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AMBITION + DISCIPLINE



Abu Dhabi Commercial Bank PJSC

Q2/H1'16 Earnings presentation

July 2016



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Balance sheet highlights

Strong balance sheet driven by strategically targeted growth opportunities

Highlights (30 June 2016)

- ▶ Total assets grew 13% year on year and 5% year to date to AED 241 billion
- ▶ Net loans and advances to customers increased 13% year on year and 6% year-to-date to AED 155 billion, growing faster than system wide loan growth of 3.2% until May*
- ▶ In a tight liquidity environment, deposits from customers increased 13% year on year and 4% year to date to AED 149 billion, compared to system wide customer deposit growth of 2.3% until May*
- ▶ 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 5% to AED 66 billion over 31 December 2015 and comprising 44.5% of total deposits (Dec'15: 44.1%)
- ▶ Investment securities increased 18% year to date to AED 25 billion, mainly driven by an increase in UAE government bonds
- ▶ Loan to deposit ratio from customers was 103.9% and advances to stable resources were 89.4% as at 30 June 2016
- ▶ As at 30 June 2016, capital adequacy and tier I ratios were 18.40% and 15.07% respectively. The decline in CAR was mainly on account of balance sheet growth. Total equity strengthened by AED 1.8 billion year on year to AED 28.5 billion as at 30 June 2016

Balance sheet highlights (AED million)	June'16	Dec'15	June'15	Change%	
				YTD	YoY
Loans and advances to customers, net ¹	154,853	146,250	137,322	6	13
Investment securities	24,680	20,864	23,155	18	7
Total assets	240,752	228,267	212,181	5	13
Deposits from customers	149,055	143,526	131,643	4	13
Borrowings	32,690	33,472	32,897	(2)	(1)
Total equity	28,531	28,733	26,775	(1)	7
Ratios (%)	June'16	Dec'15	June'15	bps	bps
CAR (Capital adequacy ratio)	18.40	19.76	19.80	(136)	(140)
Tier I ratio	15.07	16.29	16.10	(122)	(103)
Advances to stable resources	89.4	88.2	88.1	120	130

Figures may not add up due to rounding differences

¹ During the period, loans and advances to banks have been 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 years were reclassified to conform to current period's presentation

* Latest data available from the UAE Central Bank up to May 2016

Income statement highlights

Resilient performance despite challenging market conditions

Operating performance (30 June 2016)

Half year comparison: H1'16 vs. H1'15

- ▶ Net profit of AED 2,147 million was 15% lower year on year, primarily on account of higher funding costs and an increase in impairment charges
- ▶ Total net interest income of AED 3,099 million was 3% lower which was partially offset by higher non-interest income of AED 1,155 million, up 10% over H1'15. Interest expense for H1'16 was AED 1,129 million compared to AED 729 million in H1'15, impacted by higher funding costs, reflective of current market conditions
- ▶ Operating income of AED 4,255 million was 1% higher year on year. H1'15 benefited from significant recoveries and interest in suspense reversals which were not repeated in H1'16

Income statement highlights (AED mn)	Half yearly trend			Quarterly trend				
	H1'16	H1'15	Change% YoY	Q2'16	Q1'16	Q2'15	Q2'16 Change% QoQ YoY	
Total net interest and Islamic financing income	3,099	3,184	(3)	1,526	1,573	1,543	(3)	(1)
Non - interest income	1,155	1,050	10	617	539	498	14	24
Operating income	4,255	4,234	1	2,143	2,112	2,041	1	5
Operating expenses	(1,404)	(1,372)	2	(666)	(738)	(672)	(10)	(1)
Operating profit before impairment allowances	2,851	2,862	0	1,477	1,374	1,370	8	8
Impairment allowances	(703)	(325)	116	(351)	(352)	(84)	0	318
Share in profit/(loss) of associate	4	(0)	NA	2	2	(0)	NM	NA
Profit before taxation	2,151	2,537	(15)	1,128	1,023	1,286	10	(12)
Overseas income tax expense	(5)	(4)	7	(2)	(2)	(2)	NM	NM
Net profit for the period	2,147	2,532	(15)	1,126	1,021	1,283	10	(12)
Net profit attributable to equity shareholders	2,145	2,531	(15)	1,125	1,020	1,283	10	(12)

Figures may not add up due to rounding differences

Quarter on quarter comparison: Q2'16 vs. Q1'16

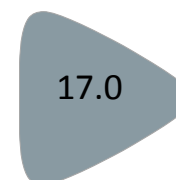
- ▶ Net profit of AED 1,126 million, up 10% quarter on quarter
- ▶ Operating income of AED 2,143 million, up 1% impacted by higher funding costs, while non-interest income of AED 617 million was up 14%, primarily driven by higher fees and trading income
- ▶ Operating profit before impairment allowances of AED 1,477 million, up 8% quarter on quarter benefiting from a tightly managed cost base

Key indicators (H1'16)

Earnings per share
(EPS – AED)



Return on average equity
(ROAE %)*



Return on average assets
(ROAA %)*

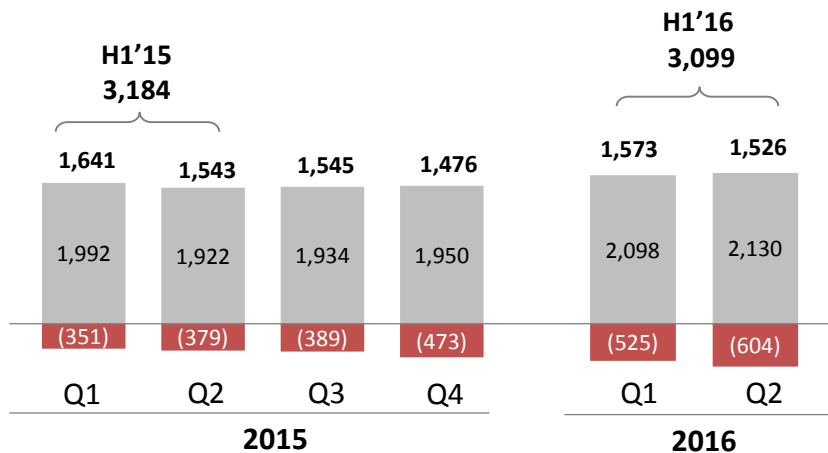


*Annualised, for ROE/ROA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

Increase in cost of funds reflective of current market conditions

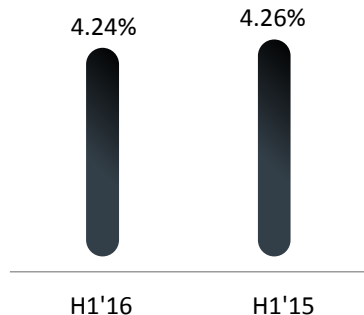
Net interest and Islamic financing income (AED million)

■ Interest income ■ Interest expense

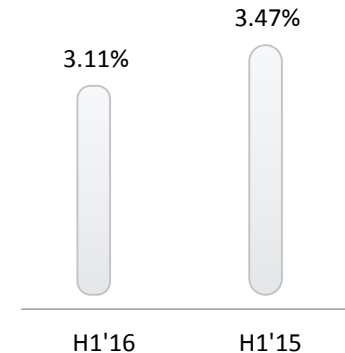


Evolution of NIMs & yields

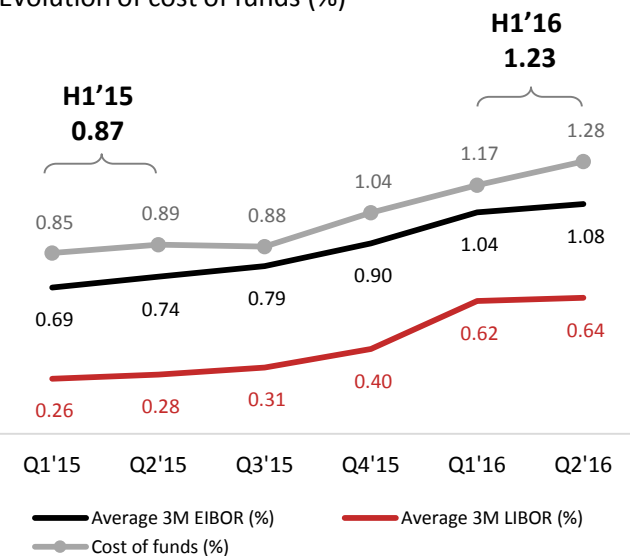
Yield on interest earning assets



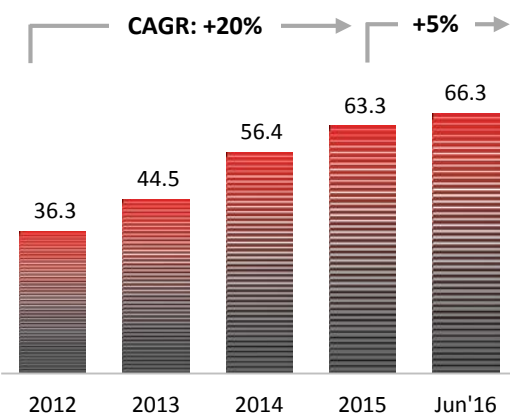
Net interest margin



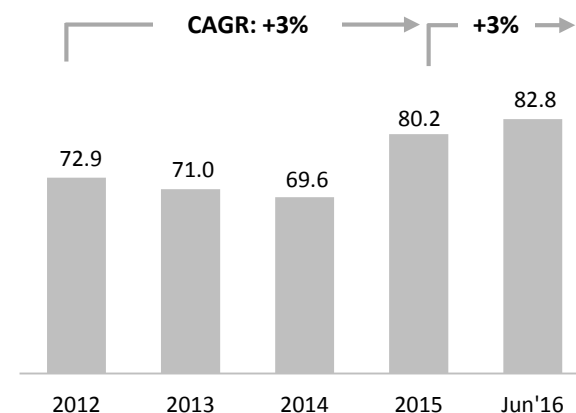
Evolution of cost of funds (%)



CASA deposits (AED billion)



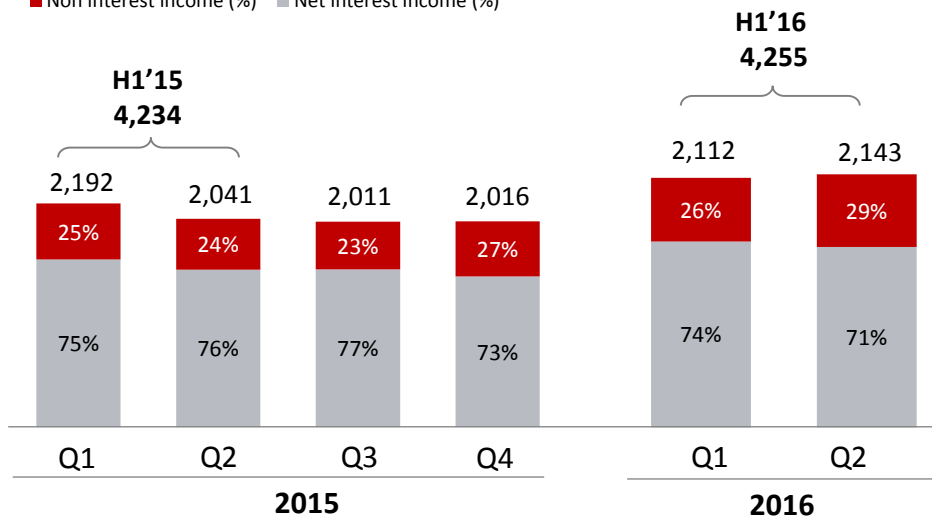
Time deposits (AED billion)



Relentless focus on diversifying revenues,
higher non-interest income contribution

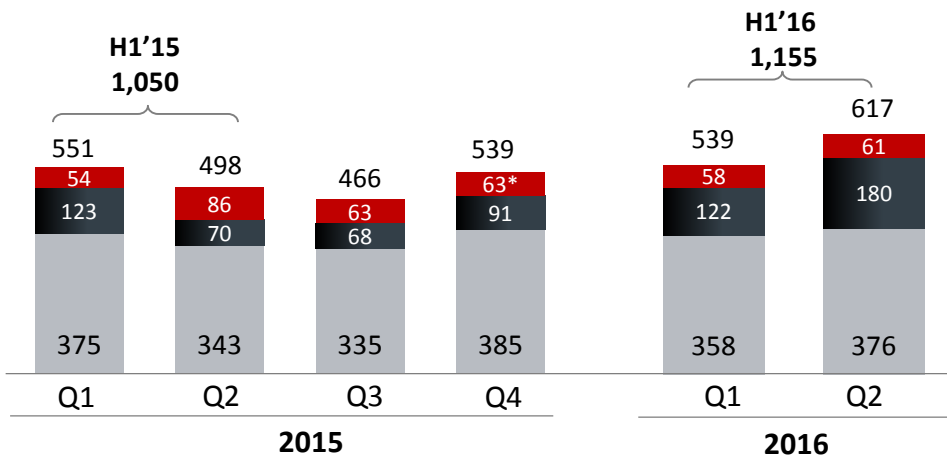
Operating income (AED million)

■ Non interest income (%) ■ Net interest income (%)



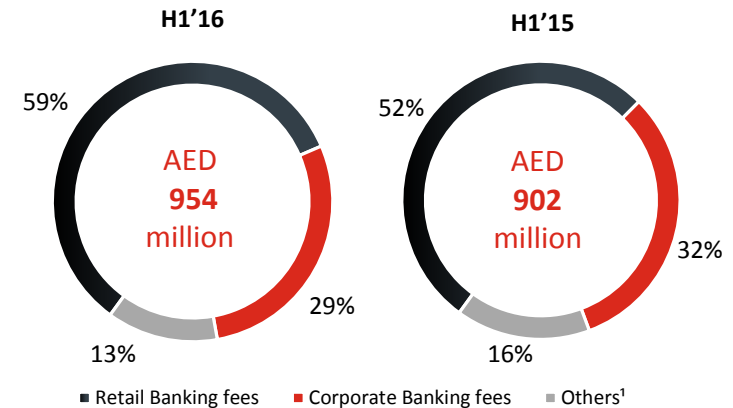
Non-interest income (AED million)

■ Net fees and commission income ■ Net trading income ■ Other operating income



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

Gross fee income breakdown (AED million)



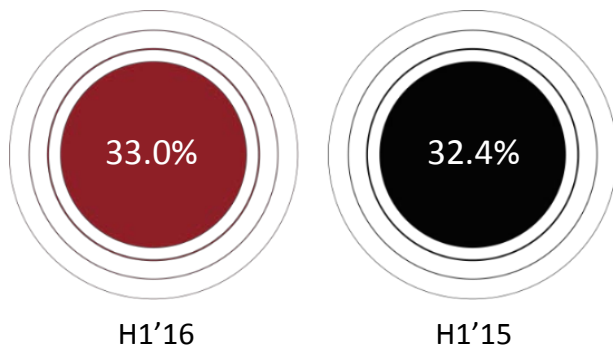
¹ Others include brokerage, fees from trust and other fiduciary activities and other fees

Highlights

- ▶ Non-interest income accounted for 27% of operating income in H1'16, compared to 25% in H1'15. Increase in non-interest income was mainly on account of higher fee & commission income and higher trading income
- ▶ Gross retail banking fees of AED 558 million in H1'16 (excluding brokerage) increased 18% year on year, driven by higher loan volumes and credit card spend
- ▶ Gross corporate banking fees were 5% lower year on year, mainly on account of lower deal specific wholesale banking fees
- ▶ Trading income of AED 302 million in H1'16 was up 57% year on year

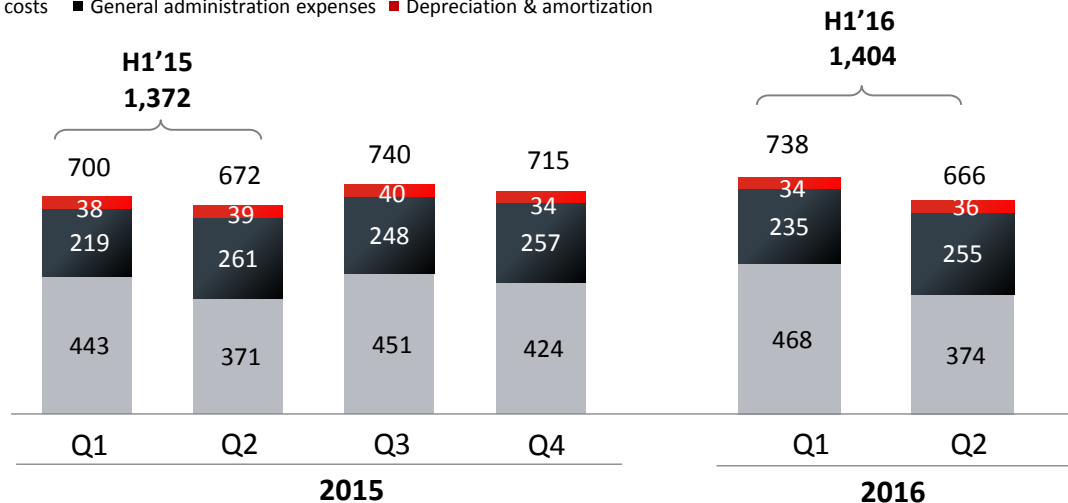
Disciplined cost management,
Cost to income ratio remains within our target range

Cost to income ratio
within our target range



Operating expenses (AED million)

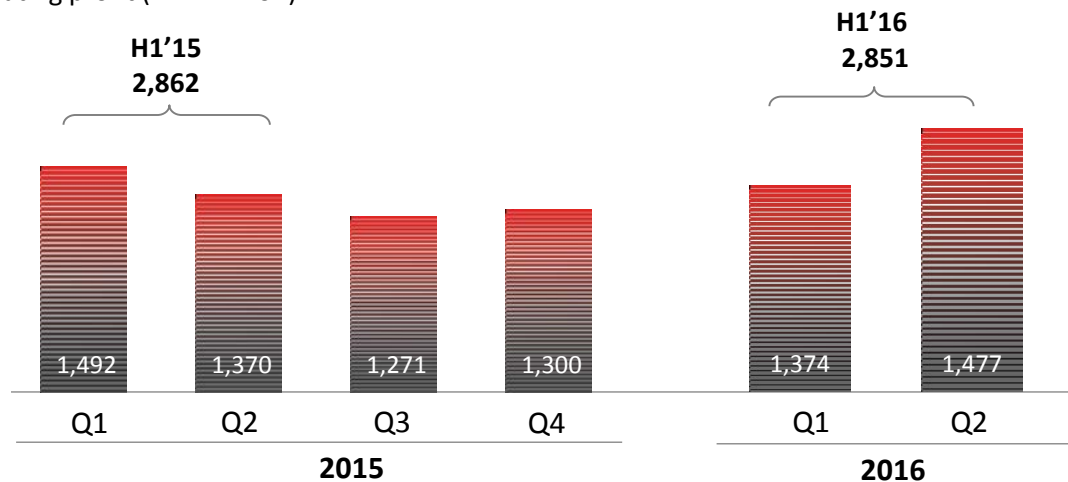
■ Staff costs ■ General administration expenses ■ Depreciation & amortization



Highlights

- ▶ Operating profit before impairment allowances for H1'16 was stable over H1'15 at AED 2,851 million
- ▶ Operating expenses for Q2'16 decreased by 10% to AED 666 million compared to AED 738 million in Q1'16, resulting in an improved cost to income ratio of 31.1% in Q2'16 compared to 34.9% in Q1'16, an improvement of 380 basis points
- ▶ Operating expenses for H1'16 was AED 1,404 million, an increase of 2% over H1'15. Cost to income ratio of 33.0% for the first half of 2016 was within our target range

Operating profit (AED million)



Loan book remains well diversified and focused in our core geography

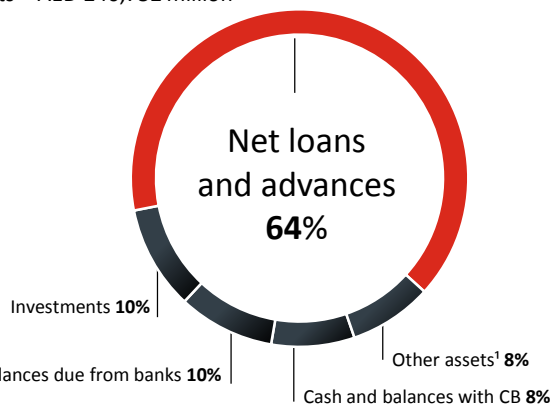
Highlights

- ▶ Net loans to customers increased 13% year on year and 6% year to date to AED 154,853 million, comprising 64% of total assets (Dec'15: 64%)
- ▶ Consumer Banking loans (net) were up 8% year on year and 3% year to date, while Wholesale Banking loans (net) were up 17% and 8% year to date
- ▶ Consumer Banking loans comprised 45% and Wholesale Banking loans comprised 55% of total loans (net)
- ▶ 94% of loans (gross) 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 30 June 2016
- ▶ Personal loans comprised 25% of total gross loans (Dec'15: 26%)
- ▶ Islamic Banking continued to be a key driver of growth, with net Islamic financing assets up 25% year on year and 12% year to date to AED 16,054 million as at 30 June 2016

Composition of assets

June'16

Total assets = AED 240,752 million

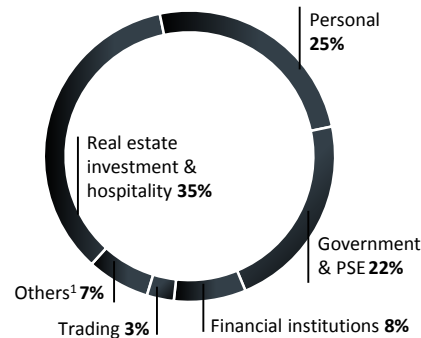


¹ Other assets include derivative financial instruments, investments in associate, investment properties, property and equipment (net), intangible assets

Gross loans by economic sector

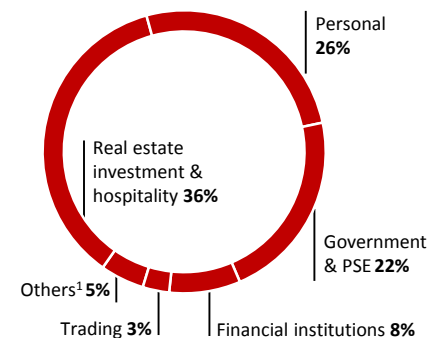
June'16

Gross loans = AED 160,771 million



Dec'15

Gross loans = AED 152,426 million

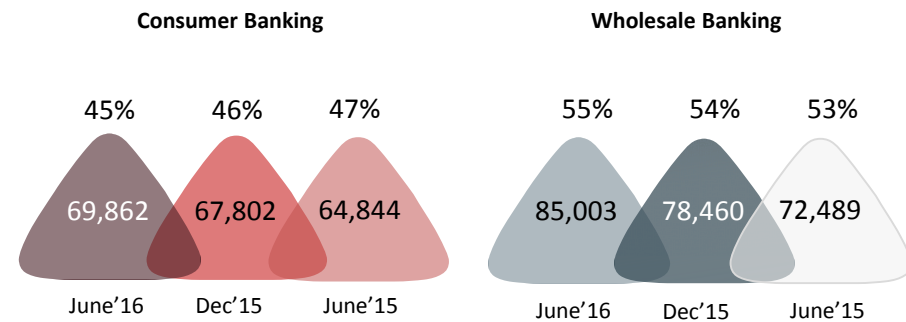


¹ Others include agriculture, energy, transport, manufacturing and services

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

June'16

Net loans = AED 154,853 million



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

Customer deposits continue to increase with growing CASA contribution

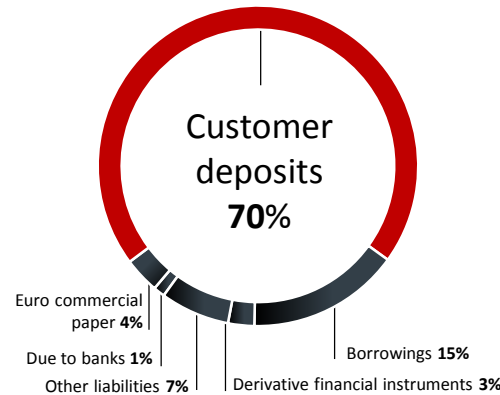
Highlights

- ▶ Customer deposits increased 13% year on year and 4% year to date to AED 149,055 million, comprising 70% of total liabilities (Dec'15:72%)
- ▶ Our strong cash management platform continues to be key enabler for ongoing CASA growth, CASA deposits comprised 44.5% of total customer deposits, compared to 44.1% as at 31 December 2015
- ▶ As at 30 June 2016, CASA balances were AED 66.3 billion, reflecting a growth of AED 3 billion (+5%) and time deposits were at AED 82.8 billion, reflecting an increase of AED 2.5 billion (+3%) over 31 December 2015
- ▶ Consumer Banking deposits were up 18% year on year and 11% year to date, while Wholesale Banking deposits were up 28% and 7% year to date
- ▶ Consumer Banking deposits comprised 32%, Wholesale Banking deposits comprised 42% and Treasury comprised 26% of total customer deposits
- ▶ Wholesale funding including Euro Commercial Paper accounted for 19% of total liabilities, providing a stable, long-term and reliable source of funding
- ▶ Total Islamic deposits increased 19% year on year and 16% year to date to AED 11,904 million as at 30 June 2016

Composition of liabilities

June'16

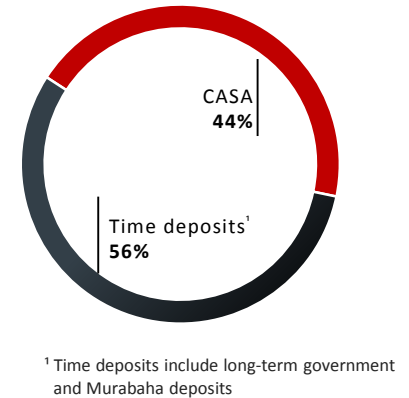
Total liabilities = AED 212,221 million



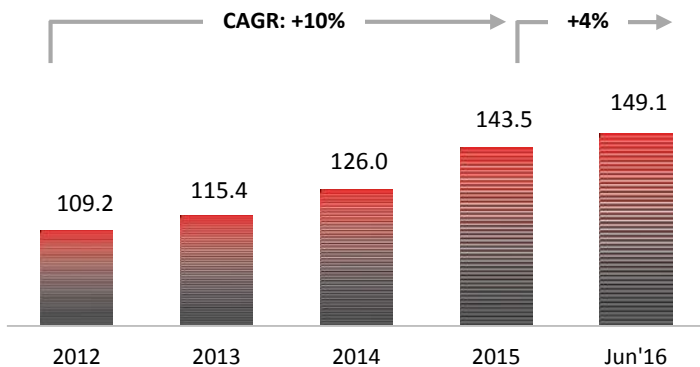
Customer deposit breakdown

June'16

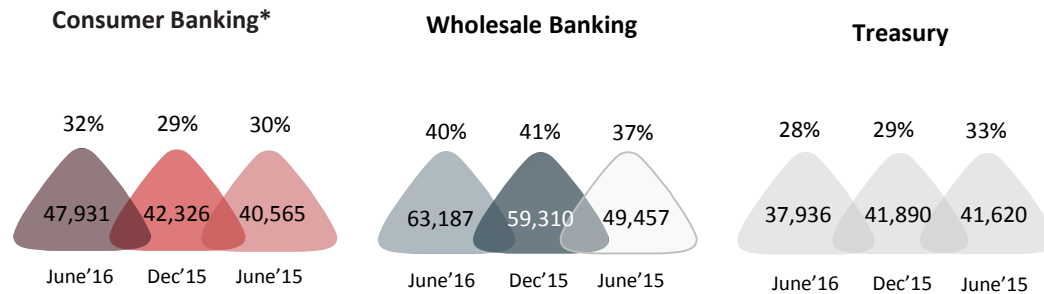
Customer deposits = AED 149,055 million



Customer deposits (AED billion)



Contribution to total deposits by business segment (AED million)



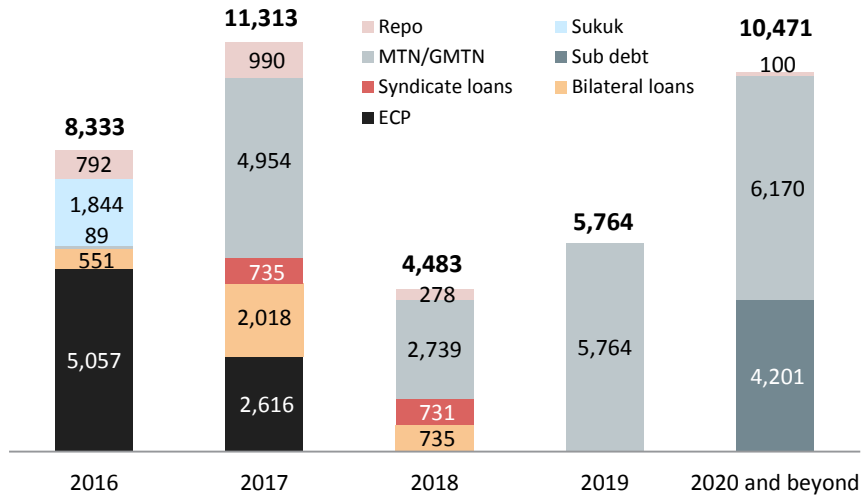
* Consumer banking includes retail and high net worth individuals and their businesses

Wholesale funding and maturity profile

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

Maturity profile

As at 30 June 2016 (AED million)

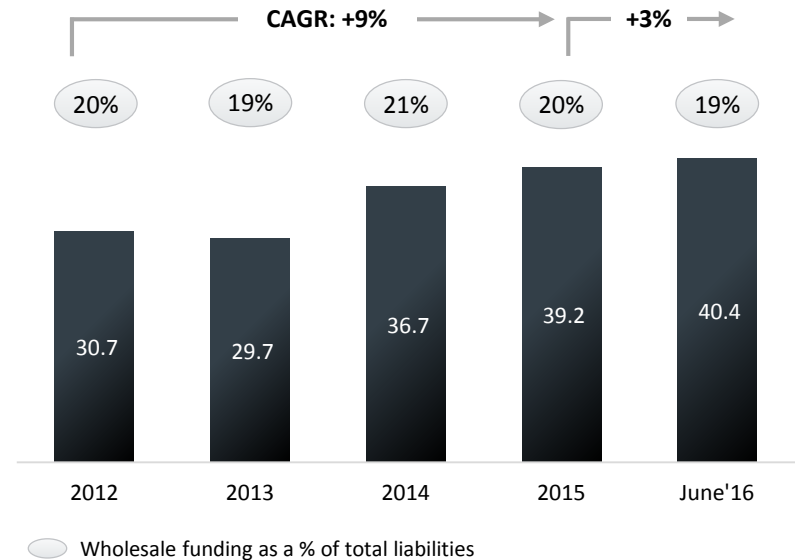


Wholesale funding split

As at 30 June 2016

Source of funds	AED million
GMTN/EMTN	19,716
Subordinated debt	4,201
Euro commercial paper	7,673
Borrowings through repurchase agreements	2,160
Islamic sukuk notes	1,844
Bilateral loans	3,303
Syndication loan	1,466
Certificate of deposit issued	-
Total	40,363

Wholesale funding including Euro commercial paper (AED billion)



Net lender of

AED 21 bn*

in the interbank markets

As at 30 June 2016

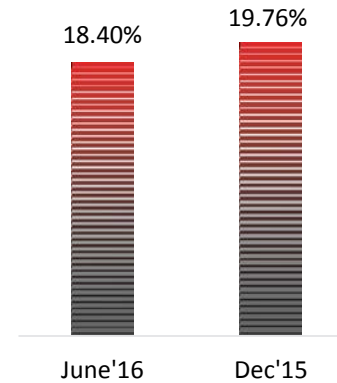
* Includes AED 5 billion of certificate of deposits with central banks and AED 1 billion of reverse repo placements with Banks as at 30 June 2016

Capital and liquidity position continue to be at industry leading levels

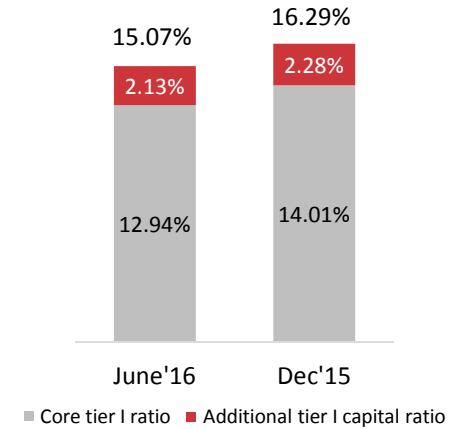
Highlights

- ▶ As at 30 June 2016, the Bank's capital adequacy ratio (Basel II) was 18.40% and Tier I ratio was 15.07% compared to 19.76% and 16.29% respectively, as at 31 December 2015.
- ▶ As at 30 June 2016, core Tier I ratio was 12.94%, and total risk weighted assets were AED 187 billion
- ▶ Decline in CAR was mainly on account of balance sheet growth. The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier I minimum requirement is 8%
- ▶ Continued focus on maintaining a diversified funding base, while liquidity remains a top priority. As at 30 June 2016, the Bank's liquidity ratio was 24.9%, loan to deposit ratio from customers was 103.9%, investment portfolio increased 18% over December '15 to AED 25 billion and the Bank continued to be a net lender of AED 21 billion in the interbank markets

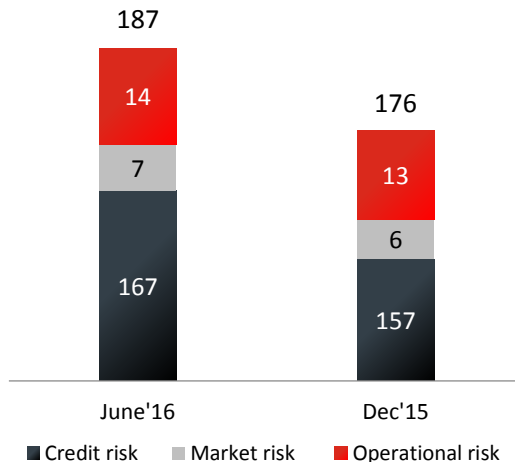
Capital adequacy ratio



Tier I and core tier I ratios

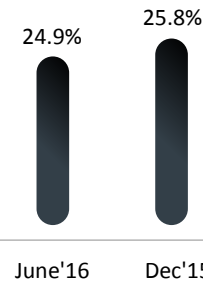


Risk weighted assets (AED billion)

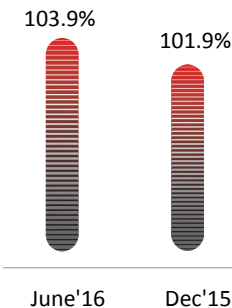


Strong liquidity

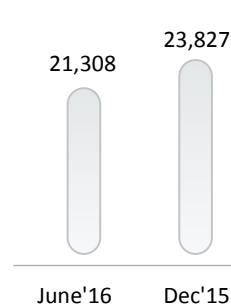
Liquidity ratio*



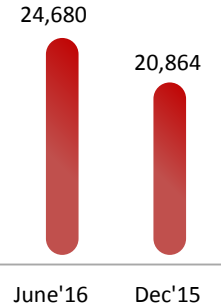
Loan to deposit ratio from customers



Net interbank lending (AED million)



Investment securities (AED million)



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 - 98% of total portfolio invested in bonds

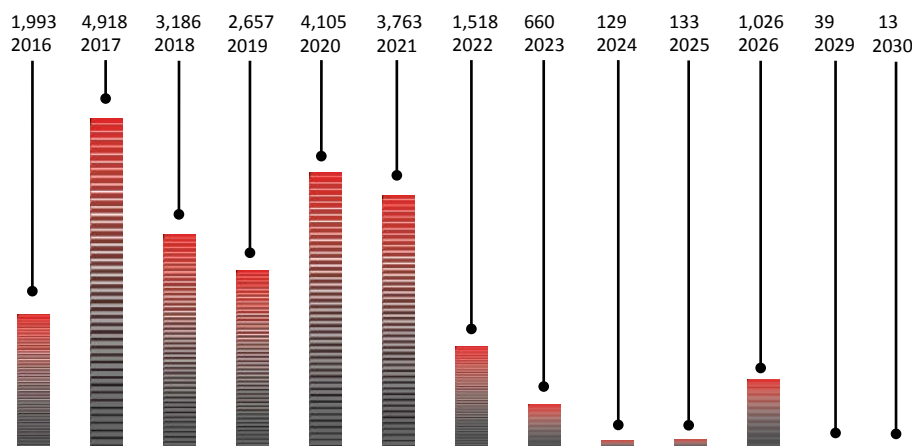
Highlights

- ▶ Investment securities portfolio increased to AED24,680 million as at 30 June 2016
- ▶ 98% 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 3.4 years
- ▶ 64% invested in the UAE and other GCC countries

Portfolio summary:

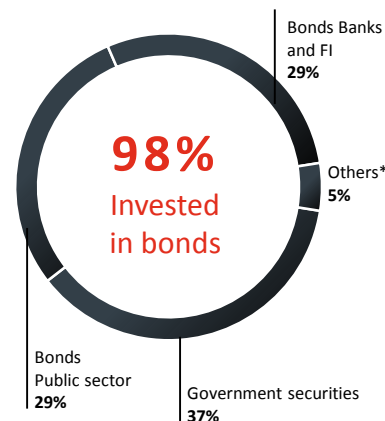
- ▶ 37% of the portfolio is invested in Government securities
- ▶ Non Government Bond Portfolio – 63% of total portfolio
 - Rated A- or better: 57%
 - Rated Investment grade (i.e. BBB+ to BBB-): 30%
 - Rated below IG (BB+ and below including unrated): 13%
- ▶ 10% is invested in local public sector bonds which are rated below A-

Maturity profile of investment securities portfolio (AED million)

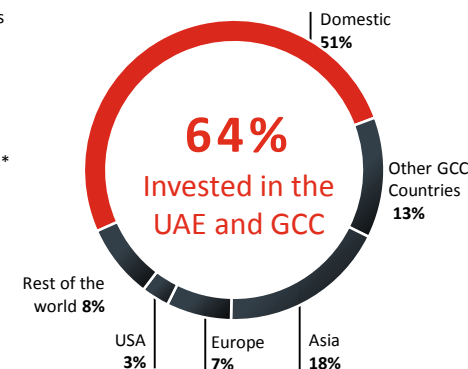


Investments

By issuer



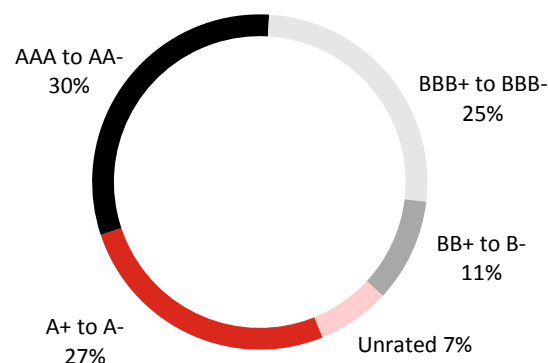
By region



* Include corporate bonds, equity instruments and mutual funds

Total bond portfolio = AED 24,141 million

Credit ratings as at 30 June 2016 (Standard & Poor's)

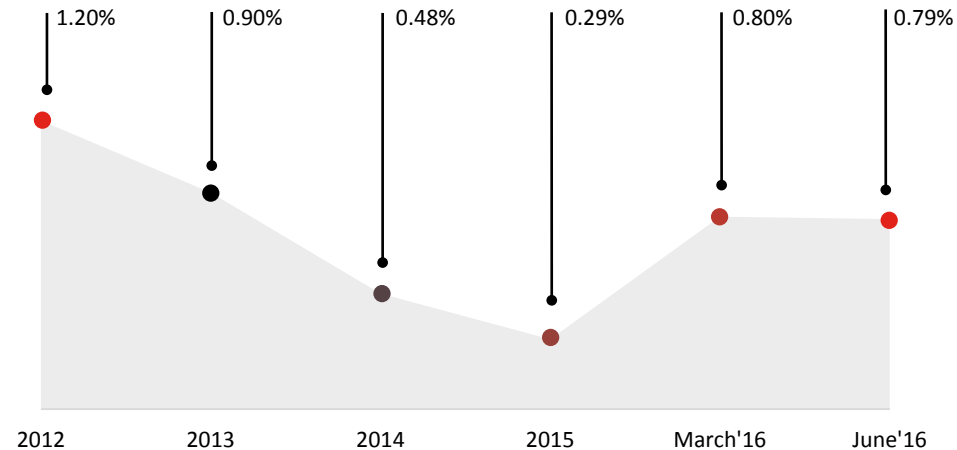


Asset quality - committed to maintaining a disciplined risk profile

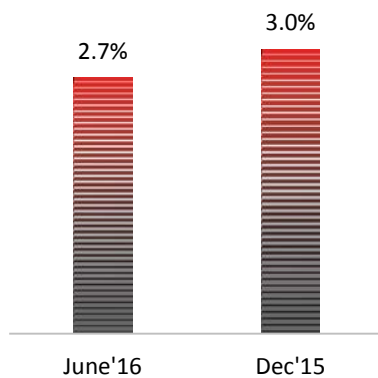
Highlights

- ▶ As at 30 June 2016, non-performing loans (NPL) and provision coverage ratios were 2.7% and 132.9% respectively, compared to 3.0% and 128.5% as at 31 December 2015
- ▶ Non-performing loans were AED 4,472 million compared to AED 4,834 million as at 31 December 2015. Cost of risk was 79 bps compared to 80 bps for March '16
- ▶ Total loan impairment charges, net of recoveries amounted to AED 722 million for the first half of 2016, which included collective impairment charges of AED 312 million to account for the increase in the loan book and reflecting our prudent risk management approach to challenging market conditions
- ▶ Collective impairment allowance balance was AED 3,281 million and 1.96% of credit risk weighted assets and individual impairment allowance balance was AED 2,761 million as at 30 June 2016

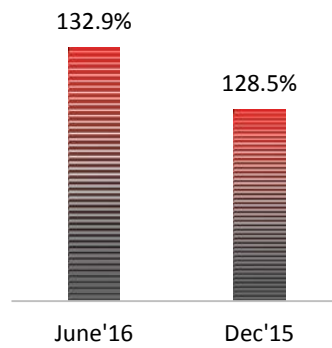
Cost of risk



Non-performing loan ratio

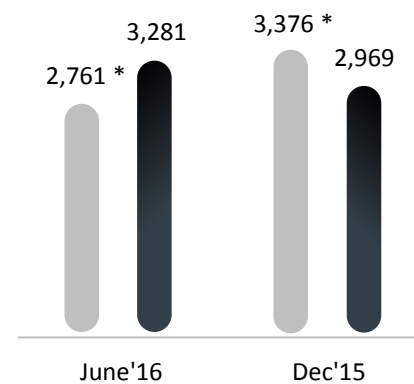


Provision coverage ratio¹



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

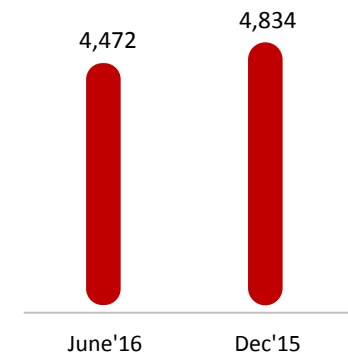
Impairment allowances (AED million)
(Includes impairment allowances to banks)



■ Individual impairment ■ Collective impairment

* Includes provision for Dubai World exposure

Non-performing loans
(AED million)



Summary

- ▶ Our focus on the UAE market remains a key strategic pillar and a differentiator for ADCB
- ▶ Net profit of AED 2.147 billion in H1'16 with ROAE of 17.0%, Q2'16 net profit of AED 1.126 billion, up 10% quarter on quarter
- ▶ Diversified revenue stream, with increased non-interest income contribution
- ▶ Cost to income ratio of 33% for the first half of 2016, within our target range
- ▶ Net loans to customers increased 6%, while customer deposits increased 4% year to date
- ▶ CASA deposits increased 5% year to date and comprised 44.5% of total customer deposits as at 30 June 2016
- ▶ NPL and provision coverage ratios improved to 2.7% and 132.9% respectively as at 30 June 2016, compared to 3.0% and 128.5% as at 31 December 2015
- ▶ Liquidity remains a top priority, while capital position remains robust with CAR and tier I ratios of 18.40% and 15.07% respectively

Awards

H1'16 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

"Best Transaction Service Bank in the Middle East"

Euromoney

"Islamic Bank of the Year" – Sharia Compliant Window

The Banker Magazine

"Best Managed Bank in the UAE"

Asian Banker

"Islamic Banker of the Year"

The Asset Triple A Islamic Finance Awards

"The Asian Banker CEO Leadership Achievement Award for 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	June'16	Dec'15	Change%
Cash and balances with Central Banks	17,698	20,180	(12)
Deposits and balances due from banks , net	22,323	22,382	(0)
Reverse-repo placements	1,014	4,256	(76)
Investment securities	24,909	20,926	19
Loans and advances, net	154,853	146,250	6
Other assets*	19,955	14,272	40
Total assets	240,752	228,267	5
Due to banks	2,478	1,692	46
Deposits from customers	149,055	143,526	4
Euro commercial paper	7,673	5,700	35
Borrowings	32,690	33,472	(2)
Other liabilities **	20,325	15,144	34
Total liabilities	212,221	199,534	6
Total shareholders' equity	28,529	28,728	(1)
Non -controlling interests	2	5	(65)
Total liabilities and shareholders' equity	240,752	228,267	5

Note: #Deposits and balances due from banks include AED 4.4 bn of loans to banks that were earlier reported under loans and advances net.

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

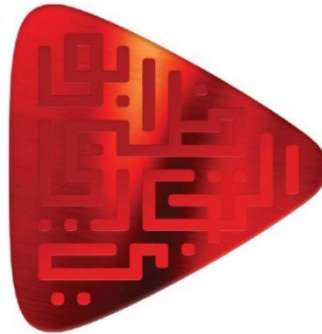
**Other liabilities include derivative financial instruments.

Income statement

AED million	3 months ended June 30			6 months ended June 30		
	2016	2015	Change %	2016	2015	Change %
Interest income and income from Islamic financing	2,130	1,922	11	4,228	3,913	8
Interest expense and profit distribution	(604)	(379)	60	(1,129)	(729)	55
Total net interest and Islamic financing income	1,526	1,543	(1)	3,099	3,184	(3)
Net fees and commission income	376	343	10	734	718	2
Net trading income	180	70	158	302	193	57
Other operating income	61	86	(29)	120	140	(14)
Non interest income	617	498	24	1,155	1,050	10
Operating income	2,143	2,041	5	4,255	4,234	1
Operating expenses	(666)	(672)	(1)	(1,404)	(1,372)	2
Operating profit before impairment allowances	1,477	1,370	8	2,851	2,862	(0)
Impairment allowances	(351)	(84)	318	(703)	(325)	116
Share in profit/(loss) of associate	2	(0)	NA	4	(0)	NA
Profit before taxation	1,128	1,286	(12)	2,151	2,537	(15)
Overseas income tax expense	(2)	(2)	(4)	(5)	(4)	7
Net profit for the period	1,126	1,283	(12)	2,147	2,532	(15)
Net profit attributable to equity shareholders	1,125	1,283	(12)	2,145	2,531	(15)

The Difference Is...

AMBITION + DISCIPLINE



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