

The Difference Is...

AMBITION + DISCIPLINE



Abu Dhabi Commercial Bank PJSC

Q1'16 Investor presentation

April 2016



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Macro overview

Business overview

Financial highlights

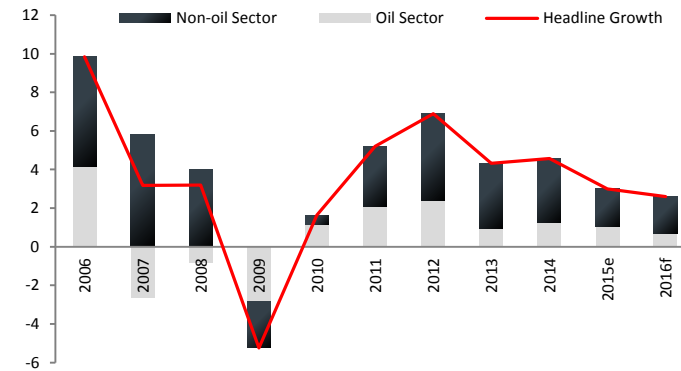
Appendix

UAE economic overview : Economic activity moderating Fiscal policy responses positive for medium term outlook

- ▶ UAE's economy is forecast to decelerate further in 2016. Economic challenges include the lower oil price, ongoing softening real estate prices in Dubai, weak global and regional demand and monetary tightening
- ▶ Expect headline real GDP growth moderate to 2.7% in 2016 from 3.1% in 2015 and real non-oil GDP growth decelerate to 2.5% from 3% in 2015
- ▶ We expect to see greater fiscal consolidation from Abu Dhabi in 2016, including lower current and capital expenditure than in 2015. Reforms including further reduction in utility subsidies (Jan 2016) and the introduction of a 3% tax on rents (Apr 2016) are positive for the fiscal position but will dampen demand
- ▶ Dubai announced an expansionary budget for 2016, with a focus on investment spending. UAE project awards rose by 15.1% QoQ in Q1'16, though is still down -14.8% YoY
- ▶ Key service sectors (tourism, transportation, logistics, etc.) are continuing to see growth, albeit decelerating. PMI data reflects the softening in non-oil activity in 2016
- ▶ UAE annual average inflation to moderate with lower fuel prices in 2016, though Abu Dhabi subsidy reforms and limited wage increases impacting cost of living
- ▶ Diverse economic base and strong FX reserves support the economic outlook
- ▶ Real non-oil GDP growth should start to strengthen from 2017 onwards as the pace of investment likely to accelerate ahead of Dubai Expo 2020
- ▶ Support from the loosening of sanctions on Iran likely to be medium term, limited impact so far

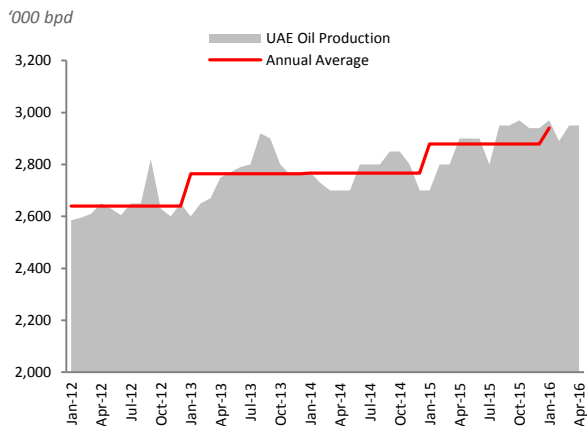
Positive contribution to headline GDP growth from both oil and non-oil sectors to moderate

PP contribution to real GDP growth



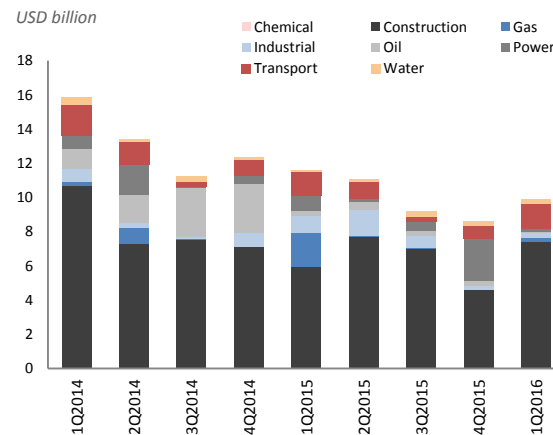
Source: UAE National Bureau of Statistics, ADCB estimates

UAE's average oil production continues to rise in 2016, supportive for headline real GDP growth



Source: Bloomberg

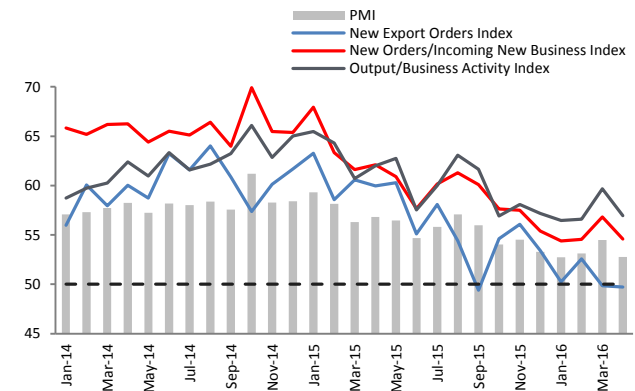
Total UAE project awards are down on a yearly basis, but progress continues with core projects



Source: MEED Projects, ADCB

PMI data reflects the softening in non-oil activity, though remaining expansionary

Index; reading above 50 indicates an expansion



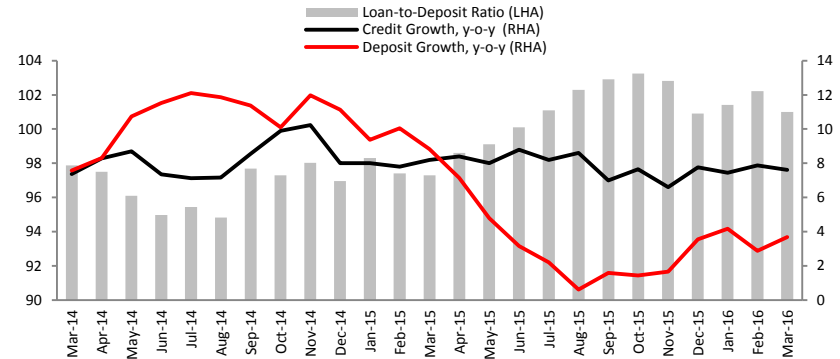
Source: Market Economics | PMI: Purchasing Managers Index

UAE banks overview : Liquidity tightening Credit growth continues to outstrip deposit growth

- ▶ UAE Banking sector is ranked largest in the GCC in terms of assets, comprises of 23 local banks with 874 branches and 26 foreign banks with 86 branches
- ▶ YoY credit growth (7.6% in March 2016) outstripping deposit growth (3.7%)
- ▶ Government and GRE return to net creditors from the banking sector in 1Q2016, with a pickup in GRE borrowing and lower deposits in the banking system compared to end-2015
- ▶ Private sector credit growth stood at 7.7% YoY in March 2016, down from 12.7% YoY in January 2015. There has been a deceleration credit growth to corporate credit growth from early-2015 levels, whilst retail credit growth has generally been stronger
- ▶ Interbank lending rates continue to rise, especially the six month, as banking sector liquidity tightened. However, the pace of increase has moderated in early 2016, partly due to the expectation of a more gradual rate hiking cycle in the US
- ▶ Banking sector is strongly capitalised, and has ample provisions to deal with the expected slowdown in economic activity

Banking sector liquidity tightening as credit growth outstrips deposit growth

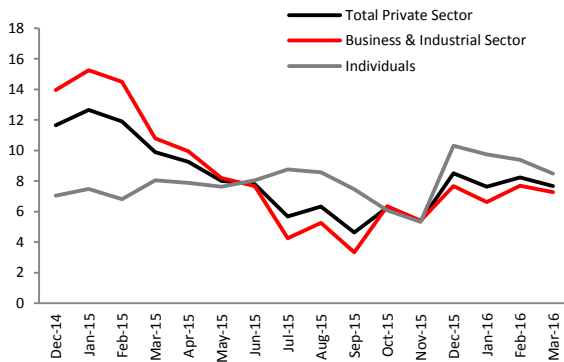
L-to-D ratio (LHA); % change y-o-y (RHA)



Source: Central Bank of UAE

Retail credit growth stronger than corporate credit growth in 2M2016

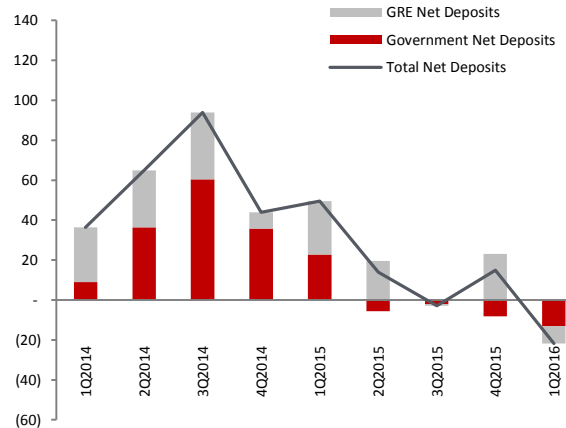
% change y-o-y



Source: Central Bank of UAE

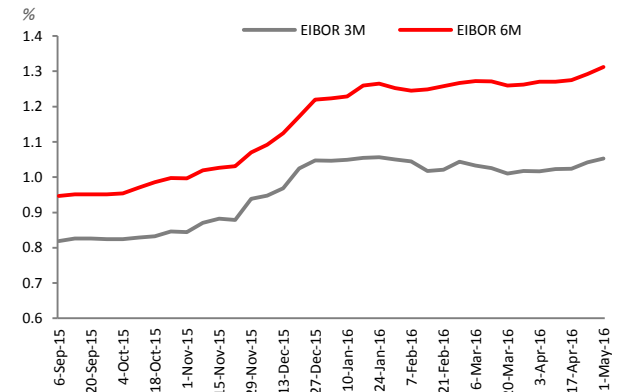
Government and GRE net creditors from the banking sector in 1Q2016

AED billion



Source: Central Bank of UAE

UAE Interbank rates start to rise from historical lows with tighter banking sector liquidity



Source: Bloomberg

Macro overview

Business overview

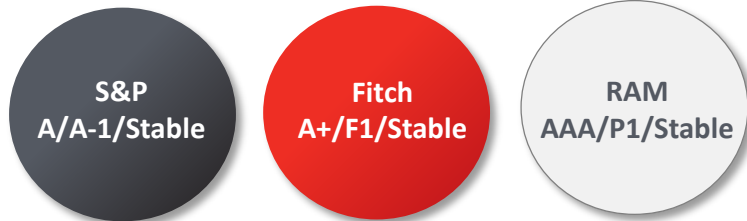
Financial highlights

Appendix

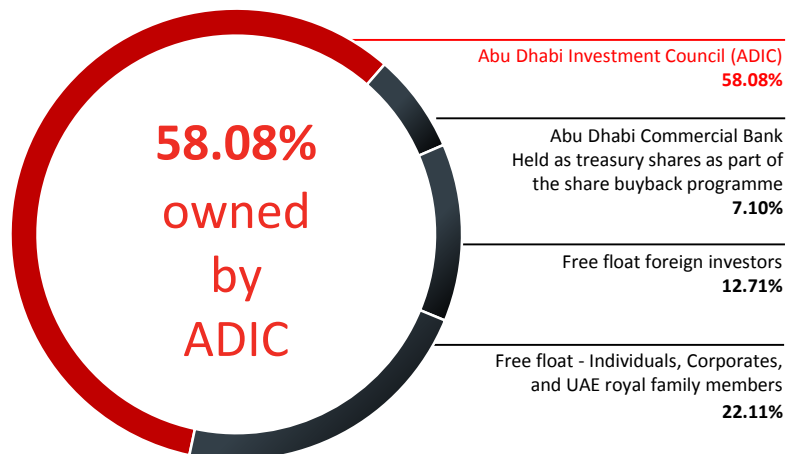
ADCB overview

ADCB franchise	March'16	2015
Market cap (AED billion)*	35	34
Branch network (UAE) ¹	49	49
Overseas branches ²	3	3
Market share of loans, net (%)	11.1	11.0
Market share of deposits (%)	9.8	9.8

Ratings



Ownership structure (31 March 2016)



¹ Excludes pay offices

² Two branches in India and one branch in Jersey

* Excluding treasury shares

Core strengths

Situated to benefit from UAE economic growth

Supportive principal shareholders

Robust capital ratios, stable liquidity & funding profile, healthy asset quality

Strong domestic franchise with a well known and trusted brand

Measured growth, sustainable profitability

Experienced management team and strong corporate governance culture

- ▶ Government projects will continue to provide opportunities for all of ADCB's businesses
- ▶ Despite weaker oil prices, progress expected with core projects
- ▶ Government remains focused on driving economic diversification
- ▶ The Government (Abu Dhabi Investment Council) owns 58.08% of the issued share capital
- ▶ Long-standing government related corporate client base
- ▶ Total CAR of 18.09%, Tier I capital ratio of 14.74%
- ▶ Net lender of AED 22.6 billion* in the interbank markets as at 31 March 2016
- ▶ Strong risk management culture, maintaining a rigorous control framework, NPL ratio of 3.4% and provision coverage ratio of 112.1% as at 31 March 2016
- ▶ Broad portfolio of innovative consumer and wholesale products, customised cash management and trade finance solutions
- ▶ Tailor made financing and risk management solutions that facilitate access to capital markets, as well as investment solutions and structured products that meet clients' needs
- ▶ Strategic partnerships with Bank of America Merrill Lynch and Banco Santander
- ▶ Resilient balance sheet and disciplined growth, between 2010-2015, total assets increased 28% whilst operating income grew 65%
- ▶ In our pursuit of sustainable growth, remain committed to protecting the long term financial strength of the Bank; delivered ROAE of 16.0% in Q1'16
- ▶ Despite tightening liquidity, total customer deposits grew 15% YoY as at 31 March 2016
- ▶ Management team has experience in international and regional institutions
- ▶ Regional leader in corporate governance, maintaining high standards with clear framework and policies emphasising transparency, integrity, accountability and fairness

* Includes AED 6.8 billion of certificate of deposits with UAE Central Bank and AED 1.5 billion of reverse repo placements with Banks as at 31 March 2016

Our business segments provide a diversified revenue stream



- ▶ Covers retail, wealth management and Islamic operations
- ▶ Growth in consumer banking underpinned by an increased product offering, expansion of sales and distribution infrastructure and effective cross-selling
- ▶ Co-branded Visa Cards with Etihad Airways
- ▶ Touchpoints – Unique market leading rewards programme for customers
- ▶ Only local bank to offer “Free Banking” on CASA accounts



- ▶ Relationship coverage to SMEs and large corporate clients, financial institutions, Indian operations, international business development, strategic client operations, corporate finance and investment banking
- ▶ Award winning world class cash management services and solutions, delivering CASA balances for ADCB
- ▶ Strong digital online transaction banking platform
- ▶ 2 Branches in India and representative offices in London and Singapore
- ▶ Strategic relationship with Bank of America Merrill Lynch and Banco Santander to allow clients who require services in the region to access capabilities provided by ADCB



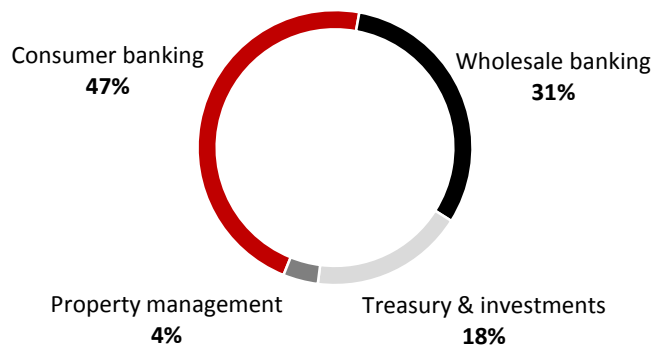
- ▶ Treasury business and investment portfolio provides interest rate, commodities and foreign exchange services
- ▶ Covers money market, FX, interest rates, currency, commodity derivatives and asset & liability management



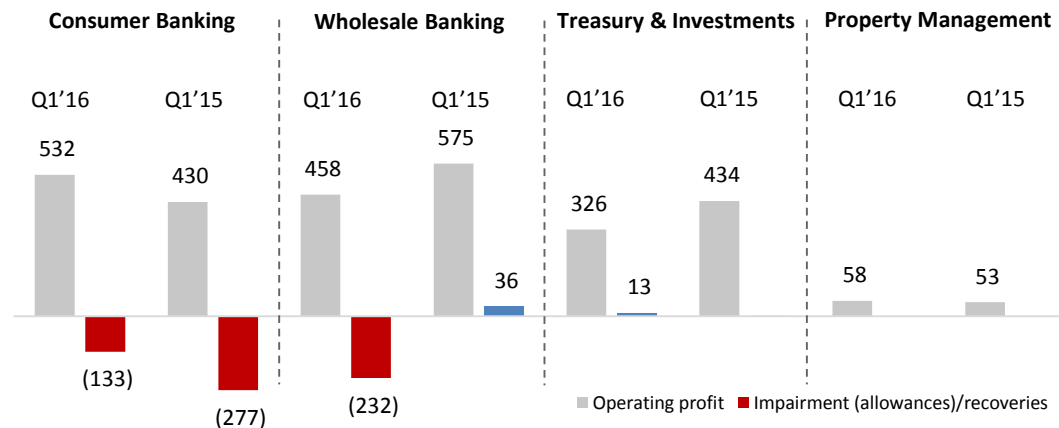
- ▶ Includes real estate and property management activities
- ▶ Comprises real estate management and engineering service operations of subsidiaries - Abu Dhabi Commercial Properties, Abu Dhabi Commercial Engineering Services, investment properties and rental income of ADCB

Percentage contribution to operating income

Total operating income
Q1'16: AED 2,112 million



Operating profit and impairment allowances by business segment (AED million)



The Difference Is: Ambition + Discipline
Our strategy remains steady and consistent – sharp focus on serving the UAE

Our five strategic pillars

1

Growth through a UAE-centric approach with controlled internationalisation

UAE centric

2

Stability through liability growth

Sustainable growth

3

Maintain a culture of service excellence and efficiency

Customer centric

4

Manage our risk in line with pre-defined risk strategy

Risk - aware

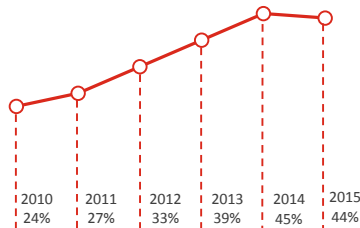
5

Success through staff

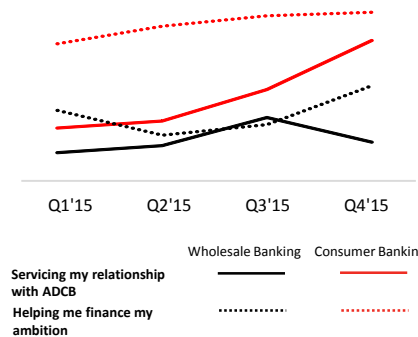
Talent driven

CASA deposits/total deposits

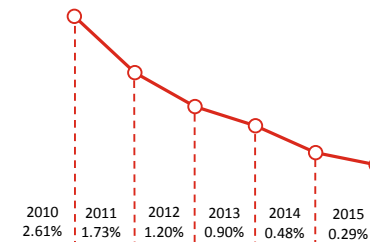
90%
gross loans within the UAE



Net promoter score (NPS)*



Cost of risk



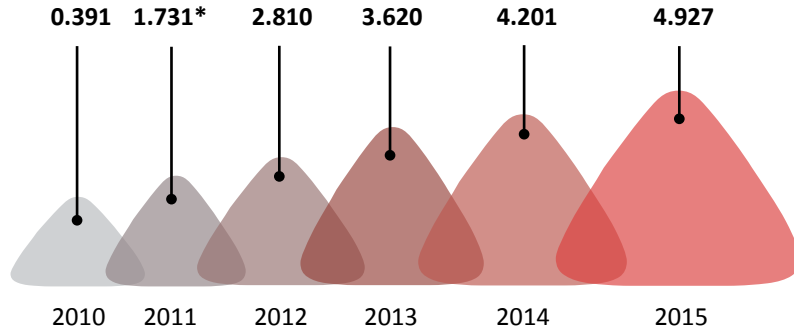
8.8

years
Average time span of Executive management

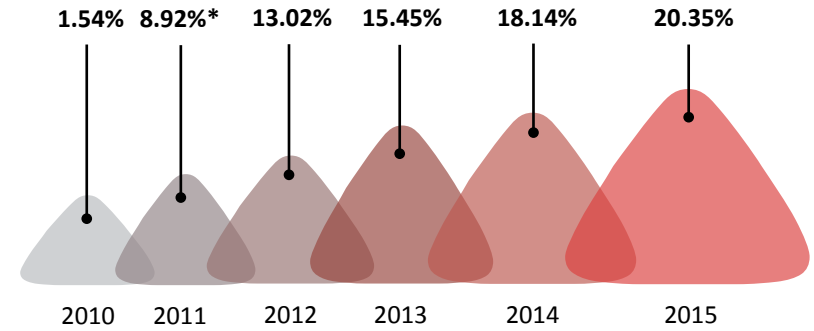
* NPS is based on customers' likelihood to recommend ADCB to a friend or colleague. NPS is calculated as the percentage of customers who are promoters, rating the company 9 or 10 on a 0 to 10 point scale, minus the percentage who are detractors, rating it 6 or lower. Starting date for Consumer Banking Group measurement commenced later than that of Wholesale Banking, as indicated in the graph above

Our journey: Building on a proven strategy, delivering measured and profitable growth

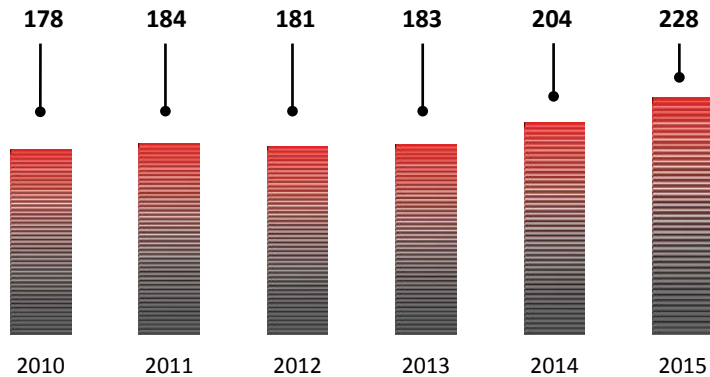
Net profit (AED billion)



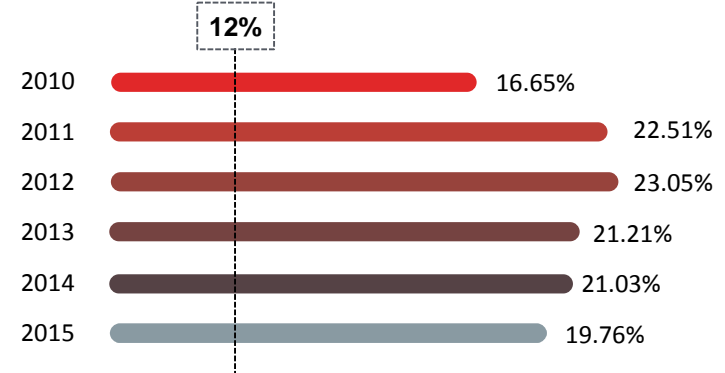
Return on average equity (%)



Total assets (AED billion)



Capital adequacy ratio (%)

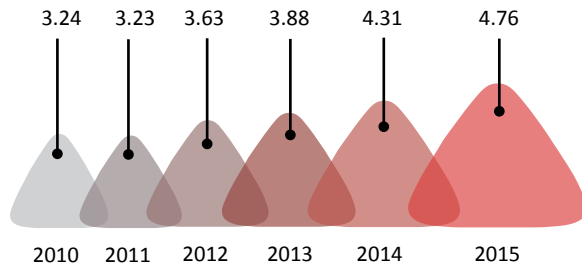


Minimum CAR requirement stipulated by UAE Central Bank

* Normalised to reflect sale of investment in associate

Our journey: Strong financial performance, delivering long term value for shareholders

Book value per share (AED)

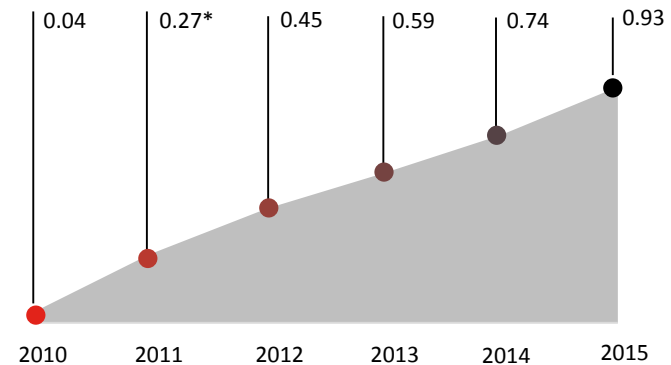


Total shareholder return (%)

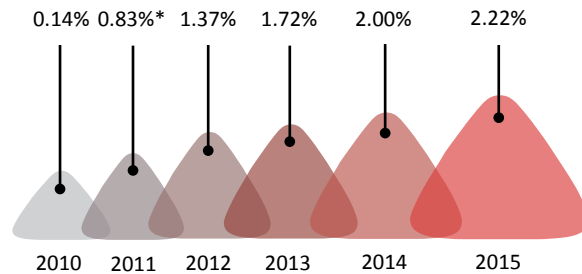
	ADCB	ADX	ADBF
1 Year	6%	0%	-17%
3 Year	150%	86%	71%
5 Year	290%	96%	117%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Exchange, ADBF: Banking Index

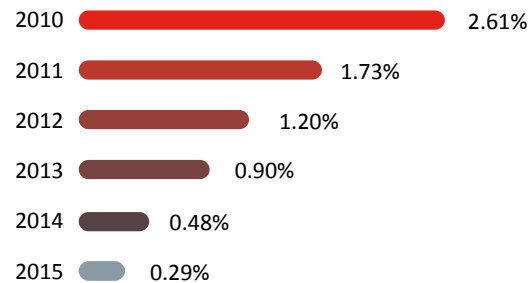
Basic earnings per share (AED)



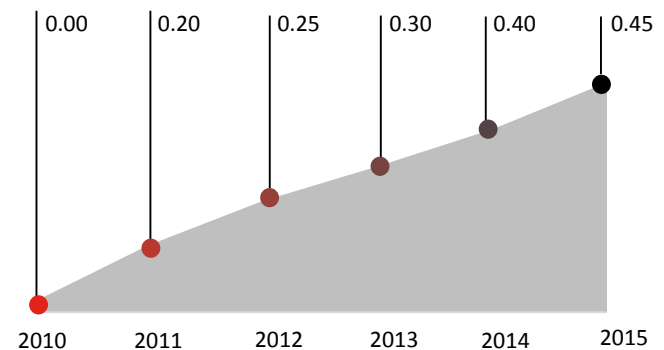
Return on average assets (%)



Cost of risk (%)



Dividend per share (AED)



* Normalised to reflect sale of investment in associate

Recognised as a regional leader in Corporate Governance

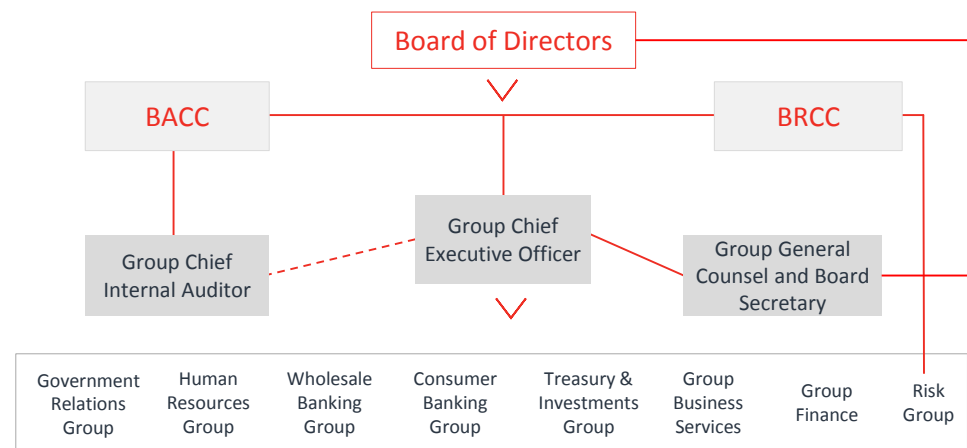
Highlights

- ▶ Maintain high standards in Corporate Governance, winning “Best Corporate Governance in UAE” from World Finance Magazine in 2015 and for the second time in three years, the Hawakamah Bank Corporate Governance Award in 2014
- ▶ The Bank’s governance structure is headed by the Board which has overall responsibility for guiding the Bank
- ▶ The Bank has a number of Board committees and management committees which oversee and monitor day to day activities of the Bank
- ▶ Our reporting lines are an important part of our governance structure:
 - **Group Chief Risk Officer** is independent and reports to the Board Risk Credit Committee (BRCC)
 - **Group Chief Internal Auditor** is independent and reports to the Board Audit & Compliance Committee
 - **Group General Counsel and Board Secretary** is independent and has a dual reporting line to the Board and the GCEO.
- ▶ The Bank appointed Sir Gerry Grimstone as an independent Adviser to its Board of Directors – Chairman of Standard Life
- ▶ During 2013, Aysha Al Hallami was appointed as Director, first woman to be appointed to the Bank’s Board of Directors, in line with international trends and the Bank’s efforts to promote greater diversity at the Board level

Corporate Governance structure



Structure and composition



Effective risk management is fundamental to our core strategy

Highlights

- ▶ Our risk appetite is approved by the Board
- ▶ Continue to upgrade our risk management capabilities and strict enforcement of discipline is applied on the business side using measures such as RAROC (Risk adjusted Return on Capital)

As a result of this continuing discipline our portfolio achieved the following results:

- Top 20 largest customer exposure reduced from 37.04% of gross loans in 2014 to 35.26% in 2015
- Provision coverage remains strong
- Average portfolio quality has remained stable, notwithstanding a negative trend in credit conditions
- LCR is well above BCBS (Basel Committee on Banking Supervision) standard requirements at this time
- Concentration reduction by name and sector
- ▶ Our capital adequacy ratio remains above UAE Central Bank hurdle rate and amongst the strongest in the country. Continued work on enhancing our risk management capabilities will help us to prepare for Basel III requirements

Three lines of defence

First line

ADCB's business units including all business areas and functions are accountable for owning and managing the risks which exist in their area within a defined risk appetite framework

Treasury
Wholesale banking
Consumer banking
Property management

Second line

Independent monitoring and control functions are accountable for owning and developing the risk and control frameworks. The second line of defense is independent from the business and accountable for overseeing and challenging the first line of defense on the effective management of its risks

Credit
Risk
Compliance

Third line

Group Internal Audit and External Audit provide independent assurance on the appropriateness of the design and operational effectiveness of risk management and internal control processes that mitigate ADCB's key risks

Internal audit
External audit

Principal risks

Credit Risk	Managing concentrations, growth of granular businesses and improvement in average portfolio quality. Effective pricing tools to price risk appropriately
Market Risk	Implements valuation and risk policies for all Level 1 and Level 2 financial instruments in the trading book through measures like VaR, SVaR, Expected Shortfall
Liquidity & Funding Risk	Diversified funding through retail and wholesale operations. Strive to maintain sticky deposits. Treasury Department ensures access to diverse sources of funding
Capital Risk	Manage via techniques based on guidelines developed by the Basel Committee and CB of the UAE. Prepare ICAAP document annually (capital planning)
Operational Risk	Using top risk analysis and risk and control assessment (RCA) process to monitor and manage operational risk
Regulatory Risk	Member of UAE Banks Federation and actively try to influence regulations. Regulatory compliance is closely monitored by the Risk and Audit areas
Information Security Risk	Information –risk heat map against cyber threats is continually updated. Regular security testing and effective security controls
Reputational Risk	Set policy and provide guidance to avoid reputational risk relating to business engagements and lending clients in sensitive industry sectors

The Difference is customer centricity











2015 highlights

- ▶ Net Promoter Scores (NPS)¹ continued to rise throughout 2015, retained #1 position among our peers across Wholesale, mid corporate, treasury and private accounts segments²
- ▶ 60,800 customers spoken to for feedback
- ▶ In 2015, 13.8 million payments were processed with a value of AED 1.4 trillion, an increase of 46% year on year, with 92% straight through processing (STP) for electronic payments
- ▶ Continue to invest in technology to better serve our customers: 55% of our retail customer base registered for online banking and 29% registered for our banking app
- ▶ Over 90% of retail financial transactions done electronically
- ▶ ADCB was the #1 “Most googled” local brand in 2015
- ▶ ADCB brand recognised as one of the “Top 10 Brands” in the UAE according to Brand Intimacy 2015 Report by international brand agency MBLM, ADCB was the only local brand in the Top 10 alongside global names

¹ NPS is based on customers' likelihood to recommend ADCB to a friend or colleague. NPS is calculated as the percentage of customers who are promoters, rating the company 9 or 10 on a 0 to 10 point scale, minus the percentage who are detractors, rating it 6 or lower

² Source: 2015 survey conducted by independent third party research agencies for ADCB customers

UAE top 10 most intimate brands 2015

Rank	Brands	Quotient
#1		75
#2		70
#3		68
#4		61
#5		58
#6		55
#7		54*
#8		54*
#9		52
#10		51

*Scores that appear tied are the result of rounding four decimal point Quotient scores to their nearest whole number.

Source: MBLM Brand Intimacy 2015 Report
<http://mblm.com/brandintimacy>

Macro overview

Business overview

Financial highlights

Appendix

Balance sheet highlights

Resilient balance sheet, continued focus on improving sources of funding and liquidity

Highlights (31 March 2016)

- ▶ Total assets grew by 12% to AED 232 billion and net loans and advances increased by 11% to AED 157 billion over 31 March 2015, greater than the UAE banking industry average of 7.8%
- ▶ In a tight liquidity environment, deposits from customers increased 15% to AED 147 billion over 31 March 2015, well above the UAE banking industry average of 3.7%
- ▶ A strong deposit gathering franchise coupled with a leading cash management product offering resulted in low cost current and savings account (CASA) deposits increasing by 11% to AED 65 billion over 31 March 2015 and comprising 44% of total deposits
- ▶ Customer deposit growth outpaced loan growth resulting in an improved loan to deposit ratio of 106.3% compared to 109.8% as at 31 March 2015
- ▶ Advances to stable resources at a healthy 89.0% as at 31 March 2016
- ▶ Capital adequacy ratio of 18.09% and Tier 1 ratio of 14.74% as at 31 March 2016, post dividend payment of AED 2.3 billion in Q1'16. Total equity strengthened by AED 1.9 billion year on year to AED 27.3 billion as at 31 March 2016

Balance sheet highlights (AED million)	March'16	Dec'15	March'15	Change%	
				QoQ	YoY
Net loans and advances	156,672	153,677	141,095	2	11
Investment securities	21,159	20,864	21,678	1	(2)
Total assets	232,207	228,267	206,886	2	12
Deposits from customers	147,333	143,526	128,471	3	15
Borrowings	32,069	33,472	30,890	(4)	4
Total equity	27,343	28,733	25,479	(5)	7
Ratios (%)	March'16	Dec'15	March'15	bps	bps
CAR (Capital adequacy ratio)	18.09	19.76	19.49	(167)	(140)
Tier I ratio	14.74	16.29	15.73	(155)	(99)
Advances to stable resources	89.0	88.2	86.6	80	240

Figures may not add up due to rounding differences

¹ Includes Islamic CASA

Income statement highlights

Underlying performance of our businesses remain strong in a challenging operating environment

Highlights (31 March 2016)

- ▶ Net profit of AED 1,021 million was 14% lower quarter on quarter and 18% lower year on year, primarily on account of higher funding costs, increase in impairment charges and lower recoveries in a challenging operating environment
- ▶ Operating income of AED 2,112 million was 5% higher quarter on quarter and 4% lower year on year. Q1'15 benefited from significant one-offs, which were not repeated this year
- ▶ Total net interest income and Islamic financing income of AED 1,573 million was 7% higher quarter on quarter driven by higher volumes, and 4% lower year on year impacted by higher funding costs, reflective of current market conditions. Interest expense for the quarter was AED 525 million, compared to AED 351 million in Q1'15
- ▶ Non-interest income of AED 539 million was stable quarter on quarter and 2% lower year on year, mainly on account of lower fee income
- ▶ Tightly managed cost growth, operating expenses of AED 738 million, was 3% higher quarter on quarter and 5% higher year on year
- ▶ Return on equity for Q1'16 was 16.0% and return on assets was 1.67%

Income statement highlights (AED million)	Q1'16	Q4'15	Q1'15	Change%	
				QoQ	YoY
Total net interest and Islamic financing income	1,573	1,476	1,641	7	(4)
Non - interest income	539	539	551	0	(2)
Operating income	2,112	2,016	2,192	5	(4)
Operating expenses	(738)	(715)	(700)	3	5
Operating profit	1,374	1,301	1,492	6	(8)
Impairment allowances	(352)	(110)	(241)	219	46
Share in profit of associate	2	1	-	NA	NA
Profit before taxation	1,023	1,192	1,251	(14)	(18)
Overseas income tax expense	(2)	(1)	(2)	NA	NA
Net profit for the period	1,021	1,191	1,249	(14)	(18)
Net profit attributable to equity shareholders	1,020	1,190	1,248	(14)	(18)

Figures may not add up due to rounding differences

Key indicators

Earnings per share
(EPS – AED)

0.18

Return on average equity
(ROAE %)*

16.0

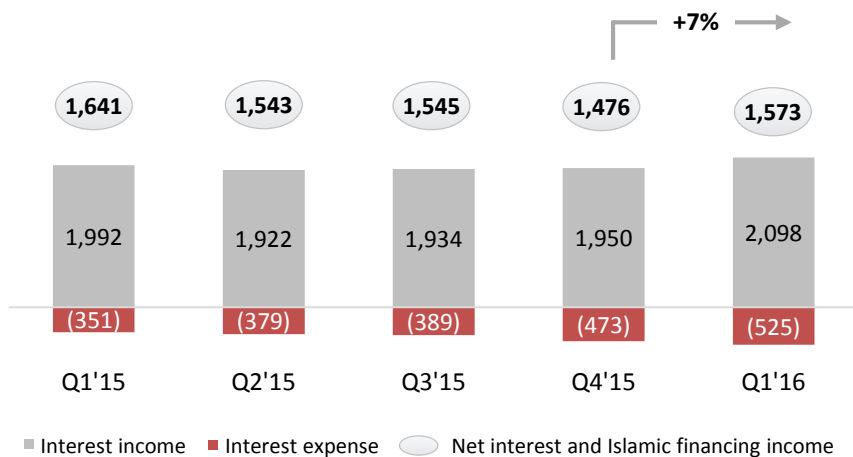
Return on average assets
(ROAA %)*

1.67

*Annualised, for ROE/ROA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

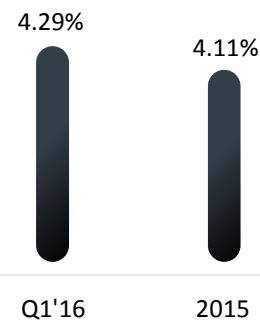
Strong growth in net interest income quarter on quarter, despite higher funding costs mainly driven by increased customer deposits

Net interest and Islamic financing income (AED million)

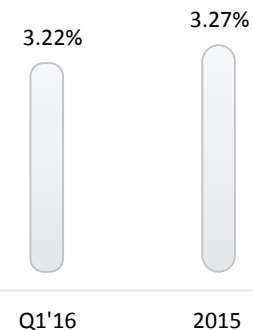


Evolution of NIMs & yields

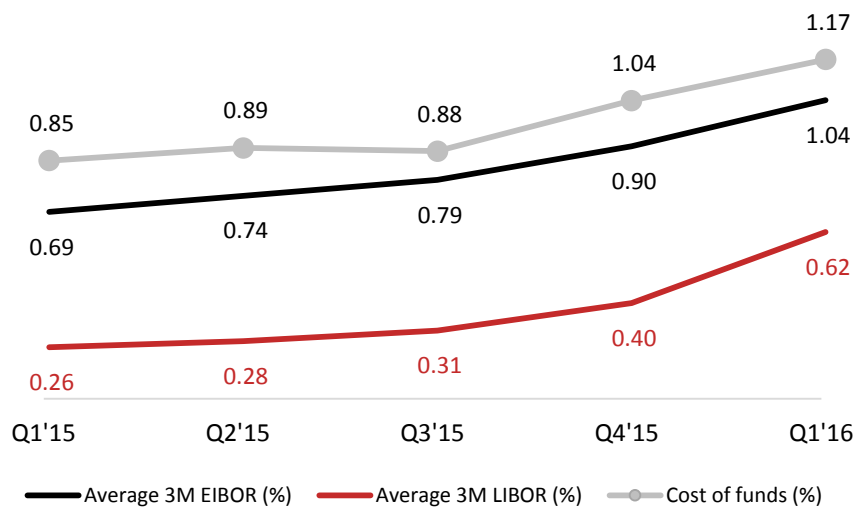
Yield on interest earning assets



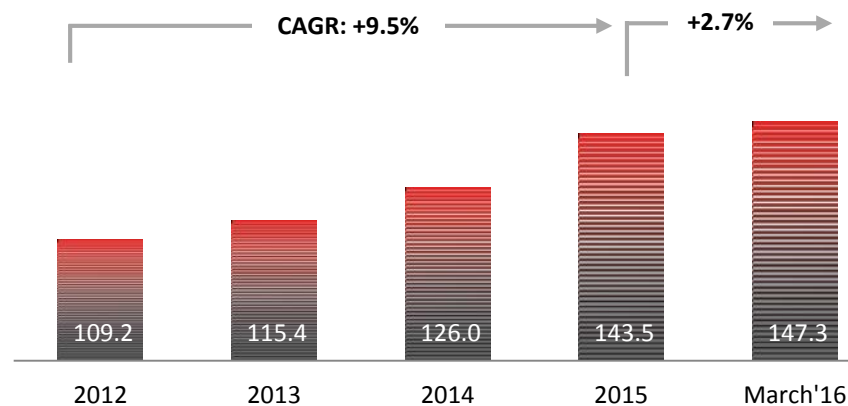
Net interest margin



Evolution of cost of funds (%)

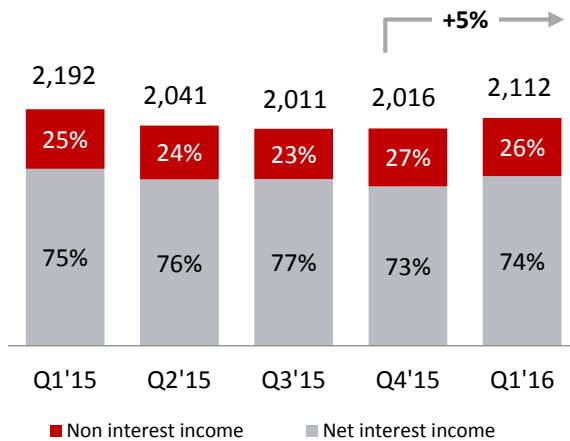


Customer deposits



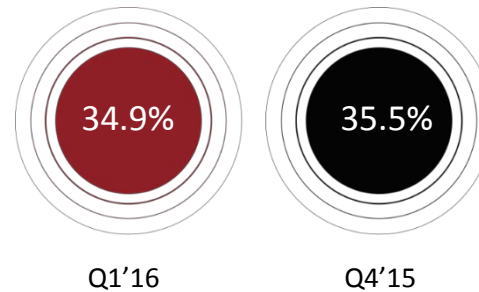
Healthy growth in operating income quarter on quarter, while maintaining a strict cost control discipline

Operating income (AED million)

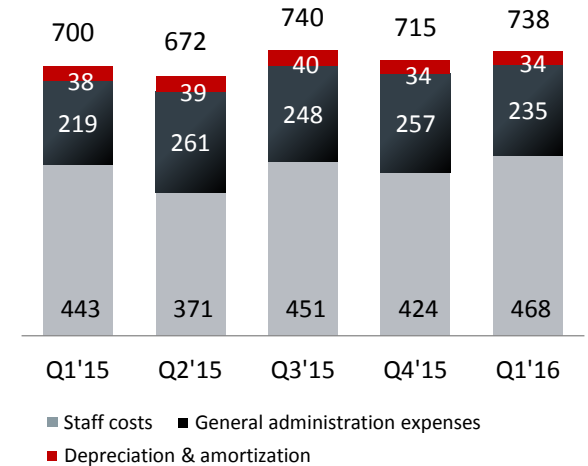


Cost to income ratio

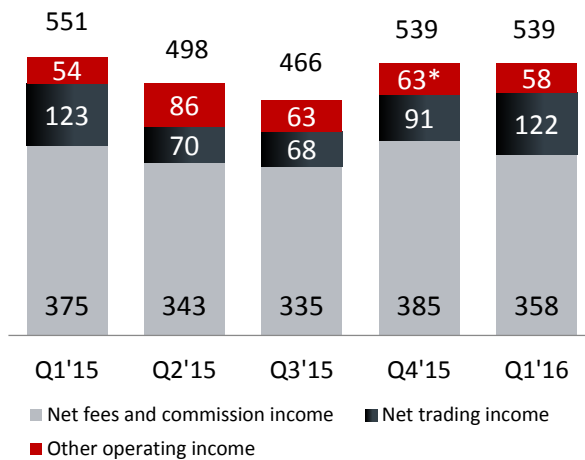
within our target range



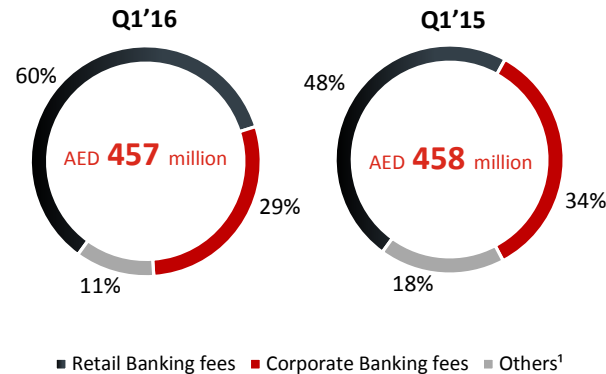
Operating expenses (AED million)



Non-interest income (AED million)



Gross fee income breakdown (AED million)



¹ Others include brokerage, fees from trust and other fiduciary activities and other fees

Highlights

- ▶ Non-interest income accounted for 26% of operating income in Q1'16, compared to 25% in Q1'15
- ▶ Gross retail banking fees (excluding brokerage) registered a strong 25% growth year on year, driven by higher loan volumes and credit card spend
- ▶ Gross corporate banking fees were 16% lower year on year, mainly on account of lower deal specific wholesale banking fees
- ▶ Trading income of AED 122 million in Q1'16 was up 33% quarter on quarter
- ▶ Cost to income ratio for the quarter was 34.9% within our target range, compared to 35.5% in Q4'15

* Other income includes revaluation of investment properties in Q4'15

Continue to grow balance sheet in a granular and prudent manner in our core geography and core businesses

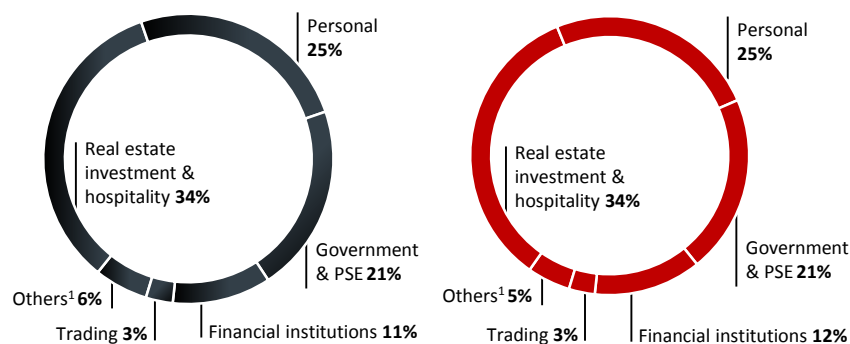
Highlights

- ▶ Net loans increased 11% year on year and 2% year to date to AED 156,672 million, comprising 67% of total assets (Dec'15: 67%)
- ▶ Consumer Banking loans (net) were up 10% year on year and 2% year to date, while Wholesale Banking loans (net) were up 12% and 2% year to date
- ▶ Consumer Banking loans comprised 44% and Wholesale Banking loans comprised 56% of total loans (net)
- ▶ 92% of loans (gross) were within the UAE in line with the Bank's UAE centric strategy
- ▶ 57% of loans (gross) were in Abu Dhabi, 29% were in Dubai and 6% in other Emirates as at 31 March 2016
- ▶ Personal loans comprised 25% of total gross loans (Dec'15: 25%)
- ▶ Islamic Banking continued to be a key driver of growth, with net Islamic financing assets up 31% year on year and 7% year to date to AED 15,492 million as at 31 March 2016

Gross loans by economic sector

March'16
Gross loans = AED 163,044 million

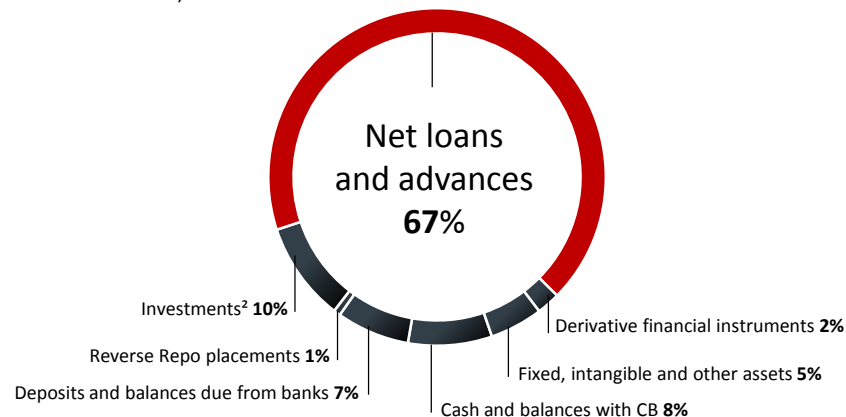
Dec'15
Gross loans = AED 160,022 million



Composition of assets

March'16

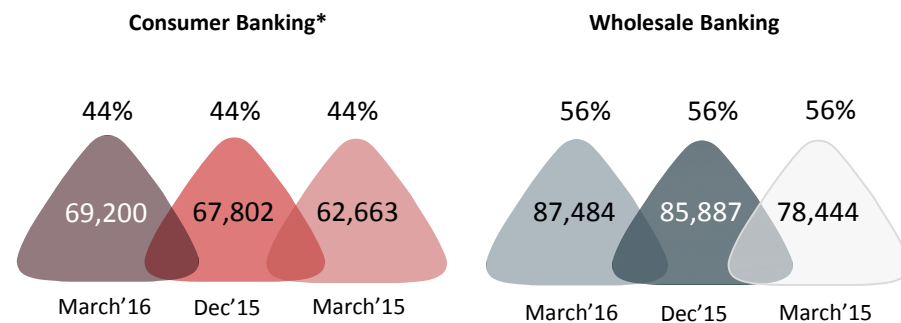
Total assets = AED 232,207 million



Contribution to net loans and advance by business segment (AED million)

March'16

Net loans = AED 156,672 million



¹ Agriculture, energy, transport, manufacturing, services and others

² Investments include: investment securities, trading securities, investment properties and investments in associates

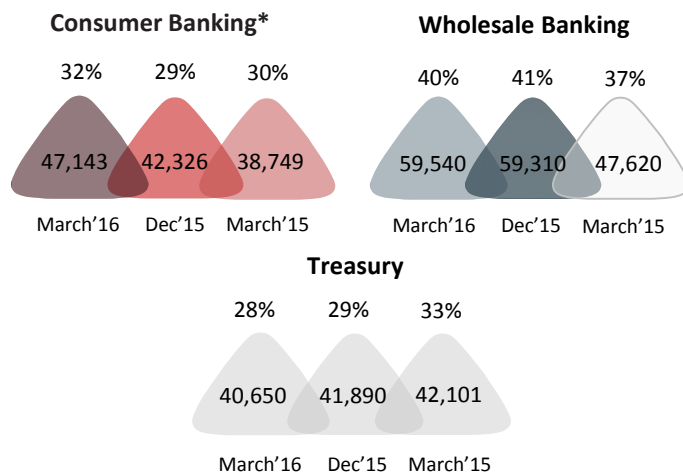
* Consumer banking includes retail and high net worth individuals and their businesses

In a tight liquidity environment, continued growth in CASA deposits

Highlights

- ▶ Customer deposits increased 15% year on year and 3% year to date to AED 147,333 million, comprising 72% of total liabilities (31 December 2015:72%)
- ▶ Our strong cash management platform continues to be key enabler for ongoing CASA growth, CASA deposits comprised 44% of total customer deposits, stable over 31 December 2015
- ▶ As at 31 March 2016, CASA balances were AED 64.8 billion, reflecting a growth of AED 1.5 billion (+2%) and time deposits were at AED 82.5 billion, reflecting an increase of AED 2.3 billion (+3%) over 31 December 2015
- ▶ Consumer Banking deposits were up 22% year on year and 11% year to date, while Wholesale Banking deposits were up 25% and stable year to date
- ▶ Consumer Banking deposits comprised 32%, Wholesale Banking deposits comprised 40% and Treasury comprised 28% of total customer deposits
- ▶ Wholesale funding¹ accounted for 18% of total liabilities, providing a stable, long-term and reliable source of funding
- ▶ Total Islamic deposits increased 21% year on year and 13% year to date to AED 11,599 million as at 31 March 2016

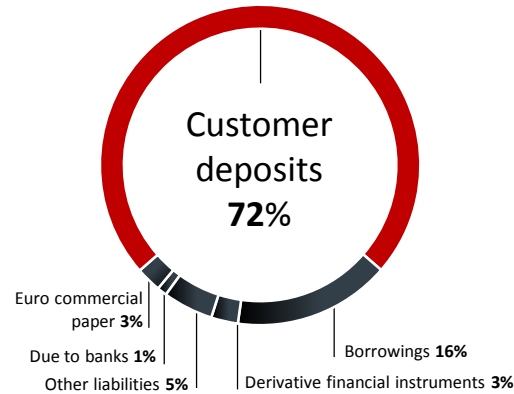
Contribution to total deposits by business segment (AED million)



Composition of liabilities

March'16

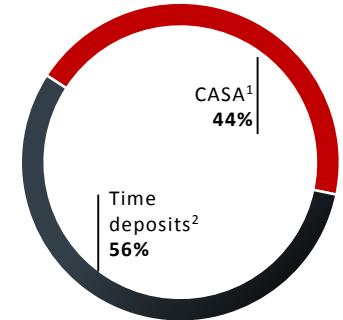
Total liabilities = AED 204,864 million



Customer deposit breakdown

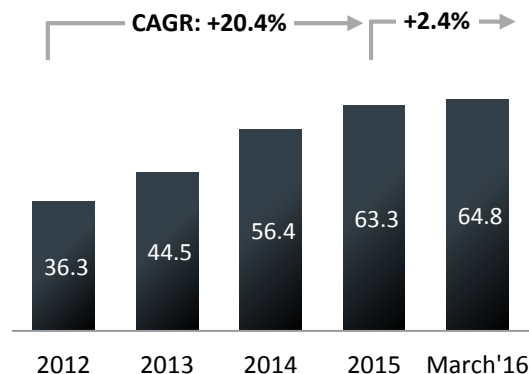
March'16

Customer deposits = AED 147,333 million

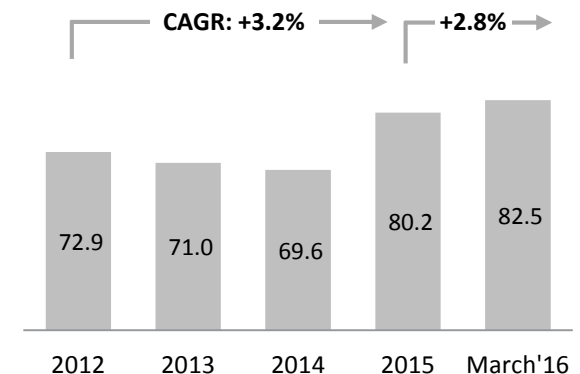


¹ CASA includes current account, saving and margin deposits
² Time deposits include long-term government and Murabaha deposits

CASA deposits (AED billion)



Time deposits (AED billion)



¹ Includes Euro Commercial Paper * Consumer banking includes retail and high net worth individuals and their businesses

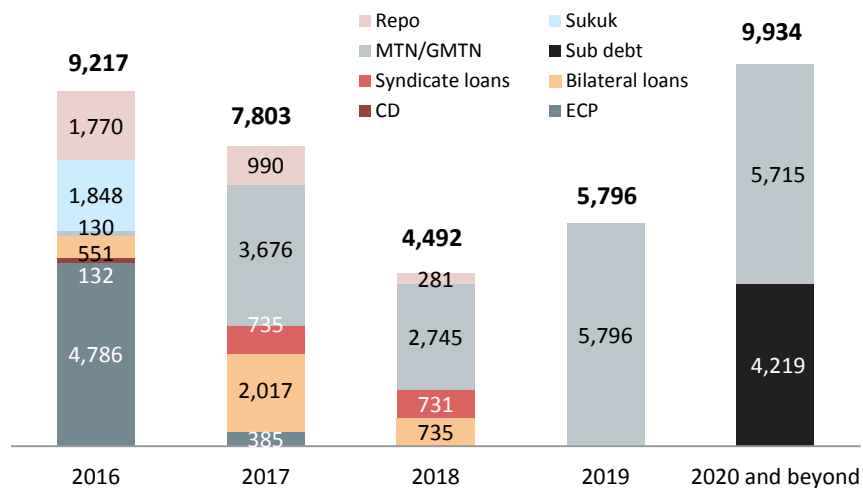
Figures may not add up due to rounding differences

Wholesale funding and maturity profile

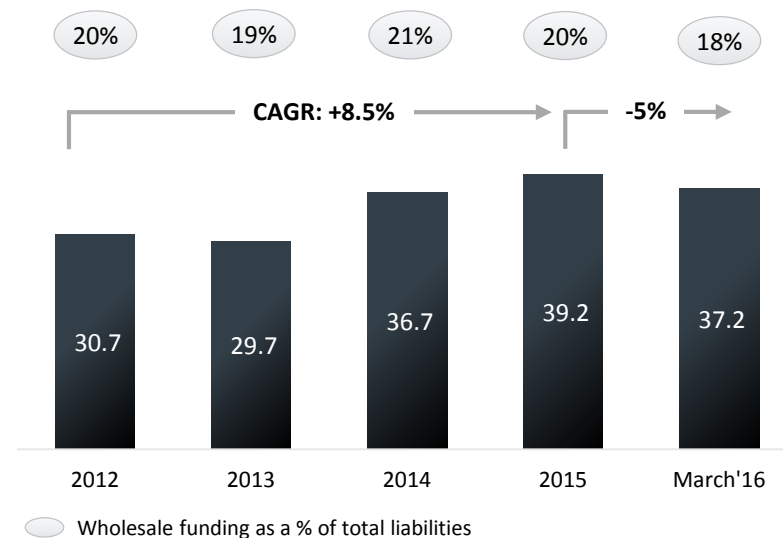
Diversified sources of funding by markets, tenors, currencies and products

Maturity profile

As at 31 March 2016 (AED million)



Wholesale funding including ECP (AED million)



Wholesale funding split

As at 31 March 2016

Source of funds	AED million
GMTN/EMTN ¹	18,060
Subordinated debt	4,219
Euro commercial paper	5,171
Borrowings through repurchase agreements	3,042
Islamic sukuk notes	1,848
Bilateral loans	3,303
Syndication loan	1,466
Certificate of deposit issued	132
Total	37,241

¹ Does not include fair value adjustment on short, medium and long term borrowings being hedged

Net lender of

AED 22.6 billion*

in the interbank markets

As at 31 March 2016

* Includes AED 6.8 billion of certificate of deposits with UAE Central Bank and AED 1.5 billion of reverse repo placements with Banks as at 31 March 2016

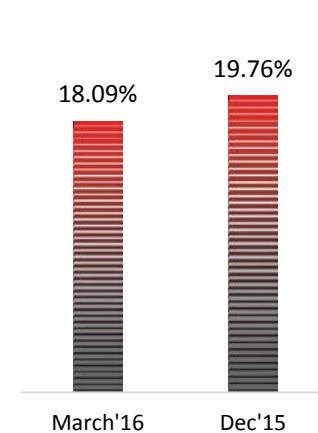
Interbank lending: Deposits and balances due from banks + reverse repo placements with Banks + Certificate of deposits with UAE Central Bank – Due to banks

Capital and liquidity position continue to be at industry leading levels

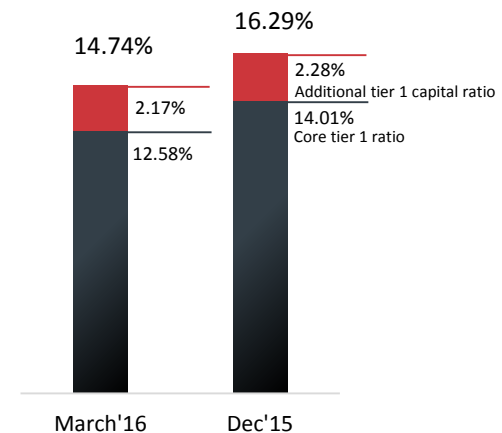
Highlights

- ▶ As at 31 March 2016, the Bank's capital adequacy ratio (Basel II) was 18.09% and Tier I ratio was 14.74% compared to 19.76% and 16.29% respectively, as at 31 December 2015. Decline in CAR was mainly on account of a change in asset mix and dividend payment of AED 2.3 billion in Q1'16. As at 31 March 2016, total risk weighted assets were AED 185 billion
- ▶ The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier I minimum requirement is 8%
- ▶ As at 31 March 2016, the Bank's liquidity ratio was 24.3%
- ▶ Customer deposit growth outpaced loan growth resulting in an improved loan to deposit ratio of 106.3% compared to 107.1% as at 31 December 2015

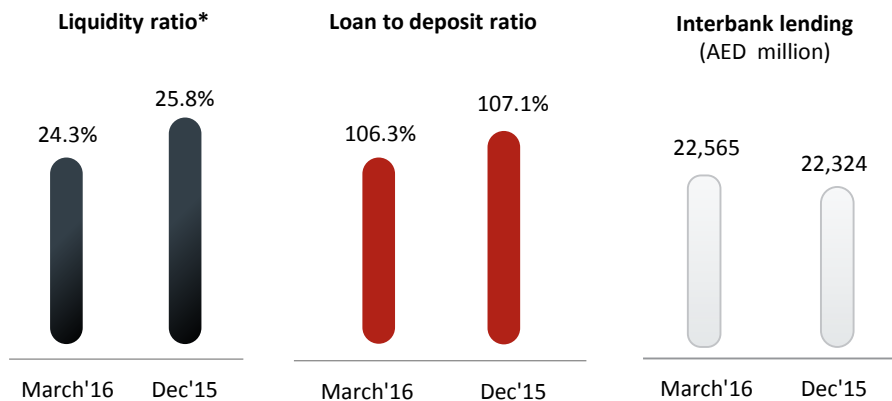
Capital adequacy ratio



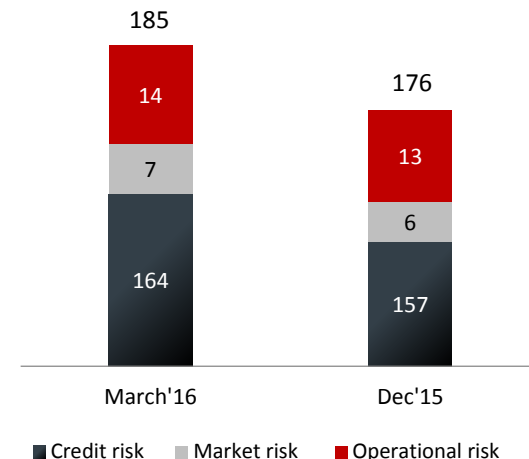
Tier I and core tier I ratios



Strong liquidity



Risk weighted assets (AED billion)



Liquid assets include cash and balances with Central Banks, deposits and balances due from banks, reverse repo placements, trading securities, and liquid investments

Liquidity ratio: liquid assets/total assets

Investment securities

97% of total portfolio invested in bonds

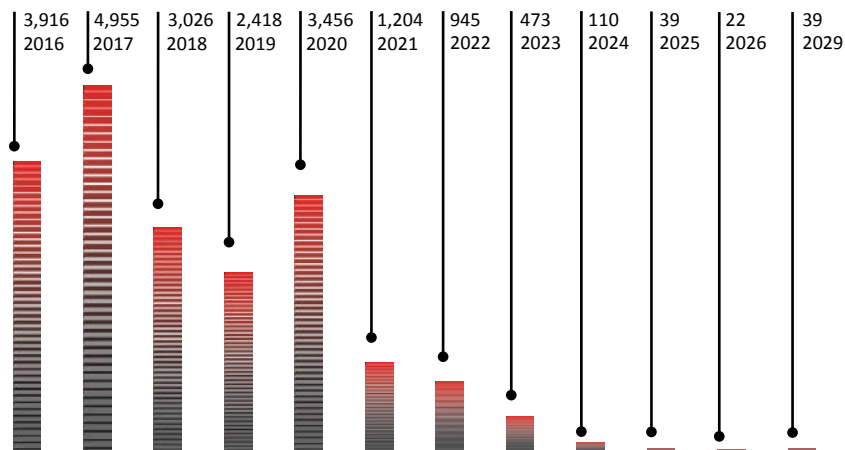
Highlights

- ▶ Investment securities portfolio increased to AED21,159 million as at 31 March 2016
- ▶ 97% of the total portfolio was invested in bonds issued by government, corporate, public sector, banks and financial institutions
- ▶ Average life of the investment securities portfolio is 2.6 years
- ▶ 57% invested in the UAE and other GCC countries

Portfolio summary:

- ▶ Non Government Bond Portfolio – 73% of total portfolio
 - Rated A- or better: 58%
 - Rated Investment grade (i.e. BBB+ to BBB-): 29%
 - Rated below IG (BB+ and below including unrated): 13%
- ▶ 10% is invested in local public sector bonds which are rated below A
- ▶ 27% of the portfolio is invested in Government securities

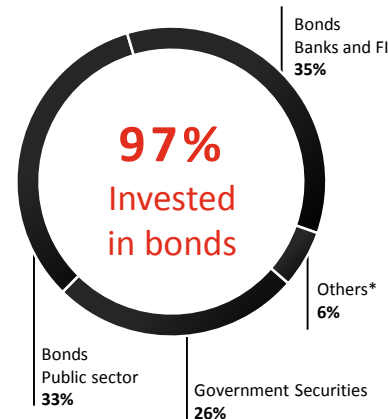
Maturity profile of investment securities portfolio (AED million)



Figures may not add up due to rounding differences

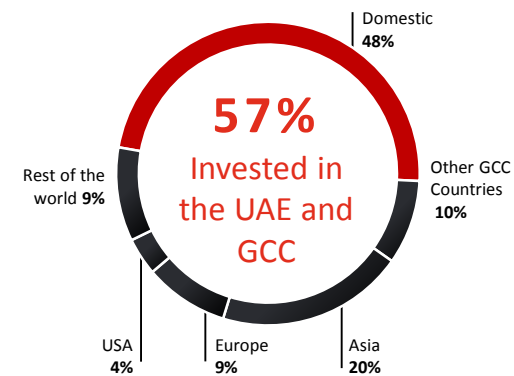
Investments

By issuer



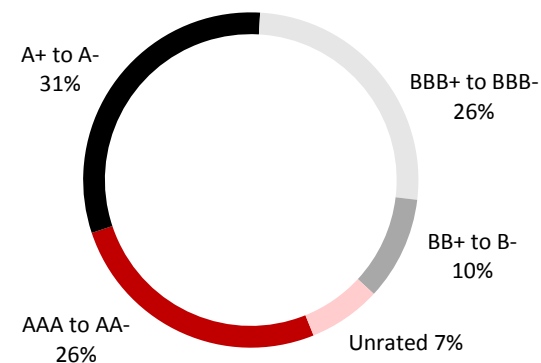
* Include corporate bonds, equity instruments and mutual funds

By region



Total bond portfolio = AED 20,604 million

Credit ratings as at 31 March 2016 (Standard & Poor's)

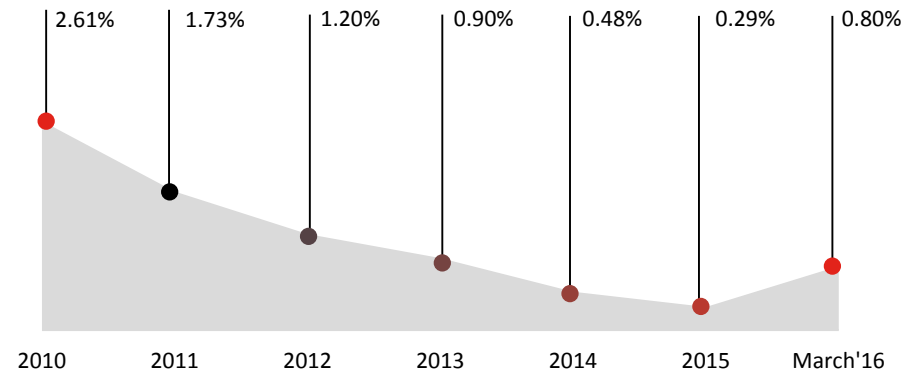


Asset quality - committed to maintaining a disciplined risk profile

Highlights

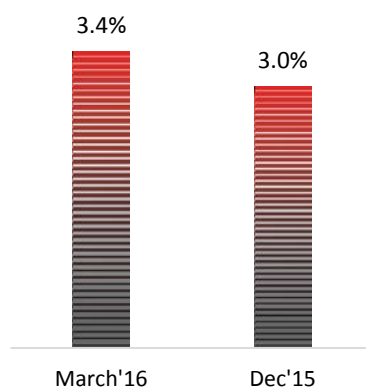
- ▶ As at 31 March 2016, non-performing loans (NPL) and provision coverage ratios were 3.4% and 112.1% respectively, compared to 3.0% and 128.5% as at 31 December 2015
- ▶ Non-performing loans were AED 5,577 million compared to AED 4,834 million as at 31 December 2015
- ▶ Cost of risk was 80 bps compared to 60 bps as at 31 March 2015 and 29 bps as at 31 December 2015
- ▶ Total loan impairment charges, net of recoveries amounted to AED 365 million for the quarter, which included collective impairment charges of AED 209 million to account for the increase in the loan book and reflecting our prudent risk management approach to challenging market conditions
- ▶ Collective impairment balance was AED 3,178 million, 1.94% of credit risk weighted assets, well above the minimum 1.5% stipulated by the UAE Central Bank, while individual impairment balance stood at AED 3,195 million as at 31 March 2016

Cost of risk

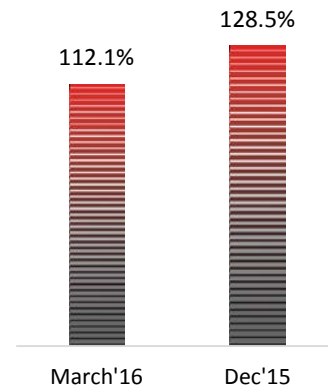


Cost of risk: Total provisions charged (net of recoveries) including investments/average loans & advances and investments

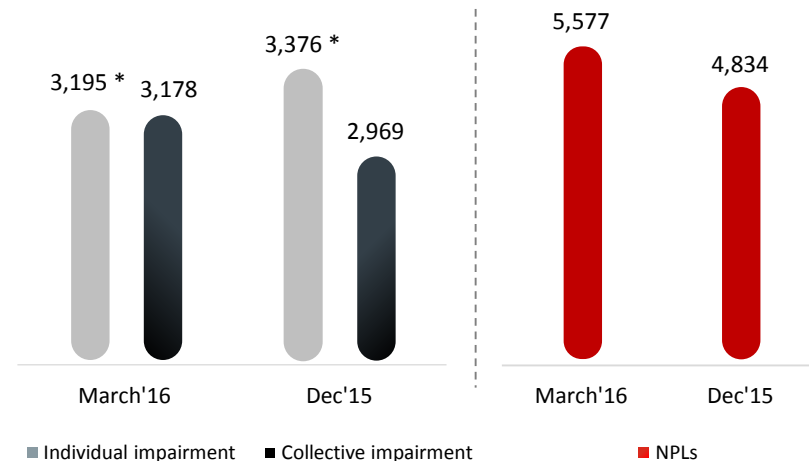
Non-performing loan ratio



Provision coverage ratio¹



Non-performing loans and impairment allowances (AED million)



¹ Excludes Dubai World exposure and related provision as the client is performing since 2011 in accordance with the new restructured terms

* Includes provision for Dubai World exposure

Figures may not add up due to rounding differences

Summary

- ▶ Our focus on the UAE market remains a key strategic pillar and a differentiator for ADCB
- ▶ Following on from record results in 2015, delivered a net profit of AED 1.021 billion in Q1'16 and ROE of 16.0%
- ▶ In a tight liquidity environment, customer deposits increased 15% to AED 147 billion over 31 March 2015, well above the UAE banking industry average, CASA deposits comprised 44% of total customer deposit base
- ▶ Resilient balance sheet, with total assets of AED 232 billion, an increase of 12% year on year, while loans increased by 11% over 31 March 2015, continued focused on granular growth in our core geography and core businesses
- ▶ Efficiently managed cost base, Q1'16 cost to income ratio of 34.9% continued to remain within our target range
- ▶ Healthy top line growth quarter on quarter, however bottom line impacted by higher impairment allowances, reflective of our prudent risk management approach to the challenging operating environment
- ▶ Committed to maintaining a disciplined risk profile, NPL and provision coverage ratios were 3.4% and 112.1% respectively as at 31 March 2016
- ▶ CAR of 18.09% continue to be at industry leading levels

Macro overview

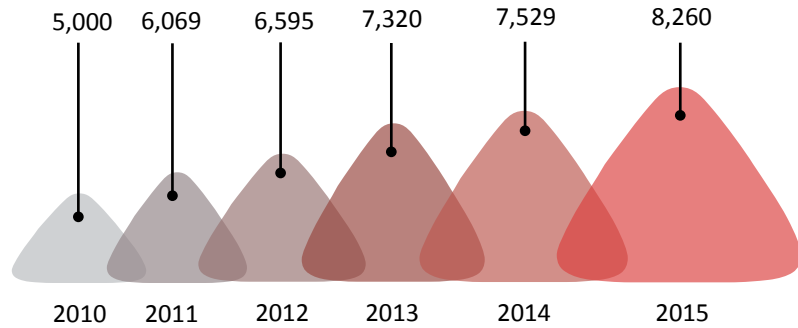
Business overview

Financial highlights

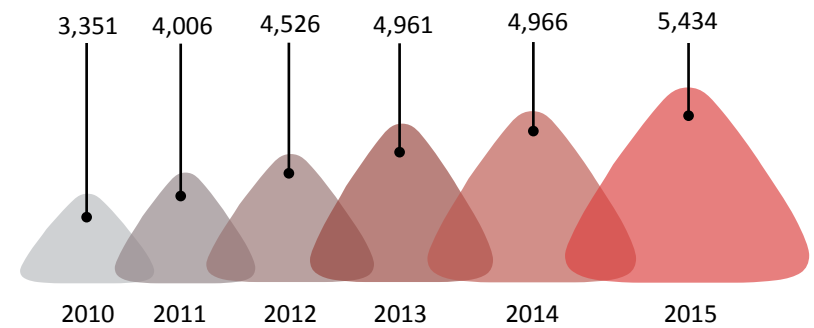
Appendix

Historical overview: Income statement highlights

Operating income (AED million)



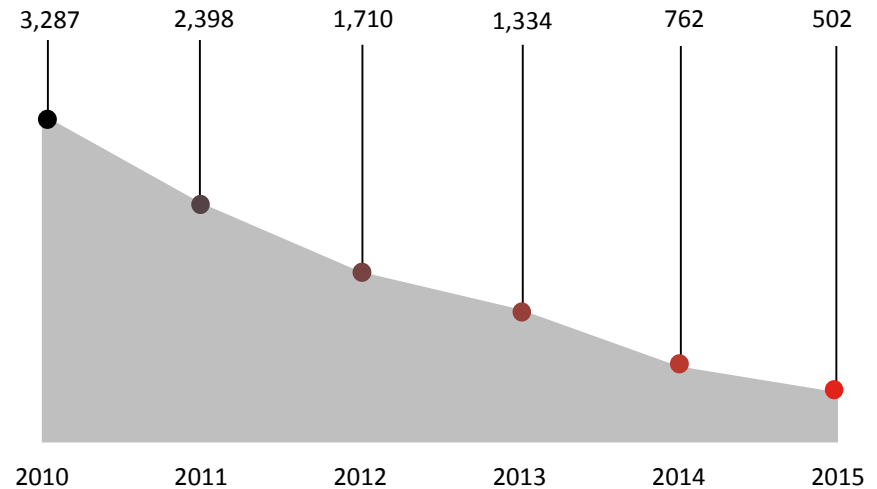
Operating profit (AED million)



Cost to income ratio (%)

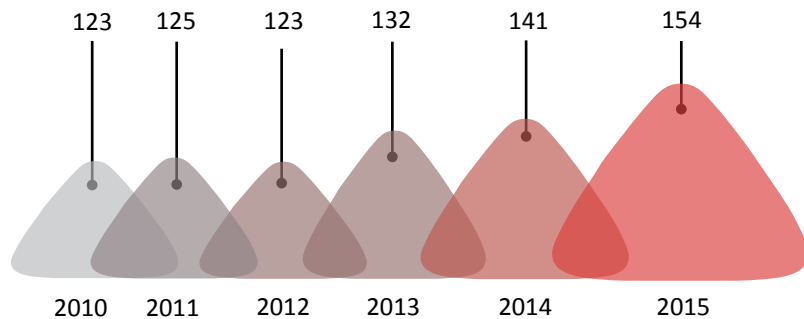


Impairment allowance charge (AED million)

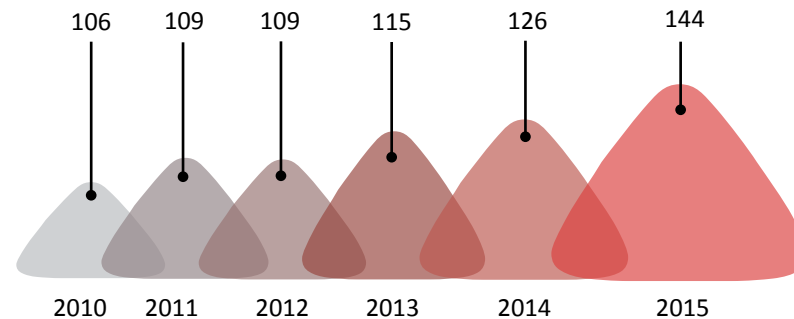


Historical overview: Balance sheet highlights

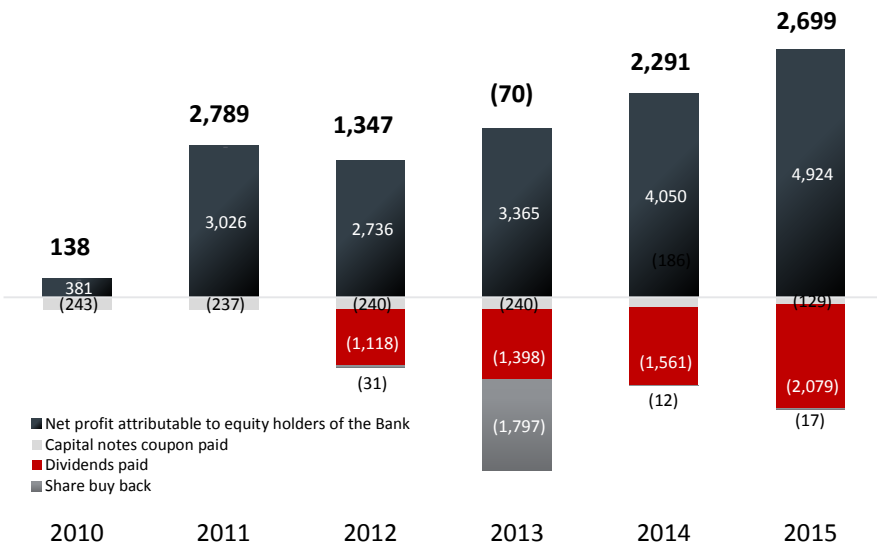
Net loans and advances (AED billion)



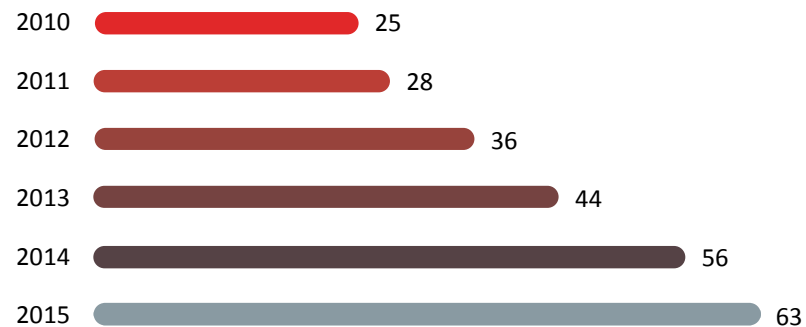
Customer deposits (AED billion)



Capital generation (AED million)



CASA deposits (AED billion)



Rating agency views

“ADCB has a high quality management team. By focusing on improving deposit granularity, increasing the amount of low cost current account deposits, and lengthening funding tenors, the Bank has improved its funding profile substantially since 2008... in addition to its declining credit losses, the improving margins enabled the Bank to enhance its returns.”

“We regard ADCB’s capital and earnings as “strong”. This reflects the bank’s high level of capital, its strong core earnings generation, and manageable dividend payout policy, which enables it to maintain its capitalisation.”

**STANDARD
& POOR’S**

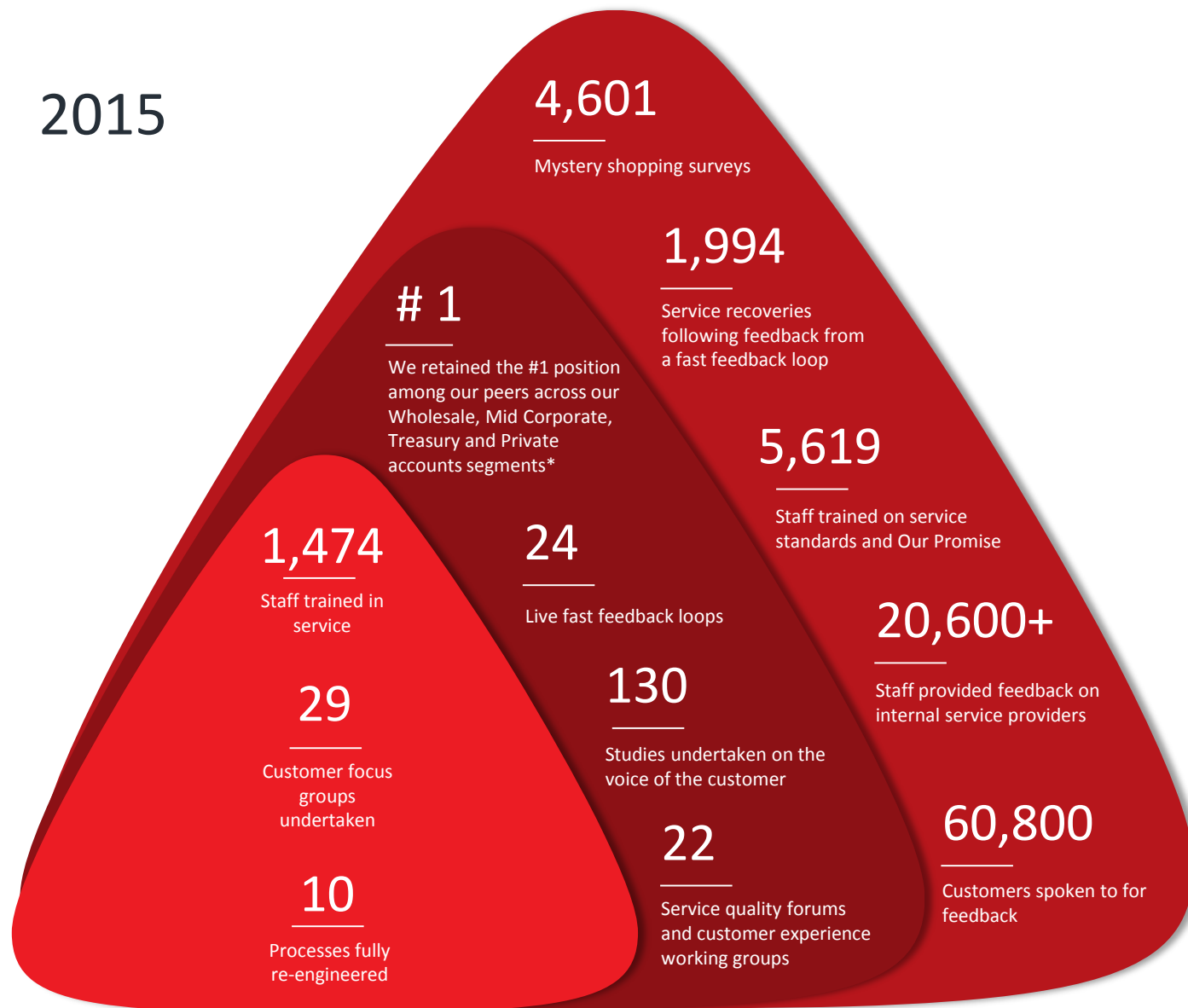
“ADCB is well funded by customer deposits due to its strong franchise...The Bank’s liquidity position is supported by a good stock of highly liquid assets and a very diverse funding mix.”

“Capital ratios have improved significantly over the last four years due to a series of capital strengthening measures, including higher retained earnings.”

Fitch Ratings

Extracts from latest reports issued by Standard & Poor’s (4 August 2015) and Fitch Ratings (17 August 2015) on ADCB,
Note: These quotes are excerpts from Standard & Poor’s and Fitch reports, and are qualified by the full reports which investors should refer to.
Credit ratings may not reflect all risks and are subject to change at any time

2015



* Source: 2015 survey conducted by independent third-party research agencies for ADCB customers

Awards

Q1'16 awards

“Best Bank for Liquidity Management in the Middle East”

Global Finance

“Best Brand Initiative of the Year” across Asia, Middle East and Africa

Asian Banker

Best Property Management Team– UAE” for ADCP

Capital Finance International (CFI)

“Best Bank for Cash management in the UAE”

Global Finance

“Best Retail Bank in the UAE”

Asian Banker

2015 awards

“UAE Trade Finance Firm of the Year”

Finance Monthly's Global Awards

“Best Human Capital Development Initiative” to Islamic Banking Academy

Global Islamic Finance Awards, London

“Sharia Lawyer of the Year” Kamran Sherwani, Head of Sharia Advisory

Global Islamic Finance Awards, London

“Best Islamic Retail Bank in UAE and Islamic Bank of the Year in UAE”

The Asset- Hong Kong

“Best Trade Finance Offering”

Banker Middle East

“Best Customer Service - Corporate Banking”

Banker Middle East

“Best Trade Finance Bank in UAE”

Global Finance

“Best Supply Chain Finance Provider Award- Middle East”

Global Finance

“Business Leader of the Year” Ala'a Eraiqat, CEO of ADCB Group

Gulf Business Industry Awards 2015

“Best Fund over 3 years, Equity, UAE” for Al Nokhitha Fund

Thomson Reuters Lipper Fund Awards 2015

“Best Brand Building Initiative in the Middle East Award”

The Asian Banker

“Best local Bank in UAE”

GTR MENA's Leaders in Trade Awards

“UAE Domestic Trade Finance Bank of the Year”

Asian Banking and Finance's Wholesale Banking Awards

“Best Bank for Cash Management in the Middle East”

Global Finance

“Best Affinity Credit Card in the Middle East & Asia/Oceania 2015”

Annual Freddie Awards

“Bank of the Year”

Gulf Business Industry Awards 2015

“Best Corporate Governance Award 2015”

World Finance

“Best for Cash Management in the UAE”

Euromoney Award

“Best Trade Finance Provider in the UAE”

Euromoney Award

“Best Cash Management”

Banker Middle East

“Daman Award for Corporate Health and Wellness Initiative”

Daman Corporate Health Awards

“SME Banking Innovation Award”

Enterprise Agility Awards 2015

“Best Islamic Banking Window in UAE”

International Finance Magazine, London

“Most Innovative Product (Salam Personal Finance) ”

International Finance Magazine, London

“Trade Finance - Overall quality of service in Middle East”

Euromoney Award

“Trade Finance - Overall quality of service Global – 2nd place”

Euromoney Award

“Best Trade Finance Bank in MENA”

GTR Leaders in Trade Awards

“Best Islamic Trade Finance Bank ” and “Best Trade Finance Bank in UAE”

GTR Leaders in Trade Awards

Balance sheet

AED million	March'16	Dec'15	Change%
Cash and balances with Central Banks	18,705	20,180	(7)
Deposits and balances due from banks	16,259	14,955	9
Reverse-repo placements	1,516	4,256	(64)
Trading securities	72	62	15
Derivative financial instruments	5,216	4,002	30
Investment securities	21,159	20,864	1
Loans and advances, net	156,672	153,677	2
Investment in associate	199	197	1
Investment properties	647	648	(0)
Other assets	10,888	8,572	27
Property and equipment, net	857	835	3
Intangible assets	19	19	-
Total assets	232,207	228,267	2
Due to banks	2,012	1,692	19
Derivative financial instruments	5,484	4,741	16
Deposits from customers	147,333	143,526	3
Euro commercial paper	5,171	5,700	(9)
Borrowings	32,069	33,472	(4)
Other liabilities	12,794	10,403	23
Total liabilities	204,864	199,534	3
Total shareholders' equity	27,339	28,728	(5)
Non -controlling interests	4	5	(29)
Total liabilities and shareholders' equity	232,207	228,267	2

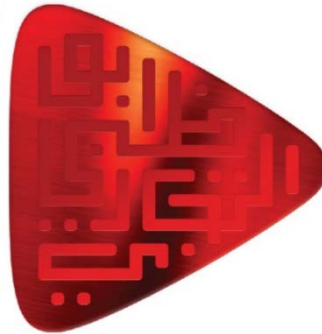
Figures may not add up due to rounding differences

Income statement

AED million	March'16	March'15	Change%
Interest income and income from Islamic financing	2,098	1,992	5
Interest expense and profit distribution	(525)	(351)	50
Net interest and Islamic financing income	1,573	1,641	(4)
Net fees and commission income	358	375	(4)
Net trading income	122	123	(1)
Other operating income	58	54	9
Non interest income	539	551	(2)
Operating income	2,112	2,192	(4)
Staff expenses	(468)	(443)	6
Other operating expenses	(235)	(219)	7
Depreciation	(34)	(32)	5
Amortisation of intangible assets	-	(6)	NM
Operating expenses	(738)	(700)	5
Operating profit before impairment allowances & taxation	1,374	1,492	(8)
Impairment allowance on loans and advances	(399)	(305)	31
Recovery of loans	34	64	(47)
Recoveries on written off available for sale investments	13	0	NM
Share of profit of associates	2	-	0
Overseas income tax expense	(2)	(2)	NM
Net profit for the period	1,021	1,249	(18)
Attributed to:			
Equity holders of the Parent	1,020	1,248	(18)
Non-controlling interests	1	1	NM
Net Profit	1,021	1,249	(18)

The Difference Is...

AMBITION + DISCIPLINE



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