



## FAB Q2/H1'18 Financial Results

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

**Grow  
Stronger**

بنك أبوظبي الأول

**FAB**

First Abu Dhabi Bank

# Management Discussion & Analysis Report

for the first half ended 30 June 2018

*Please note that FAB pro forma condensed consolidated interim financial statements as at 30 June 2018 serve as the main basis of reference for our Management Discussion & Analysis Report (MDA) and Investor Relations presentation.*

*FAB's unaudited condensed consolidated interim financial statements at 30 June 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, 24<sup>th</sup> July 2018

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

**FAB Reports Record Half Year 2018 Group Net Profit up 10%,  
crossing the AED 6.0 Billion mark**

*Q2 Net Profit of AED 3.1 Billion, up 19% year-on-year*

**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 first half ended 30 June 2018 today.

***A robust operating performance***

- H1 2018 Group Net Profit of AED 6.1 Billion, up 10% year-on-year; annualised Earnings per Share (EPS) at AED 1.08
- Second quarter Net Profit of AED 3.1 Billion, up 19% year-on-year
- Operating income of AED 9.8 Billion, broadly in line with a strong first half in 2017 which included opportunistic investment gains
- Cost-to-income ratio (ex-integration costs) at 25.7% continues to improve on the back of cost discipline and synergy momentum

***Sustained business growth in second quarter***

- Loans and advances (net) at AED 345 Billion, up 2% sequentially and 4% year-to-date
- Customer deposits at AED 431 Billion, up 7% sequentially and 9% year-to-date
- Liquidity position strengthened further with loans-to-deposits ratio at 80%

***Strong fundamentals***

- Healthy asset quality metrics with Non-Performing Loan ratio at 3.1% and provision coverage at 123%
- Common Equity Tier 1 (CET1) ratio at 13.1%, grew on the back of retained earnings
- Return on Tangible Equity (RoTE) at 17.1%, up from 14.9% in the first half of 2017
- FAB's Aa3/AA- ratings were reaffirmed by Moody's and S&P during the period, and assigned to its subsidiary FAB USA and the Washington DC branch

**Commenting on the bank's performance, Abdulhamid Saeed, Group Chief Executive Officer of FAB, said:**

"I am pleased to report that FAB has built on the positive momentum generated at the start of the year to deliver another strong set of results in the second quarter of 2018. Our Group Net Profit, which has grown consistently since Q2 2017, stood at AED 3.1 Billion for the quarter, increasing by 19% over the same period last year and leading to record half year profits above the AED 6 Billion mark. The group's excellent performance was achieved on the back of healthy asset growth, and significantly lower risk and operating costs, as we continued to capitalise on solid asset quality and provision buffers, as well as substantial synergies realised from the merger. At the same time, the reaffirmation of our Aa3 and AA- ratings by Moody's and Standard and Poor's, and the assignment of the same ratings to our US subsidiary, are a clear testament to the solid fundamentals and financial strength of our bank. Just recently, FAB made a remarkable entry into The Banker's Top 1000 World Banks 2018 ranking as the number one bank in the Middle East by capital strength, and the 81<sup>st</sup> worldwide, emphasising FAB's significance in the global banking landscape."

**Saeed added:** “In light of a strong first half and as we enter the final stretch of our integration journey, FAB is firmly on track to deliver another record performance for 2018. Despite persistent challenges, the economic outlook over the medium-term remains positive, underpinned by continuous reforms and initiatives to drive growth. In this context, we are fully committed to supporting the stimulus plan recently announced by His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, which will help to accelerate further economic growth and diversification, and enhance Abu Dhabi’s competitiveness and position as one of the world’s leading economic hubs.”

## FAB Q2/H1'18 Pro forma Summary Financials

Income Statement - Summary (AED Mn)	Note	Q2'18	Q1'18	QoQ %	Q2'17	YoY %	H1'18	H1'17	YoY %
Net interest income		3,223	3,268	(1)	3,235	(0)	6,492	6,499	(0)
Fees & commissions, net		861	934	(8)	860	0	1,794	1,642	9
FX and investment income, net		671	656	2	533	26	1,327	1,631	(19)
Other non-interest income		165	13	NA	49	239	178	102	75
<b>Total Operating Income</b>		<b>4,920</b>	<b>4,871</b>	<b>1</b>	<b>4,677</b>	<b>5</b>	<b>9,791</b>	<b>9,874</b>	<b>(1)</b>
Operating expenses		(1,338)	(1,326)	1	(1,399)	(4)	(2,664)	(2,915)	(9)
<i>Incl: Integration costs</i>		(78)	(69)	14	(92)	(15)	(147)	(196)	(25)
<i>Amortisation of intangibles (merger-related)</i>		(46)	(44)	4	-	-	(89)	-	-
Impairment charges, net		(423)	(439)	(4)	(611)	(31)	(863)	(1,260)	(32)
Non Controlling Interests and Taxes		(99)	(108)	(8)	(105)	(5)	(207)	(211)	(2)
<b>Net Profit</b>		<b>3,059</b>	<b>2,998</b>	<b>2</b>	<b>2,562</b>	<b>19</b>	<b>6,057</b>	<b>5,488</b>	<b>10</b>
Basic Earning per Share (AED)	a,h	1.08	1.07	1	0.90	20	1.08	0.98	10

a) Basic EPS based on attributable profits to equity shareholders' excluding Tier 1 notes coupon (H1'18: AED 249 Mn) and outstanding shares

Balance Sheet - Summary (AED Bn)	Note	Jun'18	Mar'18	QoQ %	Jun'17	YoY %	Dec'17	Ytd %
Loans and advances, net		345	338	2	321	7	330	4
Customer deposits		431	404	7	377	14	396	9
CASA (deposits)	b	145	166	(13)	145	(0)	150	(4)
Total Assets		692	678	2	625	11	669	3
Equity (incl Tier 1 capital notes)		97	94	3	97	(0)	102	(5)
Tangible Equity	c	66	63	5	71	(7)	71	(7)

b) CASA deposits include current, savings and call accounts; periods prior to Mar-2018 have been reclassified to include call accounts

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

Key Ratios (%)	Note	Q2'18	Q1'18	QoQ (bps)	Q2'17	YoY (bps)	H1'18	H1'17	YoY (bps)
Net Interest Margin	h	2.41	2.49	(8)	2.49	(8)	2.45	2.47	(2)
Cost-Income ratio (ex-integration costs)		25.6	25.8	(21)	28.0	(235)	25.7	27.5	(184)
Cost of Risk (bps)	d,e,h	53	50	3	71	(19)	51	75	(24)
Non-performing loans ratio	d	3.1	3.1	(7)	3.2	(9)	3.1	3.2	(9)
Provision coverage	d	123	127	(436)	112	1130	123	112	1130
Loans-to-deposits ratio		80	84	(380)	85	(524)	80	85	(524)
Return on Tangible Equity (RoTE)	f	18.2	17.4	82	14.1	407	17.1	14.9	223
Return on Risk-weighted Assets (RoRWA)	h	2.4	2.5	(10)	2.1	30	2.5	2.3	20
CET1 ratio	g	13.1	12.4	73	14.7	(164)	13.1	14.7	(164)
Capital Adequacy ratio	g	16.4	15.6	77	18.3	(183)	16.4	18.3	(183)

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; ratios prior to end-2017 are based on UAE CB's Basel II framework

h) Annualised

Rounding differences may appear in above table

## Financial Review

FAB delivered a robust performance in the first half of 2018 with a Group Net Profit of AED 6.1 Billion, up 10% year-on-year. Net profit in the second quarter of 2018 stood at AED 3.1 Billion, improving 19% year-on-year and 2% sequentially. During Q2 2018, the Group continued to show strong business momentum in targeted markets domestically and internationally while continuing to leverage on significant operating efficiencies and reduced cost of risk.

**Group Revenue** was AED 9.8 Billion, broadly in line with a strong first half in 2017, which included opportunistic investment gains. Excluding these non-recurring items, operating income is up 3% year-on-year, driven by a healthy performance across core businesses in a highly competitive market. Q2 2018 Group revenue was recorded at AED 4.9 Billion, up 5% year-on-year.

**Net Interest Income** (including Islamic Financing Income) held steady year-on-year as higher volumes and rate hike benefits were offset by tighter margins due to competitive pricing and risk-asset optimisation. At 2.45%, **Net Interest Margin** (NIM) is lower by 2 basis points compared to the first half of 2017 and continues to reflect the placement of large amounts of excess liquidity with Central Banks.

Capitalising on high volumes, a strong pipeline execution across the CIB product spectrum, and a healthy pick up in trade activity, **fees and commissions (net)** grew 9% year-on-year in H1 2018. Excluding opportunistic gains recorded in the first quarter of 2017, **FX and investment income** increased year-on-year driven by higher trading revenues on the back of increased client activity and flows. Growth in other income was driven by gains from the sale of an office premise in one of FAB's international locations in the second quarter.

The Group continued to make material progress in driving operating efficiencies on the back of cost discipline and synergy momentum with **operating expenses** (ex-integration costs) reducing 7% year-on-year. At 25.7%, **cost-to-income ratio** (ex-integration costs) in H1 2018 improved from 27.5% last year, and leaves headroom to accelerate investments in key strategic areas including digital capabilities, marketing and key talent to support the growth of the business.

### *Credit quality*

**Impairment charges (net)** for the first half of 2018 were 32% lower year-on-year on the back of healthy asset quality and sufficient provisions post IFRS9 implementation. **Non-Performing Loan ratio** was stable sequentially at 3.1%, while **provision coverage** remained strong at 123%.

### *Balance sheet trends*

The group further strengthened the balance sheet during the period and utilised liquidity to capture opportunities in targeted markets domestically and internationally.

**Loans and advances (net)** grew 2% sequentially, 4% in the first half of 2018 and 7% year-on-year. Corporate & Investment Banking (CIB) continues to be a major contributor to loan growth on the back of sustained momentum in Financial Institutions (FI) trade lending, as well as the execution of a healthy deal pipeline, particularly in Asia where FAB continues to establish new strategic relationships and to build a strong customer franchise.

**Customer deposits** grew 7% sequentially on the back of sizeable corporate as well as government inflows. Current Accounts and Saving Accounts (CASA) were lower sequentially at AED 145 Billion, and represent 34% of total deposits as of June-end 2018.

With a **loans-to-deposits ratio** at 80%, FAB enjoys a strong liquidity position and a sizeable buffer providing ample room for future growth. **Group LCR** (liquidity coverage ratio) was maintained well above the minimum requirement of 90% for the current year at 125%.

On the wholesale funding side, the Group was able to navigate volatile market conditions and opportunistically access funding via the Dim Sum-Formosa market and strategic private placements.

FAB will continue to leverage on its strong rating, solid deposit franchise, and extensive global reach to diversify funding sources.

**Shareholders’ equity, capital and returns**

The Group’s **shareholders’ equity** (including Tier 1 capital notes) grew 3% in the second quarter to AED 97 Billion. Basel III **Common Equity Tier 1 (CET1)** strengthened to 13.1% (up from 12.4% in Q1’2018) primarily on the back of higher retained earnings. Capital Adequacy and Tier 1 Capital Ratios also improved to 16.4% and 15.2% respectively as of June-end 2018, up from 15.6% and 14.5% for the previous period.

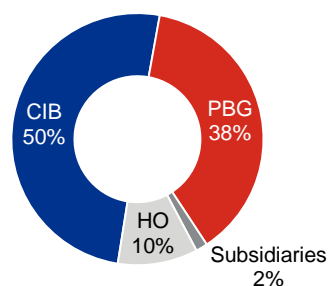
**Business performance**

The Corporate & Investment Banking (CIB) Group contributed 50% to H1’2018 Group Revenue while the Personal Banking Group (PBG) generated 38%. Head Office (HO) and Subsidiaries contributed 10% and 2% to total operating income, respectively.

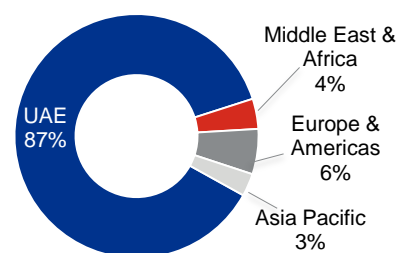
The international network, a key differentiator for the Bank, contributed 13% to operating income with half year revenues improving 6% year-on-year. Loans and advances were up 16% year-on-year, contributing 22% to total loans. Liquidity position remained strong with a loans-to-deposits ratio of 81%.

While the alignment of international operations is still underway, the Group is making good progress to launch investment banking and personal banking operations in Saudi Arabia over the next few months.

**Revenues by Segment**



**Revenues by Geography**



**Corporate & Investment Banking (CIB) Group**

FAB’s market-leading CIB business delivered a solid performance during the last quarter in spite of an increasingly competitive and volatile market.

Revenues were up 2% in the first half of 2018 against a strong comparative period last year, which included extraordinary trading gains. Excluding these one-off gains, revenue growth was significantly higher year-on-year. In Q2 2018, revenues grew 6% year-on-year with Global Transaction Banking achieving a solid performance on the back of higher cash management revenues supported by rate hikes, new client

mandates, the conversion of escrow business opportunities, and an expanded product offering. Lending activity and pipeline execution across Loan and Debt Capital Markets were sustained during the period, helping to offset the adverse impact of competition on margins. Despite challenging market conditions resulting in fewer investment liquidations, Global Markets also performed well, driving increased activity and flow product growth through an enhanced platform across FAB's global network.

Synergy momentum and cost discipline led to a 16% decrease in H1 2018 operating expenses year-on-year. On the asset quality side, the portfolio remained healthy, marked by a slowdown in NPL formation.

Loan and deposit growth year-on-year were strong at 12% and 20% respectively as CIB continued to build momentum across UAE and international locations. Liquidity position remained comfortable with a loans-to-deposits ratio of 74%, providing ample room for future asset growth in targeted markets regionally and internationally.

### **Personal Banking Group (PBG)**

PBG profitability improved significantly year-on-year, driven by a 13% reduction in operating expenses on the back of synergy realisation, coupled with a 71% decrease in impairment charges. While fee income grew 6%, this was offset by lower net interest income due to the adverse impact of asset optimisation on margins, leading to a 3% decrease in revenues.

Loan book was 6% lower year-on-year reflecting asset optimisation and selective growth in strategically targeted areas, while customer deposits were flat year-on-year.

FAB recently announced plans to integrate the business of its consumer finance subsidiary, Dubai First, into the Personal Banking Group, as part of the bank's ongoing integration journey and efforts to optimise its operations, products and services. This step will enable PBG to offer its comprehensive suite of products and services through the Dubai First brand, and enhance market share in Dubai and Northern Emirates.

### **Economic Overview**

The global macro outlook continued to register modest improvement in H1'2018, even as concerns about possible global trade wars and political uncertainties continue to temper overall market sentiment. As far as the UAE and broader regional space is concerned, some pressure on risk asset performance during the first half of the year emerged due to the prospect of higher global yields, but the outlook for the GCC region is sustained by positive growth expectations and cushioning from U.S., in addition to European geopolitical uncertainties.

The outlook for the UAE economy remains positive with real GDP growth expected at 2.0% in 2018 up from 0.5% in 2017. In June 2018, a three-year AED 50 billion economic stimulus plan for Abu Dhabi was launched by His Highness Sheikh Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces. A number of initiatives and incentives have also been introduced in order to facilitate "doing business", drive employment and strengthen Abu Dhabi's competitiveness.



KARIM KARAWI

## 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 692 Billion (USD 188 Billion) as of June-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, 4th in emerging markets, 17th amongst commercial banks worldwide, and 31st in the world. 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. 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](http://www.bankfab.com)



**For investor-related queries, please contact FAB Investor Relations team on [ir@bankfab.com](mailto:ir@bankfab.com)**

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# 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 AED'000	2017 AED'000	2018 AED'000	2017 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