

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



**Grow
Stronger**

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	2
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION.....	4
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS	5
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME	6
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	7
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	9
1 Legal status and principal activities	9
2 Statement of compliance.....	9
3 Significant accounting policies	9
4 Use of estimates and judgements.....	13
5 Cash and balances with central banks	13
6 Investments at fair value through profit or loss	13
7 Loans and advances.....	14
8 Non-trading Investments.....	15
9 Investment Properties	16
10 Intangibles	16
11 Due to banks and financial institutions	17
12 Commercial paper	17
13 Customer accounts and other deposits	17
14 Term borrowings	18
15 Subordinated notes	19
16 Capital and reserves	19
17 Tier 1 capital notes	20
18 Share based payment	21
19 Commitments and contingencies.....	21
20 Cash and cash equivalents	21
21 Net foreign exchange gain	22
22 Net gain on investments and derivatives	22
23 Other operating income	22
24 General, administration and other operating expenses	23
25 Net impairment charge	23
26 Earnings per share.....	24
27 Segmental information.....	25
28 Related parties	28
29 Financial risk management	29
30 Financial assets and liabilities	36
31 Comparative figures	38
32 Subsequent events	38



KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of First Abu Dhabi Bank P.J.S.C.

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial statements of First Abu Dhabi Bank P.J.S.C. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise:

- the condensed consolidated interim statement of financial position as at 31 March 2021;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of comprehensive income for the for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 21 April 2021

Condensed consolidated interim statement of financial position

As at

Assets	Note	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Cash and balances with central banks	5	250,005,037	227,872,592
Investments at fair value through profit or loss	6	22,276,631	21,266,243
Due from banks and financial institutions		21,436,490	27,357,639
Reverse repurchase agreements		56,069,756	44,069,241
Derivative financial instruments		28,270,741	32,558,881
Loans and advances	7	378,006,840	386,643,996
Non-trading investments	8	137,290,797	131,573,762
Investment properties	9	7,657,897	7,603,230
Property and equipment		4,908,030	4,867,126
Intangibles	10	19,247,247	19,296,864
Other assets		15,576,964	15,950,958
Total assets		940,746,430	919,060,532
Liabilities			
Due to banks and financial institutions	11	57,056,021	57,632,476
Repurchase agreements		56,807,344	56,005,314
Commercial paper	12	28,466,265	31,174,128
Derivative financial instruments		32,734,344	38,832,004
Customer accounts and other deposits	13	568,331,153	540,882,472
Term borrowings	14	70,340,119	62,437,103
Subordinated notes	15	450,538	470,805
Other liabilities		23,786,581	22,587,238
Total liabilities		837,972,365	810,021,540
Equity			
Share capital	16	10,920,000	10,920,000
Share premium		53,543,544	53,538,584
Treasury shares		(8,385)	(8,980)
Statutory and special reserves		10,920,000	10,920,000
Other reserves	16	2,668,177	2,882,421
Tier 1 capital notes	17	10,754,750	10,754,750
Share based payment		249,816	249,816
Retained earnings		13,701,744	19,418,076
Total equity attributable to shareholders of the Bank		102,749,646	108,674,667
Non-controlling interest		24,419	364,325
Total Equity		102,774,065	109,038,992
Total liabilities and equity		940,746,430	919,060,532

To the best of our knowledge, the financial statements 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 statements were approved by the Board of Directors and authorized for issue on 21 April 2021 and signed on its behalf:

Chairman

Group Chief Executive Officer

Group Chief Financial Officer

The notes 1 to 32 are an integral part of these condensed consolidated interim financial statements.

The independent auditors report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

Condensed consolidated interim statement of profit or loss

For the period ended (Unaudited)

	Note	Three Month Period Ended 31 March	
		2021 AED'000	2020 AED'000
Interest income		4,348,152	5,640,687
Interest expense		(1,668,835)	(2,561,080)
Net interest income		2,679,317	3,079,607
Fee and commission income		1,086,304	1,226,808
Fee and commission expense		(423,486)	(385,968)
Net fee and commission income		662,818	840,840
Net foreign exchange gain	21	318,822	583,656
Net gain on investments and derivatives	22	358,059	19,439
Other operating income	23	363,187	42,605
Operating income		4,382,203	4,566,147
General, administration and other operating expenses	24	(1,317,823)	(1,352,430)
Profit before net impairment charge and taxation		3,064,380	3,213,717
Net impairment charge	25	(470,282)	(738,186)
Profit before taxation		2,594,098	2,475,531
Overseas income tax expense		(114,866)	(76,686)
Profit for the period		2,479,232	2,398,845
Profit attributable to:			
Shareholders of the Bank		2,475,627	2,408,261
Non-controlling interests		3,605	(9,416)
		2,479,232	2,398,845
Basic earnings per share (AED)	26	0.22	0.20
Diluted earnings per share (AED)	26	0.22	0.20

The notes 1 to 32 are an integral part of these condensed consolidated interim financial statements.

The independent auditors report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

Condensed consolidated interim statement of comprehensive income

For the period ended (Unaudited)

	Three Month Period Ended 31 March	
	2021 AED'000	2020 AED'000
Profit for the period	2,479,232	2,398,845
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(682,875)	(110,601)
Net change in fair value reserve during the period (including ECL)	60,704	(7,870,045)
Items that will not be reclassified to profit or loss		
Net change in fair value of investments in equity instruments designated at fair value through other comprehensive income	66,005	(146,296)
Re-measurement of defined benefit obligations	(249)	1,736
Other comprehensive (loss) for the period	(556,415)	(8,125,206)
Total comprehensive income / (loss) for the period	1,922,817	(5,726,361)
Comprehensive income / (loss) attributable to:		
Shareholders of the Bank	2,262,723	(5,710,561)
Non-controlling interest	(339,906)	(15,800)
Total comprehensive income / (loss) for the period	1,922,817	(5,726,361)

The notes 1 to 32 are an integral part of these condensed consolidated interim financial statements.

The independent auditors report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

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 option scheme 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 2021	10,920,000	53,538,584	(8,980)	10,920,000	2,882,421	10,754,750	249,816	19,418,076	108,674,667	364,325	109,038,992
Profit for the period	-	-	-	-	-	-	-	2,475,627	2,475,627	3,605	2,479,232
Other comprehensive loss for the period	-	-	-	-	(212,655)	-	-	(249)	(212,904)	(343,511)	(556,415)
<u>Transactions with owners of the Group</u>											
Zakat	-	-	-	-	-	-	-	1,013	1,013	-	1,013
Treasury shares movements during the period (note 18)	-	4,960	595	-	-	-	-	-	5,555	-	5,555
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(8,074,594)	(8,074,594)	-	(8,074,594)
Payment on Tier 1 capital notes (note 17)	-	-	-	-	-	-	-	(119,718)	(119,718)	-	(119,718)
IFRS 9 reserve movement	-	-	-	-	446	-	-	(446)	-	-	-
Realised gain on sale of FVOCI investment	-	-	-	-	(2,035)	-	-	2,035	-	-	-
Balance at 31 March 2021	10,920,000	53,543,544	(8,385)	10,920,000	2,668,177	10,754,750	249,816	13,701,744	102,749,646	24,419	102,774,065
Balance at 1 January 2020	10,920,000	53,434,461	(18,864)	10,920,000	2,474,032	10,754,750	249,816	18,872,367	107,606,562	430,474	108,037,036
Profit for the period	-	-	-	-	-	-	-	2,408,261	2,408,261	(9,416)	2,398,845
Other comprehensive income / (loss) for the period	-	-	-	-	(8,120,558)	-	-	1,736	(8,118,822)	(6,384)	(8,125,206)
<u>Transactions with owners of the Group</u>											
Zakat	-	-	-	-	-	-	-	455	455	-	455
Treasury shares movements during the period (note 18)	-	1,499	145	-	-	-	-	-	1,644	-	1,644
Dividend for the year (net of treasury shares)	-	-	-	-	-	-	-	(8,066,947)	(8,066,947)	-	(8,066,947)
Payment on Tier 1 capital notes (note 17)	-	-	-	-	-	-	-	(192,806)	(192,806)	-	(192,806)
Balance at 31 March 2020	10,920,000	53,435,960	(18,719)	10,920,000	(5,646,526)	10,754,750	249,816	13,023,066	93,638,347	414,674	94,053,021

The notes 1 to 32 are an integral part of these condensed consolidated interim financial statements.

The independent auditors report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

Condensed consolidated interim statement of cash flows

For the three month period ended (Unaudited)

	31 Mar 2021 AED'000	31 Mar 2020 AED'000
Cash flows from operating activities		
Profit before taxation	2,594,098	2,475,531
Adjustments for:		
Depreciation and amortization	218,973	170,459
Gain on sale of investment property	(1,300)	-
Gain on sale of property and equipment	(294,241)	(46)
Net impairment charges	574,318	789,803
Accreted interest	121,871	180,057
Foreign currency translation adjustment	(1,092,924)	(400,380)
Change in investments at fair value through profit or loss	(1,016,808)	1,055,337
Change in due from central banks, banks and financial institutions	11,915,504	(3,277,018)
Change in reverse repurchase agreements	(12,008,066)	625,108
Change in loans and advances	8,186,942	25,333,310
Change in other assets	399,113	1,712,198
Change in due to banks and financial institutions	(576,455)	23,922,618
Change in repurchase agreements	802,030	9,546,755
Change in customer accounts and other deposits	27,448,916	(22,035,329)
Change in derivative financial instruments	(4,111,011)	3,467,732
Change in other liabilities	(2,009,374)	(2,491,316)
	31,151,586	41,074,819
Overseas income tax paid, net of recoveries	(97,899)	(60,646)
Directors' remuneration paid	(48,000)	(54,750)
Net cash from operating activities	31,005,687	40,959,423
Cash flows from investing activities		
Net movement in non-trading investments	(5,581,892)	(7,214,298)
Net movement in of investment property	(53,367)	(836,536)
Net movement in property and equipment	83,981	(293,984)
Net cash used in investing activities	(5,551,278)	(8,344,818)
Cash flows from financing activities		
Net movement from share based payment scheme	5,555	1,644
Dividend paid	(4,984,698)	(7,513,549)
Net movement of commercial paper	(2,707,863)	(4,674,417)
Issue of term borrowings	11,717,685	7,257,909
Repayment of term borrowings	(1,248,909)	(6,484,034)
Payment on Tier 1 capital notes	(119,718)	(192,806)
Net cash from / (used in) financing activities	2,662,052	(11,605,253)
Net increase in cash and cash equivalents	28,116,461	21,009,352
Cash and cash equivalents at 1 January	239,189,237	151,344,934
Cash and cash equivalents at 31 March	267,305,698	172,354,286

The notes 1 to 32 are an integral part of these condensed consolidated interim financial statements.

The independent auditors report on review of condensed consolidated interim financial information is set out on pages 2 and 3.

Notes to the condensed consolidated interim financial statements

1 Legal status and principal activities

On 7 December 2016, Shareholders of National Bank of Abu Dhabi PJSC ("NBAD") and First Gulf Bank PJSC ("FGB") approved the merger of the two banks pursuant to Article 283(1) of UAE Federal Law No. 2 of 2015 Concerning Commercial Companies (the Law). The merger was effected through the issuance of 1.254 new NBAD shares for every 1 share in FGB on close of business 30 March 2017, subsequent to which FGB shares were delisted from Abu Dhabi Securities Exchange. On 25 April 2017, NBAD shareholders approved the proposal to change the name of the combined bank to 'First Abu Dhabi Bank' (the "Bank") and have its registered office in FAB Building, Khalifa Business Park 1 Al Qurum P. O. Box 6316 Abu Dhabi, United Arab Emirates.

These condensed consolidated interim financial statements as at and for the period ended 31 March 2021 comprises the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in corporate, retail, private and investment banking activities, 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, Jordan¹, Kingdom of Saudi Arabia, Kuwait, Lebanon¹, Libya, Oman, Qatar², Singapore, South Korea, Sudan³, Switzerland, the United Kingdom and the United States of America.

The Group's Islamic banking activities are conducted in accordance with Islamic Sharia'a laws issued by the Internal Shariah Supervision Committee ("ISSC").

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 2020 are available upon request from the Group's registered office or at <http://www.bankfab.com>.

¹ Under closure.

² During the previous year, 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.

³ Under sale.

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared on an ongoing basis in accordance with IAS 34 Interim Financial Reporting and the requirements of applicable laws in the UAE. They do not include all of the information required for the complete set of annual consolidated financial statements as required under International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

On 1 April 2015, UAE Federal Law No 2 for Commercial Companies ("UAE Companies Law of 2015") was issued with effective date 1 July 2015. The Bank is in compliance with applicable sections of the UAE Companies Law of 2015 as at the date of these financial statements.

On 23 September 2018, a new Decretal Federal Law No 14 of 2018 regarding the Central Bank and Organization of Financial Institutions and Activities was issued. As per the transitional provisions of the new law, financial institutions are to ensure compliance within 3 years from the date of issuance of the decretal law. The Bank is in the process of adopting the new decretal federal law and will be fully compliant before the transitional provisions deadline.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 21 April 2021.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new standard as of 1 January 2021.

The following amendments to existing standards and framework have been applied by the Group in preparation of these interim condensed consolidated financial statements. 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 statements (continued)

3 Significant accounting policies (continued)

Description	Effective from
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

Interest Rate Benchmark Reform:

Interbank offered rates ("IBORs"), such as the London Interbank Offered Rate ("LIBOR"), play a critical role in global financial markets, serving as reference rates for derivatives, loans and securities, and as parameters in the valuation of financial instruments.

Uncertainty surrounding the integrity of IBOR rates has in recent years, led regulators, central banks and market participants to work towards a transition to alternative risk-free benchmark reference rates ("RFRs") and market-led working groups in respective jurisdictions have recommended alternative risk-free reference rates, which are gradually being adopted. Progress in the transition to these new benchmarks has resulted in significant uncertainty in the future of IBOR benchmarks beyond 1 January 2022.

The majority of LIBOR and other Interbank Offer Rates ("IBORs") are to be discontinued after 31 December 2021 and replaced with certain Alternative Reference Rates ("ARRs"), with the exception of certain USD LIBOR rates where cessation is delayed until 30 June 2023. The transition away from the IBORs covers most of the business units and support functions of the Group.

FAB initiated its IBOR transition project in 2019. The Group has maintained its momentum in tracking its exposure to IBORs, preparing its IT systems to accommodate the incoming Risk-Free Rates, amending or preparing contractual templates and communicating its progress with both the Regulators and its clients.

IBOR reform exposes the Bank to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform;
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses;
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable;
- Operational risk arising from changes to the Bank's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available; and
- Accounting risk if the Bank's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs.

The project is sponsored by the Group CFO and is being led by senior representatives from functions across the Bank including the client facing teams, Legal, Finance, Operations and Technology. The project provides monthly progress updates to the Project sponsors. The Bank has successfully achieved the readiness to transition significant portion of its IBOR exposure to RFRs and has in place detailed plans, processes and procedures to support the transition of the IBOR exposures prior to the Benchmark cessation. Following the progress made, the Bank is confident that it has the operational capability to process the large volume of transitions to RFRs that will be necessary during 2021 for those interest rate benchmarks such as GBP LIBOR that will cease to be available and so will be replaced by Sterling Overnight Index Average ("SONIA").

The Group has set up a methodical framework to monitor the progress of transition from IBORs to new benchmark rates by reviewing its exposure and contracts on a monthly basis. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract'). The Group's cross-functional IBOR Committee is managing the transition to new benchmark rates (e.g. SONIA, SOFR) for affected financial liabilities.

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. The Group's derivative instruments are governed by ISDA's 2006 definitions.

Further, the Group evaluated the extent to which its fair value and cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates, which are mainly Sterling and US Dollar LIBOR. These IBOR benchmark rates are quoted each day and IBOR cash flows are exchanged with its counterparties as usual.

Notes to the condensed consolidated interim financial statements *(continued)*

3 Significant accounting policies *(continued)*

Interest Rate Benchmark Reform *(continued)*

The Group's exposure to US dollar LIBOR designated in hedge accounting relationships at 31 March 2021 represents a nominal amount of AED 136,762 million. Exposure to EUR Euribor and GBP Libor represents a nominal amount of AED 8,456 million and AED 4,074 million respectively. 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

IFRS 17 Insurance contracts is applicable to annual reporting periods beginning on or after 01 January 2023. The Group is currently evaluating the impact of this new standard and expects to adopt this new standard on applicable date.

Notes to the condensed consolidated interim financial statements (continued)

3 Significant accounting policies (continued)

Basis of consolidation

Subsidiaries are investees 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 consolidated interim financial statements from the date that control commences until the date that control ceases.

The condensed consolidated interim financial statements comprise the financial statements of the Group and those of its following subsidiaries:

Legal Name	Country of incorporation	Principal activities	Holding % 2021
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 LLC	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 ¹	Egypt	Brokerage	96%
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities	100%
SAS 10 Magellan	France	Leasing	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%
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%
FAB Sukuk Company Limited	Cayman Islands	Special purpose vehicle	100%
First Gulf Libyan Bank ²	Libya	Banking services	50%
FGB Global Markets Cayman Limited ¹	Cayman Islands	Financial Institution	100%
FAB Properties LLC	United Arab Emirates	Management and brokerage of real estate properties	100%
Aseel Finance PJSC ¹	United Arab Emirates	Islamic finance	100%
Dubai First PJSC ¹	United Arab Emirates	Credit card finance	100%
First Gulf Information Technology LLC (FGIT)	United Arab Emirates	IT Services	100%
FAB Investment KSA (single Shareholder LLC)	Kingdom of Saudi Arabia	Financial Institution	100%
FAB Global Business Services Limited (Subsidiary of FGIT)	India	IT Services	100%
Magnati Sole Proprietorship LLC	United Arab Emirates	Payment services	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 statements (continued)

4 Use of estimates and judgements

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Cash on hand	1,925,199	1,933,356
Central Bank of the UAE		
- cash reserve deposits	16,451,256	8,249,013
- certificates of deposits	3,897,101	15,996,096
- other balances	26,000,000	25,000,000
Balances with other central banks	201,867,433	176,830,683
	250,140,989	228,009,148
Less: expected credit losses	(135,952)	(136,556)
	250,005,037	227,872,592

As per the new regulations, the bank is allowed to draw their balances held in the reserve account, while ensuring that they meet the reserve requirements over 14 days period.

6 Investments at fair value through profit or loss

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Investments in managed funds	4,662	6,347
Investment in private equity	1,863,102	1,759,231
Investments in equities	150,282	106,879
Debt securities	20,258,585	19,393,786
	22,276,631	21,266,243

Notes to the condensed consolidated interim financial statements *(continued)*

7 Loans and advances

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Gross loans and advances	394,915,721	403,288,746
Less: interest suspended	(4,515,213)	(4,206,335)
Less: expected credit losses	(12,393,668)	(12,438,415)
Net loans and advances	<u>378,006,840</u>	<u>386,643,996</u>
	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
By counterparty:		
Government sector	38,360,587	38,889,069
Public sector	88,995,201	92,718,473
Banking sector	6,424,008	8,924,677
Corporate / private sector	187,947,946	189,101,082
Personal / retail sector	73,187,979	73,655,445
Gross loans and advances	<u>394,915,721</u>	<u>403,288,746</u>
	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
By product:		
Overdrafts	27,632,944	27,308,342
Term loans	307,052,166	314,798,103
Trade related loans	22,678,355	23,177,540
Personal loans	31,458,867	31,790,101
Credit cards	4,713,413	4,871,801
Vehicle financing loans	1,379,976	1,342,859
Gross loans and advances	<u>394,915,721</u>	<u>403,288,746</u>

Notes to the condensed consolidated interim financial statements *(continued)*

7 Loans and advances *(continued)*

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Concentration by industry sector:		
Agriculture	881,534	727,782
Energy	39,403,164	39,706,125
Manufacturing	21,954,990	21,952,423
Construction	10,987,378	11,151,070
Real estate	89,430,597	88,477,802
Trading	22,942,230	22,435,927
Transport and communication	34,245,918	37,845,095
Banks	6,424,008	8,924,677
Other financial institutions	36,606,103	39,335,644
Services	20,491,233	20,187,687
Government	38,360,587	38,889,069
Personal - Loans & Credit Cards	50,743,296	51,419,609
Personal - Retail Mortgage	22,444,683	22,235,836
Gross loans and advances	394,915,721	403,288,746

8 Non-trading Investments

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Fair value through other comprehensive income:		
- with recycle to profit or loss (Debt Investments)	133,070,421	127,609,415
- without recycle to profit or loss (Equity Investments)	821,308	557,508
Amortised cost	3,345,099	3,352,977
Investment in associates and joint venture	54,275	54,207
	137,291,103	131,574,107
Less: expected credit losses	(306)	(345)
	137,290,797	131,573,762

Notes to the condensed consolidated interim financial statements (continued)

8 Non-trading Investments (continued)

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

	(Unaudited) 31 Mar 2021 AED'000			(Audited) 31 Dec 2020 AED'000		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity investments	598,724	276,859	875,583	534,846	76,869	611,715
Debt investments	135,154,808	1,260,712	136,415,520	129,844,660	1,117,732	130,962,392
	<u>135,753,532</u>	<u>1,537,571</u>	<u>137,291,103</u>	<u>130,379,506</u>	<u>1,194,601</u>	<u>131,574,107</u>
Less: expected credit losses	(298)	(8)	(306)	(336)	(9)	(345)
	<u>135,753,234</u>	<u>1,537,563</u>	<u>137,290,797</u>	<u>130,379,170</u>	<u>1,194,592</u>	<u>131,573,762</u>

Debt instruments under repurchase agreements included in non-trading investments amounted to AED 28,458 million (31 December 2020: AED 32,840 million).

9 Investment Properties

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Beginning of the period	7,603,230	7,956,854
Additions / transfer from PPE / other adjustments	56,682	472,211
Disposals / transfer to PPE	(2,015)	(577,350)
Fair value adjustment	-	(248,485)
End of the period	<u>7,657,897</u>	<u>7,603,230</u>

The fair value of the properties is based on the valuations performed by third party valuers as at 31 December 2020 and all are level 3 under fair value hierarchy.

10 Intangibles

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Goodwill	17,370,249	17,370,249
Customer relationship	1,774,716	1,774,716
Core deposits	593,335	593,335
License	368,700	368,700
Brand	22,000	22,000
	<u>20,129,000</u>	<u>20,129,000</u>
Accumulated amortisation	(881,753)	(832,136)
	<u>19,247,247</u>	<u>19,296,864</u>

Notes to the condensed consolidated interim financial statements *(continued)*

11 Due to banks and financial institutions

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Banks and financial institutions	20,653,905	24,204,868
Central banks	36,402,116	33,427,608
	<u>57,056,021</u>	<u>57,632,476</u>

12 Commercial paper

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

The notes outstanding as at the end of the reporting date amounted to AED 28,466 million (2020: AED 31,174 million) and have maturity period of less than 12 months.

The Group has not had any defaults of principal, interests or other breaches with respect to its Commercial paper programmes during three months period ended 31 March 2021.

13 Customer accounts and other deposits

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
By account:		
Current accounts	237,769,342	211,144,473
Savings accounts	12,286,878	12,023,563
Margin accounts	3,105,699	2,757,184
Notice and time deposits	265,360,334	266,338,758
	<u>518,522,253</u>	<u>492,263,978</u>
Certificates of deposit	49,808,900	48,618,494
	<u>568,331,153</u>	<u>540,882,472</u>
By counterparty:		
Government sector	135,625,591	134,010,748
Public sector	109,882,119	114,402,974
Corporate / private sector	189,872,779	162,774,636
Personal / retail sector	83,141,764	81,075,620
	<u>518,522,253</u>	<u>492,263,978</u>
Certificates of deposit	49,808,900	48,618,494
	<u>568,331,153</u>	<u>540,882,472</u>

Notes to the condensed consolidated interim financial statements (continued)

14 Term borrowings

		31 March 2021 (Unaudited)						31 December 2020 (Audited)					
Currency	Interest	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 4.20% p.a.	-	-	-	3,793	94,809	98,602	-	-	-	3,730	94,697	98,427
AUD	Fixed rate of 3.17% p.a.	-	84,626	-	-	-	84,626	-	86,397	-	-	-	86,397
AUD	3 month AUD BBSW + upto 0.085% p.a.	-	69,997	-	1,070,289	84,709	1,224,995	-	-	71,129	1,089,438	86,864	1,247,431
CHF	Fixed rate of 0.07% to 0.625% p.a.	-	-	1,560,448	1,946,358	1,554,529	5,061,335	-	-	1,676,993	2,097,570	615,825	4,390,388
CNH	Fixed rate of 3.22% to 4.8% p.a.	616,999	404,463	656,669	4,963,046	-	6,641,177	509,980	995,800	228,496	4,733,608	-	6,467,884
EUR	Fixed rate of 0.516% to 3.00% p.a.	-	-	-	3,777,474	242,851	4,020,325	-	-	-	599,962	278,672	878,634
GBP	Fixed rate of 0.875% to 2.205% p.a.	-	127,048	2,294,079	2,119,127	104,452	4,644,706	-	126,411	2,285,968	145,189	108,726	2,666,294
GBP	3 Month GBP LIBOR + till 0.006% p.a.	126,420	101,767	-	-	-	228,187	-	125,389	101,384	-	-	226,773
HKD	Fixed rate of 0.475% to 4.18% p.a.	-	227,440	873,899	649,646	238,485	1,989,470	76,186	-	1,035,001	587,710	249,521	1,948,418
JPY	Fixed rate of 0.235% to 2.6% p.a.	-	-	66,356	-	340,987	407,343	-	-	-	-	372,239	372,239
MXN	Fixed rate of 0.50% p.a.	-	-	-	-	4,907	4,907	-	-	-	-	6,424	6,424
USD	Fixed rate of till 5.207% p.a.	184,133	9,474,939	11,463,343	7,268,153	4,382,316	32,772,884	610,015	3,256,479	13,493,360	9,892,511	4,958,527	32,210,892
USD	3 Month LIBOR + till 0.244% p.a.	220,383	789,694	6,072,616	5,895,218	183,651	13,161,562	-	514,220	6,308,558	4,830,474	183,650	11,836,902
		<u>1,147,935</u>	<u>11,279,974</u>	<u>22,987,410</u>	<u>27,693,104</u>	<u>7,231,696</u>	<u>70,340,119</u>	<u>1,196,181</u>	<u>5,104,696</u>	<u>25,200,889</u>	<u>23,980,192</u>	<u>6,955,145</u>	<u>62,437,103</u>

Notes to the condensed consolidated interim financial statements (continued)

14 Term borrowings (continued)

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
At amortised cost	69,870,291	61,970,222
At fair value through profit or loss	469,828	466,881
	<u>70,340,119</u>	<u>62,437,103</u>

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 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Beginning of the period	62,437,103	55,751,819
New issuances	11,717,685	16,692,127
Redemptions	(1,248,909)	(11,960,709)
Fair valuation, exchange and other adjustments	(2,565,760)	1,953,866
End of the period	<u>70,340,119</u>	<u>62,437,103</u>

15 Subordinated notes

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
10 December 2012 issue (4.75 percent fixed rate maturing on 9 December 2027)	450,538	470,805

The Bank has hedged the interest rate and foreign currency exposure on the subordinated notes. The Bank has not had any defaults of principal, interests, or other breaches with respect to its subordinated notes during three months period ended 31 March 2021.

16 Capital and reserves

Share Capital

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Ordinary paid up shares of AED 1 each	10,920,000	10,920,000
Treasury shares of AED 1 each	8,385	8,980

At the Annual General Meeting (AGM) held on 28 February 2021, the shareholders of the Bank approved a cash dividend of AED 0.74 per ordinary shares amounting to AED 8,080 million (31 December 2019: AED 0.74 per ordinary share amounting to AED 8,080 million).

Notes to the condensed consolidated interim financial statements (continued)

16 Capital and reserves (continued)

Other reserves

	Fair value reserve AED'000	General reserve AED'000	Foreign currency translation reserve AED'000	Revaluati- on reserve AED'000	IFRS 9 reserve - specific AED'000	IFRS 9 reserve – collective AED'000	Total AED'000
As at 1 January 2021	1,168,389	228,265	(377,851)	-	1,220,996	642,622	2,882,421
Other comprehensive income/ (loss) for the period	126,709	-	(339,364)	-	-	-	(212,655)
IFRS 9 reserve movement	-	-	-	-	446	-	446
Realised gain on sale of FVOCI Investment	(2,035)	-	-	-	-	-	(2,035)
Balance at 31 March 2021	1,293,063	228,265	(717,215)	-	1,221,442	642,622	2,668,177
As at 1 January 2020	1,361,293	228,265	(354,657)	280,601	315,908	642,622	2,474,032
Other comprehensive loss for the period	(8,016,341)	-	(104,217)	-	-	-	(8,120,558)
Balance at 31 March 2020	(6,655,048)	228,265	(458,874)	280,601	315,908	642,622	(5,646,526)

17 Tier 1 capital notes

	Currency	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 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
		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 119,718 thousand (31 March 2020: AED 192,806 thousand).

Notes to the condensed consolidated interim financial statements (continued)

18 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, 595 thousand shares (31 March 2020: 145 thousand) have been awarded, therefore treasury shares has been adjusted by AED 595 thousand (31 March 2020: AED 145 thousand) and share premium has been adjusted by AED 4,960 thousand (31 March 2020: AED 1,499 thousand) accordingly relating to this.

19 Commitments and contingencies

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

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 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Letter of credit	57,630,791	61,406,469
Letters of guarantees	98,641,745	105,216,467
Financial guarantees	525,127	129,940
Irrevocable Undrawn commitments	74,398,659	74,582,341
Private Equity commitments	915,479	536,571
	232,111,801	241,871,788

20 Cash and cash equivalents

	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Cash and balances with Central Banks	250,140,989	228,009,148
Due from banks and financial institutions	21,499,908	27,430,792
	271,640,897	255,439,940
Less: Balances with Central Banks maturing after three months of placement	(4,004,618)	(16,103,734)
Less: Due from banks and financial institutions maturing after three months of placement	(330,581)	(146,969)
	267,305,698	239,189,237

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.

Notes to the condensed consolidated interim financial statements (continued)

21 Net foreign exchange gain

	(Unaudited) Three month period ended 31 Mar 2021 AED'000	(Unaudited) Three month period ended 31 Mar 2020 AED'000
Trading and retranslation gain on foreign exchange and related derivatives ^{1,2}	153,450	381,860
Dealings with customers ³	165,372	201,796
	<u>318,822</u>	<u>583,656</u>

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

² Includes negative interest income of AED 120.8 million (31 March 2020: AED 69.4 million) arising from placement with ECB.

³ The comparatives have been restated to include customer facing portfolios which were in the prior periods included within trading and retranslation gain on foreign exchange and related derivatives.

22 Net gain on investments and derivatives

	(Unaudited) Three month period ended 31 Mar 2021 AED'000	(Unaudited) Three month period ended 31 Mar 2020 AED'000
Net realised and unrealised gain on investments at fair value through profit or loss and derivatives	(16,080)	(275,678)
Net gain from sale of non-trading investments	366,691	263,045
Dividend income	7,448	32,072
	<u>358,059</u>	<u>19,439</u>

23 Other operating income

	(Unaudited) Three month period ended 31 Mar 2021 AED'000	(Unaudited) Three month period ended 31 Mar 2020 AED'000
Investment property income	1,412	50
Leasing related income	29,362	33,928
Gain on sale of property and equipment	294,241	46
Other income	38,172	8,581
	<u>363,187</u>	<u>42,605</u>

Notes to the condensed consolidated interim financial statements (continued)

24 General, administration and other operating expenses

	(Unaudited) Three month period ended 31 Mar 2021 AED'000	(Unaudited) Three month period ended 31 Mar 2020 AED'000
Staff costs	691,679	755,237
Other general and administration expenses	393,256	404,096
Depreciation	169,356	120,428
Amortisation on intangibles	49,617	50,031
Sponsorships and donations	13,915	22,638
	<u>1,317,823</u>	<u>1,352,430</u>

25 Net impairment charge

	(Unaudited) Three month period ended 31 Mar 2021 AED'000	(Unaudited) Three month period ended 31 Mar 2020 AED'000
Impairment charge / (reversal) on		
loans and advances	427,165	712,369
other financial assets	(28,408)	29,706
unfunded exposure	151,175	22,167
Recoveries	(104,036)	(51,617)
Write-off of impaired financial assets	24,386	25,561
	<u>470,282</u>	<u>738,186</u>

Notes to the condensed consolidated interim financial statements (continued)

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 2021	(Unaudited) Three month period ended 31 Mar 2020
Basic earnings per share:		
Net profit for the period (AED'000)	2,475,627	2,408,261
Less: payment on Tier 1 capital notes (AED'000)	(119,718)	(192,806)
Net profit after payment of Tier 1 capital notes (AED'000)	2,355,909	2,215,455
Weighted average number of ordinary shares:		
Number of shares issued / deemed to be outstanding from the beginning of the period ('000)	10,911,020	10,901,136
Weighted average number of shares exercised under the share based payment scheme ('000)	192	61
Weighted average number of ordinary shares ('000)	10,911,212	10,901,197
Basic earnings per share (AED)	0.22	0.20
Diluted earnings per share:		
Net profit for the period for calculating diluted earning per share (AED'000)	2,355,909	2,215,455
Weighted average number of ordinary shares ('000)	10,911,212	10,901,197
Weighted average number of dilutive shares under share based payment scheme ('000)	1,106	1,454
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	10,912,318	10,902,651
Diluted earnings per share (AED)	0.22	0.20

Notes to the condensed consolidated interim financial statements *(continued)*

27 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.

Business segments

Corporate & Investment Banking ("CIB")

Covers corporate, institutional and SME clients through dedicated client segments (Corporate Banking, Institutional Banking, Commercial Banking, Privileged Clients Groups, Financial Institutions and Business Banking Group). CIB offers Credit facilities, Global Transaction Services, Corporate Finance, Islamic Finance and Global Markets products to both UAE and international clients.

CIB also includes a diversified business model supported by complementary offerings provided across real estate, property management services through subsidiaries partially or fully owned by the Group, namely FAB Properties, ADNP and Mismak.

Personal Banking Group ("PBG")

The business targets retail, affluent, high net-worth customers and Islamic consumer finance. The products' ranges offered include every day banking products such as current accounts, deposits, credit cards, loans, sophisticated investment solutions and brokerage and securities services. The business furnishes variety of distribution and sales channels, including mobile and internet banking, branches, direct sales agents and through its banking subsidiaries namely Dubai First, Aseel and First Abu Dhabi Islamic Finance and FAB securities.

Subsidiaries

This business covers a subsidiary which is partially owned by the Bank, namely First Gulf Libyan Bank.

Head office

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.

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. International business is further sub-divided into two major regions which are Europe, Americas, Middle East and Africa ("EAMEA") and Asia Pacific ("APAC").

- **Europe, Americas, Middle East and Africa (EAMEA)**
FAB network in the EAMEA region is operated through its presence in United States of America, Brazil, United Kingdom, France, Switzerland, Oman, Bahrain, Qatar, Egypt, Sudan, Kuwait, Lebanon, Jordan, and Kingdom of Saudi Arabia.
- **Asia Pacific (APAC)**
FAB's business in the Asia region is run through its presence in Singapore, China/Hong kong, Labuan and India.

Notes to the condensed consolidated interim financial statements (continued)

27 Segmental information (continued)

	Business Segment					Geographic Segment			
	Corporate and Investment Banking AED'000	Personal Banking Group AED'000	Subsidiaries AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Europe, Americas, Middle East and Africa AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the three month period ended 31 March 2021 (Unaudited)</i>									
Net interest income	1,540,967	1,184,858	457	(46,965)	2,679,317	2,039,379	528,801	111,137	2,679,317
Net non-interest income	1,475,347	255,075	9,690	(37,226)	1,702,886	1,530,790	135,189	36,907	1,702,886
Operating income	<u>3,016,314</u>	<u>1,439,933</u>	<u>10,147</u>	<u>(84,191)</u>	<u>4,382,203</u>	<u>3,570,169</u>	<u>663,990</u>	<u>148,044</u>	<u>4,382,203</u>
General administration and other operating expenses	615,046	632,972	3,251	66,554	1,317,823	1,048,249	220,847	48,727	1,317,823
Net impairment charge	<u>238,357</u>	<u>237,568</u>	<u>(1,596)</u>	<u>(4,047)</u>	<u>470,282</u>	<u>470,233</u>	<u>(36,888)</u>	<u>36,937</u>	<u>470,282</u>
Profit before taxation	<u>2,162,911</u>	<u>569,393</u>	<u>8,492</u>	<u>(146,698)</u>	<u>2,594,098</u>	<u>2,051,687</u>	<u>480,031</u>	<u>62,380</u>	<u>2,594,098</u>
Overseas taxation	<u>98,780</u>	<u>13,087</u>	<u>1,815</u>	<u>1,184</u>	<u>114,866</u>	<u>1,308</u>	<u>94,696</u>	<u>18,862</u>	<u>114,866</u>
Net profit for the period	<u>2,064,131</u>	<u>556,306</u>	<u>6,677</u>	<u>(147,882)</u>	<u>2,479,232</u>	<u>2,050,379</u>	<u>385,335</u>	<u>43,518</u>	<u>2,479,232</u>
<i>As at 31 March 2021 (Unaudited)</i>									
Segment total assets	<u>803,558,170</u>	<u>103,294,610</u>	<u>2,025,606</u>	<u>81,994,104</u>	<u>990,872,490</u>	<u>715,217,557</u>	<u>300,536,018</u>	<u>41,906,275</u>	<u>1,057,659,850</u>
Inter segment balances					(50,126,060)				(116,913,420)
Total assets					<u>940,746,430</u>				<u>940,746,430</u>
Segment total liabilities	<u>677,730,898</u>	<u>81,626,279</u>	<u>1,949,047</u>	<u>126,792,201</u>	<u>888,098,425</u>	<u>646,069,845</u>	<u>275,468,875</u>	<u>33,347,065</u>	<u>954,885,785</u>
Inter segment balances					(50,126,060)				(116,913,420)
Total liabilities					<u>837,972,365</u>				<u>837,972,365</u>

Notes to the condensed consolidated interim financial statements (continued)

27 Segmental information (continued)

	Business Segment					Geographic Segment			
	Corporate and Investment Banking AED'000	Personal Banking Group AED'000	Subsidiaries AED'000	Head Office AED'000	Total AED'000	UAE AED'000	Europe, Americas, Middle East and Africa AED'000	Asia - Pacific AED'000	Total AED'000
<i>For the three month period ended 31 March 2020 (Unaudited)</i>									
Net interest income	1,542,939	1,243,282	1,680	291,706	3,079,607	2,576,320	407,266	96,021	3,079,607
Net non-interest income	1,095,663	399,884	10,835	(19,842)	1,486,540	1,261,669	165,013	59,858	1,486,540
Operating income	<u>2,638,602</u>	<u>1,643,166</u>	<u>12,515</u>	<u>271,864</u>	<u>4,566,147</u>	<u>3,837,989</u>	<u>572,279</u>	<u>155,879</u>	<u>4,566,147</u>
General administration and other operating expenses	619,164	677,053	8,622	47,591	1,352,430	1,079,988	212,740	59,702	1,352,430
Net impairment charge	<u>264,165</u>	<u>448,382</u>	<u>22,246</u>	<u>3,393</u>	<u>738,186</u>	<u>633,027</u>	<u>73,805</u>	<u>31,354</u>	<u>738,186</u>
Profit before taxation	<u>1,755,273</u>	<u>517,731</u>	<u>(18,353)</u>	<u>220,880</u>	<u>2,475,531</u>	<u>2,124,974</u>	<u>285,734</u>	<u>64,823</u>	<u>2,475,531</u>
Overseas taxation	<u>46,256</u>	<u>23,487</u>	<u>785</u>	<u>6,158</u>	<u>76,686</u>	<u>268</u>	<u>53,587</u>	<u>22,831</u>	<u>76,686</u>
Net profit for the period	<u>1,709,017</u>	<u>494,244</u>	<u>(19,138)</u>	<u>214,722</u>	<u>2,398,845</u>	<u>2,124,706</u>	<u>232,147</u>	<u>41,992</u>	<u>2,398,845</u>
<i>As at 31 December 2020 (Audited)</i>									
Segment total assets	<u>809,586,650</u>	<u>102,972,370</u>	<u>3,843,838</u>	<u>84,910,943</u>	<u>1,001,313,801</u>	<u>713,858,927</u>	<u>275,876,835</u>	<u>39,947,182</u>	<u>1,029,682,944</u>
Inter segment balances					(82,253,269)				(110,622,412)
Total assets					<u>919,060,532</u>				<u>919,060,532</u>
Segment total liabilities	<u>653,363,149</u>	<u>82,508,812</u>	<u>3,111,864</u>	<u>153,290,984</u>	<u>892,274,809</u>	<u>644,959,752</u>	<u>244,890,284</u>	<u>30,793,916</u>	<u>920,643,952</u>
Inter segment balances					(82,253,269)				(110,622,412)
Total liabilities					<u>810,021,540</u>				<u>810,021,540</u>

Notes to the condensed consolidated interim financial statements (continued)

28 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.

	31 March 2021 (Unaudited)				31 December 2020 (Audited)
	BOD	Major shareholders	Senior Management	Total	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
<i>Balances with related parties at the reporting date are shown below:</i>					
Financial assets	9,668,266	50,770,204	22,232	60,460,702	73,608,414
Financial liabilities	33,838,575	29,823,180	48,543	63,710,298	65,130,775
Contingent liabilities	2,873,537	29,128,129	-	32,001,666	19,675,969

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

	31 March 2021 (Unaudited)				31 March 2020 (Unaudited)
Interest & other income	72,352	311,715	100	384,167	478,089
Interest expense	93,456	9,891	92	103,439	108,141

The details of the key management personnel remuneration is as below:

	(Unaudited) 31 Mar 2021 AED'000	(Unaudited) 31 Mar 2020 AED'000
Salaries and other benefits	30,279	29,025

No ECL has been charged during the three months period on the related party balances.

Notes to the condensed consolidated interim financial statements *(continued)*

29 Financial risk management

Credit risk

COVID-19 and Expected Credit Loss (ECL)

On 11 March 2020, the World Health Organization ("WHO") officially declared COVID-19 a global pandemic. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty and governments and authorities have instigated a host of measures to contain or delay the spread of the virus.

On 27 March 2020, the IASB issued a guidance note, advising that both the assessment of Significant Increase in Credit risk ("SICR") as explained in note 43 (a) of the consolidated financial statements for the year ended 31 December 2020 and the measurement of Expected Credit Losses (ECLs) are required to be based on reasonable and supportable information that is available to an entity without undue cost or effort. In assessing forecast conditions, consideration should be given both to the effects of COVID-19 and the significant government support measures being undertaken. It is difficult at this time to incorporate the specific effects of COVID-19 and government support measures on a reasonable and supportable basis.

In line with other global regulators, the Central Bank of the UAE, under the Targeted Economic Support Scheme ("TESS"), has facilitated the provision of temporary relief from the payments of principal and/or interest / profit on outstanding loans for all affected private sector corporates, SMEs and individuals with specific conditions. Additionally, the program seeks to facilitate additional lending and liquidity capacity of banks, through the relief of existing capital and liquidity buffers, which have been further elaborated on in the sections below.

A key element in determining the ECL is the assessment of whether a SICR has occurred or not, and hence whether a lifetime Probability of Default (PD) or a 12-month PD is applied. UAE government's support measures including the Central Bank's TESS program, have been considered for SICR assessment which include both quantitative and qualitative criteria and are subject to management judgment due to the rapidly-changing dynamics of COVID-19. The Group continues to closely monitor the impact of COVID-19 on the Bank's portfolio.

In addition to the management of credit risk described above, the Bank has undertaken preemptive measures in response to the COVID-19 outbreak. These include significantly reduced underwriting to companies in affected sectors; payment holidays on a case by case basis in the Private sector and SME segment, in line with CBUAE relief program and depending on their underlying credit assessment.

Further, the Group has undertaken comprehensive review of its clients which are susceptible to macroeconomic and accordingly have taken preemptive action identifying clients benefitting under TESS under two main categories as required by Central bank:

Group 1: are the customers who are not expected to face substantial change in their creditworthiness beyond liquidity issue caused by the COVID-19 crisis.

The clients in this sub segment could originally be in Stage 1 or in Stage 2, prior to being subject to deferrals. These clients are expected to remain in their original stage as long as the pandemic has an effect on their business, unless factors unrelated to Covid-19 trigger a credit deterioration. These accounts are not considered to have significant deterioration in credit quality to trigger a stage migration and the staging maybe retained at the same level.

Group 2: customers that are significantly expected to be impacted by COVID-19.

Clients in this sub segment could originally be in Stage 1 or in Stage 2, prior to being subject to deferrals. This sub segment includes borrowers for which the credit deterioration is more significant and prolonged, ranging beyond liquidity issues, with an extended recovery period. For these customers, the deterioration in credit risk maybe so significant that it may trigger a migration to stage 2 in the month following the one that deferrals are processed. In exceptional circumstances the migration to Stage 3 would be triggered due to liquidation / bankruptcy caused by non-financial events or significant disruptions threatening the long-term sustainability of clients' business models.

The Grouping of the client is based on a combination of quantitative analysis and judgmental approach based on subject matter expert views within the Bank.

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

COVID-19 and Expected Credit Loss (ECL) (continued)

Macro economic factors

The bank uses a range of macro-economic factors in ECL assessment relevant to multiple jurisdictions of operations. These are disclosed in note 43 (a) of annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2020. The bank periodically reviews and updates selected economic series and applies judgment in determining what constitutes reasonable and forward-looking estimates.

To reflect the current uncertain economic environment, the Group has updated its macro-economic forecast accordingly and taken the impact arising on the ECL calculation.

Clients benefiting from deferrals under Target Economic Support Scheme (TESS) & non-TESS by Segment:

Table 1: Deferrals information as at 31st March 2021

Segment	Stage	Group	31 March 2021 (Unaudited)			31 December 2020 (Audited)			
			Payment	Exposure at	Impairment	Payment	Exposure	Impairment	
			deferrals AED'000	Default AED'000	allowance AED'000	deferrals AED'000	at Default AED'000	allowance AED'000	
Retail banking	Stage 1	Group 1	78,185	1,962,971	37,644	64,476	1,744,328	27,929	
		Group 2	894	13,189	530	923	25,931	827	
	Stage 2	Group 1	886	15,283	556	10,381	138,240	960	
		Group 2	1,296	8,835	380	6,459	133,951	1,899	
	Total			<u>81,261</u>	<u>2,000,278</u>	<u>39,110</u>	<u>82,239</u>	<u>2,042,450</u>	<u>31,615</u>

Segment	Stage	Group	31 March 2021 (Unaudited)			31 December 2020 (Audited)			
			Payment	Exposure at	Impairment	Payment	Exposure at	Impairmen	
			deferrals AED'000	Default AED'000	allowance AED'000	deferrals AED'000	Default AED'000	t allowance AED'000	
Wholesale banking	Stage 1	Group 1	3,093,068	26,564,271	184,138	3,283,608	35,438,907	285,942	
		Group 2	48,221	452,773	20,825	22,732	167,635	1,130	
	Stage 2	Group 1	1,573,340	4,364,057	835,154	861,001	4,795,853	715,401	
		Group 2	14,264	91,626	43,632	6,758	21,725	5,059	
	Total			<u>4,728,893</u>	<u>31,472,727</u>	<u>1,083,749</u>	<u>4,174,099</u>	<u>40,424,120</u>	<u>1,007,532</u>

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

COVID-19 and Expected Credit Loss (ECL) (continued)

Clients benefiting from deferrals under Target Economic Support Scheme (TESS) & non-TESS by Segment (continued):

Table 2: ECL change (flow) since beginning of year to date

31 March 2021 (Unaudited):

Retail banking

ECL allowance as of start of the year

Credit card

Housing loan

Personal loan

Auto loan

Others

ECL allowance as of end of the period

Non-credit impaired		Credit impaired	
Stage 1	Stage 2	Stage 3	Total
AED'000	AED'000	AED'000	AED'000
40,551	2,179	147	42,877
(14)	3	-	(11)
(55)	45	-	(10)
(2,580)	(412)	(147)	(3,139)
45	14	-	59
227	(893)	-	(666)
38,174	936	-	39,110

31 March 2021 (Unaudited):

Wholesale banking

ECL allowance as of start of the year

Emirates government

GRE (Govt. ownership >50%)

Other Corporates

High net worth Individuals

SMEs

ECL allowance as of end of the period

Non-credit impaired		Credit impaired	
Stage 1	Stage 2	Stage 3	Total
AED'000	AED'000	AED'000	AED'000
251,289	726,595	5,010	982,894
(181)	-	-	(181)
-	-	-	-
(59,868)	128,129	36,211	104,472
314	-	-	314
(7,416)	1,255	2,411	(3,750)
184,138	855,979	43,632	1,083,749

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

COVID-19 and Expected Credit Loss (ECL) (continued)

Clients benefiting from deferrals under Target Economic Support Scheme (TESS) & non-TESS by Segment (continued):

	Non-credit impaired				Credit impaired				Total	
	Stage 1		Stage 2		Stage 3		POCI			
31 March 2021 (Unaudited)	AED'000 Exposure at Default	AED'000 Impairment allowance	AED'000 Exposure at Default	AED'000 Impairment allowance	AED'000 Exposure at Default	AED'000 Impairment allowance	AED'000 Exposure at Default	AED'000 Impairment allowance	AED'000 Exposure at Default	AED'000 Impairment allowance
Retail banking										
As of 1 January 2021	1,877,467	40,551	172,273	2,179	222	147	-	-	2,049,962	42,877
Transfers from stage 1 to stage 2	(9,641)	(367)	9,641	367	-	-	-	-	-	-
Transfers from stage 2 to stage 1	157,567	1,509	(157,567)	(1,509)	-	-	-	-	-	-
Transfers from stage 3 to stage 2 & 1	-	-	222	147	(222)	(147)	-	-	-	-
Other movements	(49,233)	(3,519)	(451)	(248)	-	-	-	-	(49,684)	(3,767)
As of end of at 31 March 2021	<u>1,976,160</u>	<u>38,174</u>	<u>24,118</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,278</u>	<u>39,110</u>
Wholesale banking										
As of 1 January 2021	27,389,349	251,289	4,748,126	726,595	21,574	5,010	-	-	32,159,049	982,894
Transfers from stage 1 to stage 2	(294,922)	(19,734)	294,922	19,734	-	-	-	-	-	-
Transfers from stage 2 to stage 1	9,889	449	(9,889)	(449)	-	-	-	-	-	-
Transfers from 1&2 to stage 3	(1,242)	(42)	(68,720)	(634)	69,962	676	-	-	-	-
Transfers from stage 3 to stage 2 & 1	-	-	24	13	(24)	(13)	-	-	-	-
Other movements	(538,803)	(47,824)	(147,633)	110,720	114	37,959	-	-	(686,322)	100,855
As of end of at 31 March 2021	<u>26,564,271</u>	<u>184,138</u>	<u>4,816,830</u>	<u>855,979</u>	<u>91,626</u>	<u>43,632</u>	<u>-</u>	<u>-</u>	<u>31,472,727</u>	<u>1,083,749</u>

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

Credit risk (continued)

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

	Investments at fair value through profit or loss		Non-trading investments	
	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
Government sector	13,319,982	11,538,832	79,264,866	68,001,252
Supranational	811,909	2,062,063	822,610	879,774
Public sector	1,320,489	524,140	21,411,942	24,330,758
Banking sector	4,624,863	5,012,599	29,187,988	31,621,387
Corporate / private sector	2,199,388	2,128,609	6,603,697	6,740,936
	22,276,631	21,266,243	137,291,103	131,574,107
Less: allowance for impairment (expected credit loss) on amortised cost securities	-	-	(306)	(345)
	22,276,631	21,266,243	137,290,797	131,573,762

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

	Investments at fair value through profit or loss		Non-trading investments	
	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000	(Unaudited) 31 Mar 2021 AED'000	(Audited) 31 Dec 2020 AED'000
AAA	28,165	565,421	20,398,243	19,851,021
AA to A	9,315,143	10,291,770	85,401,837	81,811,445
BBB and below	9,243,000	6,648,558	27,384,078	26,047,880
CCC and below	-	-	81,206	77,676
Unrated	3,690,323	3,760,494	4,025,739	3,786,085
	22,276,631	21,266,243	137,291,103	131,574,107
Less: allowance for impairment (expected credit loss) on amortised cost securities	-	-	(306)	(345)
	22,276,631	21,266,243	137,290,797	131,573,762

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).

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

Credit risk (continued)

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

As at 31 Mar 2021 (Unaudited)	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired ⁴		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	246,780,638	17,887	1,435,152	118,065	-	-	-	-	248,215,790	135,952
Due from banks and financial institutions	20,774,480	22,795	725,428	40,623	-	-	-	-	21,499,908	63,418
Reverse repurchase agreements	56,096,822	27,066	-	-	-	-	-	-	56,096,822	27,066
Loans and advances ¹	354,518,350	2,474,786	20,036,463	3,236,412	15,272,439	6,030,039	5,088,469	652,431	394,915,721	12,393,668
Non-trading investments										
Amortised cost	3,345,099	306	-	-	-	-	-	-	3,345,099	306
FVOCI Debt ²	132,928,533	114,192	141,888	17,748	-	-	-	-	133,070,421	131,940
Other assets ³	11,212,554	65,356	25,861	307	667	426	-	-	11,239,082	66,089
Unfunded exposure	224,472,345	221,376	5,624,154	330,113	1,099,823	308,560	-	-	231,196,322	860,049
	1,050,128,821	2,943,764	27,988,946	3,743,268	16,372,929	6,339,025	5,088,469	652,431	1,099,579,165	13,678,488

¹The exposure represents gross loans and advances.

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 and reported as part of stage 1.

⁴The Group, from an internal credit quality point of view, considers AED 4,929 million as par to non-performing loans.

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

Credit risk (continued)

As at 31 December 2020 (Audited)	Stage 1		Stage 2		Stage 3		Purchased or originally credit impaired ⁴		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	222,634,395	15,889	3,441,397	120,667	-	-	-	-	226,075,792	136,556
Due from banks and financial institutions	26,700,399	35,828	730,393	37,325	-	-	-	-	27,430,792	73,153
Reverse repurchase Agreements	44,088,756	19,515	-	-	-	-	-	-	44,088,756	19,515
Loans and advances ¹	362,778,965	2,592,811	20,275,910	3,136,473	15,166,539	6,013,657	5,067,332	695,474	403,288,746	12,438,415
Non-trading investments										
Amortised cost	3,352,977	345	-	-	-	-	-	-	3,352,977	345
FVOCI Debt ²	127,455,847	111,872	153,568	21,168	-	-	-	-	127,609,415	133,040
Other assets ³	10,758,453	90,301	25,221	451	709	456	-	-	10,784,383	91,208
Unfunded exposure	234,823,309	284,365	5,379,356	130,290	1,132,552	294,777	-	-	241,335,217	709,432
	<u>1,032,593,101</u>	<u>3,150,926</u>	<u>30,005,845</u>	<u>3,446,374</u>	<u>16,299,800</u>	<u>6,308,890</u>	<u>5,067,332</u>	<u>695,474</u>	<u>1,083,966,078</u>	<u>13,601,664</u>

¹The exposure represents gross loans and advances.

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 and reported as part of stage 1.

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

Notes to the condensed consolidated interim financial statements (continued)

29 Financial risk management (continued)

Credit risk (continued)

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

	(Unaudited) Three month period ended 31 Mar 2021 AED'000	(Unaudited) Three month period ended 31 Mar 2020 AED'000
Beginning of the period	13,601,664	12,057,368
Net charge for impairment of financial instruments	549,932	764,219
Amounts written off and other adjustment	(473,108)	(160,051)
End of the period	<u>13,678,488</u>	<u>12,661,536</u>

30 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 2021 (Unaudited)				
Investment at fair value through profit or loss	6,582,869	9,864,605	5,829,157	22,276,631
FVOCI - with recycle to profit or loss	108,208,306	22,848,747	2,013,368	133,070,421
FVOCI - without recycle to profit or loss	598,725	-	222,583	821,308
Derivative financial instruments (Assets)	25,288	28,245,453	-	28,270,741
	<u>115,415,188</u>	<u>60,958,805</u>	<u>8,065,108</u>	<u>184,439,101</u>
Term borrowings	-	469,828	-	469,828
Derivative financial instruments (Liabilities)	78,246	32,654,953	1,145	32,734,344
	<u>78,246</u>	<u>33,124,781</u>	<u>1,145</u>	<u>33,204,172</u>

Notes to the condensed consolidated interim financial statements (continued)

30 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
As at 31 December 2020 (Audited)				
Investment at fair value through profit or loss	9,921,320	5,292,365	6,052,558	21,266,243
FVOCI - with recycle to profit or loss	111,756,913	12,709,056	3,143,446	127,609,415
FVOCI - without recycle to profit or loss	534,846	-	22,662	557,508
Derivative financial instruments (Assets)	47,620	32,511,261	-	32,558,881
	<u>122,260,699</u>	<u>50,512,682</u>	<u>9,218,666</u>	<u>181,992,047</u>
Term borrowings	-	466,881	-	466,881
Derivative financial instruments (Liabilities)	108,153	38,720,806	3,045	38,832,004
	<u>108,153</u>	<u>39,187,687</u>	<u>3,045</u>	<u>39,298,885</u>

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 March 2021 (Unaudited)				
Investment at fair value through profit or loss				
Transfer from 1 to 2	-	92,387	-	92,387
Transfer from 2 to 1	148,383	-	-	148,383
Transfer from 3 to 1	3,166	-	-	3,166
Transfer from 3 to 2	-	401,805	-	401,805
Non-trading investments				
Transfer from 1 to 2	-	1,596,732	-	1,596,732
Transfer from 2 to 1	1,457,265	-	-	1,457,265
Transfer from 3 to 1	55,049	-	-	55,049
Transfer from 3 to 2	-	252,200	-	252,200
	<u>1,663,863</u>	<u>2,343,124</u>	<u>-</u>	<u>4,006,987</u>

As at 31 December 2020 (Audited)				
Investment at fair value through profit or loss				
Transfer from 1 to 2	-	152,045	-	152,045
Transfer from 1 to 3	-	-	282,570	282,570
Transfer from 2 to 3	-	-	12,074	12,074
Non-trading investments				
Transfer from 1 to 2	-	5,161,377	-	5,161,377
Transfer from 2 to 1	3,538,569	-	-	3,538,569
Transfer from 2 to 3	-	-	113,088	113,088
	<u>3,538,569</u>	<u>5,313,422</u>	<u>407,732</u>	<u>9,259,723</u>

Notes to the condensed consolidated interim financial statements *(continued)*

30 Financial assets and liabilities *(continued)*

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

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

The valuation techniques and inputs used in these condensed consolidated interim financial statements are same as those prescribed in the Group as at and for the year ended 31 December 2020.

31 Comparative figures

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

32 Subsequent events

On 20 January 2021, the Bank has signed a definitive agreement with Bank Audi sal (Bank Audi) to purchase 100% of the share capital of Bank Audi SAE (Egypt), Bank Audi's subsidiary in Egypt. In April 2021, Central Bank of UAE (CBUAE) and Central Bank of Egypt (CBE) has approved the transaction and other formalities are expected to be completed within the next few weeks. Impact of this transaction on the Group's financial statements will be finalized subsequent to the completion of the acquisition.