

FAB Q1'24

CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2024

TABLE OF CONTENTS

Review report on condensed consolidated interim financial information	2
Condensed consolidated interim statement of financial position.....	3
Condensed consolidated interim statement of profit or loss.....	4
Condensed consolidated interim statement of comprehensive income	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7
Notes to the condensed consolidated interim financial information.....	8
1 Legal status and principal activities.....	8
2 Basis of preparation	8
3 Statement of compliance	9
4 Material accounting policies	9
5 Basis of consolidation.....	10
6 Interest Rate Benchmark Reform.....	11
7 Cash and balances with central banks.....	12
8 Investments at fair value through profit or loss	12
9 Loans, advances and Islamic financing	12
10 Non trading investment securities	14
11 Investment in associates	14
12 Investment properties.....	15
13 Intangibles.....	15
14 Due to banks and financial institutions	15
15 Commercial paper	15
16 Customer accounts and other deposits.....	16
17 Term borrowings.....	16
18 Subordinated notes.....	18
19 Capital and reserves	18
20 Tier 1 capital notes	19
21 Share based payment.....	19
22 Net foreign exchange gain.....	20
23 Net gain on investments and derivatives	20
24 General, administration and other operating expenses.....	20
25 Net impairment charge	21
26 Earnings per share.....	21
27 Cash and cash equivalents	22
28 Commitments and contingencies.....	22
29 Segmental information.....	23
30 Related parties	26
31 Financial risk management.....	27
32 Financial assets and liabilities.....	33
33 Comparative figures	34
34 Proposed transaction	35
35 Subsequent events	35



Review report on condensed consolidated interim financial information to the Board of Directors of First Abu Dhabi Bank P.J.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Abu Dhabi Bank P.J.S.C. (the "Bank") and its subsidiaries (together referred to as the "Group") as at 31 March 2024 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). 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 the 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".

PricewaterhouseCoopers Limited Partnership - Abu Dhabi
30 April 2024

Stuart Alexander Scouler
Registered Auditor Number: 5563
Place: Abu Dhabi, United Arab Emirates

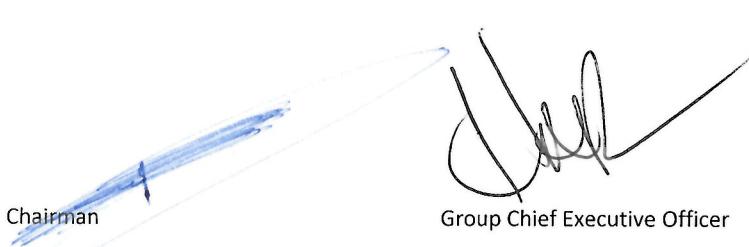
Condensed consolidated interim statement of financial position

As at

	Note	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Assets			
Cash and balances with central banks	7	273,489,405	233,390,285
Investments at fair value through profit or loss	8	49,082,881	45,208,793
Due from banks and financial institutions		23,469,626	25,266,370
Reverse repurchase agreements		68,229,675	78,503,863
Derivative financial instruments		49,827,231	46,420,686
Loans, advances and Islamic financing	9	508,341,168	483,953,520
Non trading investment securities	10	184,774,899	179,643,274
Other assets		43,176,320	41,332,686
Investment in associates	11	1,507,206	1,500,904
Investment properties	12	8,163,052	8,161,737
Property and equipment		4,863,388	5,114,876
Intangibles	13	20,086,685	20,135,567
Total assets		1,235,011,536	1,168,632,561
Liabilities			
Due to banks and financial institutions	14	74,832,942	71,527,631
Repurchase agreements		31,100,275	26,096,108
Commercial paper	15	16,524,141	19,658,769
Derivative financial instruments		54,178,312	51,002,064
Customer accounts and other deposits	16	803,261,388	759,862,632
Other liabilities		65,044,971	46,931,908
Term borrowings	17	66,340,123	63,938,927
Subordinated notes	18	4,091,894	4,191,417
Total liabilities		1,115,374,046	1,043,209,456
Equity			
Share capital	19	11,047,612	11,047,612
Share premium		53,557,581	53,557,581
Treasury shares		(6,505)	(6,505)
Statutory and special reserves		13,084,313	13,084,313
Other reserves	19	(1,576,535)	208,702
Tier 1 capital notes	20	10,754,750	10,754,750
Share based payment		249,816	249,816
Retained earnings		32,411,450	36,416,564
Total equity attributable to shareholders of the Bank		119,522,482	125,312,833
Non-controlling interest		115,008	110,272
Total equity		119,637,490	125,423,105
Total liabilities and equity		1,235,011,536	1,168,632,561

To the best of our knowledge, the financial information present fairly in all material respects the financial condition, financial performance and cash flows of the Group as of, and for, the periods presented therein.

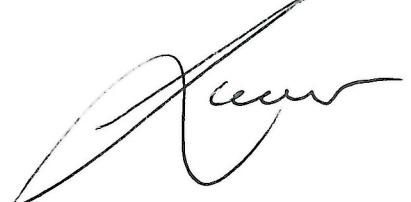
This condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on 30 April 2024 and signed on its behalf:



Chairman



Group Chief Executive Officer



Group Chief Financial Officer

The accompanying notes forms an integral part of these condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on page 2.

Condensed consolidated interim statement of profit or loss

For the three month period ended (unaudited)

	Note	31 Mar 2024 AED'000	31 Mar 2023 AED'000
Interest income	33	15,221,787	12,838,582
Interest expense	33	(10,905,841)	(8,807,825)
Net interest income		4,315,946	4,030,757
Income from Islamic financing and investing products	33	857,621	664,767
Distribution on Islamic deposits	33	(319,697)	(304,667)
Net income from Islamic financing and investing products		537,924	360,100
Total net interest income and income from Islamic financing and investing products		4,853,870	4,390,857
Fee and commission income		1,349,404	1,080,574
Fee and commission expense		(367,965)	(296,594)
Net fee and commission income		981,439	783,980
Net foreign exchange gain	22,33	1,049,908	1,056,461
Net gain on investments and derivatives	23	1,003,936	431,890
Other operating income		81,731	66,971
Operating income		7,970,884	6,730,159
General, administration and other operating expenses	24	(1,915,710)	(1,687,584)
Profit before net impairment charge and taxation		6,055,174	5,042,575
Net impairment charge	25	(1,024,512)	(798,153)
Profit before taxation		5,030,662	4,244,422
Income tax expense		(869,634)	(310,734)
Net profit for the period		4,161,028	3,933,688
Net profit attributable to:			
Shareholders of the Bank		4,151,375	3,928,994
Non-controlling interest		9,653	4,694
Basic and diluted earnings per share (AED)	26	0.35	0.34

The accompanying notes forms an integral part of these condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on page 2.

Condensed consolidated interim statement of comprehensive income

For the three month period ended (unaudited)

	31 Mar 2024	31 Mar 2023
	AED'000	AED'000
Net profit for the period	4,161,028	3,933,688
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(1,745,179)	(735,220)
Net change in fair value reserve during the period (including ECL)	201,964	(88,790)
Income tax on items that may be reclassified subsequently to profit or loss	55,558	-
Items that will not be reclassified to profit or loss		
Equity investments at fair value through other comprehensive income - net change in the fair value	(361,470)	(45,389)
Re-measurement of defined benefit obligations	1,756	(5,842)
Other adjustments	-	3,000
Income tax on items that will not be reclassified to profit or loss	58,973	-
Other comprehensive loss for the period	(1,788,398)	(872,241)
Total comprehensive income for the period	2,372,630	3,061,447
Comprehensive income attributable to:		
Shareholders of the Bank	2,367,894	3,054,748
Non-controlling interest	4,736	6,699
Total comprehensive income for the period	2,372,630	3,061,447

The accompanying notes forms an integral part of these condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on page 2.

Condensed consolidated interim statement of changes in equity

For the three month period ended (unaudited)

	Share capital AED'000	Share premium AED'000	Treasury shares AED'000	Statutory and special reserves AED'000	Other reserves AED'000	Tier 1 capital notes AED'000	Share based payment AED'000	Retained earnings AED'000	Equity attributable to share-holders of the Bank AED'000	Non-controlling interest AED'000	Total AED'000
Balance at 1 January 2024	11,047,612	53,557,581	(6,505)	13,084,313	208,702	10,754,750	249,816	36,416,564	125,312,833	110,272	125,423,105
Net profit for the period	-	-	-	-	-	-	-	4,151,375	4,151,375	9,653	4,161,028
Other comprehensive loss for the period	-	-	-	-	(1,785,237)	-	-	1,756	(1,783,481)	(4,917)	(1,788,398)
<u>Transactions with owners of the Group</u>											
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(7,839,185)	(7,839,185)	-	(7,839,185)
Payment on Tier 1 capital notes (note 20)	-	-	-	-	-	-	-	(319,060)	(319,060)	-	(319,060)
Realised gain on sale of FVOCI Investment	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2024	11,047,612	53,557,581	(6,505)	13,084,313	(1,576,535)	10,754,750	249,816	32,411,450	119,522,482	115,008	119,637,490
Balance at 1 January 2023	11,047,612	53,557,581	(6,505)	13,084,313	(835,463)	10,754,750	249,816	27,185,679	115,037,783	12,460	115,050,243
Net profit for the period	-	-	-	-	-	-	-	3,928,994	3,928,994	4,694	3,933,688
Other comprehensive loss for the period	-	-	-	-	(871,404)	-	-	(2,842)	(874,246)	2,005	(872,241)
<u>Transactions with owners of the Group</u>											
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(5,741,375)	(5,741,375)	-	(5,741,375)
Payment on Tier 1 capital notes (note 20)	-	-	-	-	-	-	-	(234,478)	(234,478)	-	(234,478)
Realised gain on sale of FVOCI Investment	-	-	-	-	(961)	-	-	961	-	-	-
Balance at 31 March 2023	11,047,612	53,557,581	(6,505)	13,084,313	(1,707,828)	10,754,750	249,816	25,136,939	112,116,678	19,159	112,135,837

The accompanying notes forms an integral part of these condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on page 2.

Condensed consolidated interim statement of cash flows

For the three month period ended (unaudited)

	Note	31 Mar 2024 AED'000	31 Mar 2023 AED'000
Cash flows from operating activities			
Profit before taxation		5,030,662	4,244,422
Adjustments for:			
Depreciation and amortization	24	264,894	286,838
Gain on sale of investment property		-	(193,900)
Gain on sale of property and equipment		(6,064)	(105)
Net impairment charge	25	1,121,159	868,514
Accreted interest		136,793	128,200
		6,547,444	5,333,969
Changes in:			
Investments at fair value through profit or loss		(3,861,666)	(6,790,414)
Due from central banks, banks and financial institutions		133,227	1,146,028
Reverse repurchase agreements		10,276,248	10,448,553
Loans, advances and Islamic financing		(25,269,533)	(14,066,079)
Other assets		(1,826,697)	(3,007,111)
Due to banks and financial institutions		3,305,311	89,937
Repurchase agreements		5,004,167	(1,303,660)
Customer accounts and other deposits		43,398,756	79,945,475
Derivative financial instruments		(1,498,984)	(415,723)
Other liabilities		10,010,041	11,717,363
		46,218,314	83,098,338
Income tax paid, net of recoveries		(573,207)	(544,160)
Directors' remuneration paid		(45,000)	(45,000)
Net cash from operating activities		45,600,107	82,509,178
Cash flows from investing activities			
Net movement in non trading investment securities		(4,887,656)	3,024,910
Net movement in investment properties		(1,315)	(6,717)
Purchase of property and equipment, net of disposals		48,427	(276,949)
Net cash (used in) / from investing activities		(4,840,544)	2,741,244
Cash flows from financing activities			
Net movement of commercial paper		(3,134,628)	(2,896,814)
Dividend paid		-	(5,708,781)
Issue of term borrowings	17	9,077,168	4,027,733
Repayment of term borrowings	17	(5,283,138)	(4,645,321)
Payment on Tier 1 capital notes	20	(319,060)	(234,478)
Net cash from / (used in) financing activities		340,342	(9,457,661)
Net increase in cash and cash equivalents			
Foreign currency translation adjustment		41,099,905	75,792,761
Cash and cash equivalents at 1 January	27	(2,662,479)	(573,335)
		257,197,584	250,796,021
Cash and cash equivalents at 31 March	27	295,635,010	326,015,447

The accompanying notes forms an integral part of these condensed consolidated interim financial information.

The independent auditor's report on the review of the condensed consolidated interim financial information is set out on page 2.

Notes to the condensed consolidated interim financial information

1 Legal status and principal activities

First Abu Dhabi Bank PJSC (the “Bank”) is a public joint stock company with a limited liability incorporated in the emirate of Abu Dhabi, United Arab Emirates (UAE) under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended). The registered address of the Bank is P. O. Box 6316, FAB Building, Khalifa Business Park, Al Qurum, Abu Dhabi, United Arab Emirates.

These condensed consolidated interim financial information as at and for the period ended 31 March 2024, comprise the Bank and its subsidiaries (together referred to as the “Group”). The Group is primarily engaged in corporate, consumer, private and investment banking activities, payment services, management services, Islamic banking activities, real estate activities; and carries out its operations through its local and overseas branches, subsidiaries and representative offices located in the United Arab Emirates, Bahrain, Brazil, Cayman Islands, China, Egypt, France, Hong Kong, India, Indonesia, Iraq, Jordan¹, Kingdom of Saudi Arabia, Kuwait, Lebanon¹, Libya, Malaysia, Oman, Qatar², Singapore, South Korea, Switzerland, the United Kingdom and the United States of America.

The Group’s Islamic banking activities are conducted in accordance with Islamic Sharia'a rules and principles as interpreted by the Internal Shariah Supervision Committee (“ISSC”) in accordance with the resolutions issued by the Higher Shariah Authority (“HSA”).

The Group is listed on the Abu Dhabi Securities Exchange (Ticker: FAB). The consolidated financial statements of the Group as at and for the year ended 31 December 2023 are available upon request from the Group’s registered office or at website (<http://www.bankfab.com>).

¹Under closure.

²The Bank has notified the Qatar Financial Centre Regulatory Authority (“QFCRA”) that it will relinquish its Qatar Financial Centre (“QFC”) branch license and permanently close its QFC branch.

2 Basis of preparation

(a) Basis of measurement

These condensed consolidated interim financial information are prepared under the historical cost basis except for the following material items, which are measured on the following basis:

Items	Measurement basis
Investments at fair value through profit or loss	Fair value
Derivative financial instruments	Fair value
Debt and equity instruments designated at fair value through other comprehensive income	Fair value
Investment properties	Fair value
Recognised assets and liabilities designated as hedged items in qualifying hedge relationships	Adjusted for changes in fair value attributable to the risk being hedged
Non-financial assets acquired in settlement of Loans, advances and Islamic financing	Lower of their fair value less costs to sell and the carrying amount of the loans, advances and Islamic financing

(b) Functional and presentation currency

These condensed consolidated interim financial information are presented in United Arab Emirates Dirhams (“AED”), which is the Bank’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. Items included in the financial statements of each of the Bank’s overseas subsidiaries and branches are measured using the currency of the primary economic environment in which they operate.

(c) Use of estimates and judgements

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

In preparing these condensed consolidated interim financial information, 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 2023.

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.

Notes to the condensed consolidated interim financial information

3 Statement of compliance

These condensed consolidated interim financial information have been prepared on a going concern basis as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future, in accordance with IAS 34 Interim Financial Reporting and the requirements of applicable laws in the UAE. They do not include all the information required for the complete set of annual consolidated financial statements as required under IFRS Accounting Standards. These condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2023. In addition, results for the period from 1 January 2024 to 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Bank is in compliance with applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and the applicable provisions of Law No. (1) of 2017 (as amended) concerning the financial system of the Government of Abu Dhabi and instructions issued by the Department of Finance as at the date of these consolidated financial information.

These condensed consolidated interim financial information were authorised for issue by the Board of Directors on 30 April 2024.

4 Material accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023, except the adoption of the following new standards as of 1 January 2024.

The following amendments to existing standards and framework have been applied by the Group in preparation of these condensed consolidated interim financial information. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
Amendment to IAS 1 – Classification of liabilities as current or non-current	1 January 2024
Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated financial information.

The following new standard and amendments to the standards are applicable to annual reporting periods beginning on or after 1 January 2025 and early application is permitted. The Group is currently evaluating the impact of the new standard and amendments to the standards and expects to adopt them on the effective date.

- Amendments to IAS 21 – Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture
- Presentation and disclosures in financial statements (IFRS 18) - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

Income tax

The Group's result incorporates the UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Law"). The Law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the Group's outlook of the Law.

On 15 March 2024, the UAE Ministry of Finance released a Consultation document on implementation of the OECD Base Erosion and Profit Shifting Pillar II (Minimum tax), which sets out a top-up tax liability calculated based on the principles in the Pillar II model rules. The Consultation was open for comments until 10 April 2024. Based on the Group's forecast model no material tax liability is expected to arise. The Group will continue to monitor any further announcements and perform further assessment to ensure compliance with the regulations.

Notes to the condensed consolidated interim financial information

5 Basis of consolidation

Subsidiaries (including special purpose entities) are entities that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries (including special purpose entities) are included in these condensed consolidated interim financial information from the date that control commences until the date that control ceases. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Bank and to the non-controlling interests ("NCI"), even if this results in the NCI having a deficit balance.

The condensed consolidated interim financial information comprises the financial information of the Bank and those of its following subsidiaries (including special purpose entities):

Legal Name	Country of Incorporation	Principal activities	As on 31 Mar 2024	As on 31 Dec 2023
First Abu Dhabi Bank USA N.V.	Curacao	Banking	100%	100%
First Abu Dhabi Bank Securities - Sole Proprietorship L.L.C	United Arab Emirates	Brokerage	100%	100%
Abu Dhabi National Leasing LLC	United Arab Emirates	Leasing	100%	100%
Abu Dhabi National Properties Pvt. JSC	United Arab Emirates	Property Management	100%	100%
FAB Private Bank (Suisse) SA	Switzerland	Banking	100%	100%
First Abu Dhabi Islamic Finance PJSC	United Arab Emirates	Islamic Finance	100%	100%
Abu Dhabi Securities Brokerage Egypt ¹	Egypt	Brokerage	96%	96%
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities	100%	100%
National Bank of Abu Dhabi Representações Ltda	Brazil	Representative office	100%	100%
FAB Global Markets (Cayman) Limited	Cayman Islands	Financial Institution	100%	100%
Nawat Management Services - One Man Company LLC	United Arab Emirates	Services	100%	100%
Mismak Properties Co. LLC ("Mismak")	United Arab Emirates	Real estate investments	100%	100%
Moora Properties Co. LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments	67%	67%
Shangri La Dubai Hotel LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments	100%	100%
First Merchant International LLC ("FMI")	United Arab Emirates	Real estate investments	100%	100%
FAB Employment Services LLC (Subsidiary of FMI)	United Arab Emirates	Resourcing services	100%	100%
FAB Resourcing Services LLC (Subsidiary of FMI)	United Arab Emirates	Resourcing services	100%	100%
Horizon Gulf Electromechanical Services L.L.C. ("Horizon") (Subsidiary of FMI)	United Arab Emirates	Real estate related services	100%	100%
Horizon Gulf General Contracting LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%	100%
PDCS Engineering LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%	100%
Horizon Gulf Oil and Gas Services LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%	100%
FAB Sukuk Company Limited	Cayman Islands	Special purpose entity	100%	100%
First Gulf Libyan Bank ²	Libya	Banking services	50%	50%
First Gulf Information Technology LLC ("FGIT")	United Arab Emirates	IT Services	100%	100%
FAB Global Business Services Limited (Subsidiary of FGIT)	India	IT Services	100%	100%
FAB Capital Financial Company (A Saudi Closed Joint Stock Company)	Kingdom of Saudi Arabia	Financial Institution	100%	100%
First Abu Dhabi Bank Misr S.A.E ("FAB Misr")	Egypt	Banking	100%	100%
FAB Invest SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	100%
1968A SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	100%
1968B SPV RSC Limited	United Arab Emirates	Special purpose entity	100%	100%

¹ Under liquidation.

² Although the Bank owns 50% of the outstanding shares of First Gulf Libyan Bank, the investment has been classified as a subsidiary as the Bank exercises control over the investee because it casts the majority of the votes on the board of directors.

Notes to the condensed consolidated interim financial information

6 Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some Interbank offered rates (“IBORs”) with alternative nearly risk-free rates (“ARRS”). The Group has significant exposure to certain IBORs on its financial instruments that are being reformed as part of these market-wide initiatives. IBORs, such as the London Interbank Offered Rate (“LIBOR”), plays a critical role in global financial markets, serving as reference rates for derivatives, Loans, advances and Islamic financing, and as parameters in the valuation of financial instruments.

The Group continues to coordinate and oversee the transition from IBORs to ARRS with no significant changes to the project or transition. The FAB IBOR Transition Project (or “the Project”) continues to be on target and the Group continues to progress on its transition plan for the remaining IBOR exposure, which is indexed to US dollar LIBOR with, one month, three-month and six month LIBOR settings before 30 September 2024, the US dollar LIBOR cessation date for remaining tenors.

The FCA (Financial Conduct Authority) has requested IBA (ICE Benchmark Administration Limited) to continue publishing US dollar LIBOR for one, three, and six-month tenors until 30 September 2024. However, it is worth noting that, from 1 July 2023, the methodology for calculating the US dollar LIBOR became unrepresentative, using the relevant CME Term SOFR Reference Rate plus the respective ISDA fixed spread adjustment, referred to as ‘synthetic US dollar LIBOR’. The synthetic US dollar LIBOR settings was applicable for all legacy contracts, except for cleared derivatives.

FAB's approach towards IBOR Transition

Loans, Bonds and other On Balance Sheet exposures

For contracts indexed to an IBOR that mature after the expected cessation of the IBOR rate, the Group has established policies to amend the contractual terms. These amendments include the addition of fallback clauses or replacement of the IBOR rate with an alternative benchmark rate. As at 31 March 2024, the IBOR reform in respect of currencies to which the Group has exposure has been completed except for US dollar indexed exposures. The table below sets out the IBOR rates that the Group had exposure to, the new benchmark rates to which these exposures have or are being transitioned, and the status of the transition.

Currency	Benchmark before Reform	Benchmark after Reform	31 Mar 2024	31 Dec 2023
USD	USD LIBOR	SOFR	In progress	In progress
GBP	GBP LIBOR	SONIA	Completed	Completed
EURO	EONIA	€STR	Completed	Completed
EURO	EURIBOR	EURIBOR reformed	Completed	Completed
JPY	JPY LIBOR	TONAR / TORF	Completed	Completed
CHF	CHF LIBOR	SARON	Completed	Completed

In line with the regulatory guidance, FAB took necessary steps and made significant progress in transitioning customer to alternative benchmarks. FAB has completed the customer outreach, giving all customers an opportunity to transition to alternative rates, prior to 31 March 2024. However, due to market conditions and various challenges, part of the FAB IBOR portfolio will use synthetic LIBOR where applicable and until they are transitioned.

Balances reported at amortized cost are disclosed at their gross carrying value and do not include any expected credit losses that may be held against them. Balances reported at fair value are disclosed at their fair value on the balance sheet date.

Derivatives and hedge accounting

The Group holds derivatives for trading and risk management purposes. Derivatives held for risk management purposes are designated in hedging relationships. The interest rate and cross-currency swaps have floating legs that are indexed to various IBORs.

For derivative exposures, the Group has adhered to the adoption of the International Swaps and Derivatives Association ('ISDA') protocol as a fallback provision, which came into effect in January 2021, and the successful changes made by clearing houses to discount derivatives using the euro short-term rate ('€STR') and SOFR, to reduce the risk of a disorderly transition of the derivatives market.

Hedging relationships impacted by uncertainty about IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and the hedging instrument, which may lead to hedge ineffectiveness. The objective of the majority of these hedges and consistent with the overall interest rate risk management strategy of FAB is to reduce fluctuations of the fair value of bonds purchased by FAB or its own issuances which pay a fixed rate and also reduce fluctuations from foreign exchange risk if these are denominated in another currency that is not AED or USD.

Notes to the condensed consolidated interim financial information

7 Cash and balances with central banks

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Cash on hand	1,839,416	1,920,023
Central Bank of the UAE		
cash reserve deposits	62,413,184	34,172,748
other balances	-	28,000,000
Balances with other central banks	209,402,355	169,461,908
Gross cash and balances with central banks	273,654,955	233,554,679
Less: expected credit losses	(165,550)	(164,394)
Total cash and balances with central banks	273,489,405	233,390,285

As per the CBUAE regulations, the Bank is allowed to draw their balances held in the UAE reserve account, while ensuring that they meet the reserve requirements over a 14 day period. Balances with other central banks includes mandatory reserves which are available for day-to-day operations under certain specified conditions.

8 Investments at fair value through profit or loss

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Investments in managed funds	5,735	8,484
Investment in private equities	3,276,210	3,135,857
Investments in equities	1,204,179	1,568,102
Debt securities	44,596,757	40,496,350
Total Investments at fair value through profit or loss	49,082,881	45,208,793

9 Loans, advances and Islamic financing

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Gross loans, advances and Islamic financing	529,761,958	504,641,140
Less: interest suspended	(7,677,567)	(7,186,531)
Less: expected credit losses	(13,743,223)	(13,501,089)
Net loans, advances and Islamic financing	508,341,168	483,953,520

Notes to the condensed consolidated interim financial information

9 Loans, advances and Islamic financing (continued)

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
By counterparty:		
Government sector	65,995,493	61,310,050
Public sector	82,425,426	79,383,113
Banking sector	22,139,151	12,607,202
Corporate / private sector	279,757,045	269,854,139
Personal / retail sector	79,444,843	81,486,636
Gross loans, advances and Islamic financing	529,761,958	504,641,140
By product:		
Overdrafts	25,385,539	21,031,461
Term loans	424,021,810	414,881,146
Trade related loans	44,673,233	32,199,144
Personal loans	29,074,522	29,252,312
Credit cards	4,983,790	5,540,986
Vehicle financing loans	1,623,064	1,736,091
Gross loans, advances and Islamic financing	529,761,958	504,641,140
Concentration by industry sector:		
Agriculture	3,966,751	3,562,139
Energy	38,627,785	36,217,487
Manufacturing	27,531,920	26,399,122
Construction	10,471,229	10,763,916
Real estate	87,304,271	85,806,459
Trading	23,381,130	22,177,179
Transport and communication	36,129,445	37,884,844
Banks	22,139,151	12,607,202
Other financial institutions	86,319,121	83,956,221
Services	48,450,819	42,469,885
Government	65,995,493	61,310,050
Personal – loans and credit cards	48,635,430	50,439,551
Personal - retail mortgage	30,809,413	31,047,085
Gross loans, advances and Islamic financing	529,761,958	504,641,140

Included in the above Loans, advances and Islamic financing are the following Islamic financing:

Islamic financing

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Ijara	13,188,729	12,682,712
Murabaha	25,741,764	25,428,860
Others	522,545	561,264
Gross Islamic financing contracts	39,453,038	38,672,836
Less: expected credit losses	(1,208,327)	(1,146,283)
Less: suspended profit	(196,924)	(208,217)
Total Islamic financing contracts	38,047,787	37,318,336

Notes to the condensed consolidated interim financial information

10 Non trading investment securities

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Fair value through other comprehensive income:		
- with recycle to profit or loss (Debt investments)	176,213,701	170,715,855
- without recycle to profit or loss (Equity investments)	4,339,121	4,553,321
Amortised cost	4,223,743	4,375,427
Gross non trading investment securities	184,776,565	179,644,603
Less: expected credit losses on amortised cost	(1,666)	(1,329)
Total non trading investment securities	184,774,899	179,643,274

Equity investments measured at FVOCI are strategic investments for long term purposes.

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

	(unaudited) 31 Mar 2024 AED'000			(audited) 31 Dec 2023 AED'000		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity investments	1,229,558	3,109,563	4,339,121	1,051,385	3,501,936	4,553,321
Debt investments	179,237,672	1,199,772	180,437,444	174,026,558	1,064,724	175,091,282
Gross non trading investment securities	180,467,230	4,309,335	184,776,565	175,077,943	4,566,660	179,644,603
Less: expected credit losses	(1,666)	-	(1,666)	(1,329)	-	(1,329)
Total non trading investment securities	180,465,564	4,309,335	184,774,899	175,076,614	4,566,660	179,643,274

Debt investments under repurchase agreements included in non trading investments at 31 March 2024 amounted to AED 26,201 million (31 December 2023: AED 18,360 million).

As at 31 March 2024, the fair value of investment securities measured at amortised cost amounted to AED 3,997 million (31 December 2023: AED 4,154 million).

11 Investment in associates

The list of associates are as follows:

Legal Name	Country of incorporation	Principal activities	(unaudited) 31 Mar 2024	(audited) 31 Dec 2023
			AED'000	AED'000
BCP Growth Holdings Limited	United Arab Emirates	Financial services	40%	40%
Midmak Properties LLC	United Arab Emirates	Real estate Investments	16%	16%
Emirates Digital Wallet LLC	United Arab Emirates	Financial services	23%	23%
Investment in associates			(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
			1,507,206	1,500,904

Notes to the condensed consolidated interim financial information

12 Investment properties

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Beginning of the period	8,161,737	7,168,089
Additions	2,983	1,560,382
Disposals	(1,668)	(568,139)
Fair value adjustment	-	1,405
End of the period	8,163,052	8,161,737

The fair value of the properties is based on the valuations performed by third party valuers as at 31 December 2023 and all are level 3 under fair value hierarchy.

13 Intangibles

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Goodwill	18,693,038	18,693,038
Customer relationship	1,778,055	1,778,055
Core deposits	704,336	704,336
License	368,700	368,700
Brand	22,000	22,000
Gross Intangibles	21,566,129	21,566,129
Accumulated amortisation	(1,479,444)	(1,430,562)
Total Intangibles	20,086,685	20,135,567

14 Due to banks and financial institutions

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Banks and financial institutions	38,289,476	37,281,302
Central banks	36,543,466	34,246,329
Total due to banks and financial institutions	74,832,942	71,527,631

15 Commercial paper

The Bank has a Euro Commercial Paper programme with a limit of USD 3.5 billion and a US Dollar Commercial Paper programme with a limit of USD 10 billion.

The notes outstanding as at the end of the reporting date amounted to AED 16,524 million (31 December 2023: AED 19,659 million) and have maturity period of less than 12 months.

The Group has not had any defaults of principal, interest or other breaches with respect to its Commercial paper programs during the three month period ended 31 March 2024 and 31 December 2023.

Notes to the condensed consolidated interim financial information

16 Customer accounts and other deposits

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
By account:		
Current accounts	306,735,724	329,825,330
Savings accounts	33,911,848	30,873,736
Margin accounts	2,806,445	2,611,168
Notice and time deposits	428,630,375	362,481,237
	772,084,392	725,791,471
Certificates of deposit	31,176,996	34,071,161
Total customer accounts and other deposits	803,261,388	759,862,632
By counterparty:		
Government sector	225,769,905	203,000,160
Public sector	83,384,212	72,682,261
Corporate / private sector	346,200,938	337,099,286
Personal / retail sector	116,729,337	113,009,764
	772,084,392	725,791,471
Certificates of deposit	31,176,996	34,071,161
Total customer accounts and other deposits	803,261,388	759,862,632

Included in the above Customer accounts and other deposits are the following Islamic deposits:

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Current account deposits	1,935,281	2,025,889
Margin deposits	82,454	77,910
Mudaraba saving deposits	4,776,166	3,855,652
Mudaraba term deposits	67,495	72,281
Wakala deposits	4,649,295	6,557,545
Murabaha Deposits	260,416	437,429
Total Islamic customer deposits	11,771,107	13,026,706

17 Term borrowings

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
At amortised cost	65,813,250	63,551,098
At fair value through profit or loss	526,873	387,829
Total term borrowings	66,340,123	63,938,927

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

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Beginning of the period	63,938,927	62,635,133
New issuances	9,077,168	8,139,830
Redemptions	(5,283,138)	(8,396,933)
Fair valuation, exchange and other adjustments	(1,392,834)	1,560,897
End of the period	66,340,123	63,938,927

Notes to the condensed consolidated interim financial information

17 Term borrowings (continued)

Currency	Interest (range)	31 Mar 2024 (unaudited)						31 Dec 2023 (audited)					
		Up to 3 months AED'000	3 months to 1 year AED'000	1 to 3 years AED'000	3 to 5 years AED'000	Over 5 years AED'000	Total AED'000	Up to 3 months AED'000	3 months to 1 year AED'000	1 to 3 years AED'000	3 to 5 years AED'000	Over 5 years AED'000	Total AED'000
AED	Fixed rate of 4.00% to 6.00% p.a.	3,737	-	1,368,177	6,246	-	1,378,160	-	3,720	1,385,261	6,351	-	1,395,332
AUD	Fixed rate of 1.87%	-	-	144,650	-	-	144,650	-	-	150,377	-	-	150,377
AUD	3 month AUD BBSW + up to 4.382% p.a.	-	837,543	433,686	-	71,578	1,342,807	-	-	1,328,235	-	74,923	1,403,158
CHF	Fixed rate of 0.07% to 1.072% p.a.	-	1,409,034	3,182,779	572,160	-	5,163,973	-	1,500,499	2,329,986	1,682,521	-	5,513,006
CNH	Fixed rate of 3% to 4.1% p.a.	-	992,937	4,459,803	-	-	5,452,740	432,778	942,711	4,355,812	78,345	-	5,809,646
EUR	Fixed rate of 0.125% to 3.00% p.a.	-	96,871	3,148,699	1,853,019	158,827	5,257,416	-	98,054	3,221,863	1,910,461	164,070	5,394,448
GBP	Fixed rate of 0.138% to 2.205% p.a.	-	-	2,883,816	-	78,288	2,962,104	-	-	2,905,575	-	80,239	2,985,814
HKD	Fixed rate of 0.85% to 3.94% p.a.	139,391	-	1,040,653	176,127	-	1,356,171	-	138,234	1,042,406	179,111	-	1,359,751
JPY	Fixed rate of 0.235% to 2.60% p.a.	-	-	237,473	-	-	237,473	52,017	-	257,100	-	-	309,117
MXN	Fixed rate of 0.50% p.a.	-	-	-	11,916	-	11,916	-	-	-	11,316	-	11,316
PHP	Fixed rate of 3.80% p.a.	144,926	-	-	-	-	144,926	-	146,168	-	-	-	146,168
NZD	Fixed rate of 5.5% p.a.	-	-	-	77,459	-	77,459	-	-	-	82,837	-	82,837
USD	Fixed rate of till 7.68% p.a.	240,673	4,106,423	4,201,298	14,663,798	7,675,048	30,887,240	4,586,043	921,551	5,897,947	10,402,235	8,032,135	29,839,911
USD	3 Month LIBOR + till 5.677% p.a.	220,380	4,003,558	1,854,341	-	183,650	6,261,929	183,650	3,911,745	1,982,833	-	183,650	6,261,878
USD	USD SOFR QRT OB SHIFT - 5BD + 3.725 % to 5.367%	-	-	2,923,620	2,737,539	-	5,661,159	-	183,638	213,034	2,879,496	-	3,276,168
Total term borrowings		749,107	11,446,366	25,878,995	20,098,264	8,167,391	66,340,123	5,254,488	7,846,320	25,070,429	17,232,673	8,535,017	63,938,927

Notes to the condensed consolidated interim financial information

18 Subordinated notes

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
10 December 2012 issue (4.75 percent fixed rate maturing on 9 December 2027) (Currency of issuance – MYR)	368,979	384,726
4 October 2023 issue (6.32 percent fixed rate until 4 April 2029 and if not called, then from 4 April 2029 to the maturity date, the prevailing 5-Year US Treasury rate + 1.70%, maturing on 4 April 2034) (Currency of issuance – USD)	3,722,915	3,806,691
Total subordinated notes	4,091,894	4,191,417

The Group has hedged the interest rate and foreign currency exposure on the subordinated notes. The Bank has not had any defaults of principal, interest, or other breaches with respect to its subordinated notes during the three month period ended 31 March 2024 and 31 December 2023.

19 Capital and reserves

Share capital

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Authorised share capital	11,047,612	11,047,612
Ordinary shares of AED 1 each	11,047,612	11,047,612
Treasury shares of AED 1 each	6,505	6,505

At the Annual General Meeting (AGM) held on 5 March 2024, the shareholders of the Bank approved a cash dividend of AED 0.71 per ordinary share amounting to AED 7,844 million (31 Dec 2022: cash dividend of AED 0.52 per ordinary share amounting to AED 5,745 million).

Other reserves

Other reserves include the following:

	Fair value reserve AED'000	General reserve AED'000	Foreign currency translation reserve AED'000	IFRS 9 reserve - specific AED'000	IFRS 9 reserve – collective AED'000	Total AED'000
As at 1 January 2024	(1,185,349)	228,265	(2,924,527)	1,221,969	2,868,344	208,702
Other comprehensive loss for the period	(44,975)	-	(1,740,262)	-	-	(1,785,237)
Realised gain on sale of FVOCI investment	-	-	-	-	-	-
As at 31 March 2024	(1,230,324)	228,265	(4,664,789)	1,221,969	2,868,344	(1,576,535)
As at 1 January 2023	(2,270,259)	228,265	(2,175,695)	1,221,969	2,160,257	(835,463)
Other comprehensive loss for the period	(134,179)	-	(737,225)	-	-	(871,404)
Realised gain on sale of FVOCI investment	(961)	-	-	-	-	(961)
As at 31 March 2023	(2,405,399)	228,265	(2,912,920)	1,221,969	2,160,257	(1,707,828)

Notes to the condensed consolidated interim financial information

20 Tier 1 capital notes

	Currency	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Government of Abu Dhabi Notes (6 month EIBOR plus 2.3 percent per annum)	AED	8,000,000	8,000,000
USD 750 million Notes (4.50 percent fixed rate per annum, thereafter reset on the first date and every sixth anniversary thereafter on the basis of the aggregate of the margin and the relevant six year reset on the relevant U.S. Securities determination date)	USD	2,754,750	2,754,750
Total Tier 1 capital notes		10,754,750	10,754,750

Tier 1 capital notes are perpetual, subordinated, unsecured and carry coupons to be 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, the coupon payment election was made by the Bank amounting to AED 319,060 thousand (31 March 2023: AED 234,478 thousand).

21 Share based payment

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

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

During the period, no shares (31 March 2023: nil) have been awarded, therefore reallocated from treasury shares held to share capital by nil (31 March 2023: AED nil thousand) and share premium has been adjusted by nil (31 March 2023: AED nil) accordingly relating to this.

Notes to the condensed consolidated interim financial information

22 Net foreign exchange gain

	(unaudited) Three month period ended 31 Mar 2024 AED'000	(unaudited) Three month period ended 31 Mar 2023 AED'000
Trading and retranslation gain on foreign exchange and related derivatives ¹	688,137	751,529
Dealings with customers	361,771	304,932
Total net foreign exchange gain	1,049,908	1,056,461

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

23 Net gain on investments and derivatives

	(unaudited) Three month period ended 31 Mar 2024 AED'000	(unaudited) Three month period ended 31 Mar 2023 AED'000
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	1,062,968	544,970
Net loss from sale of non trading investment securities	(101,229)	(135,988)
Dividend and other income	42,197	22,908
Total net gain on investments and derivatives	1,003,936	431,890

24 General, administration and other operating expenses

	(unaudited) Three month period ended 31 Mar 2024 AED'000	(unaudited) Three month period ended 31 Mar 2023 AED'000
Staff costs	976,393	864,031
Depreciation	209,180	238,328
Information technology expenses	326,992	218,929
Professional fees	66,809	86,642
Communication expenses	53,662	51,570
Amortisation of intangibles	55,714	48,510
Premises expenses	50,320	43,130
Publicity and advertisement	31,242	24,204
Sponsorships and donations	18,775	20,770
Other general and administration expenses	126,623	91,470
Total general, administration and other operating expenses	1,915,710	1,687,584

Notes to the condensed consolidated interim financial information

25 Net impairment charge

	(unaudited) Three month period ended 31 Mar 2024 AED'000	(unaudited) Three month period ended 31 Mar 2023 AED'000
Impairment charge on		
loans, advances and Islamic financing	982,751	662,255
other financial assets	45,163	67,895
unfunded exposures	21,533	116,223
other non-financial instruments	(56)	15
Recoveries	(96,647)	(70,361)
Write-off of impaired financial assets	71,768	22,126
Total net impairment charge	1,024,512	798,153

26 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) Three month period ended 31 Mar 2024	(unaudited) Three month period ended 31 Mar 2023 Restated
Basic earnings per share:		
Net profit for the period (AED'000)	4,151,375	3,928,994
Less: payment on Tier 1 capital notes (AED'000)	(319,060)	(234,478)
Net profit after payment of Tier 1 capital notes (AED'000)	3,832,315	3,694,516
Weighted average number of ordinary shares:		
Weighted average number of ordinary shares ('000)	11,041,107	11,041,107
Basic earnings per share (AED)	0.35	0.34
Diluted earnings per share:		
Net profit for the period for calculating diluted earnings per share (AED'000)	3,832,315	3,694,516
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	11,041,107	11,041,107
Diluted earnings per share (AED)	0.35	0.34

Notes to the condensed consolidated interim financial information

27 Cash and cash equivalents

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Cash and balances with Central Banks	273,654,955	233,554,679
Due from banks and financial institutions	23,528,010	25,324,087
	297,182,965	258,878,766
Less: Balances with Central Banks maturing after three months of placement	(178,111)	(558,971)
Less: Due from banks and financial institutions maturing after three months of placement	(618,017)	(335,265)
Less: Restricted deposits with Central Banks for regulatory purposes	(751,827)	(786,946)
Total cash and cash equivalents	295,635,010	257,197,584

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Central banks and highly liquid financial assets with original maturities of three months or less from the date of its acquisition.

28 Commitments and contingencies

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

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

	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Letter of credit	44,547,875	48,150,582
Letters of guarantees	118,410,449	115,894,391
Financial guarantees	780,868	1,223,982
Trade contingencies	163,739,192	165,268,955
Undrawn commitment to extend credit	84,161,442	77,843,453
Commitments for future private equity investments	1,680,476	1,806,896
	85,841,918	79,650,349
Total commitments and contingencies	249,581,110	244,919,304

Notes to the condensed consolidated interim financial information

29 Segmental information

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

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's CEO (the Group's chief operating decision maker) in order to allocate resources to the segment and to assess its performance. Information reported to the Group's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to different markets.

Business segments

Investment Banking (“IB”)

IB offers banking and financing solutions, including corporate & Islamic finance, capital markets, transaction banking, trade, liquidity and cash management services along with a broad range of risk management solutions across credit, rates, FX and money market products. Focused on Institutional clients. The IB team enhances product delivery and specialization across various customer sectors which includes Government, Sovereign & Public Sector, Sovereign Wealth Fund & Financial Sponsors, Natural Resources, Global Diversified Industrials, Financial Institutions Group & Global Subsidiaries.

Corporate & Commercial Banking (“CCB”)

CCB focuses on large corporates, medium and small entities with diversified products offering across sub segments which includes Corporate Banking, Contracting, Commercial Banking and Privileged Client Group.

Global Markets - trading (“GM-trading”)

GM-trading encompasses trading, market-making, risk management and investment management activities across Linear products (FX, Rates, Credit and Securities financing), Structured Products, Commodities, and Investments. Global Markets Trading delivers best in class trading & risk management solutions, providing our clients access to a broad range of financial products. Global Markets sales income which are pertaining to customers are reflected in the respective underlying business segment managing the client relationship.

Consumer Banking (“CB”)

The business targets consumer & elite segment across conventional and Islamic sector. The products' ranges offered include everyday banking products such as current accounts, deposits, credit cards, loans, wealth products etc. The business furnishes variety of distribution and sales channels, including mobile and internet banking, branches, direct sales agents and through its banking subsidiaries namely First Abu Dhabi Islamic Finance.

Global Private Banking (“GPB”)

The business targets affluent and high net-worth customers across conventional and Islamic sector. The products' ranges offered include everyday banking products plus sophisticated investment solutions, brokerage and securities services. The business furnishes variety of distribution and sales channels, including mobile and internet banking, branches, relationship managers and through its banking subsidiaries namely FAB Securities.

Head office (“HO”)

The Group provides centralized human resources, information technology, operations, finance, strategy, investor relations, risk management, credit management, corporate communications, legal & compliance, internal audit, procurement, treasury operations and administrative support to all of its business units. As part of the Group's diversified business model, HO also includes certain subsidiaries partially or fully owned by the Group, providing banking services and other complementary offerings across real estate and property management services. These include FAB Misr, First Gulf Libya, Mismak, FAB Properties, Abu Dhabi National Properties and certain other portfolios.

Geographic segments

The Group is managing its various business segments through a network of branches, subsidiaries and representative offices within the two defined geographic segments which are UAE and International. Balance sheet and income statement information presented within this section is principally the location from which a client relationship exists and is managed, which may differ from where it is financially booked.

Notes to the condensed consolidated interim financial information

29 Segmental information (continued)

	Investment Banking AED'000	Corporate and commercial Banking AED'000	Global Markets-trading AED'000	Business Segment			Total AED'000	Geographic Segment		
				Global Private Banking AED'000	Consumer Banking AED'000	Head Office AED'000		UAE AED'000	International AED'000	Total AED'000
For the three month period ended 31 March 2024 (unaudited)										
Net interest income and income from Islamic financing and investing products	1,982,977	1,342,238	125,423	225,516	806,879	370,837	4,853,870	4,056,611	797,259	4,853,870
Net non-interest income	785,589	431,050	669,756	82,097	287,949	860,573	3,117,014	1,878,810	1,238,204	3,117,014
Operating income	2,768,566	1,773,288	795,179	307,613	1,094,828	1,231,410	7,970,884	5,935,421	2,035,463	7,970,884
General administration and other operating expenses	403,330	225,854	91,573	129,751	586,209	478,993	1,915,710	1,400,768	514,942	1,915,710
Net impairment charge	(7,266)	410,404	4,192	2,972	185,913	428,297	1,024,512	970,654	53,858	1,024,512
Profit before taxation	2,372,502	1,137,030	699,414	174,890	322,706	324,120	5,030,662	3,563,999	1,466,663	5,030,662
Income tax expense	219,428	111,160	148,096	28,695	20,087	342,168	869,634	424,584	445,050	869,634
Net profit for the period	2,153,074	1,025,870	551,318	146,195	302,619	(18,048)	4,161,028	3,139,415	1,021,613	4,161,028
As at 31 March 2024 (unaudited)										
Segment total assets	270,503,340	166,100,404	226,618,156	31,469,553	62,102,478	586,946,875	1,343,740,806	993,257,086	380,245,302	1,373,502,388
Inter segment balances							(108,729,270)			(138,490,852)
Total assets							1,235,011,536			1,235,011,536
Segment total liabilities	460,583,907	139,752,683	213,026,741	35,432,983	72,157,745	303,149,257	1,224,103,316	904,911,489	348,953,409	1,253,864,898
Inter segment balances							(108,729,270)			(138,490,852)
Total liabilities							1,115,374,046			1,115,374,046

Notes to the condensed consolidated interim financial information

29 Segmental information (continued)

	Investment Banking AED'000	Corporate and commercial Banking AED'000	Global Markets-trading AED'000	Business Segment			Total AED'000	Geographic Segment						
				Global Private Banking AED'000	Consumer Banking AED'000	Head Office AED'000		UAE AED'000	International AED'000	Total AED'000				
For the three month period ended 31 March 2023 (unaudited)														
Net interest income and income from Islamic financing and investing products														
Islamic financing and investing products	1,562,361	1,313,539	227,511	199,929	628,395	459,122	4,390,857	3,667,993	722,864	4,390,857				
Net non-interest income	633,019	364,955	379,387	74,354	170,942	716,645	2,339,302	1,527,762	811,540	2,339,302				
Operating income	2,195,380	1,678,494	606,898	274,283	799,337	1,175,767	6,730,159	5,195,755	1,534,404	6,730,159				
General administration and other operating expenses	332,119	195,563	82,348	119,610	513,524	444,420	1,687,584	1,281,821	405,763	1,687,584				
Net impairment charge	75,613	522,366	23,061	19,087	111,903	46,123	798,153	640,565	157,588	798,153				
Profit before taxation	1,787,648	960,565	501,489	135,586	173,910	685,224	4,244,422	3,273,369	971,053	4,244,422				
Income tax expense	30,386	9,186	43,133	14,504	(4)	213,529	310,734	61,193	249,541	310,734				
Net profit for the period	1,757,262	951,379	458,356	121,082	173,914	471,695	3,933,688	3,212,176	721,512	3,933,688				
As at 31 December 2023 (audited)														
Segment total assets	275,936,035	159,788,735	225,153,645	31,057,235	60,309,531	525,173,700	1,277,418,881	976,147,931	339,284,145	1,315,432,076				
Inter segment balances							(108,786,320)			(146,799,515)				
Total assets							1,168,632,561			1,168,632,561				
Segment total liabilities	436,049,438	159,277,710	207,148,928	33,795,149	65,741,795	249,982,756	1,151,995,776	879,630,797	310,378,174	1,190,008,971				
Inter segment balances							(108,786,320)			(146,799,515)				
Total liabilities							1,043,209,456			1,043,209,456				

Notes to the condensed consolidated interim financial information

30 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholder, directors and key management personnel of the Group. Key management personnel comprise those executive committee members "EXCO" of the Group who are involved in the strategic planning and decision making of the Group. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

The Group operates in a market dominated by entities directly or indirectly controlled by the Government of Abu Dhabi through its government authorities, agencies, affiliations and other organizations, collectively referred to as government-related entities. The Group has transactions with other government-related entities and these transactions are conducted in the ordinary course of its business on terms agreed by the Board.

Details of Board of Directors remuneration and key management personnel remuneration is as follows:

	(unaudited) 31 Mar 2024 AED'000	(unaudited) 31 Mar 2023 AED'000
BOD remuneration during the year	45,000	45,000
Short term benefits	40,375	33,882
Long term benefits	680	862

The balances with related parties are allocated to the ECL model. As at 31 March 2024, the ECL allowance held against related party balances amounted to AED 27 million (31 December 2023: AED 34 million).

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

	Board of directors AED'000	Major shareholders AED'000	Senior Management AED'000	Associates AED'000	Total AED'000
As of 31 March 2024 (unaudited)					
Financial assets					
Investments at fair value through profit or loss	-	151,239	-	-	151,239
Reverse purchase agreements	-	355,662	-	-	355,662
Derivative financial instruments	-	25,646	-	-	25,646
Loans, advances and Islamic financing	2,780,914	31,305,593	114,791	846,864	35,048,162
Non trading investment securities	-	3,439,000	-	-	3,439,000
Other assets	36,048	694,363	4,163	636	735,210
Financial liabilities					
Derivative financial instruments	-	220,990	-	-	220,990
Customer accounts and other deposits	10,719,960	15,365,591	81,566	699,347	26,866,464
Other liabilities	113,116	102,304	96	359	215,875
Contingent liabilities					
Derivatives	-	7,749,706	-	-	7,749,706
Letter of credits	1,564	242,224	-	-	243,788
Letter of guarantees	27,765	1,121,065	-	184	1,149,014
Financial guarantees	-	135,645	-	-	135,645
For the period ended 31 March 2024 (unaudited)					
Interest income	34,243	484,698	1,342	10,666	530,949
Interest expense	115,319	113,743	290	25,461	254,813
Fee and commission income	1,717	34,890	4	1,117	37,728
Fee and commission expense	-	-	-	28,879	28,879
Net gain on investments and derivatives	-	23,673	-	11,100	34,773

Notes to the condensed consolidated interim financial information

30 Related parties (Continued)

	Board of directors AED'000	Major shareholders AED'000	Senior Management AED'000	Associates AED'000	Total AED'000
As of 31 December 2023 (audited)					
Financial assets					
Investments at fair value through profit or loss	-	60,830	-	-	60,830
Reverse purchase agreements	-	538,691	-	-	538,691
Derivative financial instruments	-	51,636	-	-	51,636
Loans, advances and Islamic financing	2,845,809	30,982,683	106,486	861,978	34,796,956
Non trading investment securities	-	3,787,601	-	-	3,787,601
Other assets	27,183	567,698	3,002	510	598,393
Financial liabilities					
Derivative financial instruments	-	223,708	-	-	223,708
Customer accounts and other deposits	13,038,346	8,649,230	47,052	824,731	22,559,359
Other liabilities	194,465	43,569	298	5	238,337
Contingent liabilities					
Derivatives	-	8,287,164	-	-	8,287,164
Letter of credits	-	351,934	-	-	351,934
Letter of guarantees	28,735	1,072,893	-	184	1,101,812
For the period ended 31 March 2023 (unaudited)					
Interest income	30,751	424,786	754	26,456	482,747
Interest expense	60,245	227,662	99	39,630	327,636
Fee and commission income	1,664	5,190	7	13,031	19,892
Fee and commission expense	-	-	-	1,508	1,508
Net gain on investments and derivatives	-	21,470	-	-	21,470

31 Financial risk management

Credit risk

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and cause the Group to incur a financial loss. It arises principally from the Group's loans, advances and Islamic financing, due from banks and financial institutions, reverse repurchase agreements and non-trading debt investments, derivative financial instruments and certain other financial assets.

Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortised cost, and fair value through other comprehensive income (FVOCI) debt investments without considering collateral or other credit enhancement. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Notes to the condensed consolidated interim financial information

31 Financial risk management (continued)

Credit risk (continued)

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

As at 31 March 2024 (unaudited)	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired ⁴		Total	
	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000
Balances with central Banks	270,682,644	47,487	1,132,895	118,063	-	-	-	-	271,815,539	165,550
Due from banks and financial institutions	21,584,478	17,751	1,943,532	40,633	-	-	-	-	23,528,010	58,384
Reverse repurchase agreements	68,314,630	84,955	-	-	-	-	-	-	68,314,630	84,955
Loans, advances and Islamic financing ¹	490,570,822	1,957,708	12,289,393	2,053,580	22,846,666	9,233,095	4,055,077	498,840	529,761,958	13,743,223
Non-trading investment securities										
Amortised cost	4,223,743	1,666	-	-	-	-	-	-	4,223,743	1,666
FVOCI Debt ²	176,000,287	170,054	213,414	11,369	-	-	-	-	176,213,701	181,423
Other assets ³	19,925,565	229,561	6,225	124	1,543	330	-	-	19,933,333	230,015
Unfunded exposure	241,792,156	449,515	4,491,152	165,174	1,614,222	478,692	3,104	2,163	247,900,634	1,095,544
	1,293,094,325	2,958,697	20,076,611	2,388,943	24,462,431	9,712,117	4,058,181	501,003	1,341,691,548	15,560,760

¹The exposure represents gross loans, advances and Islamic financing.

²The provision against financial instruments classified as FVOCI is included in the fair value reserve.

³On certain assets included as part of other assets, ECL is computed based on simplified approach.

⁴The Group, from an internal credit quality point of view, considers AED 3,952 million as par to non-performing loans, advances and Islamic financing.

Notes to the condensed consolidated interim financial information

31 Financial risk management (continued)

Credit risk (continued)

As at 31 December 2023 (audited)	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired ⁴		Total	
	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000	Exposure AED'000	Provision AED'000
Balances with central banks	230,597,350	46,329	1,037,306	118,065	-	-	-	-	231,634,656	164,394
Due from banks and financial institutions	23,610,061	17,077	1,714,026	40,640	-	-	-	-	25,324,087	57,717
Reverse repurchase agreements	78,590,879	87,016	-	-	-	-	-	-	78,590,879	87,016
Loans, advances and Islamic financing ¹	464,786,263	1,626,769	12,938,125	1,918,653	22,924,288	9,422,849	3,992,464	532,818	504,641,140	13,501,089
Non trading investment securities										
Amortised cost	4,375,427	1,329	-	-	-	-	-	-	4,375,427	1,329
FVOCI Debt ²	170,586,561	131,957	129,294	8,137	-	-	-	-	170,715,855	140,094
Other assets ³	18,662,500	298,582	10,579	167	10,531	1,645	-	-	18,683,610	300,394
Unfunded exposure	237,130,443	362,250	4,313,296	163,493	1,663,900	498,425	4,769	3,300	243,112,408	1,027,468
	1,228,339,484	2,571,309	20,142,626	2,249,155	24,598,719	9,922,919	3,997,233	536,118	1,277,078,062	15,279,501

¹The exposure represents gross loans, advances and Islamic financing.

²The provision against financial instruments classified as FVOCI is included in the fair value reserve.

³On certain assets included as part of other assets, ECL is computed based on simplified approach.

⁴The Group, from an internal credit quality point of view, considers AED 3,885 million as par to non-performing loans, advances and Islamic financing.

Notes to the condensed consolidated interim financial information

31 Financial risk management (continued)

Credit risk (continued)

The movement of gross exposure is as follows:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Loans, advances and Islamic financing					
Balance as at 1 January 2024	464,786,263	12,938,125	22,924,288	3,992,464	504,641,140
Transfers:					
Transfer from Stage 1 to Stage 2	(1,099,353)	1,099,353	-	-	-
Transfer from Stage 1 to Stage 3	(334,067)	-	334,067	-	-
Transfer from Stage 2 to Stage 1	847,566	(847,566)	-	-	-
Transfer from Stage 2 to Stage 3	-	(616,636)	616,636	-	-
Transfer from Stage 3 to Stage 2	-	378,740	(378,740)	-	-
Transfer from Stage 3 to Stage 1	50,157	-	(50,157)	-	-
	(535,697)	13,891	521,806		
Net non-stage movements	26,324,278	(659,294)	31,731	63,523	25,760,238
Net amounts written-off	(4,022)	(3,329)	(631,159)	(910)	(639,420)
Balance as at 31 March 2024	490,570,822	12,289,393	22,846,666	4,055,077	529,761,958
Unfunded exposure					
Balance as at 1 January 2024	237,130,443	4,313,296	1,663,900	4,769	243,112,408
Transfers:					
Transfer from Stage 1 to Stage 2	(922,023)	922,023	-	-	-
Transfer from Stage 1 to Stage 3	(2,227)	-	2,227	-	-
Transfer from Stage 2 to Stage 1	110,370	(110,370)	-	-	-
Transfer from Stage 2 to Stage 3	-	(4,945)	4,945	-	-
Transfer from Stage 3 to Stage 2	-	3,790	(3,790)	-	-
	(813,880)	810,498	3,382	-	-
Net non-stage movements	5,475,593	(632,642)	(53,060)	(1,665)	4,788,226
Balance as at 31 March 2024	241,792,156	4,491,152	1,614,222	3,104	247,900,634
Loans, advances and Islamic financing					
Balance as at 1 January 2023	441,557,544	13,261,515	20,898,190	4,007,217	479,724,466
Transfers:					
Transfer from Stage 1 to Stage 2	(2,167,860)	2,167,860	-	-	-
Transfer from Stage 1 to Stage 3	(396,240)	-	396,240	-	-
Transfer from Stage 2 to Stage 1	1,080,942	(1,080,942)	-	-	-
Transfer from Stage 2 to Stage 3	-	(825,990)	825,990	-	-
Transfer from Stage 3 to Stage 2	-	416,640	(416,640)	-	-
Transfer from Stage 3 to Stage 1	25,267	-	(25,267)	-	-
	(1,457,891)	677,568	780,323	-	-
Net non-stage movements	15,306,874	(583,009)	(209,284)	(275)	14,514,306
Net amounts written-off	(12,032)	(15,056)	(164,746)	(4,232)	(196,066)
Balance as at 31 March 2023	455,394,495	13,341,018	21,304,483	4,002,710	494,042,706

Notes to the condensed consolidated interim financial information

31 Financial risk management (continued)

Credit risk (continued)

Unfunded exposure	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance as at 1 January 2023	225,880,558	4,698,776	1,340,630	10,949	231,930,913
Transfers:					
Transfer from Stage 1 to Stage 2	(237,412)	237,412	-	-	-
Transfer from Stage 1 to Stage 3	(45,524)	-	45,524	-	-
Transfer from Stage 2 to Stage 1	124,327	(124,327)	-	-	-
Transfer from Stage 2 to Stage 3	-	(30,226)	30,226	-	-
Transfer from Stage 3 to Stage 2	-	308	(308)	-	-
Transfer from Stage 3 to Stage 1	14,601	-	(14,601)	-	-
	(144,008)	83,167	60,841	-	-
Net non-stage movements	(4,507,770)	(288,373)	(183,506)	(3,021)	(4,982,670)
Balance as at 31 March 2023	221,228,780	4,493,570	1,217,965	7,928	226,948,243

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in the Group's accounting policy; refer note 6(a)(vii) of the consolidated financial statements for the year ended 31 December 2023.

	Stage 1 ¹ AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance as at 1 January 2024	2,571,309	2,249,155	9,922,919	536,118	15,279,501
Transfers:					
Transfer from Stage 1 to Stage 2	(66,241)	66,241	-	-	-
Transfer from Stage 1 to Stage 3	(12,068)	-	12,068	-	-
Transfer from Stage 2 to Stage 1	86,029	(86,029)	-	-	-
Transfer from Stage 2 to Stage 3	-	(127,759)	127,759	-	-
Transfer from Stage 3 to Stage 2	-	81,734	(81,734)	-	-
Transfer from Stage 3 to Stage 1	37,626	-	(37,626)	-	-
	45,346	(65,813)	20,467	-	-
Impact of change in provision	396,789	285,822	367,047	(267)	1,049,391
Write-offs and other adjustments	(54,747)	(80,221)	(598,316)	(34,848)	(768,132)
Balance as at 31 March 2024	2,958,697	2,388,943	9,712,117	501,003	15,560,760
	Stage 1 ¹ AED'000	Stage 2 AED'000	Stage 3 AED'000	POCI AED'000	Total AED'000
Balance as at 1 January 2023	2,294,631	2,987,603	9,584,378	755,468	15,622,080
Transfers:					
Transfer from Stage 1 to Stage 2	(24,608)	24,608	-	-	-
Transfer from Stage 1 to Stage 3	(12,237)	-	12,237	-	-
Transfer from Stage 2 to Stage 1	64,425	(64,425)	-	-	-
Transfer from Stage 2 to Stage 3	-	(212,383)	212,383	-	-
Transfer from Stage 3 to Stage 2	-	46,149	(46,149)	-	-
Transfer from Stage 3 to Stage 1	10,826	-	(10,826)	-	-
	38,406	(206,051)	167,645	-	-
Impact of change in provision	226,962	251,793	388,045	(20,412)	846,388
Write-offs and other adjustments	(5,134)	(28,315)	(177,128)	(48,168)	(258,745)
Balance as at 31 March 2023	2,554,865	3,005,030	9,962,940	686,888	16,209,723

¹On certain assets included as part of other assets, ECL is computed based on simplified approach.

Notes to the condensed consolidated interim financial information

31 Financial risk management (continued)

Credit risk (continued)

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

	Non trading investment securities		Investments at fair value through profit or loss	
	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
Government sector	123,353,162	122,785,913	39,267,784	36,556,938
Supranational	1,179,720	995,368	13,174	1,919
Public sector	11,520,810	13,494,209	715,914	678,064
Banking sector	26,354,156	26,685,161	2,524,346	1,631,766
Corporate / private sector	22,368,717	15,683,952	6,561,663	6,340,106
	184,776,565	179,644,603	49,082,881	45,208,793
Less: allowance for impairment (expected credit loss) on amortised cost securities	(1,666)	(1,329)	-	-
	184,774,899	179,643,274	49,082,881	45,208,793

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

	Non trading investment securities		Investments at fair value through profit or loss	
	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000	(unaudited) 31 Mar 2024 AED'000	(audited) 31 Dec 2023 AED'000
AAA	29,275,403	26,603,942	489,242	694,307
AA to A	122,828,199	117,559,014	25,773,328	24,034,798
BBB and below	26,503,082	28,885,291	17,327,007	14,783,335
CCC and below	700,215	657,718	16	14
Unrated	5,469,666	5,938,638	5,493,288	5,696,339
	184,776,565	179,644,603	49,082,881	45,208,793
Less: allowance for impairment (expected credit loss) on amortised cost securities	(1,666)	(1,329)	-	-
	184,774,899	179,643,274	49,082,881	45,208,793

Investments at fair value through profit or loss includes investment in equity instruments and private equity funds which do not carry credit risk (refer note 8).

Notes to the condensed consolidated interim financial information

32 Financial assets and liabilities

Financial instruments measured at fair value - hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 Mar 2024 (unaudited)				
Investment at fair value through profit or loss	8,742,844	37,058,037	3,282,000	49,082,881
FVOCI - with recycle to profit or loss	151,973,471	22,760,418	1,479,812	176,213,701
FVOCI - without recycle to profit or loss	1,166,167	2,965,889	207,065	4,339,121
Derivative financial instruments (Assets)	1,047,551	48,779,680	-	49,827,231
	162,930,033	111,564,024	4,968,877	279,462,934
Derivative financial instruments (Liabilities)	909,638	53,247,402	21,272	54,178,312
Term borrowings	-	526,873	-	526,873
	909,638	53,774,275	21,272	54,705,185
As at 31 Dec 2023 (audited)				
Investment at fair value through profit or loss	6,707,309	35,357,111	3,144,373	45,208,793
FVOCI - with recycle to profit or loss	133,541,666	36,255,139	919,050	170,715,855
FVOCI - without recycle to profit or loss	1,024,923	3,321,486	206,912	4,553,321
Derivative financial instruments (Assets)	634,043	45,775,514	11,129	46,420,686
	141,907,941	120,709,250	4,281,464	266,898,655
Derivative financial instruments (Liabilities)	931,145	50,070,564	355	51,002,064
Term borrowings	-	387,829	-	387,829
	931,145	50,458,393	355	51,389,893

Notes to the condensed consolidated interim financial information

32 Financial assets and liabilities (continued)

Financial instruments measured at fair value - hierarchy (continued)

The following table shows the transfer between the hierarchies:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 Mar 2024 (unaudited)				
Investment at fair value through profit or loss				
Transfer from 1 to 2	-	390,710	-	390,710
Transfer from 2 to 1	951,449	-	-	951,449
Non trading investment securities				
Transfer from 1 to 2	-	1,361,341	-	1,361,341
Transfer from 2 to 1	3,343,426	-	-	3,343,426
Transfer from 2 to 3	-	-	619,912	619,912
	4,294,875	1,752,051	619,912	6,666,838
As at 31 Dec 2023 (audited)				
Investment at fair value through profit or loss				
Transfer from 1 to 2	-	95,482	-	95,482
Transfer from 1 to 3	-	-	90,698	90,698
Transfer from 2 to 1	632,419	-	-	632,419
Transfer from 3 to 1	264	-	-	264
Non trading investment securities				
Transfer from 1 to 2	-	2,830,111	-	2,830,111
Transfer from 1 to 3	-	-	2,837	2,837
Transfer from 2 to 1	8,178,857	-	-	8,178,857
Transfer from 2 to 3	-	-	2,053	2,053
Transfer from 3 to 1	383,651	-	-	383,651
Transfer from 3 to 2	-	3,629,590	-	3,629,590
	9,195,191	6,555,183	95,588	15,845,962

Management considers that the carrying amounts of financial assets and liabilities recognised in the condensed consolidated interim financial information do not materially differ from their fair values.

The valuation techniques and inputs used in these condensed consolidated interim financial information are same as those prescribed in the Group as at and for the year ended 31 December 2023.

33 Comparative figures

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

Interest income on fair value through profit or loss bonds (three month period ended 31 March 2023: AED 36,460 thousand) that was previously classified within 'Interest income' & 'Income from Islamic financing and Investing products' has now been reclassified to 'Net gain on investments and derivatives' in the condensed consolidated interim statement of profit or loss.

Interest income on certain financial instruments (three month period ended 31 March 2023: AED 46,184 thousand) that was previously classified within 'Income from Islamic financing and investing products' has now been reclassified to 'Interest income' in the condensed consolidated interim statement of profit or loss. Interest expense on certain financial instruments (three month period ended 31 March 2023: AED 258,614 thousand) that was previously classified within 'Distribution on Islamic deposits' has now been reclassified to 'Interest expense' in the condensed consolidated interim statement of profit or loss.

Notes to the condensed consolidated interim financial information

34 Proposed transaction

On 9 June 2023, FAB entered into an agreement with affiliates of Brookfield Asset Management, together with other co-investors, for the proposed acquisition by BCP VI Neptune Bidco Holdings Limited of Network International Holdings Plc for approximately AED 10.3 billion (GBP 2.2 billion), subject to the terms and conditions set out in the scheme document. Under the terms of the agreement, FAB and other parties will provide equity funding, interim and revolving financing facilities.

FAB has committed co-investment in the form of equity funding of up to AED 2.7 billion (GBP 576 million), which will be provided upon completion of the acquisition. FAB is also providing AED 1.4 billion (USD 370 million) interim term and revolving facility to finance the acquisition. Upon completion of the acquisition and subject to regulatory approvals, Network International Holdings Plc is intended to be combined with BCP Growth Holdings Limited.

35 Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the three month period ended 31 March 2024.