Condensed consolidated interim financial statements

31 March 2015

بنك ابوظبي الوطني

NBAD

Condensed consolidated interim financial statements

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Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
National Bank of Abu Dhabi PJSC

Introduction

We have reviewed the accompanying 31 March 2015 condensed consolidated interim financial information of the National Bank of Abu Dhabi PJSC ("the Bank"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2015;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2015;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2015;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2015;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2015; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with 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 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 31 March 2015 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

KPMG Lower Gulf Limited
Austin Alan Henry Rudman
Registration No. 844

29 April 2015

Condensed consolidated interim statement of financial position

As at

	Note	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
Assets			
Cash and balances with central banks	7	73,057,643	55,452,341
Investments at fair value through profit or loss		15,691,825	15,425,662
Due from banks and financial institutions		12,783,651	11,134,262
Reverse repurchase agreements		19,908,832	15,844,377
Derivative financial instruments		10,025,482	7,422,828
Loans and advances	8	200,153,734	194,279,352
Non-trading investments	9	58,919,192	67,493,122
Other assets		7,038,914	6,370,981
Investment properties	10	177,257	177,533
Property and equipment		2,560,245	2,498,254
Total assets		400,316,775	376,098,712
Liabilities			
Due to banks and financial institutions	11	49,440,504	36,679,504
Repurchase agreements		14,526,593	13,875,917
Euro commercial paper	12	5,714,835	5,484,176
Derivative financial instruments		13,440,230	10,953,124
Customers' deposits	13	249,836,676	243,184,652
Term borrowings	14	14,986,621	14,998,716
Other liabilities		13,322,023	11,442,600
		361,267,482	336,618,689
Subordinated notes	15	1,493,713	1,516,641
Total liabilities		362,761,195	338,135,330
Equity			
Share capital	16	5,197,474	4,723,172
Share premium		257,990	245,473
Statutory and special reserves		4,736,112	4,736,112
Other reserves		19,413,092	17,387,121
Government of Abu Dhabi tier 1 capital notes	17	4,000,000	4,000,000
Share option scheme	18	161,732	151,427
Convertible notes - equity component		108,265	108,265
Retained earnings		3,680,915	6,611,812
Total equity		37,555,580	37,963,382
Total liabilities and equity		400,316,775	376,098,712

Nasser Ahmed Khalifa Alsowaidi
Chairman

Alex Thursby
Group Chief Executive

James Burdett
Group Chief Financial Officer

The notes 1 to 25 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 page 1.

Condensed consolidated interim statement of profit or loss

For the three month period ended (Unaudited)

	Note	**31 Mar '2015 AED'000**	31 Mar '2014 AED'000
Interest income		**2,192,840**	1,984,947
Interest expense		**(488,818)**	(480,391)
Net interest income		**1,704,022**	1,504,556
Income from Islamic financing contracts		**91,645**	76,445
Depositors' share of profits		**(6,291)**	(2,597)
Net income from Islamic financing contracts		**85,354**	73,848
Net interest and Islamic financing income		**1,789,376**	1,578,404
Fee and commission income		**720,339**	681,526
Fee and commission expense		**(203,058)**	(149,521)
Net fee and commission income		**517,281**	532,005
Net foreign exchange gain		**212,640**	92,695
Net gain on investments and derivatives		**138,845**	227,772
Other operating income		**25,574**	78,082
		377,059	398,549
Operating income		**2,683,716**	2,508,958
General administration and other operating expenses		**(1,013,950)**	(788,916)
Profit before net impairment charge and taxation		**1,669,766**	1,720,042
Net impairment charge	*21*	**(170,161)**	(250,684)
Profit before taxation		**1,499,605**	1,469,358
Overseas income tax expense		**(76,453)**	(59,790)
Net profit for the period		**1,423,152**	1,409,568
Basic earnings per share (AED)	*22*	**0.26**	0.25
Diluted earnings per share (AED)	*22*	**0.26**	0.25

The notes 1 to 25 are an integral part of these condensed consolidated interim financial statements.
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Condensed consolidated interim statement of comprehensive income

For the three month period ended (Unaudited)

	Note	31 Mar '2015 AED'000	31 Mar '2014 AED'000
Net profit for the period		**1,423,152**	1,409,568
Other comprehensive income			
Items that are or may subsequently be reclassified to condensed consolidated interim statement of profit or loss			
Exchange difference on translation of foreign operations		**(14,085)**	13,523
Net change in the fair value reserve during the period	*19*	**112,548**	282,555
Items that will not subsequently be reclassified to condensed consolidated interim statement of profit or loss			
Re-measurement of defined benefit obligations		**339**	-
Other comprehensive income for the year		**98,802**	296,078
Total comprehensive income for the year		**1,521,954**	1,705,646

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Condensed consolidated interim statement of changes in equity

For the three month period ended (Unaudited)

	Share capital AED'000	Share Premium AED'000	Statutory reserve AED'000	Special reserve AED'000	General reserve AED'000	Government of Abu Dhabi Tier 1 capital notes AED'000	Share option scheme AED'000	Fair value reserve AED'000	Foreign currency translation reserve AED'000	Convertible notes - equity component AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2014	**4,280,470**	**143,608**	**2,152,778**	**2,152,778**	**15,202,544**	**4,000,000**	**107,682**	**823,053**	**(89,413)**	**108,265**	**5,789,626**	**34,671,391**
Total comprehensive income for the period	-	-	-	-	-	-	-	282,555	13,523	-	1,409,568	**1,705,646**
Transactions with owners of the Group												
Zakat	-	-	-	-	-	-	-	-	-	-	(3,833)	**(3,833)**
Share options exercised *(note 18)*	1,649	12,747	-	-	-	-	-	-	-	-	-	**14,396**
Treasury shares adjustment *(note 18)*	(2,344)	-	-	-	2,344	-	-	-	-	-	-	**-**
Bonus shares issued *(note 16)*	430,556	-	-	-	(430,556)	-	-	-	-	-	-	**-**
Dividends for 2013 *(note 16)*	-	-	-	-	-	-	-	-	-	-	(1,712,848)	**(1,712,848)**
Transfer to general reserve *(note 16)*	-	-	-	-	2,400,000	-	-	-	-	-	(2,400,000)	**-**
Options granted to staff	-	-	-	-	-	-	22,186	-	-	-	-	**22,186**
Payment on Tier 1 capital notes *(note 17)*	-	-	-	-	-	-	-	-	-	-	(120,000)	**(120,000)**
Balance at 31 March 2014	**4,710,331**	**156,355**	**2,152,778**	**2,152,778**	**17,174,332**	**4,000,000**	**129,868**	**1,105,608**	**(75,890)**	**108,265**	**2,962,513**	**34,576,938**
Balance at 1 January 2015	**4,723,172**	**245,473**	**2,368,056**	**2,368,056**	**17,174,332**	**4,000,000**	**151,427**	**324,932**	**(112,143)**	**108,265**	**6,611,812**	**37,963,382**
Total comprehensive income for the period	-	-	-	-	-	-	-	112,548	(14,085)	-	1,423,491	**1,521,954**
Transactions with owners of the Group												
Zakat	-	-	-	-	-	-	-	-	-	-	(205)	**(205)**
Share options exercised *(note 18)*	1,810	12,517	-	-	-	-	-	-	-	-	-	**14,327**
Treasury shares adjustment *(note 18)*	(1,119)	-	-	-	1,119	-	-	-	-	-	-	**-**
Bonus shares issued *(note 16)*	473,611	-	-	-	(473,611)	-	-	-	-	-	-	**-**
Dividends for 2014 *(note 16)*	-	-	-	-	-	-	-	-	-	-	(1,889,971)	**(1,889,971)**
Transfer to general reserve *(note 16)*	-	-	-	-	2,400,000	-	-	-	-	-	(2,400,000)	**-**
Options granted to staff	-	-	-	-	-	-	10,305	-	-	-	-	**10,305**
Payment on Tier 1 capital notes *(note 17)*	-	-	-	-	-	-	-	-	-	-	(64,212)	**(64,212)**
Balance at 31 March 2015	**5,197,474**	**257,990**	**2,368,056**	**2,368,056**	**19,101,840**	**4,000,000**	**161,732**	**437,480**	**(126,228)**	**108,265**	**3,680,915**	**37,555,580**

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Condensed consolidated interim statement of cash flows

For the three month period ended (Unaudited)

	31 Mar '2015 AED'000	31 Mar '2014 AED'000
Cash flows from operating activities		
Profit before taxation	**1,499,605**	1,469,358
Adjustments for:		
Depreciation	**53,837**	54,491
Accreted interest	**14,644**	8,969
Gain on sale of investment properties	**-**	(56,353)
Net impairment charges	**243,493**	304,354
Foreign currency translation adjustment	**(257,565)**	73,914
Share option scheme	**10,305**	22,186
	1,564,319	1,876,919
Change in investments at fair value through profit or loss	**(266,163)**	(4,635,947)
Change in due from central banks, banks and financial institutions	**(10,179,191)**	(3,079,876)
Change in reverse repurchase agreements	**(4,064,455)**	(12,767,306)
Change in loans and advances	**(6,124,646)**	5,001,126
Change in other assets	**(667,932)**	(337,229)
Change in due to banks and financial institutions	**12,761,000**	9,893,288
Change in repurchase agreements	**650,676**	3,177,882
Change in customers' deposits	**6,647,994**	23,940,121
Change in derivative financial instruments	**96,742**	186,724
Change in other liabilities	**(36,501)**	995,090
	381,843	24,250,792
Overseas income tax paid, net of recoveries	**(50,368)**	(51,543)
Net cash from operating activities	**331,475**	24,199,249
Cash flows from investing activities		
Net proceeds / (purchase) of non-trading investments	**8,576,924**	(2,841,598)
Proceeds from sale of investment properties	**-**	39,085
Purchase of property and equipment, net of disposals	**(115,552)**	(30,859)
Net cash from / (used in) investing activities	**8,461,372**	(2,833,372)
Cash flows from financing activities		
Proceeds from issue of shares under share option scheme	**14,327**	14,396
Net movement of euro commercial paper	**230,659**	(2,384,048)
Issue of term borrowings	**2,856,629**	1,330,441
Repayment of term borrowings	**(2,754,750)**	-
Dividends paid	**-**	(1,712,848)
Payment on Tier 1 capital notes	**(64,212)**	(120,000)
Net cash from / (used in) financing activities	**282,653**	(2,872,059)
Net increase in cash and cash equivalents	**9,075,500**	18,493,818
Cash and cash equivalents at 1 January	**54,126,926**	36,486,123
Cash and cash equivalents at 31 March	**63,202,426**	54,979,941
Cash and cash equivalents comprise:		
Contractual maturity within three months:		
Cash and balances with central banks	**59,386,596**	21,250,169
Due from banks and financial institutions	**3,815,830**	33,729,772
	63,202,426	54,979,941

The notes 1 to 25 are an integral part of these condensed consolidated interim financial statements.
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Notes to the condensed consolidated interim financial statements

1 Legal status and principal activities

National Bank of Abu Dhabi PJSC (the "Bank") was established in Abu Dhabi in 1968 with limited liability and is registered as a Public Joint Stock Company in accordance with the United Arab Emirates Federal Law No. 8 of 1984 (as amended) relating to Commercial Companies.

Its registered office address is P. O. Box 4, Abu Dhabi, United Arab Emirates. These condensed consolidated interim financial statements as at and for the period ended 31 March 2015 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; and carries out its operations through its local and overseas branches, subsidiaries and representative offices located in the United Arab Emirates, Bahrain, Egypt, France, Oman, Kuwait, Brazil, Cayman Islands, Sudan, Libya, the United Kingdom, Switzerland, Hong Kong, Jordan, Lebanon, Malaysia, China 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: NBAD)

The parent company of the Bank is the Abu Dhabi Investment Council, an entity owned by the Government of the Emirate of Abu Dhabi.

The consolidated financial statements of the Group as at and for the year ended 31 December 2014 are available upon request from the Bank's registered office or at http://www.nbad.ae.

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 full 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 2014.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 29 April 2015.

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 2014.

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. 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. 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 2014.

5 Financial risk management

Credit risk

The Group 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.

	Due from banks and financial institutions		Loans and advances		Non-trading investments	
	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000	**(Unaudited) 31 Mar '2015 AED'000**	(Audited) 31 Dec '2014 AED'000	**(Unaudited) 31 Mar '2015 AED'000**	(Audited) 31 Dec '2014 AED'000
Individually impaired						
Substandard	**-**	-	**2,587,310**	2,271,333	**-**	-
Doubtful	**718**	718	**1,341,319**	1,649,271	**3,342**	3,342
Loss	**-**	-	**3,125,191**	3,364,751	**-**	-
Gross amount	**718**	718	**7,053,820**	7,285,355	**3,342**	3,342
Interest suspended	**-**	-	**(1,098,839)**	(1,124,889)	**-**	-
Specific allowance for impairment	**(718)**	(718)	**(2,997,452)**	(3,122,770)	**-**	-
Carrying amount	**-**	-	**2,957,529**	3,037,696	**3,342**	3,342
Past due but not impaired						
Past due comprises:						
Less than 30 days	**-**	-	**101,137**	153,436	**-**	-
31 – 60 days	**-**	-	**317,236**	151,313	**-**	-
61 – 90 days	**-**	-	**780,779**	177,448	**-**	-
More than 90 days	**-**	-	**1,091,048**	1,161,766	**-**	-
Carrying amount	**-**	-	**2,290,200**	1,643,963	**-**	-
Neither past due nor impaired	**12,783,651**	11,134,262	**198,547,454**	193,143,007	**58,915,850**	67,489,780
Collective allowance for impairment	**-**	-	**(3,641,449)**	(3,545,314)	**-**	-
Carrying amount	**12,783,651**	11,134,262	**200,153,734**	194,279,352	**58,919,192**	67,493,122

During the period, no material allowance for impairment has been recognised against any financial asset other than those mentioned above *(31 December 2014: AED Nil).*

The category of neither past due nor impaired includes renegotiated loans amounting to AED 1,693 million *(31 December 2014: AED 1,302 million).*

5 Financial risk management *(continued)*

Credit risk *(continued)*

The 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) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000	**(Unaudited) 31 Mar '2015 AED'000**	(Audited) 31 Dec '2014 AED'000
Government sector	**1,228,100**	1,377,415	**17,451,424**	26,255,217
Supranational	**1,468,131**	1,840,510	**292,224**	237,073
Public Sector	**2,714,151**	2,015,112	**17,524,126**	18,833,102
Banking sector	**8,231,276**	7,988,997	**19,747,657**	18,303,585
Corporate / private sector	**2,050,167**	2,203,628	**3,903,761**	3,864,145
	15,691,825	15,425,662	**58,919,192**	67,493,122

Classification of trading securities and non-trading investments as per their external ratings:

	Investments at fair value through profit or loss		Non-trading investments	
	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000	**(Unaudited) 31 Mar '2015 AED'000**	(Audited) 31 Dec '2014 AED'000
AAA	**68,674**	43,645	**7,403,675**	16,882,953
AA to A	**10,783,373**	11,067,470	**43,259,013**	41,206,783
BBB to B	**2,855,711**	2,202,910	**5,689,866**	6,669,819
Unrated	**1,984,067**	2,111,637	**2,566,638**	2,733,567
	15,691,825	15,425,662	**58,919,192**	67,493,122

Non-trading investment includes investment in equity instruments which do not carry credit risk.

6 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
As at 31 March 2015 (unaudited)				
Financial assets held for trading	12,809,423	2,867,337	-	**15,676,760**
Designated at fair value through profit and loss	-	15,065	-	**15,065**
Available-for-sale financial assets	49,270,738	3,272,158	13,614	**52,556,510**
Derivative financial instruments (Assets)	12,861	10,012,621	-	**10,025,482**
Derivative financial instruments (Liabilities)	(25,742)	(13,414,488)	-	**(13,440,230)**
	62,067,280	**2,752,693**	**13,614**	**64,833,587**
As at 31 December 2014 (Audited)				
Financial assets held for trading	12,506,693	2,902,339	-	**15,409,032**
Designated at fair value through profit and loss	-	16,630	-	**16,630**
Available-for-sale financial assets	57,290,896	4,652,747	13,871	**61,957,514**
Derivative financial instruments (Assets)	1,785	7,421,043	-	**7,422,828**
Derivative financial instruments (Liabilities)	(6,520)	(10,946,604)	-	**(10,953,124)**
	69,792,854	**4,046,155**	**13,871**	**73,852,880**

Certain available-for-sale investment securities have been disclosed under Level 3 of the fair value hierarchy as management has recorded these at cost in the absence of observable market data. Management has deemed cost to be a close approximation of their fair value.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3:

	(Unaudited) 31 Mar '2015 AED'000
Available-for-sale financial assets	
Balance as at 1 January	**13,871**
Purchases	**-**
Settlements and other adjustments	**(257)**
Balance as at 31 March	**13,614**

7 Cash and balances with central banks

Cash and balances with central banks include Certificates of Deposit with the Central Bank of UAE of AED 13,500 million *(31 December 2014: AED 3,500 million)*.

8 Loans and advances

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
Gross loans and advances	**207,891,474**	202,072,325
Less: interest suspended	**(1,098,839)**	(1,124,889)
Less: allowance for impairment	**(6,638,901)**	(6,668,084)
Net loans and advances	**200,153,734**	194,279,352

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
By counterparty:		
Government sector	**22,539,652**	23,435,215
Public sector	**46,918,691**	41,284,684
Banking sector	**25,678,364**	24,108,739
Corporate / private sector	**79,986,867**	81,019,004
Personal / retail sector	**32,767,900**	32,224,683
Gross loans and advances	**207,891,474**	202,072,325

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
By product:		
Overdrafts	**13,326,333**	14,101,326
Term loans	**119,346,113**	117,015,766
Trade related loans	**29,088,568**	24,455,002
Real estate and mortgage loans	**30,378,768**	30,957,049
Personal loans	**12,539,578**	12,165,978
Credit cards	**1,618,297**	1,811,662
Vehicle financing loans	**1,593,817**	1,565,542
Gross loans and advances	**207,891,474**	202,072,325

8 Loans and advances *(continued)*

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

	(Unaudited) Three month period ended 31 Mar '2015 AED'000	(Unaudited) Three month period ended 31 Mar '2014 AED'000
As at 1 January	**6,668,084**	6,327,026
Charge for the period		
Collective provision	**99,368**	247,486
Specific provision	**336,454**	154,860
Recoveries	**(44,016)**	(52,629)
Write-backs during the period	**(198,721)**	(103,791)
Amounts written off	**(222,268)**	(168,558)
Balance as at 31 March	**6,638,901**	6,404,394

Islamic financing

Included in the above loans and advances are the following Islamic financing contracts:

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
Ijara	**5,733,928**	5,807,880
Murabaha	**3,166,907**	2,880,632
Mudaraba	**9,779**	3,984
Others	**8,999**	8,591
Total Islamic financing contracts	**8,919,613**	8,701,087
Less: allowance for impairment	**(59,172)**	(56,664)
Less: suspended profit	**(714)**	(720)
	8,859,727	8,643,703

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

	(Unaudited) Three month period ended 31 Mar '2015 AED'000	(Unaudited) Three month period ended 31 Mar '2014 AED'000
As at 1 January	**56,664**	48,390
Collective provision	**-**	(6,592)
Specific provision	**4,246**	7,855
Write-backs and recoveries during the period	**(1,570)**	(224)
Amounts written off and other adjustments	**(168)**	205
Balance as at 31 March	**59,172**	49,634

9 Non-trading investments

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
Available-for-sale investments	**52,556,510**	61,957,514
Held-to-maturity investments	**6,362,682**	5,535,608
	58,919,192	67,493,122

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

	(Unaudited) 31 March 2015 AED'000			(Audited) 31 December 2014 AED'000		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
Equity investments	**16,051**	**13,581**	**29,632**	22,188	13,687	35,875
Debt investments	**58,086,883**	**218,365**	**58,305,248**	66,643,904	226,277	66,870,181
Funds	**584,278**	**34**	**584,312**	586,882	184	587,066
	58,687,212	**231,980**	**58,919,192**	67,252,974	240,148	67,493,122

Debt instruments under repurchase agreements included in non-trading investments at 31 March 2015 amounted to AED 8,216 million *(31 December 2014: AED 10,126 million).*

10 Investment properties

The Group has certain properties that are on operating leases. As at the reporting date, the carrying value of these investment properties amounts to AED 32 million *(31 December 2014: AED 32 million).*

11 Due to banks and financial institutions

Due to banks and financial institutions include balances due to central banks amounting to AED 25,490 million *(31 December 2014: AED 13,385 million).*

12 Euro commercial paper

The Bank established a USD 2,000,000 thousand Euro commercial paper programme (the "ECP Programme") for the issuance of Euro commercial paper under an agreement dated 13 September 2006 with Citibank, N.A.

These notes are denominated in various currencies and have maturity periods of less than 12 months.

13 Customers' deposits

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
By account:		
Current accounts	**57,512,991**	56,575,565
Savings accounts	**12,074,248**	11,709,702
Margin accounts	**1,262,312**	1,088,714
Notice and time deposits	**163,947,316**	160,099,600
Certificates of deposit	**15,039,809**	13,711,071
	249,836,676	243,184,652

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
By counterparty:		
Government sector	**52,684,947**	69,576,013
Public sector	**58,510,704**	38,591,210
Corporate / private sector	**72,283,955**	72,003,241
Personal / retail sector	**66,357,070**	63,014,188
	249,836,676	243,184,652

Islamic customers' deposits

Included in the above customers' deposits are the following Islamic customer deposits:

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
Wakala deposits	**2,747,567**	3,320,410
Mudaraba deposits	**392,056**	360,627
	3,139,623	3,681,037

14 Term borrowings

During the period, the Bank has issued USD 750 million and CNH 200 million notes. These notes mature in February and March 2020, respectively; and carry a fixed coupon that is paid semi-annually in arrears.

The following term notes are outstanding as at:

Currency	Interest	Maturity	**(Unaudited) 31 Mar '2015 AED'000**	(Audited) 31 Dec '2014 AED'000
USD	4.25 per cent (fixed)	Mar 2015	**-**	2,768,851
MYR	4.75 per cent (fixed)	Jun 2015	**473,521**	502,628
USD	3.25 per cent (fixed)	Mar 2017	**2,785,534**	2,778,700
HKD	3.40 per cent (fixed)	Sep 2017	**152,012**	151,281
USD	3.71 per cent (fixed)	Sep 2017	**112,918**	112,604
HKD	4.32 per cent (fixed)	Sep 2017	**149,776**	149,422
AUD	5.00 per cent (fixed)	Mar 2018	**857,831**	918,622
USD	1.00 per cent (fixed)	Mar 2018	**1,748,186**	1,728,180
AUD	4.75 per cent (fixed)	Mar 2019	**1,169,890**	1,248,555
USD	3.00 per cent (fixed)	Aug 2019	**2,724,143**	2,691,018
HKD	4.45 per cent (fixed)	Sep 2019	**161,364**	159,375
USD	2.25 per cent (fixed)	Feb 2020	**2,734,023**	-
CNH	4.79 per cent (fixed)	Mar 2020	**118,621**	-
MYR	4.90 per cent (fixed)	Dec 2020	**469,348**	492,505
HKD	3.95 per cent (fixed)	Apr 2022	**160,461**	156,233
JPY	2.60 per cent (fixed)	Jul 2026	**363,895**	369,707
HKD	3.94 per cent (fixed)	Jul 2027	**189,172**	180,995
MXN	0.50 per cent (fixed)	Mar 2028	**32,341**	32,261
USD	4.37 per cent (fixed)	Aug 2032	**291,081**	279,248
USD	4.10 per cent (fixed)	Sep 2032	**112,795**	108,290
USD	4.80 per cent (fixed)	Sep 2036	**80,604**	76,843
USD	5.01 per cent (fixed)	May 2042	**99,105**	93,398
			14,986,621	14,998,716

The Bank has hedged the interest rate and foreign currency exposure on term borrowings. The Group has not had any defaults of principal, interests, or other breaches with respect to its term borrowings during the three month period ended 31 March 2015 *(31 March 2014: Nil)*.

15 Subordinated notes

	(Unaudited) 31 Mar '2015 AED'000	(Audited) 31 Dec '2014 AED'000
15 March 2006 issue	**1,037,575**	1,037,047
10 December 2012 issue	**456,138**	479,594
	1,493,713	1,516,641

The Bank has hedged the interest rate and foreign currency exposure on certain subordinated notes. The Group has not had any defaults of principal, interests, or other breaches with respect to its subordinated notes during the three month period ended 31 March 2015 *(31 March 2014: Nil)*.

16 Capital and reserves

Share capital

At the Annual General Meeting (AGM) held on 10 March 2015, the shareholders of the Bank approved a cash dividend of AED 0.40 per ordinary share *(31 December 2014: AED 0.40 per ordinary share)* and an increase in the share capital through a 10% bonus shares issue of 473,611 thousand ordinary shares of AED 1 each *(31 December 2014: 10% bonus shares issue of 430,556 thousand ordinary shares of AED 1 each)* amounting to AED 473,611 thousand *(31 December 2014: AED 430,556 thousand)*. Accordingly, the issued and paid up share capital as at 31 March 2015 is comprised of 5,209,723 thousand ordinary shares of AED 1 each, including shares under the staff share option scheme *(note 18) (31 December 2014: 4,736,112 thousand ordinary shares of AED 1 each)*.

Reconciliation of Share capital

	(Unaudited) 31 Mar '2015 AED'000	(Unaudited) 31 Mar '2014 AED'000
As at 1 January	**4,736,112**	4,305,556
Bonus shares issued during the period	**473,611**	430,556
	5,209,723	4,736,112
Treasury shares held *(note 18)*	**(12,249)**	(25,781)
	5,197,474	4,710,331

The general reserve is available for distribution to the shareholders at the recommendation of the Board of Directors. On 10 March 2015 the AGM approved the transfer of AED 2.4 billion *(31 December 2014: AED 2.4 billion)* to general reserve.

17 Government of Abu Dhabi Tier 1 capital notes

Under the Government of Abu Dhabi 2009 Bank capitalisation programme, the Bank issued regulatory Tier 1 capital notes (the "Notes") in the amount of AED 4 billion. The Notes are perpetual, subordinated, unsecured and carry a fixed coupon during the initial period and are paid semi-annually in arrears. The initial phase has lapsed, as a result the Notes now attract a coupon rate of 6 month EIBOR plus a 2.3% margin per annum. 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.

The issuance was approved in the shareholders Extraordinary General Meeting held on 11 March 2009. During the period, a coupon payment election was made by the Bank in the amount of AED 64.2 million *(31 March 2014: AED 120 million)*.

18 Share option scheme

The Bank 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 vesting period. The options lapse six years after their date of grant irrespective of whether they are exercised or not.

The Group has 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.

In continuation with the existing staff share option scheme, the Bank during the period has granted new tranch of 17,615 thousand options *(31 March 2014: 24,505 thousand options)* to its eligible employees.

As at the reporting date 1,810 thousand options *(31 March 2014: 1,649 thousand option)* were exercised by the option holders resulting in an increase in the total share capital by AED 1,810 thousand *(31 March 2014: AED 1,649 thousand)* and share premium by AED 12,517 thousand *(31 March 2014: AED 12,747 thousand)*.

Reconciliation of treasury shares held under the Scheme

	(Unaudited) 31 Mar '2015 AED'000	(Unaudited) 31 Mar '2014 AED'000
As at 1 January	**12,940**	25,086
Options exercised by staff during the period	**(1,810)**	(1,649)
	11,130	23,437
Bonus shares issued during the period	**1,119**	2,344
As at 31 March	**12,249**	25,781

19 Fair value reserve

	(Unaudited) 31 Mar '2015 AED'000	(Unaudited) 31 Mar '2014 AED'000
Revaluation reserve – available-for-sale investments		
At 1 January	**331,620**	787,157
Net change in fair value	**126,305**	302,922
At 31 March	**457,925**	1,090,079
Hedging reserve – cash flow hedge		
At 1 January	**(6,688)**	35,896
Changes in fair value	**(13,757)**	(20,367)
At 31 March	**(20,445)**	15,529
Total at 31 March	**437,480**	1,105,608

20 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.

Undrawn commitments to extend credit amounted to AED 24,716 million *(31 December 2014: AED 22,100 million)*.

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

21 Net impairment charge

	(Unaudited) Three month period ended 31 Mar '2015 AED'000	(Unaudited) Three month period ended 31 Mar '2014 AED'000
Collective provision for loans and advances	**99,368**	247,486
Specific provision for loans and advances	**336,454**	154,860
Write back of provisions for loans and advances	**(198,721)**	(103,791)
Recovery of loan loss provisions	**(44,016)**	(52,629)
Recovery of loans previously written off	**(29,316)**	(1,041)
Write-off of impaired financial assets	**6,392**	20,141
Write back of impaired non-financial assets	**-**	(14,342)
	170,161	250,684

22 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) 31 Mar '2015	(Unaudited) 31 Mar '2014
Basic earnings per share:		
Net profit for the period (AED'000)	**1,423,152**	1,409,568
Less: payment on Tier 1 capital notes (AED'000)	**(64,212)**	(120,000)
Net profit after payment of Tier 1 capital notes (AED'000)	**1,358,940**	1,289,568
Weighted average number of ordinary shares:		
Ordinary shares as at 1 January of the year ('000)	**4,723,172**	4,280,470
Effect of bonus shares issued during 2015 ('000)	**472,492**	472,492
Effect of bonus shares issued during 2014 ('000)	**-**	428,212
Weighted average number of shares exercised under the share options scheme ('000)	**627**	689
Weighted average number of ordinary shares ('000)	**5,196,291**	5,181,863
Basic earnings per share (AED)	**0.26**	0.25
Diluted earnings per share:		
Net profit after payment of Tier 1 capital notes (AED'000)	**1,358,940**	1,289,568
Add: interest on convertible notes (AED'000)	**11,221**	10,989
Net profit for the period for calculating diluted earnings per share (AED'000)	**1,370,161**	1,300,557
Weighted average number of ordinary shares ('000)	**5,196,291**	5,181,863
Effect of dilutive potential ordinary shares issued ('000)	**117,655**	117,655
Weighted average number of dilutive shares under share options scheme ('000)	**7,191**	10,934
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	**5,321,137**	5,310,452
Diluted earnings per share (AED)	**0.26**	0.25

Notes to the condensed consolidated interim financial statements

23 Segmental information

	Business Segment					Geographic Segment			
	Global Wholesale AED'000	Global Wealth AED'000	Global Retail and Commercial AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Gulf AED'000	International AED'000	Total AED'000
***For the three month period ended 31 March 2015** (Unaudited)*									
Net Interest income	808,396	172,514	622,264	186,202	**1,789,376**	1,476,366	51,791	261,219	**1,789,376**
Net Non-interest income	447,482	72,013	246,223	128,622	**894,340**	710,927	20,659	162,754	**894,340**
Operating income	1,255,878	244,527	868,487	314,824	**2,683,716**	2,187,293	72,450	423,973	**2,683,716**
General administration and other operating expenses	314,143	95,574	516,465	87,768	**1,013,950**	825,947	38,366	149,637	**1,013,950**
Net impairment charge	265,473	653	45,234	(141,199)	**170,161**	161,662	3,302	5,197	**170,161**
Profit before taxation	676,262	148,300	306,788	368,255	**1,499,605**	1,199,684	30,782	269,139	**1,499,605**
Overseas taxation	43,529	20,612	12,402	(90)	**76,453**	-	1,765	74,688	**76,453**
Net profit for the period	632,733	127,688	294,386	368,345	**1,423,152**	1,199,684	29,017	194,451	**1,423,152**
***As at 31 March 2015** (Unaudited)*									
Segment total assets	286,678,054	31,382,402	90,112,622	52,250,655	**460,423,733**	322,901,500	9,496,716	99,057,373	**431,455,589**
Inter segment balances					**(60,106,958)**				**(31,138,814)**
Total assets					**400,316,775**				**400,316,775**
Segment total liabilities	281,864,091	32,307,032	87,461,145	21,235,885	**422,868,153**	289,239,644	8,159,223	96,501,142	**393,900,009**
Inter segment balances					**(60,106,958)**				**(31,138,814)**
Total liability					**362,761,195**				**362,761,195**

23 Segmental information *(continued)*

	Business Segment					Geographic Segment			
	Global Wholesale AED'000	Global Wealth AED'000	Global Retail and Commercial AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Gulf AED'000	International AED'000	Total AED'000
***For the three month period ended 31 March 2014** (Unaudited)*									
Net Interest income	751,537	144,192	502,324	180,351	**1,578,404**	1,302,995	44,560	230,849	**1,578,404**
Net Non-interest income	466,654	91,819	318,785	53,296	**930,554**	790,880	19,779	119,895	**930,554**
Operating income	1,218,191	236,011	821,109	233,647	**2,508,958**	2,093,875	64,339	350,744	**2,508,958**
General administration and other operating expenses	238,819	76,437	420,084	53,576	**788,916**	630,227	33,149	125,540	**788,916**
Net impairment charge	254,538	9,457	72,783	(86,094)	**250,684**	192,550	5,875	52,259	**250,684**
Profit before taxation	724,834	150,117	328,242	266,165	**1,469,358**	1,271,098	25,315	172,945	**1,469,358**
Overseas taxation	34,505	12,181	13,104	-	**59,790**	-	3,247	56,543	**59,790**
Net profit for the period	690,329	137,936	315,138	266,165	**1,409,568**	1,271,098	22,068	116,402	**1,409,568**
***As at 31 December 2014** (Audited)*									
Segment total assets	261,296,810	32,970,181	89,274,399	47,425,533	**430,966,923**	306,428,311	9,557,187	80,198,525	**396,184,023**
Inter segment balances					**(54,868,211)**				**(20,085,311)**
Total assets					**376,098,712**				**376,098,712**
Segment total liabilities	255,606,075	31,809,342	85,680,449	19,907,675	**393,003,541**	272,185,956	8,239,621	77,795,064	**358,220,641**
Inter segment balances					**(54,868,211)**				**(20,085,311)**
Total liability					**338,135,330**				**338,135,330**

24 Related parties

Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholder, directors and key management personnel of the Group. Key management personnel comprise of 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.

Parent and ultimate controlling party

Pursuant to the provisions of Law No. 16 of 2006, Abu Dhabi Investment Council (the "Council") was established which holds 69.93% *(31 December 2014: 69.96%)* of the issued share capital of the Bank.

Compensation of directors and key management personnel

	(Unaudited) 31 Mar '2015 AED'000	(Unaudited) 31 Mar '2014 AED'000
Key management compensation		
Short term employment benefits	**60,543**	50,893
Post employment benefits	**514**	505
Termination benefits	**447**	359
Share based payments	**3,241**	2,324
Directors' remuneration	**1,722**	1,957

During the period, a coupon payment election of AED 64.2 million *(31 March 2014: AED 120 million)* was made by the Bank in relation to the AED 4,000 million *(31 December 2014: AED 4,000 million)* Government of Abu Dhabi Tier 1 capital notes.

Terms and conditions

Financial assets and liabilities are granted and accepted in various currency denominations and for various time periods. Interest rates earned on such financial assets extended to related parties in various currencies during the period have ranged from nil to 8.25% per annum *(31 March 2014: 0.06% to 10.75% per annum)* and interest rates incurred on financial liabilities placed by related parties in various currencies during the period have ranged from nil to 3.70% per annum *(31 March 2014: nil to 3.80% per annum).*

Fees and commissions earned on transactions with related parties during the period have ranged from 0.13% to 2.00% *(31 March 2014: 0.25% to 1.00%).*

Collaterals against lending to related parties range from being nil to fully secure.

24 Related parties *(continued)*

	Directors and key management AED'000	Major shareholder AED'000	Others AED'000	(Unaudited) 31 Mar '2015 Total AED'000	(Audited) 31 Dec '2014 Total AED'000
Balances with related parties at the reporting date are shown below:					
Financial assets	**940,409**	**7,908,514**	**64,399,351**	**73,248,274**	72,679,876
Financial liabilities	**357,287**	**7,916,158**	**79,301,673**	**87,575,118**	90,133,577
Contingent liabilities	**376,022**	**4,696,235**	**38,144,097**	**43,216,354**	43,540,431

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

					(Unaudited) 31 Mar '2014
Interest income	**6,445**	**99,724**	**432,088**	**538,257**	537,551
Interest expense	**37**	**57,484**	**51,680**	**109,201**	86,262
Fee and commission income	**575**	**2,078**	**19,344**	**21,997**	9,745

Others comprise Government of Abu Dhabi entities.

No allowances for impairment have been recognised against loans and advances extended to related parties or contingent liabilities issued in favour of related parties during the period *(31 March 2014: AED nil)*.

25 Comparative figures

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

In 2014, the Group changed its accounting policy for Zakat and Directors' remuneration. Zakat was initially charged to the consolidated statement of profit or loss as an expense which as per the new accounting policy is now a part of the consolidated statement of changes in equity under transactions with the owners of the Group. As a result, net profit of the previous period increased by AED 3.8 million to AED 1.41 billion. There is no other impact of this change on these condensed consolidated interim financial statements.

Directors' remuneration was initially part of consolidated statement of other comprehensive income which as per the new accounting policy is charged to the consolidated statement of profit or loss as an expense. There is no impact on the net profit of the previous period. However, the opening retained earnings balance of 2014 have been restated as shown in the condensed consolidated interim statement of changes in equity.