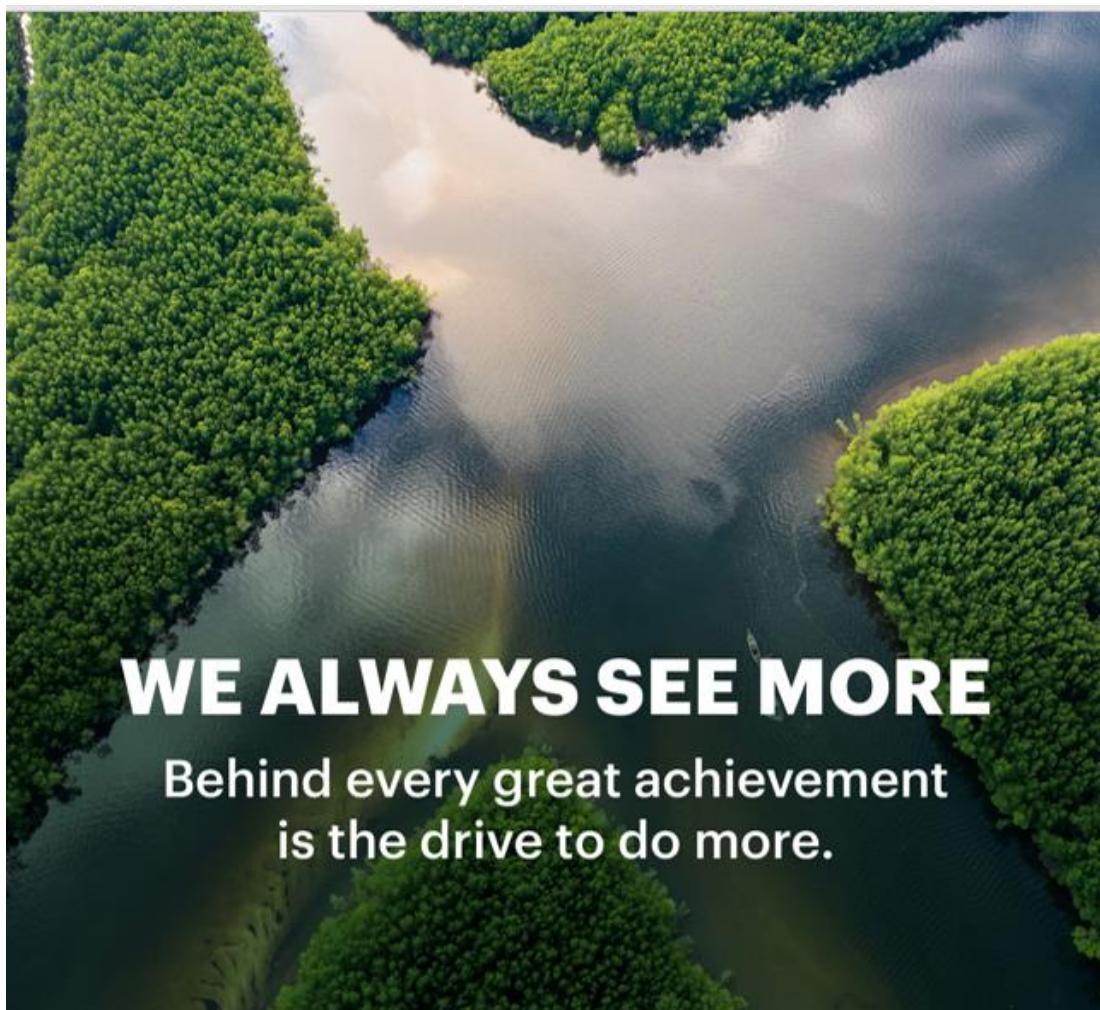


# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



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Behind every great achievement  
is the drive to do more.

FOR THE NINE MONTH PERIOD  
ENDED 30 SEPTEMBER 2023



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## Review report on condensed consolidated interim financial information to the Board of Directors of First Abu Dhabi Bank PJSC

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Abu Dhabi Bank PJSC (the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 September 2023 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated statement of changes in equity and cash flows for the nine-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.

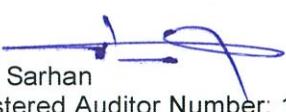
### Scope of review

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  
18 October 2023

  
Rami Sarhan  
Registered Auditor Number: 1152  
Place: Abu Dhabi, United Arab Emirates

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Jacques Fakhoury, Douglas O'Mahony, Wassim El Afchal, Murad Alnsour, Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practising auditors with the UAE Ministry of Economy

## Condensed consolidated interim statement of financial position

As at

	Note	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>Assets</b>			
Cash and balances with central banks	5	268,174,455	228,368,829
Investments at fair value through profit or loss	6	42,294,787	31,816,797
Due from banks and financial institutions		23,174,025	24,886,956
Reverse repurchase agreements		68,869,723	69,106,092
Derivative financial instruments		63,718,254	58,873,843
Loans, advances and Islamic financing	7	478,267,365	459,593,327
Non trading investment securities	8, 32	171,116,834	172,349,818
Investment in associates	9, 32	1,511,256	1,559,303
Investment properties	10	6,625,829	7,168,089
Property and equipment		5,435,222	5,795,207
Intangibles	11	20,185,122	20,332,179
Other assets		36,916,035	30,205,655
<b>Total assets</b>		<b>1,186,288,907</b>	<b>1,110,056,095</b>
<b>Liabilities</b>			
Due to banks and financial institutions	12	71,084,616	61,560,340
Repurchase agreements		23,565,340	39,004,515
Commercial paper	13	16,259,896	31,738,356
Derivative financial instruments		65,225,609	62,024,540
Customer accounts and other deposits	14	785,195,175	700,573,371
Term borrowings	15	60,741,305	62,635,133
Subordinated notes	16	375,950	420,620
Other liabilities		43,595,915	37,048,977
<b>Total liabilities</b>		<b>1,066,043,806</b>	<b>995,005,852</b>
<b>Equity</b>			
Share capital	17	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	17	(1,708,246)	(835,463)
Tier 1 capital notes	18	10,754,750	10,754,750
Share based payment		249,816	249,816
Retained earnings		33,242,976	27,185,679
<b>Total equity attributable to shareholders of the Bank</b>		<b>120,222,297</b>	<b>115,037,783</b>
Non-controlling interest		22,804	12,460
<b>Total equity</b>		<b>120,245,101</b>	<b>115,050,243</b>
<b>Total liabilities and equity</b>		<b>1,186,288,907</b>	<b>1,110,056,095</b>

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.

These condensed consolidated interim financial information were approved by the Board of Directors and authorized for issue on 18 October 2023 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 auditors 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 period ended (unaudited)

	Note	Nine Month Period Ended		Three Month Period Ended	
		30 Sep 2023 AED'000	30 Sep 2022 AED'000	30 Sep 2023 AED'000	30 Sep 2022 AED'000
Interest income	32	<b>42,337,740</b>	17,343,957	<b>15,636,048</b>	8,028,586
Interest expense		(29,358,852)	(8,049,955)	(11,186,618)	(4,614,989)
<b>Net interest income</b>		<b>12,978,888</b>	9,294,002	<b>4,449,430</b>	3,413,597
Income from Islamic financing and investing products		<b>2,238,025</b>	1,444,927	<b>706,819</b>	364,451
Distribution on Islamic deposits		(1,808,029)	(696,667)	(579,642)	(147,301)
<b>Net income from Islamic financing and investing products</b>		<b>429,996</b>	748,260	<b>127,177</b>	217,150
<b>Total net interest income and income from Islamic financing and investing products</b>		<b>13,408,884</b>	10,042,262	<b>4,576,607</b>	3,630,747
Fee and commission income		<b>3,205,743</b>	3,003,986	<b>1,070,256</b>	895,318
Fee and commission expense		(939,105)	(905,583)	(352,594)	(271,674)
<b>Net fee and commission income</b>		<b>2,266,638</b>	2,098,403	<b>717,662</b>	623,644
Net foreign exchange gain	20	<b>1,749,206</b>	399,570	<b>312,444</b>	376,390
Net gain on investments and derivatives	21,32	<b>2,993,646</b>	2,220,006	<b>1,362,602</b>	837,109
Other operating income		<b>119,949</b>	168,477	<b>6,207</b>	25,618
<b>Operating income</b>		<b>20,538,323</b>	14,928,718	<b>6,975,522</b>	5,493,508
Gain on disposal of stake in subsidiary and fair value gain on retained interest	22	-	3,093,703	-	-
<b>Total income including gain on disposal of stake in subsidiary and fair value gain on retained interest</b>		<b>20,538,323</b>	18,022,421	<b>6,975,522</b>	5,493,508
General, administration and other operating expenses	23	(5,225,591)	(4,704,587)	(1,806,382)	(1,600,968)
<b>Profit before net impairment charge and taxation</b>		<b>15,312,732</b>	13,317,834	<b>5,169,140</b>	3,892,540
Net impairment charge	24	(2,079,287)	(1,733,303)	(605,332)	(694,147)
<b>Profit before taxation</b>		<b>13,233,445</b>	11,584,531	<b>4,563,808</b>	3,198,393
Income tax expense		(818,035)	(629,090)	(302,126)	(274,077)
<b>Profit for the period</b>		<b>12,415,410</b>	10,955,441	<b>4,261,682</b>	2,924,316
<b>Profit attributable to:</b>					
Shareholders of the Bank		<b>12,394,975</b>	10,948,735	<b>4,254,798</b>	2,922,704
Non-controlling interests		<b>20,435</b>	6,706	<b>6,884</b>	1,612
		<b>12,415,410</b>	10,955,441	<b>4,261,682</b>	2,924,316
<b>Basic earnings per share (AED)</b>	25	<b>1.07</b>	0.96	<b>0.36</b>	0.25
<b>Diluted earnings per share (AED)</b>	25	<b>1.07</b>	0.96	<b>0.36</b>	0.25

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

The independent auditors 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 period ended (unaudited)

	Nine Month Period Ended		Three Month Period Ended	
	30 Sep 2023 AED'000	30 Sep 2022 AED'000	30 Sep 2023 AED'000	30 Sep 2022 AED'000
<b>Profit for the period</b>	<b>12,415,410</b>	10,955,441	<b>4,261,682</b>	2,924,316
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Exchange difference on translation of foreign operations	(767,445)	(704,685)	(24,008)	(258,375)
Net change in fair value reserve during the period (including ECL)	(69,221)	(4,937,486)	(114,596)	(1,394,591)
<b>Items that will not be reclassified to profit or loss</b>				
Equity investments at fair value through other comprehensive income net change in the fair value	(41,612)	(3,937)	40,037	(45,992)
Re-measurement of defined benefit obligations	(5,399)	6,913	1,118	1,941
Other adjustments	3,000	5,750	-	-
Other comprehensive loss for the period	(880,677)	(5,633,445)	(97,449)	(1,697,017)
<b>Total comprehensive income for the period</b>	<b>11,534,733</b>	5,321,996	<b>4,164,233</b>	1,227,299
<b>Comprehensive income attributable to:</b>				
Shareholders of the Bank	11,516,720	5,330,998	4,161,378	1,234,230
Non-controlling interest	18,013	(9,002)	2,855	(6,931)
<b>Total comprehensive income for the period</b>	<b>11,534,733</b>	5,321,996	<b>4,164,233</b>	1,227,299

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

The independent auditors 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 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
<b>Balance at 1 January 2023</b>	<b>11,047,612</b>	<b>53,557,581</b>	<b>(6,505)</b>	<b>13,084,313</b>	<b>(835,463)</b>	<b>10,754,750</b>	<b>249,816</b>	<b>27,185,679</b>	<b>115,037,783</b>	<b>12,460</b>	<b>115,050,243</b>
Profit for the period	-	-	-	-	-	-	-	12,394,975	12,394,975	20,435	12,415,410
Other comprehensive loss for the period	-	-	-	-	(875,856)	-	-	(2,399)	(878,255)	(2,422)	(880,677)
<i>Transactions with owners of the Group</i>											
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(5,741,375)	(5,741,375)	(7,669)	(5,749,044)
Payment on Tier 1 capital notes (note 18)	-	-	-	-	-	-	-	(590,831)	(590,831)	-	(590,831)
Realised gain on sale of FVOCI Investment	-	-	-	-	3,073	-	-	(3,073)	-	-	-
<b>Balance at 30 September 2023</b>	<b>11,047,612</b>	<b>53,557,581</b>	<b>(6,505)</b>	<b>13,084,313</b>	<b>(1,708,246)</b>	<b>10,754,750</b>	<b>249,816</b>	<b>33,242,976</b>	<b>120,222,297</b>	<b>22,804</b>	<b>120,245,101</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
<b>Balance at 1 January 2022</b>	<b>10,920,000</b>	<b>53,557,581</b>	<b>(6,430)</b>	<b>10,920,000</b>	<b>3,569,185</b>	<b>10,754,750</b>	<b>249,816</b>	<b>22,849,243</b>	<b>112,814,145</b>	<b>15,428</b>	<b>112,829,573</b>
Profit for the period	-	-	-	-	-	-	-	10,948,735	10,948,735	6,706	10,955,441
Other comprehensive (loss)/ income for the period	-	-	-	-	(5,621,220)	-	-	3,483	(5,617,737)	(15,708)	(5,633,445)
<i>Transactions with owners of the Group</i>											
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(5,347,648)	(5,347,648)	(6,796)	(5,354,444)
Scrip dividend for the year (note 17)	127,612	-	(75)	2,164,313	-	-	-	(2,291,850)	-	-	-
Payment on Tier 1 capital notes (note 18)	-	-	-	-	-	-	-	(314,473)	(314,473)	-	(314,473)
<b>Balance at 30 September 2022</b>	<b>11,047,612</b>	<b>53,557,581</b>	<b>(6,505)</b>	<b>13,084,313</b>	<b>(2,052,035)</b>	<b>10,754,750</b>	<b>249,816</b>	<b>25,847,490</b>	<b>112,483,022</b>	<b>(370)</b>	<b>112,482,652</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

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

The independent auditors 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 period ended (unaudited)

	Note	30 Sep 2023 AED'000	30 Sep 2022 AED'000
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>13,233,445</b>	11,584,531
Adjustments for:			
Depreciation and amortisation		<b>781,323</b>	788,449
Gain on sale of investment property		<b>(145,160)</b>	-
Gain on sale of property and equipment		<b>(375)</b>	(4,300)
Gain on sale of a subsidiary	22	-	(3,093,703)
Net impairment charge		<b>2,398,475</b>	1,943,326
Accreted interest		<b>519,348</b>	253,509
		<b>16,787,056</b>	11,471,812
<b>Changes in:</b>			
Investments at fair value through profit or loss		<b>(10,596,865)</b>	11,104,168
Due from central banks, banks and financial institutions		<b>1,227,962</b>	(20,686,132)
Reverse repurchase agreements		<b>210,374</b>	(12,125,238)
Loans, advances and Islamic financing		<b>(20,930,953)</b>	(57,678,316)
Other assets		<b>(6,164,927)</b>	(5,293,454)
Due to banks and financial institutions		<b>9,524,276</b>	17,813,084
Repurchase agreements		<b>(15,439,175)</b>	(18,639,007)
Customer accounts and other deposits		<b>84,621,804</b>	131,421,718
Derivative financial instruments		<b>(3,473,088)</b>	(5,879,572)
Other liabilities		<b>6,726,894</b>	6,587,409
		<b>62,493,358</b>	58,096,472
Income tax paid, net of recoveries		<b>(843,864)</b>	(537,889)
Directors' remuneration paid		<b>(45,000)</b>	(45,000)
<b>Net cash from operating activities<sup>1</sup></b>		<b>61,604,494</b>	57,513,583
<b>Cash flows from investing activities</b>			
Net movement in non-trading investment securities		<b>1,162,967</b>	(21,771,764)
Purchase of investment property		<b>(13,980)</b>	(530,935)
Purchase of property and equipment		<b>(244,426)</b>	(521,312)
<b>Net cash from / (used in) investing activities</b>		<b>904,561</b>	(22,824,011)
<b>Cash flows from financing activities</b>			
Net movement of commercial paper		<b>(15,478,460)</b>	(17,646,284)
Dividend paid		<b>(5,724,651)</b>	(5,334,624)
Issue of term borrowings		<b>7,937,599</b>	7,765,567
Repayment of term borrowings		<b>(8,027,797)</b>	(13,284,847)
Payment on Tier 1 capital notes		<b>(590,831)</b>	(314,473)
<b>Net cash used in financing activities</b>		<b>(21,884,140)</b>	(28,814,661)
<b>Net increase in cash and cash equivalents</b>		<b>40,624,915</b>	5,874,911
Foreign currency translation adjustment <sup>1</sup>		<b>(1,315,303)</b>	(3,736,247)
<b>Cash and cash equivalents at 1 January</b>	26	<b>250,796,021</b>	272,814,120
<b>Cash and cash equivalents at 30 September</b>	26	<b>290,105,633</b>	274,952,784

<sup>1</sup>Refer note 32 – Comparative figures

The accompanying notes forms an integral part of these condensed consolidated interim financial information.  
The independent auditors 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 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 30 September 2023, 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, Jordan<sup>1</sup>, Kingdom of Saudi Arabia, Kuwait, Lebanon<sup>1</sup>, Libya, Malaysia, Oman, Qatar<sup>2</sup>, 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 2022 are available upon request from the Group's registered office or at <http://www.bankfab.com>

<sup>1</sup> Under closure.

<sup>2</sup> The 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 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 International Financial Reporting Standards ("IFRS"). 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 2022. In addition, results for the period from 1 January 2023 to 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 18 October 2023.

### 3 Significant 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 2022, except the adoption of the following new standards as of 1 January 2023.

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.

## Notes to the condensed consolidated interim financial information (continued)

### 3 Significant accounting policies (continued)

Description	Effective from
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	1 January 2023
Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Amendment to IAS 12 - International tax reform - pillar two model rules	1 January 2023

#### 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 risks disclosed in Note 46 (c) of the annual consolidated financial statements for the year ended 31 December 2022. 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.

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 will be 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 will be 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 30 September 2023, 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	30 Sep 2023	31 Dec 2022
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 30 September 2023. 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.

##### 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.

## Notes to the condensed consolidated interim financial information (*continued*)

### 3 Significant accounting policies (*continued*)

#### Interest Rate Benchmark Reform (*continued*)

##### Derivatives and hedge accounting (*continued*)

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.

#### **Standard Issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial information.

The following new standard and amendments to the standards are applicable to annual reporting periods beginning on or after 1 January 2024 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.

- Amendment to IFRS 16 – Leases on sale and leaseback.
- Amendment to IAS 1 – Non-current liabilities with covenants.
- Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements.
- Amendments to IAS 21 – Lack of Exchangeability

#### **Taxation**

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate.

The Corporate Tax regime will become effective for the accounting periods beginning on or after 1 June 2023 hence for the Group it will be effective from 1 January 2024. While a number of regulations with regards to the application of tax legislation have been further published, clarifications in relation to certain key aspects such as foreign tax credits are pending and as such management will continue to monitor developments in order to assess the impact of corporate tax including any deferred tax on the Group.

## Notes to the condensed consolidated interim financial information (continued)

### 3 Significant accounting policies (continued)

#### Basis of consolidation

Subsidiaries 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 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:

Legal Name	Country of Incorporation	Principal activities	Holding % 2023
First Abu Dhabi Bank USA N.V.	Curacao	Banking	100%
FAB Securities LLC	United Arab Emirates	Brokerage	100%
Abu Dhabi National Leasing LLC	United Arab Emirates	Leasing	100%
Abu Dhabi National Properties Pvt. JSC	United Arab Emirates	Property Management	100%
FAB Private Bank (Suisse) SA	Switzerland	Banking	100%
First Abu Dhabi Islamic Finance PJSC	United Arab Emirates	Islamic Finance	100%
Abu Dhabi Securities Brokerage Egypt <sup>1</sup>	Egypt	Brokerage	96%
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities	100%
National Bank of Abu Dhabi Representações Ltda	Brazil	Representative office	100%
FAB Global Markets (Cayman) Limited	Cayman Islands	Financial Institution	100%
Nawat Management Services - One Man Company LLC	United Arab Emirates	Services	100%
Mismak Properties Co. LLC (Mismak)	United Arab Emirates	Real estate investments	100%
Moora Properties Co. LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments	67%
ShangriLa Dubai Hotel LLC (Subsidiary of Mismak)	United Arab Emirates	Real estate investments	100%
First Merchant International LLC (FMI)	United Arab Emirates	Real estate investments	100%
FAB Employment Services LLC (Subsidiary of FMI)	United Arab Emirates	Resourcing services	100%
FAB Resourcing Services LLC (Subsidiary of FMI)	United Arab Emirates	Resourcing services	100%
Horizon Gulf Electromechanical Services L.L.C. (Horizon) (Subsidiary of FMI)	United Arab Emirates	Real estate related services	100%
Horizon Gulf General Contracting LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%
PDCS Engineering LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%
Horizon Gulf Oil and Gas Services LLC (Subsidiary of Horizon)	United Arab Emirates	Real estate related services	100%
FAB Sukuk Company Limited	Cayman Islands	Special purpose vehicle	100%
First Gulf Libyan Bank <sup>2</sup>	Libya	Banking services	50%
FAB Properties LLC (refer note 33)	United Arab Emirates	Management and brokerage of real estate properties	100%
First Gulf Information Technology LLC (FGIT)	United Arab Emirates	IT Services	100%
FAB Capital Financial Company (A SAUDI CLOSED JOINT STOCK COMPANY)	Kingdom of Saudi Arabia	Financial Institution	100%
FAB Global Business Services Limited (Subsidiary of FGIT)	India	IT Services	100%
First Abu Dhabi Bank Misr S.A.E (FAB Misr)	Egypt	Banking	100%

<sup>1</sup> Under liquidation.

<sup>2</sup> 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 (continued)

### 4 Use of estimates and judgements

The preparation of these 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 expense. 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 2022.

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.

### 5 Cash and balances with central banks

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Cash on hand	1,963,974	1,816,546
Central Bank of the UAE		
cash reserve deposits	63,216,215	8,413,183
other balances	-	20,000,000
Balances with other central banks	203,171,688	198,319,480
	—————	—————
	268,351,877	228,549,209
Less: expected credit losses	(177,422)	(180,380)
	—————	—————
	268,174,455	228,368,829
	—————	—————

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.

### 6 Investments at fair value through profit or loss

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Investments in managed funds	8,061	8,734
Investment in private equities	2,443,263	2,240,442
Investments in equities	1,880,602	1,613,279
Debt securities	37,962,861	27,954,342
	—————	—————
	42,294,787	31,816,797
	—————	—————

## Notes to the condensed consolidated interim financial information (continued)

### 7 Loans, advances and Islamic financing

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Gross loans, advances and Islamic financing	<b>499,623,688</b>	479,724,466
Less: interest suspended	(7,163,852)	(6,251,152)
Less: expected credit losses	(14,192,471)	(13,879,987)
 Net loans, advances and Islamic financing	 <b>478,267,365</b>	 459,593,327
 <b>By counterparty:</b>	 <b>(unaudited) 30 Sep 2023 AED'000</b>	 (audited) 31 Dec 2022 AED'000
Government sector	<b>56,303,620</b>	55,910,901
Public sector	<b>83,516,061</b>	90,035,562
Banking sector	<b>22,098,179</b>	7,920,375
Corporate / private sector	<b>257,359,482</b>	249,032,048
Personal / retail sector	<b>80,346,346</b>	76,825,580
 Gross loans, advances and Islamic financing	 <b>499,623,688</b>	 479,724,466
 <b>By product:</b>	 <b>(unaudited) 30 Sep 2023 AED'000</b>	 (audited) 31 Dec 2022 AED'000
Overdrafts	<b>21,898,096</b>	20,501,463
Term loans	<b>394,021,934</b>	389,286,184
Trade related loans	<b>47,539,715</b>	33,612,331
Personal loans	<b>28,654,401</b>	28,750,920
Credit cards	<b>5,748,282</b>	4,960,609
Vehicle financing loans	<b>1,761,260</b>	2,612,959
 Gross loans, advances and Islamic financing	 <b>499,623,688</b>	 479,724,466

## Notes to the condensed consolidated interim financial information (continued)

### 7 Loans, advances and Islamic financing (continued)

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>Concentration by industry sector:</b>		
Agriculture	3,140,533	2,679,359
Energy	37,156,058	32,056,358
Manufacturing	19,722,392	22,808,173
Construction	10,564,953	11,332,923
Real estate	86,890,051	89,696,672
Trading	24,757,965	25,606,349
Transport and communication	39,173,657	42,895,098
Banks	22,098,179	7,920,375
Other financial institutions	83,016,292	77,283,322
Services	36,453,642	34,709,356
Government	56,303,620	55,910,901
Personal – loans and credit cards	50,733,563	49,891,748
Personal - retail mortgage	29,612,783	26,933,832
Gross loans, advances and Islamic financing	<b>499,623,688</b>	<b>479,724,466</b>

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

#### Islamic financing

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>Ijara</b>		
Murabaha	12,847,138	12,276,718
Others	24,456,140	25,637,275
	<b>765,052</b>	<b>676,607</b>
<b>Total Islamic financing contracts</b>		
Less: expected credit losses	<b>38,068,330</b>	<b>38,590,600</b>
Less: suspended profit	<b>(1,130,558)</b>	<b>(1,135,335)</b>
	<b>(227,547)</b>	<b>(175,050)</b>
	<b>36,710,225</b>	<b>37,280,215</b>

### 8 Non trading investment securities

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Fair value through other comprehensive income:		
- with recycle to profit or loss (Debt instruments)	165,603,786	166,591,291
- without recycle to profit or loss (Equity Investments)	1,161,164	1,070,888
Amortised cost	<b>4,353,581</b>	<b>4,688,298</b>
	<b>171,118,531</b>	<b>172,350,477</b>
Less: expected credit losses	<b>(1,697)</b>	<b>(659)</b>
	<b>171,116,834</b>	<b>172,349,818</b>

## Notes to the condensed consolidated interim financial information (continued)

### 8 Non trading investment securities (continued)

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

	(unaudited) 30 Sep 2023 AED'000			(audited) 31 Dec 2022 AED'000		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity investments	957,132	204,032	1,161,164	866,742	204,146	1,070,888
Debt instruments	168,842,748	1,114,619	169,957,367	167,117,450	4,162,139	171,279,589
	<b>169,799,880</b>	<b>1,318,651</b>	<b>171,118,531</b>	<b>167,984,192</b>	<b>4,366,285</b>	<b>172,350,477</b>
Less: expected credit losses	(1,697)	-	(1,697)	(659)	-	(659)
	<b>169,798,183</b>	<b>1,318,651</b>	<b>171,116,834</b>	<b>167,983,533</b>	<b>4,366,285</b>	<b>172,349,818</b>
	<b><u>=====</u></b>	<b><u>=====</u></b>	<b><u>=====</u></b>	<b><u>=====</u></b>	<b><u>=====</u></b>	<b><u>=====</u></b>

Debt instruments under repurchase agreements included in non trading investments at 30 September 2023 amounted to AED 18,160 million (31 December 2022: AED 26,896 million).

As at 30 September 2023, the fair value of investment securities measured at amortised cost amounted to AED 4,042 million (31 December 2022: AED 4,389 million)

### 9 Investment in associates

The list of associates are as follows:

Legal Name	Country of incorporation	Principal activities	(unaudited) 30 Sep 2023	(audited) 31 Dec 2022
			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%
			<b>(unaudited) 30 Sep 2023 AED'000</b>	<b>(audited) 31 Dec 2022 AED'000</b>
Investment in associates			<b>1,511,256</b>	<b>1,559,303</b>
			<b><u>=====</u></b>	<b><u>=====</u></b>

### 10 Investment properties

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Beginning of the period	7,168,089	6,962,576
Additions	13,980	532,827
Disposals	(556,240)	-
Fair value adjustment	-	(327,314)
	<b><u>=====</u></b>	<b><u>=====</u></b>
End of the period	<b>6,625,829</b>	<b>7,168,089</b>
	<b><u>=====</u></b>	<b><u>=====</u></b>

The fair value of the properties is based on the valuations performed by third party valuers as at 31 December 2022 and all are level 3 under fair value hierarchy.

## Notes to the condensed consolidated interim financial information (continued)

### 11 Intangibles

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 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
	<hr/>	<hr/>
Accumulated amortisation	21,566,129 (1,381,007)	21,566,129 (1,233,950)
	<hr/>	<hr/>
	<b>20,185,122</b>	<b>20,332,179</b>
	<hr/>	<hr/>

### 12 Due to banks and financial institutions

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Banks and financial institutions	40,669,785	45,174,857
Central banks	30,414,831	16,385,483
	<hr/>	<hr/>
	<b>71,084,616</b>	<b>61,560,340</b>
	<hr/>	<hr/>

### 13 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 16,260 million (31 December 2022: AED 31,738 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 programmes during the nine month period ended 30 September 2023.

### 14 Customer accounts and other deposits

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>By account:</b>		
Current accounts	336,343,194	281,958,476
Savings accounts	15,645,510	15,110,748
Margin accounts	2,489,136	2,418,348
Notice and time deposits	401,671,763	363,848,794
	<hr/>	<hr/>
Certificates of deposit	756,149,603 29,045,572	663,336,366 37,237,005
	<hr/>	<hr/>
	<b>785,195,175</b>	<b>700,573,371</b>
	<hr/>	<hr/>

## Notes to the condensed consolidated interim financial information (continued)

### 14 Customer accounts and other deposits (continued)

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>By counterparty:</b>		
Government sector	211,903,419	224,394,105
Public sector	73,528,033	86,309,756
Corporate / private sector	356,391,133	253,762,539
Personal / retail sector	114,327,018	98,869,966
	<hr/>	<hr/>
Certificates of deposit	756,149,603	663,336,366
	29,045,572	37,237,005
	<hr/>	<hr/>
	<b>785,195,175</b>	<b>700,573,371</b>
	<hr/>	<hr/>

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

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>Current account deposits</b>		
Margin deposits	2,007,471	2,092,064
Mudaraba saving deposits	85,524	72,445
Mudaraba term deposits	4,033,084	3,904,046
Wakala deposits	76,098	98,944
Murabaha Deposits	4,850,368	5,827,099
	431,572	345,262
	<hr/>	<hr/>
	<b>11,484,117</b>	<b>12,339,860</b>
	<hr/>	<hr/>

### 15 Term borrowings

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>At amortised cost</b>		
At fair value through profit or loss	60,375,301	62,084,301
	366,004	550,832
	<hr/>	<hr/>
	<b>60,741,305</b>	<b>62,635,133</b>
	<hr/>	<hr/>

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

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
<b>Beginning of the period</b>		
New issuances	62,635,133	71,643,816
Redemptions	7,937,599	10,625,674
Fair valuation, exchange and other adjustments	(8,027,797)	(13,431,531)
	(1,803,630)	(6,202,826)
	<hr/>	<hr/>
<b>End of the period</b>	<b>60,741,305</b>	<b>62,635,133</b>
	<hr/>	<hr/>

## Notes to the condensed consolidated interim financial information (continued)

### 15 Term borrowings (continued)

Currency	Interest (range)	30 Sep 2023 (unaudited)						31 Dec 2022 (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 0% to 6% p.a.	-	3,706	1,354,905	6,137	-	1,364,748	-	-	3,647	93,132	-	96,779
AUD	3 month AUD BBSW + upto 4.292% p.a.	-	-	1,253,465	-	70,479	1,323,944	-	-	950,672	377,789	74,837	1,403,298
AUD	Fixed rate of 1.87% to 3.17% p.a.	-	-	-	138,855	-	138,855	-	-	-	145,321	-	145,321
CHF	Fixed rate of 0.07% to 1.157% p.a.	-	-	2,724,841	2,268,839	-	4,993,680	-	783,273	1,897,599	2,957,012	-	5,637,884
CNH	Fixed rate of 3% to 4.1% p.a.	-	491,110	5,067,659	76,124	-	5,634,893	-	185,450	4,938,747	991,592	-	6,115,789
EUR	Fixed rate of 0.125% to 3.00% p.a.	-	92,424	3,004,107	1,765,545	135,184	4,997,260	-	-	462,422	4,392,666	140,537	4,995,625
GBP	Fixed rate of 0.138% to 2.205% p.a.	-	-	2,688,548	-	71,381	2,759,929	1,989,293	-	1,667,869	961,069	74,409	4,692,640
HKD	Fixed rate of 0.475% to 4.18% p.a.	-	136,040	1,016,898	171,781	-	1,324,719	74,577	464,253	903,980	408,258	-	1,851,068
JPY	Fixed rate of 0.235% to 2.60% p.a.	-	49,093	241,712	-	-	290,805	-	-	55,716	277,261	-	332,977
MXN	Fixed rate of 0.50% p.a.	-	-	-	10,013	-	10,013	-	-	-	-	-	8,727
PHP	Fixed rate of 3.80% p.a.	-	141,401	-	-	-	141,401	-	-	139,941	-	-	139,941
NZD	Fixed rate of 5.5% p.a.	-	-	-	74,766	-	74,766	-	-	-	-	-	-
USD	3 Month LIBOR + till 5.541% p.a.	-	4,095,395	1,982,770	-	183,650	6,261,815	183,650	1,803,350	4,830,334	1,247,648	183,650	8,248,632
USD	Fixed rate till 10.25% p.a.	366,135	4,780,836	6,014,109	10,230,879	6,756,354	28,148,313	4,922,051	566,937	8,925,560	6,508,779	4,935,790	25,859,117
USD	USD SOFR QRT OB SHIFT -5BD + 0.049 % to 5.208%	-	183,639	213,034	2,879,491	-	3,276,164	-	-	183,638	2,923,697	-	3,107,335
		<b>366,135</b>	<b>9,973,644</b>	<b>25,562,048</b>	<b>17,622,430</b>	<b>7,217,048</b>	<b>60,741,305</b>	<b>7,169,571</b>	<b>3,803,263</b>	<b>24,960,125</b>	<b>21,284,224</b>	<b>5,417,950</b>	<b>62,635,133</b>
		<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

## Notes to the condensed consolidated interim financial information (continued)

### 16 Subordinated notes

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Subordinate note 10 December 2012 (4.75 percent fixed rate maturing on 9 December 2027)	375,950 =====	420,620 =====

The Bank 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 nine month period ended 30 September 2023.

### 17 Capital and reserves

#### Share capital

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 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 28 February 2023, the shareholders of the Bank approved a cash dividend of AED 0.52 per ordinary share amounting to AED 5,745 million (31 Dec 2021: cash dividend of AED 0.49 per ordinary share amounting to AED 5,351 million and a scrip dividend of AED 0.21 per ordinary share amounting to AED 2,293 million).

#### Other reserves

	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 2023	(2,270,259)	228,265	(2,175,695)	1,221,969	2,160,257	(835,463)
Other comprehensive loss for the period	(110,833)	-	(765,023)	-	-	(875,856)
Realised gain on sale of FVOCI Investment	3,073	-	-	-	-	3,073
Balance at 30 September 2023	(2,378,019)	228,265	(2,940,718)	1,221,969	2,160,257	(1,708,246)
As at 1 January 2022	1,366,215	228,265	(535,023)	1,221,969	1,287,759	3,569,185
Other comprehensive loss for the period	(4,932,243)	-	(688,977)	-	-	(5,621,220)
Balance at 30 September 2022	(3,566,028)	228,265	(1,224,000)	1,221,969	1,287,759	(2,052,035)

## Notes to the condensed consolidated interim financial information (continued)

### 18 Tier 1 capital notes

	Currency	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Government of Abu Dhabi Notes (6 month EIBOR plus 2.3 percent per annum)	AED	<b>8,000,000</b>	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	<b>2,754,750</b>	2,754,750
		<b>10,754,750</b>	<b>10,754,750</b>

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 590,831 thousand (30 September 2022: AED 314,473 thousand).

### 19 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 (30 September 2022: nil) have been awarded, therefore reallocated from treasury shares held to share capital by nil (30 September 2022: AED nil thousand) and share premium has been adjusted by nil (30 September 2022: AED nil) accordingly relating to this.

## Notes to the condensed consolidated interim financial information (continued)

### 20 Net foreign exchange gain

	(unaudited) Nine month period ended 30 Sep 2023 AED'000	(unaudited) Nine month period ended 30 Sep 2022 AED'000	(unaudited) Three month period ended 30 Sep 2023 AED'000	(unaudited) Three month period ended 30 Sep 2022 AED'000
Trading and retranslation gain/(loss) on foreign exchange and related derivatives <sup>1,2</sup>	818,761	(400,964)	(19,446)	111,028
Dealings with customers	930,445	800,534	331,890	265,362
	<hr/>	<hr/>	<hr/>	<hr/>
	1,749,206	399,570	312,444	376,390
	<hr/>	<hr/>	<hr/>	<hr/>

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

<sup>2</sup> Includes negative interest income of AED 180 thousand (30 September 2022: AED 91 million) arising from placement with ECB.

### 21 Net gain on investments and derivatives

	(unaudited) Nine month period ended 30 Sep 2023 AED'000	(unaudited) Nine month period ended 30 Sep 2022 AED'000	(unaudited) Three month period ended 30 Sep 2023 AED'000	(unaudited) Three month period ended 30 Sep 2022 AED'000
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	2,889,934	2,126,131	1,215,671	888,192
Net gain/(loss) from sale of non-trading investment securities	34,442	54,922	146,944	(64,556)
Dividend income	69,270	38,953	(13)	13,473
	<hr/>	<hr/>	<hr/>	<hr/>
	2,993,646	2,220,006	1,362,602	837,109
	<hr/>	<hr/>	<hr/>	<hr/>

### 22 Gain on disposal of stake in subsidiary and fair value gain on retained interest

On 25 February 2022, the Group entered into a sale and purchase agreement (SPA) with BCP V Growth Aggregator LP ("Purchaser") whereby the Bank has agreed to sell its controlling stake of 60% of its wholly owned subsidiary, Magnati Sole Proprietorship LLC "Magnati" to the Purchaser. The Bank has recorded a gain of AED 3.1 billion within the results for the nine months ended as of 30 September 2022 based on this sale.

## Notes to the condensed consolidated interim financial information (continued)

### 23 General, administration and other operating expenses

	(unaudited) Nine month period ended 30 Sep 2023 AED'000	(unaudited) Nine month period ended 30 Sep 2022 AED'000	(unaudited) Three month period ended 30 Sep 2023 AED'000	(unaudited) Three month period ended 30 Sep 2022 AED'000
Staff costs	2,608,339	2,320,015	892,337	776,399
Other general and administration expenses	1,766,699	1,558,951	683,912	546,267
Depreciation	604,769	635,029	138,726	217,661
Amortisation of intangibles	176,554	153,420	61,021	49,996
Sponsorships and donations	69,230	37,172	30,386	10,645
	<hr/> <b>5,225,591</b> <hr/>	<hr/> <b>4,704,587</b> <hr/>	<hr/> <b>1,806,382</b> <hr/>	<hr/> <b>1,600,968</b> <hr/>
	<hr/> <b>=====</b> <hr/>	<hr/> <b>=====</b> <hr/>	<hr/> <b>=====</b> <hr/>	<hr/> <b>=====</b> <hr/>

### 24 Net impairment charge

	(unaudited) Nine month period ended 30 Sep 2023 AED'000	(unaudited) Nine month period ended 30 Sep 2022 AED'000	(unaudited) Three month period ended 30 Sep 2023 AED'000	(unaudited) Three month period ended 30 Sep 2022 AED'000
Impairment charge / (reversal) on loans, advances and Islamic financing	2,106,689	1,858,285	765,368	719,153
other financial assets	21,151	(41,338)	(45,604)	(26,550)
unfunded exposure	98,304	(7,741)	(33,054)	46,225
other non-financial instruments	17	5,342	(20)	-
Recoveries	(319,188)	(210,023)	(153,531)	(78,084)
Write-off of impaired financial assets	172,314	128,778	72,173	33,403
	<hr/> <b>2,079,287</b> <hr/>	<hr/> <b>1,733,303</b> <hr/>	<hr/> <b>605,332</b> <hr/>	<hr/> <b>694,147</b> <hr/>
	<hr/> <b>=====</b> <hr/>	<hr/> <b>=====</b> <hr/>	<hr/> <b>=====</b> <hr/>	<hr/> <b>=====</b> <hr/>

## Notes to the condensed consolidated interim financial information (continued)

### 25 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) Nine month period ended 30 Sep 2023	(unaudited) Nine month period ended 30 Sep 2022	(unaudited) Three month period ended 30 Sep 2023	(unaudited) Three month period ended 30 Sep 2022
<b>Basic earnings per share:</b>				
Net profit for the period (AED'000)	<b>12,394,975</b>	10,948,735	<b>4,254,798</b>	2,922,704
Less: payment on Tier 1 capital notes (AED'000)	<b>(590,831)</b>	(314,473)	<b>(294,366)</b>	(136,832)
Net profit after payment of Tier 1 capital notes (AED'000)	<b>11,804,144</b>	10,634,262	<b>3,960,432</b>	2,785,872
<b>Weighted average number of ordinary shares:</b>				
Number of shares issued / deemed to be outstanding at the beginning of the period ('000)	<b>11,041,107</b>	10,913,570	<b>11,041,107</b>	11,041,107
Effect due to Scrip Dividend issued during the period ('000)	-	127,537	-	-
Weighted average number of ordinary shares ('000)	<b>11,041,107</b>	11,041,107	<b>11,041,107</b>	11,041,107
<b>Basic earnings per share (AED)</b>				
	<b>1.07</b>	0.96	<b>0.36</b>	0.25
<b>Diluted earnings per share:</b>				
Net profit for the period for calculating diluted earnings per share (AED'000)	<b>11,804,144</b>	10,634,262	<b>3,960,432</b>	2,785,872
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<b>11,041,107</b>	11,041,107	<b>11,041,107</b>	11,041,107
<b>Diluted earnings per share (AED)</b>	<b>1.07</b>	0.96	<b>0.36</b>	0.25

## Notes to the condensed consolidated interim financial information (continued)

### 26 Cash and cash equivalents

	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Cash and balances with Central Banks	<b>268,351,877</b>	228,549,209
Due from banks and financial institutions	<b>23,233,795</b>	24,954,813
	<hr/>	<hr/>
	<b>291,585,672</b>	253,504,022
Less: Balances with Central Banks maturing after three months of placement	(540,926)	(1,721,036)
Less: Due from banks and financial institutions maturing after three months of placement	(266,339)	(395,977)
Less: Restricted deposits with Central Banks for regulatory purposes	(672,774)	(590,988)
	<hr/>	<hr/>
	<b>290,105,633</b>	250,796,021
	<hr/>	<hr/>

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.

### 27 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) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Letter of credit	<b>49,962,812</b>	54,459,311
Letters of guarantees	<b>105,300,521</b>	99,310,954
Financial guarantees	<b>1,386,588</b>	824,739
Irrevocable undrawn commitments	<b>71,859,899</b>	77,335,909
Private equity commitments	<b>1,829,032</b>	1,567,471
	<hr/>	<hr/>
<b>Contingencies and commitments</b>	<b>230,338,852</b>	233,498,384
	<hr/>	<hr/>

## Notes to the condensed consolidated interim financial information *(continued)*

### 28 Segmental information

The operating structure consists of four 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, 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 ("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.

##### **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 and 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 including mainly 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 First Gulf Libya, Mismak, FAB Properties, Abu Dhabi National Properties and certain other portfolios. FAB Misr has been included in HO, on an interim basis, whilst product and business segmentation are aligned to the Group norms.

#### **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.

## Notes to the condensed consolidated interim financial information (continued)

### 28 Segmental information (continued)

For the nine month period ended 30 September 2023 (unaudited)

Net interest income and income from Islamic financing and investing products

	Business Segment					Total	Geographic Segment		
	Investment Banking	Corporate and commercial Banking Group	Consumer Banking	Global Private Banking	Head Office		UAE	International	Total
Net interest income and income from Islamic financing and investing products	4,119,802	4,194,706	2,284,483	656,016	2,153,877	13,408,884	11,313,512	2,095,372	13,408,884
Net non-interest income	4,659,247	1,001,543	557,020	223,594	688,035	7,129,439	5,273,608	1,855,831	7,129,439
Operating income	8,779,049	5,196,249	2,841,503	879,610	2,841,912	20,538,323	16,587,120	3,951,203	20,538,323
General administration and other operating expenses	1,547,998	625,200	1,633,629	385,994	1,032,770	5,225,591	4,001,859	1,223,732	5,225,591
Net impairment charge	359,437	927,936	528,044	6,300	257,570	2,079,287	1,399,915	679,372	2,079,287
Profit before taxation	6,871,614	3,643,113	679,830	487,316	1,551,572	13,233,445	11,185,346	2,048,099	13,233,445
Income tax expense	344,733	(3,746)	7	46,780	430,261	818,035	253,781	564,254	818,035
Net profit for the period	6,526,881	3,646,859	679,823	440,536	1,121,311	12,415,410	10,931,565	1,483,845	12,415,410

As at 30 September 2023 (unaudited)

Segment total assets

Segment total assets	853,242,470	163,685,826	58,650,426	29,761,882	136,040,570	1,241,381,174	945,523,128	365,466,236	1,310,989,364
Inter segment balances						(55,092,267)			(124,700,457)
Total assets									1,186,288,907
Segment total liabilities	692,345,726	208,429,428	63,421,240	33,387,123	123,552,556	1,121,136,073	898,080,849	292,663,414	1,190,744,263
Inter segment balances						(55,092,267)			(124,700,457)
Total liabilities									1,066,043,806

## Notes to the condensed consolidated interim financial information (continued)

### 28 Segmental information (continued)

	Investment Banking	Business Segment					Geographic Segment		
		Corporate and commercial Banking Group	Consumer Banking	Global Private Banking	Head Office	Total	UAE	International	Total
		AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>For the nine month period ended 30 September 2022 (unaudited)</b>									
Net interest income and income from Islamic financing and investing products	3,194,774	2,351,284	2,388,622	570,993	1,536,589	10,042,262	7,999,313	2,042,949	10,042,262
Net non-interest income	2,855,249	1,098,106	410,145	190,269	332,687	4,886,456	3,934,172	952,284	4,886,456
Operating income	6,050,023	3,449,390	2,798,767	761,262	1,869,276	14,928,718	11,933,485	2,995,233	14,928,718
Gain on disposal of stake in subsidiary and fair value gain on retained interest	-	-	3,093,703	-	-	3,093,703	3,093,703	-	3,093,703
Total Income including gain on disposal of stake in subsidiary and fair value gain on retained interest	6,050,023	3,449,390	5,892,470	761,262	1,869,276	18,022,421	15,027,188	2,995,233	18,022,421
General administration and other operating expenses	1,309,548	655,881	1,525,799	347,608	865,751	4,704,587	3,442,123	1,262,464	4,704,587
Net impairment charge	290,788	1,159,614	161,939	(11,378)	132,340	1,733,303	1,147,683	585,620	1,733,303
Profit before taxation	4,449,687	1,633,895	4,204,732	425,032	871,185	11,584,531	10,437,382	1,147,149	11,584,531
Income tax expense	270,984	28,112	49	27,260	302,685	629,090	192,612	436,478	629,090
Net profit for the period	4,178,703	1,605,783	4,204,683	397,772	568,500	10,955,441	10,244,770	710,671	10,955,441
<b>As at 31 December 2022 (audited)</b>									
Segment total assets	775,416,538	157,327,824	55,417,243	29,570,241	132,731,137	1,150,462,983	927,489,272	357,281,288	1,284,770,560
Inter segment balances						(40,406,888)			(174,714,465)
Total assets						1,110,056,095			1,110,056,095
Segment total liabilities	663,769,125	155,902,326	67,207,866	30,148,053	118,385,370	1,035,412,740	842,196,860	327,523,457	1,169,720,317
Inter segment balances						(40,406,888)			(174,714,465)
Total liabilities						995,005,852			995,005,852

## Notes to the condensed consolidated interim financial information (continued)

### 29 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.

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
<b>As of 30 September 2023 (unaudited)</b>					
Financial assets	<b>2,470,418</b>	<b>34,752,827</b>	<b>59,701</b>	<b>1,035,663</b>	<b>38,318,609</b>
Financial liabilities	<b>10,197,789</b>	<b>21,116,834</b>	<b>48,139</b>	<b>1,003,761</b>	<b>32,366,523</b>
Contingent liabilities	<b>24,562</b>	<b>10,416,867</b>	-	<b>184</b>	<b>10,441,613</b>
<b>As at 30 September 2023 (unaudited)</b>					
Interest & other income	<b>92,381</b>	<b>1,296,806</b>	<b>1,718</b>	<b>53,269</b>	<b>1,444,174</b>
Interest expense & other expenses	<b>184,038</b>	<b>580,220</b>	<b>613</b>	<b>120,041</b>	<b>884,912</b>
As of 31 December 2022 (Audited)					
Financial assets	<b>11,552,967</b>	<b>36,004,061</b>	<b>62,536</b>	<b>970,387</b>	<b>48,589,951</b>
Financial liabilities	<b>13,927,523</b>	<b>36,481,734</b>	<b>25,285</b>	<b>417,982</b>	<b>50,852,524</b>
Contingent liabilities	<b>328,725</b>	<b>8,698,101</b>	-	<b>184</b>	<b>9,027,010</b>
As at 30 September 2022 (unaudited)					
Interest & other income	<b>276,465</b>	<b>519,218</b>	<b>1,022</b>	<b>23,508</b>	<b>820,213</b>
Interest expense & other expenses	<b>146,135</b>	<b>155,087</b>	<b>257</b>	<b>62,849</b>	<b>364,328</b>

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

	(unaudited) 30 Sep 2023 AED'000	(unaudited) 30 Sep 2022 AED'000
BOD remuneration paid during the year	<b>45,000</b>	<b>45,000</b>
Short term benefits	<b>53,660</b>	<b>39,114</b>
Long term benefits	<b>2,770</b>	<b>1,894</b>

The balances with related parties are allocated to stage 1 of the ECL model. As at 30 September 2023, the ECL allowance held against related party balances amounted to AED 38 million (31 December 2022: AED 45 million).

## Notes to the condensed consolidated interim financial information *(continued)*

### 30 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 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 (continued)

### 30 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 30 September 2023 (unaudited)	Stage 1			Stage 2			Stage 3			Purchased or originally credit impaired <sup>4</sup>		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	Exposure AED'000	
Balances with central Banks	265,269,503	59,361	1,118,400	118,061	-	-	-	-	-	-	266,387,903	177,422
Due from banks and financial institutions	20,835,078	19,164	2,398,717	40,606	-	-	-	-	-	-	23,233,795	59,770
Reverse repurchase agreements	68,917,676	47,953	-	-	-	-	-	-	-	-	68,917,676	47,953
Loans, advances and Islamic financing <sup>1</sup>	460,479,636	1,583,114	12,700,534	2,735,034	22,489,410	9,340,934	3,954,108	533,389	499,623,688	14,192,471		
Non-trading investment securities												
Amortised cost	4,353,581	1,697	-	-	-	-	-	-	-	-	4,353,581	1,697
FVOCI Debt <sup>2</sup>	165,489,248	111,592	114,538	7,303	-	-	-	-	-	-	165,603,786	118,895
Other assets <sup>3</sup>	18,023,483	330,068	20,568	410	771	479	-	-	-	-	18,044,822	330,957
Unfunded exposure	224,047,849	281,021	3,354,036	179,808	1,103,152	589,702	4,783	3,333	228,509,820	1,053,864		
	<b>1,227,416,054</b>	<b>2,433,970</b>	<b>19,706,793</b>	<b>3,081,222</b>	<b>23,593,333</b>	<b>9,931,115</b>	<b>3,958,891</b>	<b>536,722</b>	<b>1,274,675,071</b>	<b>15,983,029</b>		
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

<sup>1</sup>The exposure represents gross loans, advances and Islamic financing.

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

<sup>3</sup>On certain assets included as part of other assets, ECL is computed based on simplified approach and reported as part of stage 1.

<sup>4</sup>The Group, from an internal credit quality point of view, considers AED 3,834 million as par to non-performing loans, advances and Islamic financing.

## Notes to the condensed consolidated interim financial information (continued)

### 30 Financial risk management (continued)

#### Credit risk (continued)

As at 31 Dec 2022 (audited)	Risk Type						Purchased or originally credit impaired <sup>4</sup>			Total	
	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 Exposure	AED'000 Provision	
Balances with central banks	225,702,432	62,314	1,030,231	118,066	-	-	-	-	226,732,663	180,380	
Due from banks and financial institutions	23,985,995	26,607	968,818	41,250	-	-	-	-	24,954,813	67,857	
Reverse repurchase agreements	69,128,050	21,958	-	-	-	-	-	-	69,128,050	21,958	
Loans, advances and Islamic financing <sup>1</sup>	441,557,544	1,467,682	13,261,515	2,577,553	20,898,190	9,088,489	4,007,217	746,263	479,724,466	13,879,987	
Non trading investment securities											
Amortised cost	4,688,298	659	-	-	-	-	-	-	4,688,298	659	
FVOCI Debt <sup>2</sup>	166,550,713	102,509	40,578	3,936	-	-	-	-	166,591,291	106,445	
Other assets <sup>3</sup>	15,899,857	406,525	5,338	330	668	427	-	-	15,905,863	407,282	
Unfunded exposure	225,880,558	206,377	4,698,776	246,468	1,340,630	495,462	10,949	9,205	231,930,913	957,512	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
	1,173,393,447	2,294,631	20,005,256	2,987,603	22,239,488	9,584,378	4,018,166	755,468	1,219,656,357	15,622,080	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	

<sup>1</sup>The exposure represents gross loans, advances and Islamic financing.

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

<sup>3</sup>On certain assets included as part of other assets, ECL is computed based on simplified approach and reported as part of stage 1.

<sup>4</sup>The Group, from an internal credit quality point of view, considers AED 3,870 million as par to non-performing loans, advances and Islamic financing.

## Notes to the condensed consolidated interim financial information (continued)

### 30 Financial risk management (continued)

#### Credit risk (continued)

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

	(unaudited) Nine month period ended 30 Sep 2023 AED'000	(unaudited) Nine month period ended 30 Sep 2022 AED'000
Beginning of the period	<b>15,622,081</b>	15,291,453
Net charge for impairment of financial instruments	2,226,144	1,809,206
Amounts written off and other adjustment	(1,865,196)	(2,306,251)
End of the period	<b>15,983,029</b>	<b>14,794,408</b>

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

	Investments at fair value through profit or loss		Non trading investment securities	
	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
Government sector	<b>34,970,509</b>	25,726,513	<b>124,728,912</b>	119,907,304
Supranational	5,081	779,326	325,647	536,497
Public sector	660,395	786,919	12,725,061	15,529,732
Banking sector	1,620,706	1,030,472	23,526,973	27,916,727
Corporate / private sector	5,038,096	3,493,567	9,811,938	8,460,217
	<b>42,294,787</b>	31,816,797	<b>171,118,531</b>	172,350,477
Less: allowance for impairment (expected credit loss) on amortised cost securities	-	-	(1,697)	(659)
	<b>42,294,787</b>	<b>31,816,797</b>	<b>171,116,834</b>	<b>172,349,818</b>

## Notes to the condensed consolidated interim financial information (continued)

### 30 Financial risk management (continued)

#### Credit risk (continued)

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

	Investments at fair value through profit or loss		Non trading investment securities	
	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000	(unaudited) 30 Sep 2023 AED'000	(audited) 31 Dec 2022 AED'000
AAA	552,209	367	23,502,837	48,671,797
AA to A	23,429,454	15,221,548	111,208,287	85,179,548
BBB and below	13,736,308	12,648,673	31,020,780	34,775,195
CCC and below	11	39	188,317	145,062
Unrated	4,576,805	3,946,170	5,198,310	3,578,875
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	42,294,787	31,816,797	171,118,531	172,350,477
Less: allowance for impairment (expected credit loss) on amortised cost securities	-	-	(1,697)	(659)
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	42,294,787	31,816,797	171,116,834	172,349,818
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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 6).

### 31 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	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000
<b>As at 30 Sep 2023 (unaudited)</b>				
Investment at fair value through profit or loss	6,326,253	32,915,716	3,052,818	42,294,787
FVOCI - with recycle to profit or loss	133,289,492	28,067,567	4,246,727	165,603,786
FVOCI - without recycle to profit or loss	929,170	25,125	206,869	1,161,164
Derivative financial instruments (Assets)	644,064	63,069,185	5,005	63,718,254
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	141,188,979	124,077,593	7,511,419	272,777,991
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Term borrowings	-	366,004	-	366,004
Derivative financial instruments (Liabilities)	167,347	64,997,216	61,046	65,225,609
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	167,347	65,363,220	61,046	65,591,613
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## Notes to the condensed consolidated interim financial information (continued)

### 31 Financial assets and liabilities (continued)

#### Financial instruments measured at fair value - hierarchy (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>As at 31 Dec 2022 (audited)</b>				
Investment at fair value through profit or loss	3,544,623	23,020,053	5,252,121	31,816,797
FVOCI - with recycle to profit or loss	123,004,285	38,978,992	4,608,014	166,591,291
FVOCI - without recycle to profit or loss	792,992	73,750	204,146	1,070,888
Derivative financial instruments (Assets)	273,080	58,600,024	739	58,873,843
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Term borrowings	-	550,832	-	550,832
Derivative financial instruments (Liabilities)	643,082	61,381,458	-	62,024,540
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The following table shows the transfer between the hierarchies:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>As at 30 Sep 2023 (unaudited)</b>				
<b>Investment at fair value through profit or loss</b>				
Transfer from 1 to 2	-	53,107	-	53,107
Transfer from 1 to 3	-	-	81,610	81,610
Transfer from 2 to 1	695,923	-	-	695,923
Transfer from 3 to 1	6,503	-	-	6,503
Transfer from 3 to 2	-	342,730	-	342,730
<b>Non trading investment securities</b>				
Transfer from 1 to 2	-	3,973,775	-	3,973,775
Transfer from 1 to 3	-	-	23,472	23,472
Transfer from 2 to 1	6,235,804	-	-	6,235,804
Transfer from 2 to 3	-	-	463,441	463,441
Transfer from 3 to 1	97,566	-	-	97,566
Transfer from 3 to 2	-	1,072,817	-	1,072,817
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	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 Dec 2022 (audited)				
<b>Investment at fair value through profit or loss</b>				
Transfer from 1 to 2	-	56,023	-	56,023
Transfer from 1 to 3	-	-	571	571
Transfer from 2 to 1	6,302	-	-	6,302
<b>Non trading investment securities</b>				
Transfer from 1 to 2	-	8,010,451	-	8,010,451
Transfer from 2 to 1	2,568,018	-	-	2,568,018
Transfer from 2 to 3	-	-	228,529	228,529
Transfer from 3 to 2	-	486,375	-	486,375
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	<hr/>	<hr/>	<hr/>	<hr/>
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## Notes to the condensed consolidated interim financial information (continued)

### 31 Financial assets and liabilities (continued)

#### Financial instruments measured at fair value - hierarchy (continued)

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 2022.

### 32 Comparative figures

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

This comprises, 'Investment in associates' (31 December 2022: AED 1.5 billion) previously classified within other 'Non trading investment securities' which are now presented separately on the condensed consolidated interim statement of financial position. As at 1 January 2022, 'Investment in associates' amounted to AED 75 million. Interest income on fair value through profit or loss bonds (30 September 2022: AED 135 million) was previously classified within 'Interest income' has now been reclassified to 'Net gain on investments and derivatives' in the condensed consolidated interim statement of profit or loss. Additionally, 'foreign currency translation adjustments' (30 September 2022: AED 3,736 million) that were included within adjustments for operating activities, have now been reclassified to the end of the cash flow statement and disclosed separately.

### 33 Proposed transactions

#### Proposed acquisition:

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.

#### Proposed disposal:

On 9 September 2023, FAB and Aldar properties signed an agreement for the sale of FAB's wholly owned subsidiary, FAB Properties LLC. As per the terms of the agreement, FAB Properties LLC will be transferred to Provis Real Estate Management LLC, upon completion of the conditions of the sale and subject to regulatory approvals. On completion of the transaction, FAB Properties LLC will be derecognised from the Group's consolidated financial statements.

### 34 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 period ended 30 September 2023.