

Abu Dhabi Commercial Bank PJSC

Q3'13

Earnings Presentation

October 2013

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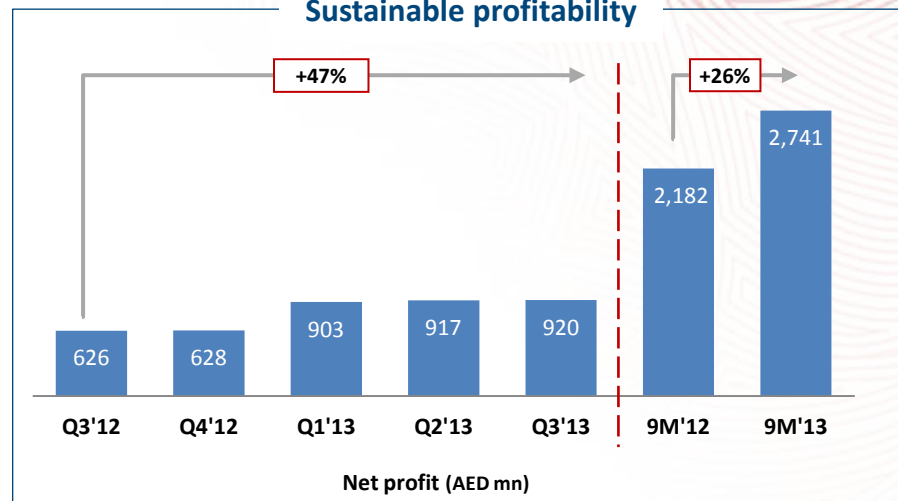
September'13 highlights...

Conservatively managed balance sheet

AED mn	Sep'13	Dec'12	Change %
Net loans	120,220	123,195	(2)
Investment securities	19,669	18,713	5
Total assets	174,683	180,796	(3)
Customer deposits	112,022	109,217	3
Borrowings	21,447	26,140	(18)
Shareholders' equity	23,482	24,270	(3)
Ratios (%)		Change (bps)	
CAR	21.14	23.05	(191)
Tier I	16.48	17.47	(99)
LTD	107.32	112.80	(548)

- Net loans declined by 2% on account of a repayment of a loan of USD 2 bn in late September
- Customer deposits +3% YTD, CASA¹ deposits increased from 33% in Dec'12 to 42% of total customer deposits
- LTD at lowest level at 107.3%
- Total assets declined 3%, on account of lower acceptances
- Lower CAR mainly on account of the share buy back

Sustainable profitability

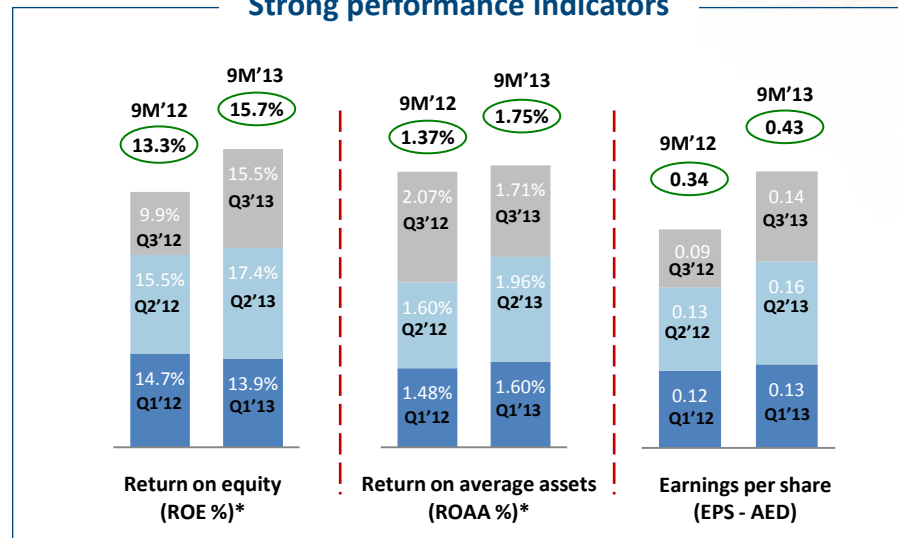


Double digit growth in net profit

AED mn	9M'13	9M'12	Change %
Total net interest income ²	4,086	3,945	4
Non - interest income	1,470	1,108	33
Operating income	5,556	5,053	10
Operating expenses	(1,674)	(1,559)	7
Operating profit	3,882	3,494	11
Impairment allowances	(1,137)	(1,308)	(13)
Overseas income tax	(5)	(4)	31
Net profit	2,741	2,182	26

- Net profit of AED 2,741 mn, up 26% YoY
- Cost of funds improved significantly, interest expense 34% lower over 9M'12
- Non- interest income up 33% YoY, primarily due to the retirement of financial liabilities and associated hedges on the repayment of the Tier 2 loan, consolidation of funds and higher net trading income.
- Cost to income ratio improved to 30.1% (9M'12: 30.9%)

Strong performance indicators



The Bank 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 September 2013.

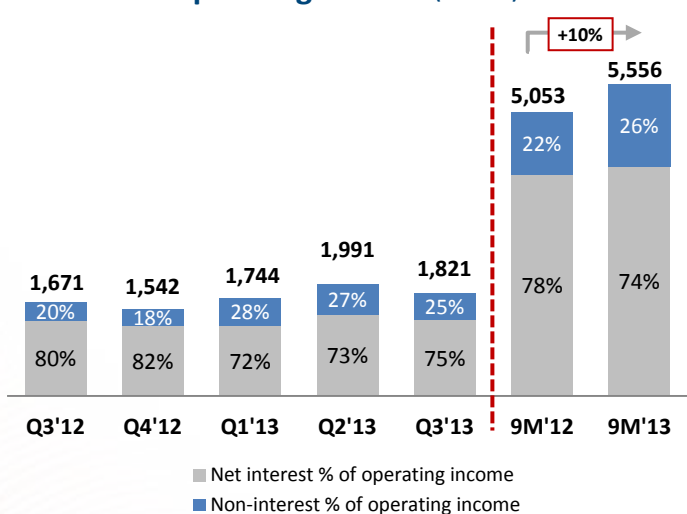
¹ Includes Islamic CASA deposits ² Includes income from Islamic financing and Islamic profit distribution.

* For ROE/ ROA calculations, the average equity/ asset employed is deemed to be the same for both continued and discontinued operations to smoothen the impact caused by profit on sale of RHB.

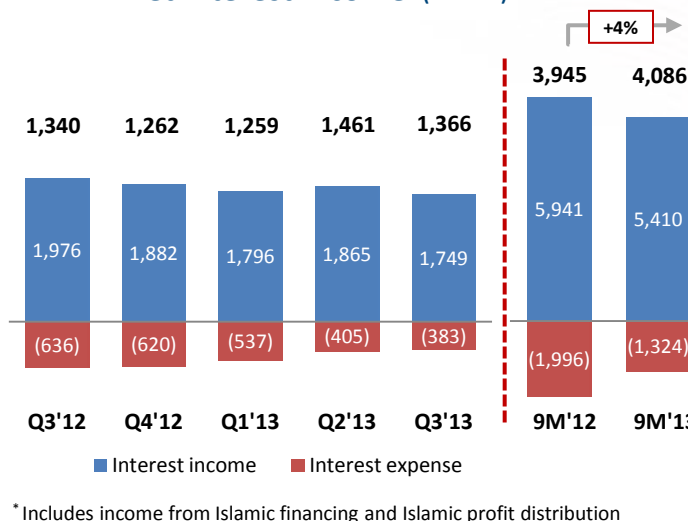
* For ROE/ROA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and interest expense on Tier 1 capital notes and adding back interest expense on mandatory convertible securities.

NIM improvement underpinned by lower cost of funds...

Operating income (AED mn)



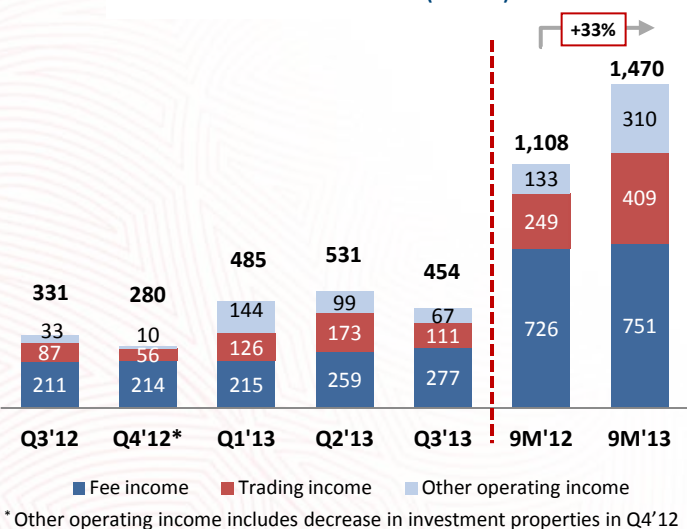
Net interest income* (AED mn)



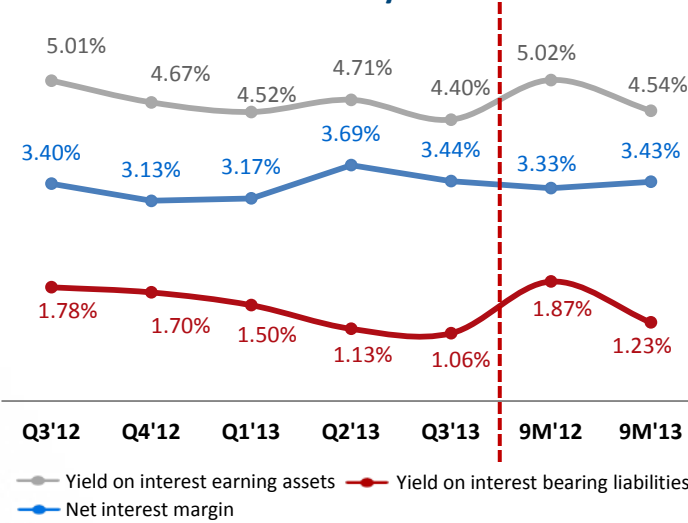
9M'13 vs. 9M'12

- Operating income up 10%
- Net interest income 4% higher, primarily driven by 34% reduction in interest expense
- NIM improvement underpinned by lower cost of funds. Cost of funds for 9 month period declined further to 1.23% compared to 1.87% in 9M'12
- Non-interest income 33% higher primarily due to retirement of financial liabilities and associated hedges on the repayment of Tier 2 loan, consolidation of funds and higher net trading income
- Fees and commission up 3%, primarily attributable to higher retail loan fees (retail loans up 15% YTD)
- Non-interest income was 26% of total operating income compared to 22% in 9M'12

Non-interest income (AED mn)

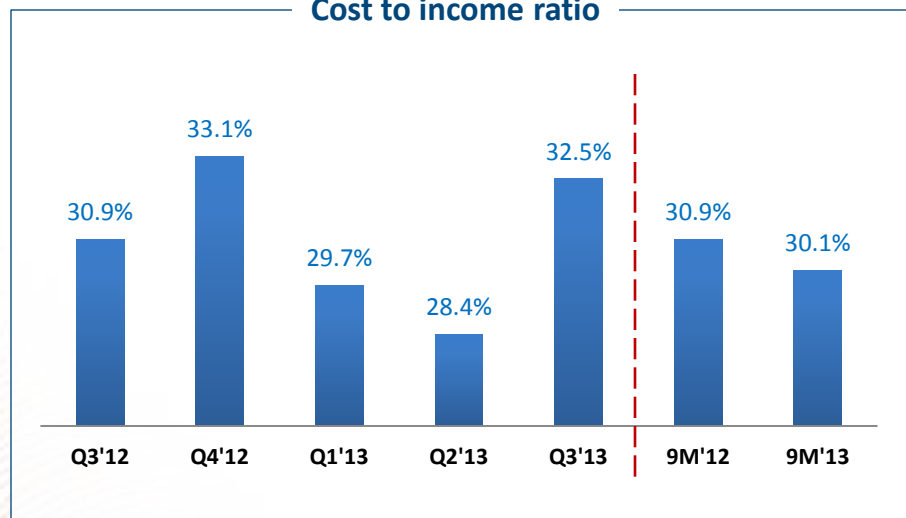


Evolution of yields

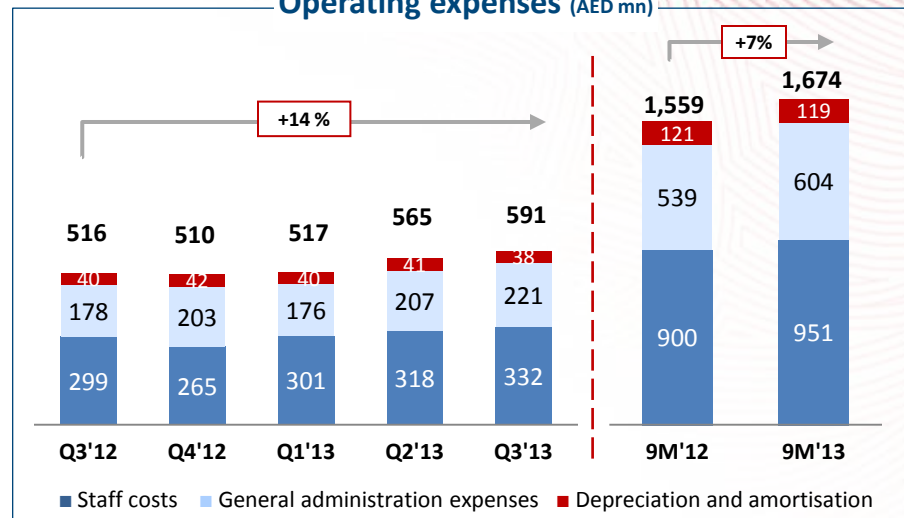


Improved cost to income ratio supported by top line growth...

Cost to income ratio



Operating expenses (AED mn)



Branch network

Branches	2010	2011	2012	March'13	June'13	Sep'13
UAE – traditional branches	46	48	50	50	50	50
UAE – pay offices	4	4	4	3	3	3
India	2	2	2	2	2	2
Jersey	-	1	1	1	1	1
Total	53	56	57	56	56	56
ATMs	265	294	299	308	313	318

9M'13 Highlights

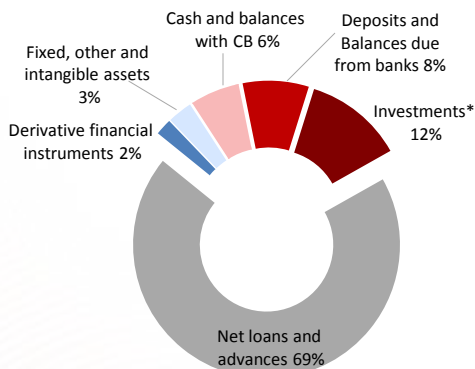
- Operating expenses totaled AED 1,674 mn, 7% higher YoY, primarily attributable to increase in staff costs of AED 51 mn and higher other operating expenses of AED 65 mn
- Cost to income ratio improved to 30.1% in 9M'13 compared with 30.9% in 9M'12, increased top line momentum offset higher operating expenses

Disciplined balance sheet management...

Composition of assets

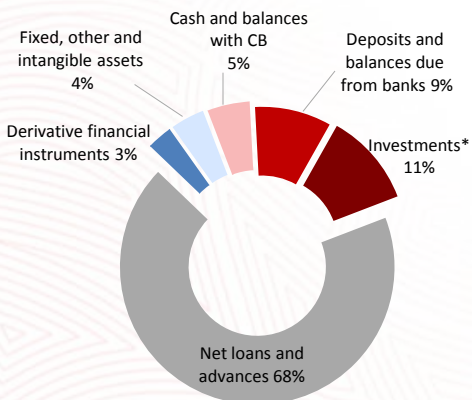
Sep'13

Total assets = AED 174,683 mn



Dec'12

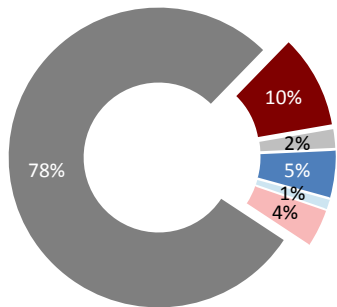
Total assets = AED 180,796 mn



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

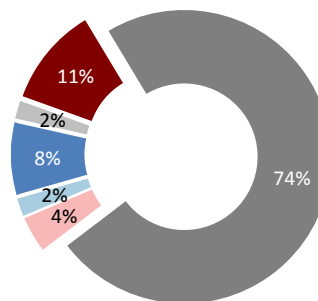
Gross loans & advances by type

Dec'12
AED 129,659 mn

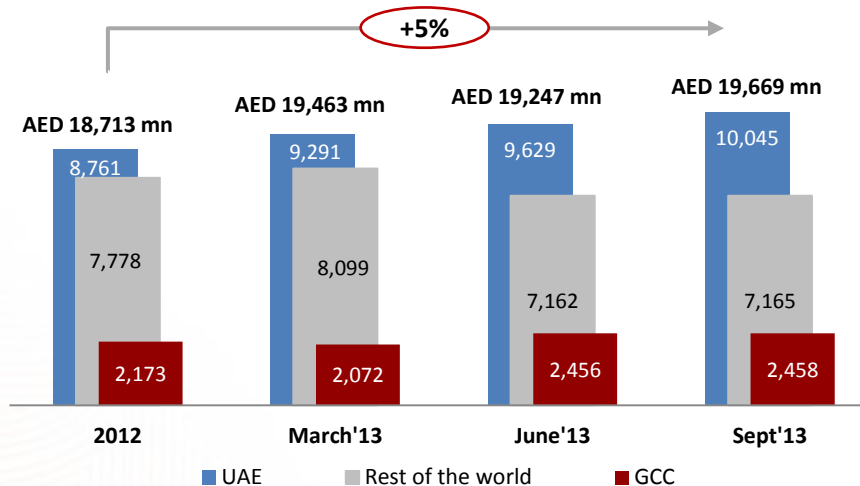


Overdrafts Corporate loans Retail loans Credit cards Islamic financing Other facilities

Sep'13
AED 127,076 mn



Investments securities (AED mn)



Highlights

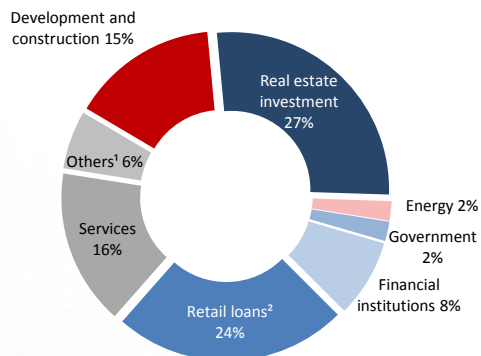
- Total assets at AED 174,683 mn, 3% lower year to date primarily due to lower acceptances
- Net loans and advances as a percentage of total assets at 69% (68% in Dec'12)
- YTD Islamic financing up 55% at AED 10,258 mn
- Investment securities portfolio up 5% over 31 Dec'12 at AED 19,669 mn
- 98.3% of the investment portfolio invested in bonds providing a liquidity pool for the Bank

Customer loans...

Gross loans by industry

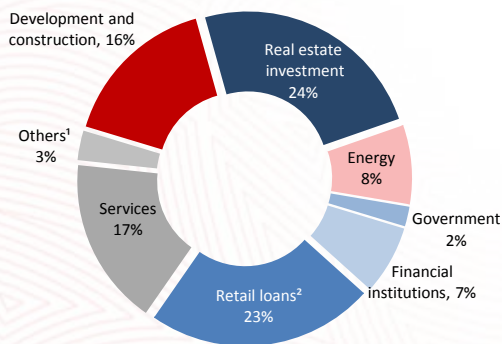
Sep'13

Gross loans = AED 127,076 mn



Dec'12

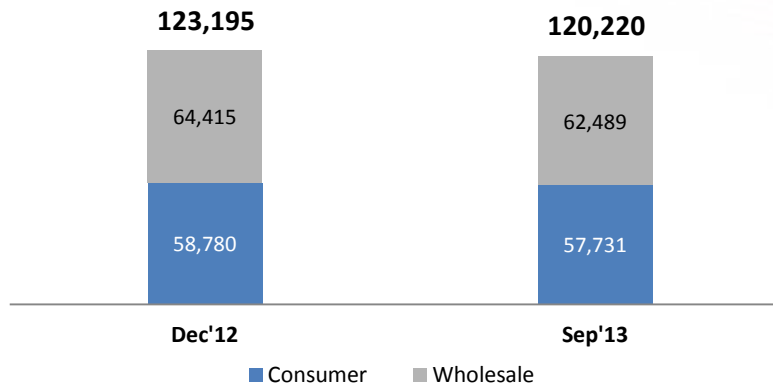
Gross loans = AED 129,659 mn



¹ Agriculture, trading, manufacturing and transport

² Retail loans include personal retail loans and personal collateralised loans

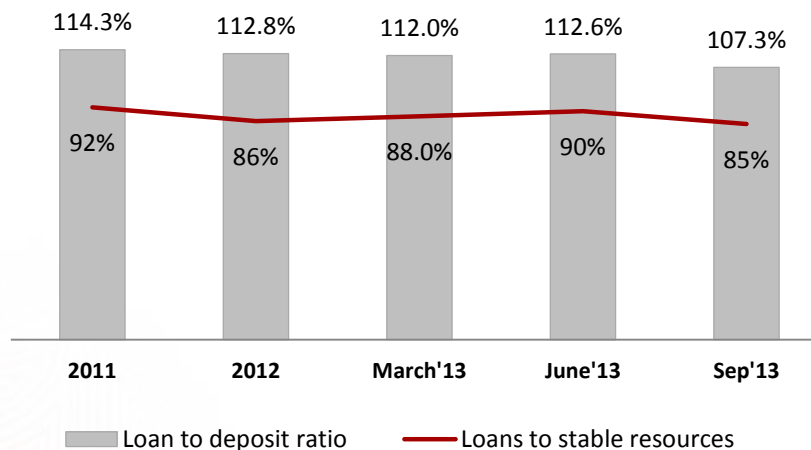
Evolution of loans, net (AED mn)



• Consumer Banking loans comprises of retail, wealth management and Islamic financing. It includes loans with retail customers and corporate and private accounts of high net worth individuals and funds management activities.

• Consumer Banking loans were 2% lower over December, primarily attributable to the repayment of a couple of HNW accounts, whilst retail loans were up 15% YTD.

LTD and loans to stable resources ratios

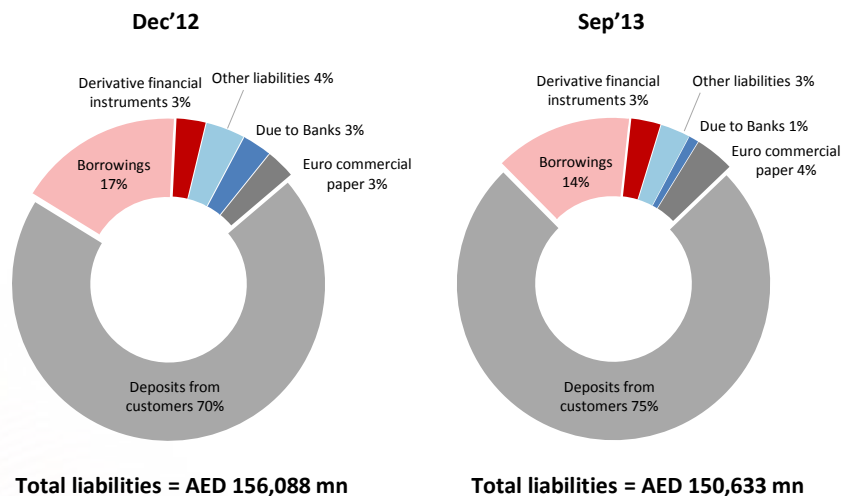


Highlights

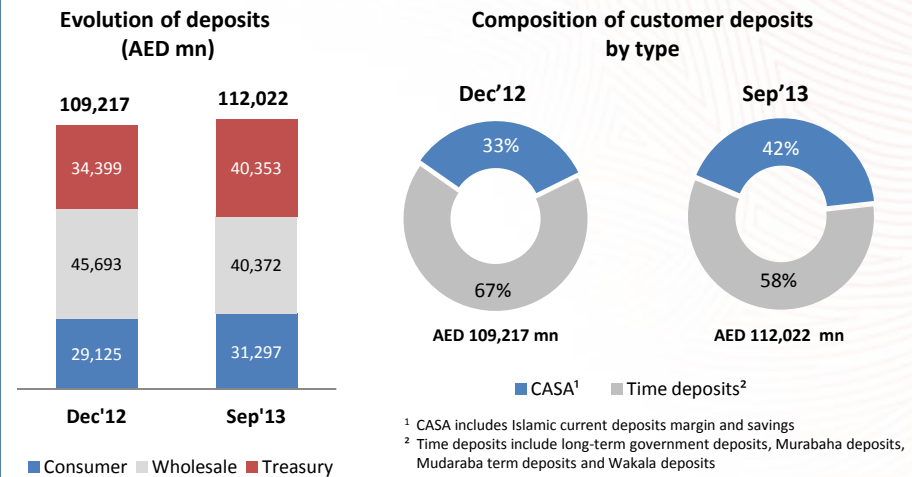
- YTD gross customer loans declined by AED 2.6 bn (2%) primarily on account of a repayment of a loan of USD 2 bn in late September 2013. This has a negligible impact on profitability but significantly reduces concentration exposure
- In the absence of this repayment, the Bank's loan book grew by AED 4.8 bn (3.7%) in the nine month period
- Personal - Retail loans increased 15% YTD in an extremely competitive environment. Share of retail portfolio²: 24% of gross loans
- Strong domestic focus, with 96% of gross loans within UAE (31 Dec'12: 96%)
- Loan to deposit ratio stable at 107.3%, an improvement of 550 bps YTD

Continued growth in CASA deposits...

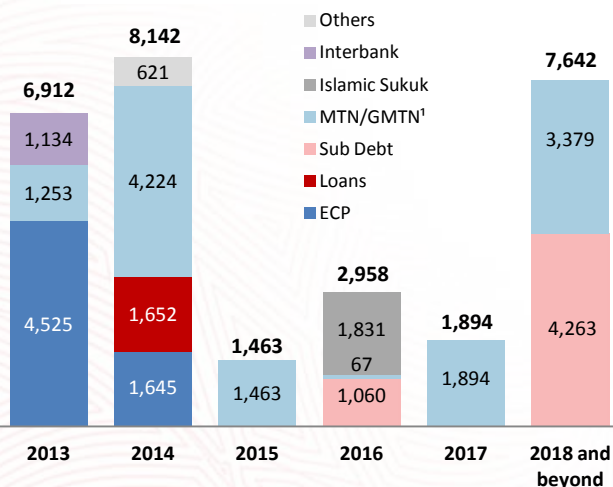
Composition of liabilities



Deposits (AED mn)



Maturity profile as at 30 Sep'13 (AED mn)



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

Wholesale funding split (30 Sep'13)

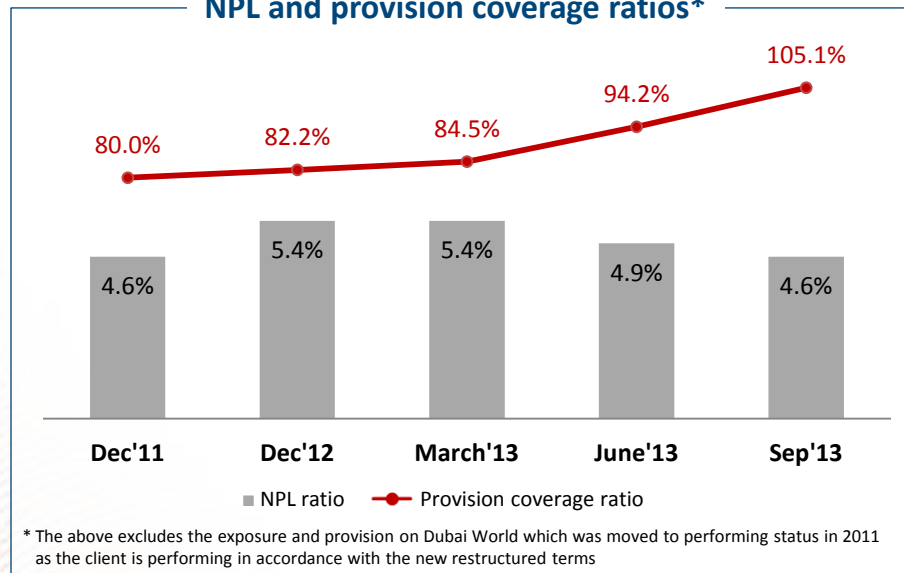
Source of funds	AED mn
GMTN/EMTN ¹	12,273
Sub. Debt	5,261
Interbank	2,010
Euro Commercial Paper	6,170
Others (Repo)	621
Islamic Sukuk notes	1,831
Bilateral loans	1,652
Total	29,818

Highlights

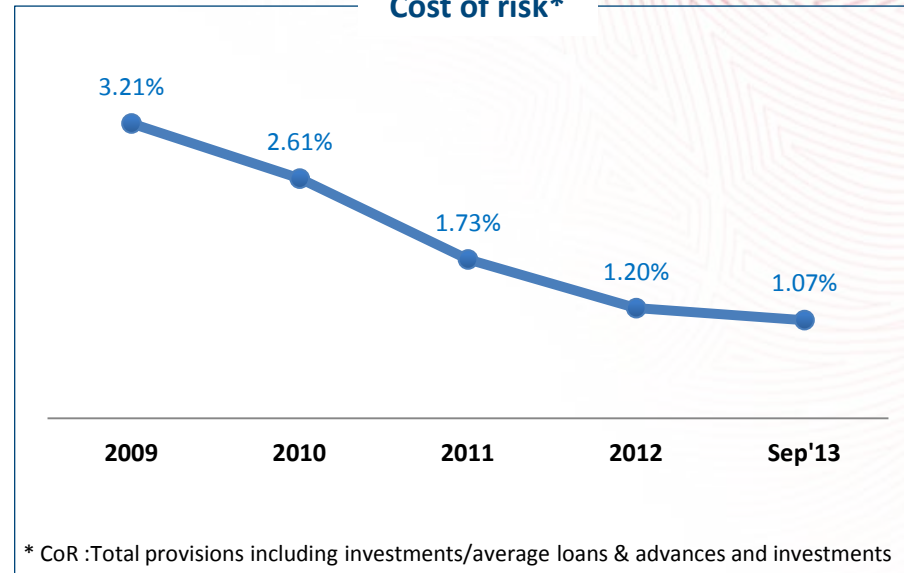
- Deposit from customers/total liabilities increased to 74% compared with 70% in 2012
- YTD Customer deposits up 3% at AED 112,022 mn
- Continued focus on CASA deposit growth, contributing to 42% of total deposits compared with 33% in 2012
- Wholesale funding at AED 30 bn as at 30 September 2013

Improving asset quality and higher provision coverage ratio...

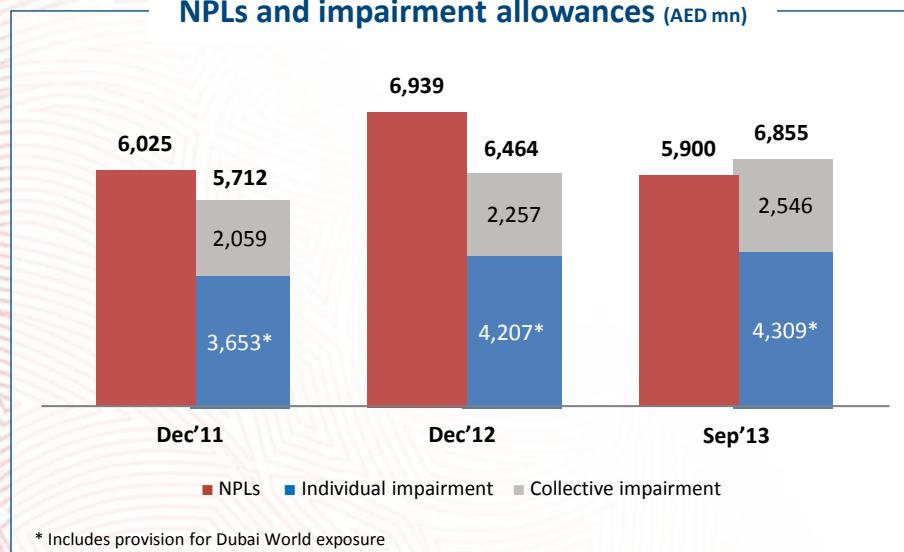
NPL and provision coverage ratios*



Cost of risk*



NPLs and impairment allowances (AED mn)



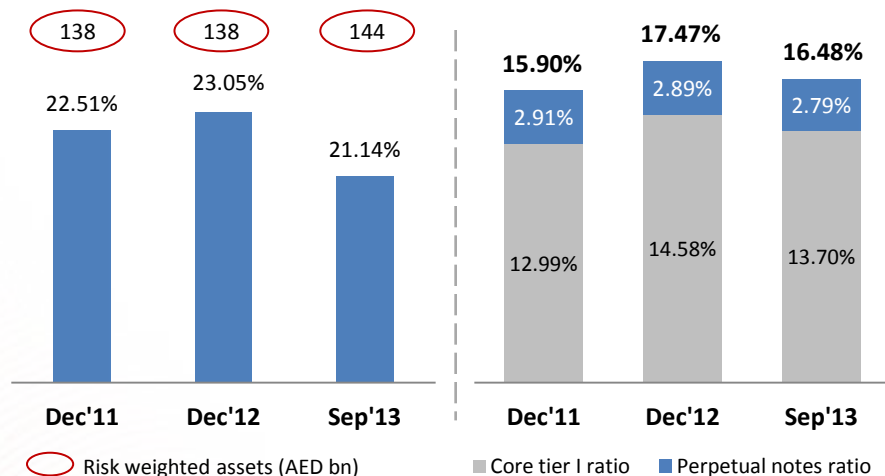
Highlights

- Non-performing loan ratio improved to 4.6% from 5.4% as at 31 December 2012, non-performing loans were at AED 5,900 mn compared with AED 6,939 mn as at 31 December 2012
- Provision coverage ratio significantly improved to 105.1% from 82.2% in 2012
- Portfolio impairment allowance balance was AED 2,546 mn and 1.94% of credit risk weighted assets and individual impairment balance was AED 4,309 mn as at 30 September 2013
- 9M'13 charges for impairment allowance on loans and advances, net of recoveries amounted to AED 1,164 mn, 9% lower YoY
- Cost of risk significantly lower at 1.07% compared to 1.20% in 2012

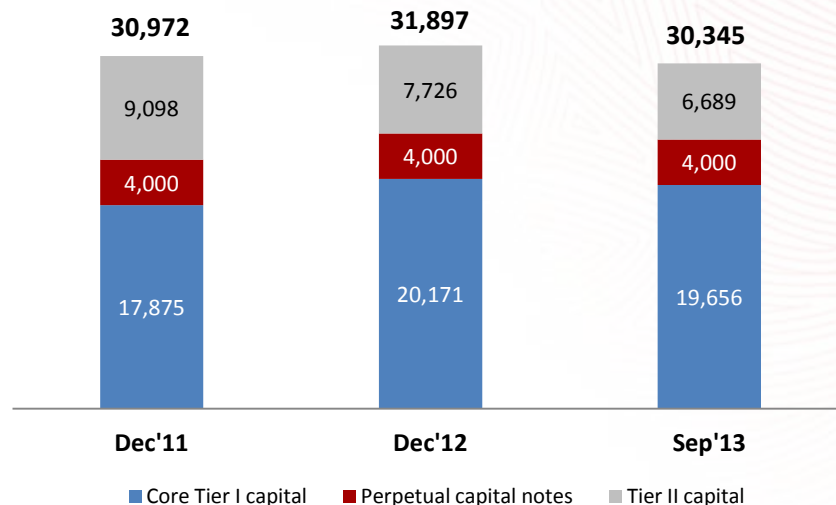
Strong capital base and liquidity...

Capital adequacy ratio

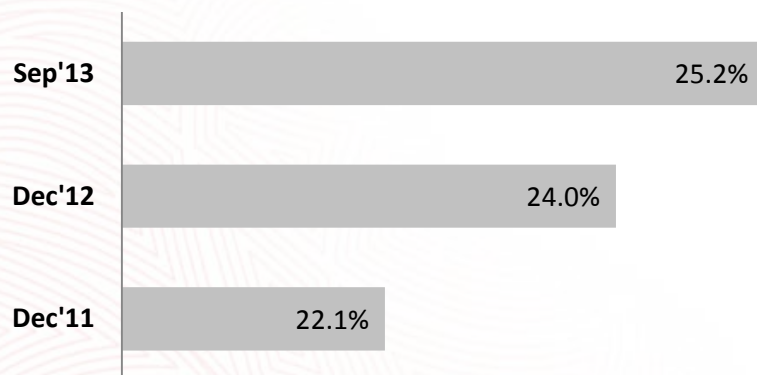
Tier I and core Tier I ratios



Capital base (AED mn)



Liquidity ratio*



*Liqud 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)

Highlights

- As at 30 September 2013, bought back 364,528,504 ordinary shares at a total consideration of AED 1,656 mn
- Capital adequacy ratio of 21.14% and Tier I ratio of 16.48%. The decline in CAR was mainly on account of the share buyback and increase in risk weighted assets
- In the first half of 2013, the Bank repaid AED 6.7 bn from the Ministry of Finance, substituting this with attractive pricing from the wholesale markets
- Net interbank lender of AED 15 bn as at 30 September 2013
- As at 30 September 2013, the Bank's liquidity ratio was 25.2%

Summary

- Double digit growth in operating income and net profit for the nine month period of 2013
- NIM improvement underpinned by lower cost of funds
- Net loans declined primarily on account of a repayment of a loan of USD 2 bn, which significantly reduced concentration exposure
- Continued growth in CASA deposits
- Improved cost to income ratio, as increased top line momentum offset higher operating expenses
- Improved asset quality and cost of risk, provision coverage ratio significantly higher
- ROE and EPS significantly higher as a result of the share buyback 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"

Trade & Export Excellence Awards 2013 (CPI)

by



February 2013

Human Resources Development Award in Emiratisation in the banking industry

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



معهد الإمارات للدراسات المصرفية والائتمانية
 Emirates Institute for Banking and Financial Studies

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

The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

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

WORLD FINANCE

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

"Highly Commended Trade Bank in MENA"

for Excellence in its trade finance offering

By



July 2013

"Best Cash Management Bank in the UAE"

as recognition to the bank's commitment to providing innovative financial solutions to its clients By Euromoney



September 2013

Balance sheet

AED mn	Sep'13	Dec'12	Variance %
Cash and balances with Central Banks	10,553	9,338	13
Deposits and balances due from banks	14,447	16,517	(13)
Loans and advances, net	120,220	123,195	(2)
Derivative financial instruments	4,060	4,993	(19)
Investment securities	20,341	19,355	5
Investment properties	547	529	3
Other assets	3,638	5,926	(39)
Property and equipment, net	809	850	(5)
Intangible assets	68	92	(26)
Total assets	174,683	180,796	(3)
Due to Central Bank	3	-	0
Due to banks	2,010	4,411	(54)
Euro Commercial Paper	6,170	4,557	35
Deposits from customers	112,022	109,217	3
Wholesale borrowings including Tier II	21,447	26,140	(18)
Derivative financial instruments	4,264	4,768	(11)
Other liabilities	4,717	6,995	(33)
Total liabilities	150,633	156,088	(3)
Total shareholders' equity	23,482	24,270	(3)
Non - controlling interests	568	438	30
Total liabilities and shareholders' equity	174,683	180,796	(3)

Income statement

AED mn	Sep'13	Sep'12	Change %
Interest and income from Islamic financing	5,410	5,941	(9)
Interest expense and profit distribution	(1,324)	(1,996)	(34)
Net interest and Islamic financing income	4,086	3,945	4
Net fees and commission income	751	726	3
Net trading income	409	249	64
Other operating income	310	133	133
Non interest income	1,470	1,108	33
Operating income	5,556	5,053	10
Staff expenses	(951)	(900)	6
Other operating expenses	(604)	(539)	12
Depreciation	(95)	(97)	(2)
Amortisation of intangible assets	(24)	(24)	0
Operating expenses	(1,674)	(1,559)	7
Operating profit before impairment allowances & taxation	3,882	3,494	11
Impairment allowance on loans and advances, net	(1,164)	(1,279)	(9)
Impairment (recoveries)/allowance on investment securities	27	(7)	NM
Impairment allowance on property and equipment, net	0	(21)	NM
Overseas income tax expense	(5)	(4)	31
Net profit	2,741	2,182	26
Attributed to:			
Equity holders of the parent	2,572	2,116	22
Non - controlling interests	168	66	156
Net profit	2,740	2,182	26