

ABU DHABI COMMERCIAL BANK PJSC

2013 EARNINGS PRESENTATION

26 JANUARY 2014



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2013 HIGHLIGHTS

STRONG AND CONSERVATIVE BALANCE SHEET

- ▶ Net loans grew 7% over 2012 and 10% over the last quarter despite a large repayment in September 2013
- ▶ Customer deposits increased 6%, substantial increase in CASA¹ deposits from 33% in 2012 to 39% of total customer deposits
- ▶ Investment securities increased 11% to AED 21 bn
- ▶ Remain well capitalised, with a CAR of 21.21% and Tier I ratio at 16.62%

AED mn	2013	2012	Change %
Net loans	131,649	123,195	7
Investment securities	20,855	18,713	11
Total assets	183,143	180,796	1
Customer deposits	115,428	109,217	6
Borrowings	23,786	26,140	(9)
Shareholders' equity*	24,177	24,270	(0)
Ratios (%)			Change bps
CAR (Capital adequacy ratio)	21.21	23.05	(184)
Tier I ratio	16.62	17.47	(85)
LTD (Loan to deposit ratio)	114.05	112.80	125

RECORD LEVELS OF NET PROFIT

- ▶ Record level of net profit and operating income, up 29% and 11% respectively
- ▶ Cost of funds improved significantly, interest expense decreased by 36%
- ▶ Non- interest income up 36%, primarily due to the retirement of financial liabilities and associated hedges on the repayment of the Tier II loan and higher net trading income
- ▶ Impairment allowance charge was 22% lower at AED 1,334 mn

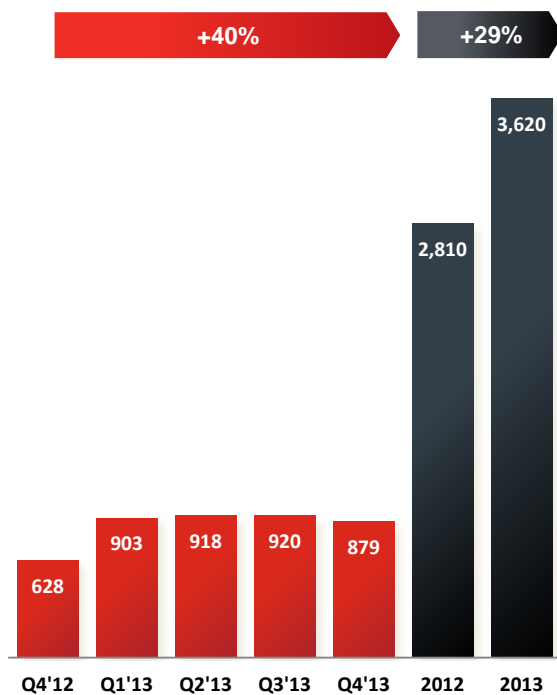
AED mn	2013	2012	Change %
Total net interest income ²	5,429	5,207	4
Non - interest income	1,890	1,388	36
Operating income	7,320	6,595	11
Operating expenses	(2,358)	(2,069)	14
Operating profit	4,961	4,526	10
Impairment allowances	(1,334)	(1,710)	(22)
Overseas income tax	(7)	(6)	28
Net profit	3,620	2,810	29

¹ Includes Islamic CASA (Current account deposits and savings deposits) ² Includes income from Islamic financing and Islamic profit distribution.
* Attributable to equity holders of the parent

PERFORMANCE INDICATORS

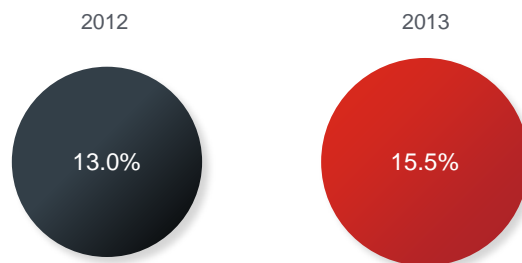
Sustainable profitability

NET PROFIT (AED mn)

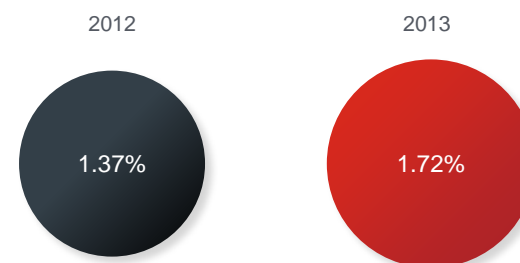


Strong performance indicators

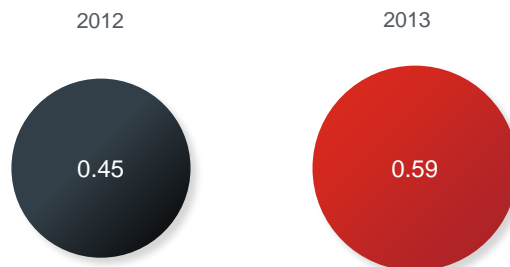
RETURN ON EQUITY (ROE %)*



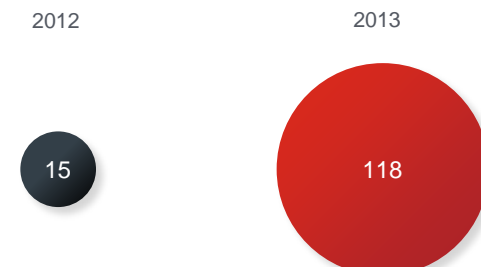
RETURN ON AVERAGE ASSETS (ROAA %)*



BASIC EARNINGS PER SHARE (EPS - AED)



TOTAL SHAREHOLDER RETURN (TSR %)



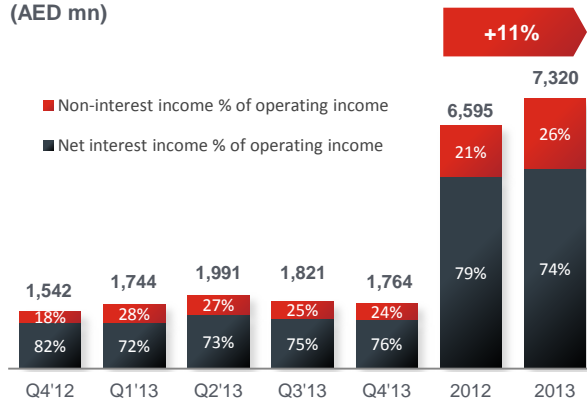
* For ROE/ROA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and interest expense on Tier 1 capital notes and adding back interest expense on mandatory convertible securities.

OPERATING PERFORMANCE

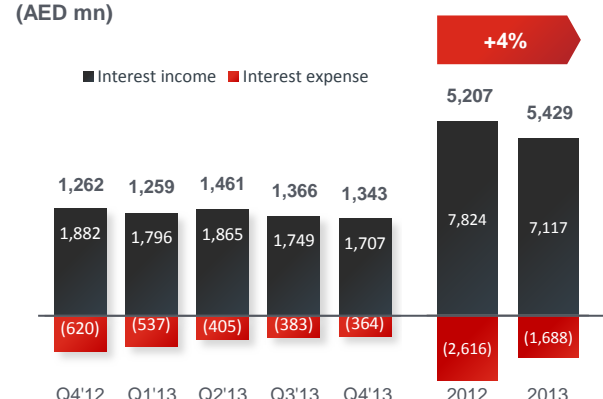
HIGHLIGHTS (2013 VS. 2012)

- ▶ Record operating income up 11% at AED 7,320 mn
- ▶ Net interest income 4% higher, primarily driven by 36% reduction in interest expense
- ▶ NIM (Net interest margin) increased to 3.42% from 3.28% in 2012, improvement underpinned by lower cost of funds. Cost of funds declined to 1.18% compared to 1.82% in 2012
- ▶ Non-interest income 36% higher primarily due to retirement of financial liabilities and associated hedges on the repayment of Tier II loan and higher net trading income primarily due to consolidation of funds
- ▶ Fees and commission up 6%, primarily attributable to higher retail banking fees (gross), up 11%
- ▶ Non-interest income was 26% of total operating income compared to 21% in 2012

OPERATING INCOME (AED mn)

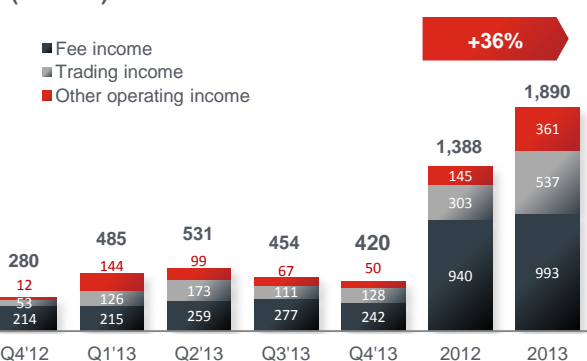


NET INTEREST INCOME* (AED mn)



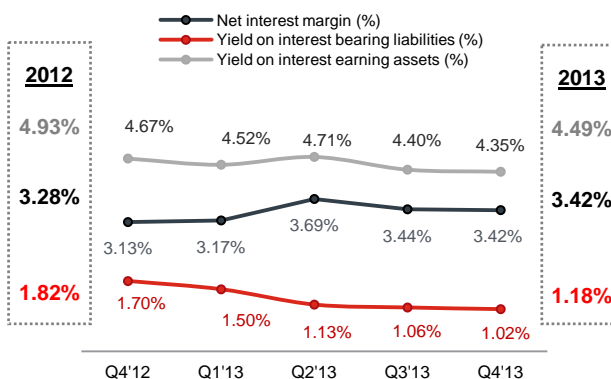
* Includes income from Islamic financing and Islamic profit distribution

NON-INTEREST INCOME (AED mn)



* Other operating income includes decrease in fair value of investment properties in Q4'12

EVOLUTION OF YIELDS



OPERATING EXPENSES

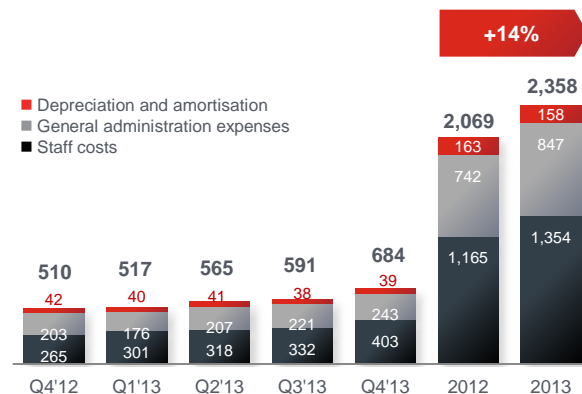
HIGHLIGHTS (2013 VS. 2012)

- ▶ Operating expenses totaled AED 2,358 mn, 14% higher, primarily attributable to increase in staff expenses
- ▶ Staff expenses contributed to 57% of total operating expenses compared to 56% in 2012
- ▶ Cost to income ratio was at 32.2% compared to 31.4% in 2012
- ▶ Continue to manage expenses whilst investing in systems, people, processes and infrastructure to help increase revenues

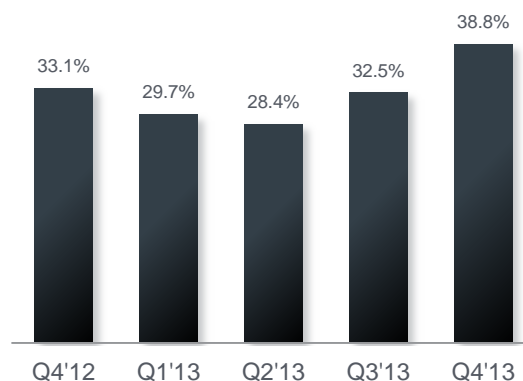
COST TO INCOME RATIO*



OPERATING EXPENSES (AED mn)



QUARTERLY COST TO INCOME RATIO



BRANCH NETWORK

	2010	2011	2012	2013
UAE – traditional branches	46	48	50	50
UAE – pay offices	4	4	4	3
India	2	2	2	2
Jersey	-	1	1	1
Total	53	55	57	56
ATMs	265	294	299	298

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

COMPOSITION OF ASSETS

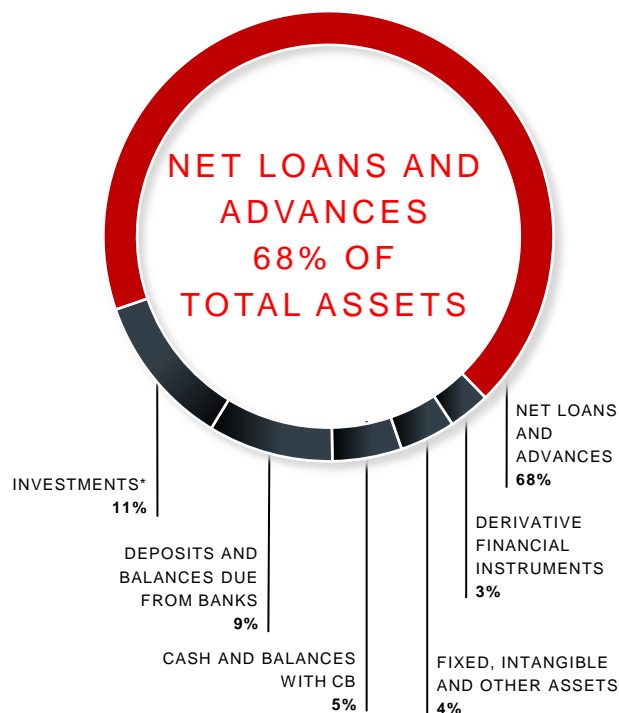
HIGHLIGHTS (2013 VS. 2012)

- ▶ Total assets at AED 183,143 mn, compared to AED 180,796 mn, up 1%
- ▶ Net loans and advances increased 7% and comprised 72% of total assets compared to 68% in 2012
- ▶ Islamic financing up 62% at AED 10,667 mn
- ▶ Investment securities portfolio up 11% at AED 20,855 mn with 98% of the investment portfolio invested in bonds issued by government, public sector, banks and financial institutions

Composition of assets

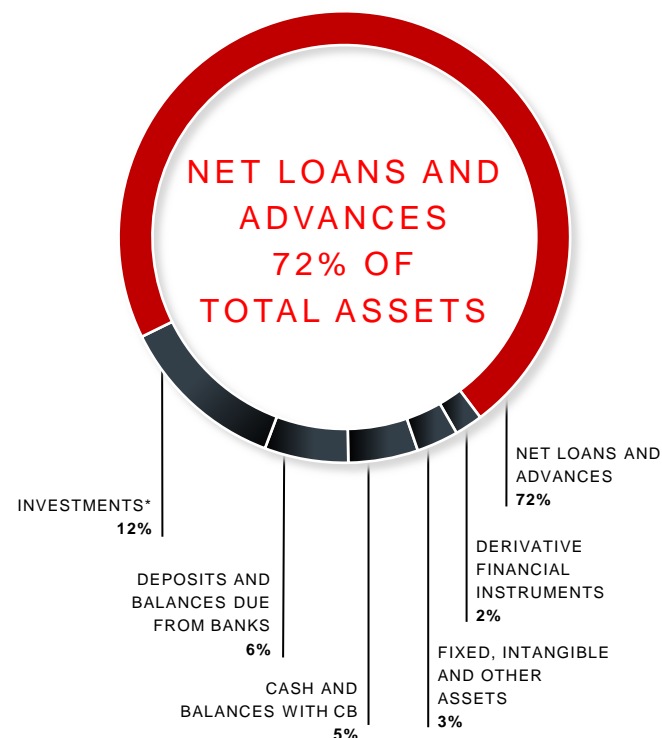
2012

Total assets = AED 180,796 mn



2013

Total assets = AED 183,143 mn



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

CUSTOMER LOANS

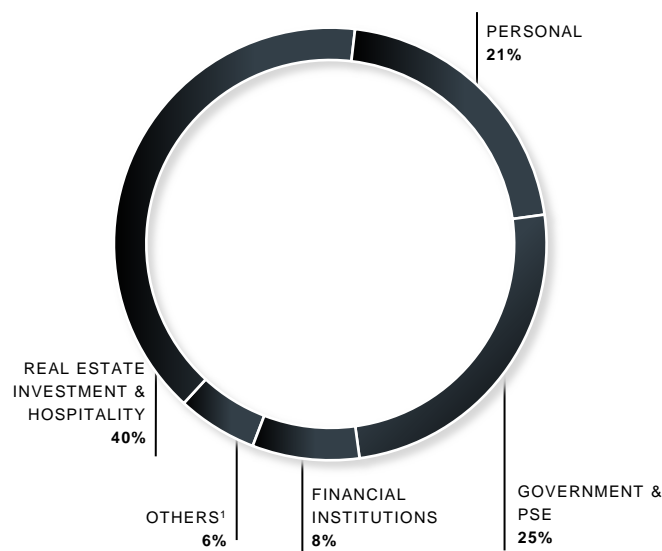
HIGHLIGHTS (2013 VS. 2012)

- ▶ Gross loans increased 7% to AED 138,539 mn, despite a large repayment in September which significantly reduced concentration exposure
- ▶ Diversified loan portfolio, personal loans comprised 22% of total gross loans compared to 21% in 2012
- ▶ Strong domestic focus, with 95% of loans (net) within UAE
- ▶ Throughout the year, the Bank optimised the overall quality of the loan book to maximise returns and minimise risks.

Gross loans by industry

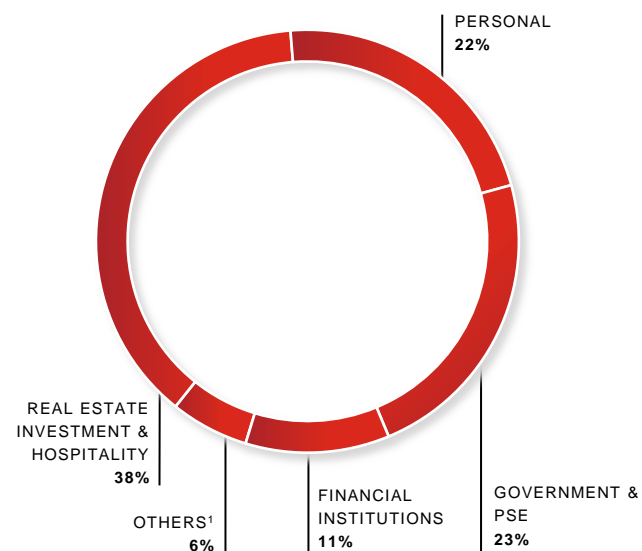
2012

Gross loans = AED 129,659 mn



2013

Gross loans = AED 138,539 mn



¹ Agriculture, energy, trading, transport, manufacturing, services and others

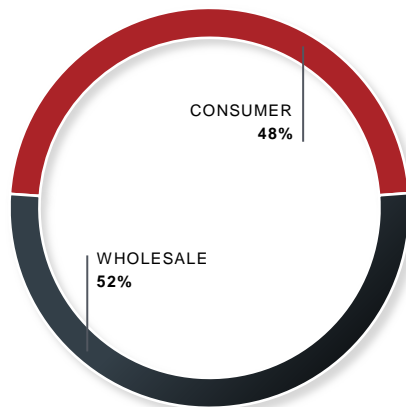
CUSTOMER LOANS

HIGHLIGHTS (2013 VS. 2012)

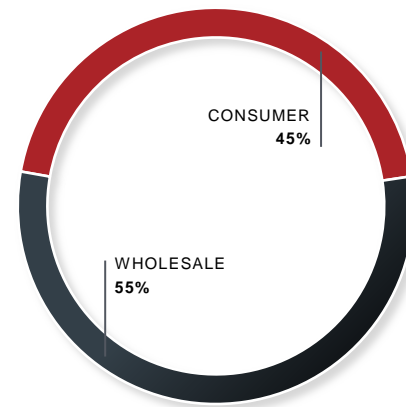
- ▶ Wholesale banking loans comprised 55% of total loans (net), compared to 52% in 2012
- ▶ Loan to deposit ratio at 114.1%, 130 bps higher than 2012

Evolution of net loans

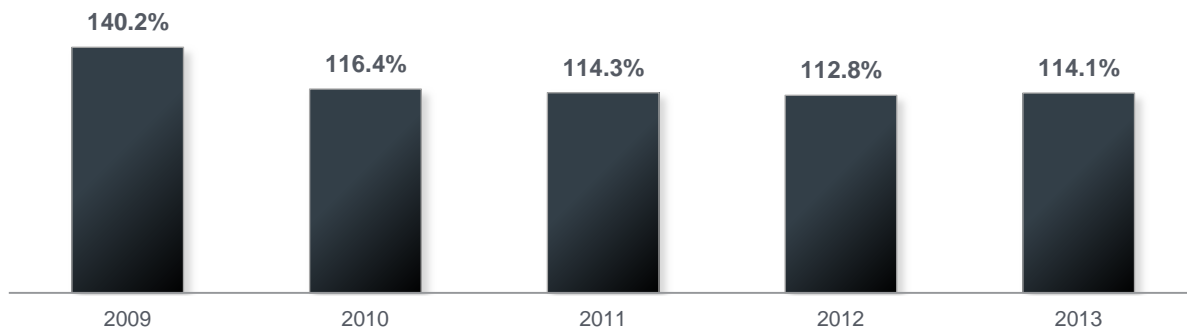
2012
Net loans = AED 123,195 mn



2013
Net loans = AED 131,649 mn



LOAN TO DEPOSIT RATIO



COMPOSITION OF LIABILITIES

HIGHLIGHTS (2013 VS. 2012)

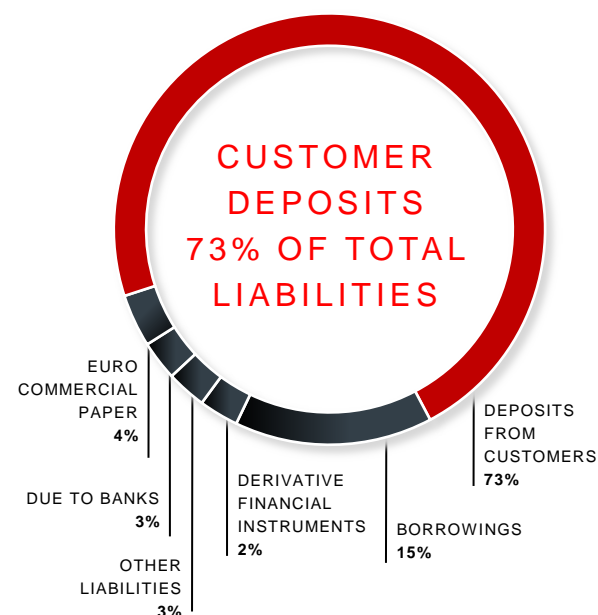
- ▶ Total liabilities at AED 158,321 mn, compared to AED 156,088 mn, up 1%
- ▶ Customer deposits increased 6% to AED 115,428 mn
- ▶ Deposits from customers comprised 73% of total liabilities compared to 70%
- ▶ Diversified sources of deposits by counterparty, currency, tenor and instrument

Composition of liabilities

2012
Total liabilities = AED 156,088 mn



2013
Total liabilities = AED 158,321 mn



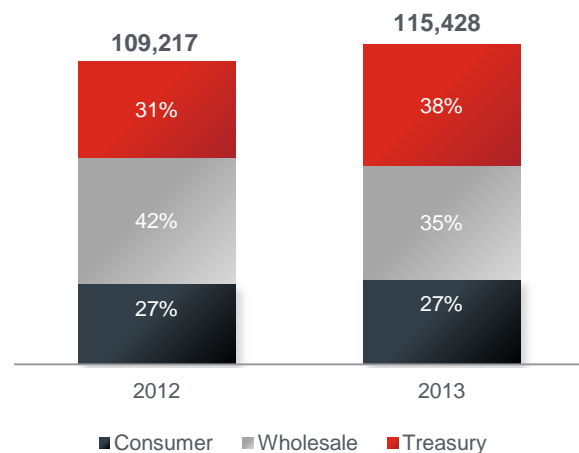
CUSTOMER DEPOSITS

HIGHLIGHTS (2013 VS. 2012)

- ▶ Consumer Banking deposits comprised 27% of total customer deposits, remaining stable over 2012
- ▶ Treasury deposits increased from AED 34,399 mn in 2012 to AED 43,663 mn, up 27%
- ▶ Substantial increase in CASA deposits, contributing to 39% of total deposits compared to 33% in 2012

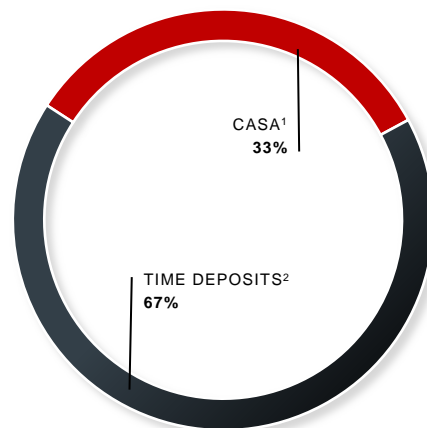
Deposits

EVOLUTION OF DEPOSITS (AED mn)

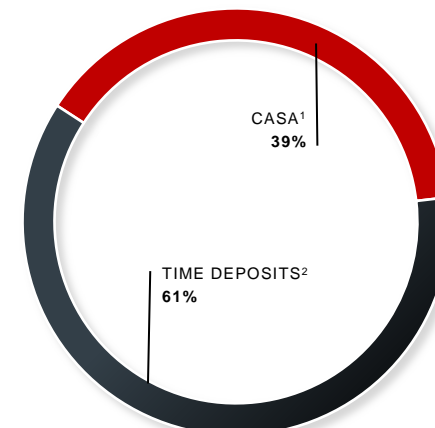


customer deposits by type

2012 Customer deposits = AED 109,217 mn



2013 Customer deposits = AED 115,428 mn



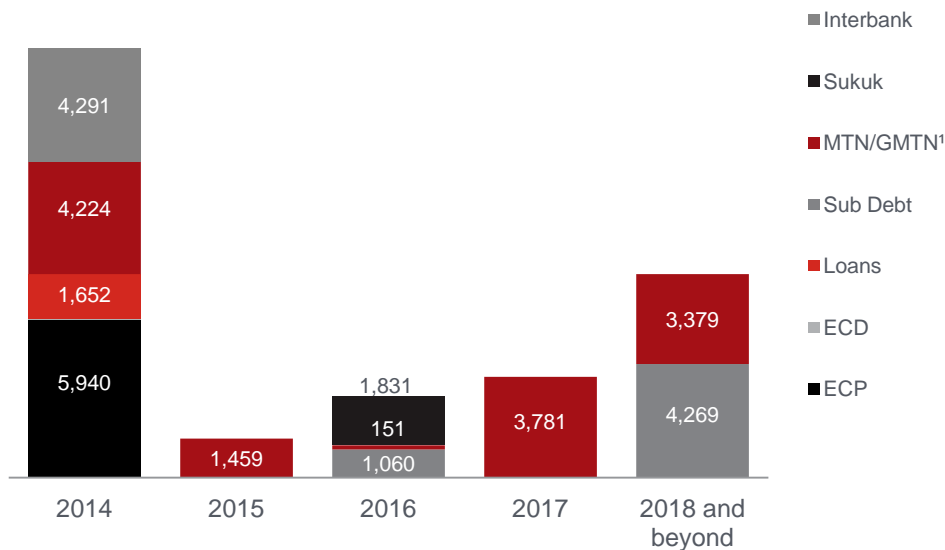
¹ CASA includes current account deposits, saving deposits and margin deposits

² Time deposits include long-term government deposits and Murabaha deposits

WHOLESALE FUNDING AND MATURITY PROFILE

MATURITY PROFILE

As at 31 December 2013 (AED mn)



WHOLESALE FUNDING SPLIT

As at 31 December 2013

Source of funds	AED mn
GMTN/EMTN	13,013
Sub Debt	5,254
Interbank	4,291
Euro Commercial Paper	5,940
Others (Repo)	2,275
Islamic Sukuk Notes	1,831
Bilateral loans	1,652
CD Issuances	51
Total	34,307

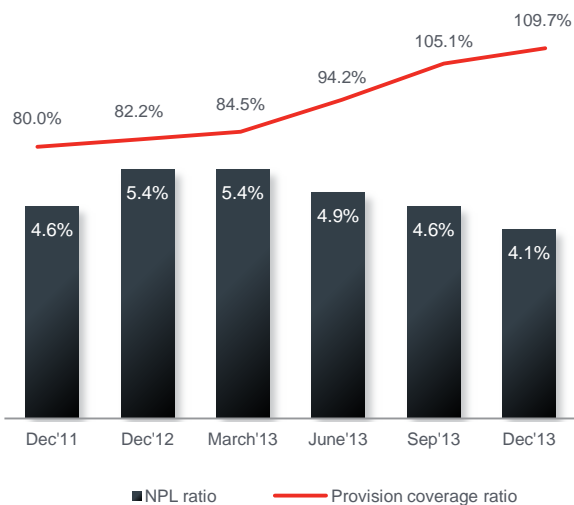
¹ Does not Include fair value adjustment on short, medium and long term borrowings being hedged

ASSET QUALITY

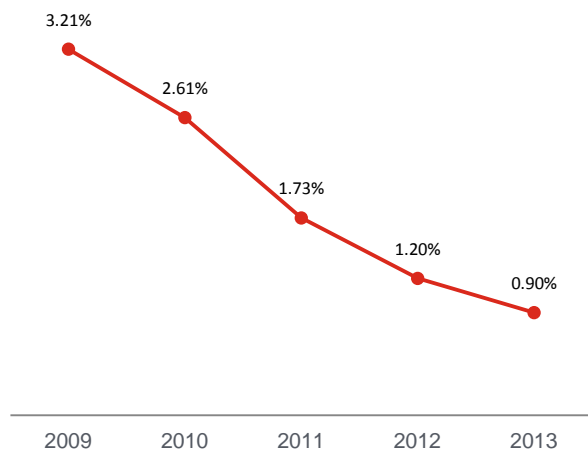
HIGHLIGHTS

- ▶ Non-performing loans ratio improved to 4.1% from 5.4% as at 31 December 2012
- ▶ Non-performing loans were at AED 5,722 mn compared to AED 6,939 mn as at 31 December 2012, 18% lower
- ▶ Past due but not impaired loans decreased by 50% over 31 December 2012
- ▶ Provision coverage ratio improved to 109.7% from 82.2% as at 31 December 2012
- ▶ Collective impairment allowance balance was AED 2,640 mn and 1.96% of credit risk weighted assets and individual impairment allowance balance was AED 4,250 mn
- ▶ Impairment allowance charges on loans and advances, net of recoveries amounted to AED 1,366 mn, 19% lower over 2012
- ▶ Cost of risk reduced to 0.90% compared to 1.20% in 2012

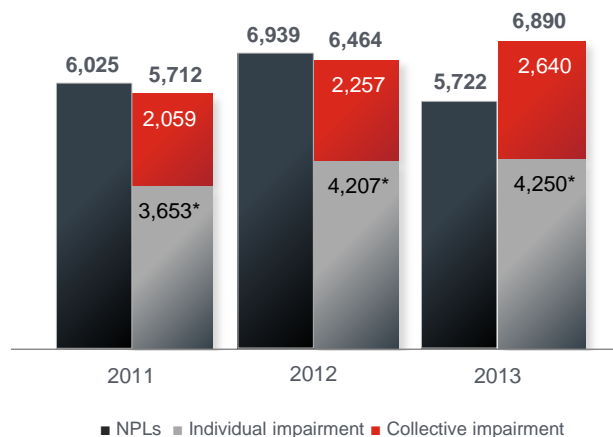
NPL AND PROVISION COVERAGE RATIOS



COST OF RISK¹



NPLS AND IMPAIRMENT ALLOWANCES (AED mn)



Dubai World exposure classified to performing status in 2011 as the client is performing in accordance with the new restructured terms

¹ Cost of risk: Total provisions including investments/average loans & advances and investments

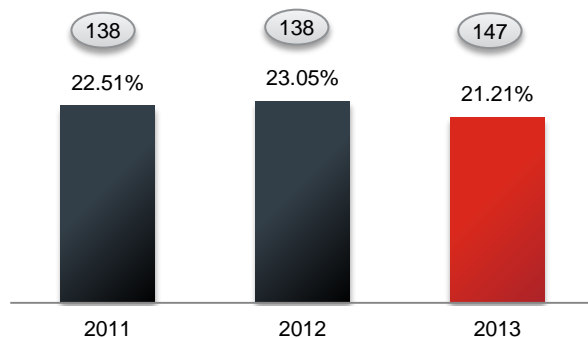
* Includes provision for Dubai World exposure

CAPITAL AND LIQUIDITY POSITION

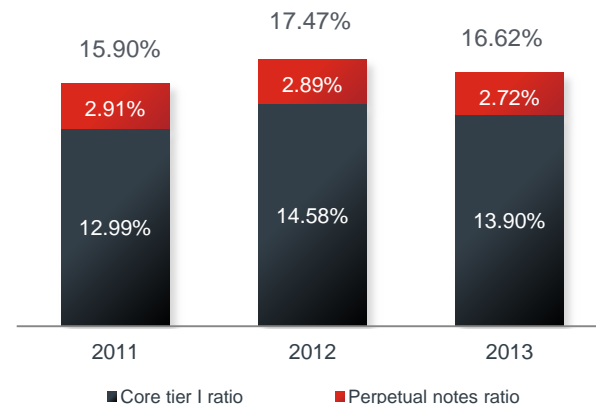
HIGHLIGHTS (2013 VS. 2012)

- ▶ As at 31 December 2013, bought back 392,741,711 ordinary shares at a total consideration of AED 1,797 mn, equivalent to 7.02% of the issued share capital
- ▶ As at 31 December 2013, capital adequacy ratio was 21.21% and Tier I ratio was 16.62%. 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 lower cost funding from the wholesale markets
- ▶ Net interbank lender of AED 8.5 bn as at 31 December 2013
- ▶ As at 31 December 2013, the Bank's liquidity ratio was 22.8%

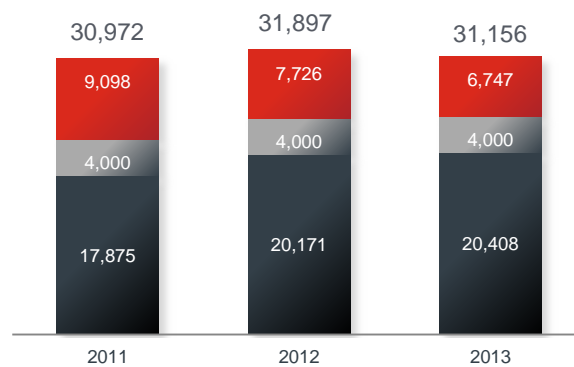
CAPITAL ADEQUACY RATIO
Risk weighted assets (AED bn)



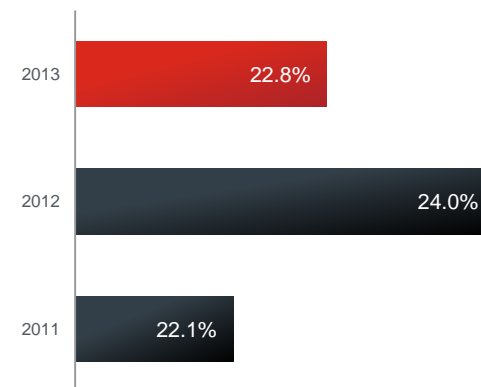
TIER I AND CORE TIER I RATIOS



CAPITAL BASE
(AED mn)



LIQUIDITY RATIO*



■ Core Tier I capital ■ Perpetual capital notes ■ Tier II capital

* Liquid 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)

SUMMARY

- ▶ Record levels of net profit and operating income
- ▶ NIM improvement underpinned by lower cost of funds
- ▶ Net loans grew 7% despite a large repayment in September
- ▶ Substantial growth in CASA deposits, relying on diversified sources of income
- ▶ Capital position at industry leading levels
- ▶ Improved 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

2013 AWARDS

"The Best Emiratisation CEO Award"

"Honouring UAE nationals in Higher Management positions in the Banking Sector Award"

"Distinguished Woman in the Banking & Finance sectors Award"

THE EMIRATES INSTITUTE FOR BANKING & FINANCIAL STUDIES

"Best Trade Bank in the Middle East — Silver"

TFR EXCELLENCE AWARDS 2013

"Best Transaction Bank"

"Best Corporate Bank"

"The Best Corporate Governance - United Arab Emirates 2013"

THE BANKER MIDDLE EAST INDUSTRY AWARDS 2013

WORLD FINANCE MAGAZINE

"Best New SME Product"

"Best Trade Finance Offering"

"Best Cash Management"

THE BANKER MIDDLE EAST PRODUCT AWARDS 2013

"Best Cash Management Bank in the UAE"

EUROMONEY

"Deal of the Year 2013: Middle East — Islamic Finance Category Jebel Ali Free Zone Sukuk refinancing"

"Deal of the Year 2013: Middle East — Restructuring Category — Global Investment House Restructuring Deal"

THE BANKER 'DEALS OF THE YEAR' 2013 AWARDS

"Best Islamic Banking Window"

"Most Innovative Product of the Year"

GLOBAL ISLAMIC FINANCE AWARDS

"Best Bank in Trade Finance in the UAE"

"Best Bank in Payments and Collections" in the Middle East region

GLOBAL FINANCE MAGAZINE

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

TRADE FINANCE EXCELLENCE AWARDS 2013

BALANCE SHEET

AED mn	2013	2012	Change %
Cash and balances with Central Banks	9,961	9,338	7
Deposits and balances due from banks	11,345	16,517	(31)
Loans and advances, net	131,649	123,195	7
Derivative financial instruments	3,616	4,993	(28)
Investment securities	21,739	19,355	12
Investment properties	561	529	6
Other assets	3,405	5,926	(43)
Property and equipment, net	805	850	(5)
Intangible assets	62	92	(33)
Total assets	183,143	180,796	1
Due to banks	4,291	4,411	(3)
Euro Commercial Paper	5,940	4,557	30
Deposits from customers	115,428	109,217	6
Borrowings	23,786	26,140	(9)
Derivative financial instruments	3,966	4,768	(17)
Other liabilities	4,911	6,995	(30)
Total liabilities	158,321	156,088	1
Total shareholders' equity	24,177	24,270	(0)
Non -controlling interests	645	438	47
Total liabilities and shareholders' equity	183,143	180,796	1

INCOME STATEMENT

AED mn	2013	2012	Change %
Interest and income from Islamic financing	7,117	7,824	(9)
Interest expense and profit distribution	(1,688)	(2,616)	(36)
Net interest and Islamic financing income	5,429	5,207	4
Net fees and commission income	993	940	6
Net trading income	537	303	78
Decrease in fair value of investment properties	0	(29)	(100)
Other operating income	361	174	107
Non interest income	1,890	1,388	36
Operating income	7,320	6,595	11
Staff expenses	(1,354)	(1,165)	16
Other operating expenses	(847)	(742)	14
Depreciation	(127)	(131)	(3)
Amortisation of intangible assets	(30)	(32)	(3)
Operating expenses	(2,358)	(2,069)	14
Operating profit before impairment allowances & taxation	4,961	4,526	10
Impairment allowances	(1,334)	(1,710)	(22)
Overseas income tax expense	(7)	(6)	28
Net profit for the year	3,620	2,810	29
Attributed to:			
Equity holders of the Bank	3,365	2,736	23
Non-controlling interests	254	75	241
Net profit for the year	3,620	2,810	29