Abu Dhabi Commercial Bank PJSC
ADCB Q2/H1 2020 Financial Results

Earnings Press Release and Management Discussion & Analysis
Pro-forma Financial Statements

July 2020
ABU DHABI COMMERCIAL BANK PJSC REPORTS
Q2’20 NET PROFIT OF AED 1.227 BILLION,
H1’20 NET PROFIT OF AED 1.436 BILLION

Abu Dhabi, 29 July 2020 – Abu Dhabi Commercial Bank PJSC ("ADCB" or the "Bank") today reported its financial results¹ for the first half of 2020 ("H1’20").

Strong operating performance despite macro-economic headwinds. Significant improvement in the cost to income ratio resulting from a disciplined approach to cost management and delivery of synergies

Pro-forma half year comparison H1’20 vs. H1’19 (unless otherwise stated)
- Net interest and income from Islamic financing was 2% lower at AED 5.136 billion amid a low growth environment and a contraction in the loan book on account of large corporate repayments in late June’20. Interest expense² improved by 37% to AED 2.783 billion in H1’20 due to a significant improvement in the cost of funds supported by increased CASA balances, reduced reserve requirements and declining benchmark rates
- Operating profit³ increased 2% year on year to AED 4.066 billion, underlining the resilience of the ADCB franchise through multiple challenges including Covid-19, lower oil prices and declining benchmark rates
- Operating expenses (including integration costs) decreased 12% year on year to AED 2.351 billion in H1’20, while operating expenses in Q2’20 were down 25% year on year and 23% sequentially to AED 1.025 billion
- Cost to income ratio (including integration costs) improved to 34.9% in Q2’20 from 42.0% a year earlier, an improvement of 710 basis points (7.1%), supported by the Bank’s on-going cost initiatives and realisation of synergies related to the combination with Union National Bank (UNB) and Al Hilal Bank (AHB)
- H1’20 net profit at AED 1.436 billion and Q2’20 net profit at AED 1.227 billion, represented a return on average tangible equity of 13.2% for the quarter
- Impairment charges were AED 2.551 billion in H1’20 compared to AED 1.174 billion in H1’19. Total impairment allowances related to NMC Health Group, Finablr and associated companies stood at AED 1.231 billion at the end of H1’20, which includes AED 159 million recorded in Q2’20. The Bank continues to work closely with the joint administrators of NMC Health Group to ensure repayment of debt

Comfortable liquidity and capital positions; the Bank increased CASA deposits by AED 12 billion during H1’20
- CASA deposits increased to AED 114 billion as at 30 June 2020, up 12% from year end, and accounted for 46% of total customer deposits as at 30 June 2020 compared to 39% at year end
- Period end net loans of AED 239 billion and customer deposits of AED 250 billion as at 30 June 2020. Average loan balance of AED 248 billion and customer deposits of AED 259 billion respectively during H1’20

¹ The results for H1’19 are based on the 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.
² Includes profit distribution on Islamic financing.
³ Before impairment allowances
Total shareholders’ equity stood at AED 53 billion as at 30 June 2020, up from AED 49 billion at the end of Q1’20, driven by an increase in the net fair value of reserves on debt instruments designated under FVTOCI over Q1’20 and retained earnings for Q2’20.

Capital adequacy (Basel III) and CET1 ratios improved to 16.31% and 12.95% respectively from 14.13% and 10.82% as at 31 March 2020.

Enhanced liquidity position, liquidity coverage ratio (LCR) improved to 129.1% from 115.1% at the end of Q1’20, remaining comfortably above the current minimum regulatory requirement of 70%.

NPL ratio of 5.16% and provision coverage ratio at 101.8% as at 30 June 2020. NPL ratio including net POCI (Purchase or originated credit impaired) assets of 6.62%.

### Continued realisation of synergies and launch of a series of bank-wide cost initiatives to enhance efficiencies across the ADCB Group following successful completion of integration

- Successful integration of UNB and Al Hilal Bank into the ADCB Group completed in April 2020 significantly ahead of schedule and within budget. Transfer of UNB customers to ADCB achieved smoothly despite teams working remotely due to Covid-19.
- The Bank realised AED 411 million of synergies in H1’20 and is on track to capture 75% of the AED 1 billion run-rate synergy target in 2020, with the full target scheduled to be realised in 2021 as planned.
- Continued focus on cost efficiencies; programme of further cost initiatives launched in Q2’20, including procurement efficiencies, process optimisation as well as reduction or elimination of discretionary spending.
- One-off integration costs tapering off, at AED 22 million in Q2’20 compared to AED 143 million in Q1’20. Total integration related costs of AED 557 million (excluding capex) incurred to date remain well below the budget of AED 980 million.

### Sustained commitment to supporting stakeholders in response to global Covid-19 emergency; digital capabilities enhanced in line with transformation programme

- ADCB continues to support the decisive measures introduced by the Central Bank of the UAE to support the country’s economy through its “Targeted Economic Support Scheme” (TESS).
- The Bank has participated fully in TESS, offering a package that includes deferment of loan instalments, reduced fees and charges, interest rate reductions and waivers, and rescheduling of working capital facilities for SMEs and corporates. As at 30 June 2020, ADCB has extended support to over 53,000 customers in the amount of AED 8.3 billion under TESS.
- Digital transformation programme gaining momentum, with 39 digital launches in H1’20, triple the H1’19 total.
- Increased digital penetration, with 59% of new ADCB retail customers onboarded digitally in the first half of 2020, compared to 35% in 2019. Over 71% of ADCB’s retail customer base is registered for digital channels and our self-service rates continue to improve, with 93% of retail financial transactions carried out electronically.
- Wholesale Banking Group’s market-leading digital platforms (ProCash and ProTrade) accounted for 93% of total cash management transactions and 61% of trade finance transactions in first half of 2020, increased from 91% and 48% respectively in 2019. Straight-through processing accounted for 97% of inward payments and 92% of outward payments in first half of 2020.
- Rapid acceleration of digital onboarding at Al Hilal Bank. New customers joining through the Ahlan app tripled in Q2’20 from Q4’19. In the second quarter of 2020, 86% of total transactions were carried out through digital channels, while digital wallet payments have increased at an average monthly rate of 36%.
H.E. Khaldoon Al Mubarak, Chairman of ADCB Group, commented:

“ADCB displayed considerable resilience in a difficult operating environment in the first half of this year, as the impact of Covid-19 and low oil prices disrupted economic activity in the UAE and around the world. A robust balance sheet, as well as disciplined financial and risk management, ensured the Bank remained in a position of strength to serve the interests of its stakeholders through this challenging period.

The bank also adapted quickly to the new circumstances in order to serve its current and future client base. Having successfully completed the fast-tracked integration of Union National Bank and Al Hilal Bank in April, ADCB became the first bank in the UAE to roll out a support package for customers and the wider community in response to Covid-19. The Bank also acted quickly to modify its operations to promote the health and safety of its customers and employees, while ensuring full continuity and service excellence.

As the UAE takes thoughtful steps to return to normality, ADCB will continue to play an important role in supporting the country's economic recovery. ”

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

“I am pleased to report that ADCB produced a good set of financial results and a robust operating performance, especially given the operational and economic challenges raised by the Covid-19 global pandemic.

Through this period, we have maintained a singular focus on delivering continuous, high quality service to customers, at select branches and through our popular digital platforms, which have seen a sharp rise in usage over the last four months.

In the second quarter, the Bank reported a net profit of AED 1.227 billion, which translates to a strong return on average tangible equity of 13.2%. The underlying business has remained stable, with operating profit before impairment allowances rising 2% in the first half of 2020. This was predominantly driven by our sustained focus on managing the cost base, which has reduced operating expenses and helped to decrease cost of funds.

The cost-to-income ratio has consistently improved over the last four consecutive quarters to reach 34.9% in the second quarter of 2020, 710 basis points lower than a year earlier. By conducting a rigorous and highly effective integration process following the merger with UNB and Al Hilal Bank, ADCB has delivered substantial efficiencies, with AED 411 million of cost synergies realised in the first half of 2020. We remain on track to achieve AED 750 million of synergies this year and the full run-rate target of AED 1 billion in 2021.

CASA deposits have also continued to increase in a highly competitive environment and now account for 46% of total customer deposits.

Impairment charges in the second quarter were significantly lower than in the first quarter of the year, when ADCB booked significant provisions for its exposure to NMC Health Group, Finablr and related companies.
The Bank continues to take a proactive approach to resolving this issue and is pursuing a range of avenues and legal routes to ensure repayment of debt. Given the current information on revenue generation, cash flows and asset values received from the joint administrators and our advisers, we believe the provisions of AED 1.231 billion taken to date for the NMC Health Group and Finablr are sufficient. In close collaboration with the administrators, ADCB continues to monitor developments closely and will make appropriate adjustments if required.

ADCB remains in a robust financial position, with key capital ratios improved in the second quarter and comfortably within regulatory requirements, while the Bank also supplemented its liquidity levels. The CET 1 ratio stood at 12.95% and the liquidity coverage ratio was at 129.1% as at 30 June 2020. These solid fundamentals are reflected in ADCB’s high investment-grade credit ratings.

As demonstrated by these results, our strategy and continued emphasis on prudent risk management is building further resilience and protecting shareholder value.”
H1’20 financial highlights¹

<table>
<thead>
<tr>
<th>Income statement highlights (AED mn)</th>
<th>Half-yearly trend</th>
<th>Change%</th>
<th>Quarterly trend</th>
<th>Q2’20 change%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net interest and Islamic financing income</td>
<td>5,136</td>
<td>5,219</td>
<td>(2)</td>
<td>2,347</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>1,281</td>
<td>1,428</td>
<td>(10)</td>
<td>594</td>
</tr>
<tr>
<td>Operating income</td>
<td>6,417</td>
<td>6,647</td>
<td>(3)</td>
<td>2,941</td>
</tr>
<tr>
<td>Operating expenses²</td>
<td>(2,351)</td>
<td>(2,671)</td>
<td>(12)</td>
<td>(22)</td>
</tr>
<tr>
<td>Integration expenses</td>
<td>(165)</td>
<td>(110)</td>
<td>50</td>
<td>(668)</td>
</tr>
<tr>
<td>Operating profit before impairment allowances</td>
<td>4,066</td>
<td>3,976</td>
<td>2</td>
<td>1,916</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(2,551)</td>
<td>(1,174)</td>
<td>117</td>
<td>(668)</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>1,436</td>
<td>2,782</td>
<td>(48)</td>
<td>1,227</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance sheet highlights (AED mn)</th>
<th>June’20</th>
<th>March’20</th>
<th>Dec’19</th>
<th>QoQ</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>406,235</td>
<td>412,192</td>
<td>405,095</td>
<td>(1)</td>
<td>0</td>
</tr>
<tr>
<td>Net loans and advances</td>
<td>239,288</td>
<td>246,663</td>
<td>247,833</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>250,272</td>
<td>262,863</td>
<td>262,094</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Ratios (%)</td>
<td>June’20</td>
<td>March’20</td>
<td>Dec’19</td>
<td>bps</td>
<td>bps</td>
</tr>
<tr>
<td>CAR (Capital adequacy ratio – Basel III)</td>
<td>16.31</td>
<td>14.13</td>
<td>16.30</td>
<td>218</td>
<td>1</td>
</tr>
<tr>
<td>CET1 (Common equity tier 1) ratio</td>
<td>12.95</td>
<td>10.82</td>
<td>12.93</td>
<td>213</td>
<td>2</td>
</tr>
<tr>
<td>Loan to deposit ratio</td>
<td>95.6</td>
<td>93.8</td>
<td>94.6</td>
<td>180</td>
<td>100</td>
</tr>
</tbody>
</table>

Figures may not add up due to rounding differences

Key indicators (Q2’20)

<table>
<thead>
<tr>
<th>Net profit (AED billion)</th>
<th>Return on average tangible equity (ROATE %)³</th>
<th>Return on average assets (ROAA %)³</th>
<th>Basic earnings per share (EPS – AED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.227</td>
<td>13.2</td>
<td>1.20</td>
<td>0.18</td>
</tr>
</tbody>
</table>

¹ The results for H1’19 are based on the pro forma financial statements for the combined entity, following the merger between ADCB and Union National Bank, and the subsequent acquisition of Al Hilal Bank on 1 May 2019

² Operating expenses include non-recurring expenses pertaining to integration-related costs

³ 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

Note: In March 2020, the purchase price allocation was completed. As required under IFRS3, the fair value of loans and advances, investment securities and non-controlling interests as at the acquisition date were updated from the previous provisional amounts reported. Therefore, the comparative information has been restated to reflect these adjustments.
Comparisons in this section are calculated for the quarter ended 30 June 2020 ("Q2’20") versus 31 March 2020 ("Q1’20"), and 30 June 2019 ("Q2’19") unless otherwise specified.

**Significant increase in Q2’20 net profit sequentially on account of lower impairment charges and continued reduction in operating expenses**

- Q2’20 net profit of AED 1.227 billion compared to AED 209 million in Q1’20. This was driven primarily by a decrease in total impairments to AED 668 million, from AED 1.882 billion in Q1’20. The Bank took an AED 1.072 billion provision for its exposure to NMC Health Group, Finablr and associated companies in Q1’20 and increased provisioning on Finablr and associated companies by AED 159 million in Q2’20.

**Strong improvement in cost of funds driven by continued strategy to grow CASA deposits, in combination with declining benchmark rates**

- The Bank’s strategy to rebalance and re-price the deposit base, in combination with declining benchmark rates, resulted in a year-on-year improvement of 106 basis points in cost of funds to 1.47% in Q2’20. The sequential improvement was 51 basis points.

- Net interest income of AED 2.347 billion decreased 10% from Q2’19 and 16% from Q1’20. Net interest margin at 2.66% decreased from 3.18% in the previous quarter on account of lower benchmark rates and volumes, with asset yields declining on account of fair value adjustments and interest releases reported in Q1’20, which were not repeated in Q2’20.
Non-interest income of AED 594 million was down 9% from Q2’19 and 13% lower than in Q1’20, mainly on account of lower net fees and commission as the economic environment impacted card-related fees, loan-processing fees and trade finance commission. This was partially offset by a rise in other operating income and trading income due to higher gains from foreign exchange and securities trading.

Q2’20 operating income of AED 2.941 billion decreased 10% year on year reflecting the current operating conditions marked by lower interest rates, lower volumes and the impact of Covid-19 on the economy.

Cost to income ratio improved substantially due to the capture of merger-related synergies and continued focus on effective management of the cost base

Cost to income ratio, excluding one-off integration costs, improved 570 basis points year on year to 34.1% in Q2’20.

Operating expenses, excluding integration costs, decreased 15% sequentially and 23% year on year to AED 1.003 billion, due to lower staff costs and general administrative expenses.

The Bank is on track to capture 75% of its run-rate synergy target of AED 1 billion this year and reach the full target in 2021 as planned. The Group realised synergies of AED 226 million in Q2’20, bringing synergies realised in H1’20 to AED 411 million. Integration costs are projected to be well within the budgeted AED 980 million, with AED 557 million incurred to date (excluding capex).


The Group’s balance sheet remains strong, with total assets standing at AED 406 billion as at 30 June 2020. Following the merger with Union National Bank and acquisition of Al Hilal Bank, the Bank completed the purchase price allocation (PPA) exercise in the first quarter of 2020 as planned.

The loan book remained stable with an average loan balance of AED 248 billion in H1’20. However period-end net loans were at AED 239 billion as at 30 June 2020, 3% lower year to date, on account of large corporate repayments at the end of Q2’20.

Total customer deposits were at AED 250 billion as at 30 June 2020, down 5% year to date. CASA balances reached AED 114 billion, up AED 12 billion year to date, and comprised 46% of total customer deposits, compared to 39% as at 31 December 2019.

ADCB has utilised close to its full entitlement of AED 8.9 billion under the zero cost funding programme offered by the UAE Central Bank’s Targeted Economic Support Scheme (TESS), which is designed to mitigate the economic impact of Covid-19. As at 30 June 2020, ADCB has extended support to over 53,000 customers in the amount of AED 8.3 billion under TESS.
Bank continues to take prudent approach to provisioning and risk management in a challenging operating environment

- As at 30 June 2020, the non-performing loan ratio (NPL) was 5.16%, up from 4.65% at the end of March 2020, on account of a few corporate accounts. The NPL ratio including net POCI (purchase or originated credit impaired) assets stood at 6.62%. Total impairment allowances on loans and advances were AED 9.435 billion and the provision coverage ratio stood at 101.8%*.  
- Year to date, cost of risk stood at 1.65%, and excluding impairment charges on NMC Health Group, Finablr and associated companies, it was at 0.91%.

<table>
<thead>
<tr>
<th>NPL ratio</th>
<th>Provision coverage ratio*</th>
<th>Cost of risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec’19: 3.16%</td>
<td>Mar’20: 4.65%</td>
<td>Jun’20: 6.62%</td>
</tr>
<tr>
<td>Dec’19: 4.53%</td>
<td>Mar’20: 5.16%</td>
<td>Jun’20: 6.09%</td>
</tr>
<tr>
<td>Dec’19: 101.8%</td>
<td>Mar’20: 108.8%</td>
<td>Jun’20: 123.2%</td>
</tr>
<tr>
<td>0.80%</td>
<td>1.10%</td>
<td>2.34%</td>
</tr>
</tbody>
</table>

*Includes fair value adjustments on loans and advances of AED 3.2 billion in Dec’19, AED 4.6 billion in Mar’20 and AED 4.5 billion in June’20 (for stage 1 and stage 2 accounts only) for computing the coverage ratio

Capital ratios improved sequentially due to increase in FVTOCI-designated reserves on debt instruments; liquidity position enhanced through measures taken by the Bank

- The Bank continues to maintain a comfortable liquidity position, with a liquidity coverage ratio of 129.1%. The Bank was a net lender of AED 11 billion in the interbank markets and had a liquidity ratio of 27.0% as at 30 June 2020.  
- Total shareholders’ equity was at AED 53 billion as at 30 June 2020, compared to AED 49 billion at the end of Q1’20. Shareholder’s equity increased due to an improvement in the fair value of investments through other comprehensive income (FVTOCI) and on account of retained earnings for Q2’20.  
- The Bank remains well capitalised with a Basel III capital adequacy ratio (CAR) of 16.31% and a common equity tier 1 (CET1) ratio of 12.95% as at 30 June 2020.
Further information on ADCB can be found at [adcb.com](http://adcb.com)

For further details please contact:

**Corporate Communications**
Majdi Abd El Muhdi
E: majdi.a@adcb.com

**Investor Relations**
Denise Caouki
E: ir@adcb.com

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ADCB’s condensed consolidated interim financial information for the six month period ended 30 June 2020 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"). The pro forma financial information consists of the unaudited pro forma condensed consolidated interim income statement for the six month periods ended June 30, 2020 and June 30, 2019 which give effect to the merger and acquisition as if it had occurred on January 1, 2019, the audited consolidated statement of financial position as at December 31, 2019 and the unaudited condensed consolidated interim statement of financial position as at June 30, 2020. 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 condensed consolidated interim income statement. They are not representative of the financial 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 ADCB 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 interim income statement addresses a hypothetical situation and, therefore may not give a true picture of the financial performance of the ADCB group. Furthermore, the pro forma financial information is only meaningful in conjunction with the historical audited consolidated financial statements of ADCB for the financial year ended December 31, 2019 and the condensed consolidated interim financial information for the six month period ended June 30, 2020. The pro forma financial information has been compiled based on the accounting policies of the ADCB group as disclosed in its condensed consolidated interim financial information for the six month period ended June 30, 2020.

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.
Abu Dhabi Commercial Bank PJSC

Pro forma condensed consolidated interim financial information for the six month period ended June 30, 2020
The following pro forma condensed consolidated interim financial information and related notes ("pro forma financial information") illustrates the effects on the financial performance of the 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 the six month periods ended June 30, 2020 and June 30, 2019 which give effect to the merger and acquisition as if it had occurred on January 1, 2019, the audited consolidated statement of financial position as at December 31, 2019 and the unaudited condensed consolidated interim statement of financial position as at June 30, 2020.

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 condensed consolidated interim income statement. They are not representative of the financial 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 interim income statement addresses a hypothetical situation and, therefore may not give a true picture of the financial performance of the Group. Furthermore, the pro forma financial information is only meaningful in conjunction with the historical audited consolidated financial statements of ADCB for the financial year ended December 31, 2019 and the condensed consolidated interim financial information for the six month period ended June 30, 2020.

The pro forma financial information has been compiled based on the accounting policies of the Group as disclosed in its condensed consolidated interim financial information for the six month period ended June 30, 2020.

Under IFRS 3 Business Combinations, ADCB was identified as the acquirer. The Group adopted the acquisition method of accounting for the merger and acquisition, fair valued the assets, liabilities and contingent liabilities acquired at the date of acquisition and reflected the difference between their fair value and the purchase consideration as goodwill.
## Pro forma condensed consolidated interim statement of financial position

As at June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>As at June 30 2020 unaudited AED’000</th>
<th>As at December 31 2019 restated (*) AED’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with central banks, net</td>
<td>21,266,695</td>
<td>24,904,966</td>
</tr>
<tr>
<td>Deposits and balances due from banks, net</td>
<td>24,055,949</td>
<td>23,064,974</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>14,188,359</td>
<td>6,789,717</td>
</tr>
<tr>
<td>Investment securities</td>
<td>78,554,019</td>
<td>73,442,662</td>
</tr>
<tr>
<td>Loans and advances to customers, net</td>
<td>239,288,364</td>
<td>247,833,080</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>398,662</td>
<td>407,768</td>
</tr>
<tr>
<td>Investment properties</td>
<td>1,693,290</td>
<td>1,693,707</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>17,066,540</td>
<td>16,750,208</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>2,140,700</td>
<td>2,197,571</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>7,426,878</td>
<td>7,474,342</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>155,345</td>
<td>539,830</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>406,234,801</td>
<td>405,094,825</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to banks</td>
<td>6,337,213</td>
<td>5,732,779</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>14,861,743</td>
<td>6,949,891</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>250,272,256</td>
<td>262,093,782</td>
</tr>
<tr>
<td>Euro commercial paper</td>
<td>3,372,261</td>
<td>2,062,338</td>
</tr>
<tr>
<td>Borrowings</td>
<td>58,644,565</td>
<td>51,882,054</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>19,752,046</td>
<td>20,302,794</td>
</tr>
<tr>
<td>Liabilities related to assets held for sale</td>
<td>6,795</td>
<td>4,139,353</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>353,246,879</td>
<td>349,437,033</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>6,957,379</td>
<td>6,957,379</td>
</tr>
<tr>
<td>Share premium</td>
<td>17,878,882</td>
<td>17,878,882</td>
</tr>
<tr>
<td>Other reserves</td>
<td>7,942,232</td>
<td>9,257,919</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>14,207,831</td>
<td>15,544,207</td>
</tr>
<tr>
<td>Capital notes</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td><strong>Equity attributable to equity holders of the Bank</strong></td>
<td>52,986,324</td>
<td>55,638,387</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,598</td>
<td>19,405</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>52,987,922</td>
<td>55,657,792</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>406,234,801</td>
<td>405,094,825</td>
</tr>
</tbody>
</table>

(*) refer note 35 of the condensed consolidated interim financial information for the six month period ended June 30, 2020.
**Pro forma condensed consolidated interim income statement** (unaudited)
For the six month period ended June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>3 months ended June 30</th>
<th></th>
<th>6 months ended June 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 AED’000</td>
<td>2019 AED’000</td>
<td>2020 AED’000</td>
<td>2019 AED’000</td>
</tr>
<tr>
<td>Interest income</td>
<td>2,985,491</td>
<td>3,945,057</td>
<td>6,613,486</td>
<td>8,012,713</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,030,827)</td>
<td>(1,859,129)</td>
<td>(2,445,755)</td>
<td>(3,805,097)</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>1,954,664</td>
<td>2,085,928</td>
<td>4,167,731</td>
<td>4,207,616</td>
</tr>
<tr>
<td>Income from Islamic financing and investing products</td>
<td>537,908</td>
<td>779,223</td>
<td>1,304,930</td>
<td>1,598,160</td>
</tr>
<tr>
<td>Distribution on Islamic deposits and profit paid to sukuk holders</td>
<td>(145,982)</td>
<td>(269,075)</td>
<td>(336,776)</td>
<td>(586,761)</td>
</tr>
<tr>
<td><strong>Net income from Islamic financing and investing products</strong></td>
<td>391,926</td>
<td>510,148</td>
<td>968,154</td>
<td>1,011,399</td>
</tr>
<tr>
<td>Total net interest and income from Islamic financing and investing products</td>
<td>2,346,590</td>
<td>2,596,076</td>
<td>5,135,885</td>
<td>5,219,015</td>
</tr>
<tr>
<td>Net fees and commission income</td>
<td>310,632</td>
<td>479,352</td>
<td>742,089</td>
<td>997,413</td>
</tr>
<tr>
<td>Net trading income</td>
<td>155,611</td>
<td>105,698</td>
<td>294,529</td>
<td>278,026</td>
</tr>
<tr>
<td>Other operating income</td>
<td>128,191</td>
<td>71,002</td>
<td>244,506</td>
<td>152,406</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>2,941,024</td>
<td>3,252,128</td>
<td>6,417,009</td>
<td>6,646,860</td>
</tr>
<tr>
<td>Operating expenses (*)</td>
<td>(1,025,190)</td>
<td>(1,366,477)</td>
<td>(2,350,600)</td>
<td>(2,670,898)</td>
</tr>
<tr>
<td>Operating profit before impairment allowances</td>
<td>1,915,834</td>
<td>1,885,651</td>
<td>4,066,409</td>
<td>3,975,962</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(668,278)</td>
<td>(428,628)</td>
<td>(2,550,773)</td>
<td>(1,173,634)</td>
</tr>
<tr>
<td>Operating profit after impairment allowances</td>
<td>1,247,556</td>
<td>1,457,023</td>
<td>1,515,636</td>
<td>2,802,328</td>
</tr>
<tr>
<td>Share in profit of associates</td>
<td>11,218</td>
<td>4,373</td>
<td>610</td>
<td>10,005</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>1,258,774</td>
<td>1,461,396</td>
<td>1,516,246</td>
<td>2,812,333</td>
</tr>
<tr>
<td>Overseas income tax expense</td>
<td>(28,767)</td>
<td>(6,948)</td>
<td>(60,486)</td>
<td>(19,918)</td>
</tr>
<tr>
<td><strong>Profit for the period from continuing operations</strong></td>
<td>1,230,007</td>
<td>1,454,448</td>
<td>1,455,760</td>
<td>2,792,415</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(3,197)</td>
<td>(6,238)</td>
<td>(19,687)</td>
<td>(10,110)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>1,226,810</td>
<td>1,448,210</td>
<td>1,436,073</td>
<td>2,782,305</td>
</tr>
</tbody>
</table>

**Attributable to:**

<table>
<thead>
<tr>
<th></th>
<th>2020 AED’000</th>
<th>2019 AED’000</th>
<th>2020 AED’000</th>
<th>2019 AED’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity holders of the Bank</td>
<td>1,228,457</td>
<td>1,447,197</td>
<td>1,435,827</td>
<td>2,781,557</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(1,647)</td>
<td>1,013</td>
<td>246</td>
<td>748</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>1,226,810</td>
<td>1,448,210</td>
<td>1,436,073</td>
<td>2,782,305</td>
</tr>
</tbody>
</table>

(*) includes non-recurring expenses pertaining to integration and transaction costs of AED 165,291 thousand (for the six month period ended June 30, 2019: AED 86,728 thousand)
### Pro forma condensed consolidated interim financial information

#### Segmental information – Operating segments (unaudited)

For the six month period ended June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Consumer banking AED’000</th>
<th>Wholesale banking AED’000</th>
<th>Investments and treasury AED’000</th>
<th>Property management AED’000</th>
<th>Total AED’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>1,690,001</td>
<td>1,195,578</td>
<td>1,267,210</td>
<td>14,942</td>
<td>4,167,731</td>
</tr>
<tr>
<td>Net income from Islamic financing and investing products</td>
<td>575,488</td>
<td>192,142</td>
<td>196,926</td>
<td>3,598</td>
<td>968,154</td>
</tr>
<tr>
<td><strong>Total net interest income and income from Islamic financing and investing products</strong></td>
<td><strong>2,265,489</strong></td>
<td><strong>1,387,720</strong></td>
<td><strong>1,464,136</strong></td>
<td><strong>18,540</strong></td>
<td><strong>5,135,885</strong></td>
</tr>
<tr>
<td>Non-interest income</td>
<td>362,041</td>
<td>454,871</td>
<td>351,562</td>
<td>112,650</td>
<td>1,281,124</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,513,352)</td>
<td>(596,333)</td>
<td>(146,980)</td>
<td>(93,935)</td>
<td>(2,350,600)</td>
</tr>
<tr>
<td><strong>Operating profit before impairment allowances</strong></td>
<td><strong>1,114,178</strong></td>
<td><strong>1,246,258</strong></td>
<td><strong>1,668,718</strong></td>
<td><strong>37,255</strong></td>
<td><strong>4,066,409</strong></td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(696,847)</td>
<td>(1,787,203)</td>
<td>(66,723)</td>
<td>-</td>
<td>(2,550,773)</td>
</tr>
<tr>
<td><strong>Operating profit/(loss) after impairment allowances</strong></td>
<td><strong>417,331</strong></td>
<td>(540,945)</td>
<td><strong>1,601,995</strong></td>
<td><strong>37,255</strong></td>
<td><strong>1,515,636</strong></td>
</tr>
</tbody>
</table>

#### As at June 30, 2020 (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>110,521,603</td>
<td>167,409,612</td>
</tr>
<tr>
<td>Net income from Islamic financing and investing products</td>
<td>126,534,740</td>
<td>126,534,740</td>
</tr>
<tr>
<td><strong>Total net interest income and income from Islamic financing and investing products</strong></td>
<td><strong>4,207,616</strong></td>
<td><strong>4,207,616</strong></td>
</tr>
<tr>
<td>Non-interest income</td>
<td>586,299</td>
<td>524,383</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,591,352)</td>
<td>(791,543)</td>
</tr>
<tr>
<td><strong>Operating profit before impairment allowances</strong></td>
<td><strong>1,274,814</strong></td>
<td><strong>1,274,814</strong></td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(611,791)</td>
<td>(573,295)</td>
</tr>
<tr>
<td><strong>Operating profit/(loss) after impairment allowances</strong></td>
<td><strong>663,023</strong></td>
<td><strong>663,023</strong></td>
</tr>
<tr>
<td>Share in profit of associates</td>
<td>10,005</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit/(loss) before taxation</strong></td>
<td><strong>673,028</strong></td>
<td><strong>673,028</strong></td>
</tr>
<tr>
<td>Overseas income tax expense</td>
<td>(7,085)</td>
<td>(2,069)</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(10,110)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>655,833</strong></td>
<td><strong>655,833</strong></td>
</tr>
</tbody>
</table>

#### As at December 31, 2019 (restated)

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>110,473,825</td>
<td>172,749,335</td>
</tr>
<tr>
<td>Net income from Islamic financing and investing products</td>
<td>120,176,843</td>
<td>120,176,843</td>
</tr>
<tr>
<td><strong>Total net interest income and income from Islamic financing and investing products</strong></td>
<td><strong>4,207,616</strong></td>
<td><strong>4,207,616</strong></td>
</tr>
<tr>
<td>Non-interest income</td>
<td>586,299</td>
<td>524,383</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,591,352)</td>
<td>(791,543)</td>
</tr>
<tr>
<td><strong>Operating profit before impairment allowances</strong></td>
<td><strong>1,274,814</strong></td>
<td><strong>1,274,814</strong></td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(611,791)</td>
<td>(573,295)</td>
</tr>
<tr>
<td><strong>Operating profit/(loss) after impairment allowances</strong></td>
<td><strong>663,023</strong></td>
<td><strong>663,023</strong></td>
</tr>
<tr>
<td>Share in profit of associates</td>
<td>10,005</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td><strong>673,028</strong></td>
<td><strong>673,028</strong></td>
</tr>
<tr>
<td>Overseas income tax expense</td>
<td>(7,085)</td>
<td>(2,069)</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(10,110)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>655,833</strong></td>
<td><strong>655,833</strong></td>
</tr>
</tbody>
</table>