

The background of the slide features a large, stylized watermark of the Abu Dhabi Commercial Bank logo. The logo is rendered in a light red color and is set against a dark red background with intricate, wavy, geometric patterns. The logo itself consists of a stylized 'A' and 'C' intertwined, with two small circles below them.

Abu Dhabi Commercial Bank PJSC

Earnings Presentation

Q3'12

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Key messages

- Continued growth in core banking business activities
- Improved cost of funds and higher margins
- Pro-active cost management, improved cost to income ratio
- Conservative risk management, prudent provisioning policies
- Strong and healthy capital position

Continued improvement in core banking business activities...

AED million	9 Month financial review			Quarterly trends		
	9M'12	9M'11	Change %	Q3'12	Q3'11	Change %
Income statement highlights			YoY			YoY
Total net interest and Islamic financing income	3,909	3,296	19	1,331	1,335	(0)
Non - interest income	1,076	1,150	(7)	301	364	(17)
Operating income	4,985	4,447	12	1,632	1,699	(4)
Operating expenses	(1,559)	(1,515)	3	(516)	(528)	(2)
Operating profit before impairment allowances	3,426	2,931	17	1,115	1,171	(5)
Net impairment allowances	(1,308)	(1,848)	(29)	(529)	(514)	3
Net gain on sale of investment in associate	-	1,314	-	-	-	-
Share of (loss)/profit of associates	16	168	(90)	9	(8)	(204)
Overseas income tax expense	(4)	(34)	(88)	0	(35)	(101)
Net profit for the period	2,131	2,531	(16)	595	613	(3)
Balance sheet highlights	September'12	December'11	YTD Change %	June'12	QoQ Change %	
Total assets	181,891	183,726	(1)	180,797	1	
Net Loans	123,777	124,755	(1)	123,463	0	
Deposits from customers*	108,988	109,171	(0)	111,247	(2)	
Ratios (%)			Change bps		Change bps	
CAR	22.53	22.51	2	22.34	19	
Tier I ratio	16.22	15.90	32	16.04	18	
LTD*	113.57	114.27	(70)	110.98	259	

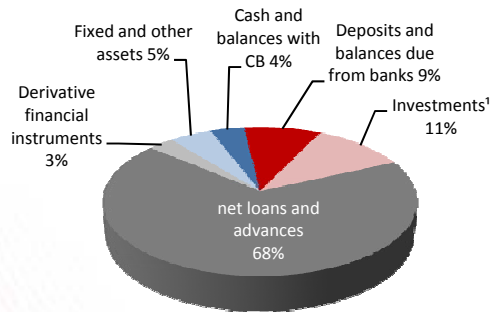
Highlights (9M'12 vs. 9M'11)

- **Net profit of AED 2,131 mn**, excluding the non-recurring gain in 9M'11, net profit was up 75% year on year
- **Total operating income at AED 4,985 mn, up 12%**, driven by strong growth in net interest income, up 19%. Non-interest income was 7% lower, primarily due to lower net trading income in 9M'12
- **Cost to income ratio improved** to 31.2% from 32.8%
- Net impairment allowance charges at AED 1,308 mn, 29% lower
- **Healthy and strong CAR** at 22.53% and Tier I ratio at 16.22%
- Loan to deposit ratio* improved to 113.57% from 114.27% as at 31 December 2011

*Deposits from customers have been reclassified to show Euro commercial paper separately

Strategically managed balance sheet...

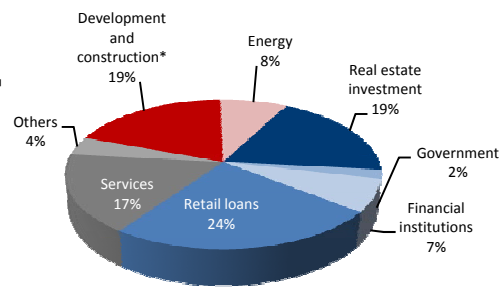
Composition of assets (Sep'12)



Total assets = AED 182 bn

¹ Investments include: investment securities, trading securities, investment in associates, investment properties

Split of the loan portfolio, gross (Sep'12)



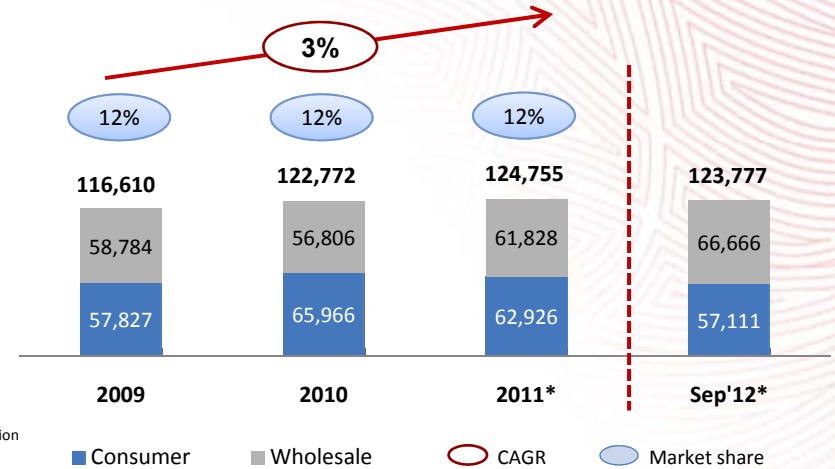
Total gross loans = AED 130 bn

¹ Agriculture, trading, manufacturing and transport

² Retail loans include personal retail loans and personal collateralised loans

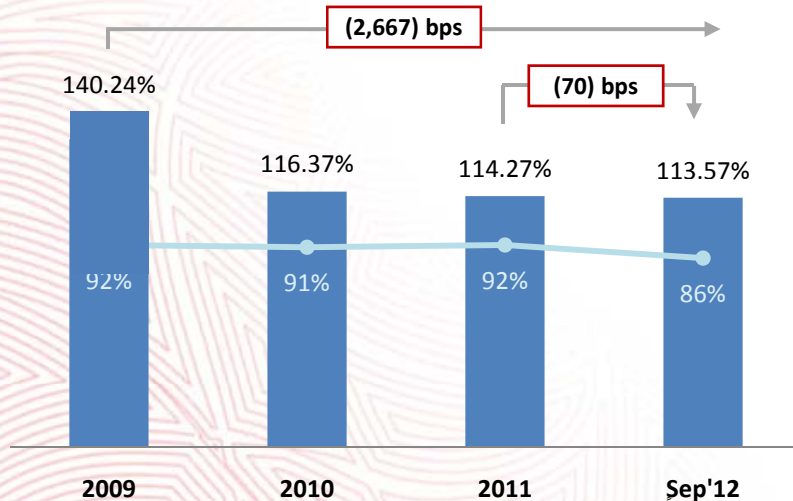
* Contractor finance has been consolidated with Development and Construction as both industries carry the same risk profile

Evolution of net loans (AED mn)



* Increase/decrease in segments due to reclassification of certain loans from consumer to wholesale banking

Loan to deposit ratio* evolution (Sep'12)

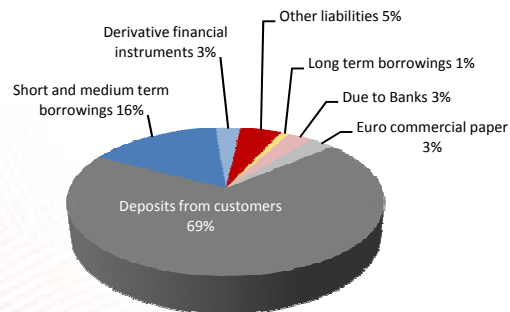


*Deposits from customers have been reclassified to show Euro commercial paper separately

- Net loans and advances as a percentage of total assets at 68%
- Strong domestic focus with 96% of gross loans within UAE
- Share of retail loan portfolio – 24% of gross loans
- Islamic financing increased 14% year to date at AED 4 bn
- Strategically managed investment securities portfolio at AED 19 bn, 97% of the portfolio invested in bonds and government securities providing a liquidity pool for the Bank

Diversified funding base, healthy deposit mix...

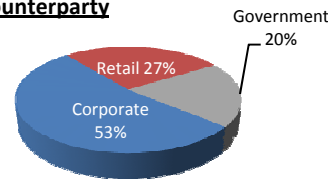
Composition of liabilities (Sep'12)



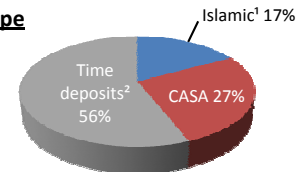
Total liabilities = AED 158 bn

Composition of customer deposits (Sep'12)

By counterparty



By type

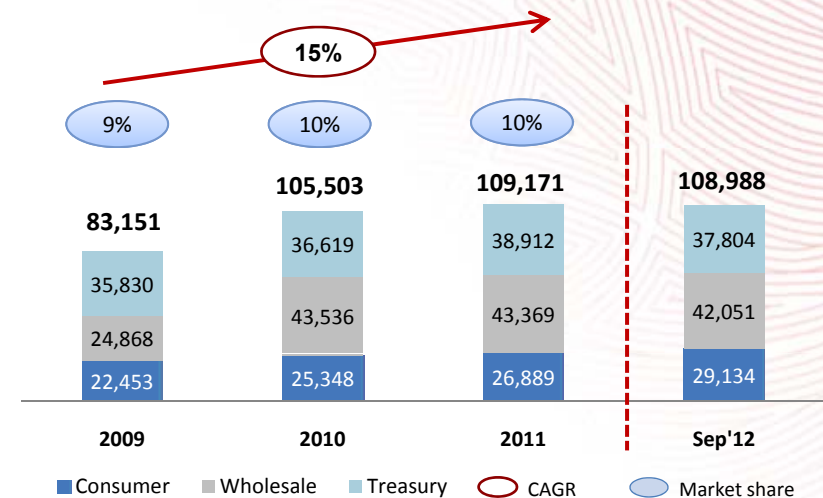


¹ Islamic related products include Murabaha deposits

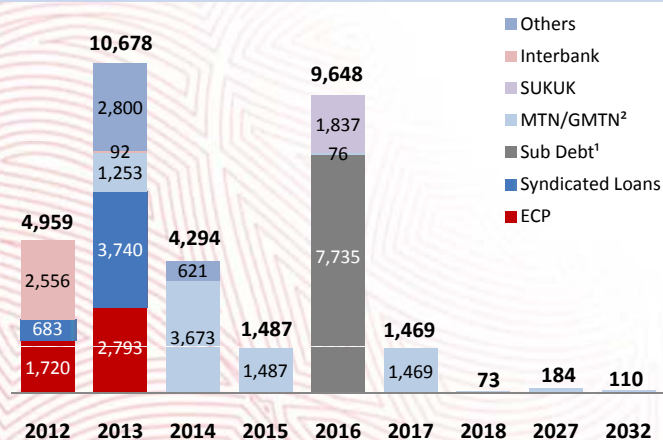
² Long-term government deposits included in time deposits

Total customer deposits = AED 109 bn

Evolution of deposits (AED mn)



Maturity profile (AED mn)



¹ Includes AED 6,617 mn Tier II loan

² Does not include fair value adjustment on short, medium and long term borrowings being hedged

Wholesale funding split (Sep'12)

Source of funds	AED mn
GMTN/EMTN ¹	8,886
Sub. FRN ²	7,734
Syndicated loans	4,426
Interbank ³	2,648
Islamic Sukuk notes	1,836
Euro Commercial paper	4,513
Other	3,421
Total	33,464

¹ Includes fair value adjustment on short, medium and long term borrowings being hedged

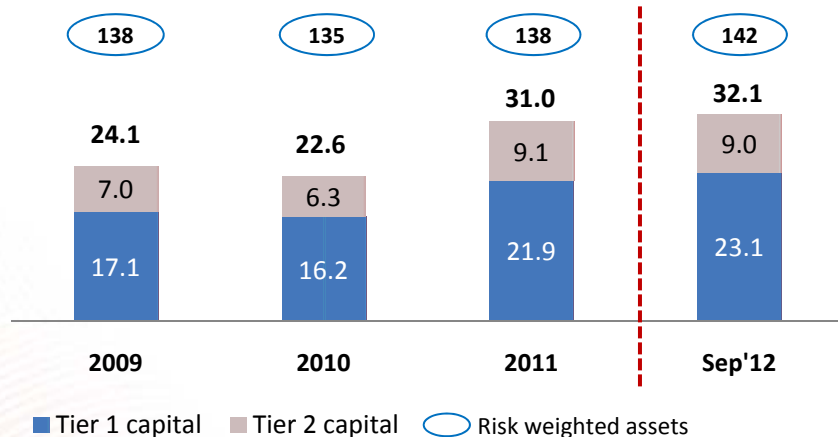
² Includes AED 6,617 mn Tier II loan from UAE Ministry of Finance

³ Includes due to Central Banks

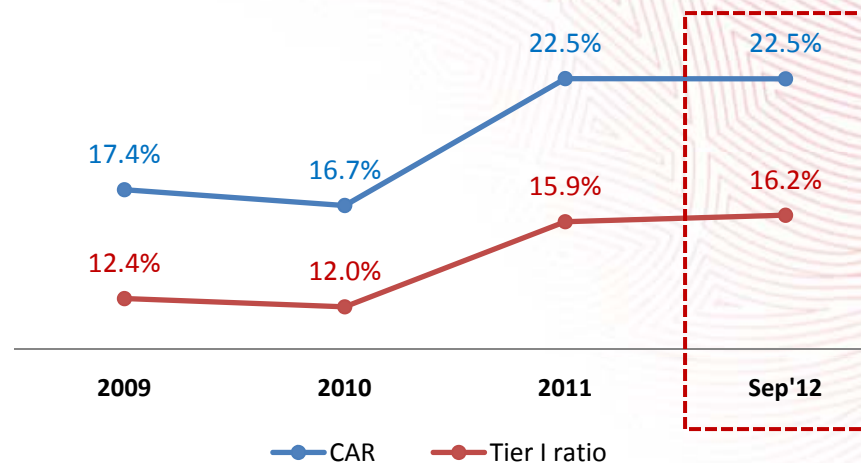
- Customer deposits as a percentage of total liabilities at 69%
- CASA deposits 27% of the total deposit base
- Government deposits 20% of total customer deposits
- Reduced wholesale funding at AED 33 bn compared to AED 36 bn as at 31 December 2011
- Net interbank lender of AED 13 bn as at 30 September 2012

Strong liquidity levels, improved Tier I ratio...

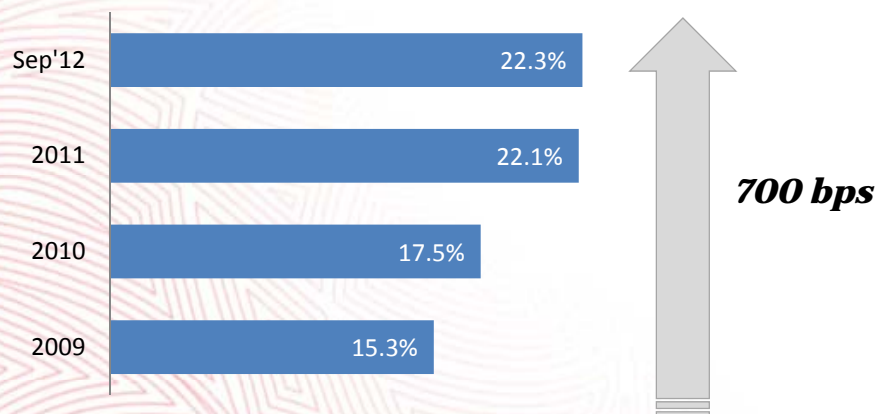
Capital position and risk weighted assets (AED bn)



Capital adequacy ratio and Tier I ratio



Liquidity ratio¹

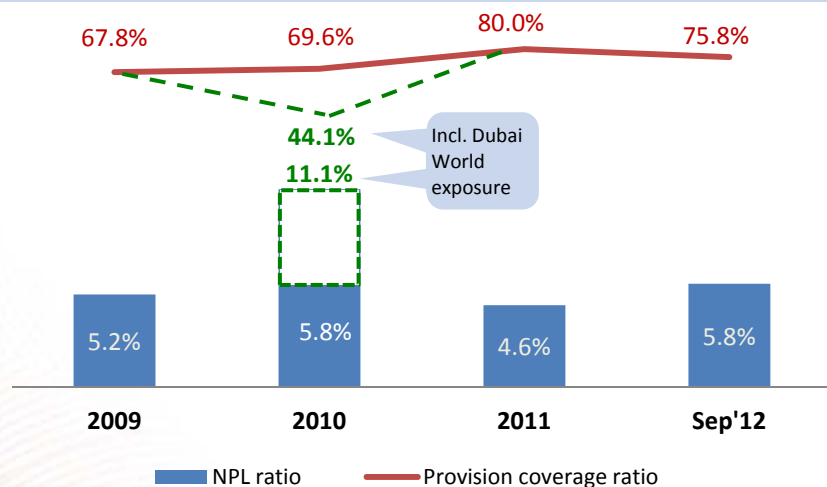


¹Liquid assets include cash and balances with Central Banks, deposits and balances due from banks, trading securities, and liquid investments (liquidity ratio: liquid assets/total assets)

- Total risk weighted assets increased to AED 142 bn compared to AED 138 bn as at 31 December 2011
- Liquidity ratio at 22.3% stable year to date
- Stable and healthy CAR at 22.5%, significantly above UAE Central Bank requirement of 12%
- Tier I capital ratio improved to 16.2% from 15.9% as at 31 December 2011, primarily driven by increased retained earnings

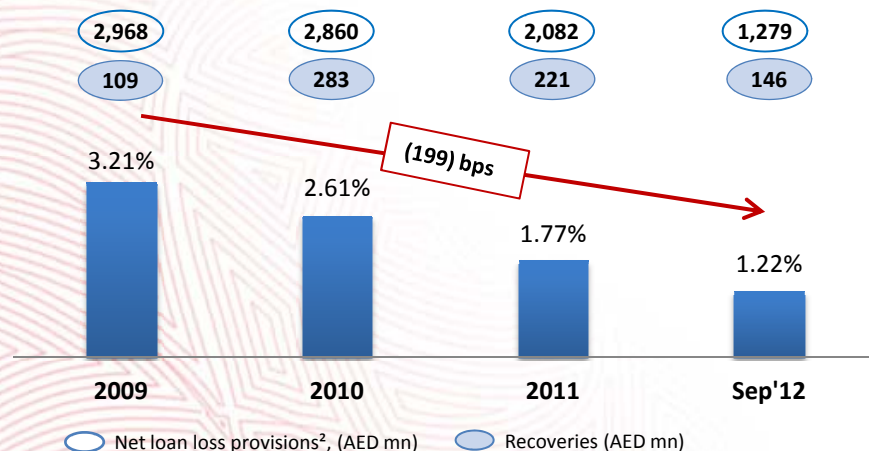
Asset quality...

NPL and provision coverage ratios*



* The above excludes the exposure and provision on Dubai World which was moved to performing category in 2011

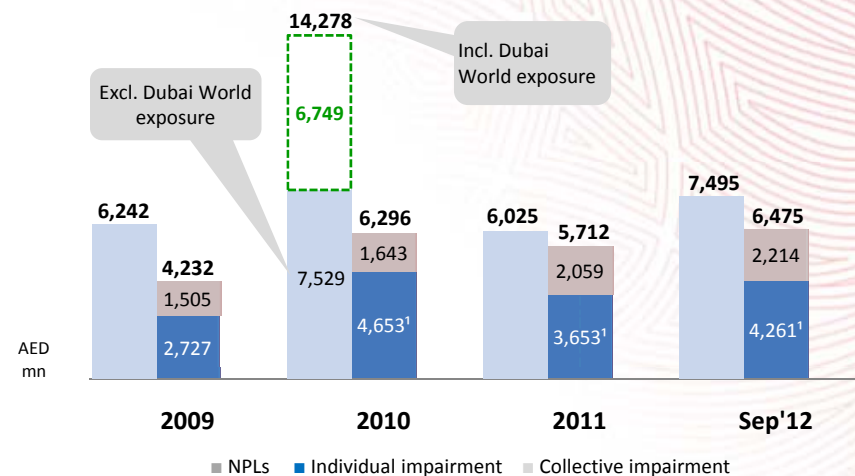
Cost of risk¹



¹ Total provisions including investments/ average loans & advances and investments

² Loan loss provisions net of recoveries for the period

NPLs and impairment allowances (AED mn)

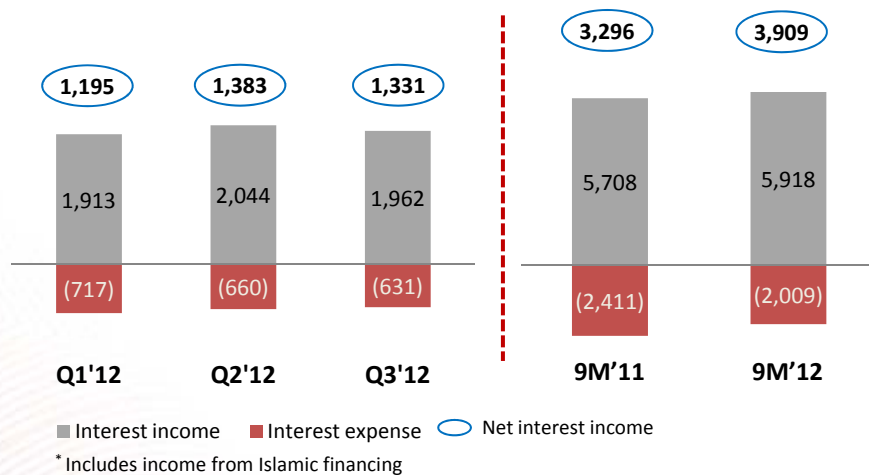


¹ Includes provision for Dubai World exposure

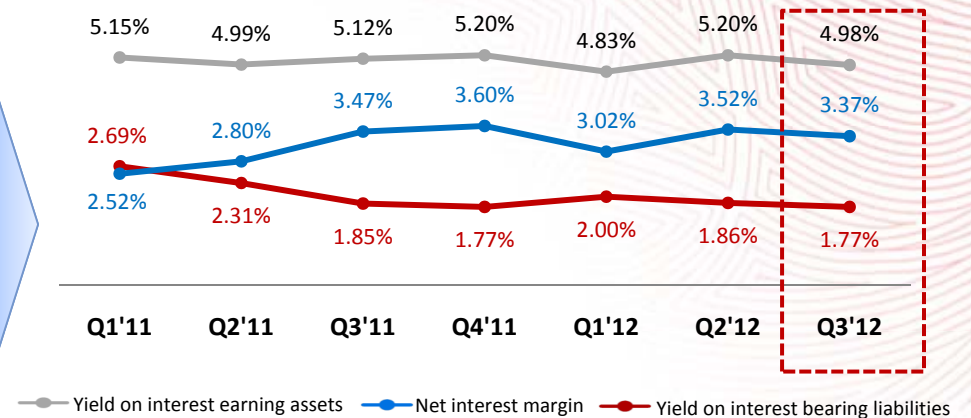
- Non-performing loan ratio at 5.8% and provision coverage at 75.8%
- Portfolio impairment allowance balance 1.68% of credit risk weighted assets, in excess of the UAE Central Bank 2014 Directive of 1.50%
- Charge for impairment allowance on loans and advances, net of recoveries amounted to AED 1,279 mn as at 30 September 2012
- Cost of risk at 1.22%, an improvement of 55 bps year to date

Strong growth in operating income driven by improved cost of funds...

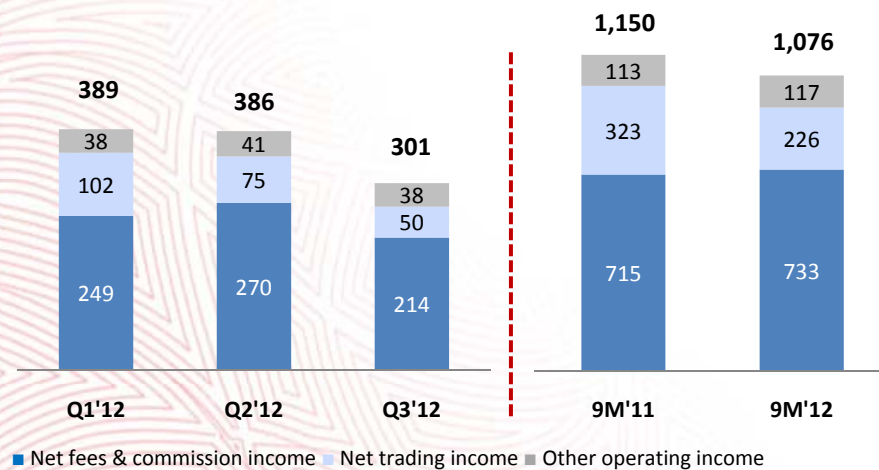
Net interest income* (AED mn)



Evolution of yields



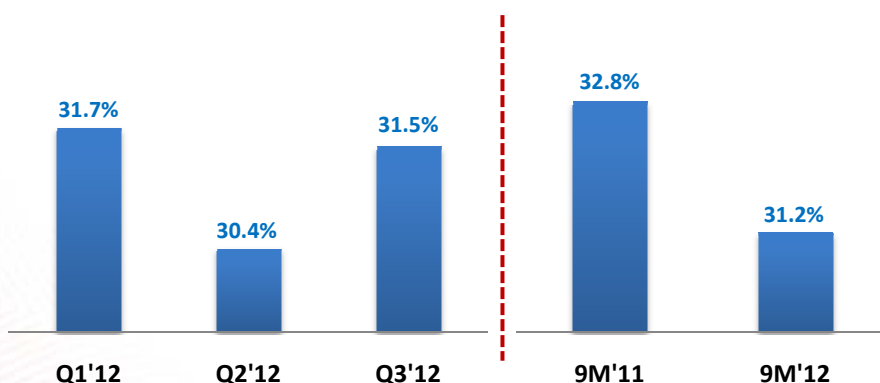
Non-interest income* (AED mn)



- Total operating income in 9M'12 reported an increase of 12% year on year, driven by stronger net interest income attributed to continued improved funding profile
- Cost of funds for the nine month period in 2012 reported at 1.88%, an improvement of 41 bps over the corresponding period in 2011
- NIMs for the first nine months of 2012 improved to 3.30% from 2.93% in 9M'11
- Non-interest income for the first nine months of 2012 was 7% lower year on year, due to lower net trading income in 9M'12. Net fees and commission increased 2% over 9M'11

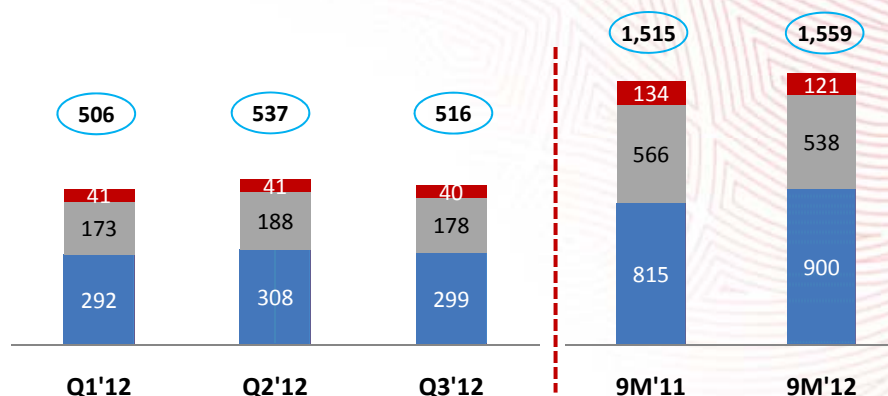
Pro-actively managed cost base, improved cost to income ratio...

Cost to income ratio*



* Operating income for the purpose of calculating C:I ratio includes share of profit of associates but excludes net gain on sale of investment in associate

Operating expenses (AED mn)



■ Staff costs ■ General administration expenses ■ Depreciation and amortisation
 ○ Total operating expenses

Branch network

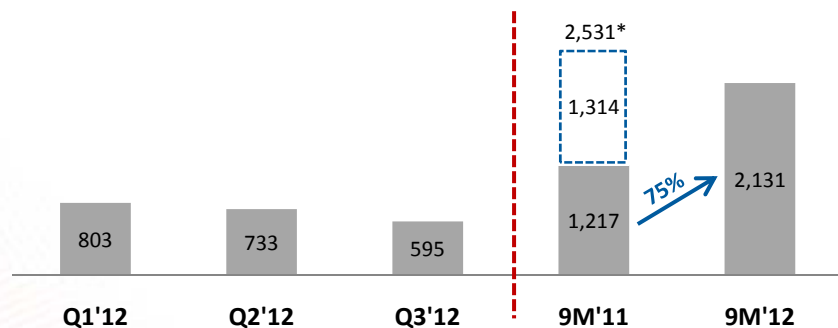
Branches	2010	2011	Sep'12
UAE – traditional branches	46	48	49
UAE – pay offices	4	4	4
India	2	2	2
Jersey	-	1	1
Total	53	56	56
ATMs	265	294	307

Alternative banking channels available:
 • Internet banking
 • ADCB Mobile
 • Toll free phone banking

- 9M'12 cost to income ratio at 31.2% reported an improvement of 160 bps year on year
- In Q3'12 at AED 516 mn, operating expenses reported an improvement of 2% with staff costs remaining flat year on year
- Stable number of branches operating and increasing availability of automated retail channels

Focus on long-term growth and success...

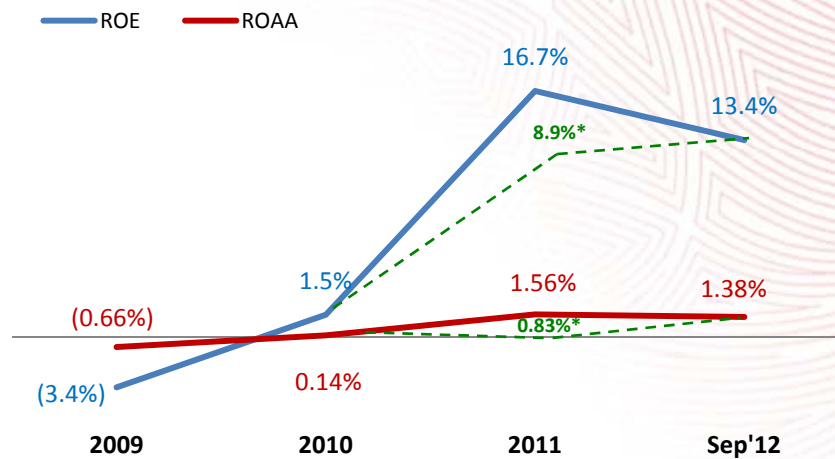
Net profit evolution (AED mn)



* Includes AED 1,314 mn gain on sale of stake in associate

- Net profit of AED 2,131 mn compared to AED 2,531 mn in 9M'11. 9M'11 included AED 1,314 mn non-recurring gain on the sale of ADCB's stake in RHB Capital Berhad in June 2011. Excluding the non-recurring gain, ADCB's net profit for the first nine months of 2012 was up 75% year on year













Return on equity and return on average assets



* ROE and ROAA from normal operations (excluding net gain on sale of investment in associate)

- ROE of 13.4% as at 30 September 2012
- ROAA of 1.38% as at 30 September 2012

Awards in Q3'12

<p>“Human Resources Award in the Banking & Financial Sector 2011” by Human Resources Development Committee in Banking & Financial Sector At the 14th edition of the National Career Exhibition  February 2012</p>	<p>“Best Woman Award in the Banking & Financial Sector 2011 ” by Human Resources Development Committee in Banking & Financial Sector At the 14th edition of the National Career Exhibition  February 2012</p>	<p>“Best SME Account” for BusinessEdge Free Zone Platinum Account By Banker Middle East product awards 2012  March 2012</p>	<p>“Best SME Trade Finance” for Business Edge Trade 360 By Banker Middle East product awards 2012  March 2012</p>
<p>“Most Improved Islamic Bank in the Middle East” By Euromoney  March 2012</p>	<p>“Best Retail Bank in the UAE” By The Asian Banker  March 2012</p>	<p>“Best Retail Bank in the Gulf Region” By The Asian Banker  March 2012</p>	
<p>“Best Premium Card in the Middles East” for Co-branded Etihad Guest Credit Card By Smart Card Award Middle East 2012  May 2012</p>	<p>“Best Bank in the UAE” “Best Transaction Bank” “Best Corporation Bank” By Banker Middle East Industry awards 2012  June 2012</p>	<p>“the Hawkamah Bank Corporate Governance Award 2012 ” By Hawkamah  June 2012</p>	
<p>“The Best Domestic Cash Management Bank in the UAE and in the Middle East” (3rd best overall in the UAE and Middle East) in the Euromoney Cash Management Survey 2012 The Freddie Awards  September 2012</p>	<p>“The Elite quality recognition award” For ADCB’s exceptional international payment processing By Deutsche Bank, J.P. Morgan Chase and Commerzbank  September 2012</p>		

Appendix

Balance sheet

AED mn	Sep'12	Dec'11	Change (%)
Cash and balances with Central Banks	7,985	6,630	20
Deposits and balances due from banks	15,821	20,840	(24)
Loans and advances, net	123,777	124,755	(1)
Derivative financial instruments	5,327	4,845	10
Investment securities	19,001	15,068	26
Investment in associates	98	82	20
Investment properties	662	397	67
Other assets	8,368	10,021	(17)
Property and equipment, net	753	965	(22)
Intangibles assets	100	124	(19)
Total assets	181,891	183,726	(1)
Due to Central bank	-	48	(100)
Due to banks	4,273	3,090	38
Euro commercial paper	4,513	717	530
Deposits from customers	108,988	109,171	(0)
Wholesale borrowings including Tier II	26,305	31,897	(18)
Derivative financial instruments	5,106	4,822	6
Other liabilities	9,190	11,904	(23)
Total liabilities	158,375	161,648	(2)
Total shareholders' equity	23,513	22,072	7
Non -controlling interest	3	6	(49)
Total liabilities and shareholders' equity	181,891	183,726	(1)

Income statement

AED mn	Sep'12	Sep'11	Change (%)
Interest and income from Islamic financing	5,918	5,708	4
Interest expense and profit distribution	(2,009)	(2,411)	(17)
Net interest and Islamic financing income	3,909	3,296	19
Net fees and commission income	733	715	2
Net trading income	226	323	(30)
Other operating income	117	112	4
Non interest income	1,076	1,150	(7)
Operating income	4,985	4,447	12
Staff expenses	(900)	(815)	10
Other operating expenses	(538)	(566)	(5)
Depreciation	(97)	(113)	(14)
Amortisation of intangible assets	(24)	(21)	12
Operating expenses	(1,559)	(1,515)	3
Operating profit before impairment allowances & taxation	3,426	2,931	17
Impairment allowance on loans and advances, net	(1,279)	(1,607)	(20)
Other impairment allowances	(29)	(241)	(88)
Share of profit of associates	16	168	(90)
Net gain on sale of investment in associate	-	1,314	-
Overseas income tax expense	(4)	(34)	(88)
Net profit	2,131	2,531	(16)