

**Press Release:** Immediate Release

**ABU DHABI COMMERCIAL BANK PJSC REPORTS**  
**FIRST QUARTER 2014 NET PROFIT OF AED 1,103 MN,**  
**AN INCREASE OF 22% YEAR ON YEAR**  
**AND 26% QUARTER ON QUARTER**

**Abu Dhabi, 22 April 2014** – Abu Dhabi Commercial Bank PJSC (“**ADCB**” or the “**Bank**”) today reported its financial results for the first quarter of 2014 (“Q1’14”).

**Results highlights**

- ▶ Net profit of AED 1,103 m, up 22% over Q1’13 and 26% over Q4’13
- ▶ Operating income at AED 1,901 mn, up 9% over Q1’13 and 8% over Q4’13
- ▶ Operating profit at AED 1,276 mn, up 4% over Q1’13 and 18% over Q4’13
- ▶ Non-interest income of AED 520 mn, up 7% over Q1’13 and 24% over Q4’13
- ▶ Net fees and commission income of AED 285 mn, up 33% over Q1’13 and 18% over Q4’13
- ▶ Cost to income ratio reported at 32.9% compared to 29.7% in Q1’13 and 38.8% in Q4’13
- ▶ Non-performing loans ratio and provision coverage ratio improved to 3.8% and 115.07% compared to 4.1% and 109.66% respectively at the end of 2013
- ▶ Net Impairment allowance charges at AED 174 mn, 46% lower over Q1’13 and 12% lower over Q4’13
- ▶ Cost of risk for the quarter was reported at lowest level at 46 bps compared to 91 bps in Q1’13
- ▶ Strong capitalisation and liquidity levels, CAR at 20.15% and Tier I ratio at 15.57% as at 31 March 2014
- ▶ Net profit attributable to equity shareholders of the Bank was reported at AED 953 mn, up 15% over Q1’13 and 20% over Q4’13

Commenting on the Bank’s performance Ala’a Eraiqat, Member of the Board and Chief Executive Officer, said:

“ADCB had a very good start to the year reporting a net profit of AED 1,103 mn for the first quarter of 2014, an increase of 22% year on year and 26% quarter on quarter. All our businesses reported a strong performance, which demonstrates the underlying strength and diversity of our franchise.

We are seeing positive signs that the economy is getting stronger and we continue to follow a corporate strategy based on measured growth and discipline. While our net loans and customer deposits remained stable over the year end, the Bank reported a significant increase in CASA customer deposits, which accounted for 46% of total customer deposits compared to 39% as at year end and 32% as at 31 March 2013. In addition, we continue to observe improvements in credit quality, reflected in significantly lower impairment charges year on year. We are very pleased with our first quarter results and remain optimistic about the future.”

Deepak Khullar, Group Chief Financial Officer, commented on the results:

“ADCB continued to deliver strong financial results in the first quarter of 2014. Operating income at AED 1,901 mn was up 9% year on year and up 8% quarter on quarter. Net interest income was up 10% year on year, primarily driven by a 33% reduction in interest expense resulting from lower EIBOR and the Bank’s conscious efforts to focus on growing stable, low cost deposits. Costs remained well controlled, growing in line with operating income and we remain comfortable with our cost to income ratio.

Excluding the one-off gain arising from retirement of hedges in the first quarter of 2013, non-interest income for the first quarter of 2014 reported an increase of 34% year on year at AED 520 mn. This was achieved by a combination of a significantly higher net fee and commission income and a higher trading income, up 33% and 39% respectively over the previous year.

Our results reflect the strength of our franchise. The Bank continues to position itself as disciplined and efficient, focusing on delivering long term sustainable value for customers and shareholders.”

#### **Awards 2014**

The Banker Middle East Product Awards 2014; “Best New SME Product”, “Best SME Customer Service” and “Best Trade Finance Offering”

World Finance Magazine Award 2014; “Best Corporate Governance in UAE”

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**Q1’14 Financial highlights**

**Income statement highlights**

AED mn	Q1’14	Q4’13	Q1’13	QoQ Change %	YoY Change %
Total net interest income*	<b>1,380</b>	1,343	1,259	3	10
Non - interest income	<b>520</b>	420	485	24	7
Operating income	<b>1,901</b>	1,764	1,744	8	9
Operating expenses	<b>(625)</b>	(684)	(517)	(9)	21
Operating profit	<b>1,276</b>	1,079	1,227	18	4
Impairment allowances	<b>(174)</b>	(198)	(322)	(12)	(46)
Overseas income tax expense	<b>1</b>	(2)	(2)	(149)	(154)
Net profit for the period	<b>1,103</b>	879	903	26	22
EPS (AED)	<b>0.16</b>	0.15	0.13	0.01	0.03

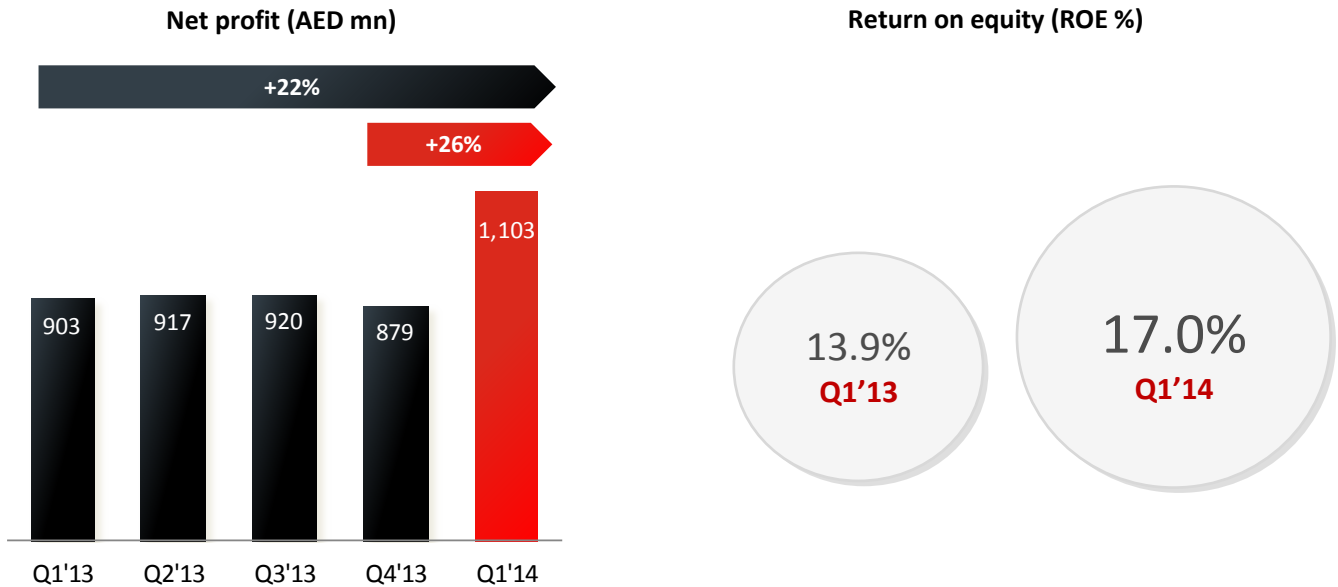
**Balance sheet highlights**

AED mn	March’14	Dec’13	March’13	QoQ Change %	YoY Change %
Total assets	<b>186,103</b>	183,143	179,993	2	3
Net loans	<b>132,197</b>	131,649	124,378	0	6
Deposits from customers	<b>115,704</b>	115,428	111,056	0	4
<b>Ratios (%)</b>				<b>Change bps</b>	<b>Change bps</b>
CAR (Capital adequacy ratio)	<b>20.15</b>	21.21	22.29	(106)	(214)
Tier I ratio	<b>15.57</b>	16.62	17.55	(105)	(198)
LTD (Loan to deposit ratio)	<b>114.25</b>	114.05	112.00	20	225

**Performance indicators:**

- ▶ In the first quarter of 2014, the Bank reported a net profit of AED 1,103 mn compared to AED 903 mn in Q1’13 and AED 879 mn in Q4’13, an increase of 22% year on year and 26% quarter on quarter.
- ▶ Net profit attributable to equity shareholders of the Bank was reported at AED 953 mn, an increase of 15% over Q1’13 and 20% over Q4’13.
- ▶ As at 31 March 2014, basic earnings per share were AED 0.16 compared to AED 0.13 reported as at 31 March 2013.
- ▶ As at 31 March 2014, ROE was reported at 17.0% and ROAA at 1.83% compared to 13.9% and 1.60% respectively as at 31 March 2013.

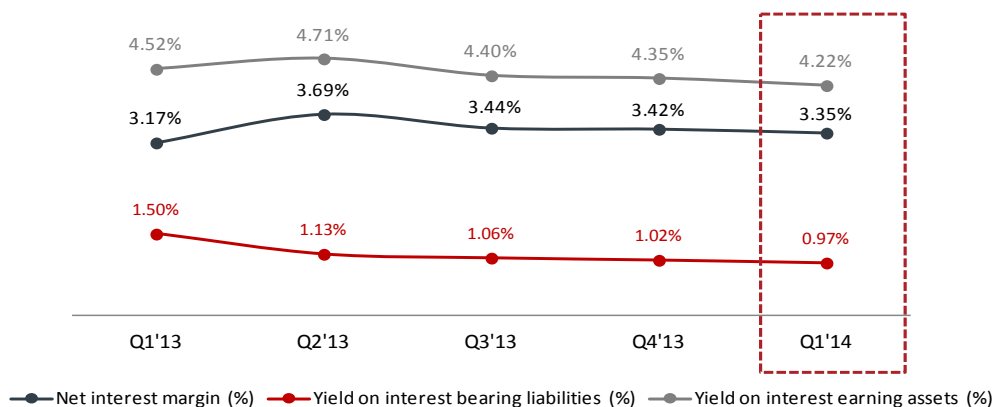
\*Includes income from Islamic financing and Islamic profit distribution



### Operating income

- ▶ Total operating income in the first quarter of 2014 reached AED 1,901 mn, an increase of 9% over Q1'13 and 8% over Q4'13.
- ▶ Total net interest and Islamic financing income was reported at AED 1,380 mn, an increase of 10% over Q1'13 and 3% over Q4'13. Interest expense\* at AED 360 mn was a record low for the quarter and was 33% lower over Q1'13. This was primarily attributed to lower EIBOR, the Bank's improving funding profile and strategic efforts to increase CASA customer deposits. As at 31 March 2014, CASA customer deposits accounted for 46% of total customer deposits, compared to 32% as at 31 March 2013. In Q1'14, cost of funds was reported at 0.97%, an improvement of 53 bps year on year. Net interest margin was 3.35% compared to 3.17% in Q1'13, reporting an improvement of 18 bps year on year.
- ▶ At AED 520 mn, non-interest income reported an increase of 7% over Q1'13 and 24% over Q4'13. Excluding the one-off gains arising from retirement of hedges in Q1'13, non-interest income reported an increase of 34% year on year. The strong improvement in non-interest income was primarily due to higher net fee and commission income and higher trading income. Net fee and commission income in Q1'14 reported an increase of 33% year on year, primarily attributed to higher corporate banking fees. Net trading income in Q1'14 was reported at AED 175 mn, an increase of 39% year on year, primarily due to higher gains from funds consolidation.

### Evolution of yields



\*Includes Islamic profit distribution

### Operating expenses and cost to income ratio

- Costs grew in line with operating income; cost to income ratio was reported at 32.9% in Q1'14 compared to 29.7% in Q1'13 and 38.8% in Q4'13. Operating expenses at AED 625 mn, reported an increase of 21% over Q1'13. Whilst this was primarily driven by higher staff costs, the percentage contribution of staff costs in relation to total operating expenses remained stable at 58.5% in Q1'14 compared to 58.2% in Q1'13.

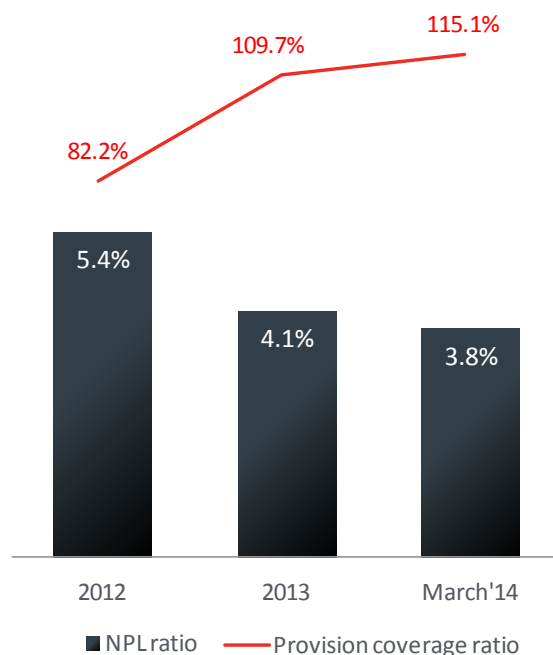
#### Cost to income ratio



### Asset quality

- As at 31 March 2014, the NPL ratio improved to 3.8% from 4.1% as at 31 December 2013 and provision coverage ratio significantly improved to 115.1% from 109.7% at 31 December 2013.
- Net impairment allowance charge for the first quarter of 2014 was AED 174 mn, 46% lower year on year and 12% lower quarter on quarter. Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 188 mn in Q1'14 compared to AED 330 mn in Q1'13, 43% lower year on year. Provisions for the funded and unfunded investment portfolios totaled a net write back of AED 14 mn in Q1'14.
- As at 31 March 2014, portfolio impairment allowance balance was AED 2,753 mn, 1.99% of credit risk weighted assets and individual impairment balance stood at AED 3,864 mn.
- Cost of risk in Q1'14 reported an improvement of 45 bps year on year at 0.46%.

#### NPL and provision coverage ratios



## Assets

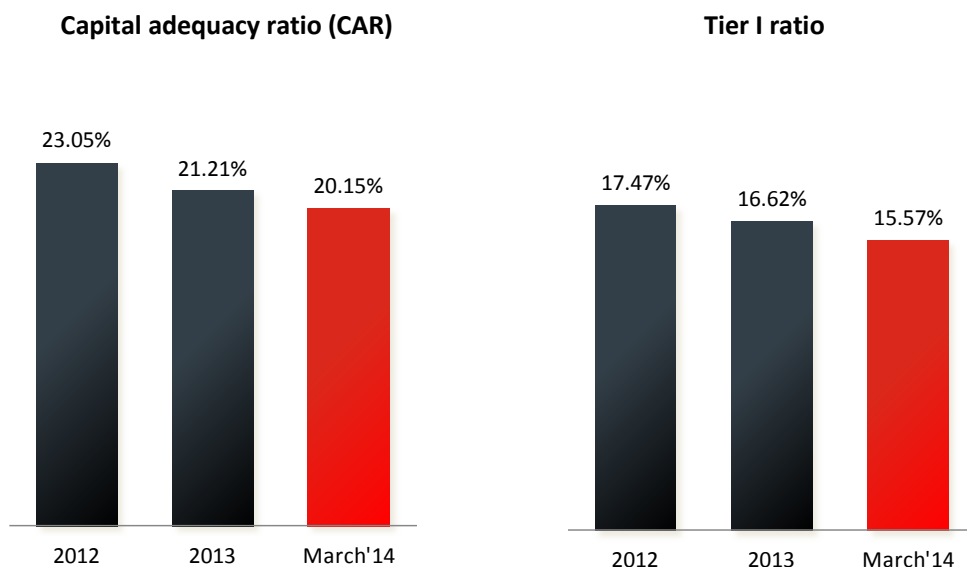
- ▶ Total assets were AED 186,103 mn, representing an increase of 2% over 31 December 2013, mainly on account of higher acceptances.
- ▶ Net loans and advances at AED 132,197 mn, increased by AED 548 mn over 31 December 2013.
- ▶ As at 31 March 2014, 93% of gross loans were within the UAE, in line with the Bank's UAE centric strategy.
- ▶ Investment securities portfolio (Available-for-sale investments) increased to AED 21,836 mn compared to AED 20,855 mn as at 31 December 2013, representing an increase of 5%, mainly attributable to increase in bonds issued by UAE based issuers. 98% of the total portfolio was invested in bonds issued by government, corporates, public sector, banks and financial institutions.

## Customer deposits

- ▶ Total customer deposits at AED 115,704 mn increased by AED 276 mn over 31 December 2013.
- ▶ CASA customer deposits increased by AED 8,650 mn over 31 December 2013, contributing 46% of total customer deposits, compared to 39% as at 31 December 2013 and 32% as at 31 March 2013.
- ▶ Loan to deposit ratio was stable at 114.25% compared to 114.05% as at 31 December 2013.

## Capital and liquidity

- ▶ As at 31 March 2014, the Bank's capital adequacy ratio was 20.15% compared to 21.21% as at 31 December 2013. Tier I ratio was 15.57% compared to 16.62% as at 31 December 2013. Lower CAR and Tier I were mainly on account of higher risk weighted assets and dividend payout in the first quarter of 2014.
- ▶ UAE Central Bank minimum CAR requirement is 12% and minimum Tier I requirement is 8%.
- ▶ As at 31 March 2014, the Bank's liquidity ratio remained unchanged compared to 31 December 2013 at 22.8%.
- ▶ Net lender of AED 8 bn in the interbank markets as at 31 March 2014.



## About ADCB:

ADCB was formed in 1985 and as at 31 March 2014 employed over 4,500 people from 57 nationalities, serving over 542,000 retail customers and more than 41,000 corporate and SME clients in 50 branches, 3 pay offices and 2 branches in India, 1 branch in Jersey and a representative office in London. As at 31 March 2014, ADCB's total assets were AED 186 bn.

ADCB is a full-service commercial bank which offers a wide range of products and services such as retail banking, wealth management, private banking, corporate banking, commercial banking, cash management, investment banking, corporate finance, foreign exchange, interest rate and currency derivatives and Islamic products, project finance and property management services.

ADCB is owned 58.08% by the Abu Dhabi Government through the Abu Dhabi Investment Council. Its shares are traded on the Abu Dhabi Securities Exchange. As at 31 March 2014, ADCB's market capitalisation was AED 38 bn.

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