

Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2019 (UNAUDITED)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2019 (unaudited)

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors
Abu Dhabi Islamic Bank PJSC
Abu Dhabi
United Arab Emirates

Introduction

We have reviewed the accompanying interim financial information of Abu Dhabi Islamic Bank PJSC ("the Bank") and its subsidiaries (together "the Group") as at 30 September 2019, comprising the interim consolidated statement of financial position as at 30 September 2019 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of these interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other matters

The Group's consolidated financial statements as at 31 December 2018 were audited by another auditor whose report dated 4 February 2019 expressed an unmodified opinion thereon. The prior period comparative amounts in the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows and related explanatory information for the nine months period ended 30 September 2018, were reviewed by another auditor who issued an unmodified conclusion dated 22 October 2018.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No. 1141
7 November 2019
Abu Dhabi
United Arab Emirates

Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Three months and nine months ended 30 September 2019 (Unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 AED '000	2018 AED '000	2019 AED '000	2018 AED '000
OPERATING INCOME					
Income from murabaha, mudaraba and wakala with financial institutions		34,477	20,371	100,151	70,755
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	5	1,109,808	1,119,663	3,380,679	3,248,693
Income from sukuk measured at amortised cost		178,709	89,334	402,226	244,622
Income from investments measured at fair value	6	25,953	25,650	103,489	82,692
Share of results of associates and joint ventures		(21,329)	8,241	5,662	32,176
Fees and commission income, net	7	280,045	266,432	747,712	744,174
Foreign exchange income		79,213	78,535	228,712	197,915
Income (loss) from investment properties		11,630	(506)	30,836	4,746
Other income		1,346	6,575	7,040	19,230
		<u>1,699,852</u>	<u>1,614,295</u>	<u>5,006,507</u>	<u>4,645,003</u>
OPERATING EXPENSES					
Employees' costs	8	(401,873)	(387,025)	(1,150,873)	(1,111,304)
General and administrative expenses	9	(188,394)	(196,830)	(569,932)	(591,007)
Depreciation		(70,775)	(64,965)	(223,742)	(167,495)
Amortisation of intangibles	25	(13,800)	(13,800)	(40,951)	(40,951)
Provision for impairment, net	10	(207,459)	(171,749)	(552,460)	(486,971)
		<u>(882,301)</u>	<u>(834,369)</u>	<u>(2,537,958)</u>	<u>(2,397,728)</u>
PROFIT FROM OPERATIONS, BEFORE DISTRIBUTION TO DEPOSITORS					
		817,551	779,926	2,468,549	2,247,275
Distribution to depositors	11	(196,110)	(188,953)	(615,652)	(490,865)
PROFIT FOR THE PERIOD BEFORE ZAKAT AND TAX					
		621,441	590,973	1,852,897	1,756,410
Zakat and tax	12	(1,410)	(1,505)	(2,410)	(3,899)
PROFIT FOR THE PERIOD AFTER ZAKAT AND TAX					
		<u>620,031</u>	<u>589,468</u>	<u>1,850,487</u>	<u>1,752,511</u>
Attributable to:					
Equity holders of the Bank		619,789	589,336	1,849,703	1,752,038
Non-controlling interest		242	132	784	473
		<u>620,031</u>	<u>589,468</u>	<u>1,850,487</u>	<u>1,752,511</u>
Basic and diluted earnings per share attributable to ordinary shares (AED)					
	13	<u>0.144</u>	<u>0.176</u>	<u>0.440</u>	<u>0.475</u>

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Three months and nine months ended 30 September 2019 (Unaudited)

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
PROFIT FOR THE PERIOD AFTER ZAKAT AND TAX		620,031	589,468	1,850,487	1,752,511
Other comprehensive gain (loss)					
<i>Items that will not be reclassified to consolidated income statement</i>					
Net movement on valuation of equity investments carried at fair value through other comprehensive income	30	2,544	(7,276)	9,110	(8,969)
Directors' remuneration paid	35	-	-	(4,900)	(4,900)
<i>Items that may be subsequently reclassified to consolidated income statement</i>					
Net movement in valuation of investments in sukuk carried at fair value through other comprehensive income	30	(2,473)	(2,936)	6,066	(36,245)
Exchange differences arising on translation of foreign operations	30	8,903	(702)	42,958	(78,976)
Gain on hedge of foreign operations	30	11,298	4,288	11,442	12,657
Fair value gain (loss) on cash flow hedge	30	1,546	<u>2,679</u>	7,372	<u>(275)</u>
OTHER COMPREHENSIVE GAIN (LOSS) FOR THE PERIOD		<u>21,818</u>	<u>(3,947)</u>	<u>72,048</u>	<u>(116,708)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>641,849</u>	<u>585,521</u>	<u>1,922,535</u>	<u>1,635,803</u>
Attributable to:					
Equity holders of the Bank		641,607	585,389	1,921,751	1,635,330
Non-controlling interest		242	<u>132</u>	784	<u>473</u>
		<u>641,849</u>	<u>585,521</u>	<u>1,922,535</u>	<u>1,635,803</u>

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION At 30 September 2019 (Unaudited)

		<i>30 September</i>	<i>Audited</i>
		<i>2019</i>	<i>31 December</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>
ASSETS			
Cash and balances with central banks	14	19,580,647	18,731,208
Balances and wakala deposits with			
Islamic banks and other financial institutions	15	1,816,634	3,896,922
Murabaha and mudaraba with financial institutions	16	1,952,539	1,353,329
Murabaha and other Islamic financing	17	33,775,449	33,607,036
Ijara financing	18	45,460,905	45,069,611
Investment in sukuk measured at amortised cost	19	10,735,758	11,781,857
Investments measured at fair value	20	1,802,443	1,885,572
Investment in associates and joint ventures	21	1,262,178	1,206,159
Investment properties	22	1,379,312	1,397,177
Development properties	23	835,645	835,645
Other assets	24	3,185,589	3,250,147
Property and equipment		2,228,233	1,868,661
Goodwill and intangibles	25	<u>269,640</u>	<u>310,591</u>
TOTAL ASSETS		<u>124,284,972</u>	<u>125,193,915</u>
LIABILITIES			
Due to financial institutions	26	2,269,615	4,138,254
Depositors' accounts	27	100,363,721	100,403,747
Other liabilities	28	<u>3,268,341</u>	<u>2,915,229</u>
Total liabilities		<u>105,901,677</u>	<u>107,457,230</u>
EQUITY			
Share capital	29	3,632,000	3,632,000
Legal reserve		2,640,705	2,640,705
General reserve		1,980,827	1,980,827
Credit risk reserve		400,000	400,000
Retained earnings		5,753,019	4,158,153
Proposed dividend	38	-	994,313
Proposed dividend to charity		-	31,000
Other reserves	30	(788,501)	(865,449)
Tier 1 sukuk	31	<u>4,754,375</u>	<u>4,754,375</u>
Equity attributable to the equity and			
Tier 1 sukuk holders of the Bank		18,372,425	17,725,924
Non-controlling interest		<u>10,870</u>	<u>10,761</u>
Total equity		<u>18,383,295</u>	<u>17,736,685</u>
TOTAL LIABILITIES AND EQUITY		<u>124,284,972</u>	<u>125,193,915</u>
CONTINGENT LIABILITIES AND COMMITMENTS	32	<u>11,333,795</u>	<u>10,807,842</u>



Chairman



Group Chief Executive Officer

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2019 (Unaudited)

Attributable to the equity and Tier 1 sukuk holders of the Bank

	<i>Share capital</i>	<i>Legal reserve</i>	<i>General reserve</i>	<i>Credit risk reserve</i>	<i>Retained earnings</i>	<i>Proposed dividend</i>	<i>Proposed dividend to charity</i>	<i>Other reserves</i>	<i>Tier 1 sukuk</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Balance at 1 January 2019 - audited	3,632,000	2,640,705	1,980,827	400,000	4,158,153	994,313	31,000	(865,449)	4,754,375	17,725,924	10,761	17,736,685
Profit for the period	-	-	-	-	1,849,703	-	-	-	-	1,849,703	784	1,850,487
Other comprehensive (loss) gain	-	-	-	-	(4,900)	-	-	76,948	-	72,048	-	72,048
Profit paid on Tier 1 sukuk – Listed (second issue) (note 31)	-	-	-	-	(196,250)	-	-	-	-	(196,250)	-	(196,250)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi (note 31)	-	-	-	-	(53,687)	-	-	-	-	(53,687)	-	(53,687)
Dividends paid (note 38)	-	-	-	-	-	(994,313)	-	-	-	(994,313)	(675)	(994,988)
Dividends paid to charity	-	-	-	-	-	-	(31,000)	-	-	(31,000)	-	(31,000)
Balance at 30 September 2019 - unaudited	<u>3,632,000</u>	<u>2,640,705</u>	<u>1,980,827</u>	<u>400,000</u>	<u>5,753,019</u>	<u>-</u>	<u>-</u>	<u>(788,501)</u>	<u>4,754,375</u>	<u>18,372,425</u>	<u>10,870</u>	<u>18,383,295</u>
Balance at 1 January 2018 - audited	3,168,000	2,102,465	1,716,447	400,000	3,301,713	914,530	29,230	(743,182)	5,672,500	16,561,703	11,461	16,573,164
Transition adjustment on adoption of IFRS 9	-	-	-	-	(588)	-	-	21,979	-	21,391	-	21,391
Balance at 1 January 2018 - adjusted	3,168,000	2,102,465	1,716,447	400,000	3,301,125	914,530	29,230	(721,203)	5,672,500	16,583,094	11,461	16,594,555
Profit for the period	-	-	-	-	1,752,038	-	-	-	-	1,752,038	473	1,752,511
Other comprehensive loss	-	-	-	-	(4,900)	-	-	(111,808)	-	(116,708)	-	(116,708)
Tier 1 sukuk – Listed (second issue) issued (note 31)	-	-	-	-	-	-	-	-	2,754,375	2,754,375	-	2,754,375
Tier 1 sukuk – Listed (second issue) issuance cost	-	-	-	-	(19,373)	-	-	-	-	(19,373)	-	(19,373)
Tier 1 sukuk – Listed (first issue) reclassify to liabilities	-	-	-	-	-	-	-	-	(3,672,500)	(3,672,500)	-	(3,672,500)
Profit paid on Tier 1 sukuk – Listed (first issue)	-	-	-	-	(117,079)	-	-	-	-	(117,079)	-	(117,079)
Profit paid on Tier 1 sukuk – Government of Abu Dhabi (note 31)	-	-	-	-	(41,444)	-	-	-	-	(41,444)	-	(41,444)
Dividends paid (note 38)	-	-	-	-	-	(914,530)	-	-	-	(914,530)	(1,400)	(915,930)
Dividends paid to charity	-	-	-	-	-	-	(29,230)	-	-	(29,230)	-	(29,230)
Balance at 30 September 2018 - unaudited	<u>3,168,000</u>	<u>2,102,465</u>	<u>1,716,447</u>	<u>400,000</u>	<u>4,870,367</u>	<u>-</u>	<u>-</u>	<u>(833,011)</u>	<u>4,754,375</u>	<u>16,178,643</u>	<u>10,534</u>	<u>16,189,177</u>

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

Abu Dhabi Islamic Bank PJSC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Nine months ended 30 September 2019 (Unaudited)

	<i>Notes</i>	<i>Nine months ended 30 September 2019 AED '000</i>	<i>Nine months ended 30 September 2018 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		1,850,487	1,752,511
Adjustments for:			
Depreciation on investment properties	22	12,829	6,103
Depreciation on property and equipment		168,755	161,392
Depreciation on right-of-use assets		42,158	-
Amortisation of intangibles	25	40,951	40,951
Share of results of associates and joint ventures		(5,662)	(32,176)
Dividend income	6	(65)	(639)
Realised (gain) loss on sale of investments carried at fair value through profit or loss	6	(26,409)	19,576
Unrealised (gain) loss on investments carried at fair value through profit or loss	6	(18,826)	8,785
Realised gain on sukuk carried at fair value through other comprehensive income	6	(62)	(8,748)
Gain on sale of sukuk carried at amortised cost		(75,425)	-
Finance cost on lease liabilities	9	12,389	-
Provision for impairment, net	10	552,460	486,971
Gain on disposal of investment properties		(2,364)	-
Loss on sales return of investment properties		-	3,083
Operating profit before changes in operating assets and liabilities		2,551,216	2,437,809
Decrease (increase) in balances with central banks		1,355,813	(982,522)
Increase in balances and wakala deposits with			
Islamic banks and other financial institutions		(1,163,862)	(498,042)
Increase in murabaha and mudaraba with financial institutions		(826,385)	(467,897)
Increase in murabaha and other Islamic financing		(442,982)	(985,124)
Increase in ijara financing		(521,038)	(1,423,132)
Purchase of investments carried at fair value through profit or loss		(8,332,869)	(6,814,144)
Proceeds from sale of investments carried at fair value through profit or loss		8,475,335	6,253,899
Increase in other assets		(89,602)	(218,218)
Increase in due to financial institutions		371,597	70,679
Decrease in depositors' accounts		(37,012)	(1,498,417)
(Decrease) increase in other liabilities		(93,775)	465,646
Cash from (used in) operations		1,246,436	(3,659,463)
Directors' remuneration paid		(4,900)	(4,900)
Net cash from (used in) operating activities		1,241,536	(3,664,363)
INVESTING ACTIVITIES			
Dividend received	6	65	639
Net movement in investments carried at fair value through other comprehensive income		(4,821)	1,008,925
Net movement in investments carried at amortised cost		1,117,143	(2,016,628)
Net movement in associates and joint ventures		8,333	5,148
Proceeds from disposal of investment properties		7,400	-
Purchase of property and equipment		(130,517)	(262,977)
Net cash from (used in) investing activities		997,603	(1,264,893)
FINANCING ACTIVITIES			
Profit paid on Tier 1 sukuk – Listed (second issue)	31	(196,250)	-
Profit paid on Tier 1 sukuk to Government of Abu Dhabi	31	(53,687)	(41,444)
Tier 1 sukuk – Listed (second issue) issued	31	-	2,754,375
Tier 1 sukuk – Listed (second issue) issuance cost	31	-	(19,373)
Profit paid on Tier 1 sukuk – Listed (first issue)		-	(117,079)
Finance cost on lease liabilities	9	(12,389)	-
Dividends paid		(1,002,812)	(917,302)
Net cash (used in) from financing activities		(1,265,138)	1,659,177
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		974,001	(3,270,079)
Cash and cash equivalents at 1 January		6,508,853	10,888,469
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	34	7,482,854	7,618,390
Operating cash flows from profit on balances and wakala deposits with Islamic banks and other financial institutions, murabaha and mudaraba with financial institutions, customer financing, Islamic sukuk and customer deposits are as follows:			
Profit received		3,735,178	3,518,692
Profit paid to depositors		539,195	518,801

The attached notes 1 to 41 form part of these condensed consolidated interim financial statements.

30 September 2019 (Unaudited)

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Abu Dhabi Islamic Bank PJSC (“the Bank”) was incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE), as a public joint stock company with limited liability, in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the Amiri Decree No. 9 of 1997. The Federal Law No. 2 of 2015, concerning Commercial Companies has replaced the existing Federal Law No. 8 of 1984.

The Bank and its subsidiaries (“the Group”) carry out full banking services, financing and investing activities through various Islamic instruments such as Murabaha, Istisna’a, Mudaraba, Musharaka, Ijara, Wakalah, Sukuk etc. The activities of the Bank are conducted in accordance with Islamic Shari’a, which prohibits usury as determined by the Fatwa and Shari’a Supervisory Board of the Bank, and within the provisions of the Articles and Memorandum of Association of the respective entities within the Group.

In addition to its main office in Abu Dhabi, the Bank operates through its 83 branches in UAE (2018: 80 branches) and 3 overseas branches in Iraq, Qatar and Sudan and subsidiaries in the UAE and the United Kingdom. The condensed consolidated interim financial statements combine the activities of the Bank’s head office, its branches and subsidiaries.

The registered office of the Bank is at P O Box 313, Abu Dhabi, UAE.

The condensed consolidated interim financial statements of the Group were authorised for issue by the Board of Directors on 07 November 2019.

2 DEFINITIONS

The following terms are used in the consolidated financial statements with the meanings specified:

Murabaha

A sale contract, in which the Group sells to a customer a physical asset, goods, or shares already owned and possessed (either physically or constructively) at a selling price that consists of the purchase cost plus a mark-up profit.

Istisna’a

A sale contract, in which the Group (Al Saanee) sells an asset to be developed using its own materials to a customer (Al Mustasnee) according to pre-agreed upon precise specification, at a specific price, installments dates and to be delivered on a specific date. This developed asset can be either developed directly by the Group or through a subcontractor and then it is handed over to the customer on the pre-agreed upon date.

Ijara

A lease contract whereby the Group (the Lessor) leases to a customer (the Lessee) a service or the usufruct of an owned or rented physical asset either exists currently or to be constructed in future (forward lease) for a specific period of time at specific rental installments. The lease contract could be ended by transferring the ownership of a leased physical asset through an independent mode to the lessee.

Qard Hasan

A non-profit bearing loan that enables the borrower to use the borrowed amounts for a specific period of time, at the end of which the same borrowed amounts would be repaid free of any charges or profits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2019 (Unaudited)

2 DEFINITIONS continued

Musharaka

A contract between the Group and a customer to entering into a partnership in an existing project (or to be established), or in the ownership of a specific asset, either on ongoing basis or for a limited time, during which the Group enters in particular arrangements with the customer to sell to him/her its share in this partnership until he/she becomes the sole owner of it (diminishing musharaka). Profits are distributed according to the mutual agreement of the parties as stipulated in the contract; however, losses are borne according to the exact shares in the Musharaka capital on a pro-rata basis.

Mudaraba

A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal) and the other party (the Mudarib) invests the funds in a project or a particular activity and any generated profits are distributed between the parties according to the profit shares that were pre-agreed upon in the contract. The Mudarib is responsible of all losses caused by his misconduct, negligence or violation of the terms and conditions of the Mudaraba; otherwise, losses are borne by Rab Al Mal.

Wakalah

A contract between the Group and a customer whereby one party (the principal: the Muwakkil) appoints the other party (the agent: Wakil) to invest certain funds according to the terms and conditions of the Wakala for a fixed fee in addition to any profit exceeding the expected profit as an incentive for the Wakil for the good performance. Any losses as a result of the misconduct or negligence or violation of the terms and conditions of the Wakala are borne by the Wakil; otherwise, they are borne by the principal.

Sukuk

Certificates which are equal in value and represent common shares in the ownership of a specific physical asset (leased or to be leased either existing or to be constructed in future), or in the ownership of cash receivables of selling an existing-owned asset, or in the ownership of goods receivables, or in the ownership of the assets of Mudaraba or Partnership companies. In all these cases, the Sukuk holders shall be the owners of their common shares in the leased assets, or in the cash receivables, or the goods receivable, or in the assets of the Partnership or the Mudaraba.

3 BASIS OF PREPARATION

3.1 (a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in compliance with general principles of the Shari'a as determined by the Group's Fatwa and Shari'a Supervisory Board.

3.1 (b) Accounting convention

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income, Shari'a compliant alternatives of derivative financial instruments which have been measured at fair value and land, held as property and equipment, which has been carried at revalued amount.

The condensed consolidated interim financial statements have been presented in UAE Dirhams (AED), which is the functional currency of the Bank and all values are rounded to the nearest thousand AED except where otherwise indicated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2019 (Unaudited)

3 BASIS OF PREPARATION continued

3.1 (c) Basis of consolidation

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

	Activity	Country of incorporation	Percentage of holding	
			2019	2018
Abu Dhabi Islamic Securities Company LLC	Equity brokerage services	United Arab Emirates	95%	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%	100%
MPM Properties LLC	Real estate services	United Arab Emirates	100%	100%
ADIB Invest 1	Equity brokerage services	BVI	100%	100%
Kawader Services Company LLC	Manpower supply	United Arab Emirates	100%	100%
ADIB (UK) Limited	Islamic banking	United Kingdom	100%	100%
ADIB Holdings (Jersey) Ltd*(under liquidation)	Special purpose vehicle	British Channel Islands	-	-
ADIB Sukuk Company Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Sukuk Company II Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 1 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Capital Invest 2 Ltd*	Special purpose vehicle	Cayman Island	-	-
ADIB Alternatives Ltd*	Special purpose vehicle	Cayman Island	-	-

*The Bank does not have any direct holding in these entities and they are considered to be a subsidiary by virtue of control.

These condensed consolidated interim financial statements include the operations of the subsidiaries over which the Bank has control. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represent the portion of the net income or loss and net assets of the subsidiaries not held by the Group and are presented separately in the interim consolidated statement of comprehensive and within equity in the interim consolidated statement of financial position, separately shareholders' equity of the Bank.

3.2 Significant judgements and estimates

The preparation of the condensed consolidated interim financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors. In order to reduce the element of subjectivity, the Group has laid down clear criteria to enable estimation of future cash flows. As estimates are based on judgments, actual results may differ, resulting in future changes in such provisions.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2018.

4 SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. In addition, results for the nine months ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

As required by Securities and Commodities Authority of UAE ("SCA") notification no. 2635/2008 dated 12 October 2008, accounting policies related to financial instruments as disclosed in the annual consolidated financial statements are provided below:

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

During the period, the Group has applied, for the first time, certain standards and amendments. Except for IFRS 16, other standards and amendments adopted did not have any material impact on the Group's accounting policies and did not require retrospective adjustments. After the adoption of IFRS 16, the Group had to change its accounting policies and made retrospective adjustments.

Changes in accounting policies after the adoption of IFRS 16 Leases

The Group adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Group's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the profit rate at the time of first time application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets are related to and included in property and equipment and corresponding lease liabilities under other liabilities the consolidated statement of financial position. Hence, the change in accounting policy is reflected in consolidated statement of financial position at 1 January 2019, where property and equipment and other liabilities are increased by AED 405,798 thousand.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Changes in accounting policies after the adoption of IFRS 16 Leases continued

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Group has used weighted average incremental borrowing rate for calculating the net present value of lease liabilities.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Practical expedient applied by the Group:

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments

Recognition and measurement

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group are further analysed as:

- Customer financing;
- Balances and wakala deposits with Islamic banks and other financial institutions;
- Murabaha and mudaraba with financial institutions;
- Investment in sukuk;
- Investment in equity instruments;
- Trade and other receivables; and
- Sharia compliant alternatives of derivatives.

The Group's customer financing comprise the following:

- Murabaha and other Islamic financing; and
- Ijara financing.

Financial assets are classified in their entirety on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value.

Classification

Financial assets at amortised cost

Balances and wakala deposits with Islamic banks and other financial institutions, Murabaha and mudaraba with financial institutions, Acceptances, Murahaba and other Islamic financing and Ijara financing i.e. customer financing and investment in sukuk, are measured at amortised cost, if both the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") on initial recognition.

Other financial assets that do not meet the amortised cost criteria are classified as FVTPL. In addition, certain financial assets that meet the amortised cost criteria but at initial recognition are designated as FVTPL in line with the business model of the Group. A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

Financial asset are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets that are designated as FVTPL on initial recognition is not allowed.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial Instruments continued

Recognition and Measurement continued

Financial assets at fair value through other comprehensive income ("FVTOCI")

At initial recognition, the Group can make an irrevocable election (on instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI.

A financial asset is FVTPL if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is part of identified financial instrument that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a Shari'a compliant alternatives of derivative financial instruments and not designated and effective as a hedging instrument or a financial guarantee.

Measurement

Financial assets or financial liabilities carried at amortised cost

Financial assets at amortised cost including customer financing and investment in sukuk are measured at amortised cost, less any reduction for impairment. Amortised cost is calculated using the effective profit rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective profit rate of the instrument.

Balances and deposits with banks and other financial institutions, Murabaha and Mudaraba with financial institutions, Murabaha, Ijara, Mudaraba and certain other Islamic financing are financial assets with fixed or expected profit payments. These assets are not quoted in an active market. They arise when the Group provides funds directly to a customer with no intention of trading the receivable. Financial liabilities are liabilities where the Group has a contractual obligation to deliver cash or another financial asset or exchange financial instruments under conditions that are potentially unfavourable to the Group.

Balances and wakala deposits with Islamic banks and other financial institutions are stated at amortised cost less amounts written off and provision for impairment, if any.

Murabaha and mudaraba with financial institutions are stated at amortised cost (which excludes deferred income or expected profits) less provisions for impairment.

Islamic financing consist of murabaha receivables, mudaraba, Istisna'a, Islamic covered cards (murabaha based) and other Islamic financing.

Istisna'a cost is measured and reported in the consolidated financial statements at a value not exceeding the cash equivalent value.

Other Islamic financing are stated at amortised cost (which excludes deferred income) less any provisions for impairment.

The Ijara is classified as a finance lease, when the Bank undertakes to sell the leased assets to the lessee using an independent agreement upon the maturity of the lease and the sale results in transferring all the risks and rewards incident to an ownership of the leased assets to the lessee. Leased assets represents finance lease of assets for periods, which either approximate or cover a major part of the estimated useful lives of such assets. Leased assets are stated at amounts equal to the net investment outstanding in the leases including the income earned thereon less impairment provisions.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial Instruments continued

Recognition and Measurement continued

Measurement continued

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement is included within 'investment income' in the consolidated income statement.

Financial assets at fair value through other comprehensive income ("FVTOCI")

Investments in equity instruments are initially measured at fair value plus transaction costs. Subsequently they are measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of other comprehensive income and accumulated in the cumulative changes in fair values within equity.

Where the assets are disposed off, except for sukuk measured at FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair values is not transferred to the consolidated income statement, but is reclassified to retained earnings. Financial assets measured at FVTOCI are not required to be tested for impairment.

For sukuk measured at FVTOCI which are disposed off, the cumulative gain or loss previously recognised in the consolidated statement of other comprehensive income is reclassified from equity to consolidated income statement.

For investments quoted in active market, fair value is determined by reference to quoted market prices.

For other investments, where there is no active market, fair value is normally based on one of the following:

- the expected cash flows discounted at current profit rates applicable for items with similar terms and risk characteristics
- brokers' quotes
- recent market transactions

Dividends on investment in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividend is established, unless the dividends clearly represent a recovery of part of the cost of investment.

(i) *Recognition / De-recognition*

The Group initially recognises financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income on the settlement date at which the Group becomes a party to the contractual provisions of the instrument.

Financing to customers are recognised on the day they are disbursed. A financial liability is recognised on the date the Group becomes a party to contractual provisions of the instrument.

A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset expires or when it transfers the financial asset. A financial liability is de-recognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets designated at fair value through profit or loss, and financial assets at fair value through other comprehensive income that are sold are de-recognised and corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets. The Group uses the specific identification method to determine the gain or loss on de-recognition.

4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial Instruments continued

Recognition and Measurement continued

Measurement continued

(ii) *Offsetting of financial instruments*

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right and under Sharia'a framework to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

(iii) *Impairment of financial assets*

Impairment assessment:

The Group assesses whether financial assets carried at amortised cost and carried at FVTOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the finance customer or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the finance customer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of Expected Credit Losses (ECL):

The impairment of financial assets are calculated in accordance with IFRS 9 expected credit loss (ECL) model. The standard introduces a new single model for the measurement of impairment losses on all financial assets including financing and sukuk measured at amortized cost or at fair value through OCI. The ECL model contains a three stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition. 12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

ECL is calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), and discounting at the initial effective profit rate. The Group has developed a range of models to estimate these parameters. For the portfolios where sufficient historical data was available, the Group developed a statistical model and for other portfolios judgmental models were developed.

Renegotiated financing facilities

Where possible, the Bank seeks to restructure financing facilities rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new conditions. Management continually reviews renegotiated facilities to ensure that all future payments are highly expected to occur.

When the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the finance customer, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

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4 SIGNIFICANT ACCOUNTING POLICIES continued

Financial Instruments continued

Renegotiated financing facilities continued

- If the expected restructuring will not result in derecognition of the exiting asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Purchased or originated credit impaired assets (POCI)

POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit income is subsequently recognized based on a credit-adjusted expected profit rate. Life time ECLs are only recognised or released to the extent that there is a subsequent change in the ECL.

Covered card facilities

The Group's product offering includes a variety of covered cards facilities, in which the Group has the right to cancel and/or reduce the facilities at a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behavior, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

5 INCOME FROM MURABAHA, MUDARABA, IJARA AND OTHER ISLAMIC FINANCING FROM CUSTOMERS

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Vehicle murabaha	60,582	66,066	183,297	204,926
Goods murabaha	39,195	39,885	112,236	135,985
Share murabaha	255,121	258,194	763,077	771,046
Commodities murabaha – Al Khair	104,535	103,260	314,755	298,963
Islamic covered cards (murabaha)	76,756	83,511	234,544	248,374
Other murabaha	45,373	37,432	124,952	80,881
Total murabaha	581,562	588,348	1,732,861	1,740,175
Mudaraba	97	593	289	2,657
Ijara	527,025	529,002	1,643,351	1,500,737
Istisna'a	1,124	1,720	4,178	5,124
	<u>1,109,808</u>	<u>1,119,663</u>	<u>3,380,679</u>	<u>3,248,693</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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6 INCOME FROM INVESTMENTS MEASURED AT FAIR VALUE

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Income from sukuk measured at fair value through profit or loss	11,784	20,538	49,911	66,190
Income from sukuk measured at fair value through other comprehensive income	2,816	8,398	9,989	35,329
Realised gain (loss) on sale of investments carried at fair value through profit or loss	8,432	(14,347)	26,409	(19,576)
Unrealised gain (loss) on investments carried at fair value through profit or loss	1,432	10,071	18,826	(8,785)
Realised gain on sale of sukuk carried at fair value through other comprehensive income	3,035	703	62	8,748
(Loss) gain from other investment assets	(1,546)	238	(1,773)	147
Dividend income	-	49	65	639
	<u>25,953</u>	<u>25,650</u>	<u>103,489</u>	<u>82,692</u>

7 FEES AND COMMISSION INCOME, NET

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Fees and commission income				
Fees and commission income on cards	240,659	216,388	639,641	576,513
Trade related fees and commission	20,195	26,410	59,816	80,027
Takaful related fees	34,745	31,823	108,097	96,388
Accounts services fees	16,637	15,351	49,370	51,376
Projects and property management fees	11,457	14,766	36,139	45,085
Risk participation and arrangement fees	34,429	35,142	70,292	98,465
Brokerage fees and commission	3,408	1,920	11,733	7,991
Other fees and commissions	84,003	83,513	243,488	227,291
Total fees and commission income	<u>445,533</u>	<u>425,313</u>	<u>1,218,576</u>	<u>1,183,136</u>
Fees and commission expenses				
Card related fees and commission expenses	(146,913)	(140,968)	(415,281)	(382,091)
Other fees and commission expenses	(18,575)	(17,913)	(55,583)	(56,871)
Total fees and commission expenses	<u>(165,488)</u>	<u>(158,881)</u>	<u>(470,864)</u>	<u>(438,962)</u>
Fees and commission income, net	<u>280,045</u>	<u>266,432</u>	<u>747,712</u>	<u>744,174</u>

Abu Dhabi Islamic Bank PJSC

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30 September 2019 (Unaudited)

8 EMPLOYEES' COSTS

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Salaries and wages	364,035	350,161	1,043,238	1,004,984
End of service benefits	19,646	20,425	51,885	50,880
Other staff expenses	18,192	16,439	55,750	55,440
	<u>401,873</u>	<u>387,025</u>	<u>1,150,873</u>	<u>1,111,304</u>

9 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Legal and professional expenses	37,766	31,929	114,884	68,961
Premises expenses	35,019	57,473	119,061	196,955
Marketing and advertising expenses	19,846	21,951	52,568	58,477
Communication expenses	23,077	23,380	66,890	63,309
Technology related expenses	32,147	31,319	95,863	91,236
Finance cost on lease liabilities	4,001	-	12,389	-
Other operating expenses	36,538	30,778	108,277	112,069
	<u>188,394</u>	<u>196,830</u>	<u>569,932</u>	<u>591,007</u>

10 PROVISION FOR IMPAIRMENT, NET

		<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Murabaha and other Islamic financing	17	133,265	61,125	275,568	290,578
Ijara financing	18	6,604	102,473	129,744	183,672
Recoveries, net of direct write-off		2,338	10,876	(999)	33,665
Others		65,252	(2,725)	148,147	(20,944)
		<u>207,459</u>	<u>171,749</u>	<u>552,460</u>	<u>486,971</u>

11 DISTRIBUTION TO DEPOSITORS

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Saving accounts	53,582	51,248	154,183	140,137
Investment accounts	142,528	137,705	461,469	350,728
	<u>196,110</u>	<u>188,953</u>	<u>615,652</u>	<u>490,865</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2019 (Unaudited)

12 ZAKAT AND TAX

Zakat

In few jurisdictions, Zakat of the Bank's branches and subsidiaries is mandatory by laws to be paid to a governmental entity responsible of Zakat, therefore, the Bank acts accordingly to these laws and pays the Zakat to these.

As the Bank is not required to dispose Zakat by UAE laws or by its Articles and Memorandum of Association or by a decision of the General Assembly, each shareholder is responsible of his or her own Zakat.

Tax

Bank pays tax only on its international branches and subsidiary in accordance with the tax laws prevailing in those countries.

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of any financial instruments with dilutive effects.

The following reflects the income and shares data used in the earnings per share computations:

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Profit for the period attributable to equity holders - (AED '000)		619,789	589,336	1,849,703	1,752,038
Less: profit attributable to Tier 1 sukuk:					
- Listed (second issue) - (AED '000)	31	(98,125)	-	(196,250)	-
- Listed (first issue) - (AED '000)		-	-	-	(117,079)
- Government of Abu Dhabi - (AED '000)	31	<u>-</u>	<u>-</u>	<u>(53,687)</u>	<u>(41,444)</u>
Profit for the period attributable to ordinary shareholders after deducting profit relating to Tier 1 sukuk (AED '000)		<u>521,664</u>	<u>589,336</u>	<u>1,599,766</u>	<u>1,593,515</u>
Weighted average number of ordinary shares at the beginning of the period in issue (000's)		3,632,000	3,168,000	3,632,000	3,168,000
Effect of right shares issued – Bonus element (000's)		<u>-</u>	<u>184,862</u>	<u>-</u>	<u>184,862</u>
Weighted average number of ordinary shares at the end of the period in issue (000's)		<u>3,632,000</u>	<u>3,352,862</u>	<u>3,632,000</u>	<u>3,352,862</u>
Basic and diluted earnings per share (AED)		<u>0.144</u>	<u>0.176</u>	<u>0.440</u>	<u>0.475</u>

The Bank does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised. Profit on Tier 1 sukuk is reflected in the EPS computation on the payment of such profit.

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14 CASH AND BALANCES WITH CENTRAL BANKS

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Cash on hand	1,631,688	1,844,389
Balances with central banks:		
- Current accounts	1,038,241	493,663
- Statutory reserve	11,421,690	11,397,360
- Islamic certificate of deposits	<u>5,492,027</u>	<u>4,995,796</u>
	19,583,646	18,731,208
Less: provision for impairment	<u>(2,999)</u>	<u>-</u>
	<u>19,580,647</u>	<u>18,731,208</u>

The Bank is required to maintain statutory reserves with the Central Bank of the UAE, Iraq and Sudan on demand, time and other deposits. The statutory reserves are not available for use in the Bank's day-to-day operations and cannot be withdrawn without the approval of the Central Bank. Cash on hand and current accounts are not profit-bearing. Islamic certificate of deposits are profit bearing, which is based on entering into international commodities Murabaha transaction in which Central Bank of the UAE and Central Bank of Iraq are the buyers and the Bank is the seller.

The distribution of the cash and balances with central banks by geographic region is as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
UAE	18,053,342	17,687,739
Rest of the Middle East	1,485,786	992,884
Europe	951	1,317
Others	<u>43,567</u>	<u>49,268</u>
	<u>19,583,646</u>	<u>18,731,208</u>

15 BALANCES AND WAKALA DEPOSITS WITH ISLAMIC BANKS AND OTHER FINANCIAL INSTITUTIONS

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Current accounts	296,033	452,014
Wakala deposits	<u>1,530,260</u>	<u>3,457,743</u>
	1,826,293	3,909,757
Less: provision for impairment	<u>(9,659)</u>	<u>(12,835)</u>
	<u>1,816,634</u>	<u>3,896,922</u>

In accordance with Shari'a principles, deposits are invested only with Islamic financial institutions. The Bank does not earn profits on current accounts with banks and financial institutions.

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15 BALANCES AND WAKALA DEPOSITS WITH ISLAMIC BANKS AND OTHER FINANCIAL INSTITUTIONS continued

The distribution of the balances and wakala deposits with Islamic banks and other financial institutions by geographic region is as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
UAE	246,870	2,424,116
Rest of the Middle East	396,927	472,079
Europe	104,728	206,682
Others	<u>1,077,768</u>	<u>806,880</u>
	<u>1,826,293</u>	<u>3,909,757</u>

16 MURABAHA AND MUDARABA WITH FINANCIAL INSTITUTIONS

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Murabaha	1,952,577	1,317,686
Mudaraba	<u>-</u>	<u>35,666</u>
	1,952,577	1,353,352
Less: provision for impairment	<u>(38)</u>	<u>(23)</u>
	<u>1,952,539</u>	<u>1,353,329</u>

In accordance with Shari'a principles, Mudaraba are with Islamic financial institutions or provided for the activities that are entirely Sharia' compliant.

The distribution of the gross murabaha and mudaraba with financial institutions by geographic region is as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
UAE	1,762,629	1,139,796
Rest of the Middle East	167,377	177,890
Europe	22,571	-
Others	<u>-</u>	<u>35,666</u>
	<u>1,952,577</u>	<u>1,353,352</u>

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17 MURABAHA AND OTHER ISLAMIC FINANCING

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Vehicle murabaha	5,184,507	5,609,698
Goods murabaha	5,390,427	4,917,454
Share murabaha	16,850,985	16,928,977
Commodities murabaha – Al Khair	8,049,438	8,377,721
Islamic covered cards (murabaha)	14,625,839	16,069,428
Other murabaha	<u>3,382,224</u>	<u>2,915,331</u>
Total murabaha	53,483,420	54,818,609
Mudaraba	51,844	55,097
Istisna'a	95,873	101,895
Other financing receivables	<u>193,206</u>	<u>280,425</u>
Total murabaha and other Islamic financing	53,824,343	55,256,026
Less: deferred income on murabaha	(18,217,009)	(19,947,491)
	35,607,334	35,308,535
Less: provision for impairment	<u>(1,831,885)</u>	<u>(1,701,499)</u>
	<u>33,775,449</u>	<u>33,607,036</u>
Total of Murabaha and other Islamic financing classified under stage 3	<u>1,707,297</u>	<u>1,804,819</u>

The movement in the provision for impairment during the period was as follows:

	<i>30 September 2019 AED '000</i>
At 1 January 2019 – audited	1,701,499
Charge for the period (note 10)	275,568
Written off during the period	<u>(145,182)</u>
At 30 September 2019 – unaudited	<u>1,831,885</u>
	<i>Audited 31 December 2018 AED '000</i>
At 1 January 2018 – audited (IAS 39)	1,896,137
Reversal on transition to IFRS 9	(852,941)
ECL recognized under IFRS9	<u>1,063,745</u>
At 1 January 2018 – (adjusted opening as per IFRS 9)	2,106,941
Charge for the year	354,857
Written off during the year	<u>(760,299)</u>
At 31 December 2018 – audited	<u>1,701,499</u>

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17 MURABAHA AND OTHER ISLAMIC FINANCING continued

The distribution of the gross murabaha and other Islamic financing by industry sector and geographic region was as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Industry sector:		
Public sector	1,270,308	358,227
Corporates	3,186,154	4,480,152
Financial institutions	1,097,164	761,866
Individuals	29,744,992	29,358,893
Small and medium enterprises	<u>308,716</u>	<u>349,397</u>
	<u>35,607,334</u>	<u>35,308,535</u>
Geographic region:		
UAE	33,564,713	33,567,718
Rest of the Middle East	1,019,645	1,103,351
Europe	753,046	538,523
Others	<u>269,930</u>	<u>98,943</u>
	<u>35,607,334</u>	<u>35,308,535</u>

18 IJARA FINANCING

This represents net investment in assets leased for periods which either approximate or cover major parts of the estimated useful lives of such assets. The documentation includes a separate undertaking from the Bank to sell the leased assets to the lessee upon the maturity of the lease.

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
The aggregate future lease receivables are as follows:		
Due within one year	7,929,434	7,436,960
Due in the second to fifth year	21,889,662	23,375,433
Due after five years	<u>33,425,632</u>	<u>39,778,958</u>
Total ijara financing	63,244,728	70,591,351
Less: deferred income	<u>(16,541,603)</u>	<u>(24,340,989)</u>
Net present value of minimum lease payments receivable	46,703,125	46,250,362
Less: provision for impairment	<u>(1,242,220)</u>	<u>(1,180,751)</u>
	<u>45,460,905</u>	<u>45,069,611</u>
Total of ijara financing classified under stage 3	<u>2,434,232</u>	<u>2,146,406</u>

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18 IJARA FINANCING continued

The movement in the provision for impairment during the period was as follows:

	<i>30 September 2019 AED '000</i>
At 1 January 2019 – audited	1,180,751
Charge for the period (note 10)	129,744
Written off during the period	<u>(68,275)</u>
At 30 September 2019 – unaudited	<u>1,242,220</u>
	<i>Audited 31 December 2018 AED '000</i>
At 1 January 2018 – audited (IAS 39)	1,324,224
Reversal on transition to IFRS 9	(860,173)
ECL recognized under IFRS9	<u>601,767</u>
At 1 January 2018 – (adjusted opening as per IFRS 9)	1,065,818
Charge for the year	178,396
Written off during the year	<u>(63,463)</u>
At 31 December 2018 – audited	<u>1,180,751</u>

The distribution of the gross ijara financing by industry sector and geographic region was as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
<i>Industry sector:</i>		
Government	1,175,894	565,438
Public sector	6,153,787	4,820,597
Corporates	16,884,638	18,970,953
Individuals	22,270,324	21,640,862
Small and medium enterprises	133,142	139,804
Non-profit organisations	<u>85,340</u>	<u>112,708</u>
	<u>46,703,125</u>	<u>46,250,362</u>
<i>Geographic region:</i>		
UAE	45,555,031	44,695,348
Rest of the Middle East	479,711	780,247
Europe	353,024	379,525
Others	<u>315,359</u>	<u>395,242</u>
	<u>46,703,125</u>	<u>46,250,362</u>

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19 INVESTMENT IN SUKUK MEASURED AT AMORTISED COST

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Sukuk - Quoted	10,765,254	11,806,972
Less: provision for impairment	<u>(29,496)</u>	<u>(25,115)</u>
	<u>10,735,758</u>	<u>11,781,857</u>

The distribution of the gross investments by geographic region was as follows:

UAE	7,794,704	8,237,230
Rest of the Middle East	2,003,952	1,823,550
Others	<u>966,598</u>	<u>1,746,192</u>
	<u>10,765,254</u>	<u>11,806,972</u>

20 INVESTMENTS MEASURED AT FAIR VALUE

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
<i>Investments carried at fair value through profit or loss</i>		
Quoted investments		
Equities	227	-
Sukuk	<u>1,341,201</u>	<u>1,438,659</u>
	<u>1,341,428</u>	<u>1,438,659</u>
<i>Investments carried at fair value through other comprehensive income</i>		
Quoted investments		
Equities	30,935	28,727
Sukuk	<u>284,507</u>	<u>330,367</u>
	<u>315,442</u>	<u>359,094</u>
Unquoted investments		
Sukuk	74,607	-
Funds	36,073	46,956
Private equities	<u>42,762</u>	<u>42,775</u>
	<u>153,442</u>	<u>89,731</u>
	<u>468,884</u>	<u>448,825</u>
	1,810,312	1,887,484
Less: provision for impairment	<u>(7,869)</u>	<u>(1,912)</u>
Total investments measured at fair value	<u>1,802,443</u>	<u>1,885,572</u>

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20 INVESTMENTS MEASURED AT FAIR VALUE continued

The distribution of the gross investments by geographic region was as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
UAE	1,207,111	1,287,135
Rest of the Middle East	175,643	364,032
Europe	576	94,005
Others	<u>426,982</u>	<u>142,312</u>
	<u>1,810,312</u>	<u>1,887,484</u>

21 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Investment in associates and joint ventures	<u>1,262,178</u>	<u>1,206,159</u>

The movement in the provision for impairment during the period was as follows:

Balance at the beginning and at the end of the period	<u>15,156</u>	<u>15,156</u>
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Details of the Bank's investment in associates and joint ventures are as follows:

	<i>Place of incorporation</i>	<i>Proportion of ownership interest</i>		<i>Principal activity</i>
		<i>30 September 2019 %</i>	<i>31 December 2018 %</i>	
<i>Associates</i>				
Abu Dhabi National Takaful PJSC	UAE	42	42	Islamic insurance
Bosna Bank International D.D	Bosnia	27	27	Islamic banking
The Residential REIT (IC) Limited	UAE	30	30	Real estate fund
<i>Joint ventures</i>				
Abu Dhabi Islamic Bank – Egypt (S.A.E)	Egypt	49	49	Banking (under conversion to Islamic bank)
Saudi Finance Company CSJC	Kingdom of Saudi Arabia	51	51	Islamic retail finance
Arab Link Money Transfer PSC (under liquidation)	UAE	51	51	Currency exchange
Abu Dhabi Islamic Merchant Acquiring Company LLC	UAE	51	51	Merchant acquiring

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22 INVESTMENT PROPERTIES

The movement in investment properties balance during the period was as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Cost:		
Balance at the beginning of the period	1,537,174	1,161,268
Transfer from capital work in progress	-	374,043
Sales return	-	4,951
Disposals	<u>(7,443)</u>	<u>(3,088)</u>
Gross balance at the end of the period	1,529,731	1,537,174
Less: provision for impairment	<u>(84,817)</u>	<u>(84,817)</u>
Net balance at the end of the period	<u>1,444,914</u>	<u>1,452,357</u>
Accumulated depreciation:		
Balance at the beginning of the period	55,180	43,148
Charge for the period	12,829	13,134
Relating to disposals	<u>(2,407)</u>	<u>(1,102)</u>
Balance at the end of the period	<u>65,602</u>	<u>55,180</u>
Net book value at the end of the period	<u>1,379,312</u>	<u>1,397,177</u>

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 28,472 thousand (30 September 2018: AED 7,829 thousand) for the nine months period ended 30 September 2019.

The movement in provision for impairment during the period was as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Balance at the beginning of the period	84,817	24,737
Charge for the period	<u>-</u>	<u>60,080</u>
Balance at the end of the period	<u>84,817</u>	<u>84,817</u>

The distribution of investment properties by geographic region was as follows:

UAE	1,455,915	1,473,780
Rest of the Middle East	<u>8,214</u>	<u>8,214</u>
	<u>1,464,129</u>	<u>1,481,994</u>

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23 DEVELOPMENT PROPERTIES

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Development properties	837,381	837,381
Less: provision for impairment	<u>(1,736)</u>	<u>(1,736)</u>
	<u>835,645</u>	<u>835,645</u>

Development properties include land with a carrying value of AED 800,000 thousand (2018: AED 800,000 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in the UAE.

24 OTHER ASSETS

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Acceptances	273,324	336,903
Assets acquired in satisfaction of claims	192,602	198,163
Trade receivables	187,893	261,382
Prepaid expenses	905,066	789,561
Accrued profit	227,262	197,567
Advance to contractors	47,753	44,868
Other receivables (note 35)	183,625	183,625
Positive fair value of Shari'a compliant alternatives of derivative financial instruments	389	-
Others, net	<u>1,167,675</u>	<u>1,238,078</u>
	<u>3,185,589</u>	<u>3,250,147</u>

Assets acquired in exchange for claims in order to achieve an orderly realization are recorded as "Assets acquired in satisfaction of claims". The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the claim (net of provision for impairment) at the date of exchange.

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25 GOODWILL AND INTANGIBLES

	<i>Goodwill</i> <i>AED '000</i>	<i>Other intangible assets</i>		<i>Total</i> <i>AED '000</i>
		<i>Customer relationships</i> <i>AED '000</i>	<i>Core deposit</i> <i>AED '000</i>	
At 1 January 2019 - audited	109,888	167,157	33,546	310,591
Amortisation during the period	<u>-</u>	<u>(34,106)</u>	<u>(6,845)</u>	<u>(40,951)</u>
At 30 September 2019 - unaudited	109,888	133,051	26,701	269,640
At 1 January 2018 - audited	109,888	212,757	42,698	365,343
Amortisation during the year	<u>-</u>	<u>(45,600)</u>	<u>(9,152)</u>	<u>(54,752)</u>
At 31 December 2018 - audited	<u>109,888</u>	<u>167,157</u>	<u>33,546</u>	<u>310,591</u>

Goodwill

For the purpose of impairment testing, goodwill is allocated to the Bank's operating divisions which represent the lowest level within the Bank at which the goodwill is monitored for internal management purposes.

Other intangible assets

Customer relationships Customer relationship intangible asset represents the value attributable to the business expected to be generated from customers that existed at the acquisition date. In determining the fair value of customer relationships, covered cards customers were considered separately, given their differing risk profiles, relationships and loyalty. The relationships are expected to generate material recurring income in the form of customer revenues, fees and commissions.

Core deposit The value of core deposit intangible asset arises from the fact that the expected profit distribution on these deposits, governed by their contractual terms, are expected to be lower than other wholesale or treasury sukuk instruments' expected profit distributions. The spread between the expected profit distributions on these deposits and sukuk instruments represents the value of the core deposit intangible.

26 DUE TO FINANCIAL INSTITUTIONS

	<i>30 September</i> <i>2019</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2018</i> <i>AED '000</i>
Current accounts	1,139,022	878,693
Investment deposits	<u>914,410</u>	<u>3,203,909</u>
	2,053,432	4,082,602
Current account – Central Bank of UAE	<u>216,183</u>	<u>55,652</u>
	<u>2,269,615</u>	<u>4,138,254</u>

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27 DEPOSITORS' ACCOUNTS

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Current accounts	34,512,477	32,085,016
Investment accounts	65,187,938	67,717,438
Profit equalisation reserve	<u>663,306</u>	<u>601,293</u>
	<u>100,363,721</u>	<u>100,403,747</u>

The movement in the profit equalisation reserve during the period was as follows:

At the beginning of the period	601,293	521,802
Share of profit for the period	<u>62,013</u>	<u>79,491</u>
At the end of the period	<u>663,306</u>	<u>601,293</u>

The distribution of the gross depositors' accounts by industry sector was as follows:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Government	7,697,004	6,523,799
Public sector	10,737,087	10,386,595
Corporates	7,376,512	14,289,496
Financial institutions	992,831	1,586,075
Individuals	56,628,440	53,053,592
Small and medium enterprises	13,878,397	12,131,123
Non-profit organisations	<u>3,053,450</u>	<u>2,433,067</u>
	<u>100,363,721</u>	<u>100,403,747</u>

The Bank invests all of its investment accounts including saving accounts, adjusted for UAE, Iraq and Sudan Central Bank reserve requirements and the Group's liquidity requirements.

With respect to investment deposits, the Bank is liable only in case of misconduct, negligence or breach of contract otherwise it is on the account of the fund's provider (Rab Al Mal) or the principal (the Muwakkil).

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28 OTHER LIABILITIES

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Accounts payable	331,581	448,349
Acceptances	273,324	336,903
Lease liabilities	365,158	-
Accrued profit for distribution to depositors and sukuk holders	253,801	239,357
Bankers' cheques	540,799	281,913
Provision for staff benefits and other expenses	386,323	438,851
Retentions payable	15,157	14,200
Advances from customers	70,014	89,344
Accrued expenses	421,350	391,268
Unclaimed dividends	101,112	108,936
Deferred income	126,771	150,952
Charity account	3,690	4,793
Donation account	45,650	27,345
Negative fair value of Shari'a compliant alternatives of derivative financial instruments	3,040	7,017
Others	<u>330,571</u>	<u>376,001</u>
	<u>3,268,341</u>	<u>2,915,229</u>

29 SHARE CAPITAL

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
<i>Authorised share capital:</i>		
4,000,000 thousand (2018: 4,000,000 thousand) ordinary shares of AED 1 each (2018: AED 1 each)	<u>4,000,000</u>	<u>4,000,000</u>
<i>Issued and fully paid share capital:</i>		
3,632,000 thousand (2018: 3,168,000 thousand) ordinary shares of AED 1 each (2018: AED 1 each)	3,632,000	3,168,000
Right shares issued: Nil (2018: 464,000 thousand right shares issued, 0.146 share against each share held of AED 1 each)	<u>-</u>	<u>464,000</u>
3,632,000 thousand (2018: 3,632,000 thousand) ordinary shares of AED 1 each (2018: AED 1 each)	<u>3,632,000</u>	<u>3,632,000</u>

On 19 August 2018 the Shareholders, in the General Assembly meeting, approved the right issue of 464,000 thousand shares of AED 1 each representing 14.6% of the paid up capital along with the premium of AED 1.16 per share. Total amount received from right shares including premium amounting to AED 1,002,240 thousand. Issuance costs amounting to AED 3,416 thousand were incurred.

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30 OTHER RESERVES

	<i>Cumulative changes in fair values AED '000</i>	<i>Land revaluation reserve AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Hedging reserve AED '000</i>	<i>Total AED '000</i>
At 1 January 2019 - audited	(205,864)	192,700	(845,302)	(6,983)	(865,449)
Net movement in valuation of equity investment carried at FVTOCI	9,110	-	-	-	9,110
Net movement in valuation of investment in sukuk carried at FVTOCI	6,128	-	-	-	6,128
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	(62)	-	-	-	(62)
Exchange differences arising on translation of foreign operations, net	-	-	42,958	-	42,958
Gain on hedge of foreign operations	-	-	11,442	-	11,442
Fair value gain on cash flow hedges	-	-	-	7,372	7,372
At 30 September 2019 - unaudited	(190,688)	192,700	(790,902)	389	(788,501)
At 1 January 2018 - audited	(161,269)	192,700	(769,732)	(4,881)	(743,182)
Transition adjustment on adoption of IFRS 9	21,979	-	-	-	21,979
At 1 January 2018 - revised	(139,290)	192,700	(769,732)	(4,881)	(721,203)
Net movement in valuation of equity investment carried at FVTOCI	(8,969)	-	-	-	(8,969)
Net movement in valuation of investment in sukuk carried at FVTOCI	(27,497)	-	-	-	(27,497)
Net fair value changes for investment in sukuk carried at FVTOCI released to income statement (note 6)	(8,748)	-	-	-	(8,748)
Exchange differences arising on translation of foreign operations, net	-	-	(78,976)	-	(78,976)
Gain on hedge of foreign operations	-	-	12,657	-	12,657
Fair value loss on cash flow hedges	-	-	-	(275)	(275)
At 30 September 2018 - unaudited	(184,504)	192,700	(836,051)	(5,156)	(833,011)

31 TIER 1 SUKUK

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
Tier 1 sukuk – Listed (second issue)	2,754,375	2,754,375
Tier 1 sukuk – Government of Abu Dhabi	2,000,000	2,000,000
	4,754,375	4,754,375

31 TIER 1 SUKUK continued

Tier 1 sukuk – Listed (second issue)

On 20 September 2018, the Bank through a Shari'a compliant sukuk arrangement has issued Tier 1 sukuk – Listed (second issue) (the "Sukuk") amounting to AED 2,754,375 thousand (USD 750 million). This Sukuk was issued under the authorities approved by the shareholders of the Bank in the Extraordinary General Meeting held on 19 August 2018. Issuance costs amounting to AED 19,373 thousand were incurred at the time of issuance.

This Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank upon its conclusion subject to the terms and conditions of the mudaraba. The sukuk is listed on the Irish stock exchange and is callable by the Bank after period ending on 20 September 2023 (the "First Call Date") or any achieved profit payment date thereafter subject to certain conditions. The Sukuk bear an expected mudaraba profit rate of 7.125%, such achieved profit is payable during the initial period of five years semi-annually in arrears. After the initial period, and for every 5th year thereafter, resets to a new expected mudaraba profit rate based on the then 5 year US treasury rate plus an expected margin of 4.270%. Profit distributions will be reported in the consolidated statement of changes in equity.

The Bank may, at its sole discretion, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. 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 Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of the next following payment of expected mudaraba profit distribution.

Tier 1 sukuk – Government of Abu Dhabi

On 16 April 2009, under the Government of Abu Dhabi Bank capitalisation programme, the Bank has issued Tier 1 sukuk (the "Sukuk-Gov") to the Department of Finance of the Government of Abu Dhabi, with a principal amount of AED 2,000,000 thousand. Issuance of this Sukuk-Gov was approved by the shareholders of the Bank in the Extraordinary General Meeting held on 22 March 2009.

This Sukuk-Gov is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank subject to the terms and conditions of the Mudaraba. The Sukuk-Gov is callable by the Bank subject to certain conditions. The Sukuk-Gov bear an expected mudaraba profit rate of 6% payable during the initial period of five years semi-annually in arrears and, after the initial period, bear an expected variable mudaraba profit rate payable of 6 months EIBOR plus an expected margin of 2.3%. Profit distributions will be reported in the consolidated statement of changes in equity.

The Bank may, at its sole discretion, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. 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 Sukuk except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until the occurrence of two consecutive expected mudaraba profit distribution.

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32 CONTINGENT LIABILITIES AND COMMITMENTS

Credit related commitments include commitments to extend Islamic credit facilities, standby letters of credit, guarantees, which are designed to meet the requirements of the Bank's customers.

Commitments to extend Islamic credit facilities represent contractual commitments under Islamic financing contracts. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of contracts.

The Bank has the following credit related contingencies, commitments and other capital commitments:

	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
<i>Contingent liabilities</i>		
Letters of credit	3,538,427	3,168,884
Letters of guarantee	<u>6,924,615</u>	<u>7,006,289</u>
	<u>10,463,042</u>	<u>10,175,173</u>
<i>Commitments</i>		
Undrawn facilities commitments	684,111	517,540
Future capital expenditure	181,821	110,763
Investment and development properties	<u>4,821</u>	<u>4,366</u>
	<u>870,753</u>	<u>632,669</u>
	<u>11,333,795</u>	<u>10,807,842</u>

33 COMPLIANCE RISK REVIEW

In 2014 ADIB became aware of certain financial transactions relating to U.S. dollar payments that potentially breached U.S. sanctions laws in effect at that time. After learning of these potential breaches, ADIB appointed external legal advisers to assist it in reviewing these transactions and reviewing its compliance with U.S. sanctions laws and its compliance processes generally. Following this review, ADIB submitted its findings to relevant regulators in the UAE and the USA in early 2017. This review also assisted ADIB in identifying additional steps to ensure compliance with applicable sanctions laws, and ADIB enhanced its processes accordingly. As at 30 September 2019, the relevant regulators have not responded following receipt of ADIB's findings and, as such, the likely outcome of their review remains unknown.

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34 CASH AND CASH EQUIVALENTS

	30 September 2019 AED '000	30 September 2018 AED '000
Cash and balances with central banks, short term	7,971,519	4,576,474
Balances and wakala deposits with Islamic banks and other financial institutions, short term	455,232	3,374,561
Murabaha and mudaraba with financial institutions, short term	822,469	1,900,030
Due to financial institutions, short term	(1,766,366)	(2,232,675)
	<u>7,482,854</u>	<u>7,618,390</u>

35 RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Bank enters into transactions with related parties, comprising major shareholders, directors, associates and joint ventures, key management and their related concerns. The Bank obtains collateral, including charges over real estate properties and securities, the extent of which is dependent on the Bank's assessment of the credit risk of the related party. During 2016, related party financing were renegotiated based on the terms approved by the Board of Directors and are free of any specific provision for impairment. Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Profit rates earned on balances and wakala deposits with banks and financial institutions and customer financing extended to related parties during the period has ranged from 0% to 9.9% (2018: 0% to 6.1% per annum).

Profit rates paid on due to financial institution and customers' deposits placed by related parties during the period have ranged from 0% to 2.0% per annum (2018: 0% to 0.8% per annum).

During the period, significant transactions with related parties included in the interim consolidated income statement were as follows:

	<i>Major shareholder AED '000</i>	<i>Directors AED '000</i>	<i>Associates and joint ventures AED '000</i>	<i>Others AED '000</i>	<i>Total AED '000</i>
30 September 2019 - unaudited					
Income from murabaha, mudaraba and wakala with financial institutions	<u>-</u>	<u>-</u>	<u>13,472</u>	<u>-</u>	<u>13,472</u>
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	<u>39,270</u>	<u>46</u>	<u>-</u>	<u>63,619</u>	<u>102,935</u>
Fees and commission income, net	<u>-</u>	<u>-</u>	<u>1,271</u>	<u>2,750</u>	<u>4,021</u>
Operating expenses	<u>-</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>324</u>
Distribution to depositors and sukuk holders	<u>809</u>	<u>10</u>	<u>957</u>	<u>22</u>	<u>1,798</u>
30 September 2018 - unaudited					
Income from murabaha, mudaraba and wakala with financial institutions	<u>-</u>	<u>-</u>	<u>7,463</u>	<u>-</u>	<u>7,463</u>
Income from murabaha, mudaraba, ijara and other Islamic financing from customers	<u>39,352</u>	<u>318</u>	<u>-</u>	<u>60,248</u>	<u>99,918</u>
Fees and commission income, net	<u>1</u>	<u>26</u>	<u>1,964</u>	<u>2,388</u>	<u>4,379</u>
Operating expenses	<u>-</u>	<u>324</u>	<u>-</u>	<u>-</u>	<u>324</u>
Distribution to depositors and sukuk holders	<u>881</u>	<u>54</u>	<u>583</u>	<u>37</u>	<u>1,555</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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35 RELATED PARTY TRANSACTIONS continued

The related party balances included in the interim consolidated statement of financial position were as follows:

	<i>Major shareholder AED '000</i>	<i>Directors AED '000</i>	<i>Associates and joint ventures AED '000</i>	<i>Others AED '000</i>	<i>Total AED '000</i>
30 September 2019 - unaudited					
Balances and wakala deposits with Islamic banks and other financial institutions	-	-	356,285	-	356,285
Murabaha and mudaraba with financial institutions	-	-	167,495	-	167,495
Murabaha, mudaraba, ijara and other Islamic financing	2,585,952	1,750	-	3,095,083	5,682,785
Other assets	<u>183,625</u>	<u>-</u>	<u>494,347</u>	<u>295</u>	<u>678,267</u>
	<u>2,769,577</u>	<u>1,750</u>	<u>1,018,127</u>	<u>3,095,378</u>	<u>6,884,832</u>
Due to financial institutions	-	-	50,061	-	50,061
Depositors' accounts	74,554	7,677	150,330	26,412	258,973
Other liabilities	<u>271</u>	<u>-</u>	<u>16</u>	<u>296</u>	<u>583</u>
	<u>74,825</u>	<u>7,677</u>	<u>200,407</u>	<u>26,708</u>	<u>309,617</u>
Contingencies	<u><u>-</u></u>	<u><u>-</u></u>	<u>13,264</u>	<u>112,200</u>	<u>125,464</u>
31 December 2018 - audited					
Balances and wakala deposits with Islamic banks and other financial institutions	-	-	209,344	-	209,344
Murabaha and Mudaraba with financial institutions	-	-	177,847	-	177,847
Murabaha, mudaraba, ijara and other Islamic financing	2,611,227	12,353	-	3,413,718	6,037,298
Other assets	<u>183,625</u>	<u>-</u>	<u>487,427</u>	<u>27,874</u>	<u>698,926</u>
	<u>2,794,852</u>	<u>12,353</u>	<u>874,618</u>	<u>3,441,592</u>	<u>7,123,415</u>
Due to financial institutions	-	-	39,934	-	39,934
Depositors' accounts	93,806	39,231	147,700	31,827	312,564
Other liabilities	<u>780</u>	<u>-</u>	<u>46</u>	<u>27,875</u>	<u>28,701</u>
	<u>94,586</u>	<u>39,231</u>	<u>187,680</u>	<u>59,702</u>	<u>381,199</u>
Contingencies	<u><u>-</u></u>	<u><u>-</u></u>	<u>11,264</u>	<u>105,879</u>	<u>117,143</u>

The Bank and its major shareholder jointly own a controlling stake in Abu Dhabi Islamic Bank – Egypt (S.A.E.) ("ADIB-Egypt") and have a formal joint control arrangement for their investment in ADIB-Egypt (note 21).

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35 RELATED PARTY TRANSACTIONS continued

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly and indirectly.

The compensation of key management personnel during the period was as follows:

	<i>Nine months ended 30 September 2019 AED '000</i>	<i>Nine months ended 30 September 2018 AED '000</i>
Salaries and other benefits	25,983	22,098
Employees' end of service benefits	<u>2,215</u>	<u>1,431</u>
	<u>28,198</u>	<u>23,529</u>

In accordance with the Ministry of Economy and Commerce interpretation of Article 118 of Federal Law No. 8 of 1984 (as amended), Directors' remuneration is recognised in the consolidated statement of comprehensive income.

During 2019, AED 4,900 thousand was paid to Board of Directors pertaining to the year ended 31 December 2018 after the approval by the shareholders in the Annual General Assembly held on 13th March 2019. During 2018, AED 4,900 thousand was paid to Board of Directors pertaining to the year ended 31 December 2017 after the approval by the shareholders in the Annual General Assembly held on 21 March 2018.

36 SEGMENT INFORMATION

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

Global Retail banking - Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahat, Ijara, Islamic covered card and funds transfer facilities and trade finance facilities.

Global Wholesale banking – Principally handling financing and other credit facilities and deposits and current accounts for corporate and institutional customers.

Private banking - Principally handling financing and other credit facilities, deposits and current accounts for high net worth individual customers.

Treasury – Principally handling money market, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Real estate – Subsidiaries of the Bank handling the acquisition, selling, development and leasing including both land and buildings, management and resale of properties and all associated activities.

Other operations - Other operations comprises mainly of Head Office, subsidiaries, associates and joint ventures other than above categories including unallocated costs.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

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36 SEGMENT INFORMATION continued

	<i>Global Retail banking AED '000</i>	<i>Global Wholesale banking AED '000</i>	<i>Private banking AED '000</i>	<i>Treasury AED '000</i>	<i>Real estate AED '000</i>	<i>Other operations AED '000</i>	<i>Total AED '000</i>
30 September 2019 - unaudited							
Revenue and results							
Segment revenues, net	2,734,557	748,593	108,648	386,201	50,116	362,740	4,390,855
Operating expenses excluding provision for impairment, net	<u>(1,462,638)</u>	<u>(276,704)</u>	<u>(47,936)</u>	<u>(30,320)</u>	<u>(51,451)</u>	<u>(118,859)</u>	<u>(1,987,908)</u>
Operating profit (margin)	1,271,919	471,889	60,712	355,881	(1,335)	243,881	2,402,947
Provision for impairment, net	<u>(234,632)</u>	<u>(73,443)</u>	<u>4,819</u>	<u>45</u>	<u>-</u>	<u>(249,249)</u>	<u>(552,460)</u>
Profit (loss) for the period	<u>1,037,287</u>	<u>398,446</u>	<u>65,531</u>	<u>355,926</u>	<u>(1,335)</u>	<u>(5,368)</u>	<u>1,850,487</u>
Non-controlling interest	-	-	-	-	-	(784)	(784)
Profit (loss) for the period attributable to equity holders of the Bank	<u>1,037,287</u>	<u>398,446</u>	<u>65,531</u>	<u>355,926</u>	<u>(1,335)</u>	<u>(6,152)</u>	<u>1,849,703</u>
Assets							
Segmental assets	<u>58,419,830</u>	<u>31,439,557</u>	<u>3,682,674</u>	<u>21,062,349</u>	<u>2,191,156</u>	<u>7,489,406</u>	<u>124,284,972</u>
Liabilities							
Segmental liabilities	<u>68,112,951</u>	<u>22,060,649</u>	<u>4,016,001</u>	<u>7,021,274</u>	<u>245,534</u>	<u>4,445,268</u>	<u>105,901,677</u>
30 September 2018 - unaudited							
Revenue and results							
Segment revenues, net	2,616,797	750,928	106,595	355,893	61,321	262,604	4,154,138
Operating expenses excluding provision for impairment, net	<u>(1,398,115)</u>	<u>(292,536)</u>	<u>(46,633)</u>	<u>(34,178)</u>	<u>(59,256)</u>	<u>(83,938)</u>	<u>(1,914,656)</u>
Operating profit	1,218,682	458,392	59,962	321,715	2,065	178,666	2,239,482
Provision for impairment, net	<u>(263,399)</u>	<u>(80,765)</u>	<u>(2,087)</u>	<u>8,455</u>	<u>-</u>	<u>(149,175)</u>	<u>(486,971)</u>
Profit for the period	<u>955,283</u>	<u>377,627</u>	<u>57,875</u>	<u>330,170</u>	<u>2,065</u>	<u>29,491</u>	<u>1,752,511</u>
Non-controlling interest	-	-	-	-	-	(473)	(473)
Profit for the period attributable to equity holders of the Bank	<u>955,283</u>	<u>377,627</u>	<u>57,875</u>	<u>330,170</u>	<u>2,065</u>	<u>29,018</u>	<u>1,752,038</u>
31 December 2018 - audited							
Assets							
Segmental assets	<u>57,814,682</u>	<u>32,013,817</u>	<u>3,452,542</u>	<u>22,346,775</u>	<u>2,544,409</u>	<u>7,021,690</u>	<u>125,193,915</u>
Liabilities							
Segmental liabilities	<u>63,308,953</u>	<u>25,642,875</u>	<u>3,251,075</u>	<u>11,543,309</u>	<u>269,608</u>	<u>3,441,410</u>	<u>107,457,230</u>

Geographical information

The Group operates in two principal geographic areas that are domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the U.A.E. branches, associates and subsidiaries; and international area represents the operations of the Bank that originates from its branches in Iraq, Qatar and Sudan and through its subsidiaries and associates outside U.A.E. Given that, UAE contributes the majority of the revenues and the Group's total assets in UAE represent a significant portion of its total assets and liabilities, hence no further geographical analysis of segment revenues, expenses, operating profit (margin), assets and liabilities is presented.

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37 CAPITAL ADEQUACY RATIO

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 ('CET1'), Additional Tier 1 ('AT1') and Total Capital.

The capital adequacy ratio as per Basel III capital regulation is given below:

	<i>Basel III</i>	
	<i>Audited</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>
<i>Common Equity Tier 1 (CET 1) Capital</i>		
Share capital	3,632,000	3,632,000
Legal reserve	2,624,028	2,624,028
General reserve	1,958,866	1,958,866
Credit risk reserve	400,000	400,000
Retained earnings	5,700,746	4,133,730
Foreign currency translation reserve	<u>(762,113)</u>	<u>(813,632)</u>
	13,553,527	11,934,992
<i>Regulatory deductions:</i>		
Goodwill and intangibles	(269,640)	(310,591)
Cumulative changes in fair value and hedging reserve	<u>(128,431)</u>	<u>(150,456)</u>
	13,155,456	11,473,945
<i>Threshold deductions:</i>		
Significant minority investments	<u>(1,112)</u>	<u>(237,276)</u>
Total Common Equity Tier 1	<u>13,154,344</u>	<u>11,236,669</u>
<i>Additional Tier 1 (AT 1) Capital</i>		
Tier 1 sukuk	<u>4,754,375</u>	<u>4,754,375</u>
Total Additional Tier 1	<u>4,754,375</u>	<u>4,754,375</u>
Total Tier 1 capital	<u>17,908,719</u>	<u>15,991,044</u>
<i>Tier 2 capital</i>		
Collective impairment provision for financing assets	<u>1,104,470</u>	<u>1,089,243</u>
Total Tier 2	<u>1,104,470</u>	<u>1,089,243</u>
Total capital base	<u>19,013,189</u>	<u>17,080,287</u>

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37 CAPITAL ADEQUACY RATIO continued

	<i>Basel III</i>	
	<i>30 September 2019 AED '000</i>	<i>Audited 31 December 2018 AED '000</i>
<i>Risk weighted assets</i>		
Credit risk	88,357,587	87,139,417
Market risk	2,277,099	2,363,860
Operational risk	<u>10,307,571</u>	<u>9,887,839</u>
Total risk weighted assets	<u>100,942,257</u>	<u>99,391,116</u>
<i>Capital ratios</i>		
Common Equity Tier 1 capital expressed as a percentage of total risk weighted assets	<u>13.03%</u>	<u>11.31%</u>
Total Tier 1 regulatory capital expressed as a percentage of total risk weighted assets	<u>17.74%</u>	<u>16.09%</u>
Total regulatory capital expressed as a percentage of total risk weighted assets	<u>18.84%</u>	<u>17.18%</u>

38 DIVIDENDS

During 2019, cash dividend of 27.38% of the paid up capital relating to year ended 31 December 2018 amounting to AED 994,313 thousand has been paid after the approval by the shareholders at the Annual General Assembly held on 13 March 2019.

During 2018, cash dividend of 28.87% of the paid up capital relating to year ended 31 December 2017 amounting to AED 914,530 thousand has been paid after the approval by the shareholders at the Annual General Assembly held on 21 March 2018.

39 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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40 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement recognized in the interim consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:

Level 1: quoted (unadjusted prices in active markets for identical assets or liabilities).

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

	<i>Level 1</i> <i>AED '000</i>	<i>Level 2</i> <i>AED '000</i>	<i>Level 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
30 September 2019 - unaudited				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
<i>Quoted investments</i>				
Equities	227	-	-	227
Sukuk	<u>1,341,201</u>	<u>-</u>	<u>-</u>	<u>1,341,201</u>
	<u>1,341,428</u>	<u>-</u>	<u>-</u>	<u>1,341,428</u>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	30,935	-	-	30,935
Sukuk	<u>284,507</u>	<u>-</u>	<u>-</u>	<u>284,507</u>
	<u>315,442</u>	<u>-</u>	<u>-</u>	<u>315,442</u>
<i>Unquoted investments</i>				
Sukuk	-	-	74,607	74,607
Funds	-	-	36,073	36,073
Private equities	<u>-</u>	<u>-</u>	<u>42,762</u>	<u>42,762</u>
	<u>-</u>	<u>-</u>	<u>153,442</u>	<u>153,442</u>
	<u>315,442</u>	<u>-</u>	<u>153,442</u>	<u>468,884</u>
Shari'a compliant alternatives of swap (note 24)	<u>-</u>	<u>389</u>	<u>-</u>	<u>389</u>
Financial liabilities				
Shari'a compliant alternatives of swap (note 28)	<u>-</u>	<u>3,040</u>	<u>-</u>	<u>3,040</u>
Assets for which fair values are disclosed:				
Investment properties	<u>-</u>	<u>-</u>	<u>1,537,465</u>	<u>1,537,465</u>
Investment carried at amortised cost- Sukuk	<u>11,084,101</u>	<u>-</u>	<u>-</u>	<u>11,084,101</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2019 (Unaudited)

40 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Fair value measurement recognized in the interim consolidated statement of financial position continued

	<i>Level 1</i> <i>AED '000</i>	<i>Level 2</i> <i>AED '000</i>	<i>Level 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
31 December 2018 - audited				
Assets and liabilities measured at fair value:				
Financial assets				
<i>Investments carried at fair value through profit or loss</i>				
Sukuk	<u>1,438,659</u>	-	-	<u>1,438,659</u>
<i>Investments carried at fair value through other comprehensive income</i>				
<i>Quoted investments</i>				
Equities	28,727			28,727
Sukuk	<u>330,367</u>	-	-	<u>330,367</u>
	<u>359,094</u>	-	-	<u>359,094</u>
<i>Unquoted investments</i>				
Funds	-	-	46,956	46,956
Private equities	-	-	<u>42,775</u>	<u>42,775</u>
	-	-	<u>89,731</u>	<u>89,731</u>
	<u>359,094</u>	-	<u>89,731</u>	<u>448,825</u>
Financial liabilities				
Shari'a compliant alternatives of swap (note 28)	-	<u>7,017</u>	-	<u>7,017</u>
Assets for which fair values are disclosed:				
Investment properties	-	-	<u>1,544,965</u>	<u>1,544,965</u>
Investment carried at amortised cost - Sukuk	<u>11,588,331</u>	-	-	<u>11,588,331</u>

There were no transfers between level 1, 2 and 3 during the current period (2018: Nil).

The following table shows a reconciliation of the opening and closing amount of level 3 of financial assets which are recorded at fair value:

	30 September 2019 AED '000	<i>Audited</i> 31 December 2018 AED '000
At the beginning of the period	89,731	106,692
Net additions	56,514	3,819
Gain (loss) recorded in equity	<u>7,197</u>	<u>(20,780)</u>
At the end of the period	<u>153,442</u>	<u>89,731</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2019 (Unaudited)

41 COMPARATIVE FIGURES

In accordance with the requirements of IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, certain items have been restated in the consolidated statement of financial position, for the prior year ended 31 December 2018, as previously reported. These comparative amounts relate to Investment in ADIB Egypt (Joint Venture).

Impact on statement of financial position ended 31 December 2018 is as follows:

ASSETS

	<i>As previously reported AED '000</i>	<i>Increase / (decrease) AED '000</i>	<i>Restated AED '000</i>
Balances and wakala deposits with Islamic banks and other financial institutions	4,458,817	(561,895)	3,896,922
Investment in Associates and joint ventures	1,014,354	191,805	1,206,159
Other assets	<u>2,880,057</u>	<u>370,090</u>	<u>3,250,147</u>
	<u>8,353,228</u>	<u>-</u>	<u>8,353,228</u>