

The background of the slide features a large, stylized watermark of the Abu Dhabi Commercial Bank logo in a light red color. The logo is composed of intricate, interlocking geometric shapes, including lines and circles, forming a complex pattern. The watermark is set against a background of a red, wavy, textured surface that resembles a topographical map or a stylized landscape. Below this, a white, wavy shape separates the red background from a blue sky with white clouds.

# Abu Dhabi Commercial Bank PJSC

**Q2'13**

## **Earnings Presentation**

30 July 2013

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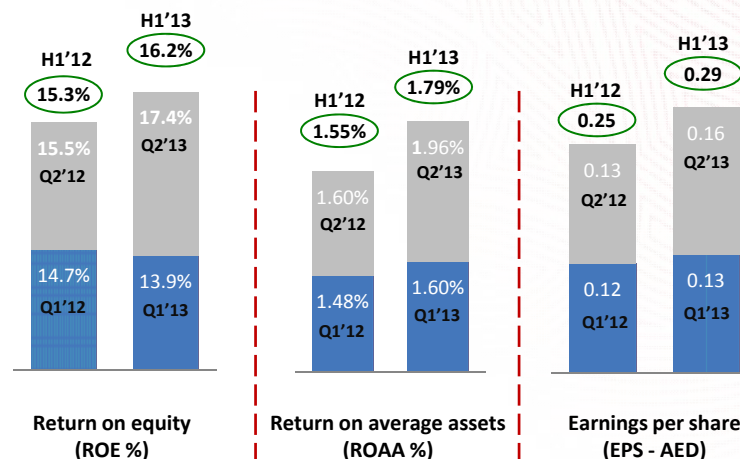
## June'13 highlights...

### Conservatively managed balance sheet

AED mn	June'13	Dec'12	Change %
Net loans	125,410	123,195	2
Investment securities	19,247	18,713	3
Total assets	175,453	180,796	(3)
Customer deposits	111,399	109,217	2
Borrowings	21,942	26,140	(16)
Shareholders' equity	23,101	24,270	(5)
Ratios (%)		Change (bps)	
CAR	20.96	23.05	(209)
Tier I	16.35	17.47	(112)
LTD	112.58	112.80	(22)

- Disciplined loan growth, +2% YTD
- Customer deposits +2% YTD, CASA deposits increased from 33% in Dec'12 to 39% of total deposits<sup>1</sup>
- Stable LTD at 112.58%
- Total assets declined 3%, on account of lower acceptances
- Lower CAR of 20.96% on account of the share buy back

### Strong performance indicators



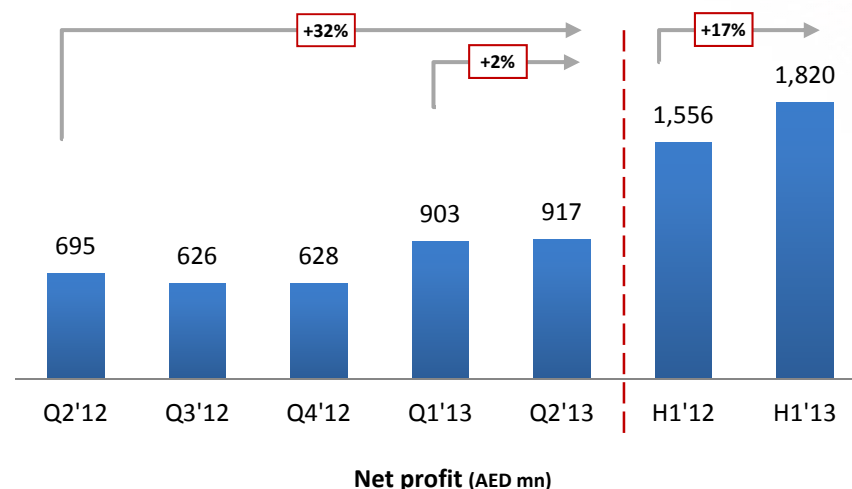
### Generating consistent and quality earnings

AED mn	H1'13	H1'12	Change %
Total net interest income <sup>2</sup>	2,720	2,605	4
Non - interest income	1,016	777	31
Operating income	3,735	3,382	10
Operating expenses	(1,083)	(1,043)	4
Operating profit	2,653	2,339	13
Impairment allowances	(829)	(779)	6
Overseas income tax	(4)	(4)	(15)
Net profit	1,820	1,556	17

- Net profit of AED 1,820 mn, +17% YoY
- Cost of funds improved significantly
- Non- interest income +31% YoY, primarily due to the retirement of financial liabilities and associated hedges on the repayment of the Tier 2 loan and consolidation of funds

- Operating expenses held stable
- Higher impairment allowances on account of increased portfolio provisions
- Significantly improved ROE and EPS as a result of the share buy back and improved financial performance

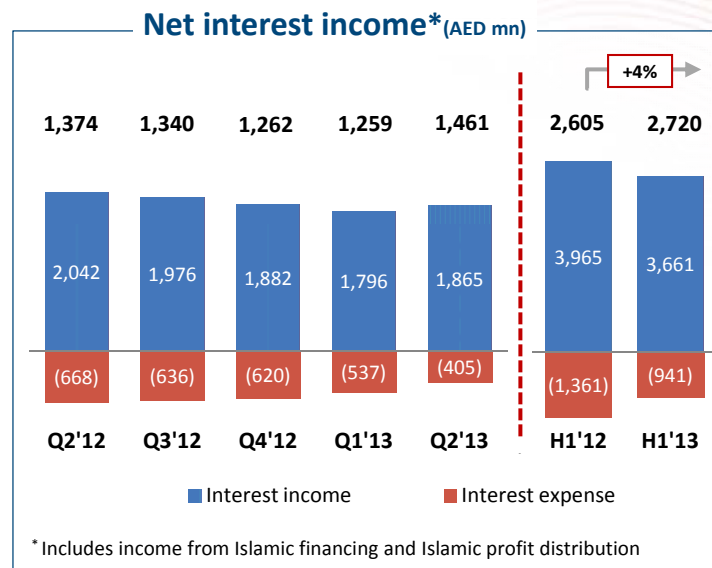
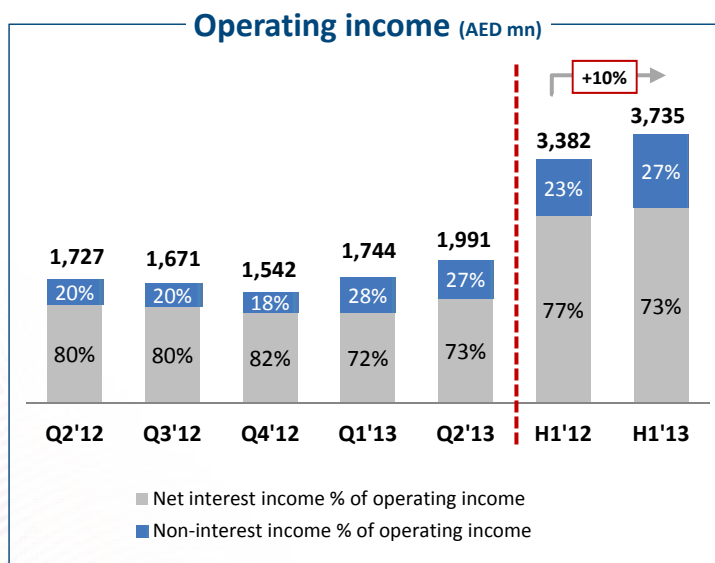
### Sustainable profitability



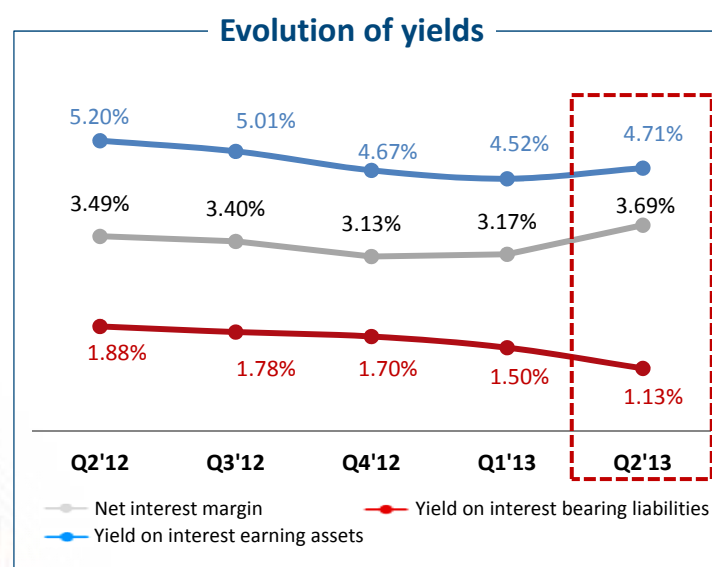
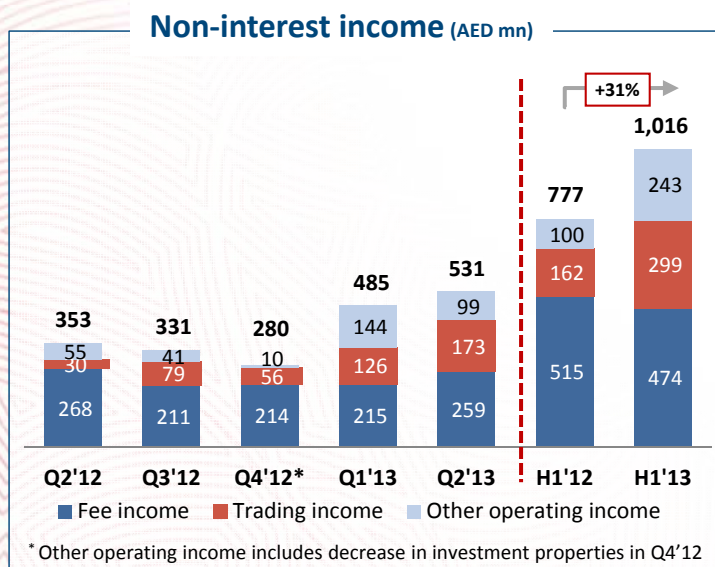
ADCB early adopted IFRS 10 with a date of initial application of January 1, 2012. Accordingly, the comparative information of all the quarters for the year 2012 has been restated. Overall annual income statement for 2012 remains unchanged. For further details please refer to Note 2.1 of the Financial Statements for the period ended 30 June 2013.

<sup>1</sup> Includes Islamic CASA deposits <sup>2</sup> Includes income from Islamic financing and Islamic profit distribution.

# Solid revenue growth, Significant decline in cost of funds...

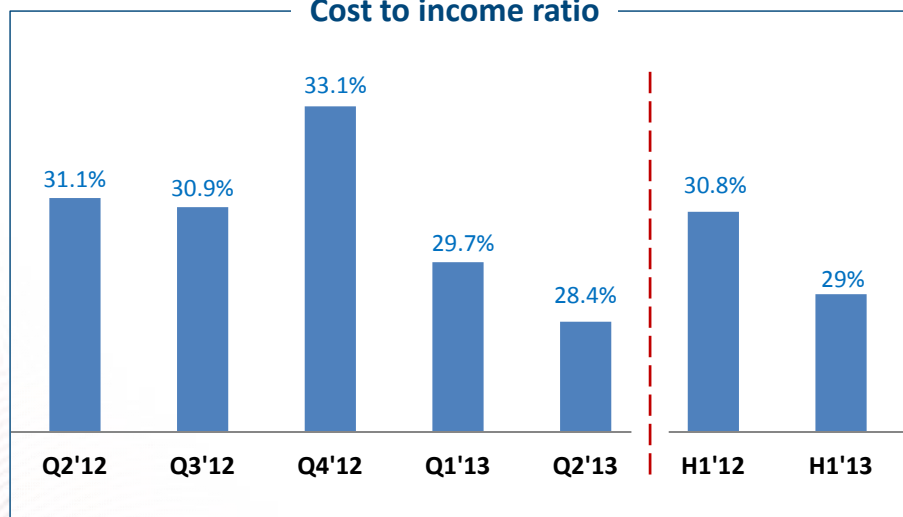


- ### Highlights
- Record quarterly operating income at AED 1,991 mn
  - H1'13 net interest income 4% higher YoY, primarily driven by 31% reduction in cost of funds
  - Q2'13 cost of funds reported at lowest level at 1.13%
  - H1'13 non-interest income 31% higher primarily due to retirement of financial liabilities and associated hedges on the repayment of Tier 2 loan and consolidation of funds
  - H1'13 net fee and commission income 8% lower YoY, on account of higher reward accruals

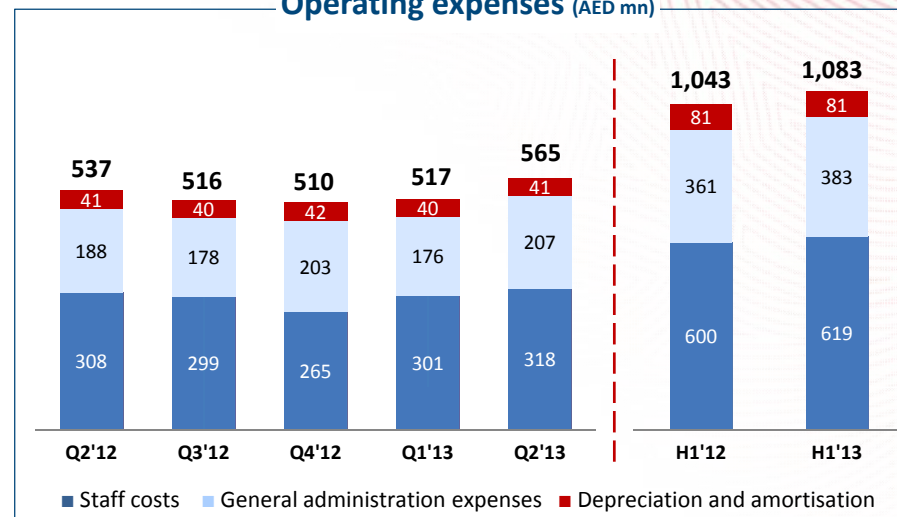


## Sustained discipline in cost management, Cost to income ratio significantly lower...

### Cost to income ratio



### Operating expenses (AED mn)



### Branch network

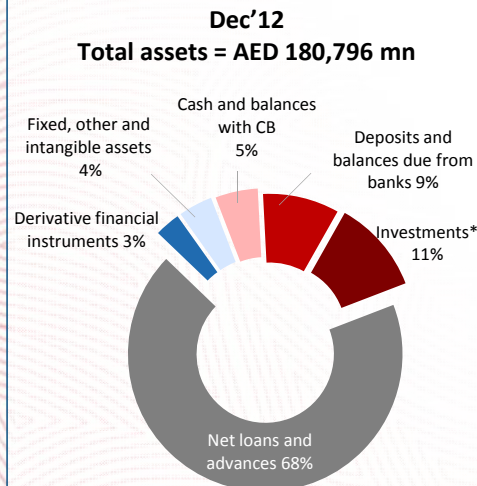
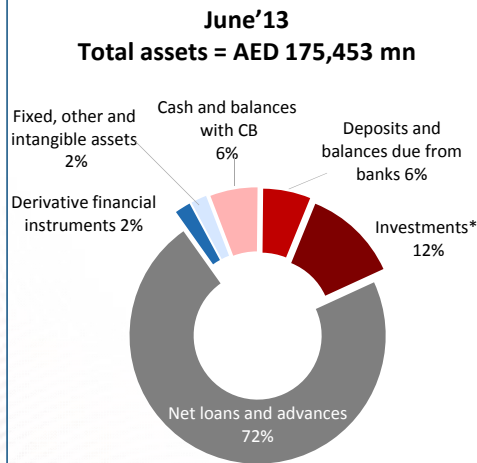
Branches	2010	2011	2012	March'13	June'13
UAE – traditional branches	46	48	50	50	50
UAE – pay offices	4	4	4	3	3
India	2	2	2	2	2
Jersey	-	1	1	1	1
Total	53	56	57	56	56
ATMs	265	294	299	308	313

### Highlights

- H1'13 cost to income ratio improved to 29% from 30.8% in H1'12
- Q2'13 cost to income ratio improved to 28.4% from 31.1% in Q2'12
- H1'13 operating expenses increased 4% over H1'12
- Q2'13 operating expenses increased 5% over Q2'12

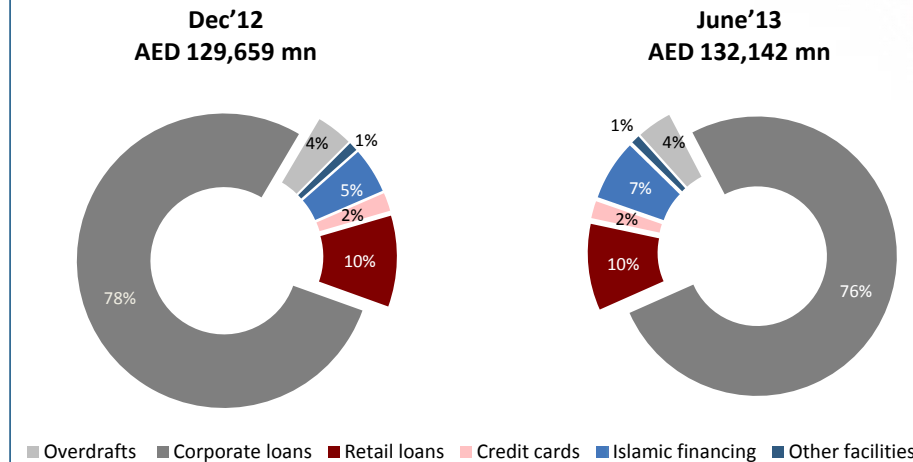
## Disciplined balance sheet management...

### Composition of assets

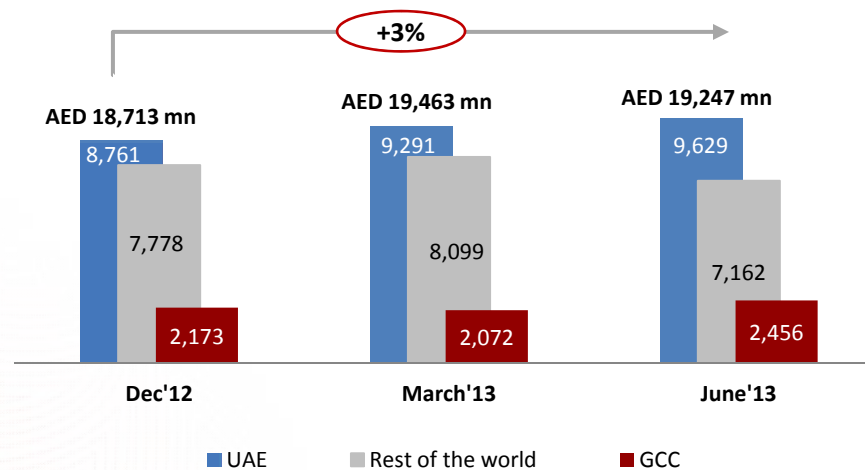


\* Investments include: investment securities, trading securities, investment properties

### Gross loans & advances by type



### Investments securities (AED mn)



### Highlights

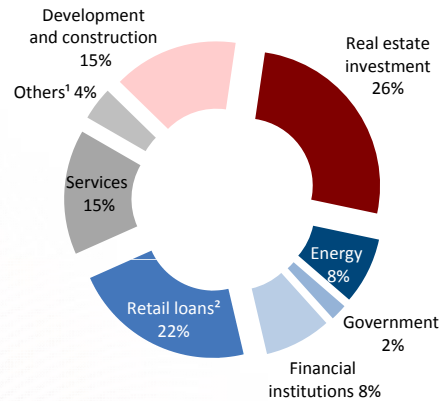
- Total assets at AED 175,453 mn, 3% lower year to date primarily due to lower acceptances
- Net loans and advances as a percentage of total asset at 72% compared with 68% as at 31 Dec'12
- Islamic financing up 49% over 31 Dec'12 at AED 9,844 mn
- Investment securities portfolio up 3% over 31 Dec'12 at AED 19,247 mn
- 98.5% of the investment portfolio invested in bonds providing a liquidity pool for the Bank

## Controlled loan growth, UAE centric focus...

### Gross loans by industry

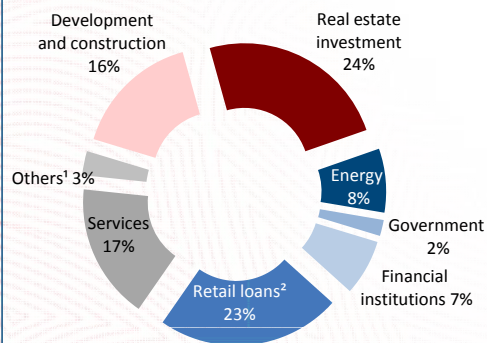
June'13

Gross loans = AED 132,142 mn



Dec'12

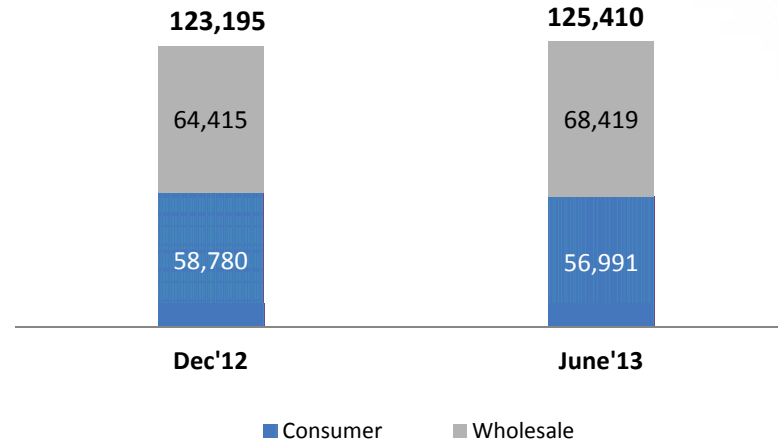
Gross loans = AED 129,659 mn



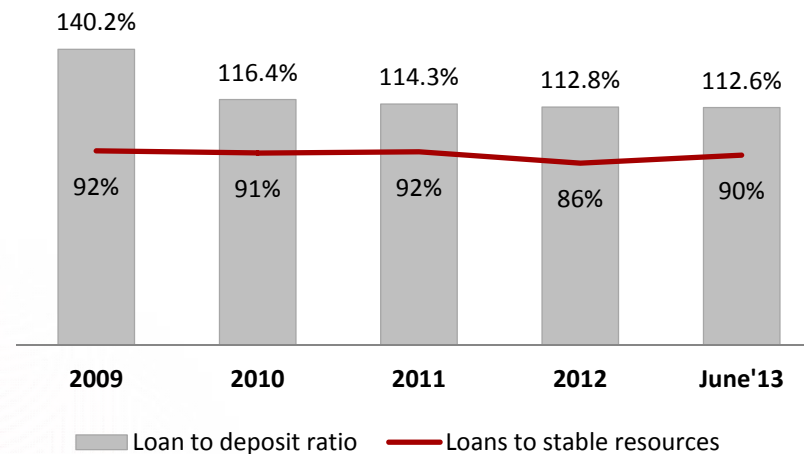
<sup>1</sup> Agriculture, trading, manufacturing and transport

<sup>2</sup> Retail loans include personal retail loans and personal collateralised loans

### Evolution of loans, net (AED mn)



### Loan portfolio and deposit base

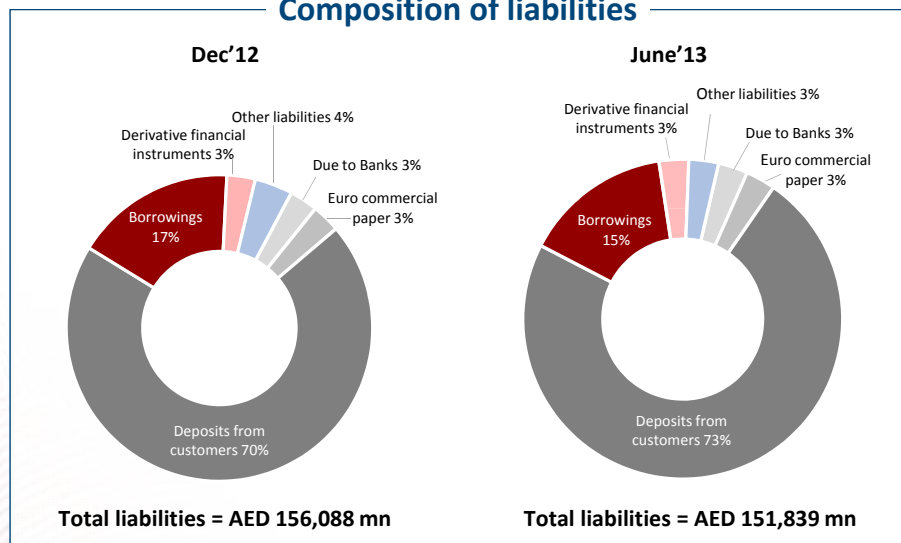


### Highlights

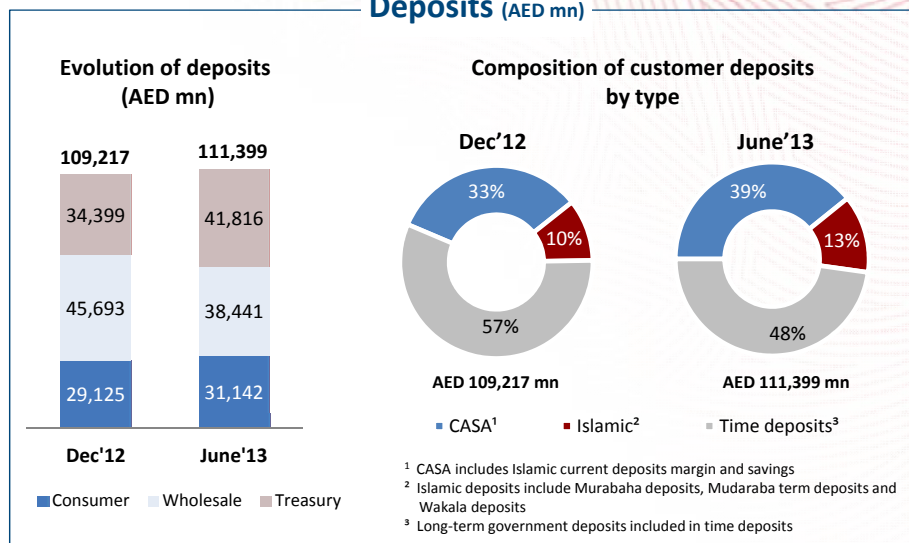
- Disciplined loan growth, up +2% over Dec'12, gross loans at AED 132,142 mn compared with AED 129,659 mn as at 31 Dec'12
- Strong domestic focus, with 96% of gross loans within UAE (31 Dec'12: 96%)
- Loan to deposit ratio stable at 112.6%
- Share of retail portfolio: 22% of gross loans

# Strong growth in CASA deposits, Shift in funding mix...

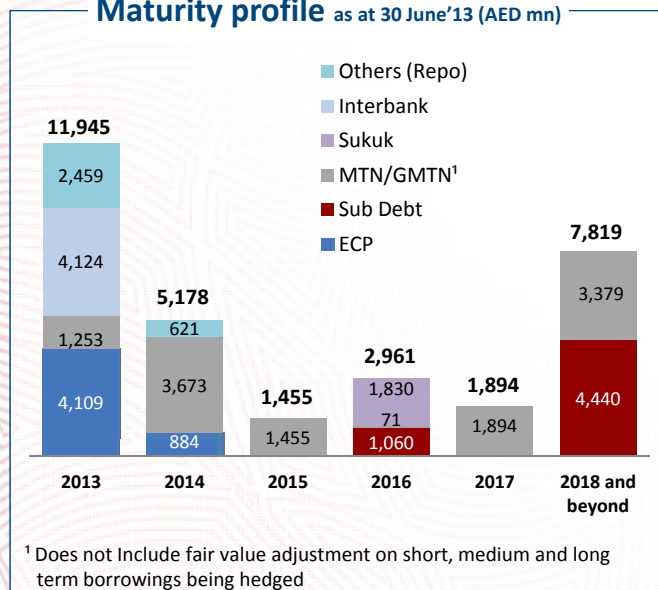
## Composition of liabilities



## Deposits (AED mn)



## Maturity profile as at 30 June'13 (AED mn)



## Wholesale funding split (30 June'13)

Source of funds	AED mn
GMTN/EMTN <sup>1</sup>	11,729
Sub. Debt	5,442
Interbank	4,881
Euro Commercial paper	4,993
Others (Repo)	3,080
Islamic Sukuk Notes	1,830
<b>Total</b>	<b>31,955</b>

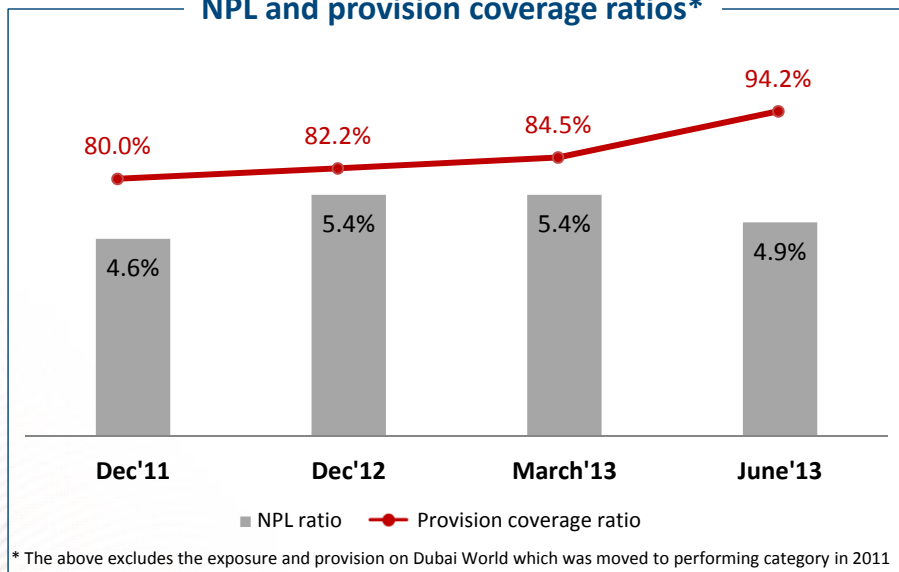
## Highlights

- Deposit from customers/total liabilities increased to 73% as at 30 June 2013 compared with 70% as at 31 Dec'12
- Customer deposits up 2% over 31 Dec'12 at AED 111,399 mn
- Continued focus on CASA deposit growth, contributing to 39% of total deposits compared with 33% as at 31 Dec'12
- Wholesale funding at AED 32 bn as at 30 June 2013

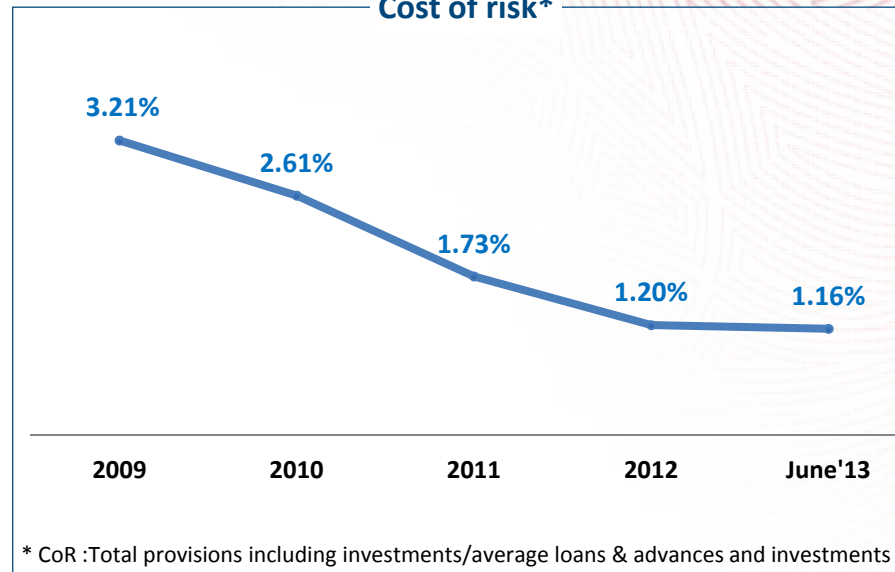


# Improved asset quality, Credit risk costs heading lower...

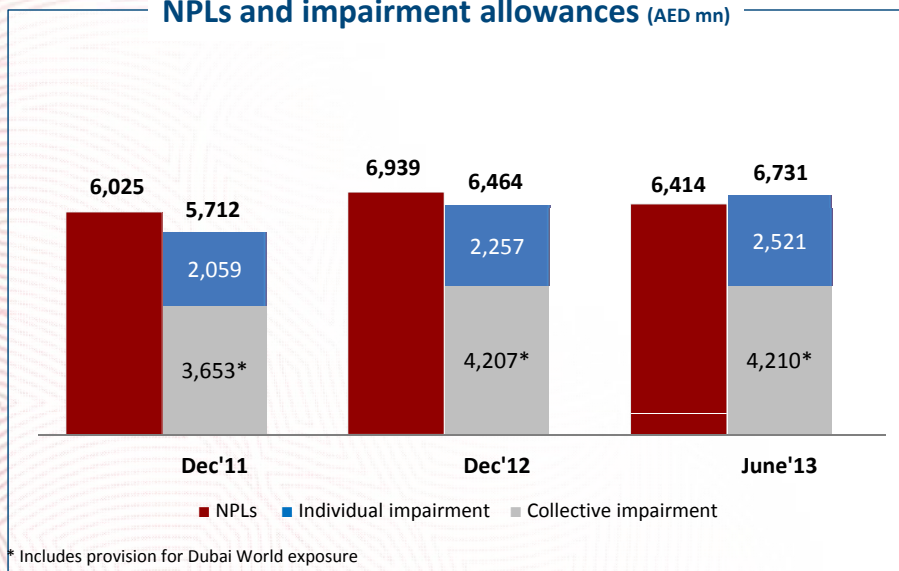
### NPL and provision coverage ratios\*



### Cost of risk\*



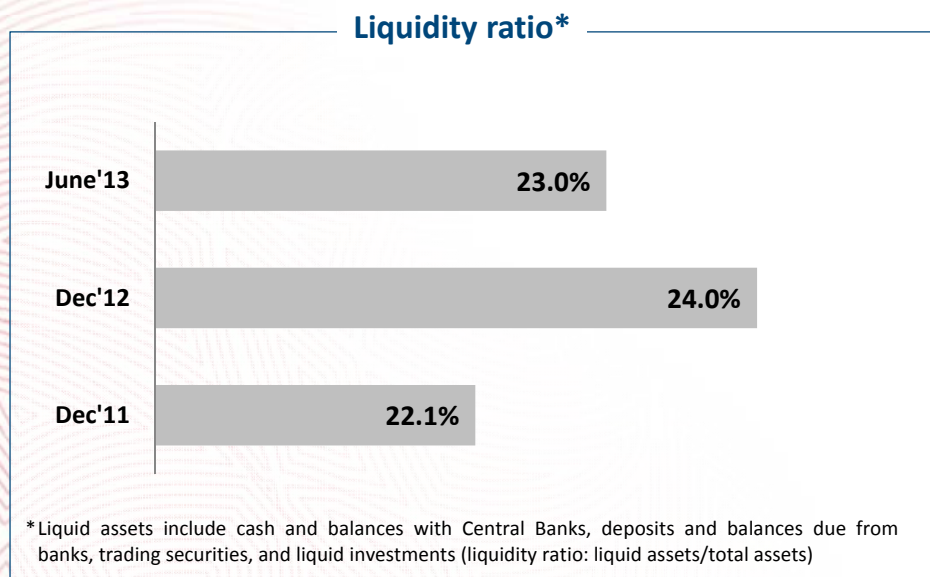
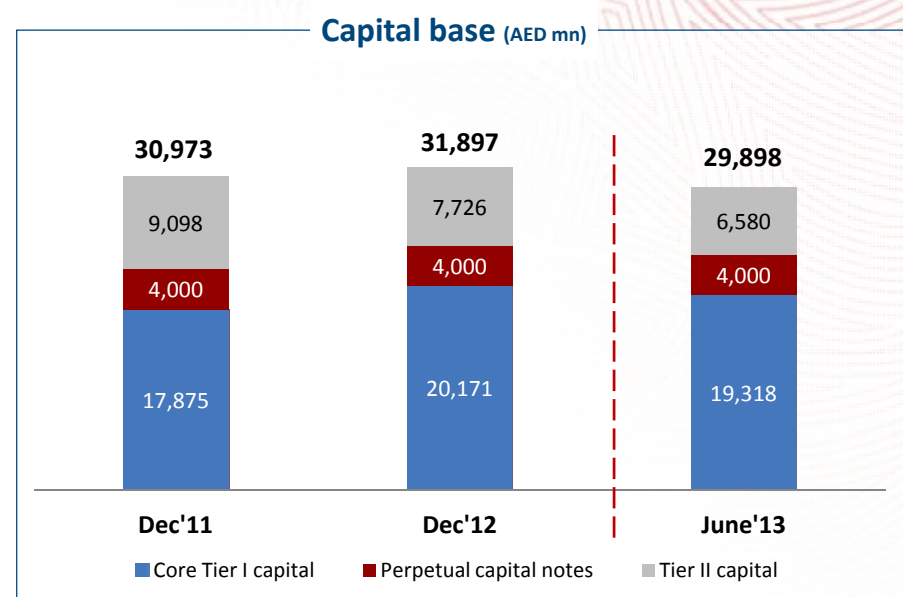
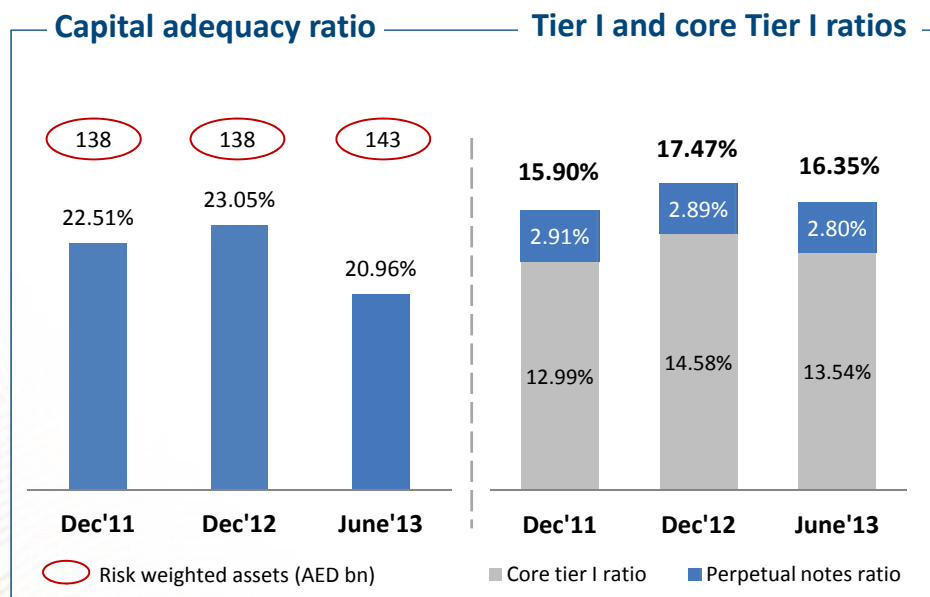
### NPLs and impairment allowances (AED mn)



### Highlights

- Non-performing loan ratio improved to 4.9% from 5.4% as at 31 Dec'12, non-performing loans were at AED 6,414 mn compared with AED 6,939 mn as at 31 Dec'12
- Provision coverage ratio improved to 94.2% from 82.2% as at 31 Dec'12, on account of increased portfolio provisions
- Portfolio impairment allowance balance 1.95% of credit risk weighted assets at AED 2,521 mn as at 30 June'13
- In H1'13, charges for impairment allowance on loans and advances, net of recoveries amounted to AED 855 mn, an increase of 14% year on year, primarily on account of increased portfolio impairment provisions

# Strong capital base, opened the door to share buyback and repayment of Tier 2 Debt from the MOF...



- ### Highlights
- The Bank bought back 262,981,483 ordinary shares at a total consideration of AED 1,158 mn, which resulted in a lower CAR of 20.96% and Tier I of 16.35% as at 30 June 2013
  - Subsequent to the reporting date, the Bank bought an additional 77,620,129 ordinary shares at a total consideration of AED 378 mn. As at 30 July 2013, the Bank bought back 6.1% of its issued share capital (equivalent to 340.6 mn ordinary shares)
  - The bank repaid the entire amount of Tier 2 loan (AED 6.6 bn) from the Ministry of Finance in the first half of 2013
  - Net interbank lender of AED 9 bn as at 30 June 2013

## Summary

- Delivering both top and bottom line growth whilst maintaining a disciplined approach to balance sheet management
- Record quarterly revenues and operating profit
- Strengthened funding profile, growing CASA deposits and lower cost of funds
- Focus on improving operational efficiency, cost to income ratio improved significantly
- Higher non-interest income primarily due to retirement of financial liabilities and associated hedges and consolidation of funds
- Improved cost of risk, lower NPLs and improved provision coverage ratios on account of increased portfolio provisions
- ROE and EPS significantly improved as a result of the share buy back and improved financial performance

# Appendix

## Awards - 2013

### "ISO 9001:2008 certification"

As recognition of the quality management system standard of the bank achieved by ADCB's Group Business Services division



January 2013

### "Best Bank in Payments and Collections" in the Middle East region and "Best Bank in Trade Finance in the UAE"

by



February 2013

### "Trade Finance Bank of the Year"

by

Trade & Export Excellence Awards 2013 (CPI)



February 2013

### Human Resources Development Award in Emiratization in the banking industry

by The Emirates Institute for Banking & Financial Studies (EIBFS)



February 2013

### "Best New SME Product", "Best Trade Finance Offering" "Best Cash Management"



March 2013

### "ISO 14001 and OHSAS 18001 Certification"

Abu Dhabi Commercial Engineering Services (ADCE), a subsidiary of ADCB, has been awarded ISO certification for its Environmental practices and OHSAS certification for its Occupational Health and Safety practices



April 2013

- **Winner of Deal of the Year 2013:**  
Middle East - Restructuring Category - Global Investment House  
\$1.7bn Restructuring Deal

- **Winner of Deal of the Year 2013:**  
Middle East - Islamic Finance Category Jebel Ali Free Zone \$2 bn  
Sukuk refinancing, UAE



May 2013

### "Best corporate governance of any company in the UAE' award"

by World Finance, placing ADCB amongst many well-known global blue chip companies



March 2013

### "Highly Commended for the Best Trade Bank in the Middle East and North Africa"

by

by Trade Finance Excellence Awards 2013



June 2013

### "Best Transaction Bank" and "Best Corporate Bank"

by Banker Middle East Industry Awards 2013



June 2013

### "Best Trade Bank in the Middle East – Silver"

By TFR Excellence Awards 2013



June 2013

## Balance sheet

AED million	June'13	Dec'12	Change (%)
Cash and balances with Central Banks	10,683	9,338	14
Deposits and balances due from banks	11,077	16,517	(33)
Loans and advances, net	125,410	123,195	2
Derivative financial instruments	4,043	4,993	(19)
Investment securities	19,860	19,355	3
Investment in associates	-	-	0
Investment properties	547	529	3
Other assets	2,946	5,926	(50)
Property and equipment, net	811	850	(5)
Intangibles assets	76	92	(17)
<b>Total assets</b>	<b>175,453</b>	<b>180,796</b>	<b>(3)</b>
Due to Central Bank	10	-	0
Due to banks	4,881	4,411	11
Euro Commercial Paper	4,993	4,557	10
Deposits from customers	111,399	109,217	2
Borrowings	21,942	26,140	(16)
Derivative financial instruments	4,481	4,768	(6)
Other liabilities	4,132	6,995	(41)
<b>Total liabilities</b>	<b>151,839</b>	<b>156,088</b>	<b>(3)</b>
Total shareholders' equity	23,101	24,270	(5)
Non -controlling interests	513	438	17
<b>Total liabilities and shareholders' equity</b>	<b>175,453</b>	<b>180,796</b>	<b>(3)</b>

## Income statement

AED million	June'13	June'12	Change (%)
Interest and income from Islamic financing	3,661	3,965	(8)
Interest expense and profit distribution	(941)	(1,361)	(31)
<b>Net interest and Islamic financing income</b>	<b>2,720</b>	<b>2,605</b>	<b>4</b>
Net fees and commission income	474	515	(8)
Net trading income	299	162	84
Other operating income	243	100	142
<b>Non interest income</b>	<b>1,016</b>	<b>777</b>	<b>31</b>
<b>Operating income</b>	<b>3,735</b>	<b>3,382</b>	<b>10</b>
Staff expenses	(619)	(600)	3
Other operating expenses	(383)	(361)	6
Depreciation	(65)	(65)	(1)
Amortisation of intangible assets	(16)	(16)	0
<b>Operating expenses</b>	<b>(1,083)</b>	<b>(1,043)</b>	<b>4</b>
<b>Operating profit before impairment allowances &amp; taxation</b>	<b>2,653</b>	<b>2,339</b>	<b>13</b>
Impairment allowances	(829)	(779)	6
<b>Profit before taxation</b>	<b>1,824</b>	<b>1,560</b>	<b>17</b>
Overseas income tax expense	(4)	(4)	(15)
<b>Net profit</b>	<b>1,820</b>	<b>1,556</b>	<b>17</b>
Attributed to:			
<b>Equity holders of the Parent</b>	<b>1,698</b>	<b>1,522</b>	<b>12</b>
Non controlling Interests	122	34	265
<b>Net Profit</b>	<b>1,820</b>	<b>1,556</b>	<b>17</b>