

# Condensed consolidated interim financial statements

31 March 2016



بنك أبوظبي الوطني  
NBAD

## Condensed consolidated interim financial statements

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## **Review report to the Shareholders of National Bank of Abu Dhabi P.J.S.C.**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Bank of Abu Dhabi P.J.S.C (“the Bank”) and its subsidiaries (together referred to as “the Group”) as at 31 March 2016 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting.

### **Other matter**

The consolidated financial statements of the Group as at and for the year 31 December 2015 and condensed interim consolidated financial statements for the quarter ended 31 March 2015 were audited and reviewed, respectively, by another auditor, whose reports dated 27 January 2016 and 29 April 2015, expressed an unqualified audit opinion and review conclusion, respectively.

### **PricewaterhouseCoopers**

27 April 2016

Paul Suddaby

Registered Auditor Number 309

Abu Dhabi, United Arab Emirates

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Douglas O'Mahony, Paul Suddaby, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

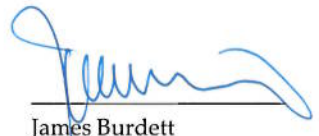
## Condensed consolidated interim statement of financial position

As at

|                                                  | Note | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|--------------------------------------------------|------|----------------------------------------|--------------------------------------|
| <b>Assets</b>                                    |      |                                        |                                      |
| Cash and balances with central banks             | 7    | 65,182,447                             | 76,382,109                           |
| Investments at fair value through profit or loss |      | 15,592,120                             | 12,291,138                           |
| Due from banks and financial institutions        |      | 13,367,203                             | 10,891,768                           |
| Reverse repurchase agreements                    |      | 11,116,171                             | 13,330,186                           |
| Derivative financial instruments                 |      | 12,745,242                             | 10,574,091                           |
| Loans and advances                               | 8    | 199,600,669                            | 205,913,553                          |
| Non-trading investments                          | 9    | 68,226,325                             | 63,794,151                           |
| Other assets                                     |      | 10,938,848                             | 10,550,483                           |
| Investment properties                            |      | 186,096                                | 190,546                              |
| Property and equipment                           |      | 2,714,432                              | 2,645,782                            |
| <b>Total assets</b>                              |      | <b>399,669,553</b>                     | <b>406,563,807</b>                   |
| <b>Liabilities</b>                               |      |                                        |                                      |
| Due to banks and financial institutions          | 10   | 49,952,404                             | 42,808,215                           |
| Repurchase agreements                            |      | 17,373,217                             | 30,550,652                           |
| Euro commercial paper                            | 11   | 4,071,088                              | 8,720,597                            |
| Derivative financial instruments                 |      | 16,372,863                             | 12,852,358                           |
| Customer accounts and other deposits             | 12   | 233,349,722                            | 233,814,558                          |
| Term borrowings                                  | 13   | 19,167,812                             | 17,740,968                           |
| Other liabilities                                |      | 17,359,440                             | 15,582,508                           |
| Subordinated notes                               | 14   | 357,646,546<br>422,238                 | 362,069,856<br>1,275,298             |
| <b>Total liabilities</b>                         |      | <b>358,068,784</b>                     | <b>363,345,154</b>                   |
| <b>Equity</b>                                    |      |                                        |                                      |
| Share capital                                    | 15   | 5,254,546                              | 5,209,723                            |
| Share premium                                    |      | 272,674                                | 265,245                              |
| Treasury Shares                                  |      | (54,646)                               | (11,083)                             |
| Statutory and special reserves                   |      | 5,209,722                              | 5,209,722                            |
| Other reserves                                   |      | 20,127,460                             | 18,628,226                           |
| Tier 1 capital notes                             | 16   | 6,754,750                              | 6,754,750                            |
| Share option scheme                              | 17   | 200,047                                | 190,232                              |
| Convertible notes - equity component             |      | 108,265                                | 108,265                              |
| Retained earnings                                |      | 3,727,951                              | 6,863,573                            |
| <b>Total equity</b>                              |      | <b>41,600,769</b>                      | <b>43,218,653</b>                    |
| <b>Total liabilities and equity</b>              |      | <b>399,669,553</b>                     | <b>406,563,807</b>                   |

  
Nasser Ahmed Khalifa Alsowaidi  
Chairman

  
Alex Thursby  
Group Chief Executive

  
James Burdett  
Group Chief Financial Officer

The notes 1 to 24 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 March 2016<br>AED'000 | 31 March 2015<br>AED'000 |
|-------------------------------------------------------------|------|--------------------------|--------------------------|
| Interest income                                             |      | 2,377,895                | 2,192,840                |
| Interest expense                                            |      | (647,371)                | (488,818)                |
| <b>Net interest income</b>                                  |      | <b>1,730,524</b>         | <b>1,704,022</b>         |
| Income from Islamic financing contracts                     |      | 105,929                  | 91,645                   |
| Depositors' share of profits                                |      | (5,559)                  | (6,291)                  |
| <b>Net income from Islamic financing contracts</b>          |      | <b>100,370</b>           | <b>85,354</b>            |
| <b>Net interest and Islamic financing income</b>            |      | <b>1,830,894</b>         | <b>1,789,376</b>         |
| Fee and commission income                                   |      | 827,848                  | 720,339                  |
| Fee and commission expense                                  |      | (257,007)                | (203,058)                |
| <b>Net fee and commission income</b>                        |      | <b>570,841</b>           | <b>517,281</b>           |
| Net foreign exchange gain                                   |      | 322,750                  | 212,640                  |
| Net (loss) / gain on investments and derivatives            |      | (83,010)                 | 138,845                  |
| Other operating income                                      |      | 8,748                    | 25,574                   |
|                                                             |      | <b>248,488</b>           | <b>377,059</b>           |
| <b>Operating income</b>                                     |      | <b>2,650,223</b>         | <b>2,683,716</b>         |
| General, administration<br>and other operating expenses     |      | (1,008,166)              | (1,013,950)              |
| <b>Profit before net<br/>impairment charge and taxation</b> |      | <b>1,642,057</b>         | <b>1,669,766</b>         |
| Net impairment charge                                       | 20   | (294,897)                | (170,161)                |
| <b>Profit before taxation</b>                               |      | <b>1,347,160</b>         | <b>1,499,605</b>         |
| Overseas income tax expense                                 |      | (76,556)                 | (76,453)                 |
| <b>Net profit for the period</b>                            |      | <b>1,270,604</b>         | <b>1,423,152</b>         |
| <b>Basic earnings per share (AED)</b>                       | 21   | <b>0.23</b>              | <b>0.26</b>              |
| <b>Diluted earnings per share (AED)</b>                     | 21   | <b>0.23</b>              | <b>0.26</b>              |

The notes 1 to 24 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 comprehensive income

For the three month period ended (Unaudited)

|                                                                                                                         | Note | 31 March 2016<br>AED'000 | 31 March 2015<br>AED'000 |
|-------------------------------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Net profit for the period</b>                                                                                        |      | <b>1,270,604</b>         | <b>1,423,152</b>         |
| <b>Other comprehensive income</b>                                                                                       |      |                          |                          |
| <u>Items that are or may subsequently be reclassified to condensed consolidated interim statement of profit or loss</u> |      |                          |                          |
| Exchange difference on translation of foreign operations                                                                |      | (27,373)                 | (14,085)                 |
| Net change in the fair value reserve during the period                                                                  | 18   | (473,393)                | 112,548                  |
| <u>Items that will not subsequently be reclassified to condensed consolidated interim statement of profit or loss</u>   |      |                          |                          |
| Re-measurement of defined benefit obligations                                                                           |      | 331                      | 339                      |
| Other comprehensive (loss) / income for the period                                                                      |      | (500,435)                | 98,802                   |
| <b>Total comprehensive income for the period</b>                                                                        |      | <b>770,169</b>           | <b>1,521,954</b>         |

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## Condensed consolidated interim statement of changes in equity

For the three month period ended (Unaudited)

|                                              | Share<br>capital<br>AED'000 | Share<br>Premium<br>AED'000 | Treasury<br>shares<br>AED'000 | Statutory<br>and special<br>reserves<br>AED'000 | General<br>reserve<br>AED'000 | Tier 1<br>capital<br>notes<br>AED'000 | Share<br>option<br>scheme<br>AED'000 | Fair value<br>reserve<br>AED'000 | Foreign<br>currency<br>translation<br>reserve<br>AED'000 | Convertible<br>notes -<br>equity<br>component<br>AED'000 | Retained<br>earnings<br>AED'000 | Total<br>AED'000  |
|----------------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------------------------|-------------------------------|---------------------------------------|--------------------------------------|----------------------------------|----------------------------------------------------------|----------------------------------------------------------|---------------------------------|-------------------|
| <b>Balance at 1 January 2015</b>             | <b>4,736,112</b>            | <b>245,473</b>              | <b>(12,940)</b>               | <b>4,736,112</b>                                | <b>17,174,332</b>             | <b>4,000,000</b>                      | <b>151,427</b>                       | <b>324,932</b>                   | <b>(112,143)</b>                                         | <b>108,265</b>                                           | <b>6,611,812</b>                | <b>37,963,382</b> |
| Total comprehensive income for the period    | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | 112,548                          | (14,085)                                                 | -                                                        | 1,423,491                       | 1,521,954         |
| <b>Transactions with owners of the Group</b> |                             |                             |                               |                                                 |                               |                                       |                                      |                                  |                                                          |                                                          |                                 |                   |
| Zakat                                        | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | (205)                           | (205)             |
| Share options exercised (note 17)            | -                           | 12,517                      | 1,810                         | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | -                               | 14,327            |
| Treasury shares adjustment                   | -                           | -                           | (1,119)                       | -                                               | 1,119                         | -                                     | -                                    | -                                | -                                                        | -                                                        | -                               | -                 |
| Bonus shares issued (note 15)                | 473,611                     | -                           | -                             | -                                               | (473,611)                     | -                                     | -                                    | -                                | -                                                        | -                                                        | -                               | -                 |
| Dividends for 2014 (note 15)                 | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | (1,889,971)                     | (1,889,971)       |
| Transfer to general reserve (note 15)        | -                           | -                           | -                             | -                                               | 2,400,000                     | -                                     | -                                    | -                                | -                                                        | -                                                        | (2,400,000)                     | -                 |
| Options granted to staff                     | -                           | -                           | -                             | -                                               | -                             | -                                     | 10,305                               | -                                | -                                                        | -                                                        | -                               | 10,305            |
| Payment on Tier 1 capital notes (note 16)    | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | (64,212)                        | (64,212)          |
| <b>Balance at 31 March 2015</b>              | <b>5,209,723</b>            | <b>257,990</b>              | <b>(12,249)</b>               | <b>4,736,112</b>                                | <b>19,101,840</b>             | <b>4,000,000</b>                      | <b>161,732</b>                       | <b>437,480</b>                   | <b>(126,228)</b>                                         | <b>108,265</b>                                           | <b>3,680,915</b>                | <b>37,555,580</b> |
| <b>Balance at 1 January 2016</b>             | <b>5,209,723</b>            | <b>265,245</b>              | <b>(11,083)</b>               | <b>5,209,722</b>                                | <b>19,093,042</b>             | <b>6,754,750</b>                      | <b>190,232</b>                       | <b>(331,937)</b>                 | <b>(132,879)</b>                                         | <b>108,265</b>                                           | <b>6,863,573</b>                | <b>43,218,653</b> |
| Total comprehensive income for the period    | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | (473,393)                        | (27,373)                                                 | -                                                        | 1,270,935                       | 770,169           |
| <b>Transactions with owners of the Group</b> |                             |                             |                               |                                                 |                               |                                       |                                      |                                  |                                                          |                                                          |                                 |                   |
| Zakat                                        | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | (857)                           | (857)             |
| Issue of Shares                              | 44,823                      | -                           | (44,823)                      | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | -                               | -                 |
| Share options exercised (note 17)            | -                           | 7,429                       | 1,260                         | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | -                               | 8,689             |
| Dividends for 2015 (note 15)                 | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | (2,339,949)                     | (2,339,949)       |
| Transfer to general reserve (note 15)        | -                           | -                           | -                             | -                                               | 2,000,000                     | -                                     | -                                    | -                                | -                                                        | -                                                        | (2,000,000)                     | -                 |
| Options granted to staff                     | -                           | -                           | -                             | -                                               | -                             | -                                     | 9,815                                | -                                | -                                                        | -                                                        | -                               | 9,815             |
| Payment on Tier 1 capital notes (note 16)    | -                           | -                           | -                             | -                                               | -                             | -                                     | -                                    | -                                | -                                                        | -                                                        | (65,751)                        | (65,751)          |
| <b>Balance at 31 March 2016</b>              | <b>5,254,546</b>            | <b>272,674</b>              | <b>(54,646)</b>               | <b>5,209,722</b>                                | <b>21,093,042</b>             | <b>6,754,750</b>                      | <b>200,047</b>                       | <b>(805,330)</b>                 | <b>(160,252)</b>                                         | <b>108,265</b>                                           | <b>3,727,951</b>                | <b>41,600,769</b> |

The notes 1 to 24 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 cash flows

For the three month period ended (Unaudited)

|                                                                    | 31 Mar'2016<br>AED'000 | 31 Mar'2015<br>AED'000 |
|--------------------------------------------------------------------|------------------------|------------------------|
| <b>Cash flows from operating activities</b>                        |                        |                        |
| Profit before taxation                                             | 1,347,160              | 1,499,605              |
| Adjustments for:                                                   |                        |                        |
| Depreciation                                                       | 55,160                 | 53,837                 |
| Accreted interest                                                  | 25,748                 | 14,644                 |
| Net impairment charges                                             | 367,250                | 243,493                |
| Foreign currency translation adjustment                            | 180,153                | (257,565)              |
| Share option scheme                                                | 9,815                  | 10,305                 |
|                                                                    | <b>1,985,286</b>       | <b>1,564,319</b>       |
| Change in investments at fair value through profit or loss         | (3,300,982)            | (266,163)              |
| Change in due from central banks, banks and financial institutions | (2,180,779)            | (10,179,191)           |
| Change in reverse repurchase agreements                            | 2,214,015              | (4,064,455)            |
| Change in loans and advances                                       | 5,927,892              | (6,124,646)            |
| Change in other assets                                             | (388,365)              | (667,932)              |
| Change in due to banks and financial institutions                  | 7,144,189              | 12,761,000             |
| Change in repurchase agreements                                    | (13,177,435)           | 650,676                |
| Change in customer accounts and other deposits                     | (469,219)              | 6,647,994              |
| Change in derivative financial instruments                         | 1,953,270              | 96,742                 |
| Change in other liabilities                                        | (559,267)              | (36,501)               |
|                                                                    | <b>(851,395)</b>       | <b>381,843</b>         |
| Overseas income tax paid, net of recoveries                        | (80,832)               | (50,368)               |
| <b>Net cash (used in) / from operating activities</b>              | <b>(932,227)</b>       | <b>331,475</b>         |
| <b>Cash flows from investing activities</b>                        |                        |                        |
| Net (purchase) / proceeds of non-trading investments               | (4,930,908)            | 8,576,924              |
| Purchase of property and equipment, net of disposals               | (119,360)              | (115,552)              |
| <b>Net cash (used in) / from investing activities</b>              | <b>(5,050,268)</b>     | <b>8,461,372</b>       |
| <b>Cash flows from financing activities</b>                        |                        |                        |
| Proceeds from issue of shares under share option scheme            | 8,689                  | 14,327                 |
| Net movement of euro commercial paper                              | (4,649,509)            | 230,659                |
| Issue of term borrowings                                           | 698,585                | 2,856,629              |
| Repayment of term borrowings                                       | -                      | (2,754,750)            |
| Redemption of subordinated notes                                   | (914,525)              | -                      |
| Payment on Tier 1 capital notes                                    | (65,751)               | (64,212)               |
| <b>Net cash (used in) / from financing activities</b>              | <b>(4,922,511)</b>     | <b>282,653</b>         |
| <b>Net (decrease) / increase in cash and cash equivalents</b>      | <b>(10,905,006)</b>    | <b>9,075,500</b>       |
| Cash and cash equivalents at 1 January                             | 74,938,932             | 54,126,926             |
| <b>Cash and cash equivalents at 31 March</b>                       | <b>64,033,926</b>      | <b>63,202,426</b>      |
| <b>Cash and cash equivalents comprise:</b>                         |                        |                        |
| Contractual maturity within three months:                          |                        |                        |
| Cash and balances with central banks                               | 60,963,672             | 59,386,596             |
| Due from banks and financial institutions                          | 3,070,254              | 3,815,830              |
|                                                                    | <b>64,033,926</b>      | <b>63,202,426</b>      |

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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 2016 comprise 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, India, 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 2015 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 2015.

On 1 April 2015, a new UAE Federal Law No 2 for Commercial Companies (“UAE Companies Law of 2015”) was issued with effective date 1 July 2015. As per the transitional provisions of the new law, companies are to ensure compliance by 30 June 2016. The Bank is in the process of adopting the new federal law and will be fully compliant before the transitional provisions deadline.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 27 April 2016.

### 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 2015. The Group has not early adopted IFRS 16 – Leases that has been issued but is effective from 1 January 2019. IFRS 16 replaces the previous leases Standard, IAS 17 - Leases, and related interpretations. The Group is evaluating the potential effect of this standard on its financial Statements.

## Notes to the condensed consolidated interim financial statements

### 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 2015.

### 5 Financial risk management

#### Credit risk

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

|                            | Investments at fair value through<br>profit or loss |                                      | Non-trading investments                |                                      |
|----------------------------|-----------------------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
|                            | (Unaudited)<br>31 Mar '2016<br>AED'000              | (Audited)<br>31 Dec '2015<br>AED'000 | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
| Government sector          | 1,841,906                                           | 916,156                              | 21,310,237                             | 20,024,093                           |
| Supranational              | 2,108,548                                           | 1,569,128                            | 487,510                                | 370,400                              |
| Public Sector              | 2,851,357                                           | 2,820,260                            | 20,035,560                             | 18,308,431                           |
| Banking sector             | 6,924,865                                           | 5,000,856                            | 22,598,480                             | 21,276,123                           |
| Corporate / private sector | 1,865,444                                           | 1,984,738                            | 3,794,538                              | 3,815,104                            |
|                            | <u>15,592,120</u>                                   | <u>12,291,138</u>                    | <u>68,226,325</u>                      | <u>63,794,151</u>                    |

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

|          | Investments at fair value through<br>profit or loss |                                      | Non-trading investments                |                                      |
|----------|-----------------------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
|          | (Unaudited)<br>31 Mar '2016<br>AED'000              | (Audited)<br>31 Dec '2015<br>AED'000 | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
| AAA      | 185,471                                             | 215,396                              | 9,316,680                              | 8,737,990                            |
| AA to A  | 10,593,213                                          | 7,603,105                            | 47,215,022                             | 43,655,663                           |
| BBB to B | 2,904,271                                           | 2,475,005                            | 10,016,346                             | 10,037,106                           |
| Unrated  | 1,909,165                                           | 1,997,632                            | 1,678,277                              | 1,363,392                            |
|          | <u>15,592,120</u>                                   | <u>12,291,138</u>                    | <u>68,226,325</u>                      | <u>63,794,151</u>                    |

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

## Notes to the condensed consolidated interim financial statements

### 5 Financial risk management (continued)

#### Credit risk (continued)

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

|                                            | Due from banks and financial institutions |                                      | Loans and advances                     |                                      | Non-trading investments                |                                      |
|--------------------------------------------|-------------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|----------------------------------------|--------------------------------------|
|                                            | (Unaudited)<br>31 Mar '2016<br>AED'000    | (Audited)<br>31 Dec '2015<br>AED'000 | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
| <b>Individually impaired</b>               |                                           |                                      |                                        |                                      |                                        |                                      |
| Substandard                                | -                                         | -                                    | 1,713,729                              | 1,750,262                            | -                                      | -                                    |
| Doubtful                                   | -                                         | 718                                  | 2,227,684                              | 2,347,374                            | -                                      | 3,342                                |
| Loss                                       | -                                         | -                                    | 2,933,136                              | 2,785,672                            | -                                      | -                                    |
|                                            | <u>-</u>                                  | <u>-</u>                             | <u>6,874,549</u>                       | <u>6,883,308</u>                     | <u>-</u>                               | <u>3,342</u>                         |
| Gross amount                               | -                                         | 718                                  | 6,874,549                              | 6,883,308                            | -                                      | 3,342                                |
| Interest suspended                         | -                                         | -                                    | (1,082,071)                            | (1,036,665)                          | -                                      | -                                    |
| Specific allowance for impairment          | -                                         | (718)                                | (2,326,468)                            | (2,087,568)                          | -                                      | -                                    |
|                                            | <u>-</u>                                  | <u>(718)</u>                         | <u>(2,326,468)</u>                     | <u>(2,087,568)</u>                   | <u>-</u>                               | <u>-</u>                             |
| Carrying amount                            | -                                         | -                                    | 3,466,010                              | 3,759,075                            | -                                      | 3,342                                |
|                                            | <u>-</u>                                  | <u>-</u>                             | <u>3,466,010</u>                       | <u>3,759,075</u>                     | <u>-</u>                               | <u>3,342</u>                         |
| <b>Past due but not impaired</b>           |                                           |                                      |                                        |                                      |                                        |                                      |
| <i>Past due comprises:</i>                 |                                           |                                      |                                        |                                      |                                        |                                      |
| Less than 30 days                          | -                                         | -                                    | 360,889                                | 342,240                              | -                                      | -                                    |
| 31 – 60 days                               | -                                         | -                                    | 702,771                                | 608,016                              | -                                      | -                                    |
| 61 – 90 days                               | -                                         | -                                    | 335,383                                | 272,687                              | -                                      | -                                    |
| More than 90 days                          | -                                         | -                                    | 686,711                                | 603,693                              | -                                      | -                                    |
|                                            | <u>-</u>                                  | <u>-</u>                             | <u>1,685,654</u>                       | <u>1,426,636</u>                     | <u>-</u>                               | <u>-</u>                             |
| Carrying amount                            | -                                         | -                                    | 2,085,754                              | 1,826,636                            | -                                      | -                                    |
|                                            | <u>-</u>                                  | <u>-</u>                             | <u>2,085,754</u>                       | <u>1,826,636</u>                     | <u>-</u>                               | <u>-</u>                             |
| <b>Neither past due nor impaired</b>       | <b>13,367,203</b>                         | 10,891,768                           | <b>198,083,511</b>                     | 204,365,247                          | <b>68,226,325</b>                      | 63,790,809                           |
|                                            | <u>13,367,203</u>                         | <u>10,891,768</u>                    | <u>198,083,511</u>                     | <u>204,365,247</u>                   | <u>68,226,325</u>                      | <u>63,790,809</u>                    |
| <b>Collective allowance for impairment</b> | -                                         | -                                    | (4,034,606)                            | (4,037,405)                          | -                                      | -                                    |
|                                            | <u>-</u>                                  | <u>-</u>                             | <u>(4,034,606)</u>                     | <u>(4,037,405)</u>                   | <u>-</u>                               | <u>-</u>                             |
| <b>Carrying amount</b>                     | <b>13,367,203</b>                         | 10,891,768                           | <b>199,600,669</b>                     | 205,913,553                          | <b>68,226,325</b>                      | 63,794,151                           |
|                                            | <u>13,367,203</u>                         | <u>10,891,768</u>                    | <u>199,600,669</u>                     | <u>205,913,553</u>                   | <u>68,226,325</u>                      | <u>63,794,151</u>                    |

Non trading investments includes investment in equity instruments amounting to AED 36.2 million (31 December 2015: AED 36.2 million) which does not carry credit risk.

The category of neither past due nor impaired includes renegotiated loans amounting to AED 2,703 million (31 December 2015: AED 2,673 million).

## Notes to the condensed consolidated interim financial statements

### 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<br>AED'000 | Level 2<br>AED'000  | Level 3<br>AED'000 | Total<br>AED'000    |
|--------------------------------------------------|--------------------|---------------------|--------------------|---------------------|
| <b>As at 31 March 2016 (Unaudited)</b>           |                    |                     |                    |                     |
| Financial assets held for trading                | 13,016,562         | 2,564,155           | -                  | 15,580,717          |
| Designated at fair value through profit and loss | 11,403             | -                   | -                  | 11,403              |
| Available-for-sale financial assets              | 57,026,017         | 4,287,408           | 13,838             | 61,327,263          |
| Derivative financial instruments (Assets)        | 8,667              | 12,736,575          | -                  | 12,745,242          |
|                                                  | <u>70,062,649</u>  | <u>19,588,138</u>   | <u>13,838</u>      | <u>89,664,625</u>   |
| Derivative financial instruments (Liabilities)   | <u>(74,711)</u>    | <u>(16,298,152)</u> | <u>-</u>           | <u>(16,372,863)</u> |
| <b>As at 31 December 2015 (Audited)</b>          |                    |                     |                    |                     |
| Financial assets held for trading                | 8,954,986          | 3,324,809           | -                  | 12,279,795          |
| Designated at fair value through profit and loss | 11,343             | -                   | -                  | 11,343              |
| Available-for-sale financial assets              | 51,176,761         | 5,812,140           | 13,806             | 57,002,707          |
| Derivative financial instruments (Assets)        | 4,982              | 10,569,109          | -                  | 10,574,091          |
|                                                  | <u>60,148,072</u>  | <u>19,706,058</u>   | <u>13,806</u>      | <u>79,867,936</u>   |
| Derivative financial instruments (Liabilities)   | <u>(73,799)</u>    | <u>(12,778,559)</u> | <u>-</u>           | <u>(12,852,358)</u> |

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)<br>31 Mar' 2016<br>AED'000 | (Unaudited)<br>31 Mar' 2015<br>AED'000 |
|--------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Available-for-sale financial assets</b> |                                        |                                        |
| Balance as at 1 January                    | 13,806                                 | 13,871                                 |
| Purchases                                  | -                                      | -                                      |
| Other adjustments                          | 32                                     | (257)                                  |
| Balance as at 31 December                  | <u>13,838</u>                          | <u>13,614</u>                          |

## Notes to the condensed consolidated interim financial statements

### 7 Cash and balances with central banks

Cash and balances with central banks include Certificates of Deposit with the Central Bank of UAE amounting to AED 8,032 million (31 December 2015: AED 41,055 million).

### 8 Loans and advances

|                                | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|--------------------------------|----------------------------------------|--------------------------------------|
| Gross loans and advances       | 207,043,814                            | 213,075,191                          |
| Less: interest suspended       | (1,082,071)                            | (1,036,665)                          |
| Less: allowance for impairment | (6,361,074)                            | (6,124,973)                          |
| Net loans and advances         | <u>199,600,669</u>                     | <u>205,913,553</u>                   |

|                            | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|----------------------------|----------------------------------------|--------------------------------------|
| <i>By counterparty:</i>    |                                        |                                      |
| Government sector          | 20,335,801                             | 20,319,828                           |
| Public sector              | 42,550,051                             | 44,130,248                           |
| Banking sector             | 16,977,154                             | 23,337,915                           |
| Corporate / private sector | 90,722,633                             | 89,918,130                           |
| Personal / retail sector   | 36,458,175                             | 35,369,070                           |
| Gross loans and advances   | <u>207,043,814</u>                     | <u>213,075,191</u>                   |

|                          | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|--------------------------|----------------------------------------|--------------------------------------|
| <i>By product:</i>       |                                        |                                      |
| Overdrafts               | 11,372,071                             | 12,025,168                           |
| Term loans               | 127,138,193                            | 125,069,748                          |
| Trade related loans      | 16,459,376                             | 24,566,212                           |
| Real estate              | 23,795,478                             | 24,376,282                           |
| Mortgage loans           | 10,867,560                             | 9,878,768                            |
| Personal loans           | 14,105,634                             | 13,793,431                           |
| Credit cards             | 1,667,673                              | 1,716,439                            |
| Vehicle financing loans  | 1,637,829                              | 1,649,143                            |
| Gross loans and advances | <u>207,043,814</u>                     | <u>213,075,191</u>                   |

## Notes to the condensed consolidated interim financial statements

### 8 Loans and advances (continued)

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

|                               | (Unaudited)<br>Three month<br>period ended<br>31 Mar '2016<br>AED'000 | (Unaudited)<br>Three month<br>period ended<br>31 Mar '2015<br>AED'000 |
|-------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| Beginning of the period       | 6,124,973                                                             | 6,668,084                                                             |
| Charge for the period         |                                                                       |                                                                       |
| Collective provision          | 2,761                                                                 | 99,368                                                                |
| Specific provision            | 427,908                                                               | 336,454                                                               |
| Recoveries                    | (61,430)                                                              | (44,016)                                                              |
| Write-backs during the period | (75,462)                                                              | (198,721)                                                             |
| Amounts written off           | (57,676)                                                              | (222,268)                                                             |
| End of the period             | 6,361,074                                                             | 6,638,901                                                             |

### 9 Non-trading investments

|                                | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|--------------------------------|----------------------------------------|--------------------------------------|
| Available-for-sale investments | 61,327,263                             | 57,002,707                           |
| Held-to-maturity investments   | 6,899,062                              | 6,791,444                            |
|                                | 68,226,325                             | 63,794,151                           |

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

|                    | (Unaudited)<br>31 March 2016<br>AED'000 |          |            | (Audited)<br>31 December 2015<br>AED'000 |          |            |
|--------------------|-----------------------------------------|----------|------------|------------------------------------------|----------|------------|
|                    | Quoted                                  | Unquoted | Total      | Quoted                                   | Unquoted | Total      |
| Equity investments | 22,424                                  | 13,816   | 36,240     | 22,424                                   | 13,781   | 36,205     |
| Debt investments   | 67,634,240                              | 437,381  | 68,071,621 | 63,277,418                               | 344,129  | 63,621,547 |
| Funds              | 118,442                                 | 22       | 118,464    | 136,373                                  | 26       | 136,399    |
|                    | 67,775,106                              | 451,219  | 68,226,325 | 63,436,215                               | 357,936  | 63,794,151 |

Debt instruments under repurchase agreements included in non-trading investments at 31 March 2016 amounted to AED 14,036 million (31 December 2015: AED 24,434 million).

### 10 Due to banks and financial institutions

Due to banks and financial institutions include balances due to central banks amounting to AED 12,236 million (31 December 2015: AED 12,530 million).

## Notes to the condensed consolidated interim financial statements

### 11 Euro commercial paper

The Bank established a USD 2 Billion 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.

### 12 Customer accounts and other deposits

|                          | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|--------------------------|----------------------------------------|--------------------------------------|
| <i>By account:</i>       |                                        |                                      |
| Current accounts         | 58,968,612                             | 58,809,496                           |
| Savings accounts         | 12,663,035                             | 12,449,667                           |
| Margin accounts          | 1,751,401                              | 1,379,276                            |
| Notice and time deposits | 134,718,658                            | 138,649,803                          |
|                          | <u>208,101,706</u>                     | <u>211,288,242</u>                   |
| Certificates of deposit  | 25,248,016                             | 22,526,316                           |
|                          | <u>233,349,722</u>                     | <u>233,814,558</u>                   |

|                            | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|----------------------------|----------------------------------------|--------------------------------------|
| <i>By counterparty:</i>    |                                        |                                      |
| Government sector          | 27,672,937                             | 26,172,119                           |
| Public sector              | 53,143,296                             | 51,607,710                           |
| Corporate / private sector | 62,419,083                             | 67,610,865                           |
| Personal / retail sector   | 64,866,390                             | 65,897,548                           |
|                            | <u>208,101,706</u>                     | <u>211,288,242</u>                   |
| Certificates of deposit    | 25,248,016                             | 22,526,316                           |
|                            | <u>233,349,722</u>                     | <u>233,814,558</u>                   |

## Notes to the condensed consolidated interim financial statements

### 13 Term borrowings

| Currency | Interest                           | 31 March 2016 (Unaudited)    |                                  |                            |                            |                            |                  | 31 December 2015 (Audited)   |                                  |                            |                            |                            |                  |
|----------|------------------------------------|------------------------------|----------------------------------|----------------------------|----------------------------|----------------------------|------------------|------------------------------|----------------------------------|----------------------------|----------------------------|----------------------------|------------------|
|          |                                    | Up to<br>3 months<br>AED'000 | 3 months<br>to 1 year<br>AED'000 | 1 to 3<br>years<br>AED'000 | 3 to 5<br>years<br>AED'000 | Over 5<br>Years<br>AED'000 | Total<br>AED'000 | Up to<br>3 months<br>AED'000 | 3 months<br>to 1 year<br>AED'000 | 1 to 3<br>years<br>AED'000 | 3 to 5<br>years<br>AED'000 | Over 5<br>Years<br>AED'000 | Total<br>AED'000 |
| AUD      | Fixed rate of 3.4% to 5% p.a.      | -                            | -                                | 2,037,749                  | 85,608                     | -                          | 2,123,357        | -                            | -                                | 817,075                    | 1,191,935                  | -                          | 2,009,010        |
| CNH      | Fixed rate of 4.6% to 4.8% % p.a.  | -                            | -                                | 149,361                    | 116,075                    | -                          | 265,436          | -                            | -                                | -                          | 114,293                    | -                          | 114,293          |
| EUR      | Fixed rate of 0.6% p.a.            | -                            | -                                | -                          | 106,393                    | -                          | 106,393          | -                            | -                                | -                          | 99,887                     | -                          | 99,887           |
| HKD      | Fixed rate of 2.4% to 4.5% p.a.    | -                            | -                                | 298,971                    | 160,757                    | 446,411                    | 906,139          | -                            | -                                | 299,795                    | 160,050                    | 429,833                    | 889,678          |
| JPY      | Fixed rate of 2.6% p.a.            | -                            | -                                | -                          | -                          | 365,728                    | 365,728          | -                            | -                                | -                          | -                          | 323,385                    | 323,385          |
| MXN      | Fixed rate of 0.5% p.a.            | -                            | -                                | -                          | -                          | 37,766                     | 37,766           | -                            | -                                | -                          | -                          | 33,184                     | 33,184           |
| MYR      | Fixed rate of 4.9% p.a.            | -                            | -                                | -                          | 457,576                    | -                          | 457,576          | -                            | -                                | -                          | 404,616                    | -                          | 404,616          |
| USD      | Fixed rate of 1% to 5.1% p.a.      | -                            | 2,775,260                        | 1,898,506                  | 5,556,691                  | 2,930,850                  | 13,161,307       | -                            | -                                | 4,650,218                  | 5,451,779                  | 2,388,184                  | 12,490,181       |
| USD      | 1-3 Month Libor + 5 to 68 bps p.a. | -                            | 275,475                          | 1,285,323                  | 183,312                    | -                          | 1,744,110        | -                            | -                                | 1,193,452                  | 183,282                    | -                          | 1,376,734        |
|          |                                    | -                            | 3,050,735                        | 5,669,910                  | 6,666,412                  | 3,780,755                  | 19,167,812       | -                            | -                                | 6,960,540                  | 7,605,842                  | 3,174,586                  | 17,740,968       |

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 2016 (31 March 2015: Nil).

## Notes to the condensed consolidated interim financial statements

### 13 Term borrowings (continued)

During the period, the Bank has issued various fixed and floating rate notes. The nominal values of the notes issued during the period are stated below:

|     | (Unaudited)<br>Three month<br>period ended<br>31 Mar '2016<br>AED'000 | (Unaudited)<br>Three month<br>period ended<br>31 Mar '2015<br>AED'000 |
|-----|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| CNH | 147,635                                                               | 118,390                                                               |
| USD | 550,950                                                               | 2,754,750                                                             |
|     | <u>698,585</u>                                                        | <u>2,873,140</u>                                                      |

### 14 Subordinated notes

During the period, the Bank fully repaid the 15 March 2006 issuance maturing in March 2016.

|                        | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|------------------------|----------------------------------------|--------------------------------------|
| 15 March 2006 issue    | -                                      | 914,205                              |
| 10 December 2012 issue | 422,238                                | 361,093                              |
|                        | <u>422,238</u>                         | <u>1,275,298</u>                     |

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 2016 (31 March 2015: Nil).

### 15 Capital and reserves

#### Share capital

At the Annual General Meeting (AGM) held on 15 March 2016, the shareholders of the Bank approved a cash dividend of AED 0.45 per ordinary share (31 December 2015: AED 0.40 per ordinary share) and Nil bonus shares (31 December 2015: 10% bonus shares issue of 473,611 thousand ordinary shares of AED 1 each).

The general reserve is available for distribution to the shareholders at the recommendation of the Board of Directors. On 15 March 2016 the AGM approved the transfer of AED 2 billion (31 December 2015: AED 2.4 billion) to general reserve.

## Notes to the condensed consolidated interim financial statements

### 16 Tier 1 capital notes

|                                                                             |          | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Audited)<br>31 Dec '2015<br>AED'000 |
|-----------------------------------------------------------------------------|----------|----------------------------------------|--------------------------------------|
|                                                                             | Currency |                                        |                                      |
| Government of Abu Dhabi Notes<br>(6 month EIBOR plus 2.3 percent per annum) | AED      | 4,000,000                              | 4,000,000                            |
| USD 750 million Notes<br>(5 year mid swap rate plus 3.35 percent per annum) | USD      | 2,754,750                              | 2,754,750                            |
|                                                                             |          | <u>6,754,750</u>                       | <u>6,754,750</u>                     |

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

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

During the period, a coupon payment election was made by the Bank in the amount of AED 65.8 million (31 March 2015: AED 64.2 million).

### 17 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 the 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. During the period the Bank has issued and transferred 44,823 thousand shares (31 March 2015: Nil) to the subsidiary. These shares are treated as treasury shares until exercised by the option holders.

In continuation of the existing staff share option scheme, the Bank during the period has granted a new tranche of 23,060 thousand options (31 March 2015: 17,615 thousand options) to its eligible employees.

As at the reporting date 1,260 thousand options (31 March 2015: 1,810 thousand option) had been exercised by the option holders resulting in an increase in the total share capital by AED 1,260 thousand (31 March 2015: AED 1,810 thousand) and share premium by AED 7,429 thousand (31 March 2015: AED 12,517 thousand).

## Notes to the condensed consolidated interim financial statements

### 18 Fair value reserve

|                                                             | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Unaudited)<br>31 Mar '2015<br>AED'000 |
|-------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <i>Revaluation reserve – available-for-sale investments</i> |                                        |                                        |
| At 1 January                                                | (287,012)                              | 331,620                                |
| Net changes in fair value                                   | (498,735)                              | 126,305                                |
| At 31 March                                                 | (785,747)                              | 457,925                                |
| <i>Hedging reserve – cash flow hedge</i>                    |                                        |                                        |
| At 1 January                                                | (44,925)                               | (6,688)                                |
| Net changes in fair value                                   | 25,342                                 | (13,757)                               |
| At 31 March                                                 | (19,583)                               | (20,445)                               |
| Total at 31 March                                           | (805,330)                              | 437,480                                |

### 19 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 30,890 million (31 December 2015: AED 29,790 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.

### 20 Net impairment charge

|                                                 | (Unaudited)<br>Three month<br>period ended<br>31 Mar '2016<br>AED'000 | (Unaudited)<br>Three month<br>period ended<br>31 Mar '2015<br>AED'000 |
|-------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| Collective provision for loans and advances     | 2,761                                                                 | 99,368                                                                |
| Specific provision for loans and advances       | 427,908                                                               | 336,454                                                               |
| Write back of provisions for loans and advances | (75,462)                                                              | (198,721)                                                             |
| Recovery of loan loss provisions                | (61,430)                                                              | (44,016)                                                              |
| Recovery of loans previously written off        | (10,923)                                                              | (29,316)                                                              |
| Write-off of impaired financial assets          | 12,043                                                                | 6,392                                                                 |
|                                                 | 294,897                                                               | 170,161                                                               |

## Notes to the condensed consolidated interim financial statements

### 21 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)<br>31 Mar '2016 | (Unaudited)<br>31 Mar '2015 |
|-----------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Basic earnings per share:</b>                                                  |                             |                             |
| Net profit for the period (AED'000)                                               | 1,270,604                   | 1,423,152                   |
| Less: payment on Tier 1 capital notes (AED'000)                                   | (65,751)                    | (64,212)                    |
|                                                                                   | <u>1,204,853</u>            | <u>1,358,940</u>            |
| <b>Weighted average number of ordinary shares:</b>                                |                             |                             |
| Ordinary shares as at 1 January ('000)                                            | 5,198,640                   | 4,723,172                   |
| Effect of bonus shares issued during 2015 ('000)                                  | -                           | 472,492                     |
| Weighted average number of shares exercised under the share options scheme ('000) | 420                         | 627                         |
|                                                                                   | <u>5,199,060</u>            | <u>5,196,291</u>            |
| <b>Basic earnings per share (AED)</b>                                             | <u>0.23</u>                 | <u>0.26</u>                 |
| <b>Diluted earnings per share:</b>                                                |                             |                             |
| Net profit after payment of Tier 1 capital notes (AED'000)                        | 1,204,853                   | 1,358,940                   |
| Add: interest on convertible notes (AED'000)                                      | 11,373                      | 11,221                      |
|                                                                                   | <u>1,216,226</u>            | <u>1,370,161</u>            |
| Weighted average number of ordinary shares ('000)                                 | 5,199,060                   | 5,196,291                   |
| Effect of dilutive potential ordinary shares issued ('000)                        | 117,655                     | 117,655                     |
| Weighted average number of dilutive shares under share options scheme ('000)      | 1,889                       | 7,191                       |
|                                                                                   | <u>5,318,604</u>            | <u>5,321,137</u>            |
| <b>Diluted earnings per share (AED)</b>                                           | <u>0.23</u>                 | <u>0.26</u>                 |

## Notes to the condensed consolidated interim financial statements

### 22 Segmental information

|                                                                   | Business Segment               |                             |                                               |                           |                            | Geographic Segment |                   |                          |                           |
|-------------------------------------------------------------------|--------------------------------|-----------------------------|-----------------------------------------------|---------------------------|----------------------------|--------------------|-------------------|--------------------------|---------------------------|
|                                                                   | Global<br>Wholesale<br>AED'000 | Global<br>Wealth<br>AED'000 | Global<br>Retail and<br>Commercial<br>AED'000 | Head<br>Office<br>AED'000 | Total<br>AED'000           | UAE<br>AED'000     | Gulf<br>AED'000   | International<br>AED'000 | Total<br>AED'000          |
| <i>For the three month period ended 31 March 2016 (Unaudited)</i> |                                |                             |                                               |                           |                            |                    |                   |                          |                           |
| Net Interest income                                               | 860,277                        | 168,031                     | 839,831                                       | (37,245)                  | <b>1,830,894</b>           | 1,481,318          | 68,956            | 280,620                  | <b>1,830,894</b>          |
| Net Non-interest income                                           | 459,312                        | 53,696                      | 292,942                                       | 13,379                    | <b>819,329</b>             | 626,780            | 17,242            | 175,307                  | <b>819,329</b>            |
| Operating income                                                  | <u>1,319,589</u>               | <u>221,727</u>              | <u>1,132,773</u>                              | <u>(23,866)</u>           | <b><u>2,650,223</u></b>    | <u>2,108,098</u>   | <u>86,198</u>     | <u>455,927</u>           | <b><u>2,650,223</u></b>   |
| General administration and other<br>operating expenses            | 339,270                        | 92,057                      | 575,059                                       | 1,780                     | <b>1,008,166</b>           | 809,006            | 39,007            | 160,153                  | <b>1,008,166</b>          |
| Net impairment charge                                             | <u>(65,872)</u>                | <u>7,158</u>                | <u>309,678</u>                                | <u>43,933</u>             | <b><u>294,897</u></b>      | <u>321,951</u>     | <u>11,192</u>     | <u>(38,246)</u>          | <b><u>294,897</u></b>     |
| Profit before taxation                                            | <u>1,046,191</u>               | <u>122,512</u>              | <u>248,036</u>                                | <u>(69,579)</u>           | <b><u>1,347,160</u></b>    | <u>977,141</u>     | <u>35,999</u>     | <u>334,020</u>           | <b><u>1,347,160</u></b>   |
| Overseas taxation                                                 | <u>50,045</u>                  | <u>16,160</u>               | <u>10,841</u>                                 | <u>(490)</u>              | <b><u>76,556</u></b>       | <u>-</u>           | <u>4,212</u>      | <u>72,344</u>            | <b><u>76,556</u></b>      |
| Net profit for the period                                         | <u>996,146</u>                 | <u>106,352</u>              | <u>237,195</u>                                | <u>(69,089)</u>           | <b><u>1,270,604</u></b>    | <u>977,141</u>     | <u>31,787</u>     | <u>261,676</u>           | <b><u>1,270,604</u></b>   |
| <i>As at 31 March 2016(Unaudited)</i>                             |                                |                             |                                               |                           |                            |                    |                   |                          |                           |
| Segment total assets                                              | <u>269,020,689</u>             | <u>32,706,465</u>           | <u>85,819,620</u>                             | <u>64,794,835</u>         | <b><u>452,341,609</u></b>  | <u>308,928,968</u> | <u>10,100,705</u> | <u>90,125,213</u>        | <b><u>409,154,886</u></b> |
| Inter segment balances                                            |                                |                             |                                               |                           | <b><u>(52,672,056)</u></b> |                    |                   |                          | <b><u>(9,485,333)</u></b> |
| Total assets                                                      |                                |                             |                                               |                           | <b><u>399,669,553</u></b>  |                    |                   |                          | <b><u>399,669,553</u></b> |
| Segment total liabilities                                         | <u>266,344,107</u>             | <u>31,789,091</u>           | <u>83,519,044</u>                             | <u>29,088,598</u>         | <b><u>410,740,840</u></b>  | <u>271,792,937</u> | <u>8,642,920</u>  | <u>87,118,260</u>        | <b><u>367,554,117</u></b> |
| Inter segment balances                                            |                                |                             |                                               |                           | <b><u>(52,672,056)</u></b> |                    |                   |                          | <b><u>(9,485,333)</u></b> |
| Total liabilities                                                 |                                |                             |                                               |                           | <b><u>358,068,784</u></b>  |                    |                   |                          | <b><u>358,068,784</u></b> |

## Notes to the condensed consolidated interim financial statements

### 22 Segmental information (continued)

|                                                                   | Business Segment               |                             |                                               |                           |                     | Geographic Segment |                  |                          |                     |
|-------------------------------------------------------------------|--------------------------------|-----------------------------|-----------------------------------------------|---------------------------|---------------------|--------------------|------------------|--------------------------|---------------------|
|                                                                   | Global<br>Wholesale<br>AED'000 | Global<br>Wealth<br>AED'000 | Global<br>Retail and<br>Commercial<br>AED'000 | Head<br>Office<br>AED'000 | Total<br>AED'000    | UAE<br>AED'000     | Gulf<br>AED'000  | International<br>AED'000 | Total<br>AED'000    |
| <i>For the three month period ended 31 March 2015 (Unaudited)</i> |                                |                             |                                               |                           |                     |                    |                  |                          |                     |
| Net Interest income                                               | 937,272                        | 182,546                     | 677,402                                       | (7,844)                   | 1,789,376           | 1,451,480          | 57,448           | 280,448                  | 1,789,376           |
| Net Non-interest income                                           | 427,119                        | 65,789                      | 271,541                                       | 129,891                   | 894,340             | 710,927            | 20,659           | 162,754                  | 894,340             |
| Operating income                                                  | <u>1,364,391</u>               | <u>248,335</u>              | <u>948,943</u>                                | <u>122,047</u>            | <u>2,683,716</u>    | <u>2,162,407</u>   | <u>78,107</u>    | <u>443,202</u>           | <u>2,683,716</u>    |
| General administration and other<br>operating expenses            | 338,431                        | 86,395                      | 588,398                                       | 726                       | 1,013,950           | 824,376            | 39,029           | 150,545                  | 1,013,950           |
| Net impairment charge                                             | <u>250,502</u>                 | <u>543</u>                  | <u>57,182</u>                                 | <u>(138,066)</u>          | <u>170,161</u>      | <u>162,252</u>     | <u>3,164</u>     | <u>4,745</u>             | <u>170,161</u>      |
| Profit before taxation                                            | <u>775,458</u>                 | <u>161,397</u>              | <u>303,363</u>                                | <u>259,387</u>            | <u>1,499,605</u>    | <u>1,175,779</u>   | <u>35,914</u>    | <u>287,912</u>           | <u>1,499,605</u>    |
| Overseas taxation                                                 | <u>43,529</u>                  | <u>20,612</u>               | <u>12,402</u>                                 | <u>(90)</u>               | <u>76,453</u>       | <u>-</u>           | <u>1,765</u>     | <u>74,688</u>            | <u>76,453</u>       |
| Net profit for the period                                         | <u>731,929</u>                 | <u>140,785</u>              | <u>290,961</u>                                | <u>259,477</u>            | <u>1,423,152</u>    | <u>1,175,779</u>   | <u>34,149</u>    | <u>213,224</u>           | <u>1,423,152</u>    |
| <i>As at 31 December 2015 (Audited)</i>                           |                                |                             |                                               |                           |                     |                    |                  |                          |                     |
| Segment total assets                                              | <u>277,880,276</u>             | <u>32,135,140</u>           | <u>86,441,602</u>                             | <u>60,394,264</u>         | <u>456,851,282</u>  | <u>322,169,714</u> | <u>9,922,165</u> | <u>88,843,241</u>        | <u>420,935,120</u>  |
| Inter segment balances                                            |                                |                             |                                               |                           | <u>(50,287,475)</u> |                    |                  |                          | <u>(14,371,313)</u> |
| Total assets                                                      |                                |                             |                                               |                           | <u>406,563,807</u>  |                    |                  |                          | <u>406,563,807</u>  |
| Segment total liabilities                                         | <u>272,765,689</u>             | <u>31,169,199</u>           | <u>83,303,475</u>                             | <u>26,394,266</u>         | <u>413,632,629</u>  | <u>283,612,659</u> | <u>8,389,836</u> | <u>85,713,972</u>        | <u>377,716,467</u>  |
| Inter segment balances                                            |                                |                             |                                               |                           | <u>(50,287,475)</u> |                    |                  |                          | <u>(14,371,313)</u> |
| Total liabilities                                                 |                                |                             |                                               |                           | <u>363,345,154</u>  |                    |                  |                          | <u>363,345,154</u>  |

## Notes to the condensed consolidated interim financial statements

### 23 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 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 69.90% (31 December 2015: 69.92%) of the issued share capital of the Bank.

#### *Compensation of directors and key management personnel*

|                                    | (Unaudited)<br>31 Mar '2016<br>AED'000 | (Unaudited)<br>31 Mar '2015<br>AED'000 |
|------------------------------------|----------------------------------------|----------------------------------------|
| <b>Key management compensation</b> |                                        |                                        |
| Short term employment benefits     | 30,793                                 | 60,543                                 |
| Post employment benefits           | 514                                    | 514                                    |
| Termination benefits               | 463                                    | 447                                    |
| Share based payments               | 2,869                                  | 3,241                                  |
|                                    | <u>          </u>                      | <u>          </u>                      |
| <b>Directors' remuneration</b>     | 2,668                                  | 1,722                                  |
|                                    | <u>          </u>                      | <u>          </u>                      |

During the period, a coupon payment election of AED 65.8 million (31 March 2015: AED 64.2 million) was made by the Bank in relation to the AED 4 billion (31 December 2015: AED 4 billion) 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 range from negative 0.10% to 8.50% per annum (31 March 2015: Nil to 8.25% per annum) and interest rates incurred on financial liabilities placed by related parties in various currencies during the period range from nil to 6.00% per annum (31 March 2015: nil to 3.70% per annum).

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

## Notes to the condensed consolidated interim financial statements

### 23 Related parties (continued)

| Directors<br>and key<br>management<br>AED'000 | Major<br>shareholder<br>AED'000 | Others<br>AED'000 | (Unaudited)<br>31 Mar '2016<br>Total<br>AED'000 | (Audited)<br>31 Dec '2015<br>Total<br>AED'000 |
|-----------------------------------------------|---------------------------------|-------------------|-------------------------------------------------|-----------------------------------------------|
|-----------------------------------------------|---------------------------------|-------------------|-------------------------------------------------|-----------------------------------------------|

*Balances with related parties at the reporting date are shown below:*

|                        |           |           |            |            |            |
|------------------------|-----------|-----------|------------|------------|------------|
| Financial assets       | 1,004,878 | 7,815,624 | 60,049,643 | 68,870,145 | 66,930,369 |
| Financial liabilities  | 460,622   | 8,632,654 | 45,980,258 | 55,073,534 | 50,679,183 |
| Contingent liabilities | 455,183   | 5,436,026 | 13,912,305 | 19,803,514 | 22,958,720 |

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

|                           |       |         |         |         | (Unaudited)<br>31 Mar '2015 |
|---------------------------|-------|---------|---------|---------|-----------------------------|
| Interest income           | 7,250 | 172,093 | 419,659 | 599,002 | 538,257                     |
| Interest expense          | 236   | 116,678 | 75,310  | 192,224 | 109,201                     |
| Fee and commission income | 1,264 | 638     | 12,849  | 14,751  | 21,997                      |

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 2015: AED nil).

### 24 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.