

The Difference Is...

AMBITION + DISCIPLINE



Abu Dhabi Commercial Bank PJSC

Q3/9M'16 Investor presentation

October 2016



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Macro overview

Business overview

Our journey

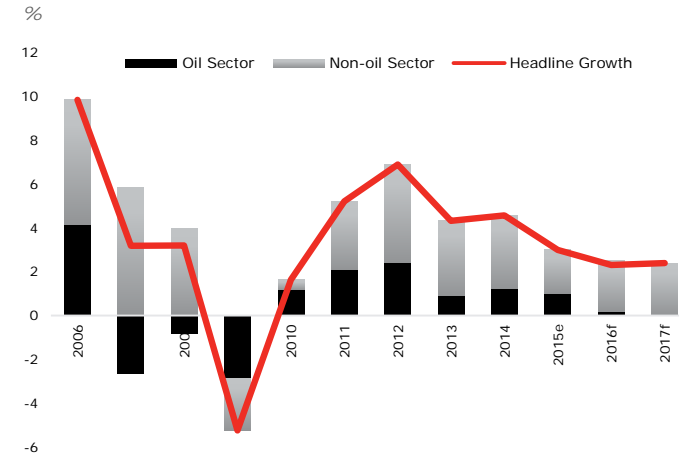
Financial highlights

Appendix

UAE economic overview : Economic activity moderating Fiscal policy responses positive for medium term outlook

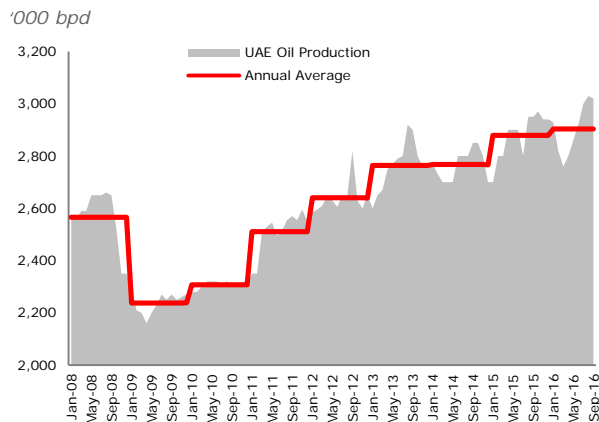
- ▶ UAE's economy is forecast to decelerate further in 2016. Economic challenges include the lower oil price, ongoing softening real estate prices in Dubai, weak global and regional demand and monetary tightening
- ▶ Expect headline real GDP growth to moderate to 2.2% in 2016 from 3.1% in 2015 and real non-oil GDP growth to decelerate to 2.3% from 3% in 2015
- ▶ We expect to see greater fiscal consolidation from Abu Dhabi in 2016, including lower current and capital expenditure than in 2015. Reforms include further reduction in utility subsidies (Jan 2016) and the introduction of a 3% tax on rents (Apr 2016) both of which are positive from a fiscal perspective
- ▶ Dubai announced an expansionary budget for 2016, with a focus on investment spending. However, overall UAE project awards were down in Q3'16, due to fiscal consolidation and expenditure rationalization by the Government
- ▶ Key service sectors (tourism, transportation, logistics, etc.) are continuing to see growth, albeit decelerating. PMI data reflects the softening in non-oil activity in 2016, particularly weak external demand
- ▶ UAE annual average inflation to moderate with lower fuel prices in 2016, though Abu Dhabi subsidy reforms and limited wage increases impacting cost of living
- ▶ Diverse economic base and strong FX reserves support the economic outlook
- ▶ Real non-oil GDP growth should start to strengthen from 2017 onwards as the pace of investment is likely to accelerate ahead of Dubai Expo 2020
- ▶ Support from the removal of sanctions on Iran likely to be medium term, limited impact so far

Positive contribution to headline GDP growth from non-oil sectors, though pace of expansion moderating



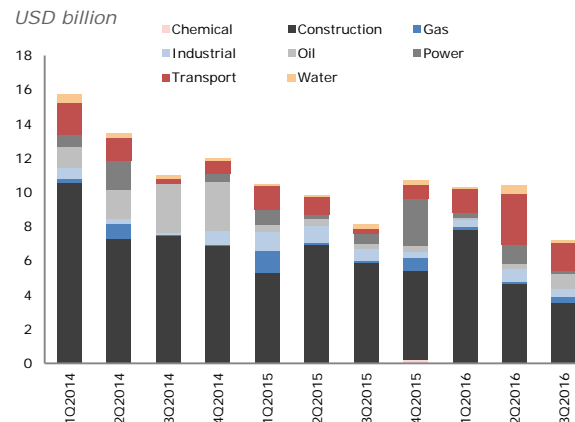
Source: UAE National Bureau of Statistics, ADCB estimates

Oil production has strengthened since mid-2016, oil sector to make a small positive contribution to 2016 GDP growth



Source: Bloomberg

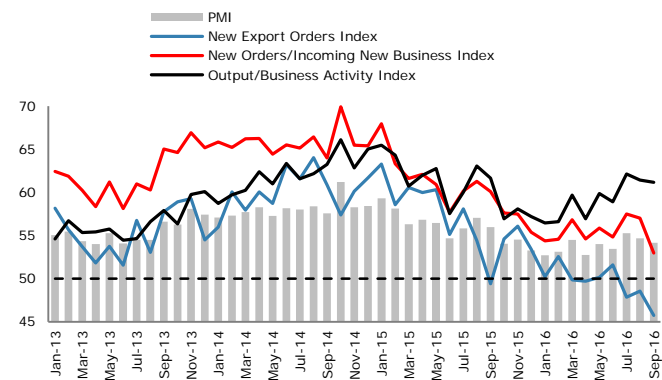
Total UAE project awards are trending lower, but progress continues with core projects



Source: MEED Projects, ADCB

PMI data reflects the softening in non-oil activity, though remaining expansionary, some improvement in 2Q

Index; reading above 50 indicates an expansion



Source: Market Economics

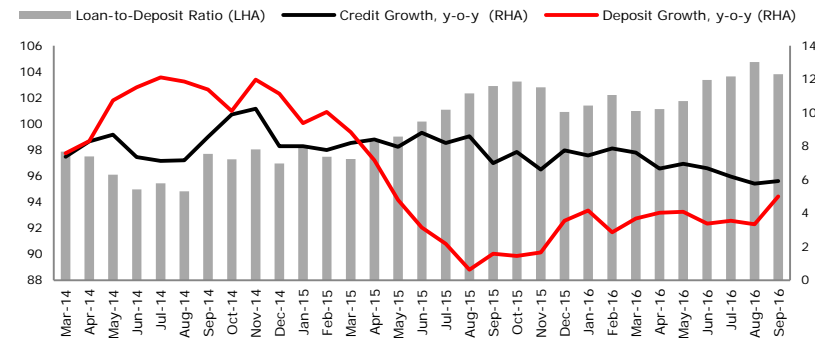
PMI: Purchasing Managers Index

UAE banks overview : Liquidity tightening Credit growth continues to outstrip deposit growth

- ▶ UAE Banking sector is ranked largest in the GCC in terms of assets, comprises of 23 national banks and 35 foreign banks
- ▶ YTD credit growth (gross) of 5.4% outstripping deposit growth of 2.5% in September 2016. YoY credit growth was 5.9% vs. deposit growth of 5.0% in September 2016
- ▶ Government and GRE combined are net creditors from the banking sector in 2016 YTD, with particularly a pickup in GRE borrowing and lower deposits in the banking system compared to end-2015
- ▶ Private sector credit growth stood at 6.3% YoY in September 2016, down from 8.5% YoY in December 2015. The decelerating retail credit growth in 2016 in YoY terms has been particularly notable, from 10.3% YoY in December 2015 to 4.9% YoY in September 2016, with greater job uncertainties and losses in certain sectors
- ▶ Interbank lending rates continue to rise as banking sector liquidity tightens. However, the pace of increase has moderated in 2016 compared to end-2015, partly due to greater funding from the debt capital markets (sovereign and corporate)
- ▶ Banking sector is strongly capitalised, with a CAR of 18.6% and Tier I of 16.9% as at 30 September 2016

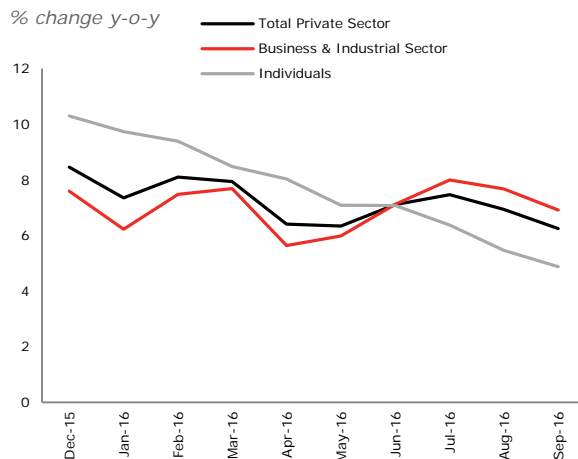
Banking sector liquidity tightening as credit growth outstrips deposit growth, albeit by a smaller margin

L-to-D ratio (LHA); % change y-o-y (RHA)



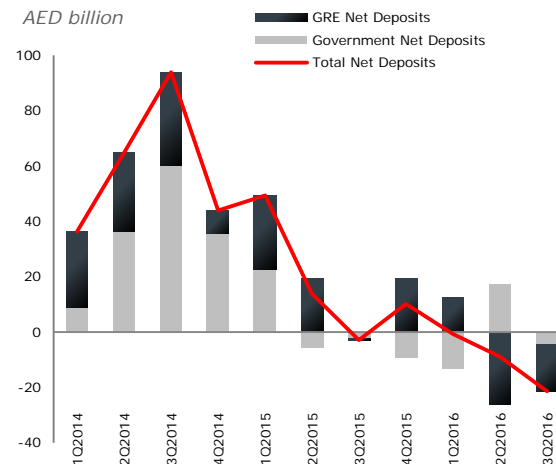
Source: Central Bank of UAE

Private sector credit growth decelerates in 2016 with retail growth moderating, corporate has been more steady



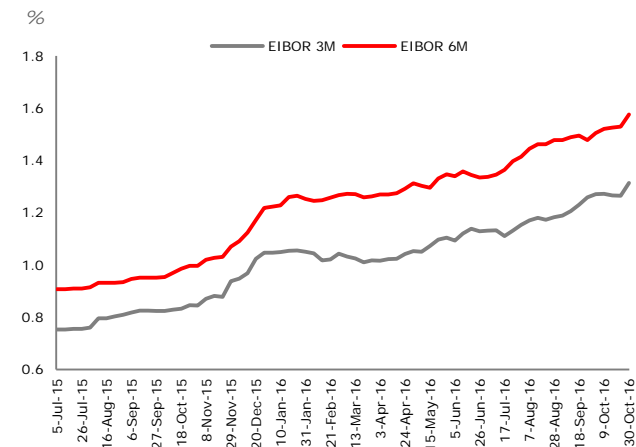
Source: Central Bank of UAE

GRE and government both net creditors from the banking sector in 3Q2016



Source: Central Bank of UAE

UAE Interbank rates continue to rise with tighter banking sector liquidity



Source: Bloomberg

Macro overview

Business overview

Our journey

Financial highlights

Appendix

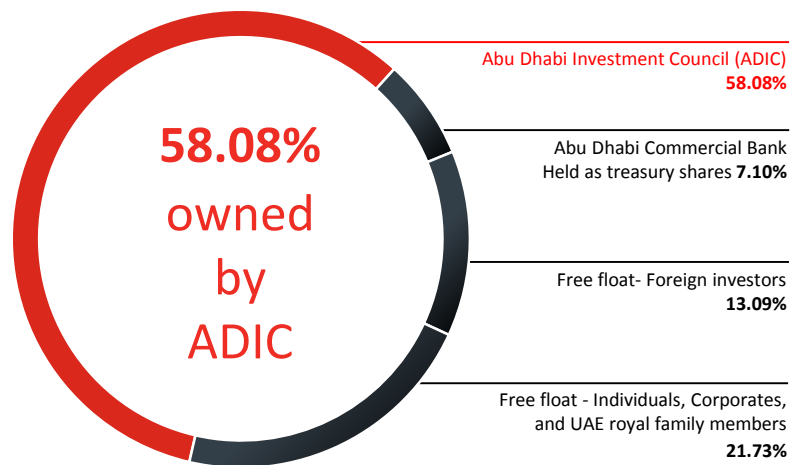
ADCB overview

ADCB franchise	Sep'16	2015
Market cap excluding treasury shares (AED billion)	34	34
Branch network (UAE) ¹	48	49
Overseas branches ²	3	3
Market share of loans, net (%)	11.1	10.6
Market share of deposits (%)	10.2	9.8

Ratings



Ownership structure (30 September 2016)



¹ Excludes pay offices

² Two branches in India and one branch in Jersey

Core strengths (As at 30 September 2016)

Situated to benefit from UAE economic growth

Supportive principal shareholders

Strong domestic franchise with a well known and trusted brand

Measured growth, sustainable profitability

Robust capital ratios, stable liquidity & funding profile, healthy asset quality

Experienced management team and strong corporate governance culture

- ▶ Remain positive on UAE's medium term outlook, despite the lower oil price and softening economic activity
- ▶ Government remains focused on driving economic diversification. New attractions and theme parks important to drive tourism growth
- ▶ UAE's liquidity position remains more comfortable than most other GCC countries. Government's deposits in the banking system have increased, likely supported by the sovereign debt issuance by Abu Dhabi in Q2'16
- ▶ The Government (Abu Dhabi Investment Council) owns 58.08% of the issued share capital
- ▶ Long-standing government related corporate client base
- ▶ Broad portfolio of innovative consumer and wholesale products, customised cash management and trade finance solutions; key enablers for CASA growth
- ▶ Tailor made financing and risk management solutions that facilitate access to capital markets, investment solutions and structured products that meet clients' needs
- ▶ Strategic partnerships with Bank of America Merrill Lynch and Banco Santander
- ▶ Continue to grow our balance sheet in a granular and prudent manner in our core geography and core businesses
- ▶ Total assets increased 18% and net loans increased 14% year on year
- ▶ Delivered ROAE of 16.0% for the nine month period of 2016
- ▶ In July, S&P raised ADCB's stand-alone (SACP) credit profile to 'bbb+' from 'bbb' on account of strengthening business position and improving returns, coupled with more balanced earnings generation across different business segments
- ▶ Total CAR of 17.98%, Tier I capital ratio of 14.72% as at 30 September 2016
- ▶ Despite tightening liquidity, total customer deposits grew 18% year on year and CASA deposits comprised 42.2% of total deposits
- ▶ Net lender of AED 23 billion in the interbank markets
- ▶ Strong risk management culture, maintaining a rigorous control framework, NPL ratio of 2.6% and provision coverage ratio of 133.1%
- ▶ Management team has wealth of experience in international and regional institutions
- ▶ Regional leader in corporate governance, maintaining high standards with clear framework and policies emphasising transparency, integrity, accountability and fairness

Our business segments provide a diversified revenue stream



- ▶ Covers retail, wealth management and Islamic operations
- ▶ Growth in consumer banking underpinned by an increased product offering, expansion of sales and distribution infrastructure and effective cross-selling
- ▶ Co-branded Visa Cards with Etihad Airways
- ▶ Touchpoints – Unique market leading rewards programme for customers



- ▶ Serves SMEs, mid-corporates, large corporations, financial institutions, public enterprises and government institutions
- ▶ Responsible for ADCB's 2 Indian branches, Jersey branch and representative offices in London and Singapore
- ▶ Award winning world class cash management services and solutions, delivering CASA balances for ADCB
- ▶ Strong digital online transaction banking platform
- ▶ Strategic relationship with Bank of America Merrill Lynch and Banco Santander to allow clients who require services in the region to access capabilities provided by ADCB



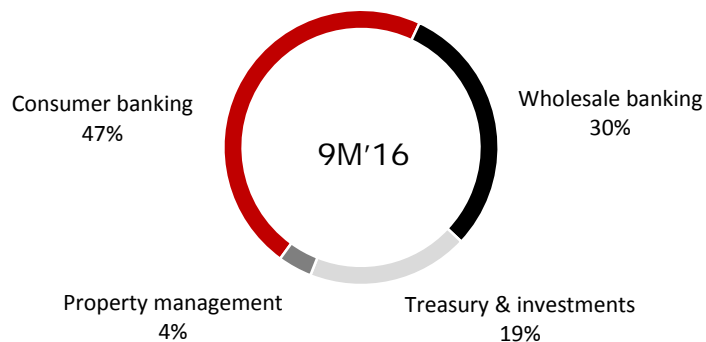
- ▶ Treasury business and investment portfolio provides interest rate, commodities and foreign exchange services
- ▶ Covers money market, FX, interest rates, currency, commodity derivatives and asset & liability management



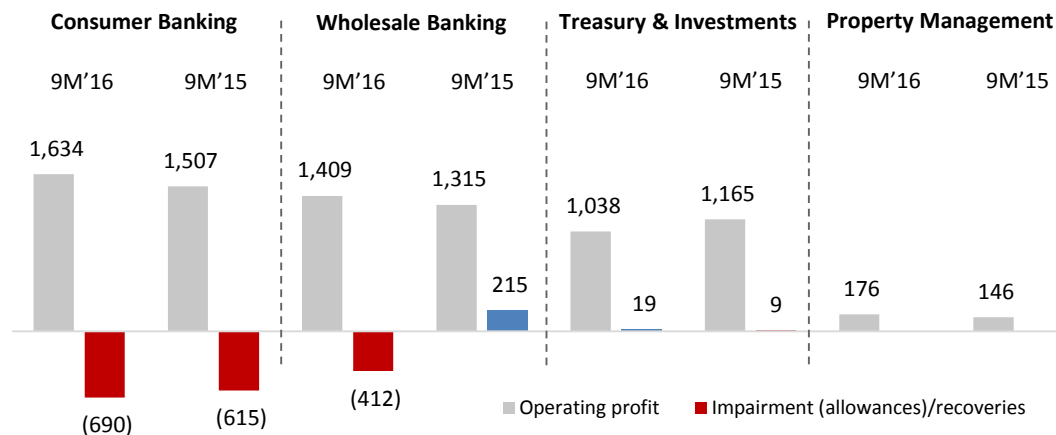
- ▶ Includes real estate and property management activities
- ▶ Comprises real estate, property management and engineering services through subsidiaries Abu Dhabi Commercial Proprieties and Abu Dhabi Commercial Engineering Services
- ▶ Management of investment properties and ADCB rental income

Percentage contribution to operating income

Total operating income = AED 6,324 million



Operating profit and impairment allowances by business segment (AED million)



The Difference Is: Ambition + Discipline
 Our strategy remains steady and consistent – sharp focus on serving the UAE

Our five strategic pillars

1

Growth through a UAE-centric approach with controlled internationalisation

UAE centric

2

Stability through liability growth

Sustainable growth

3

Maintain a culture of service excellence and efficiency

Customer centric

4

Manage our risk in line with pre-defined risk strategy

Risk - aware

5

Success through staff

Talent driven

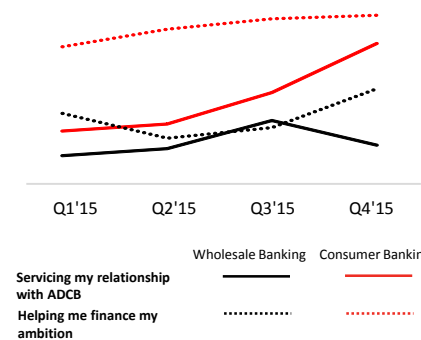
94%

gross loans within the UAE

42.2%

CASA deposits/total deposits

Net promoter score (NPS)*



0.80%

Cost of risk

8.8

years

Average time span of Executive management

* NPS is based on customers' likelihood to recommend ADCB to a friend or colleague. NPS is calculated as the percentage of customers who are promoters, rating the company 9 or 10 on a 0 to 10 point scale, minus the percentage who are detractors, rating it 6 or lower.

Recognised as a regional leader in corporate governance

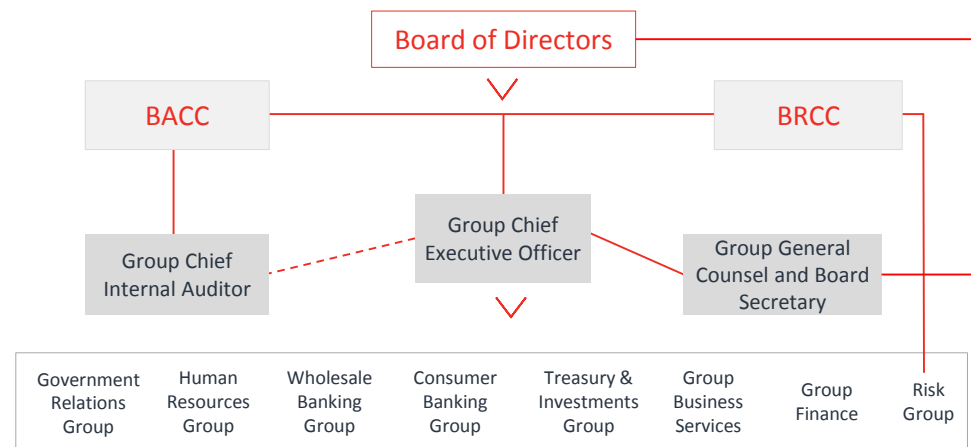
Highlights

- ▶ Maintain high standards in Corporate Governance, winning “Best Corporate Governance in UAE” from World Finance Magazine in 2015 and for the second time in three years, the Hawakamah Bank Corporate Governance Award in 2014
- ▶ The Bank’s governance structure is headed by the Board which has overall responsibility for guiding the Bank
- ▶ The Bank has a number of Board committees and management committees which oversee and monitor day to day activities of the Bank
- ▶ Our reporting lines are an important part of our governance structure:
 - **Group Chief Risk Officer** is independent and reports to the Board Risk & Credit Committee (BRCC)
 - **Group Chief Internal Auditor** is independent and reports to the Board Audit & Compliance Committee
 - **Group General Counsel and Board Secretary** is independent and has a dual reporting line to the Board and the CEO
- ▶ The Bank appointed Sir Gerry Grimstone as an independent Adviser to its Board of Directors – Chairman of Standard Life and Deputy Chairman of Barclays PLC, to bring a third party perspective on the Bank’s governance, and his deep experience, and to help the Bank with a continual process of improvement
- ▶ During 2013, Aysha Al Hallami was appointed as Director, first woman to be appointed to the Bank’s Board of Directors, In line with international trends and the Bank’s efforts to promote greater diversity at Board level, Aysha Al Hallami was appointed in 2013 as the Bank’s first female Director

Corporate governance structure



Structure and composition



Effective risk management is fundamental to our core strategy

Highlights

- ▶ Our risk appetite is approved by the Board
- ▶ Continue to upgrade our risk management capabilities and strict enforcement of discipline is applied on the business side using measures such as RAROC (Risk adjusted Return on Capital)

As a result of this continuing discipline our portfolio achieved the following results:

- Top 20 largest customer exposure reduced from 37.04% of gross loans in 2014 to 35.26% in 2015
- Provision coverage remains strong
- Average portfolio quality has remained stable, notwithstanding a negative trend in credit conditions
- LCR is well above BCBS (Basel Committee on Banking Supervision) standard requirements at this time
- Concentration reduction by name and sector
- ▶ Our capital adequacy ratio remains above UAE Central Bank hurdle rate and amongst the strongest in the country. Continued work on enhancing our risk management capabilities will help us to prepare for Basel III requirements

Three lines of defence

First line

ADCB's business units including all business areas and functions are accountable for owning and managing the risks which exist in their area within a defined risk appetite framework

Treasury
Wholesale banking
Consumer banking
Property management

Second line

Independent monitoring and control functions are accountable for owning and developing the risk and control frameworks. The second line of defense is independent from the business and accountable for overseeing and challenging the first line of defense on the effective management of its risks

Credit
Risk
Compliance

Third line

Group Internal Audit and External Audit provide independent assurance on the appropriateness of the design and operational effectiveness of risk management and internal control processes that mitigate ADCB's key risks

Internal audit
External audit

Principal risks

Credit Risk	Managing concentrations, growth of granular businesses and improvement in average portfolio quality. Effective pricing tools to price risk appropriately
Market Risk	Implements valuation and risk policies for all Level 1 and Level 2 financial instruments in the trading book through measures like VaR, SVaR, Expected Shortfall
Liquidity & Funding Risk	Diversified funding through retail and wholesale operations. Strive to maintain sticky deposits. Treasury Department ensures access to diverse sources of funding
Capital Risk	Manage via techniques based on guidelines developed by the Basel Committee and CB of the UAE. Prepare ICAAP document annually (capital planning)
Operational Risk	Using top risk analysis and risk and control assessment (RCA) process to monitor and manage operational risk
Regulatory Risk	Member of UAE Banks Federation and actively try to influence regulations. Regulatory compliance is closely monitored by the Risk and Audit areas
Information Security Risk	Information –risk heat map against cyber threats is continually updated. Regular security testing and effective security controls
Reputational Risk	Set policy and provide guidance to avoid reputational risk relating to business engagements and lending clients in sensitive industry sectors

The Difference is customer centricity











2015 highlights

- ▶ Net Promoter Scores (NPS)¹ continued to rise throughout 2015, retained #1 position among our peers across Wholesale, mid corporate, treasury and private accounts segments²
- ▶ 60,800 customers spoken to for feedback
- ▶ In 2015, 13.8 million payments were processed with a value of AED 1.4 trillion, an increase of 46% year on year, with 92% straight through processing (STP) for electronic payments
- ▶ Continue to invest in technology to better serve our customers: 55% of our retail customer base registered for online banking and 29% registered for our banking app
- ▶ Over 90% of retail financial transactions done electronically
- ▶ ADCB was the #1 “Most googled” local brand in 2015
- ▶ ADCB brand recognised as one of the “Top 10 Brands” in the UAE according to Brand Intimacy 2015 Report by international brand agency MBLM, ADCB was the only local brand in the Top 10 alongside global names

¹ NPS is based on customers' likelihood to recommend ADCB to a friend or colleague. NPS is calculated as the percentage of customers who are promoters, rating the company 9 or 10 on a 0 to 10 point scale, minus the percentage who are detractors, rating it 6 or lower

² Source: 2015 survey conducted by independent third party research agencies for ADCB customers

UAE top 10 most intimate brands 2015

Rank	Brands	Quotient
#1		75
#2		70
#3		68
#4		61
#5		58
#6		55
#7		54*
#8		54*
#9		52
#10		51

*Scores that appear tied are the result of rounding four decimal point Quotient scores to their nearest whole number.

Source: MBLM Brand Intimacy 2015 Report
<http://mblm.com/brandintimacy>

Our Grow Digital Program is delivering innovative solutions to drive superior customer experience

- ▶ Invested AED 300 million in Digital Innovation and continue to do so through ongoing commitment to “Grow Digital”

Digital Tooling and Platforms



- Flexcube v12: Digital Service Oriented Architecture
- Property Management Solution
- Enhanced Development Platform

Digital Web Developments



- Online Account Opening
- ADCB Private
- Personal Financial Management
- ‘Life in the UAE’
- SME Portal

Digital Mobile Developments



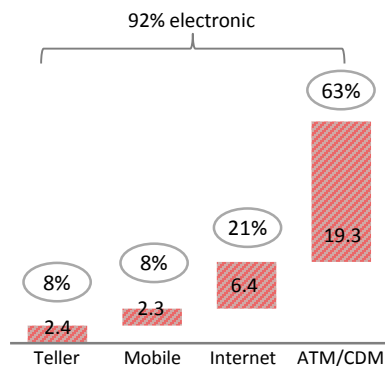
- Mobile Account Opening
- ADCB Private
- Pro-Cash ‘On the Move’
- ADCB Securities Trading
- Digital Financial Center

- ▶ Launched Digital Innovation Lab in August 2014, developed new products and services in collaboration with our Business Partners

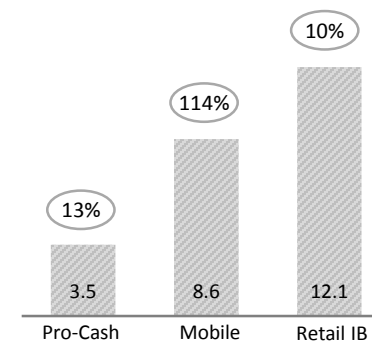
- ▶ 92% of ADCB customer transactions are via electronic channels

- ▶ With Mobile, our customers ‘take ADCB with them everywhere they go’

2015 ADCB Customer Transactions in millions and as a % of total transactions



2015 log-ins in millions and YOY growth in %



Macro overview

Business overview

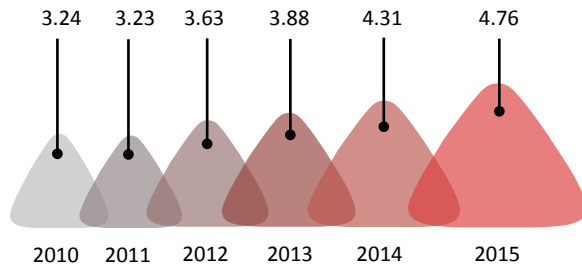
Our journey

Financial highlights

Appendix

Our journey: Strong financial performance, delivering long term value for shareholders

Book value per share (AED)

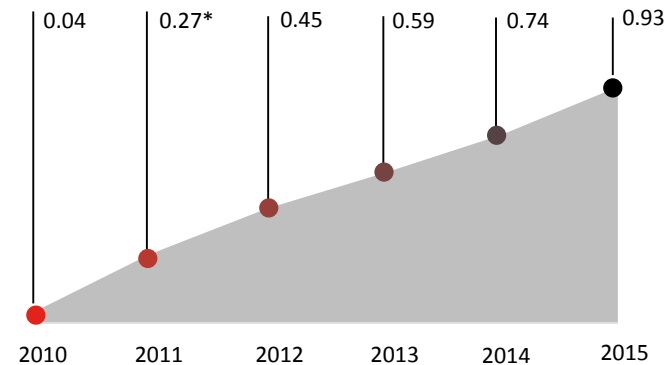


Total shareholder return (%)

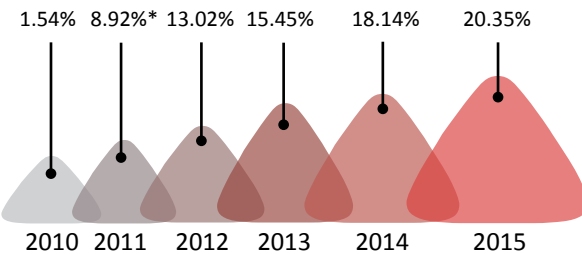
	ADCB	ADX	ADBF
1 Year	6%	0%	-17%
3 Year	150%	86%	71%
5 Year	290%	96%	117%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Exchange, ADBF: Banking Index
As at 31 December 2015

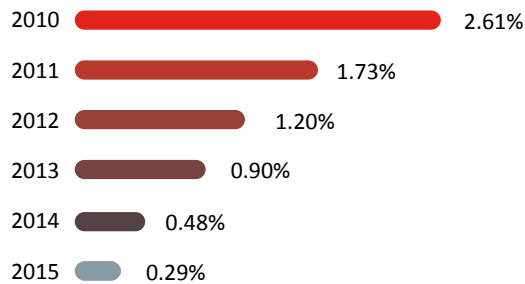
Basic earnings per share (AED)



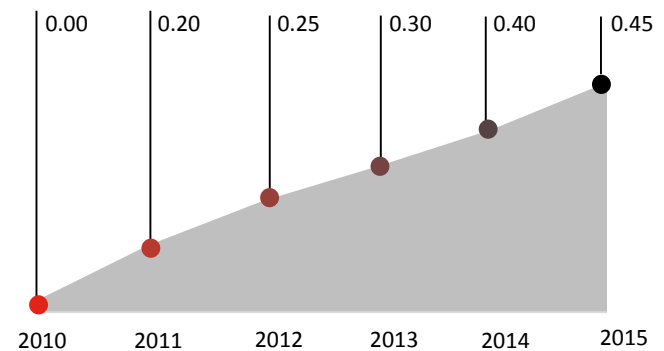
Return on average equity (%)



Cost of risk (%)



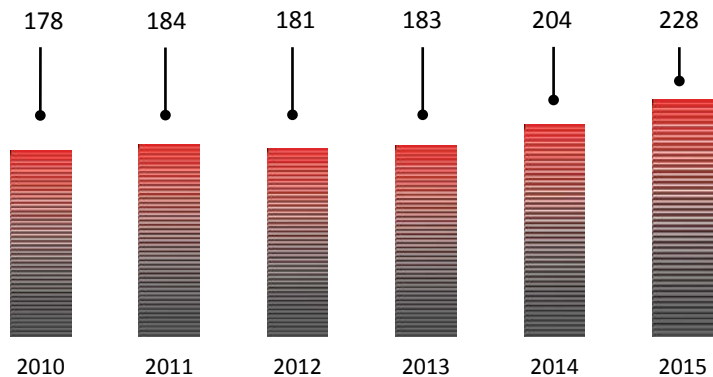
Dividend per share (AED)



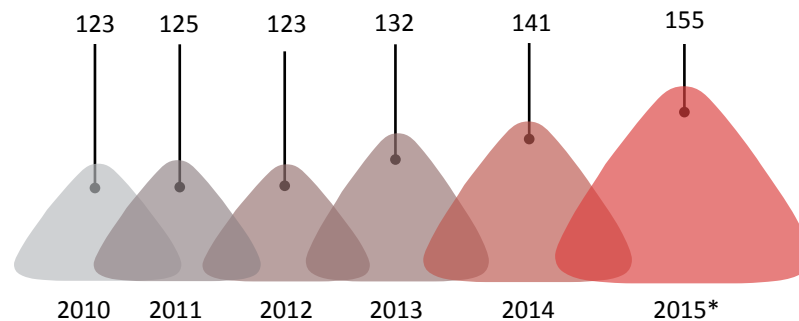
* Normalised to reflect sale of investment in associate

Our journey: Building on a proven strategy, delivering measured and profitable growth

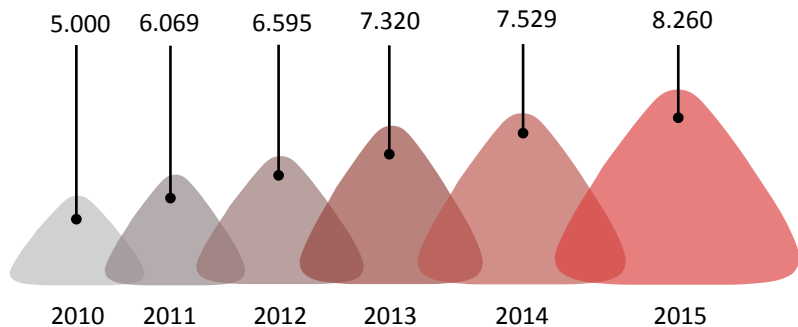
Total assets (AED billion)



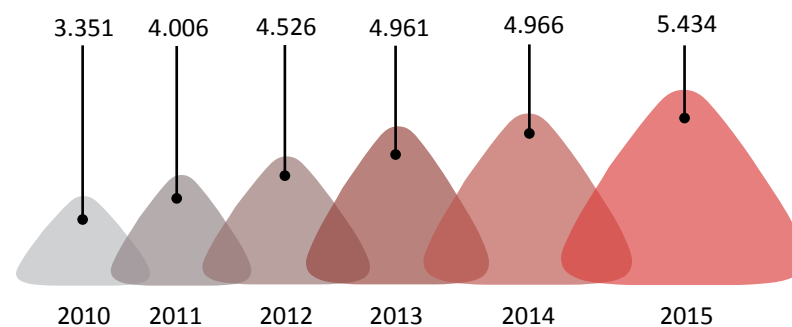
Net loans and advances (AED billion)



Operating income (AED billion)



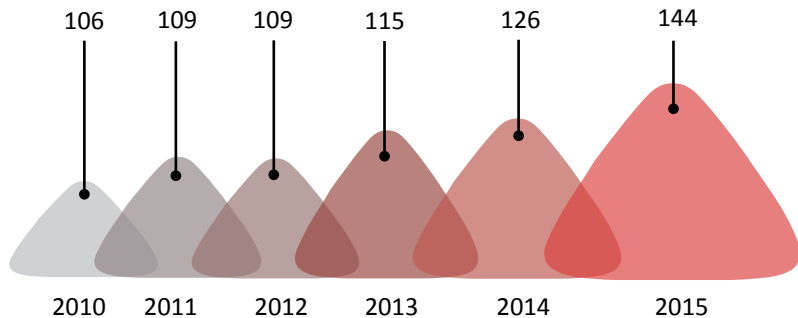
Operating profit (AED billion)



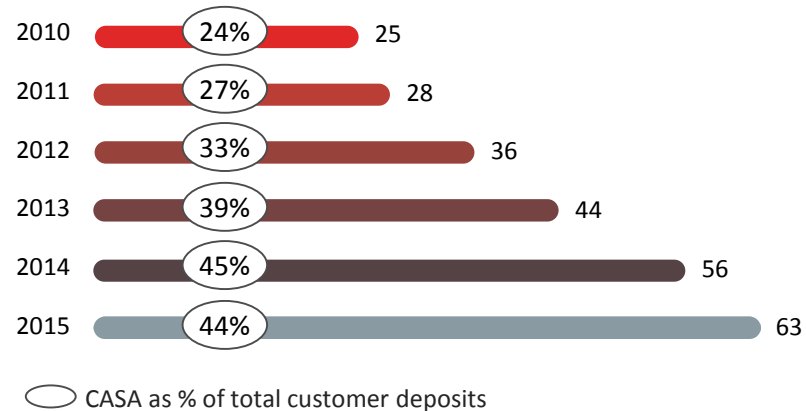
*In June 2016, loans and advances to banks have been reclassified to "Deposits and balances due from banks, net" to better reflect the underlying nature of the business of the borrowers. Accordingly, net loans in 2015 were reclassified to conform to current period's presentation

Our journey: Strong deposit gathering franchise, focus on growing CASA deposits

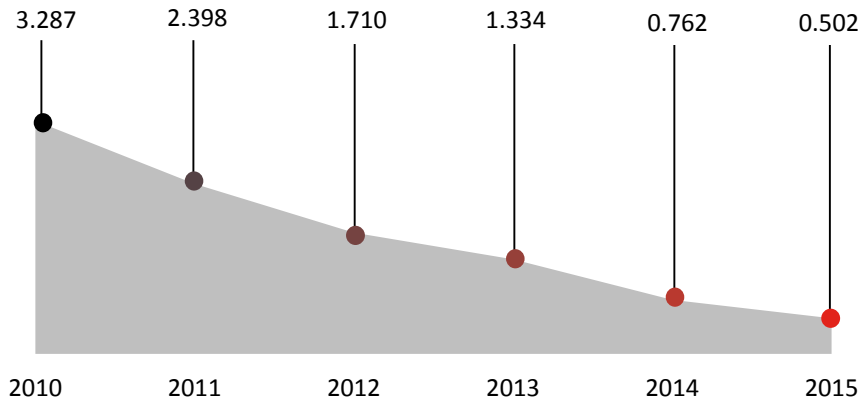
Customer deposits (AED billion)



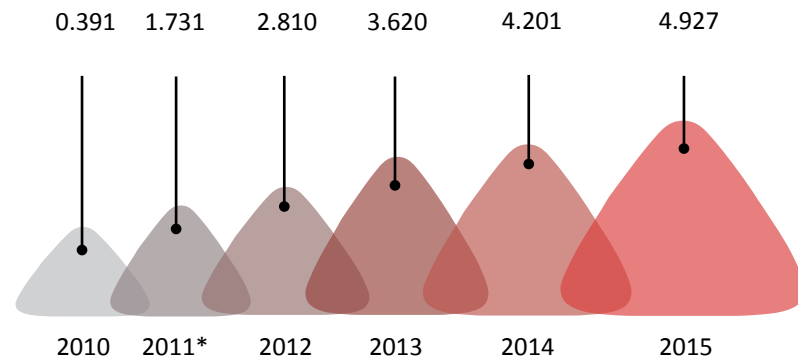
CASA deposits (AED billion)



Impairment allowance charge (AED billion)



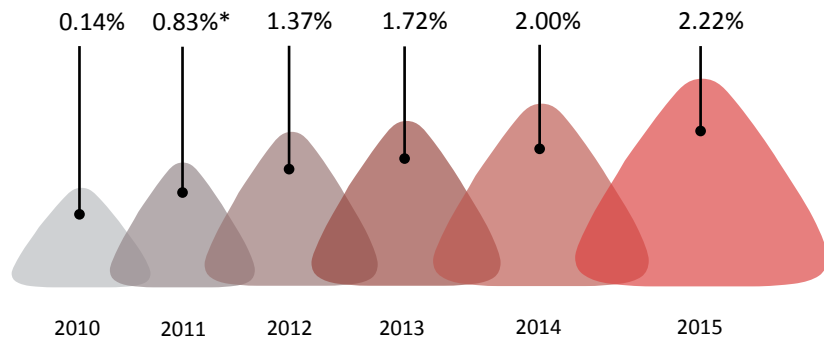
Net profit (AED billion)



* Normalised to reflect sale of investment in associate

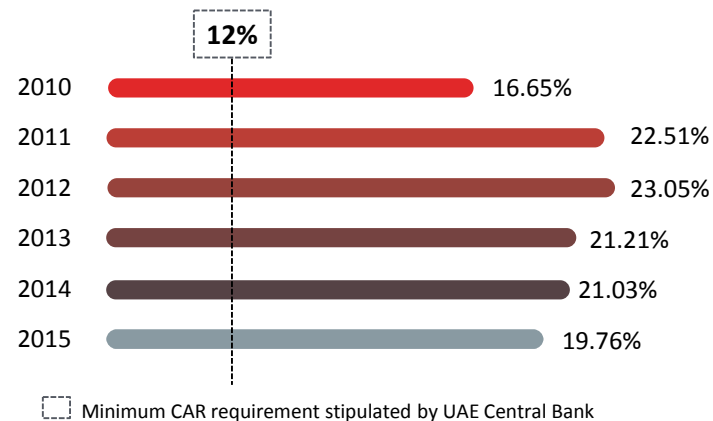
Our journey: Disciplined cost management resulting in cost to income ratio within our target range

Return on average assets (%)

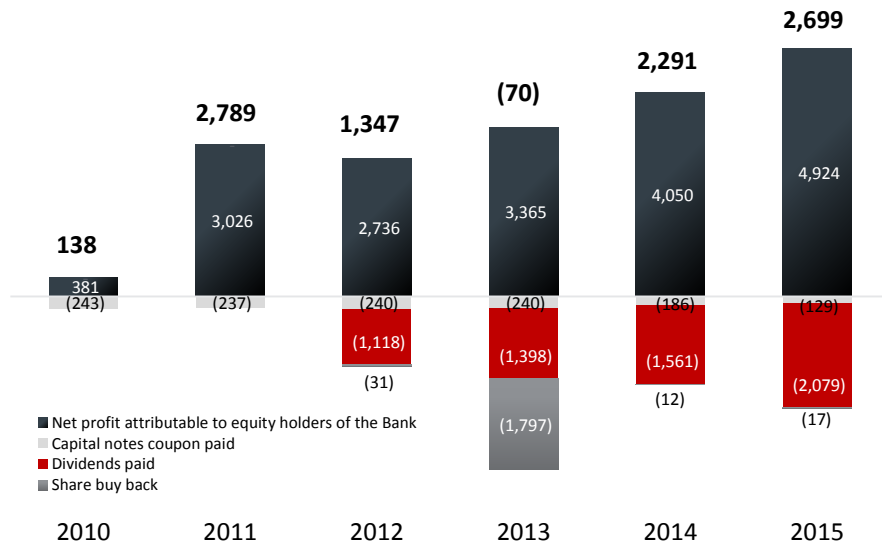


* Normalised to reflect sale of investment in associate

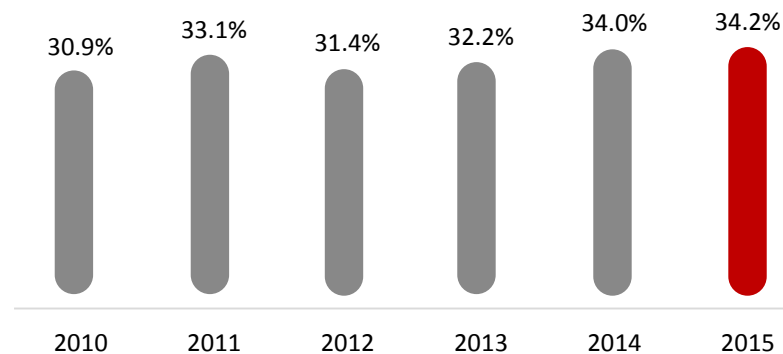
Capital adequacy ratio (%)



Capital generation (AED million)



Cost to income ratio (%)



Macro overview

Business overview

Our journey

Financial highlights

Appendix

Balance sheet highlights

Resilient balance sheet, healthy loan and deposit growth

Highlights (30 September 2016)

- ▶ Total assets grew 18% year on year and 12% year to date to AED 255 billion
- ▶ Net loans and advances to customers increased 14% year on year and 10% year to date to AED 162 billion
- ▶ Deposits from customers increased 18% year on year, and 7% year to date to AED 153 billion. Low cost current and savings account (CASA) deposits comprised 42.2% of total customers deposits
- ▶ Loan to deposit ratio from customers was 105.4% and advances to stable resources were 93.9% as at 30 September 2016
- ▶ Investment securities increased 15% year on year and 23% year to date to AED 26 billion, mainly driven by an increase in UAE government bonds
- ▶ As at 30 September 2016, capital adequacy and tier I ratios were 17.98% and 14.72% respectively. The decline in CAR was mainly on account of balance sheet growth and change in asset mix
- ▶ Total equity strengthened by AED 2.0 billion year on year to AED 30 billion as at 30 September 2016

Balance sheet highlights (AED million)	Sep'16	Dec'15	Sep'15	Change%	
				YTD	YoY
Loans and advances to customers, net ¹	161,562	146,250	142,198	10	14
Investment securities	25,750	20,864	22,332	23	15
Total assets	254,679	228,267	215,329	12	18
Deposits from customers	153,353	143,526	130,009	7	18
Borrowings	35,635	33,472	34,321	6	4
Total equity	29,602	28,733	27,516	3	8
Ratios (%)	Sep'16	Dec'15	Sep'15	bps	bps
CAR (Capital adequacy ratio)	17.98	19.76	19.68	(178)	(170)
Tier I ratio	14.72	16.29	16.14	(157)	(142)
Advances to stable resources	93.9	88.2	92.9	570	100

Figures may not add up due to rounding differences

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 years were reclassified to conform to current period's presentation

Income statement highlights

Consistent and resilient financial performance with strong fundamentals

9M'16 vs. 9M'15 comparison:

- ▶ Operating income of AED 6,324 million was up 1% year on year. 9M'15 benefited from significant recoveries and interest in suspense reversals which were not repeated in 9M'16
- ▶ Total net interest income of AED 4,628 million was 2% lower year on year, partially offset by higher non-interest income of AED 1,697 million, up 12% over 9M'15
- ▶ Interest expense for 9M'16 was AED 1,796 million compared to AED 1,118 million in 9M'15, impacted by higher funding costs, reflective of the tighter liquidity environment
- ▶ Whilst profitability declined year on year, the Bank maintained a robust ROAE of 16% and ROAA of 1.66% for the nine month period of 2016

Q3'16 vs. Q3'15 comparison:

- ▶ Operating income of AED 2,070 million was up 3% year on year, while non-interest income of AED 541 million was up 16% over Q3'15
- ▶ Operating profit before impairment allowances of AED 1,406 million was up 11% year on year, benefiting from an efficiently managed cost base. Operating expenses for Q3'16 declined 10% year on year to AED 663 million
- ▶ Net profit of AED 1,006 million was 16% lower year on year, impacted by higher funding costs and impairment allowances of AED 380 million compared to AED 66 million in Q3'15

Income statement highlights (AED mn)	Year to date trend			Quarterly trend				
	9M'16	9M'15	Change % YoY	Q3'16	Q2'16	Q3'15	Change % QoQ YoY	
Total net interest and Islamic financing income	4,628	4,729	(2)	1,528	1,526	1,545	0	(1)
Non - interest income	1,697	1,515	12	541	617	465	(12)	16
Operating income	6,324	6,245	1	2,070	2,143	2,011	(3)	3
Operating expenses	(2,067)	(2,112)	(2)	(663)	(666)	(740)	0	(10)
Operating profit before impairment allowances	4,257	4,133	3	1,406	1,477	1,271	(5)	11
Impairment allowances	(1,083)	(391)	177	(380)	(351)	(66)	8	476
Share in profit of associate	5	0	NA	2	2	0	NM	NA
Profit before taxation	3,179	3,742	(15)	1,028	1,128	1,205	(9)	(15)
Overseas income tax expense	(26)	(6)	NM	(22)	(2)	(1)	NM	NM
Net profit for the period	3,153	3,736	(16)	1,006	1,126	1,204	(11)	(16)
Net profit attributable to equity shareholders	3,144	3,734	(16)	999	1,125	1,203	(11)	(17)

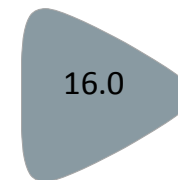
Figures may not add up due to rounding differences

Key indicators (9M'16)

Earnings per share
(EPS – AED)



Return on average equity
(ROAE %)*



Return on average assets
(ROAA %)*

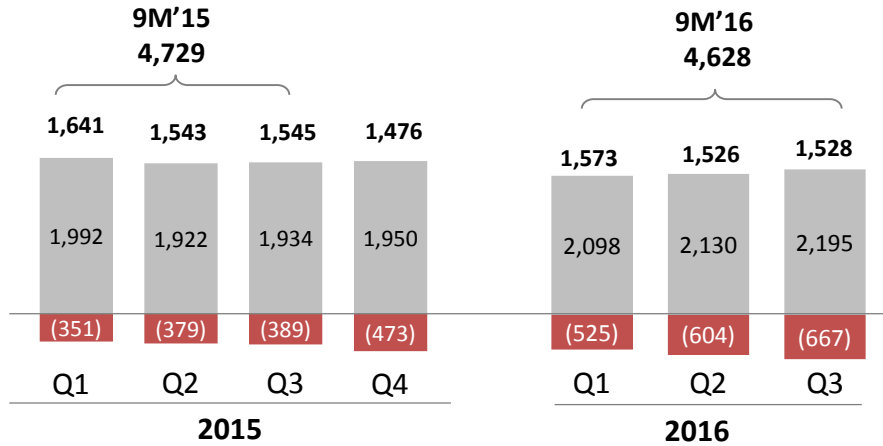


*Annualised, for ROE/ROA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

Increase in cost of funds reflective of the tighter liquidity environment

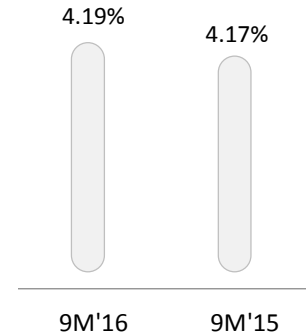
Net interest and Islamic financing income (AED million)

■ Interest income ■ Interest expense

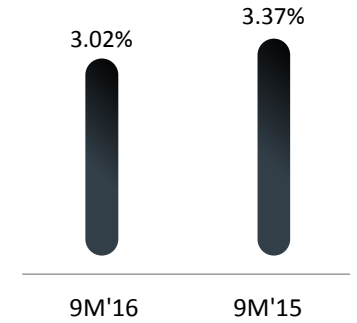


Evolution of NIMs & yields

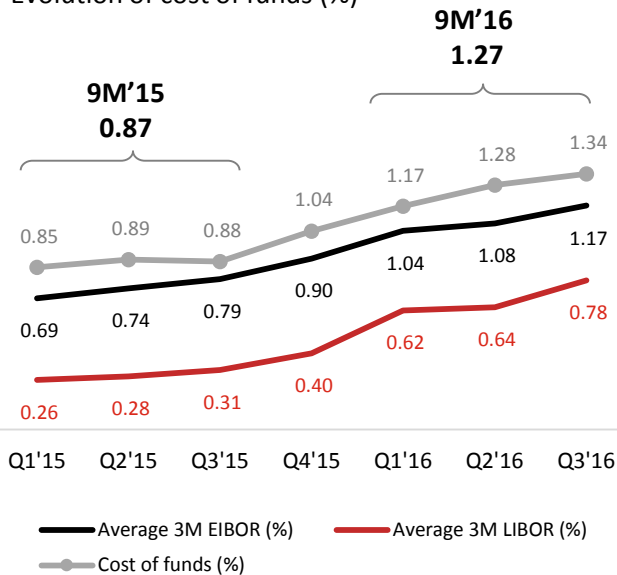
Yield on interest earning assets



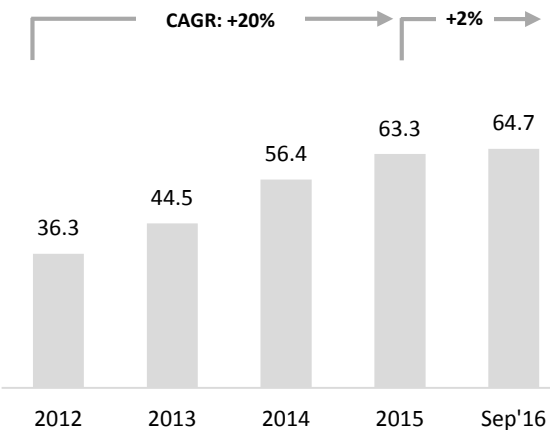
Net interest margin



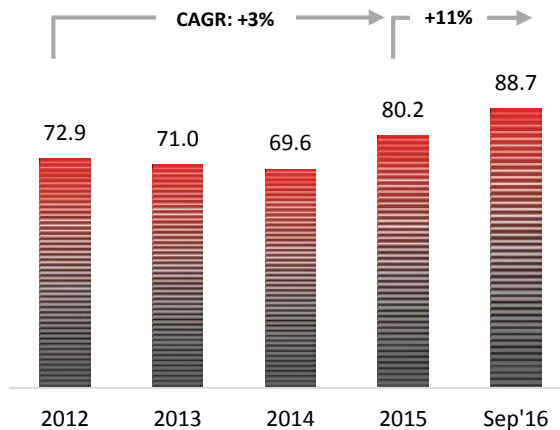
Evolution of cost of funds (%)



CASA deposits (AED billion)



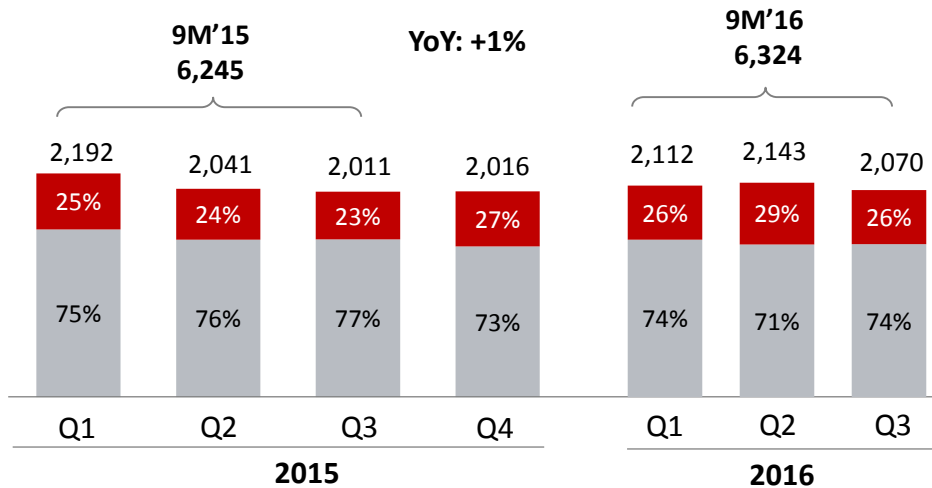
Time deposits (AED billion)



Continued focus on diversifying revenues

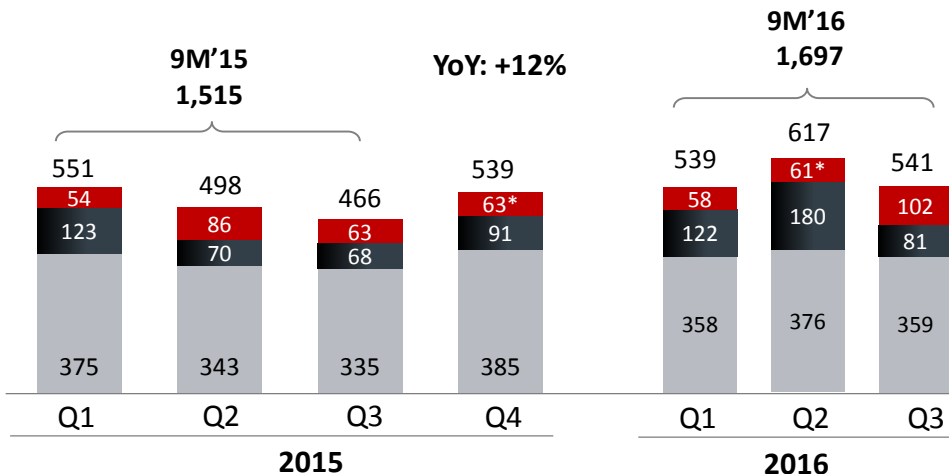
Operating income (AED million)

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



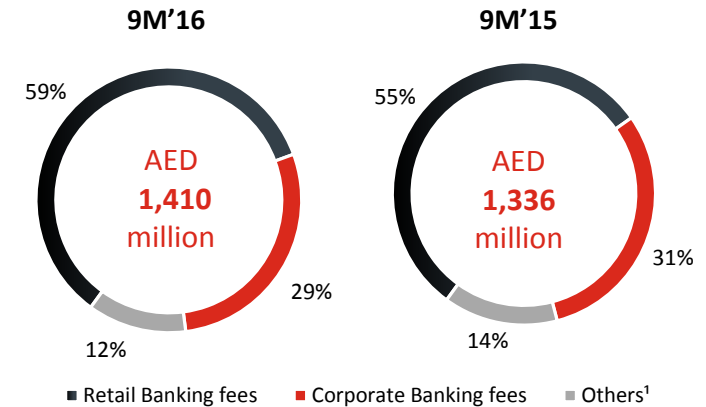
Non-interest income (AED million)

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



* Other income includes revaluation of investment properties in Q4'15/ Q2'16

Gross fee income breakdown (AED million)



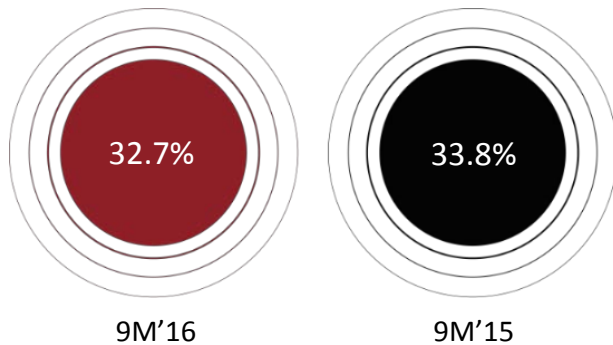
¹ Others include brokerage, fees from trust and other fiduciary activities and other fees

Highlights (9M'16 vs. 9M'15)

- ▶ Non-interest income of AED 1,697 million accounted for 27% of operating income, compared to 24% in 9M'15 and was up 12% year on year. Increase in non-interest income was mainly on account of higher trading income and higher fee & commission income. Net fee and commission income of AED 1,092 million was up 4% year on year
- ▶ Gross retail banking fees of AED 833 million (excluding brokerage) were up 13% year on year, driven by higher loan volumes and credit card spend
- ▶ Gross corporate banking fees were 405 million compared to AED 410 million in 9M'15
- ▶ Trading income of AED 382 million was up 47% year on year, primarily on account of higher FX and derivative income

Improved cost to income ratio of 32.7%, remains within our target range

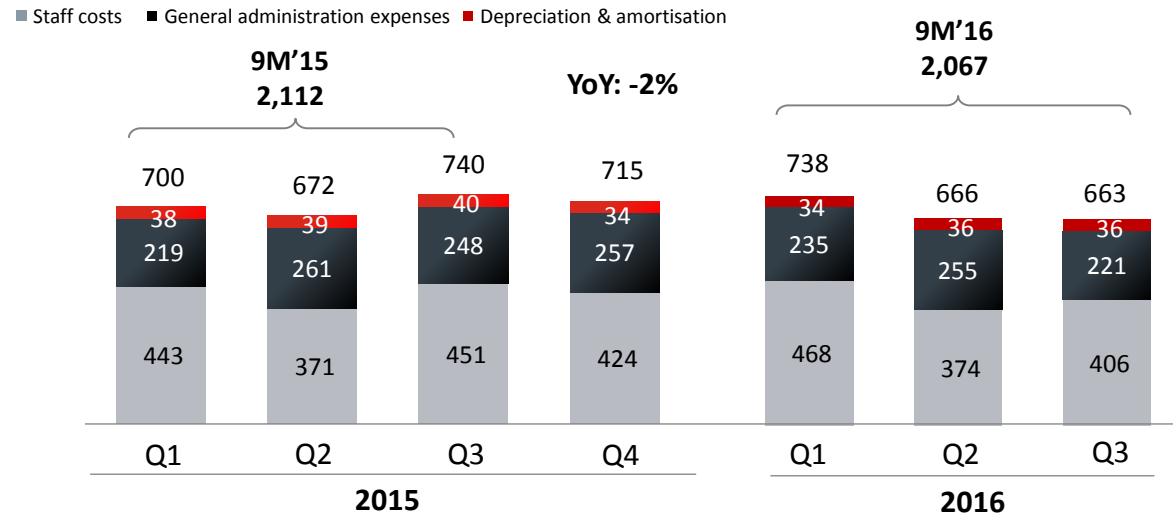
Cost to income ratio
within our target range



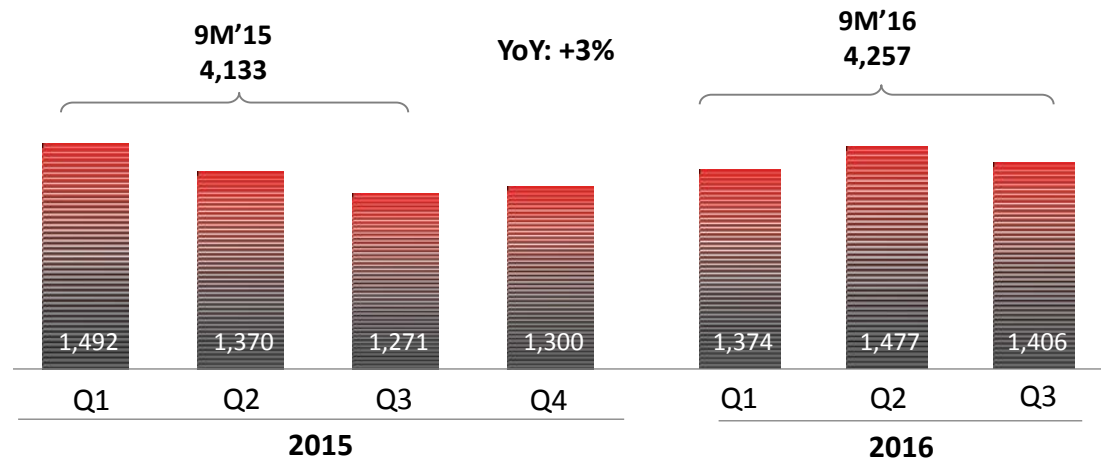
Highlights

- ▶ 9M'16 operating profit before impairment allowances of AED 4,257 million increased 3% year on year, while Q3'16 operating profit of AED 1,406 million was up 11% over Q3'15
- ▶ 9M'16 operating expenses of AED 2,067 million declined 2% year on year, which resulted in a cost to income ratio of 32.7% in 9M'16 compared to 33.8% in 9M'15, an improvement of 110 basis points
- ▶ Q3'16 operating expenses of AED 663 million declined 10% year on year, resulting in an improved cost to income ratio of 32.1% for the quarter, compared to 36.8% for Q3'15

Operating expenses (AED million)



Operating profit before impairment allowances (AED million)



Net loans to customers +10% YTD, with continuous focus on granular loan growth

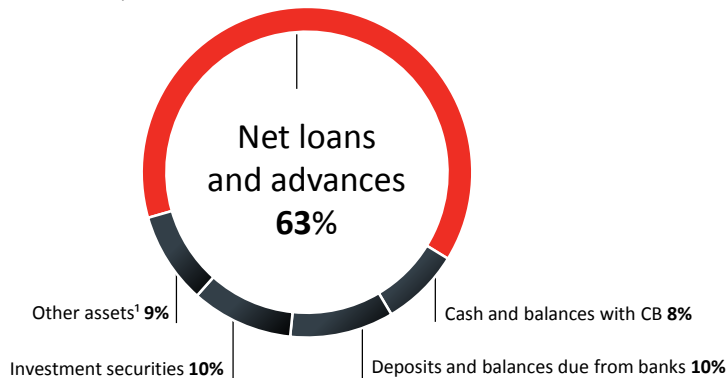
Highlights

- ▶ Net loans to customers increased 14% year on year and 10% year to date to AED 161,562 million, comprising 63% of total assets (Dec'15: 64%)
- ▶ Consumer Banking loans (net) were up 12% year on year and 10% year to date, while Wholesale Banking loans (net) were up 15% year on year and 11% year to date
- ▶ Consumer Banking loans comprised 46% and Wholesale Banking loans comprised 54% of total loans (net)
- ▶ 94% of loans (gross) were within the UAE in line with the Bank's UAE centric strategy
- ▶ 58% of loans (gross) were in Abu Dhabi, 30% were in Dubai and 7% in other Emirates as at 30 September 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 28% year on year and 21% year to date at AED 17,240 million as at 30 September 2016

Composition of assets

Sep'16

Total assets = AED 254,679 million

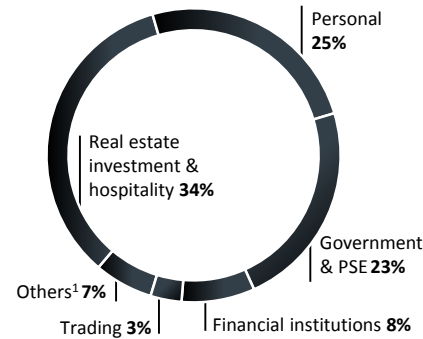


¹ Other assets include derivative financial instruments, investments in associate, investment properties, property and equipment (net), intangible assets and reverse repo placements

Gross loans by economic sector

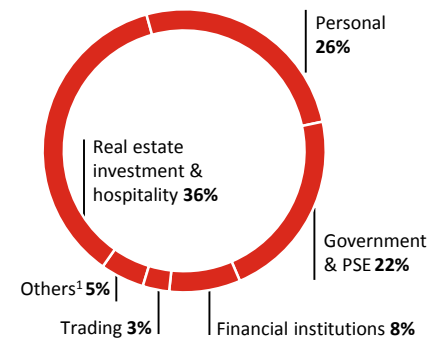
Sep'16

Gross loans = AED 167,455 million



Dec'15

Gross loans = AED 152,426 million

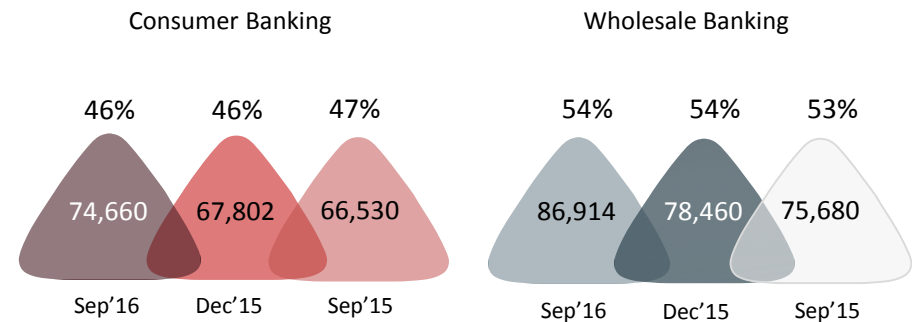


¹ Others include agriculture, energy, transport, manufacturing and services

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

Sep'16

Net loans = AED 161,562 million



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

Customer deposits +7% YTD, CASA deposits comprised 42.2% of total customer deposits

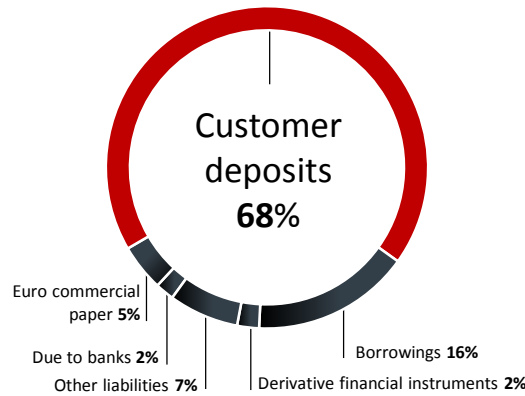
Highlights

- ▶ Customer deposits increased 18% year on year and 7% year to date to AED 153,353 million, comprising 68% of total liabilities (Dec'15:72%)
- ▶ CASA deposits comprised 42.2% of total customer deposits
- ▶ As at 30 September 2016, CASA balances were AED 64.7 billion, up 2%, while time deposits of AED 88.7 billion were up 11% year to date
- ▶ Consumer Banking deposits were up 20% year on year and 15% year to date, while Wholesale Banking deposits were up 30% year on year and 11% year to date
- ▶ Consumer Banking deposits comprised 32%, Wholesale Banking deposits comprised 43% and Treasury comprised 25% of total customer deposits
- ▶ Total Islamic deposits increased 26% year on year and 20% year to date to AED 12,277 million as at 30 September 2016

Composition of liabilities

Sep'16

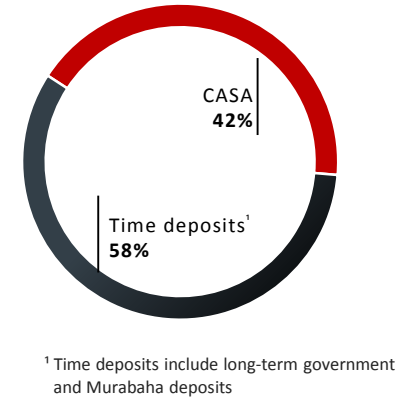
Total liabilities = AED 225,077 million



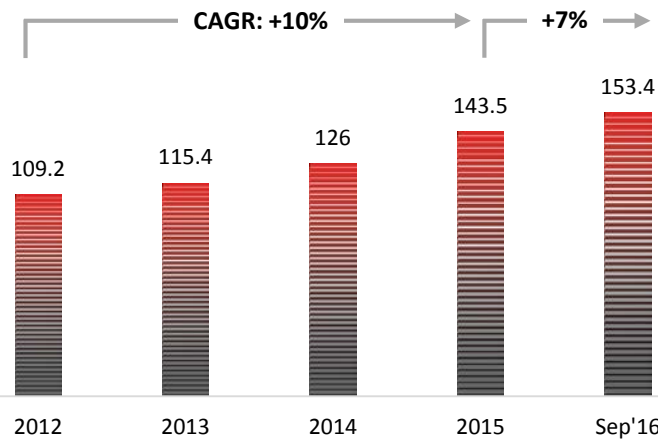
Customer deposit breakdown

Sep'16

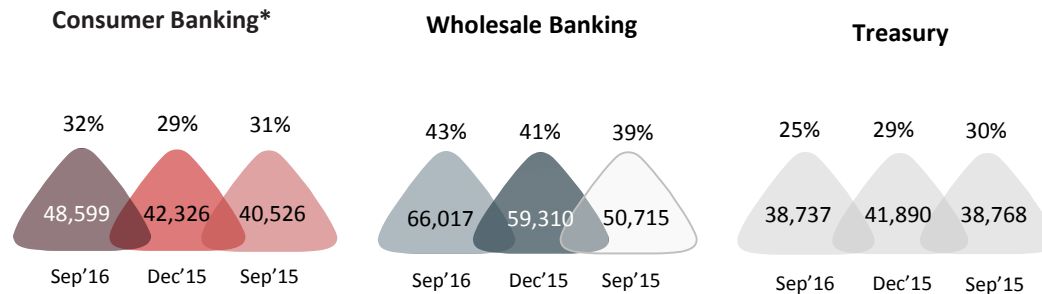
Customer deposits = AED 153,353 million



Customer deposits (AED billion)



Contribution to total deposits by business segment (AED million)



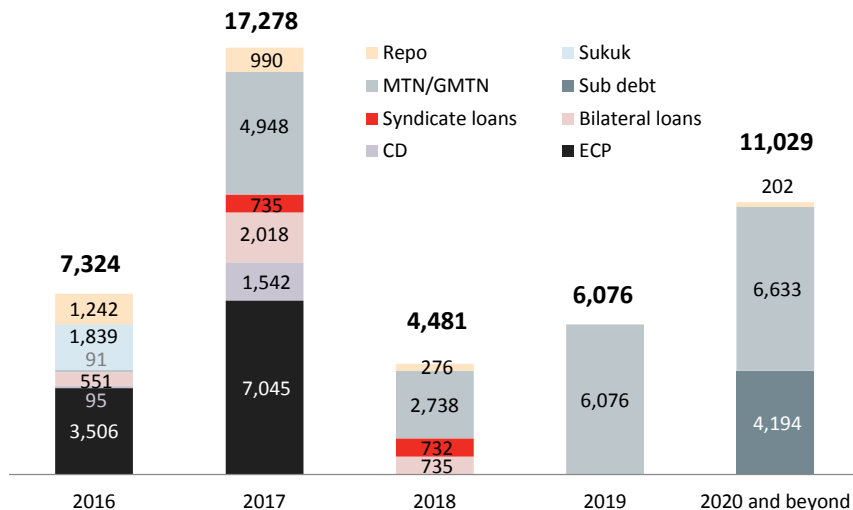
* Consumer banking includes retail and high net worth individuals and their businesses

Wholesale funding and maturity profile

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

Maturity profile

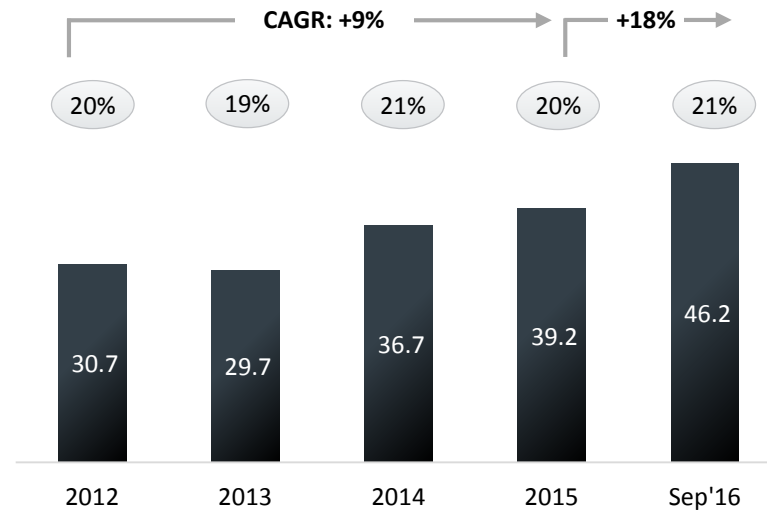
As at 30 September 2016 (AED million)



Wholesale funding split as at 30 September 2016

Source of funds	AED million
GMTN/EMTN	20,484
Subordinated debt	4,194
Euro Commercial paper	10,551
Borrowings through repurchase agreements	2,711
Islamic Sukuk notes	1,839
Bilateral loans	3,304
Syndication loan	1,466
Certificate of Deposits	1,637
Total	46,186

Wholesale funding including Euro commercial paper (AED billion)



○ Wholesale funding as a % of total liabilities

Wholesale funding including Euro Commercial Paper accounted for 21% of total liabilities, providing a stable, long-term and reliable source of funding

Net lender of

AED 23 bn*

in the interbank markets

(As at 30 September 2016)

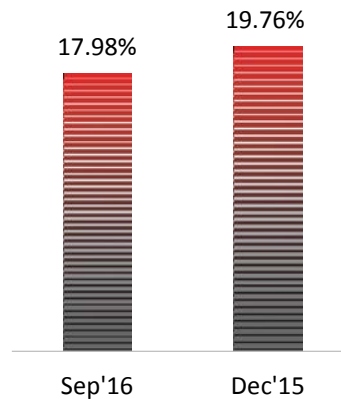
* Includes AED 5 billion of certificate of deposits with central banks

Strong capital ratios and high liquidity levels maintained

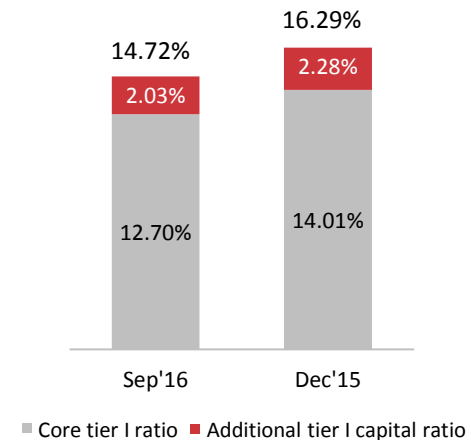
Highlights

- ▶ As at 30 September 2016, the Bank's capital adequacy ratio (Basel II) and Tier I ratios were 17.98% and 14.72% respectively, while core Tier I ratio was 12.70%, and total risk weighted assets were at AED 197 billion
- ▶ Decline in CAR was mainly on account of balance sheet growth and change in asset mix. The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier I minimum requirement is 8%
- ▶ As at 30 September 2016, the Bank's liquidity ratio was 26.4%, compared to 2015 average of 25% and 24.9% as at 30 June 2016
- ▶ As at 30 September 2016, the Bank's loan to deposit ratio was 105.4%, investment securities totaled AED 26 billion, while the Bank continued to be a net lender of AED 23 billion in the interbank markets

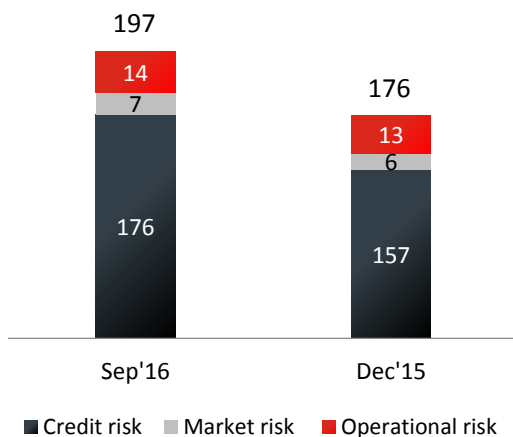
Capital adequacy ratio



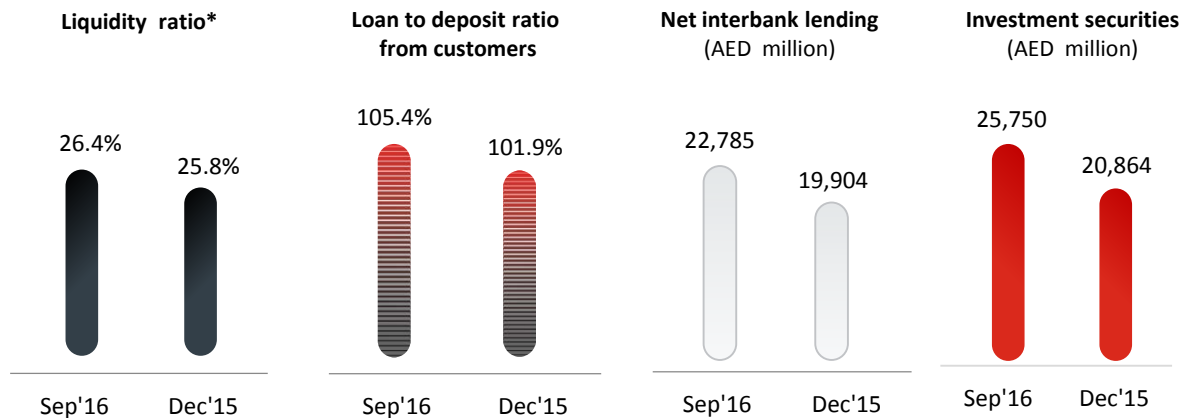
Tier I and core tier I ratios



Risk weighted assets (AED billion)



Strong liquidity



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

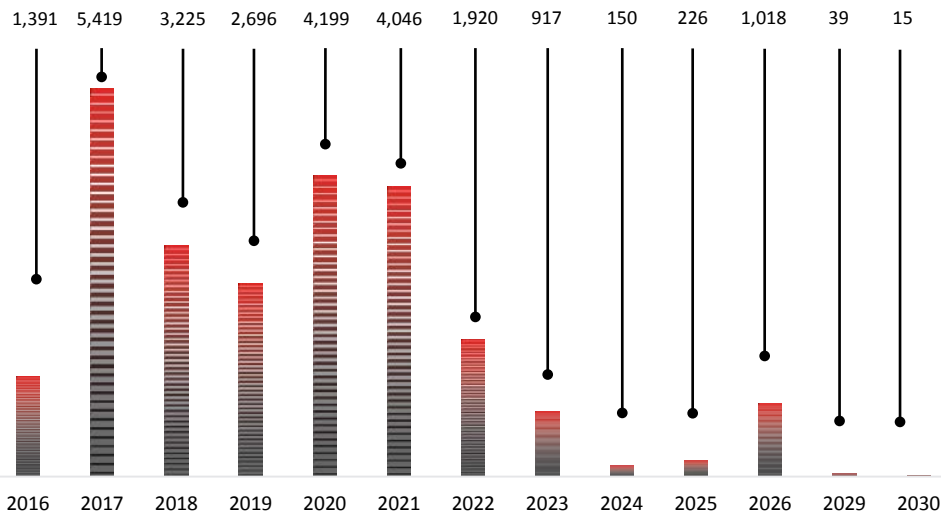
Highlights

- ▶ Investment securities increased 23% to AED 25,750 million over 31 December 2015, mainly attributable to increase in UAE government bonds providing further liquidity for the Bank
- ▶ 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 3.3 years
- ▶ 66% invested in the UAE and other GCC countries

Portfolio summary:

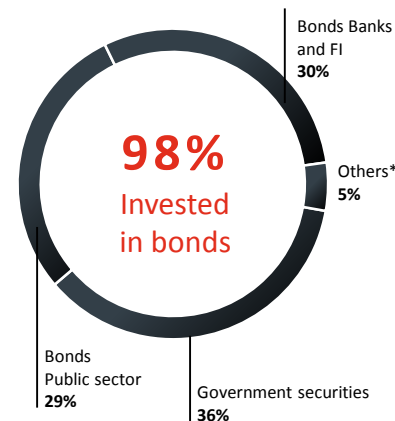
- ▶ 36% of the portfolio is invested in Government securities
- ▶ Non Government Bond Portfolio – 64% of total portfolio
 - Rated A- or better: 57%
 - Rated Investment grade (i.e. BBB+ to BBB-): 30%
 - Rated below IG (BB+ and below including unrated): 13%

Maturity profile of investment securities portfolio (AED million)

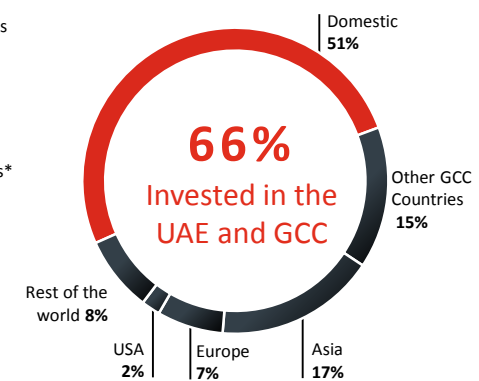


Investments

By issuer



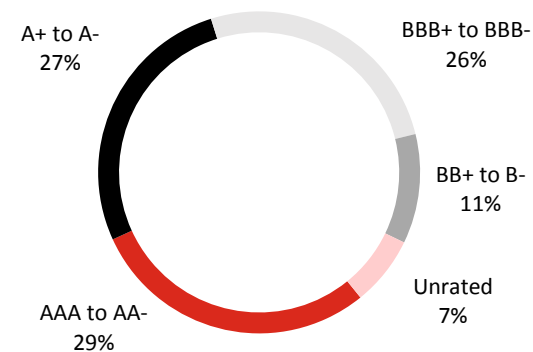
By region



* Include corporate bonds, equity instruments and mutual funds

Total bond portfolio = AED 25,261 million

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

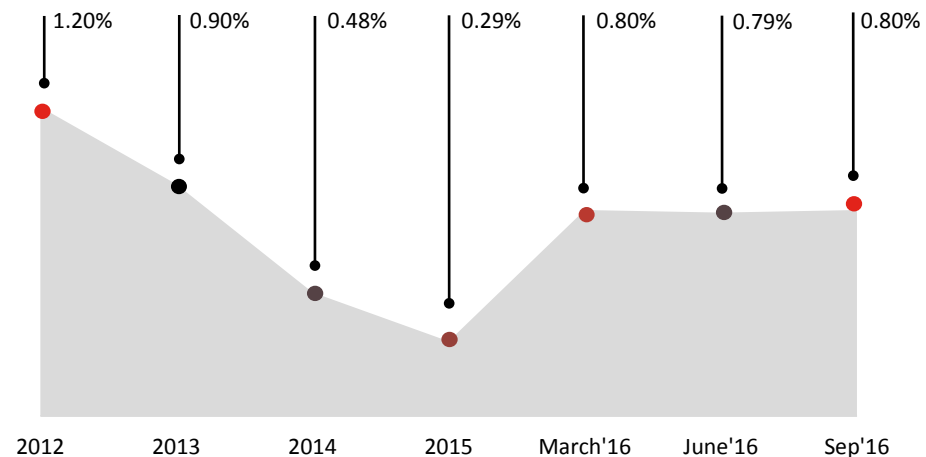


Healthy asset quality metrics

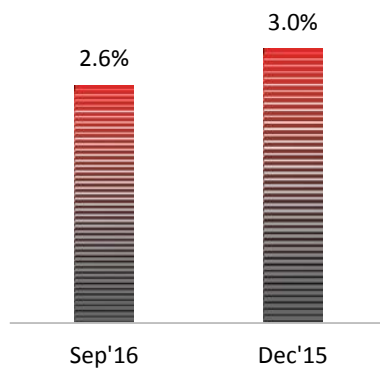
Highlights

- ▶ As at 30 September 2016, non-performing loans (NPL) and provision coverage ratios were 2.6% and 133.1% respectively, compared to 3.0% and 128.5% as at 31 December 2015
- ▶ Non-performing loans were AED 4,445 million compared to AED 4,834 million as at 31 December 2015. Cost of risk was 80 bps compared to 79 bps for June'16
- ▶ Total loan impairment charges, net of recoveries amounted to AED 1,115 million for 9M'16, which included collective impairment charges of AED 227 million to account for the increase in the loan book and reflecting our prudent risk management approach
- ▶ Collective impairment allowance balance was AED 3,196 million and 1.81% of credit risk weighted assets, while individual impairment allowance balances were AED 2,808 million as at 30 September 2016

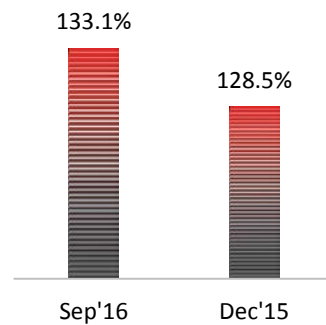
Cost of risk



Non-performing loan ratio

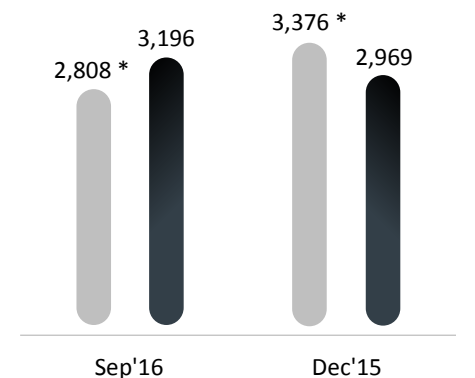


Provision coverage ratio¹



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

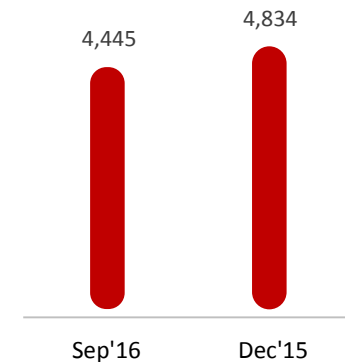
Impairment allowances (AED million) (Includes impairment allowances to banks)



■ Individual impairment ■ Collective impairment

* Includes provision for Dubai World exposure

Non-performing loans (AED million)



Summary

- ▶ Our focus on the UAE remains a key strategic pillar and differentiator for ADCB
- ▶ 9M'16 operating profit of AED 4.257 billion was up 3% year on year, while Q3'16 operating profit of AED 1.406 billion was up 11% over Q3'15
- ▶ While 9M'16 net profit of AED 3.153 billion was 16% lower year on year, primarily impacted by higher funding costs and impairment allowances, the Bank maintained an industry leading ROAE of 16% and ROAA of 1.66% for the nine month period of 2016
- ▶ 9M'16 cost to income ratio improved to 32.7% from 33.8% in 9M'15, an improvement of 110 basis points year on year
- ▶ Continued focus on diversifying revenues, 9M'16 non-interest income comprised 27% of operating income compared to 24% in 9M'15
- ▶ Resilient balance sheet, loan and deposit growth remained healthy, up 10% and 7% respectively over 31 December 2015
- ▶ Continued focus on granular loan growth, year to date Consumer Banking loans (gross) were up 9% and Wholesale Banking loans (gross) were up 5%
- ▶ As at 30 September 2016, low cost CASA deposits comprised 42.2% of total customer deposits
- ▶ Capital ratios remained robust, with a CAR of 17.98% and Tier I ratio of 14.72%
- ▶ Healthy asset quality indicators, NPL and provision coverage ratios of 2.6% and 133.1% respectively

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Appendix

S&P Global Ratings

“Abu Dhabi Commercial Bank (ADCB)’s business position has strengthened in recent years, and we have reassessed its stand-alone credit profile (SACP) to ‘bbb+’ from ‘bbb’.”

“Over recent years, the bank has demonstrated a track record of improving returns, coupled with more balanced earnings generation across different business segments. In our view, the management team’s execution capabilities are well reflected in the bank’s key financial and business metrics, which have improved substantially.”

“The stable outlook on ADCB reflects our expectation that the bank’s business and financial profiles will remain largely unchanged over the next two years, despite our expectation of a gradual weakening of operating conditions in the United Arab Emirates.”

FitchRatings

“ADCB is well funded by customer deposits due to its strong franchise...The Bank’s liquidity position is supported by a good stock of highly liquid assets and a very diverse funding mix.”

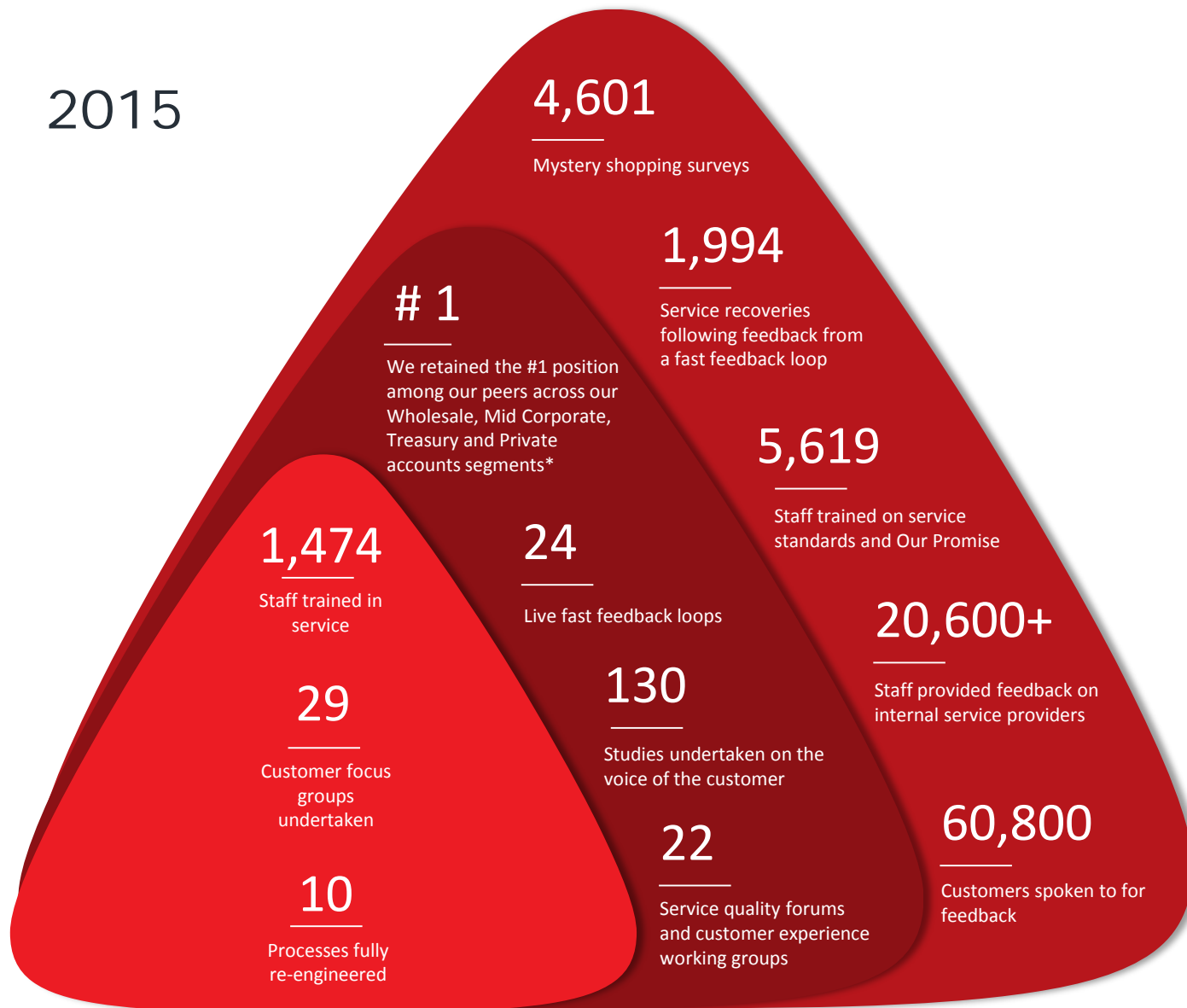
“Capital ratios have improved significantly over the last four years due to a series of capital strengthening measures, including higher retained earnings.”

Extracts from latest reports issued by Standard & Poor’s (18 July 2016) and Fitch Ratings (17 August 2015) on ADCB

Note: These quotes are excerpts from Standard & Poor’s and Fitch reports, and are qualified by the full reports which investors should refer to.

Credit ratings may not reflect all risks and are subject to change at any time

2015



* Source: 2015 survey conducted by independent third-party research agencies for ADCB customers

2016 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 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

"Best Bank for Cash management in the UAE"

Global Finance

"Best Retail 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

"Best Cash Manager in the UAE"

Euromoney Cash Management Survey

"SME Bank of The Year" & "UAE Domestic Technology & Operations Bank of the Year"

Asian Banking and Finance

"Retail Innovation of the Year" for its introduction of the Voice Biometrics initiative "ADCB VoicePass"

Asian Banking and Finance

"Best Investor Relations Website in the Middle East"

Middle East Investor Relations Association (MEIRA)

"Best Annual Report in the Middle East and South Asia" & "Best Non-Traditional Annual Report"

ARC Awards International

Balance sheet

AED million	Sep'16	Dec'15	Change%
Cash and balances with Central Banks	19,729	20,180	(2)
Deposits and balances due from banks, net ¹	25,967	22,382	16
Reverse-repo placements	810	4,256	(81)
Investment securities	25,982	20,926	24
Loans and advances, net	161,562	146,250	10
Other assets*	20,629	14,272	45
Total assets	254,679	228,267	12
Due to banks	4,272	1,692	152
Deposits from customers	153,353	143,526	7
Euro commercial paper	10,551	5,700	85
Borrowings	35,635	33,472	6
Other liabilities **	21,267	15,144	40
Total liabilities	225,077	199,534	13
Total shareholders' equity	29,602	28,728	3
Non -controlling interests	-	5	(100)
Total liabilities and shareholders' equity	254,679	228,267	12

Note: ¹ Deposits and balances due from banks include AED 3.9 billion as at 30 September 2016 (AED 7.4 bn as at December 31, 2015) 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.

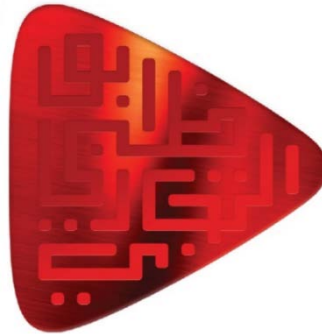
**Other liabilities include derivative financial instruments.

Income statement

AED million	3 months ended September 30			9 months ended September 30		
	2016	2015	Change %	2016	2015	Change %
Interest income and income from Islamic financing	2,195	1,934	13	6,423	5,848	10
Interest expense and profit distribution	(667)	(389)	72	(1,796)	(1,118)	61
Total net interest and Islamic financing income	1,528	1,545	(1)	4,628	4,729	(2)
Net fees and commission income	359	335	7	1,092	1,052	4
Net trading income	81	68	19	382	261	47
Other operating income	102	63	62	222	202	10
Non interest income	541	465	16	1,697	1,515	12
Operating income	2,070	2,011	3	6,324	6,245	1
Operating expenses	(663)	(740)	(10)	(2,067)	(2,112)	(2)
Operating profit before impairment allowances	1,406	1,271	11	4,257	4,133	3
Impairment allowances	(380)	(66)	476	(1,083)	(391)	177
Share in profit/(loss) of associate	2	0	NA	5	0	NA
Profit before taxation	1,028	1,205	(15)	3,179	3,742	(15)
Overseas income tax expense	(22)	(1)	NM	(26)	(6)	NM
Net profit for the period	1,006	1,204	(16)	3,153	3,736	(16)
Net profit attributable to equity shareholders	999	1,203	(17)	3,144	3,734	(16)

The Difference Is...

AMBITION + DISCIPLINE



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