419,831)</u>
Total liabilities					<u>566,758,882</u>					<u>566,758,882</u>

## Notes to the condensed consolidated interim financial statements (continued)

### 30 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 or operational decisions. Related parties comprise major shareholder, directors and key management personnel of the Group. Key management personnel comprise those executive committee members "EXCO" of the Group who are involved in the strategic planning and decision making of the Group. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

	30 June 2018 (Unaudited)			31 December 2017 (Audited)
	Senior management and related entities AED'000	Major shareholders AED'000	Total AED'000	Total AED'000
<i>Balances with related parties at the reporting date are shown below:</i>				
Financial assets	2,691,391	16,748,449	19,439,840	12,875,875
Financial liabilities	30,769,164	14,948,447	45,717,611	16,664,072
Contingent liabilities	1,964,684	9,823,183	11,787,867	13,392,898

*Transactions carried out during the six month period with related parties are shown below:*

	30 June 2018 (Unaudited)			30 June 2017 (Unaudited)
Interest income	61,051	150,385	211,436	156,920
Interest expense	203,150	1,535	204,685	65,757



## Notes to the condensed consolidated interim financial statements (continued)

### 31 Business Combination

On 7 December 2016, the shareholders of First Gulf Bank (“FGB”) and National Bank of Abu Dhabi (“NBAD”) approved the merger of FGB and NBAD. The merger was effected through a share-swap transaction at an exchange ratio of 1.254 NBAD shares for every one share of FGB. The merger is accounted for as a reverse acquisition.

FGB shares were delisted from the Abu Dhabi Securities Exchange and NBAD issued 5,643 million new shares to the shareholders of FGB. Following the completion of the merger, FGB shareholders owned approximately 52 percent of the combined bank and NBAD shareholders owned approximately 48 percent.

The merger transaction is accounted for in accordance with IFRS 3 - Business Combinations. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. FGB was identified as the “accounting acquirer” in this transaction. The principles of reverse acquisition were used to reflect the acquisition of NBAD by FGB, effective 1 April 2017.

The merger was effected to create a new Bank with the financial strength, expertise and global network to accelerate growth in the UAE economy and drive the country’s international business relationships.

#### a. Purchase consideration

The purchase consideration is determined to be AED 53,572 million, calculated on the basis of FGB’s closing share price of AED12.90 per share on Abu Dhabi Securities Exchange on 30 March 2017.

The consideration is computed as follows:

Outstanding shares of FGB (units’000)	4,500,000
Divided by: FGB shareholder’s percentage ownership in the Group	52.01%
Total number of shares of the Group (units’000)	8,652,881
	<hr/>
Multiplied by: NBAD shareholder’s percentage ownership in the Group	47.99%
Number of shares issued by FGB to NBAD’s shareholders (units’000)	4,152,881
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Multiplied by: Share price of FGB on transaction date	12.90
Total consideration (AED’000)	53,572,167
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#### b. Integration related costs

The Group incurred Integration-related costs of AED 147 million relating to consultant and external legal fees and due diligence costs. These costs have been included in ‘General, administrative and other operating expenses’ in the condensed consolidated statement of profit or loss.

## Notes to the condensed consolidated interim financial statements (continued)

### 31 Business Combination (continued)

#### c. Identifiable assets acquired and liabilities assumed

The following table summarizes the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	31 Mar 2017 AED'000
<b>Assets</b>	
Cash and balances with central banks	112,819,619
Investments at fair value through profit or loss	16,077,659
Due from banks and financial institutions	9,356,896
Reverse repurchase agreements	17,876,372
Derivative financial instruments	9,290,077
Loans and advances	207,807,269
Non-trading investments	47,105,716
Other assets	8,917,134
Investment properties	45,106
Property and equipment	1,841,308
Intangible assets – Customer relationships	1,604,716
Intangible assets – Core deposits	583,335
Intangible assets – License	368,700
<b>Total assets</b>	<b>433,693,907</b>
<b>Liabilities</b>	
Due to banks and financial institutions	40,983,859
Repurchase agreements	6,600,187
Commercial paper	11,976,634
Derivative financial instruments	11,727,613
Customer accounts and other deposits	272,994,885
Term borrowings	31,308,591
Other liabilities	14,399,305
	<b>389,991,074</b>
Subordinated notes	365,234
Tier 1 capital notes	6,754,750
Share option scheme	235,798
Convertible notes - equity component	108,265
<b>Total liabilities</b>	<b>397,455,121</b>
<b>NBAD net assets as at acquisition date attributable to its common equity holders</b>	<b>36,238,786</b>

## Notes to the condensed consolidated interim financial statements *(continued)*

### 31 Business Combination *(continued)*

#### d. Goodwill and Intangibles

The Group has completed the exercise of calculating the carrying value of NBAD financial assets and liabilities as at 31 March 2017, which is equal to the fair value for the purpose of calculating goodwill:

	AED'000
Total consideration	53,572,167
NBAD net assets value	(36,238,786)
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Goodwill and intangibles	17,333,381
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The Group has completed a comprehensive purchase price allocation within twelve months from the acquisition date and following items are covered:

- valuation of intangible assets including core deposits, license and other customer relationships;
- valuation of properties and equipment;
- valuation adjustments on other recognised financial and non-financial assets and liabilities; and
- initial adjustments to fair value of loans and advances.

The goodwill is attributable mainly to the synergies expected to be achieved from integrating NBAD into the Group.

#### e. Impact on Group's results

If the acquisition had occurred on 1 January 2017, management estimate that consolidated operating income and profit would be AED 9,874 million and AED 5,488 million respectively for the period 1 January 2017 till 30 June 2017.

### 32 Comparative figures

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

### 33 Other disclosures

As at 30 June 2018, exposure of the Group in Abraaj Holdings amounted to AED 106 Mn. This exposure is fully collateralized by charge over interest in Abraaj Private Equity Fund IV, The Infrastructure and Growth Capital Fund and Perfect Holding Limited.