Leading Through

AMBITION + DISCIPLINE

Abu Dhabi Commercial Bank PJSC

Q1'17 Earnings presentation

April 2017

بنك أبوظبي التجاري

ADCB

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Q1'17 Financial highlights – Solid start into 2017

Solid returns and disciplined cost management

Return on average equity	Cost to income ratio
16.1%	33.2%

Strong CAR and liquidity profile

Capital adequacy ratio	Liquidity coverage ratio
17.83%	116%

- Strong operating performance
  - Q1'17 Net profit of AED 1.105 billion +8% YoY, EPS of AED 0.20 and ROAA of 1.60%
  - Robust interest income and non-interest income growth, +14% and +11% YoY
  - Operating expenses remained flat YoY, cost to income ratio improved 170 basis points YoY
- Resilient balance sheet, robust growth in customer deposits
  - Total assets at AED 264 billion +14% YoY, loans to customers +6% YoY
  - Deposits remain the major funding source +10% YoY, CASA 44% of total customer deposits
- Sound asset quality
  - NPL ratio stable at 2.7%, while provision coverage ratio improved to 132.5%

Strong underlying performance

Change%

Income statement (AED million)

	Q1'17	Q4'16	Q1'16	QoQ	YoY
Net interest and Islamic financing income	1,631	1,573	1,573	4	4
Non - interest income	598	598	539	0	11
Operating income	2,229	2,171	2,112	3	6
Operating expenses	(740)	(729)	(738)	2	0
Impairment allowances	(386)	(437)	(352)	(12)	10
Net profit for the period	1,105	1,004	1,021	10	8

Balance sheet (AED million)

	March'17	Dec'16	March'16	QoQ	YoY
Total assets	263,672	258,289	232,207	2	14
Net loans and advances	159,802	158,458	151,116[1]	1	6
Deposits from customers	162,362	155,442	147,333	4	10

Metrics (%)

	March'17	Dec'16	March'16	bps	bps
CAR (Capital adequacy ratio)	17.83	18.92	18.09	(109)	(26)
Tier I ratio	14.55	15.66	14.74	(111)	(19)
Loan to deposit ratio	98.4	101.9	102.6	(350)	(420)
Liquidity coverage ratio	116	129	-	(1,300)	-

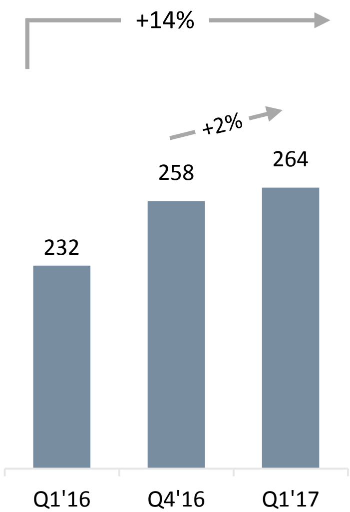
	Q1'17	Q4'16	Q1'16	bps	bps
Return on average equity	16.1	15.5	16.0	60	10
Net interest margin	2.86	2.85	3.22	1	(36)
Cost to income ratio	33.2	33.6	34.9	(40)	(170)

[1] In Q2'16, loans and advances to banks were reclassified to "Deposits and balances due from banks, net" to better reflect the underlying nature of the business of the borrowers. Accordingly, comparative amounts pertaining to previous periods were reclassified to conform to current period's presentation.

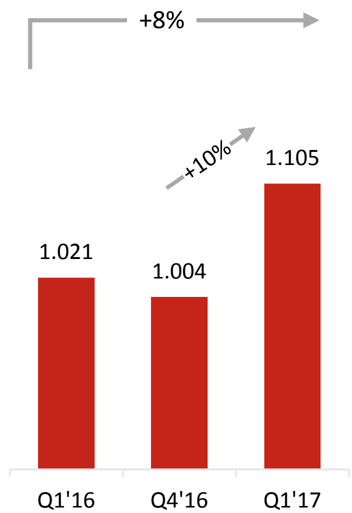
There could be inconsistencies in totals due to rounding differences

Measured growth with sustained focus on profitability

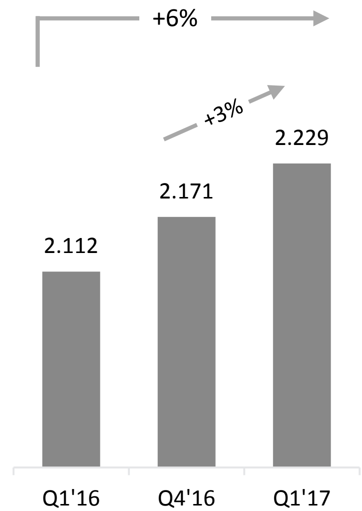
Increase in net profit driven by healthy volumes, strong non-interest income and a well managed cost base



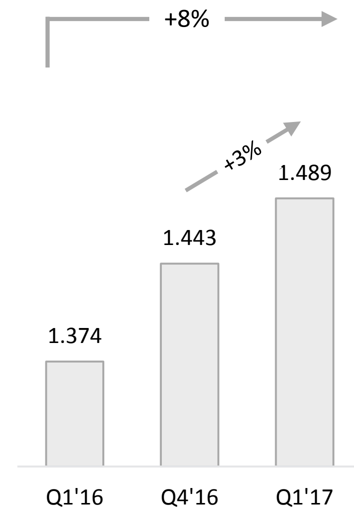
Total assets
(AED billion)



Net profit
(AED billion)



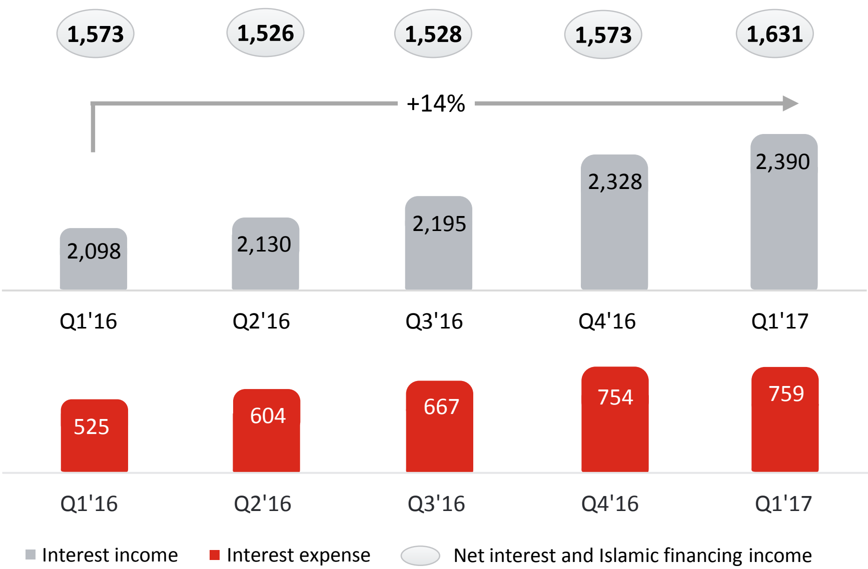
Operating income
(AED billion)

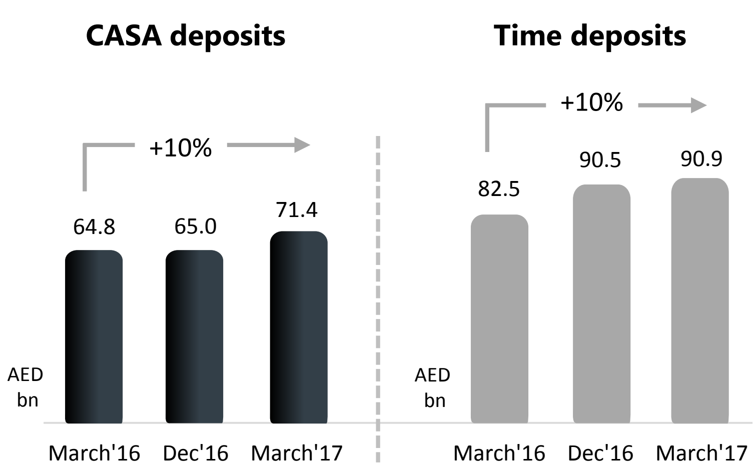


Operating profit
(AED billion)

Rising cost of funds reflective of higher benchmark rates

Net interest and Islamic financing income (AED million)

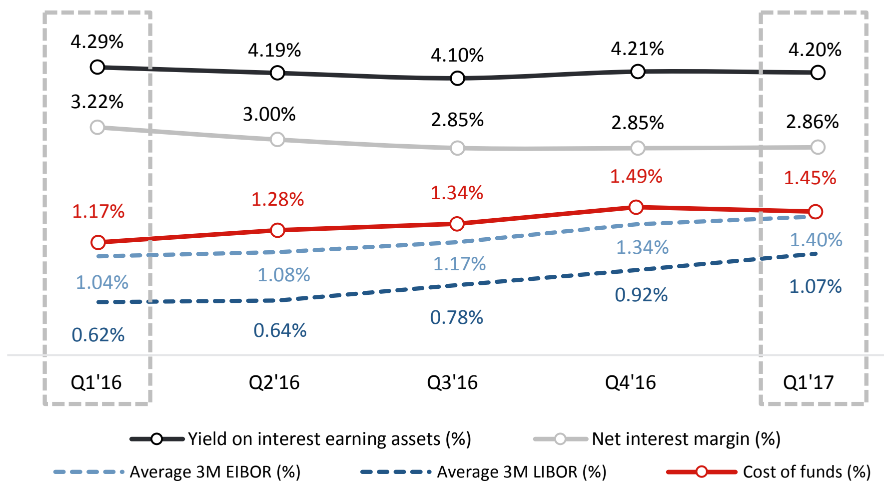




Highlights

- Interest and Islamic financing income increased 14% year on year to AED 2,390 million, driven by a 16% increase in average interest earning assets. This was achieved in the absence of higher interest in suspense reversals that benefited Q1'16, which were not repeated in Q1'17
- Net interest income of AED 1,631 million was up 4% year on year, impacted by higher funding costs
- Cost of funds increased to 1.45% from 1.17% in Q1'16 and interest bearing liabilities increased 17% year on year
- CASA and time deposits grew 10% year on year to AED 71 billion and AED 91 billion respectively
- NIMs contracted to 2.86% from 3.22% in Q1'16, yet remained stable over the last three quarters

Evolution of yields (%)



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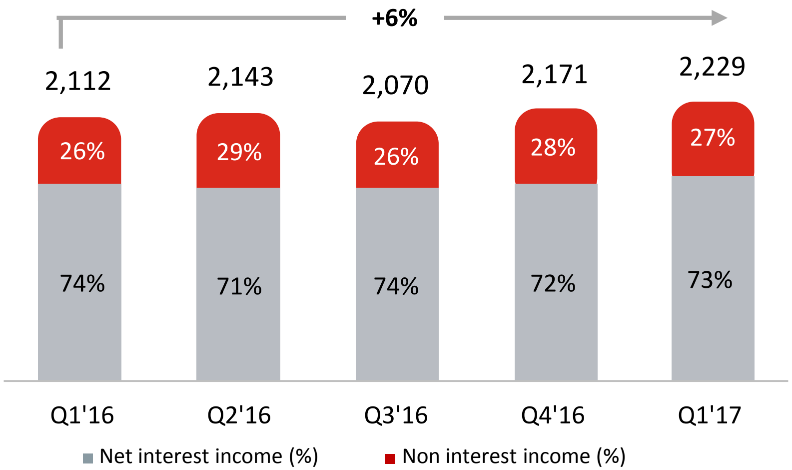
Robust growth in non-interest income providing a diversified revenue stream

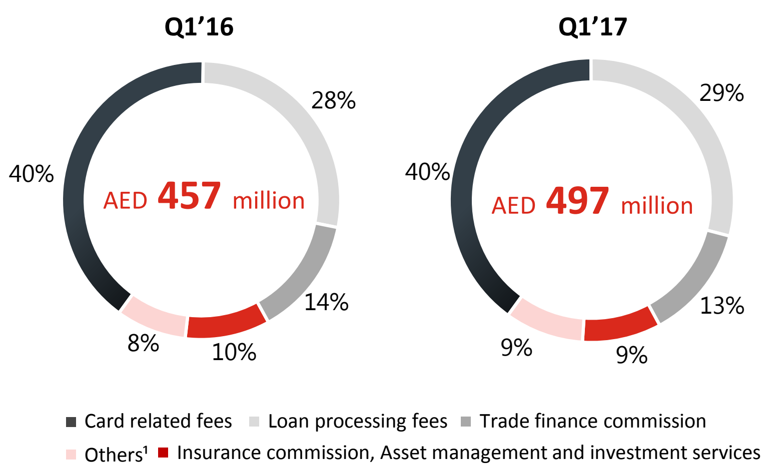
Operating income (AED million)



Highlights

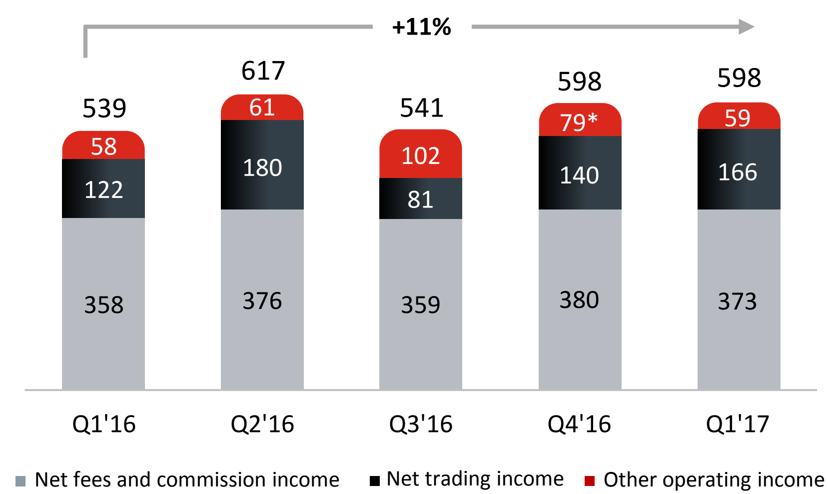
- Operating income of AED 2,229 million, increased 6% year on year and 3% quarter on quarter
- Non-interest income accounted for 26.8% of operating income in Q1’17 compared to 25.5% in Q1’16
- Non-interest income of AED 598 million, increased 11% year on year and was stable quarter on quarter
- Net fees and commission income of AED 373 million was up 4% year on year, primarily on account of loan processing fees, which grew 12% over Q1’16
- Trading income of AED 166 million increased 36% year on year, mainly driven by higher FX gains and derivative income

Gross fee income breakdown (AED million)



[1] Others include brokerage, fees from accounts related activities and other fees

Non-interest income (AED million)



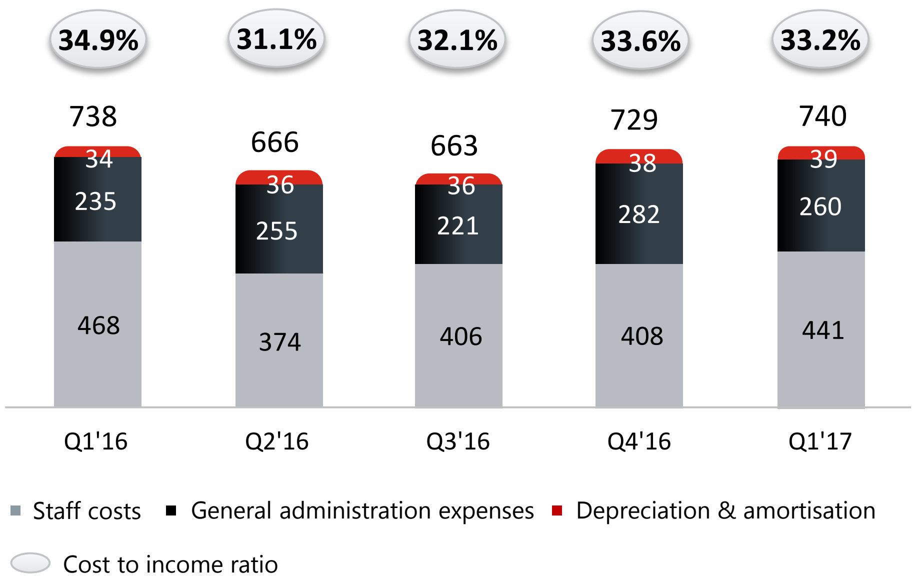
* Other income includes revaluation of investment properties of AED 16 million in Q4’16

Strict cost control management resulted in an improved cost to income ratio

Highlights

- Efficiently managed cost base, while continuing to reinvest in the business
- Cost to income ratio within our target range
- Operating expenses of AED 740 million remained flat year on year, resulting in a cost to income ratio of 33.2% for the quarter, compared to 34.9% in Q1’16
- Staff expenses were 60% of total operating expenses compared with 63% in Q1’16

Operating expenses (AED million)



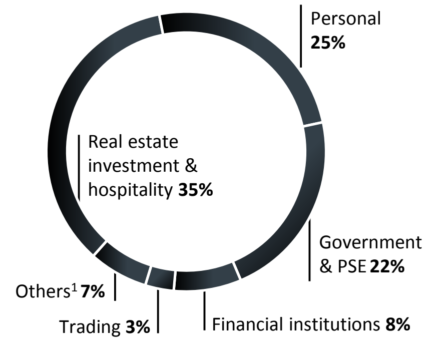
Healthy loan growth +6% and Islamic financing assets +25% YoY

Highlights

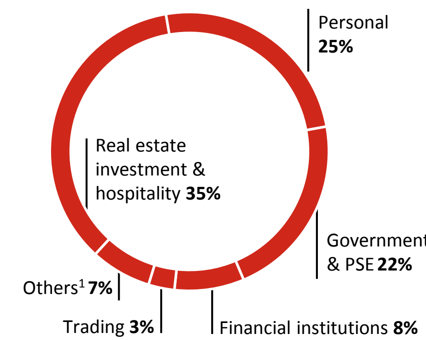
- Net loans to customers increased 6% year on year to AED 159,802 million, compared to system wide growth of 5.2% year on year*
- Net loans to customers comprised 61% of total assets (2016: 61%)
- Consumer Banking loans comprised 45% and Wholesale Banking loans comprised 55% of net loans
- 93% of loans were within the UAE in line with the Bank's UAE centric strategy
- 57% of loans (gross) were in Abu Dhabi, 30% were in Dubai and 7% in other Emirates as at 31 March 2017
- Personal loans comprised 25% of gross loans (2016: 25%)
- Islamic Banking continued to be a key driver of growth, with net Islamic financing assets up 25% year on year at AED 19,304 million as at 31 March 2017

Gross loans by economic sector

Dec'16
Gross loans = AED 164,400 million



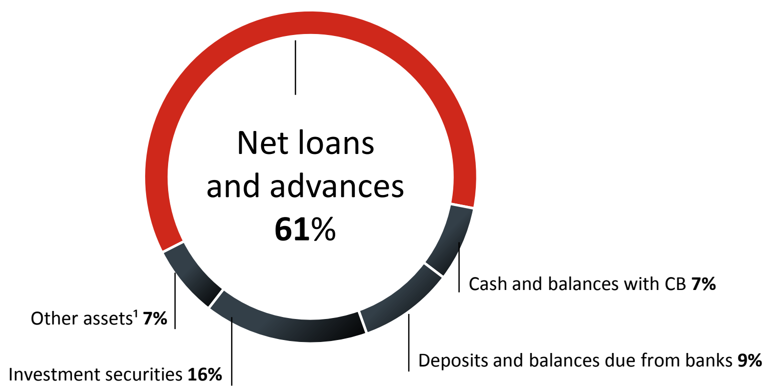
March'17
Gross loans = AED 165,814 million



[1] Others include agriculture, energy, transport, manufacturing and services

Composition of assets

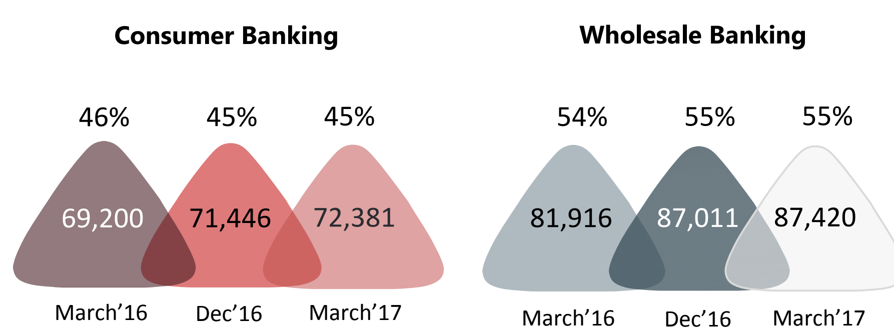
March'17
Total assets = AED 263,672 million



[1] Other assets include derivative financial instruments, investments in associate, investment properties, property and equipment (net), intangible assets and reverse repo placements

Net loans by business segment (AED million)

March'17
Net loans = AED 159,802 million



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

* Latest data available from the UAE Central Bank up to February 2017

Attracting customer deposits faster than the industry
Customer deposits +10% and Islamic deposits +13% YoY

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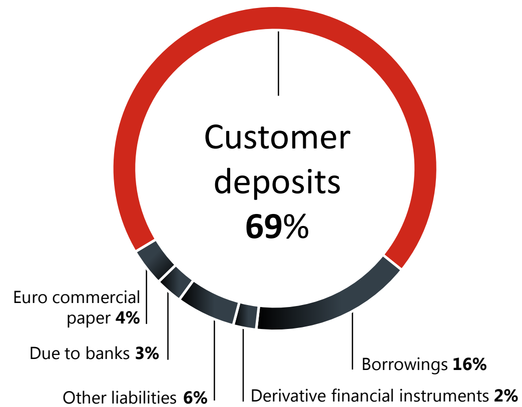
Highlights

- Customer deposits increased 10% year on year to AED 162,362 million, compared to system wide growth of 7.5% year on year*
- Customer deposits comprised 69% of total liabilities (2016: 68%)
- CASA comprised 44% of total customer deposits
- Consumer Banking deposits comprised 33%, Wholesale Banking deposits comprised 40% and Treasury comprised 27% of total customer deposits
- Total Islamic deposits increased 13% year on year to AED 13,112 million as at 31 March 2017

Composition of liabilities

March'17

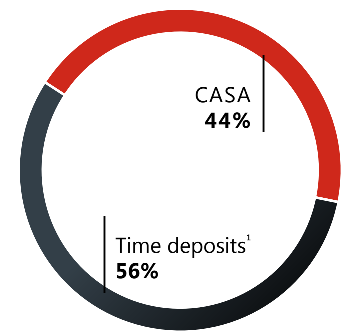
Total liabilities = AED 234,133 million



Customer deposit breakdown

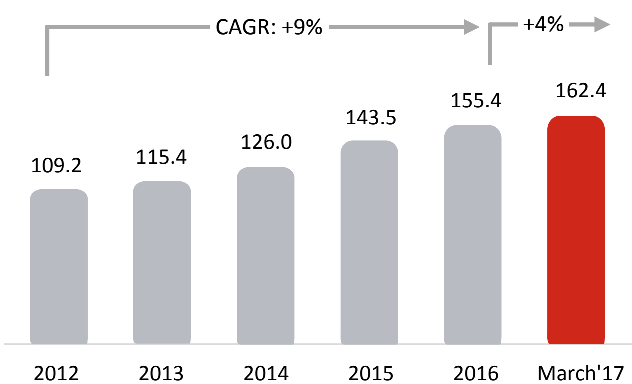
March'17

Customer deposits = AED 162,362 million

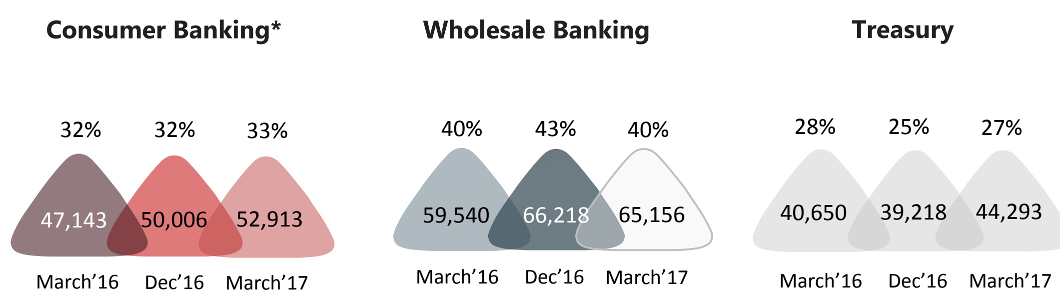


[1] Time deposits include long-term government and Murabaha deposits

Customer deposits (AED billion)



Contribution to total deposits by business segment (AED million)



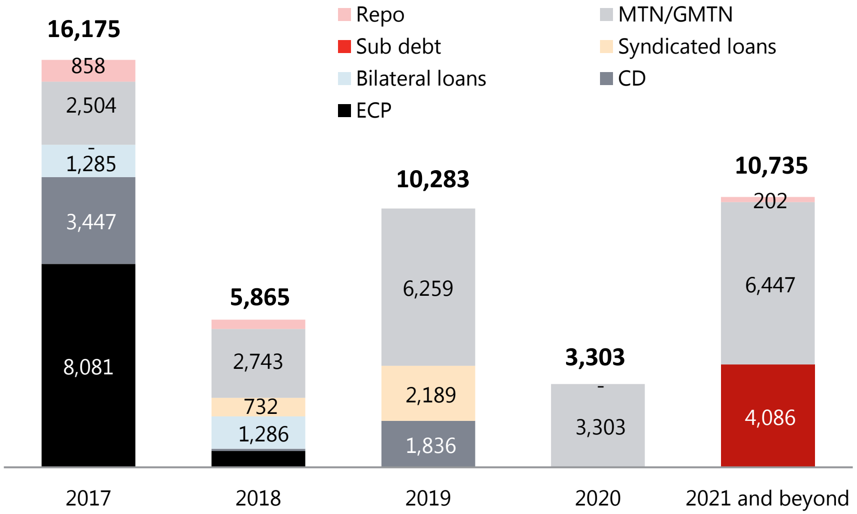
* Consumer banking includes retail and high net worth individuals and their businesses

* Latest data available from the UAE Central Bank up to February 2017

Wholesale funding and maturity profile
Diversified sources of funding by markets, tenors, currencies and products

Maturity profile

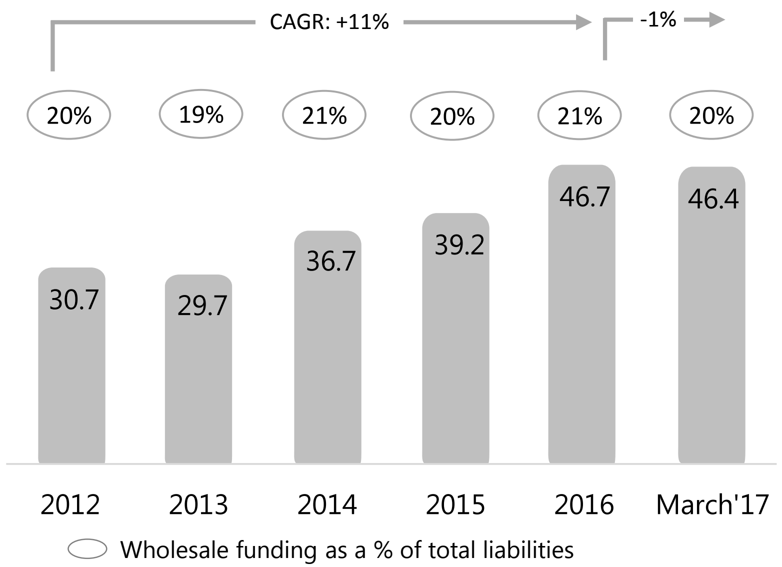
As at 31 March 2017 (AED million)



Wholesale funding split as at 31 March 2017

Source of funds	AED million
GMTN/EMTN	21,255
Subordinated debt	4,086
Euro Commercial paper	8,721
Borrowings through repurchase agreements	1,429
Bilateral loans	2,571
Syndicated loans	2,921
Certificate of Deposits	5,378
Total	**46,361**

Wholesale funding including Euro commercial paper (AED billion)



Wholesale funding including Euro Commercial Paper accounted for 20% of total liabilities, providing a stable, long-term and reliable source of funding

Net lender of

AED 21 bn*

in the interbank markets

(As at 31 March 2017)

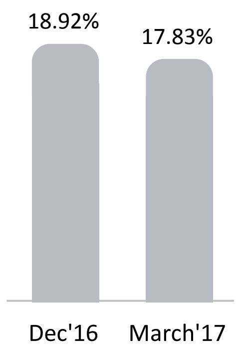
* Includes AED 5.9 billion of certificate of deposits with central banks

Robust capital ratios and high liquidity levels maintained

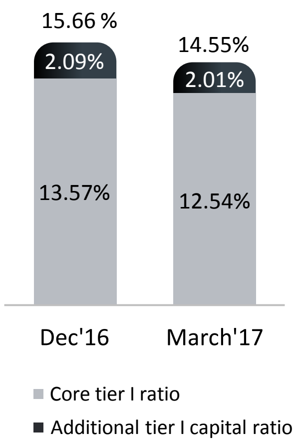
Highlights

- As at 31 March 2017, the Bank's capital adequacy ratio (Basel II) and Tier I ratios were 17.83% and 14.55% respectively, post dividend payment of AED 2.1 billion
- Core Tier I ratio was 12.54%, and total risk weighted assets were AED 199 billion
- Liquidity coverage ratio (LCR) at 31 March 2017 stood at 116%, compared to a minimum ratio of 80% prescribed by UAE Central Bank. ADCB was amongst the first banks approved by the Central Bank to publish the LCR ratio
- Liquidity ratio was 25.7% compared to 26.0% in December 2016
- Customer deposit growth outpaced loan growth, resulting in an improved loan to deposit ratio of 98.4% compared to 101.9% as at 31 December 2016

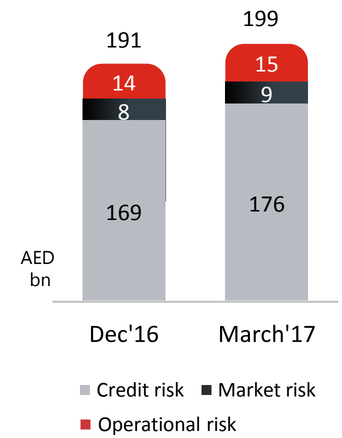
Capital adequacy ratio



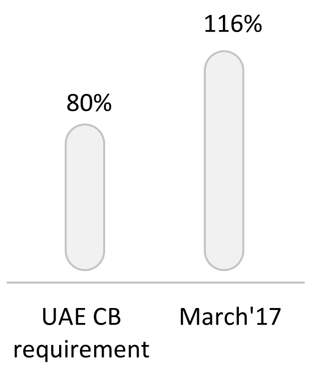
Tier I and core tier I ratios



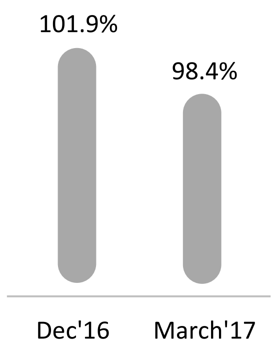
Risk weighted assets



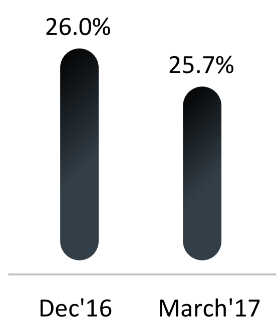
Liquidity coverage ratio



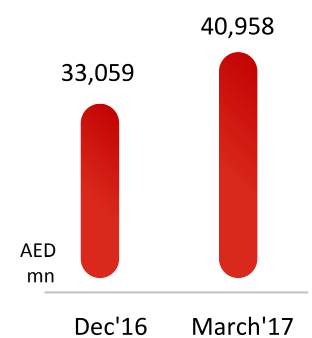
Customer loan to deposit ratio



Liquidity ratio*



Investment securities



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

Liquidity ratio: liquid assets/total assets

Investment securities, 99% of total portfolio invested in bonds

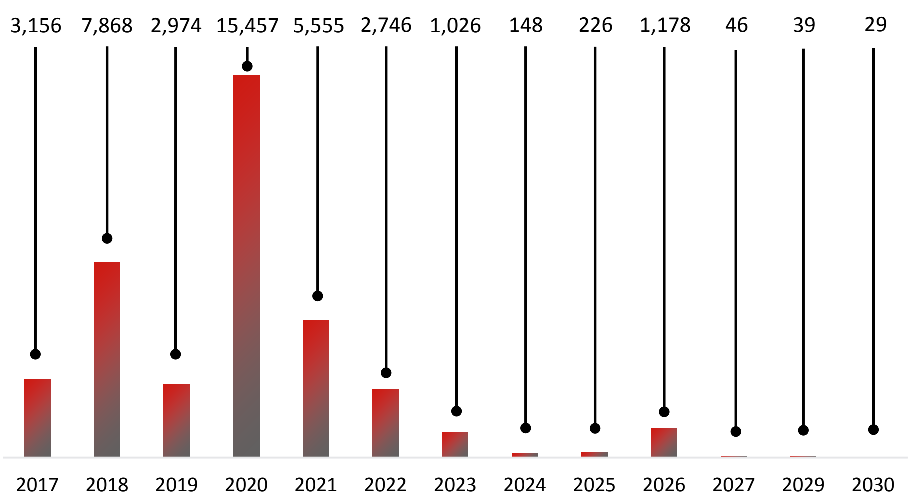
Highlights

- Investment securities increased to AED 40,958 million as at 31 March 2017, mainly attributable to increase in UAE government bonds
- 99% of the total portfolio was invested in bonds issued by government, public sector, banks, financial institutions and corporate
- Average life of the investment securities portfolio is 3.3 years
- 80% invested in the UAE and other GCC countries

Portfolio summary:

- 58% of the portfolio is invested in Government securities
- Non Government bond portfolio – 42% of total portfolio
  - Rated A- or better: 54%
  - Rated Investment grade (i.e. BBB+ to BBB-): 35%
  - Rated below IG (BB+ and below including unrated): 11%

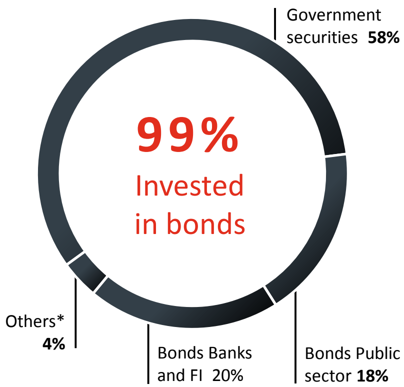
Maturity profile of investment securities portfolio (AED million)*



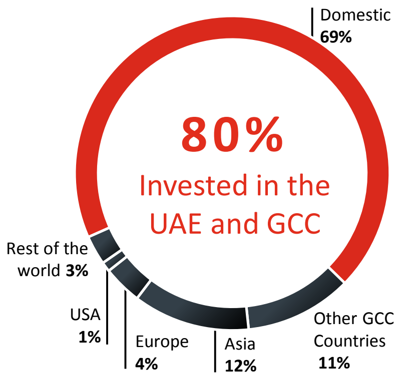
* Excluding investments in equity and funds

Investments

By issuer

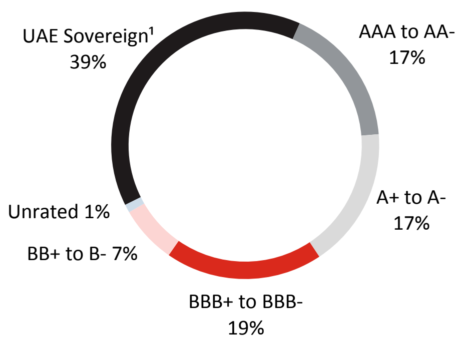


By region



* Include corporate bonds, equity instruments and mutual funds

Total bond portfolio = AED 40,447 million
Credit ratings as at 31 March 2017
(Standard & Poor's, or equivalent of Fitch or Moody's)



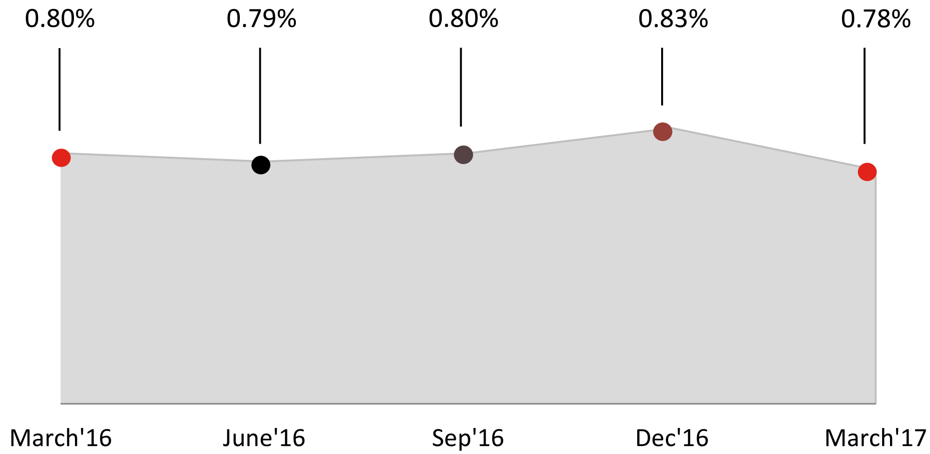
[1] UAE Sovereign internal rating mainly in Grade 2 and maps to external rating between AA to A

Healthy asset quality metrics

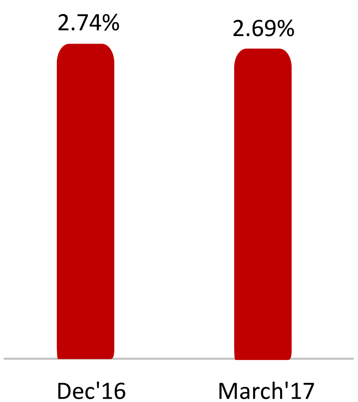
Highlights

- Non-performing loans (NPL) and provision coverage ratios were 2.69% and 132.5% respectively, compared to 2.74% and 129.9% as at 31 December 2016
- Non-performing loans were AED 4,569 million compared to AED 4,600 million as at 31 December 2016. Cost of risk was 0.78% compared to 0.83% in 2016, reflective of our prudent approach to challenging market conditions
- Total loan impairment charges, net of recoveries amounted to AED 386 million in Q1’17, compared to AED 365 million in Q1’16
- Collective impairment allowance balance was AED 3,164 million and 1.80% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank. Individual impairment allowance balances were AED 2,949 million as at 31 March 2017

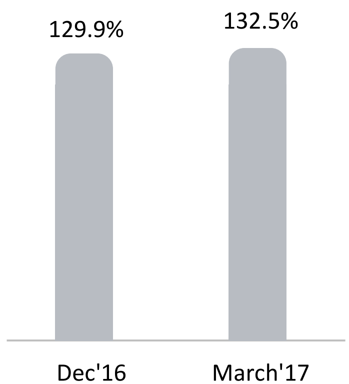
Cost of risk



Non-performing loan ratio



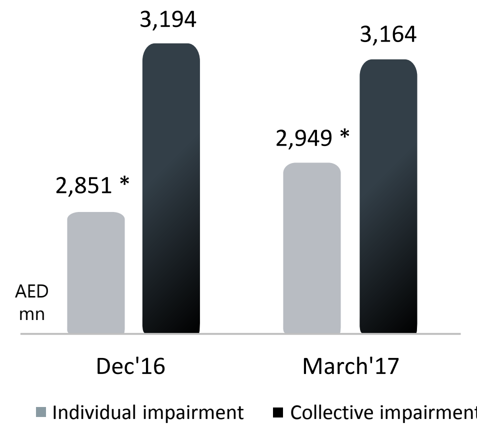
Provision coverage ratio[1]



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

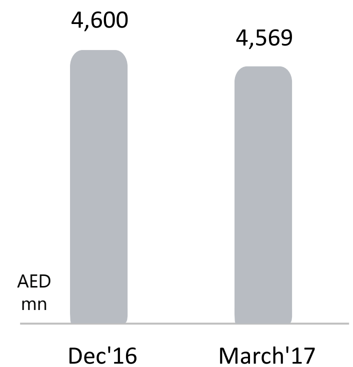
Impairment allowances

(Includes impairment allowances to banks)



* Includes provision for Dubai World exposure

Non-performing loans



2017 Awards

“Best Business Change or Transformation – Delivery of a Great Customer Experience Through Change” for Operational Excellence Framework ‘SIMPLean’

Gulf Customer Experience Awards

“Innovative Approach to Emiratisation to Deliver Exceptional Customer Experience” for Tamooha

Gulf Customer Experience Awards

“Best Trade Finance Bank in The U.A.E ”

Global Finance

“Best Insight and Feedback – Listening to Customers to Create an Impact” for Customer Experience and Research

Gulf Customer Experience Awards

“Five Star Cash Manager ”

Euromoney

“Best Contact Centre in the Region” for Contact Centre

Gulf Customer Experience Awards

“Best Employee Engagement in Financial Services” for the Human Resources Team

Gulf Customer Experience Awards

“Best Supply Chain Finance Bank in the Middle East”

Global Finance

“Mohammed Bin Rashid Al Maktoum Business Innovation Award”

“The Mohammed Bin Rashid Al Maktoum Business Innovation Awards”

“Outstanding Award for Business Innovation”

“The Mohammed Bin Rashid Al Maktoum Business Innovation Awards”

Balance sheet

AED million	March'17	Dec'16	Change %
Cash and balances with central banks	19,234	19,262	(0)
Deposits and balances due from banks, net#	24,301	24,664	(1)
Reverse-repo placements	324	1,525	(79)
Investment securities	41,587	33,478	24
Loans and advances to customers, net	159,802	158,458	1
Other assets*	18,424	20,903	(12)
Total assets	**263,672**	**258,289**	**2**
Due to banks	6,301	3,843	64
Deposits from customers	162,362	155,442	4
Euro commercial paper	8,721	8,729	(0)
Borrowings	37,640	38,015	(1)
Other liabilities**	19,110	21,910	(13)
Total liabilities	234,133	227,938	3
Total shareholders' equity	29,539	30,351	(3)
Non -controlling interests	0	0	NM
Total liabilities and shareholders' equity	**263,672**	**258,289**	**2**

Note: #Deposits and balances due from banks include AED 3.7 bn as at March 31, 2017 (AED 3.6 bn as at December 31, 2016) of loans to banks that were earlier reported under loans and advances to customers, net.

*Other assets include derivative financial instruments, investment in associate, investment properties, property and equipment (net), intangible assets.
**Other liabilities include derivative financial instruments.

There could be inconsistencies in totals due to rounding differences

Income statement

AED million	Q1'17	Q1'16	Change %
Interest income and income from Islamic financing	2,390	2,098	14
Interest expense and profit distribution	(759)	(525)	45
Net interest and Islamic financing income	**1,631**	**1,573**	**4**
Net fees and commission income	373	358	4
Net trading income	166	122	36
Other operating income	59	58	0
Non interest income	**598**	**539**	**11**
Operating income	**2,229**	**2,112**	**6**
Staff expenses	(441)	(468)	(6)
Other operating expenses	(260)	(235)	11
Depreciation	(39)	(34)	13
Operating expenses	**(740)**	**(738)**	**0**
Operating profit before impairment allowances & taxation	**1,489**	**1,374**	**8**
Impairment allowances	(386)	(352)	10
Share in profit of associate	3	2	NM
Overseas income tax expense	(1)	(2)	(73)
Net profit	**1,105**	**1,021**	**8**
Attributed to:			
Equity holders of the Parent	1,105	1,020	8
Non-controlling interests		1	
Net Profit	**1,105**	**1,021**	**8**

There could be inconsistencies in totals due to rounding differences

Leading Through

AMBITION + DISCIPLINE

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