



Proud Partner

SPECIAL OLYMPICS
**WORLD
GAMES**
ABU DHABI 2019

الأولمبياد الخاص
**الألعاب
العالمية**
أبوظبي 2019

**Grow
Stronger**

بنك أبوظبي الأول

FAB
First Abu Dhabi Bank



FAB Q4/FY 2018 Financial Results

- *Management Discussion & Analysis*
- *Pro forma Financial Statements*

Management Discussion & Analysis Report

for the full year ended 31 December 2018

Financial results are subject to approval by the Central Bank of UAE and adoption by the shareholders at the Annual General Meeting.

Please note that FAB pro forma condensed consolidated financial statements as at 31 December 2018 serve as the main basis of reference for our Management Discussion & Analysis Report (MDA) and Investor Relations presentation.

FAB's audited consolidated financial statements as at 31 December 2018 are prepared on the basis that the FGB/NBAD merger was declared effective on 1st April 2017 with FGB being the accounting acquirer as per IFRS 3. Therefore, these financials reflect the consolidation of NBAD since 1st April 2017.

Abu Dhabi, 31st January 2019

Management Discussion and Analysis Report
(based on pro forma consolidated financials)

Full year 2018 Group net profit at AED 12.0 Billion, up 10% year-on-year

FAB proposes cash dividend per share of 74 fils

First Abu Dhabi Bank (FAB), the UAE's largest bank and one of the world's largest and safest financial institutions, reported its financial results for the full year ended 31 December 2018 today.

Strong set of results in second year post-merger

- Full year 2018 Group Net Profit at AED 12.0 Billion, up 10% from AED 10.9 Billion in 2017
- Basic Earnings Per Share (EPS) at AED 1.06, compared to AED 0.96 in 2017
- Operating income of AED 19.4 Billion, broadly in line with 2017 Group revenue which included opportunistic investment gains and higher property-related income

Proposed cash dividend per share of 74 fils

- FAB's Board of Directors recommend the distribution of a cash dividend¹ per share of 74 fils, implying record total cash dividends of AED 8.0 Billion for 2018, up 6% year-on-year

UAE integration journey successfully completed

- Successful unification of legacy systems in Q4 was the final milestone of the UAE's integration journey
- Around 75% of 2020 cost synergy run-rate target has been achieved so far
- Full year 2018 cost-to-income ratio (excluding integration costs) improved to 25.9%, down from 27.7% in 2017

FAB starts 2019 from a position of strength

- Total assets at AED 744 Billion, up 11% year-on-year
- Loans and advances at AED 353 Billion, up 7% year-on-year
- Customer deposits at AED 465 Billion, up 18% year-on-year
- Strong liquidity position and funding profile with Liquidity Coverage Ratio at 118%
- Healthy asset quality with Non-Performing Loan ratio at 3.1%, and adequate provisions coverage at 110%
- Improved profitability with Return on Tangible Equity at 16.2%, up from 14.6% as of December-end 2017
- Capital position is robust with Common Equity Tier 1 (CET1) ratio at 14.0%, or 12.4% post proposed dividend, comfortably in excess of regulatory requirements

¹ Subject to shareholders' approval at General Assembly Meeting scheduled to be held in Abu Dhabi on 25 February 2019

Commenting on the results, His Highness Sheikh Tahnoon Bin Zayed Al Nahyan, Chairman of FAB, said:

“FAB’s financial results for 2018 round off a remarkable year of achievements for the bank. A further highlight was the successful completion of the bank’s IT systems integration in December, allowing us to finalise our UAE integration journey in less than two years. This is not just an unprecedented achievement locally and regionally, but also internationally, in light of the entailed complexity in bringing two large entities together under one single platform.”

In line with our commitment to maximise shareholder returns, the bank’s Board of Directors has recommended to distribute a cash dividend of 74 fils per share for the year ended 31 December 2018. This brings total cash dividends for the year to AED 8.0 Billion, a 6% increase compared to 2017, and a reflection of FAB’s continued strength.

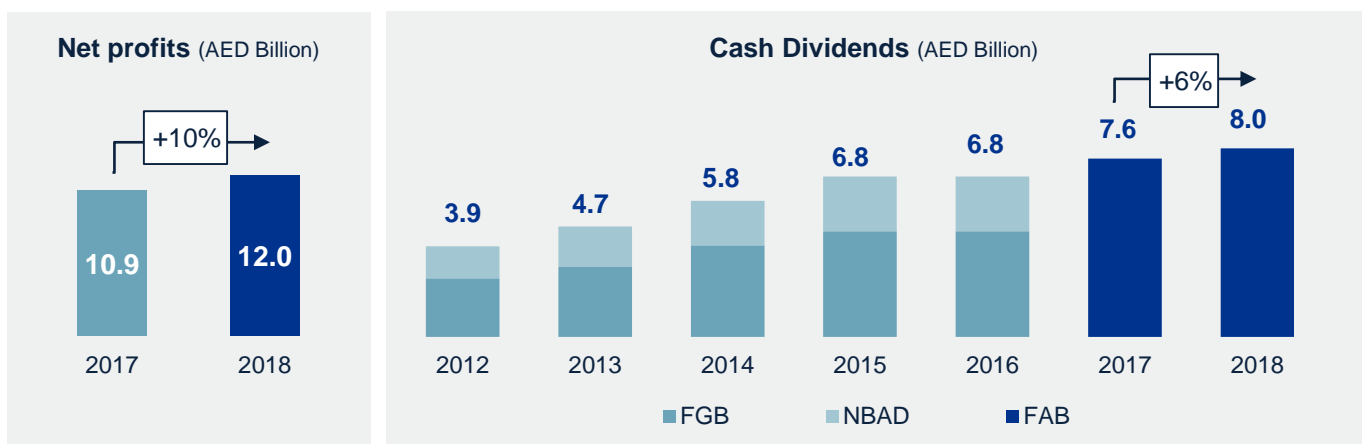
His Highness added: “FAB’s second year of operations witnessed a number of major successes. During the year the bank secured the Capital Market Authority (CMA) and Saudi Arabia Monetary Authority (SAMA) licenses for its KSA operations. During the fourth quarter, the bank also launched the Abu Dhabi Government’s digital payment portal, developed in collaboration with the Abu Dhabi Smart Solutions and Services Authority, and supporting a ‘smart’ cashless economy in line with the Abu Dhabi Vision 2030 and the Ghadan 2021 development program. ”

Abdulhamid Saeed, Group Chief Executive Officer, added:

“First Abu Dhabi Bank registered a strong set of financial results in the second year post-merger, with the Group’s net profit increasing 10% year-on-year to AED 12.0 Billion, as we continued to cement our leading market position both in corporate and personal banking, while realising significant operating efficiencies and maintaining strong capital, liquidity and risk ratios. Last year, the bank also firmly established itself as the largest UAE company by market capitalisation.

Being the Year of Zayed, 2018 will always be remembered as a special year. Operationally, it will stand out as the year we concluded our UAE integration journey, completing all required milestones on schedule, and allowing us to provide enhanced banking products and services to our customers.

Having completed our UAE integration journey, which has been a core focus for the past two years, the bank will begin to unlock its full potential to continue to maximise shareholder value, while creating more opportunities for customers, employees, and communities to grow stronger together. Throughout 2019, the UAE’s Year of Tolerance, we aim to build bridges between people, markets and cultures at home and abroad across our businesses and the geographies we operate within.”



FAB Q4/FY'18 Pro Forma Summary Financials

Income Statement - Summary (AED Mn)	Note	Q4'18	Q3'18	QoQ %	Q4'17	YoY %	FY'18	FY'17	YoY %
Net interest Income		3,271	3,263	0	3,363	(3)	13,026	13,106	(1)
Fees & commissions, net		793	805	(1)	932	(15)	3,392	3,362	1
FX and investment income, net		804	738	9	464	73	2,869	2,586	11
Other non-interest income		(59)	39	na	289	na	159	479	(67)
Total Operating Income		4,809	4,845	(1)	5,049	(5)	19,446	19,533	(0)
Operating expenses		(1,355)	(1,309)	3	(1,616)	(16)	(5,329)	(5,875)	(9)
<i>Incl: Integration costs</i>		(70)	(74)	(6)	(201)	(65)	(295)	(473)	(38)
<i>Amortisation of intangibles (merger-related)</i>		(46)	(46)	1	(138)	(67)	(181)	(138)	31
Impairment charges, net		(428)	(435)	(2)	(562)	(24)	(1,726)	(2,384)	(28)
Non Controlling Interests and Taxes		(93)	(80)	17	(48)	96	(381)	(358)	6
Net Profit		2,933	3,021	(3)	2,822	4	12,011	10,915	10
Basic Earning per Share (AED)	a,h	1.02	1.05	(3)	0.99	3	1.06	0.96	10

a) Basic EPS based on attributable profits to equity shareholders' excluding Tier 1 notes coupon (FY'18: AED 523 Mn) and outstanding shares

Balance Sheet - Summary (AED Bn)	Note	Dec'18	Sep'18	QoQ %	Dec'17	YoY %
Loans and advances, net		353	354	(0)	330	7
Customer deposits		465	455	2	396	18
CASA (deposits)	b	159	155	2	150	6
Total Assets		744	732	2	669	11
Equity (incl Tier 1 capital notes)		102	100	2	102	(0)
Tangible Equity	c	71	70	2	71	0

b) CASA deposits include current, savings and call accounts; Dec-2017 has been reclassified to include call accounts

c) Tangible equity is shareholders' equity net of Tier 1 capital notes, goodwill & intangibles

Key Ratios (%)	Note	Q4'18	Q3'18	QoQ (bps)	Q4'17	YoY (bps)	FY'18	FY'17	YoY (bps)
Net Interest Margin	h	2.21	2.33	(12)	2.42	(21)	2.35	2.48	(13)
Cost-Income ratio (ex-integration costs)		26.7	25.5	123	28.0	(130)	25.9	27.7	(178)
Cost of Risk (bps)	d,e,h	38	50	(12)	65	(28)	48	69	(21)
Non-performing loans ratio	d	3.1	3.1	0	3.1	6	3.1	3.1	6
Provision coverage	d	110	118	(821)	120	(1002)	110	120	(1002)
Liquidity coverage ratio (LCR)		118	123	(453)	112	629	118	112	629
Return on Tangible Equity (RoTE)	f	15.7	16.9	(117)	14.9	88	16.2	14.6	154
Return on Risk-weighted Assets (RoRWA)	h	2.3	2.4	(6)	2.3	3	2.5	2.3	20
CET1 ratio	g	12.4	13.6	(126)	12.8	(44)	12.4	12.8	(44)
Capital Adequacy ratio	g	15.7	17.0	(123)	16.2	(49)	15.7	16.2	(49)

d) As 2018 ratios are based on IFRS9 accounting and ratios for prior periods are based on IAS39 accounting, they may not be fully comparable

e) On Loans and Advances

f) Return on Average Tangible Equity, annualised; based on attributable profit to equity shareholders' excl coupon on Tier 1 capital notes

g) As per UAE Central Bank's Basel III framework; Dec-17 ratios are without considering the transitional arrangements

h) Annualised

Rounding differences may appear in above table

Financial review

Group Revenue for the 12-month period ended 31 December 2018 totalled AED 19.4 Billion, broadly in line with 2017 revenue which included opportunistic investment gains and higher property-related income. Group revenue in the fourth quarter was AED 4.8 Billion, lower sequentially and year-on-year primarily due to negative fair value adjustments on investment properties, against property-related gains in the last quarter of 2017.

Net Interest Income (including Islamic Financing Income) was AED 13.0 Billion, compared to AED 13.1 Billion in 2017, as strong business volumes and rate hike benefits were offset by competitive pricing, risk optimisation in personal banking, and tactical deployment of excess short-term liquidity. Net Interest Margin (NIM) stood at 2.35%, 13 basis points lower year-on-year.

Fees and commissions (net) grew 1% compared to 2017 on the back of continued strength in trade finance, loan and debt capital markets, partially offset by lower fees in Personal Banking due to risk optimisation.

FX and investment income was up 11% driven by higher revenue from optimal deployment of excess short-term liquidity in addition to increased client sales, offsetting lower investment income year-on-year.

Excellent progress in realising cost synergies post-merger, led to a 9% reduction in **Group operating expenses** year-on-year, translating to a **cost-to-income ratio** (ex-integration costs) of 25.9%, improving from 27.7% in 2017. Cost synergies achieved to-date reached approximately AED 1.1 Billion, which is around 75% of the 2020 run-rate target.

In the fourth quarter, operating expenses grew 3% sequentially as cost savings were offset by investments in key strategic initiatives aimed at enhancing customer experience, and driving future revenue growth.

Credit quality

The Group continues to present healthy asset quality metrics across corporate and retail portfolios as of December-end 2018 with **Non-Performing Loans (NPL)** of AED 11.5 Billion, and a stable **NPL ratio** at 3.1%.

Adequate provision buffers post IFRS9 implementation and Purchase Price Allocation, coupled with risk optimisation in Personal Banking, led to a 28% reduction in **net impairment charges** year-on-year, translating to a **cost of risk** (on loans and advances) of 48 basis points, down 21 basis points from the previous year.

With **impairment allowances**² totalling AED 12.7 Billion as of December-end 2018, **provision coverage** remains adequate at 110%, vs. 120% in 2017.

Balance sheet trends

Group total assets grew 11% year-on-year to AED 744 Billion, exceeding USD 200 Billion for the first time.

Loans and advances grew 7% year-on-year to AED 353 Billion, primarily driven by a strong momentum in Corporate & Investment Banking in Asia-Pacific, MENA and UAE, while selective growth in Personal Banking was offset by risk optimisation.

Customer deposits were up 18% to AED 465 Billion, primarily led by significant short term government inflows. At AED 159 Billion, Current Accounts and Saving Accounts (CASA) balances grew 6% year-on-year, and represent 34% of overall deposits.

The Group's liquidity position as of December-end 2018 continues to be strong with December-end 2018 **Liquidity Coverage Ratio (LCR)** at 118%, comfortably above the minimum regulatory requirement of 90% for 2018 as per Basel III.

² Impairment allowances include ECL on loans and advances, ECL on unfunded exposure, and IFRS 9 impairment reserve

2018 was a milestone year on the wholesale funding side, with the Group raising over USD 2.3 Billion across multiple currencies and funding markets while navigating volatile market conditions. This included a benchmark USD 650 Million RegS Sukuk issuance in the first quarter of 2018, which was recognised as the “Financial Institutions Deal of the Year” at the Bonds, Loans and Sukuk Middle East Awards. Earlier this month, FAB attracted strong investor interest raising USD 850 Million through a 5-year Sukuk at attractive pricing, and becoming the first bank to sell an international benchmark Sukuk intraday. 2018 also saw the Group further diversify its investor base, both, in Europe and Asia through the successful issuance of public local currency bonds.

FAB’s leading market position, solid credit profile and superior credit ratings of AA- (or equivalent), continue to be key differentiators enabling the Group to source diversified and cost-effective liquidity and funding.

Shareholders’ equity, capital and returns

Shareholders’ equity (including Tier 1 capital notes) as of December-end 2018 stood at AED 102 Billion, with Basel III **Common Equity Tier 1 (CET1)** ratio at 14.0% comfortably above the minimum regulatory requirement of 10% (for 2018), considering FAB’s status as a domestic systemically important bank (D-SIB). CET1 after proposed dividend distribution remains solid at 12.4%, while capital adequacy and Tier 1 capital ratios were 15.7% and 14.6% respectively.

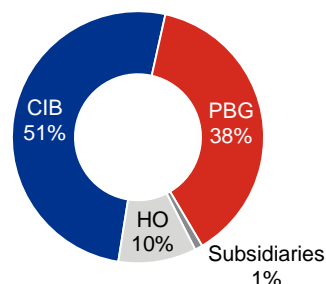
Return on Tangible Equity (RoTE) for the full year was 16.2%, significantly improving from 14.6% for 2017.

Business performance

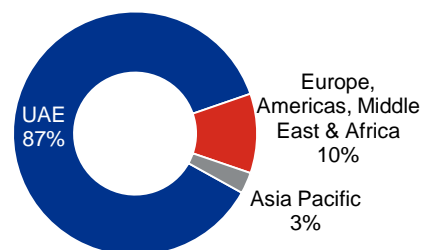
The Corporate & Investment Banking (CIB) Group generated 51% of full year 2018 Group Revenue, while the Personal Banking Group (PBG) contributed 38%. Head Office (HO) and Subsidiaries generated 10% and 1% of Group operating income respectively.

Revenue from our **international operations** grew 7% year-on-year, with contribution to group revenue increasing to 13.3% from 12.4% in 2017, primarily driven by Asia-Pacific. The international loan book recorded solid growth year-on-year with a notable contribution from Asia-Pacific and the MENA region, while liquidity position remained strong.

Revenues by Segment



Revenues by Geography



Corporate & Investment Banking (CIB) Group

CIB delivered a solid performance in 2018, achieving double-digit growth in balance sheet and revenue, despite heightened competition and market volatility. Operating costs were significantly lower year-on-year reflecting the realisation of post-merger cost synergies and improved efficiency across the business.

All areas of the business demonstrated strong momentum, capitalising on a dominant market position, superior credit ratings and unparalleled expertise:

- **Global Transaction Banking (GTB)** revenue grew 22% year-on-year driven by our cash management business on the back of rate hikes, new client mandates, and the conversion of escrow business opportunities. Momentum from trade finance activity was sustained resulting in higher unfunded balances and an increase in fee income. The number of clients on-boarded and transacting through GTB's e-channels also significantly increased during the year, enhancing the speed, transparency and convenience of transactions.
- **Global Corporate Finance (GCF)** revenue grew 7% year-on-year, driven by strong business activity and pipeline execution in loan and debt capital markets, partially offset by margin compression due to competition. In 2018, FAB dominated the MENA loan market for the second consecutive year, and is the first ever regional bank to achieve the top spot on league tables. FAB was also amongst the leading book runners in MENA Bonds & Sukuk league tables in 2018, assisting clients in raising over USD 30 Billion in financing through both public and private placements. Internationally, Asia-Pacific delivered double-digit revenue growth, further demonstrating GCF international book running capability beyond domestic markets. The launch of investment banking activities in Saudi Arabia in the fourth quarter was also an important milestone, enabling the bank to capture business opportunities in a key strategic market.
- **Global Markets (GM)** operating income grew 14% year-on-year driven by higher returns from ALM and Credit portfolios despite volatile market conditions, and fewer liquidations compared to 2017. Increased client activity and continued strength in flow products resulted in significant revenue growth in GM Sales, which exceeded AED 1 Billion for the first time. FAB further cemented its position as the leading Global Markets partner for MENA Corporates in 2018, by delivering innovative solutions to clients.

Personal Banking Group (PBG)

Personal Banking delivered a good performance in 2018 in a competitive market. Net profit and risk-adjusted returns significantly improved year-on-year on the back of a notable reduction in impairment charges from risk optimisation and a drop in operating expenses from efficiency gains, largely offsetting softer revenue.

In the fourth quarter PBG integrated its legacy banking platforms onto a single platform, enabling FAB customers to open and manage their accounts through consistent channels and processes.

During the period, the business also enhanced its offerings and capabilities. In Business Banking, a new customer management system was introduced and insights on customers' transactional behaviour were leveraged to develop new acquisition campaigns, leading to positive results in new lending. In Private Banking and Elite, we launched new investment products, priority services in branches, and a new client management system, leading to continued commercial momentum in investments and mortgages. FAB investment managers were also recognised by Global Investor Group and awarded UAE Asset Manager of the Year and Sukuk Manager of the Year 2018.

The rebranding of our Islamic financing company from ADNIF to FAB Islamic Finance was completed during the last quarter and ties with our Emirati segment were strengthened through the re-launch of our Emirati Al Awwal product coinciding with the 47th UAE National Day and the launch of our exclusive Emirati Insurance offering.

Leveraging on a strong brand and a leading market position, the Group continued to make strides in payments, signing a memorandum of understanding with the government of Abu Dhabi to provide a full digital payment solution. *Abu Dhabi Pay* will allow the government to receive payments in an easy, unified and secure manner, thus supporting Abu Dhabi's 2030 Economic Vision. PBG also continued to enhance the *Payit* proposition by enabling new remittance corridors for customers.

With the bank operating on one single platform, FAB's personal banking will continue to focus on growing market share and offering innovative products and services to customers both in the UAE and across key strategic markets, while enhancing customer experience through digitisation and simplified processes.

Economic Overview and 2019 outlook

While the global economy continued to expand during 2018, a more modest rate of growth is expected in 2019 as the pace of monetary tightening slows against a backdrop of softening global trade, weakening financial market sentiment, and elevated uncertainties. According to the IMF, global growth should moderate from 3.7% in 2018 to 3.5% in 2019.

In the Middle East, oil price recovery in the opening weeks of 2019, coupled with the prospect of rising public investment and easing fiscal consolidation, is expected to prove supportive for oil exporting countries, while oil importers should continue to benefit from policy reforms.

In the UAE, we expect real GDP to accelerate to 3.2% in 2019, up from 2.9% in 2018, and buoyed by a 17% rise in federal government spending. A series of reforms and incentives announced during 2018, are expected to improve UAE business competitiveness over the medium term, attract Foreign Direct Investment (FDI), and contribute to non-oil private sector growth. In Abu Dhabi, the Ghadan 2021 stimulus plan is expected to contribute AED 60-70 Billion to GDP over the next three years, supporting economic growth and diversification in line with the Abu Dhabi Economic Vision 2030. Of the AED 50 Billion assigned to the three-year plan, AED 20 Billion have been allocated to the 2019 development programme.

Recent Awards



About First Abu Dhabi Bank (FAB)

FAB, the UAE's largest bank and one of the world's largest and safest institutions, offers an extensive range of tailor-made solutions, and products and services, to provide a customised experience. Through its strategic offerings, it looks to meet the banking needs of customers across the world via its market-leading Corporate and Investment Banking and Personal Banking franchises.

Headquartered in Abu Dhabi in Khalifa Business Park, the bank's international network spans five continents, providing the global relationships, expertise and financial strength to support local, regional and international businesses seeking to do business at home and abroad.

In line with its commitment to put customers first, to Grow Stronger, FAB will continually invest in people and technology to create the most customer-friendly banking experience, and will support the growth ambitions of its stakeholders across countries in which the bank operates.

To empower its customers and clients to Grow Stronger, FAB initiated a powerful movement, which goes beyond banking. The Grow Stronger movement represents the bank's promise to support its stakeholders' goals and growth ambitions, providing ideas, tools and expertise to help them become stronger, today and in the future.

With total assets of AED 744 Billion (USD 203 Billion) as of December-end 2018, FAB is rated Aa3/AA-/AA- by Moody's, S&P and Fitch, respectively, the strongest combined ratings of any bank in the MENA region. The Bank has been ranked by Global Finance® as the safest bank in the UAE and the Middle East. In the Top 1000 World Banks 2018 ranking by The Banker Magazine, FAB ranks #1 in the Middle East and #81 in the World by capital strength, and #116 by total assets globally. Through a strong, diversified balance sheet, leading efficiency and a solid corporate governance structure in place, FAB is set to drive growth forward.

For further information, visit: www.bankfab.com

Recent Strategic Partnerships

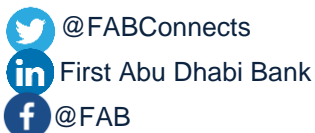
FAB is the official partner of the Special Olympics World Games Abu Dhabi 2019, in line with its commitment to benefit the communities in which it operates and the Government's drive for greater tolerance and inclusion.



For investor-related queries, please contact FAB Investor Relations team on ir@bankfab.com

Download FAB Investor Relations app on iOS or Android

Find us on social media via:



Disclaimer

The information contained herein has been prepared by First Abu Dhabi Bank P.J.S.C ("FAB"). FAB relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This document has been prepared for information purposes only and is not and does not form part of any offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

Some of the information in this document may contain projections or other forward-looking statements regarding future events or the future financial performance of FAB. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward-looking information shall not be regarded as a representation of FAB or any other person involved in the objectives or plans of FAB will be achieved. FAB undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Pro forma Condensed Consolidated Financial Statements

December 31, 2018

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following pro forma condensed consolidated financial statements (“Pro forma financial statements”) 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 statement consists of the audited Pro Forma Condensed Consolidated Statement of Financial Position of NBAD and FGB (together referred to as “the Group”) as at 31 December 2018, and its audited Pro forma Condensed Consolidated statement of Profit or Loss for the year then ended. These statements are prepared as if the Merger has taken place as at 1 Jan 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 statements 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 financial performance 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 statements are only meaningful in conjunction with the historical consolidated financial statements of NBAD and FGB as at and for the financial year ended 31 December 2017.

The Pro forma financial statements have been compiled based on the accounting policies adopted by the Group for the preparation of 31 December 2018 financial statements. The Pro forma financial statements 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 statements 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 31 December

Assets	2018 AED'000	2017 AED'000
Cash and balances with central banks	182,908,727	138,111,054
Investments at fair value through profit or loss	14,620,910	19,320,764
Due from banks and financial institutions	19,176,092	13,829,490
Reverse repurchase agreements	19,033,451	21,346,974
Derivative financial instruments	13,084,192	11,399,432
Loans and advances	353,205,228	330,465,888
Non-trading investments	90,433,574	88,457,710
Investment properties	7,388,493	6,927,692
Property and equipment	3,991,215	3,535,501
Intangibles	19,699,711	19,901,374
Other assets	20,583,602	15,672,416
Total assets	744,125,195	668,968,295
Liabilities		
Due to banks and financial institutions	40,266,535	30,576,336
Repurchase agreements	34,769,685	37,674,016
Commercial paper	18,144,105	24,124,097
Derivative financial instruments	15,219,464	14,941,331
Customer accounts and other deposits	465,475,874	395,843,664
Term borrowings	42,268,173	42,145,718
Subordinated notes	401,979	420,381
Other liabilities	25,606,380	21,033,339
Total liabilities	642,152,195	566,758,882
Equity		
Share capital	10,897,545	10,897,545
Share premium	53,188,043	53,026,644
Treasury shares	(25,530)	(42,433)
Statutory and special reserves	9,483,238	7,081,074
Other reserves	(37,477)	962,736
Tier 1 capital notes	10,754,750	10,754,750
Share option scheme	266,841	256,265
Convertible notes - equity component	-	108,265
Retained earnings	17,083,868	18,677,552
Total equity attributable to shareholders of the Bank	101,611,278	101,722,398
Non-controlling interest	361,722	487,015
Total Equity	101,973,000	102,209,413
Total liabilities and equity	744,125,195	668,968,295

Pro forma Condensed consolidated statement of profit or loss

For the year ended 31 December

	Note	2018 AED'000	2017 AED'000
Interest income	1	21,836,404	18,846,918
Interest expense	2	(8,810,445)	(5,740,867)
Net interest income		13,025,959	13,106,051
Fee and commission income		4,879,988	4,765,261
Fee and commission expense		(1,487,616)	(1,403,397)
Net fee and commission income	3	3,392,372	3,361,864
Net foreign exchange gain	4	2,042,480	1,003,284
Net gain on investments and derivatives	5	826,225	1,582,442
Other operating income	6	158,706	479,344
Operating income		19,445,742	19,532,985
General, administration and other operating expenses	7	(5,328,555)	(5,875,349)
Profit before net impairment charge and taxation		14,117,187	13,657,636
Net impairment charge	8	(1,725,794)	(2,384,334)
Profit before taxation		12,391,393	11,273,302
Overseas income tax expense		(325,004)	(323,538)
Net profit for the period		12,066,389	10,949,764
Profit attributable to:			
Shareholders of the Group		12,010,820	10,915,157
Non-controlling interests		55,569	34,607
		12,066,389	10,949,764

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	Europe, Americas, Middle East and Africa AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the year ended 31 December 2018</i>									
Net Interest income	5,594,591	5,520,961	(40,251)	1,950,658	13,025,959	11,298,979	1,451,086	275,894	13,025,959
Net non-interest income	4,314,443	1,785,142	189,079	131,119	6,419,783	5,551,567	597,591	270,625	6,419,783
Operating income	<u>9,909,034</u>	<u>7,306,103</u>	<u>148,828</u>	<u>2,081,777</u>	<u>19,445,742</u>	<u>16,850,546</u>	<u>2,048,677</u>	<u>546,519</u>	<u>19,445,742</u>
General administration and other operating expenses	<u>1,741,348</u>	<u>2,768,574</u>	<u>137,375</u>	<u>681,258</u>	<u>5,328,555</u>	<u>4,381,444</u>	<u>731,204</u>	<u>215,907</u>	<u>5,328,555</u>
Net impairment charge	<u>1,222,562</u>	<u>457,486</u>	<u>(13,704)</u>	<u>59,450</u>	<u>1,725,794</u>	<u>1,807,162</u>	<u>(155,810)</u>	<u>74,442</u>	<u>1,725,794</u>
Profit before taxation	<u>6,945,124</u>	<u>4,080,043</u>	<u>25,157</u>	<u>1,341,069</u>	<u>12,391,393</u>	<u>10,661,940</u>	<u>1,473,283</u>	<u>256,170</u>	<u>12,391,393</u>
Overseas taxation	<u>188,097</u>	<u>94,001</u>	<u>33,163</u>	<u>9,743</u>	<u>325,004</u>	<u>2,678</u>	<u>295,843</u>	<u>26,483</u>	<u>325,004</u>
Net profit for the period	<u>6,757,027</u>	<u>3,986,042</u>	<u>(8,006)</u>	<u>1,331,326</u>	<u>12,066,389</u>	<u>10,659,262</u>	<u>1,177,440</u>	<u>229,687</u>	<u>12,066,389</u>
<i>As at 31 December 2018</i>									
Segment total assets	<u>630,066,190</u>	<u>101,659,261</u>	<u>13,179,664</u>	<u>127,546,798</u>	<u>872,451,913</u>	<u>619,662,984</u>	<u>205,297,041</u>	<u>32,858,649</u>	<u>857,818,674</u>
Inter segment balances					<u>(128,326,718)</u>				<u>(113,693,479)</u>
Total assets					<u>744,125,195</u>				<u>744,125,195</u>
Segment total liabilities	<u>618,795,941</u>	<u>92,621,803</u>	<u>9,916,308</u>	<u>49,144,861</u>	<u>770,478,913</u>	<u>528,049,917</u>	<u>198,827,604</u>	<u>28,968,153</u>	<u>755,845,674</u>
Inter segment balances					<u>(128,326,718)</u>				<u>(113,693,479)</u>
Total liabilities					<u>642,152,195</u>				<u>642,152,195</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	Europe, Americas, Middle East and Africa AED'000	Asia - Pacific AED'000	Total AED'000
For the year ended 31 December 2017									
Net Interest income	5,472,776	5,736,227	(74,843)	1,971,891	13,106,051	11,504,018	1,327,963	274,070	13,106,051
Net non-interest income	3,520,778	1,905,096	603,859	397,201	6,426,934	5,597,193	643,165	186,576	6,426,934
Operating income	<u>8,993,554</u>	<u>7,641,323</u>	<u>529,016</u>	<u>2,369,092</u>	19,532,985	<u>17,101,211</u>	<u>1,971,128</u>	<u>460,646</u>	19,532,985
General administration and other operating expenses	1,996,249	3,056,071	142,247	680,782	5,875,349	5,022,733	672,909	179,707	5,875,349
Net impairment charge	<u>299,658</u>	<u>2,240,698</u>	<u>50,961</u>	<u>(206,983)</u>	2,384,334	<u>2,304,790</u>	<u>80,704</u>	<u>(1,160)</u>	2,384,334
Profit before taxation	<u>6,697,647</u>	<u>2,344,554</u>	<u>335,808</u>	<u>1,895,293</u>	11,273,302	<u>9,773,688</u>	<u>1,217,515</u>	<u>282,099</u>	11,273,302
Overseas taxation	<u>184,647</u>	<u>114,408</u>	<u>21,973</u>	<u>2,510</u>	323,538	<u>5,264</u>	<u>287,270</u>	<u>31,004</u>	323,538
Net profit for the period	<u>6,513,000</u>	<u>2,230,146</u>	<u>313,835</u>	<u>1,892,783</u>	10,949,764	<u>9,768,424</u>	<u>930,245</u>	<u>251,095</u>	10,949,764
As at 31 December 2017									
Segment total assets	<u>450,441,539</u>	<u>106,156,609</u>	<u>13,606,508</u>	<u>126,839,637</u>	697,044,293	<u>538,512,342</u>	<u>156,465,447</u>	<u>23,406,626</u>	718,384,415
Inter segment balances					(28,075,998)				(49,416,120)
Total assets					<u>668,968,295</u>				<u>668,968,295</u>
Segment total liabilities	<u>438,610,883</u>	<u>100,270,288</u>	<u>6,170,495</u>	<u>49,783,214</u>	594,834,880	<u>451,819,450</u>	<u>144,661,282</u>	<u>19,694,270</u>	616,175,002
Inter segment balances					(28,075,998)				(49,416,120)
Total liabilities					<u>566,758,882</u>				<u>566,758,882</u>

Notes to the condensed consolidated Pro-forma financial statements

1 Interest income

	2018 AED'000	2017 AED'000
<i>Interest from:</i>		
Central banks	968,840	393,633
Banks and financial institutions	1,040,394	534,255
Reverse repurchase agreements	388,117	297,671
Investments at fair value through profit or loss	385,429	425,735
Non-trading investments	2,310,733	2,129,967
Loans and advances	16,742,891	15,065,657
	<u>21,836,404</u>	<u>18,846,918</u>

2 Interest expense

	2018 AED'000	2017 AED'000
<i>Interest to:</i>		
Banks and financial institutions	800,414	698,074
Repurchase agreements	706,723	409,014
Commercial paper	432,428	178,992
Customer accounts and other deposits	5,307,623	3,029,734
Term borrowings	1,542,847	1,404,651
Subordinated notes	20,410	20,402
	<u>8,810,445</u>	<u>5,740,867</u>

3 Net fees and commission income

	2018 AED'000	2017 AED'000
Fee and commission income		
Trade finance	1,053,033	998,445
Collection services	33,569	43,241
Brokerage income	25,535	49,245
Asset management and investment services	141,906	116,331
Investments, derivatives and risk participation	7,090	8,115
Retail and corporate lending	1,333,257	1,171,248
Cards and e-services	1,885,819	1,896,355
Accounts related services	60,165	59,397
Commission on transfers	115,273	116,571
Others	224,341	306,313
Total fee and commission income	<u>4,879,988</u>	<u>4,765,261</u>
Fee and commission expense		
Brokerage commission	42,530	35,553
Handling charges	32,548	30,618
Credit card charges	1,086,900	1,025,697
Retail and corporate lending	306,290	262,840
Others	19,348	48,689
Total fee and commission expense	<u>1,487,616</u>	<u>1,403,397</u>
Net fee and commission income	<u>3,392,372</u>	<u>3,361,864</u>

4 Net foreign exchange gain

	2018 AED'000	2017 AED'000
Trading and retranslation gain on foreign exchange and related derivatives	1,776,161	626,664
Dealings with customers	266,319	376,620
	<u>2,042,480</u>	<u>1,003,284</u>

5 Net gain on investments and derivatives

	2018 AED'000	2017 AED'000
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	891,021	630,797
Net gain from sale of non-trading Investments	(136,412)	913,064
Dividend income	71,616	38,581
	<u>826,225</u>	<u>1,582,442</u>

6 Other Operating Income

	2018 AED'000	2017 AED'000
Investment property (loss) / income	(75,574)	331,960
Leasing related income	106,905	103,590
Other income	127,375	43,794
	<u>158,706</u>	<u>479,344</u>

Includes gain on sale of property and equipment amounting to AED 111.4 million (2017: AED 2.2 million)

7 General, administration and other operating expenses

	2018 AED'000	2017 AED'000
Staff costs	3,167,377	3,422,654
Other general and administration expenses	1,686,352	1,877,303
Depreciation	235,586	374,101
Intangible amortisation	201,663	159,156
Sponsorships and donations	37,577	42,135
	<u>5,328,555</u>	<u>5,875,349</u>

8 Net impairment charge

	2018 AED'000	2017 AED'000
Impairment charge on loans and advances	2,107,219	2,660,652
other financial assets	33,147	957
unfunded exposure	(326,543)	-
Recoveries	(303,770)	(310,393)
Write-off of impaired financial assets	215,741	33,118
	<u>1,725,794</u>	<u>2,384,334</u>