

BEYOND AMBITION

ADCB Q3/9M 2019 Financial Results

Earnings Press Release
Management Discussion & Analysis Report
Pro forma Financial Statements

Abu Dhabi Commercial Bank PJSC



ABU DHABI COMMERCIAL BANK PJSC REPORTS

NINE-MONTH PRO FORMA NET PROFIT OF AED 4.196 BILLION

Abu Dhabi, 27 October 2019 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its nine-month financial results for 2019 (“9M’19”). The results below are based on the nine-month pro forma financial statements for the combined entity, following the merger between ADCB and Union National Bank (UNB), and the subsequent acquisition of Al Hilal Bank on 1 May 2019.

- ▶ **End-to-end integration timeline reduced by half to 17 months from initial target of 34 months, full integration to be completed by Q2 2020**
 - Successful combination and optimisation of the Bank’s entire network of 72 branches and over 450 ATMs across the UAE
 - Seamless roll out of the ADCB brand across all physical and digital channels, effective 6 October 2019
 - Upward revision of run-rate synergy target to AED 840 million from AED 615 million by the end of 2021, a 37% increase
 - Cost synergies of AED 159 million have already been realised
 - Al Hilal Bank integration 100% complete following the migration of the Wholesale Banking and SME portfolio¹ to the ADCB platform
 - Abdul Shakeel Aidaroos, newly appointed Al Hilal Bank CEO, implementing strategy of retail growth through digital channels

- ▶ **Resilient performance amid muted credit growth, double-digit return on tangible equity supported by substantial post-merger cost synergies**
 - Group net profit at AED 1.413 billion in the third quarter. Excluding one-off integration-related costs, net profit of AED 1.520 billion remained stable over the previous quarter
 - Nine-month group net profit at AED 4.196 billion with a double-digit annualised return on tangible equity of 11.9%
 - Group operating income at AED 3.272 billion in the third quarter, up 1% sequentially. Operating income for the nine-month period of AED 9.919 billion compared to AED 10.575 billion in the previous year
 - Third-quarter cost to income ratio (excluding integration-related costs) stood at 35.8% compared to 39.8% in Q2’19, an improvement of 400 basis points quarter on quarter, supported by the Bank’s disciplined cost control and realisation of cost synergies ahead of plan

- ▶ **Continued focus on CASA growth, comfortable liquidity and capital position**
 - Net loans at AED 250 billion, customer deposits at AED 263 billion
 - CASA deposits comprised 37.5% of total customer deposits compared to 33.1% as at 31 December 2018
 - Strong liquidity position, with loan to deposit ratio of 95.0% and liquidity coverage ratio (LCR) of 121.2%, well above the minimum ratio of 100% prescribed by the UAE Central Bank
 - Capital adequacy ratio (Basel III) of 16.57% and common equity tier 1 (CET1) ratio of 13.19%, comfortable capital position to meet regulatory requirements as a Domestic Systemically Important Bank (DSIB)

- ▶ **Asset quality metrics remain healthy, committed to maintaining a disciplined risk profile**
 - NPL ratio of 2.43% and provision coverage ratio of 106.8%
 - Cost of risk of 0.75% compared to 0.72% as at 31 December 2018

¹ Pending tail-end SME accounts

Commenting on the Bank's performance, Ala'a Eraiqat, Group Chief Executive Officer and Board Member said:

“During the quarter we delivered a resilient performance, underpinned by the robust fundamentals of the Bank. We maintained a double-digit return on average tangible equity of 11.9% and reported a pro forma net profit of AED 4.196 billion for the nine-month period in a challenging economic environment, marked by muted credit growth.

The Bank is moving ahead at a powerful pace with the integration process. Within only five months of the legal merger of ADCB and UNB on 1 May 2019, we combined the branch and ATM networks, and rolled out the ADCB brand across all customer channels. Since early October, we are serving all of our customers, whether former UNB or ADCB, at any of our 72 branches and over 450 ATMs, providing consistent and high-quality service across the whole network. This was a key milestone in providing a unified and enhanced banking experience to over 1 million customers under the ADCB brand. Thanks to the dedication and hard work of our employees, this complex undertaking was seamlessly and diligently executed, accelerating our progress towards full integration and synergy targets.

I am pleased to announce that ADCB's end-to-end integration timeline has been reduced by half to 17 months, bringing forward the completion date to the second quarter of 2020. Building on this momentum, we have boosted shareholder value through an upward revision to our cost synergy target, from the preliminary assessment of AED 615 million to AED 840 million annually. The Bank is quickly moving to realise synergies, and our commitment to a rapid and effective integration has already delivered significant savings.

We continue to build a UAE-focused bank that plays an active role in the socio-economic development of the country. Guided by the vision of the UAE leadership, ADCB is fully committed to supporting government initiatives that aim to develop a truly diversified, sustainable economy that is led by a highly skilled Emirati workforce. This long-standing commitment has produced strong results :

- ▶ The ADCB Group employs 1,397 UAE nationals
- ▶ The Group has protected the remuneration and benefits of all UAE nationals in the post-merger organisational structure
- ▶ The Bank is managed by UAE nationals at every level, including 30% of key roles on the Management Executive Committee
- ▶ The Bank scores highly in gender diversity, with women comprising 77% of the UAE nationals employed
- ▶ Al Hilal Bank's Emiratisation rate stands at 47%, the highest among all UAE banks
- ▶ ADCB has consistently exceeded the Emiratisation targets based on the point system set by the regulators

The significant progress we have made on integration positions ADCB Group well for future success. We remain positive on the long-term outlook for the UAE economy, which will be driven by continued investment in social and economic initiatives to promote sustainable growth. As a major financial institution in the UAE, ADCB will support these developments to create lasting positive change for the benefit of our stakeholders and the wider community.”

Deepak Khullar, Group Chief Financial Officer, commented on the results:

“The third quarter of 2019 has marked some important achievements for the enlarged ADCB Group as we progressed through our integration journey. The upward revision we have made to our cost synergy target is a true testament to the tangible benefits we have started to realise from the merger, strengthening our position in the long term.

Excluding integration-related costs, pro forma net profit of AED 4.413 billion in the nine-month period was 10% lower year on year. Third-quarter net profit (excluding integration-related costs) of AED 1.520 billion was stable sequentially on the back of higher non-interest income and a tightly managed cost base, coupled with the realisation of merger synergies.

Our balance sheet remains strong, with the Bank’s total assets standing at AED 407 billion as at 30 September 2019. Following the merger with Union National Bank (UNB) and acquisition of Al Hilal Bank, the Bank is continuing with a comprehensive purchase price allocation (PPA) process, which is expected to be completed by the first quarter of 2020.

The year-to-date contraction in net loans was the result of a rise in corporate repayments and fair value adjustments. The Bank continued to exit expensive time deposits while focusing on increasing CASA deposits. At the end of the quarter, CASA deposits stood at AED 98 billion, comprising 37.5% of total customer deposits. The Bank maintained a strong and robust liquidity profile with a loan to deposit ratio of 95.0% and a liquidity coverage ratio of 121.2%.

The Group’s cost-to-income ratio continues to be higher than the pre-merger ADCB levels, primarily due to the high cost to income ratios of UNB and Al Hilal Bank.

As part of our strategy to focus on our home market, the UAE, the Bank has started exiting overseas operations. Following the sale of the majority of our banking portfolio in India to DCB Bank, we are well on track to exit our operations in the Indian market. We have also initiated the process of exiting our operations in Qatar and Kuwait, and have informed the respective authorities accordingly.

We remain committed to maximising shareholder value, while creating further opportunities that will ensure the future success of all our stakeholders, including our customers, employees and communities.”

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ADCB REPORTS NINE-MONTH PRO FORMA NET PROFIT OF AED 4.196 BILLION

Abu Dhabi, 27 October 2019 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its nine-month financial results for 2019 (“9M’19”). The results below are based on the nine-month pro forma financial statements for the combined entity, following the merger between ADCB and Union National Bank (UNB), and the subsequent acquisition of Al Hilal Bank on 1 May 2019.

9M’19 Financial highlights

Income statement highlights (AED mn)	Nine-month trend			Quarterly trend				
	9M’19	9M’18	Change % YoY	Q3’19	Q2’19	Q3’18	Q3’19 Change % QoQ YoY	
Total net interest and Islamic financing income	7,741	8,331	(7)	2,522	2,596	2,780	(3)	(9)
Non-interest income	2,177	2,244	(3)	749	656	726	14	3
Operating income	9,919	10,575	(6)	3,272	3,252	3,506	1	(7)
Operating expenses ¹	(3,950)	(3,811)	4	(1,279)	(1,366)	(1,291)	(6)	(1)
Operating profit before impairment allowances	5,969	6,764	(12)	1,993	1,886	2,215	6	(10)
Impairment allowances	(1,745)	(1,820)	(4)	(572)	(429)	(566)	33	1
Share in profit/(loss) of associate	12	(8)	NM	2	4	(6)	NM	NM
Overseas tax expense and loss from discontinued operations	(40)	(53)	NM	(10)	(13)	(19)	NM	NM
Net profit for the period	4,196	4,883	(14)	1,413	1,448	1,624	(2)	(13)

Balance sheet highlights (AED mn)	Sep’19	June’19	Dec’18	Change%	
				QoQ	YTD
Total assets	406,916	416,967	423,419	(2)	(4)
Net loans and advances	249,530	250,964	260,340	(1)	(4)
Deposits from customers	262,533	272,976	285,417	(4)	(8)
Ratios (%)	Sep’19	June’19	Dec’18	bps	bps
CAR (Capital adequacy ratio – Basel III)	16.57	15.88	17.74	69	(117)
CET1 (Common equity tier 1) ratio	13.19	12.52	13.85	67	(66)
Loan to deposit ratio	95.0	91.9	91.2	310	380

Figures may not add up due to rounding differences

Key indicators (9M’19)

Net profit (AED billion)	Return on average tangible equity (Annualised - ROATE %) ²	Return on average assets (Annualised - ROAA %) ²	Basic earnings per share (EPS – AED)
4.196	11.9	1.24	0.55

¹ Operating expenses include non-recurring expenses pertaining to integration-related costs of AED 217 million in 9M’19, 9M’18: AED Nil

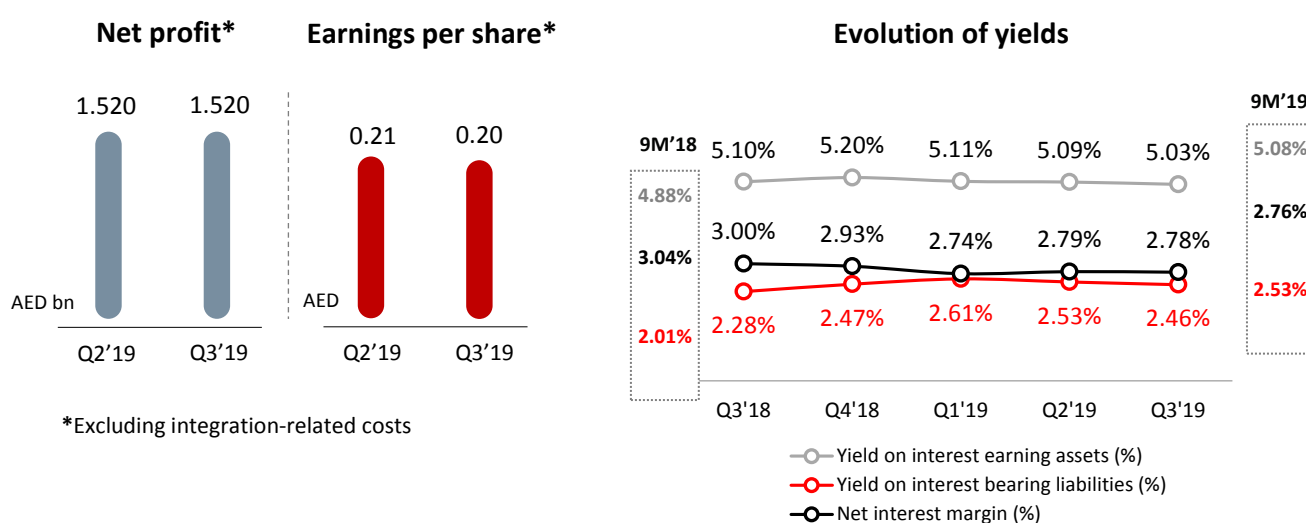
² For ROATE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting interest expense on Tier I capital notes

Double-digit return on average tangible equity supported by substantial post-merger synergies

- ▶ The Bank reported a nine-month group net profit at AED 4.196 billion with a double-digit annualised return on average tangible equity of 11.9%. Net profit was at AED 1.413 billion in the third quarter, while net profit excluding integration-related costs remained stable on a quarterly basis at AED 1.520 billion.
- ▶ Gross interest and Islamic financing income for the nine-month period was AED 14.175 billion, up 6% year on year, primarily driven by comparatively higher benchmark rates and higher volumes over 9M'18. Net interest and Islamic financing income of AED 7.741 billion was 7% lower over 9M'18, mainly attributable to the harmonisation of the combined entity's liquidity management standards and intense competition on loan yields.

Stable NIMs despite benchmark rate cuts in the third quarter of 2019, improved cost of funds driven by funding cost optimisation

- ▶ Net interest margin for the nine-month period stood at 2.76%, a contraction of 28 basis points over 9M'18. This was due to an increase in the cost of carrying higher liquidity in H1'19 in preparation for the merger; lower balances in the unsecured retail loan book; and higher interest in suspense charges compared to one-off reversals in 9M'18. The Q3'19 net interest margin remained stable over Q2'19, despite the two benchmark rate cuts in the third quarter of 2019. Sequentially, cost of funds improved to 2.46% from 2.53% in Q2'19, reflecting the Bank's decision to exit expensive time deposits and focus on CASA growth.



Q3'19 non-interest income up 14% quarter on quarter, boosted by a 10% rise in fee income and 35% increase in trading income

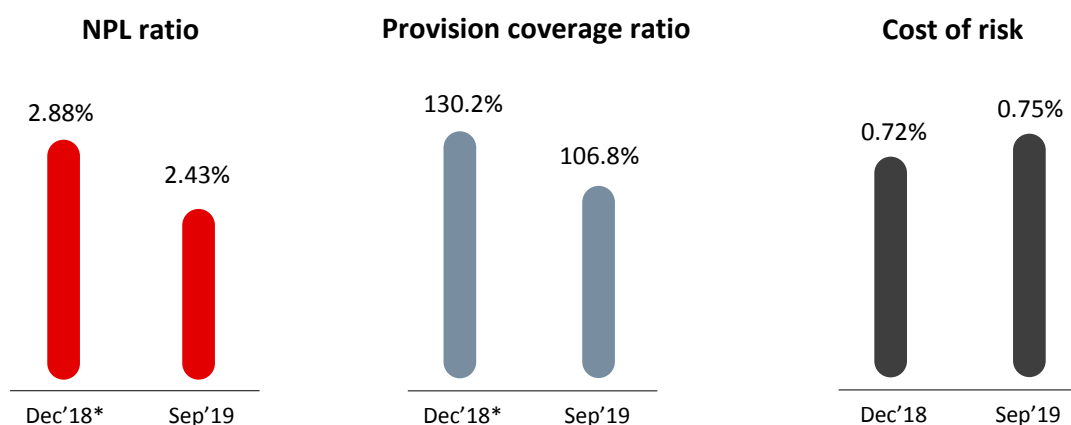
- ▶ Non-interest income for the nine-month period was AED 2.177 billion, and comprised 22% of operating income, compared to 21% in the prior year. Sequentially, Q3'19 non-interest income of AED 749 million was up 14%, driven by higher fees and commission income, as well as higher trading income. Operating income for the third quarter was AED 3.272 billion, up 1% over the previous quarter.

Cost synergies realised ahead of plan and delivering significant savings, Q3'19 cost to income ratio improved 400 basis points quarter on quarter

- ▶ Operating expenses for the nine-month period were AED 3.950 billion, up 4% year on year. Third-quarter cost to income ratio (excluding integration-related costs) stood at 35.8% compared to 39.8% in Q2'19, an improvement of 400 basis points quarter on quarter, supported by the Bank's disciplined cost control and realisation of cost synergies ahead of plan. The Group's cost to income ratio continues to be higher than the pre-merger ADCB levels, primarily due to the high cost to income ratios of Union National Bank and Al Hilal Bank.

Healthy asset quality metrics, committed to maintaining a disciplined risk profile

- ▶ As at 30 September 2019, the non-performing loan ratio (NPL) was 2.43%, while the provision coverage ratio stood at 106.8%. Non-performing loans increased to AED 6.510 billion, due to a few corporate accounts. Stage-1 and stage-2 expected credit loss allowances were 1.85% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank.
- ▶ For the nine-month period, net impairment charges were AED 1.745 billion, 4% lower year on year. As at 30 September 2019, cost of risk was 0.75% compared to 0.72% as at 31 December 2018.



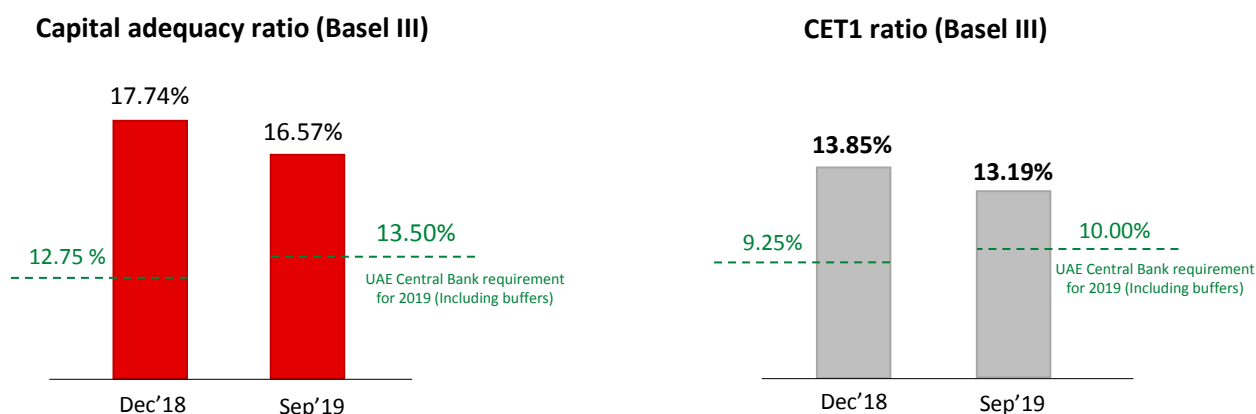
* ADCB standalone

Strong balance sheet, merger-related purchase price allocation expected to be completed by the first quarter of 2020

- ▶ The Group's balance sheet remains strong, with total assets standing at AED 407 billion as at 30 September 2019. Following the merger with Union National Bank and acquisition of Al Hilal Bank, the Bank is continuing with a comprehensive purchase price allocation (PPA) process, which is expected to be completed by the first quarter of 2020.
- ▶ Net loans to customers were at AED 250 billion, a decline of 4% from 31 December 2018, mainly on account of a rise in corporate repayments and fair value adjustments. Total customer deposits decreased 8% to AED 263 billion, driven by the Bank's conscious decision to exit expensive time deposits. Year to date, time deposits decreased by 14% to AED 164 billion, while CASA balances increased by 4% to AED 98 billion. CASA deposits comprised 37.5% of total customer deposits compared to 33.1% as at 31 December 2018. The loan to deposit ratio was 95.0% compared to 91.2% at the end of 2018.

Robust liquidity position, capital ratios comfortably above the minimum regulatory requirements

- ▶ The Bank continues to maintain a comfortable liquidity position, with a liquidity coverage ratio of 121.2%, compared to a minimum ratio of 100% prescribed by the UAE Central Bank. The liquidity ratio was 26.9% and the Bank was a net lender of AED 11 billion in the interbank markets.
- ▶ The Bank remains well capitalised with a Basel III capital adequacy ratio (CAR) of 16.57% and a common equity tier 1 (CET1) ratio of 13.19%, comfortably above the minimum capital requirements of 13.50% and 10.00% respectively as prescribed by the UAE Central Bank (including buffers).



Integration update

Following intensive preparations in the third quarter of 2019, the ADCB Group seamlessly combined and optimised the entire ADCB and UNB branch and ATM networks in early October, and rolled out the ADCB brand across all physical and digital channels.

This major milestone was achieved in a highly ambitious timeframe of five months and served to significantly accelerate the complete integration process. Larger scale will allow the Bank to serve customers better, offer more competitive rates, invest in cutting edge technology, and provide tailored advice.

The new network comprises 72 branches and over 450 ATMs across the UAE, providing all customers with a unified experience. This transition was well-received by customers with interoperable transactions¹ immediately accounting for a high proportion of total branch transactions. This success was the result of meticulous planning, close cross-functional coordination, and rigorous operational implementation. Extensive staff training ensured consistent service standards across the Bank, while a phased communication campaign provided customers with timely information on all changes and new banking opportunities.

The full integration of Al Hilal Bank into the ADCB Group was also completed in the third quarter. This included the migration of the Wholesale Banking and SME portfolios² to the ADCB platform. A new chief executive officer, Abdul Shakeel Aidaroos, was appointed in September to implement Al Hilal Bank's strategy of digital-led growth in the retail segment. Abdul Shakeel Aidaroos brings over 25 years of experience and deep knowledge of retail banking, digital innovation and risk management.

¹ Transactions by former UNB customers at ADCB branches, or by ADCB customers at former UNB branches

² Pending tail-end SME accounts

Following the activation of integration governance and processes in May, the Group launched its target operating model and organisational structure and is well advanced with implementation of its synergy capture plan.

The Bank has already realised cost synergies of AED 159 million to date and has significantly increased the total cost synergy target to AED 840 million per annum by the end of 2021, from the initial target of AED 615 million. Integration costs, at AED 217 million to date, are in line with the revised one-off expenditure of AED 980 million to complete the integration.

The Group has reduced the end-to-end integration timeline by half to 17 months from the initial target of 34 months, with full integration scheduled to be completed by the second quarter of 2020. The last phase of integration will involve optimisation of subsidiaries and the overseas branch network, as well as unification of systems and IT infrastructure. The Bank will also launch cultural integration initiatives, building on the findings of an in-depth survey conducted among employees.

As the Bank moves forward with its fast-tracked integration process, it remains focused on maintaining the highest standards of customer service while growing the business in a prudent manner.

About ADCB

ADCB Group is a leading UAE banking group that provides over 1 million customers with a full suite of products and services, spanning Consumer Banking, Wholesale Banking, Treasury & Investments and Property Management.

On 1 May 2019, ADCB and Union National Bank merged and the combined entity acquired Al Hilal Bank, which operates as a separate Islamic banking entity under its own brand within the Group. The transaction reinforced ADCB's position as the third largest bank in the UAE by assets. As at 30 September 2019, the Group's total assets stood at AED 407 billion.

ADCB Group, which is 60.2% owned by the Government of Abu Dhabi through the Abu Dhabi Investment Council, trades on the Abu Dhabi Securities Exchange (ADX) under the ticker of ADCB. As at 30 September 2019, ADCB's market capitalisation was AED 55 billion.

Further information on ADCB can be found at adcb.com

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ADCB’s condensed consolidated interim financial information for the nine month period ended 30 September 2019 contains pro forma financial information relating to the merger between ADCB and Union National Bank PJSC (“UNB”), and the subsequent acquisition of Al Hilal Bank PJSC (“AHB”). Any pro forma financial information provided in this document has been compiled based on the accounting policies of ADCB being the accounting acquirer under IFRS 3 and consists of the unaudited pro forma condensed consolidated statement of financial position of ADCB, UNB and AHB (together referred to as the “Group”) as at 31 December 2018 which give effect to the merger and acquisition as if it had occurred on 31 December 2018, the unaudited condensed consolidated interim statement of financial position as at 30 September 2019 and the unaudited pro forma condensed consolidated interim income statement for the nine months ended 30 September 2019 and 30 September 2018 which give effect to the merger and acquisition as if it had occurred on 1 January 2018. The purpose of the pro forma financial information is to show the material effects that the merger of ADCB and UNB along with the subsequent acquisition of AHB would have had on the historical consolidated statement of financial position and on the historical consolidated income statement if the Group had already existed in the structure created by the combination. They are not representative of the financial situation and performance that could have been observed if the indicated business combination had been undertaken at an earlier date. Any pro forma financial information included in this document has not been subject to audit, is subject to change and has been provided for illustrative purposes only.

This document may contain certain forward-looking statements with respect to certain of ADCB’s plans and its current goals and expectations relating to future financial conditions, performance and results. These statements relate to ADCB’s current view with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond ADCB’s control and have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon ADCB.

By their nature, these forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond ADCB’s control, including, among others, the UAE domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact and other uncertainties of future acquisition or combinations within relevant industries.

As a result, ADCB’s actual future condition, performance and results may differ materially from the plans, goals and expectations set out in ADCB’s forward-looking statements and persons reading this document should not place reliance on forward-looking statements. Such forward-looking statements are made only as at the date on which such statements are made and ADCB does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

BEYOND AMBITION

Abu Dhabi Commercial Bank PJSC

Pro forma preliminary condensed
consolidated interim financial information
September 30, 2019

PRO FORMA PRELIMINARY CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The following pro forma preliminary condensed consolidated financial information and related notes (“pro forma financial information”) illustrates the effects on the statement of financial position of the combination (merger) between Abu Dhabi Commercial Bank PJSC and its subsidiaries (together referred to as “ADCB”) and Union National Bank PJSC and its subsidiaries (together referred to as “UNB”) along with the subsequent acquisition of Al Hilal Bank PJSC and its subsidiaries (together referred to as “AHB”). Further, ADCB, UNB and AHB are together referred to as the “Group”.

The pro forma financial information consists of the unaudited pro forma condensed consolidated interim income statement for nine month periods ended September 30, 2019 and September 30, 2018 which give effect to the merger and acquisition as if it had occurred on January 1, 2018, the unaudited pro forma condensed consolidated statement of financial position as at December 31, 2018 which give effect to the merger and acquisition as if it had occurred on December 31, 2018 and the unaudited condensed consolidated interim statement of financial position as at September 30, 2019.

The purpose of the pro forma financial information is to illustrate the material effects that ADCB and UNB merger with subsequent acquisition of AHB would have had on the historical consolidated statement of financial position and on the historical consolidated income statement. They are not representative of the financial situation and performance that could have been observed if the indicated business combination had been undertaken at an earlier date.

The presentation of the pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma condensed consolidated statement of financial position and condensed consolidated income statement addresses a hypothetical situation and, therefore may not give a true picture of the financial position of the Group. Furthermore, the pro forma financial information is only meaningful in conjunction with the historical consolidated financial statements of ADCB, UNB and AHB for the financial year ended December 31, 2018 and condensed consolidated interim financial information of the Group for the nine month period ended September 30, 2019.

The pro forma financial information has been prepared based on figures extracted from the condensed consolidated interim financial information for the nine month periods ended September 30, 2019 and September 30, 2018, and audited consolidated financial statements for the year ended December 31, 2018 of ADCB, UNB and AHB, all prepared in line with International Financial Reporting Standards.

The pro forma financial information has been compiled based on the accounting policies of ADCB, being the accounting acquirer, as disclosed in its condensed consolidated interim financial information for the nine month period ended September 30, 2019.

Under IFRS 3 Business Combinations, ADCB has been identified as the acquirer and the Group has adopted the acquisition method of accounting for the merger and acquisition and is required to fair value the assets, liabilities and contingent liabilities acquired at the date of acquisition and to reflect the difference between their fair value and the purchase consideration as goodwill or gain on acquisition. The fair value exercise (“purchase price allocation”) is not completed as at the date of this document.

Under the terms of the merger, ADCB issued 0.5966 ADCB shares for every UNB share, corresponding to a total of 1,641,501,087 new shares issued to UNB shareholders. Based on ADCB’s closing share price of AED 9.88 on April 30, 2019, this translates to a consideration of AED 16,218 million.

AHB was acquired by the combined entity (ADCB and UNB) for a consideration of AED 1,000 million by issuing mandatory convertible bond which was converted to 117,647,058 post-merger ADCB shares.

Pending the completion of full purchase price allocation exercise and based on an initial assessment of the management, the difference between book value and consideration has been allocated to various assets with the residual value treated as goodwill.

The Group is in the process of undertaking comprehensive purchase price allocation which is expected to complete within twelve months from the date of business combinations and may result in different values being attributed to the assets, liabilities and contingent liabilities acquired than those that are shown in the pro forma financial information that may or may not result in significant variances.

Pro forma condensed consolidated interim statement of financial position

As at September 30, 2019

	As at September 30 2019 unaudited AED'000	As at December 31 2018 unaudited AED'000
Assets		
Cash and balances with central banks, net	26,578,930	33,317,150
Deposits and balances due from banks, net	25,815,047	26,941,745
Reverse-repo placements, net	-	2,203,800
Trading securities	-	377,293
Derivative financial instruments	7,825,576	4,773,040
Investment securities	72,929,679	73,941,966
Loans and advances to customers, net	249,529,988	260,339,569
Investment in associates	397,110	394,359
Investment properties	2,543,550	2,528,424
Other assets, net	13,302,018	15,284,962
Property and equipment, net	2,203,908	2,003,879
Goodwill	4,513,754	565,073
Assets held for sale	1,276,580	747,429
Total assets	406,916,140	423,418,689
Liabilities		
Due to banks	9,721,908	9,067,789
Derivative financial instruments	8,145,552	5,851,233
Deposits from customers	262,532,859	285,417,201
Euro commercial paper	2,354,371	3,279,302
Borrowings	51,526,584	50,232,395
Other liabilities	17,276,802	18,131,169
Liabilities related to assets held for sale	1,118,909	270,414
Total liabilities	352,676,985	372,249,503
Equity		
Share capital	6,957,379	6,839,732
Share premium	17,878,882	14,173,147
Other reserves	7,812,205	6,865,281
Retained earnings	15,437,197	14,328,461
Mandatory convertible bond	-	1,000,000
Capital notes	6,000,000	7,813,244
Equity attributable to equity holders of the Bank	54,085,663	51,019,865
Non-controlling interests	153,492	149,321
Total equity	54,239,155	51,169,186
Total liabilities and equity	406,916,140	423,418,689

Pro forma condensed consolidated interim income statement (unaudited)

For the nine month period ended September 30, 2019

	3 months ended September 30		9 months ended September 30	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Interest income	3,806,603	3,832,347	11,819,316	10,861,921
Interest expense	(1,790,572)	(1,649,950)	(5,595,669)	(4,337,690)
Net interest income	2,016,031	2,182,397	6,223,647	6,524,231
Income from Islamic financing	758,012	866,858	2,356,172	2,519,073
Islamic profit distribution	(251,618)	(269,155)	(838,379)	(712,357)
Net income from Islamic financing	506,394	597,703	1,517,793	1,806,716
Total net interest and Islamic financing income	2,522,425	2,780,100	7,741,440	8,330,947
Net fees and commission income	527,446	497,653	1,524,859	1,541,210
Net trading income	143,052	151,887	421,078	457,346
Other operating income	78,841	76,826	231,247	245,678
Operating income	3,271,764	3,506,466	9,918,624	10,575,181
Operating expenses (*)	(1,279,115)	(1,291,461)	(3,950,013)	(3,810,956)
Operating profit before impairment allowances	1,992,649	2,215,005	5,968,611	6,764,225
Impairment allowances	(571,560)	(565,805)	(1,745,194)	(1,819,663)
Operating profit after impairment allowances	1,421,089	1,649,200	4,223,417	4,944,562
Share in profit/(loss) of associates	2,382	(6,122)	12,387	(8,477)
Profit before taxation	1,423,471	1,643,078	4,235,804	4,936,085
Overseas tax expense	(6,693)	(16,366)	(26,611)	(42,524)
Profit for the period from continuing operations	1,416,778	1,626,712	4,209,193	4,893,561
Loss from discontinued operations	(3,308)	(2,458)	(13,418)	(10,070)
Profit for the period	1,413,470	1,624,254	4,195,775	4,883,491
Attributable to:				
Equity holders of the Bank	1,412,072	1,620,344	4,193,629	4,873,271
Non-controlling interests	1,398	3,910	2,146	10,220
Profit for the period	1,413,470	1,624,254	4,195,775	4,883,491

(*) includes non-recurring expenses pertaining to integration and transaction costs of AED 216,943 thousand (for the nine month period ended September 30, 2018: AED Nil)

Pro forma preliminary condensed consolidated interim financial information
Segmental information – Operating segments

For the nine month period ended September 30, 2019 (unaudited)

	Consumer banking AED'000	Wholesale banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	2,604,180	1,980,457	1,606,728	32,282	6,223,647
Net income from Islamic financing	778,642	440,508	292,472	6,171	1,517,793
Total net interest and Islamic financing income	3,382,822	2,420,965	1,899,200	38,453	7,741,440
Non-interest income	876,703	801,563	286,015	212,903	2,177,184
Operating expenses	(2,355,939)	(1,167,013)	(290,884)	(136,177)	(3,950,013)
Operating profit before impairment allowances	1,903,586	2,055,515	1,894,331	115,179	5,968,611
Impairment allowances	(825,701)	(906,283)	(13,210)	-	(1,745,194)
Operating profit after impairment allowances	1,077,885	1,149,232	1,881,121	115,179	4,223,417
Share in profit of associates	12,387	-	-	-	12,387
Profit before taxation	1,090,272	1,149,232	1,881,121	115,179	4,235,804
Overseas tax expense	(12,234)	(4,615)	(9,762)	-	(26,611)
Loss from discontinued operations	(12,564)	(854)	-	-	(13,418)
Profit for the period	1,065,474	1,143,763	1,871,359	115,179	4,195,775

As at September 30, 2019 (unaudited)

Segment assets	114,808,251	165,267,300	124,343,878	2,496,711	406,916,140
Segment liabilities	86,070,209	126,265,402	140,214,063	127,311	352,676,985

For the nine month period ended September 30, 2018 (unaudited)

	Consumer banking AED'000	Wholesale banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	2,805,148	2,194,222	1,473,964	50,897	6,524,231
Net income from Islamic financing	833,629	634,468	388,750	(50,131)	1,806,716
Total net interest and Islamic financing income	3,638,777	2,828,690	1,862,714	766	8,330,947
Non-interest income	812,084	883,429	342,732	205,989	2,244,234
Operating expenses	(2,320,026)	(1,096,742)	(268,746)	(125,442)	(3,810,956)
Operating profit before impairment allowances	2,130,835	2,615,377	1,936,700	81,313	6,764,225
Impairment (allowances)/releases	(1,059,178)	(772,841)	12,356	-	(1,819,663)
Operating profit after impairment allowances	1,071,657	1,842,536	1,949,056	81,313	4,944,562
Share in loss of associates	(8,477)	-	-	-	(8,477)
Profit before taxation	1,063,180	1,842,536	1,949,056	81,313	4,936,085
Overseas tax expense	(3,163)	(5,563)	(33,798)	-	(42,524)
Loss from discontinued operations	(10,070)	-	-	-	(10,070)
Profit for the period	1,049,947	1,836,973	1,915,258	81,313	4,883,491

As at December 31, 2018 (unaudited)

Segment assets	111,354,630	176,695,987	132,896,781	2,471,291	423,418,689
Segment liabilities	80,555,087	154,066,251	137,503,168	124,997	372,249,503