ABU DHABI COMMERCIAL BANK PJSC

REPORTS FIRST QUARTER 2018 NET PROFIT OF AED 1.207 BILLION,
AN INCREASE OF 13% QUARTER ON QUARTER, AND 9% YEAR ON YEAR

Abu Dhabi, 26 April 2018 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the first quarter of 2018 (“Q1’18”).

Financial highlights (31 March 2018)

▶ Robust underlying performance

(Q1’18 vs. Q1’17)

- Net profit of AED 1.207 billion was up 9%
- Total net interest income and Islamic financing income of AED 1.828 billion was up 12%
- Net interest margin increased to 3.19% from 2.86% in Q1’17
- Operating income of AED 2.354 billion was up 6%,
- Operating profit before impairment allowances of AED 1.584 billion was up 6%
- Gross impairment charge of AED 431 million was 15% lower
- Non-interest income of AED 526 million was 12% lower, mainly on account of lower trading income from dealing in foreign currencies and an increase in fee and commission expenses coupled with lower loan processing fees
- Cost to income ratio improved to 32.7% in Q1’18 from 33.2% in Q1’17, remaining within our target range

▶ Outpacing the industry on customer deposit growth, with continued focus on CASA¹ deposits

- Total assets grew 1% to AED 267 billion and net loans to customers remained unchanged at AED 163 billion over 31 December 2017, on account of significant repayments (UAE banking industry average grew 0.6%*)
- Deposits from customers increased 2% to AED 167 billion over 31 December 2017, whilst the UAE banking industry average contracted 0.4%*.
- CASA deposits increased by AED 2 billion to AED 73 billion over 31 December 2017, and comprised 43.6% of total customer deposits compared to 43.4% as at 31 December 2017
- Customer deposit growth outpaced loan growth, resulting in an improved loan to deposit ratio of 97.6% compared to 100.1% as at 31 December 2017

▶ Strong capital and liquidity position and solid foundation to comply with evolving regulatory requirements

- Capital adequacy ratio (Basel III) of 17.48% and common equity tier 1 (CET1) ratio of 12.37% remained well above the UAE Central Bank minimum capital requirements of 12.75% and 9.25% (including buffers), post dividend payout of AED 2.2 billion and IFRS 9 adjustment of AED 1.36 billion
- Liquidity coverage ratio (LCR) of 141% compared to a minimum ratio of 90% prescribed by the UAE Central Bank
- Maintaining a strong liquidity ratio of 25.6%

▶ Stable asset quality indicators

- NPL and provision coverage ratios of 2.2% and 179.7% compared to 2.1% and 162.9% as at 31 December 2017
- Cost of risk improved to 0.71% from 0.81% as at 31 December 2017
- Stage 1 and 2 expected credit loss allowances were 2.88% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

¹ CASA: Current and Savings account
* Latest data available from the UAE Central Bank up to February 2018
Commenting on the Bank’s performance Ala’a Eraiqat, Member of the Board and Group Chief Executive Officer, said:

“The Bank had a very good start to the year, reporting strong top and bottom line growth for the first three months of 2018, with a net profit of AED 1.207 billion, an increase of 13% quarter on quarter and 9% year on year. Our businesses continue to perform well and our return on average equity of 16.8% continues to be at industry leading levels.

In the first quarter of 2018, ADCB has successfully transitioned to the IFRS 9 accounting standard, following the smooth transition to Basel III in the last quarter of 2017, reflecting the Bank’s strong ability to comply with the evolving regulatory environment.

Amidst a more controlled regulatory environment, growing competition and volatility in the markets, the Bank successfully launched and priced a USD 750 million RegS/144A bond offering in March 2018, marking the Bank’s first USD public debt issuance since 2015 and first US 144A compliant market issuance since 2009. The strong demand for the issuance was a testament to the continued growth in investor appetite for ADCB’s bonds.”

Our results reflect our ability to adapt to the changing environment and our performance has once again demonstrated our stability and resilience.”

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

“2018 has been a good start for the Bank, with significant progress made in several key areas including, increased margins, continued improvement in our funding profile (with rising CASA balances), maintained a robust liquidity profile and capital position despite the strengthening regulatory environment and improved cost of risk on account of lower impairment charges within a challenging operating environment. Our cost base continues to be efficiently managed, with a cost to income ratio of 32.7%, compared to 34.6% in Q4’17, while we continue to reinvest in our businesses to drive further efficiencies, with a focus on accelerating the Bank’s digital transformation.

Net interest margin improved to 3.19% in Q1’18 from 2.86% in Q1’17, an increase of 33 basis points year on year, mainly on account of rising benchmark rates. Gross fee and commission income of AED 507 million was up 2% year on year, primarily on account of card related and other fee income.

The Bank’s efforts to expand its secured loan book to build resilience in the asset portfolio is now yielding results, with an improved cost of risk of 71 basis points, compared to 78 basis points in March’17.

Despite the healthy drawdown levels seen in both Wholesale and Consumer Banking, net loans to customers remained flat due to significant repayments over the course of the first quarter of 2018. This resulted in an improved loan to deposit ratio of 97.6% as at 31 March 2018.”
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Abu Dhabi, 26 April 2018 – Abu Dhabi Commercial Bank PJSC ("ADCB" or the "Bank") today reported its financial results for the first quarter of 2018 ("Q1'18").

**Q1’18 financial highlights**

<table>
<thead>
<tr>
<th>Income statement highlights (AED mn)</th>
<th>Q1’18</th>
<th>Q4’17</th>
<th>Q1’17</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net interest and Islamic financing income</td>
<td>1,828</td>
<td>1,718</td>
<td>1,631</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Non - interest income</td>
<td>526</td>
<td>592</td>
<td>598</td>
<td>(11)</td>
<td>(12)</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,354</td>
<td>2,311</td>
<td>2,229</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(770)</td>
<td>(800)</td>
<td>(740)</td>
<td>(4)</td>
<td>4</td>
</tr>
<tr>
<td>Operating profit before impairment allowances</td>
<td>1,584</td>
<td>1,511</td>
<td>1,489</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(380)</td>
<td>(441)</td>
<td>(386)</td>
<td>(14)</td>
<td>(2)</td>
</tr>
<tr>
<td>Operating profit after impairment allowances</td>
<td>1,204</td>
<td>1,069</td>
<td>1,102</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Share in profit of associate</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>NM</td>
<td>NM</td>
</tr>
<tr>
<td>Overseas income tax income/ (expense)</td>
<td>0</td>
<td>(0)</td>
<td>(1)</td>
<td>NM</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Net profit for the period</strong></td>
<td><strong>1,207</strong></td>
<td><strong>1,072</strong></td>
<td><strong>1,105</strong></td>
<td><strong>13</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance sheet highlights (AED mn)</th>
<th>March’18</th>
<th>Dec’17</th>
<th>March’17</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>266,649</td>
<td>265,003</td>
<td>263,672</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Loans and advances to customers, net</td>
<td>162,824</td>
<td>163,282</td>
<td>159,802</td>
<td>(0)</td>
<td>2</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>166,881</td>
<td>163,078</td>
<td>162,362</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Ratios (%)</td>
<td>March’18</td>
<td>Dec’17</td>
<td>March’17</td>
<td>bps</td>
<td>bps</td>
</tr>
<tr>
<td>CAR (Capital adequacy ratio – Basel III)</td>
<td>17.48</td>
<td>19.09</td>
<td>17.83*</td>
<td>(161)</td>
<td>(35)</td>
</tr>
<tr>
<td>Tier I ratio</td>
<td>14.32</td>
<td>15.92</td>
<td>14.55*</td>
<td>(160)</td>
<td>(23)</td>
</tr>
<tr>
<td>Loan to deposit ratio</td>
<td>97.6</td>
<td>100.1</td>
<td>98.4</td>
<td>(250)</td>
<td>(80)</td>
</tr>
</tbody>
</table>

Figures may not add up due to rounding differences
* Basel II

**Key indicators**

<table>
<thead>
<tr>
<th>Net profit (AED billion)</th>
<th>Return on average equity (ROAE %)¹</th>
<th>Return on average assets (ROAA %)¹</th>
<th>Basic earnings per share (EPS – AED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.207</td>
<td>16.8</td>
<td>1.71</td>
<td>0.22</td>
</tr>
</tbody>
</table>

¹ Annualised, for ROE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and interest expense on Tier I capital notes
Comparisons in this section are for the first quarter of 2018 versus the first quarter of 2017, unless otherwise specified.

A good start to the year with a solid underlying performance resulting in both top and bottom line growth

The Bank reported a net profit of AED 1.207 billion for the first quarter of 2018, an increase of 9%. The increase in net profit was primarily driven by higher margins, a well managed funding mix and a disciplined cost base. The Bank’s key financial indicators remained strong with a return on average equity of 16.8% and a return on average assets of 1.71% for Q1’18 compared to 16.1% and 1.60%, respectively for Q1’17.

Total operating income was AED 2.354 billion, up 6%. Each business segment contributed to the strong underlying performance of the Bank. Consumer and Wholesale Banking Groups comprised 42% and 32% of total operating income. Treasury and Property Management comprised 23% and 3% of total operating income respectively.

Net interest and Islamic financing income was AED 1.828 billion, up 12% driven by the impact of increasing benchmark rates, rising volumes and higher interest in suspense reversals. Net interest margin for Q1’18 was 3.19% compared to 2.86% in Q1’17, an increase of 33 basis points year on year. The Bank is positively positioned to benefit from a rising rate environment. Cost of funds for Q1’18 was 1.59% compared to 1.45% in Q1’17, as the Bank successfully continues to manage its funding costs by maintaining a good mix of CASA and term deposits.
Non-interest income was AED 526 million, down 12%, mainly on account of a weaker trading income and lower net fees and commission income. Net fees and commission income was AED 350 million, down 6%, primarily on account of higher fees and commission expense, driven by the launch of the new Travel Card and the setup costs related to the new merchant acquiring business. This coupled with the Bank’s strategic efforts to grow the secured loan book and its increased focus on the UAE national segment resulted in lower loan processing fees in the current quarter. This was partially offset by higher card related and other fees, reflective of the Bank’s continued focus to grow and diversify its fee base. As a result, gross fees and commission income of AED 507 million was up 2%. Trading income was AED 131 million, a decrease of AED 35 million, predominantly driven by lower FX income against a strong prior year, which benefited from opportunistic trades.

Operating expenses were AED 770 million, up 4%, driven by higher staff costs and ongoing investments in our businesses to accelerate the Bank’s digital transformation. Cost to income ratio of 32.7% remained within our target range.

Cost to income ratio

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<th>Q1’17</th>
<th>Q1’18</th>
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<tr>
<td></td>
<td>33.2%</td>
<td>32.7%</td>
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Smooth transition to IFRS 9 accounting standard

Non-performing loan (NPL) ratio of 2.2% and provision coverage ratio of 179.7%, compared to 2.1% and 162.9% as at 31 December 2017. Non-performing loans were AED 3.946 billion compared to AED 3.692 billion as at 31 December 2017, an increase of 7% year to date. Cost of risk was 0.71% compared to 0.78% in March’17, mainly on account of higher volumes, whilst net impairment charges reported a slight improvement. Net impairment charge of AED 380 million was 2% lower compared to Q1’17. Prior year benefited from higher recoveries of AED 118 million compared to AED 51 million in the current quarter.

Under IFRS 9, impairment allowance balance on loans and advances to customers increased to AED 7.070 billion as at 31 March 2018, compared to AED 5.907 billion calculated in accordance with IAS 39 as at 31 December 2017. Stage 1 and 2 expected credit loss allowances were 2.88% of credit risk weighted assets, well above the minimum 1.5% stipulated by the UAE Central Bank.
Continued focus on gathering CASA deposits, improvement in loan to deposit ratio

- Net loans were AED 163 billion, unchanged from 31 December 2017 and total customer deposits increased to AED 167 billion, an increase of 2% over the year end. CASA balances totaled AED 73 billion and comprised 43.6% of total customer deposits. Loan to deposit ratio improved to 97.6% from 100.1% as at 31 December 2017.

Robust CAR post dividend payout and IFRS 9 adjustments and comfortable liquidity levels

- The Bank continues to maintain a comfortable liquidity position, with a liquidity coverage ratio of 141%, compared to a minimum ratio of 90% prescribed by the UAE Central Bank. Liquidity ratio was 25.6% compared to 24.5% as at 31 December 2017, driven by an increase in deposits and balances due from banks.

- The Bank remains well capitalised with a capital adequacy ratio (Basel III) of 17.48% and a common equity tier 1 (CET1) ratio of 12.37%, well above the minimum capital requirements of 12.75% and 9.25% (including buffers), respectively as prescribed by the UAE Central Bank. The 1.61% reduction in CAR compared to December 2017 was primarily on account of a dividend payout of AED 2.2 billion and IFRS 9 adjustment of AED 1.36 billion.
About ADCB (31 March 2018):

ADCB was formed in 1985 and as at 31 March 2018 employed over 5,000 people from 80 nationalities, serving retail customers and corporate clients in 49 branches, 1 pay office and 2 branches in India, 1 branch in Jersey and representative offices in London and Singapore. As at 31 March 2018, ADCB's total assets were AED 267 billion.

ADCB is a full-service commercial bank which offers a wide range of products and services in both conventional and Shari’ah compliant banking, operating in four business segments including Consumer Banking, Wholesale Banking, Treasury and Investments and Property Management.

ADCB is owned 62.52% by the Government of Abu Dhabi (Abu Dhabi Investment Council). Its shares are traded on the Abu Dhabi Securities Exchange. As at 31 March 2018, ADCB’s market capitalisation was AED 34 billion.

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