Abu Dhabi, 26 July 2018 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its half year financial results for the period ended 30 June 2018 (“H1’18”).

Key highlights (30 June 2018)

Strong bottom and top line growth in an evolving operating and regulatory environment

- Net profit of AED 2.332 billion was up 10%
- Total net interest income and Islamic financing income of AED 3.612 billion was up 9%
- Operating income of AED 4.643 billion was up 7%
- Operating profit before impairment allowances of AED 3.097 billion was up 6%
- Impairment allowances (net) of AED 770 million was 5% lower
- Non-interest income of AED 1.030 billion was at par
- Net interest margin of 3.11% compared to 2.88% in H1’17

Well managed cost base and healthy asset quality indicators

- Cost to income ratio for H1’18 was 33.3% compared to 32.5% in H1’17, remaining within our target range
- Cost of funds for H1’18 was 1.74% compared to 1.46% in H1’17, in line with the rising benchmark rates
- Cost of risk for H1’18 improved to 0.68% from 0.81% in H1’17
- As at 30 June 2018, NPL and provision coverage ratios were 2.7% and 145.9% respectively, compared to 2.1% and 162.9% as at 31 December 2017

Delivering sustainable growth, reliance on customer deposits for funding

- Net loans and advances increased 2% to 166 billion over 31 December 2017
- Deposits from customers increased 5% to AED 172 billion over 31 December 2017
- Low cost CASA (Current and savings account) deposits increased 5% to AED 75 billion over 31 December 2017 and comprised 43.4% of total customer deposits
- Loan to deposit ratio of 96.6% compared to 100.1% as at 31 December 2017

Strong capital position and comfortable liquidity levels

- Capital adequacy ratio (Basel III) of 16.66% and common equity tier 1 (CET1) ratio of 12.37% remained above the UAE Central Bank minimum capital requirements of 12.75% and 9.25% (including buffers)
- Liquidity coverage ratio (LCR) of 132% compared to a minimum ratio of 90% prescribed by UAE Central Bank
- Maintaining a strong liquidity ratio of 26.2%
- Net lender of AED 11 billion in the interbank markets
Commenting on the results, Eissa Mohamed Al Suwaidi, Chairman said:

“Our financial performance in the first half of 2018 reflects the Bank’s continued growth and resilience year over year. We continued to post solid results in a testing environment.

The strengthening regulatory environment has resulted in an enhanced supervisory framework and improved financial stability in the UAE. In 2018, the Bank successfully transitioned to the IFRS9 accounting standard, following the smooth transition to Basel III at the end of 2017. The Bank is well positioned to comply with evolving regulatory requirements, and maintains a comfortable liquidity position and healthy capital ratios, which remain well above the minimum requirements of the Central Bank. Our risk management discipline and UAE-centric strategy continue to serve us well.

We remain committed to support the development of the UAE Banking Sector and continue to deliver long-term value for our customers and shareholders.”

Ala’a Eraiqat, Member of the Board and Chief Executive Officer, commented on the results:

“The Bank reported a strong set of results for the first half of 2018, delivering double digit growth in net profit with a return on equity of 16.5%. First half 2018 net profit of AED 2.332 billion represented an increase of 10% year on year and second quarter net profit of AED 1.125 billion represented an increase of 12% over the corresponding period in 2017.

Good progress was made on a significant number of fronts. Consistent with our objective of delivering sustainable growth, customer deposits increased 5.2% year to date, outpacing system wide growth of 2.7%*. Loan to deposit ratio improved to 96.6% from 100.1% as at 31 December 2017. CASA deposits increased 5% over 31 December 2017. In a rising rate environment, cost of funds increased less than the benchmark rates, whilst asset yields continued to improve. Gross fee income for the first half of 2018 was up 2% year on year. Our asset quality indicators remain healthy with a cost of risk of 0.68%, at its lowest levels since 2016.

We continue to invest in our businesses and focus on our commitment to build digital technologies to deliver a better customer experience, whilst effectively managing our cost base and optimising our balance sheet.”

*UAE Central Bank data available only until May 2018
Abu Dhabi Commercial Bank PJSC REPORTS

FIRST HALF 2018 NET PROFIT OF AED 2.332 BILLION,
SECOND QUARTER 2018 NET PROFIT OF AED 1.125 BILLION

Abu Dhabi, 26 July 2018 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its half year financial results for the period ended 30 June 2018 (“H1’18”).

Financial highlights

Income statement highlights (AED mn)

<table>
<thead>
<tr>
<th></th>
<th>H1’18</th>
<th>H1’17</th>
<th>YoY</th>
<th>Q2’18</th>
<th>Q1’18</th>
<th>Q2’17</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net interest and Islamic financing income</td>
<td>3,612</td>
<td>3,305</td>
<td>9</td>
<td>1,784</td>
<td>1,828</td>
<td>1,675</td>
<td>(2)</td>
<td>7</td>
</tr>
<tr>
<td>Non - interest income</td>
<td>1,030</td>
<td>1,032</td>
<td>0</td>
<td>504</td>
<td>526</td>
<td>434</td>
<td>(4)</td>
<td>16</td>
</tr>
<tr>
<td>Operating income</td>
<td>4,643</td>
<td>4,338</td>
<td>7</td>
<td>2,288</td>
<td>2,354</td>
<td>2,109</td>
<td>(3)</td>
<td>9</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,545)</td>
<td>(1,411)</td>
<td>9</td>
<td>(775)</td>
<td>(770)</td>
<td>(671)</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>Operating profit before impairment allowances</td>
<td>3,097</td>
<td>2,926</td>
<td>6</td>
<td>(390)</td>
<td>(380)</td>
<td>(427)</td>
<td>2</td>
<td>(9)</td>
</tr>
<tr>
<td>Impairment allowances</td>
<td>(770)</td>
<td>(814)</td>
<td>(5)</td>
<td>(390)</td>
<td>(380)</td>
<td>(427)</td>
<td>2</td>
<td>(9)</td>
</tr>
<tr>
<td>Share in profit/(loss) of associate</td>
<td>6</td>
<td>5</td>
<td>NM</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>NM</td>
<td>NM</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>2,333</td>
<td>2,118</td>
<td>10</td>
<td>1,126</td>
<td>1,207</td>
<td>1,012</td>
<td>(7)</td>
<td>11</td>
</tr>
<tr>
<td>Overseas income tax expense</td>
<td>(1)</td>
<td>(4)</td>
<td>NM</td>
<td>(1)</td>
<td>0</td>
<td>(3)</td>
<td>NM</td>
<td>NM</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>2,332</td>
<td>2,114</td>
<td>10</td>
<td>1,125</td>
<td>1,207</td>
<td>1,008</td>
<td>(7)</td>
<td>12</td>
</tr>
</tbody>
</table>

Balance sheet highlights (AED mn)

<table>
<thead>
<tr>
<th></th>
<th>June’18</th>
<th>June’17</th>
<th>YoY</th>
<th>June’18</th>
<th>March’18</th>
<th>Dec’17</th>
<th>QoQ</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>271,722</td>
<td>259,239</td>
<td>5</td>
<td>271,722</td>
<td>266,649</td>
<td>265,003</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Net loans and advances</td>
<td>165,733</td>
<td>164,251</td>
<td>1</td>
<td>165,733</td>
<td>162,824</td>
<td>163,282</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Deposits from customers</td>
<td>171,521</td>
<td>161,779</td>
<td>6</td>
<td>171,521</td>
<td>166,881</td>
<td>163,078</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Ratios (%)

<table>
<thead>
<tr>
<th></th>
<th>June’18</th>
<th>June’17</th>
<th>bps</th>
<th>June’18</th>
<th>March’18</th>
<th>Dec’17</th>
<th>bps</th>
<th>bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basel III Capital adequacy ratio (CAR)</td>
<td>16.66</td>
<td>18.07*</td>
<td>(141)</td>
<td>16.66</td>
<td>17.48</td>
<td>19.09</td>
<td>(82)</td>
<td>(243)</td>
</tr>
<tr>
<td>Tier I ratio</td>
<td>14.25</td>
<td>14.84*</td>
<td>(59)</td>
<td>14.25</td>
<td>14.32</td>
<td>15.92</td>
<td>(7)</td>
<td>(167)</td>
</tr>
<tr>
<td>Loan to deposit ratio (LTD)</td>
<td>96.6</td>
<td>101.5</td>
<td>(490)</td>
<td>96.6</td>
<td>97.6</td>
<td>100.1</td>
<td>(100)</td>
<td>(350)</td>
</tr>
</tbody>
</table>

Key indicators (H1’18)

<table>
<thead>
<tr>
<th></th>
<th>Change %</th>
<th>Change %</th>
<th>Change %</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit (AED billion)</td>
<td>2.332</td>
<td>16.5</td>
<td>1.69</td>
<td>0.43</td>
</tr>
<tr>
<td>Return on average equity (ROAE %)¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on average assets (ROAA %)¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share (EPS – AED)</td>
<td></td>
<td></td>
<td></td>
<td></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 calculated for the first half of 2018 versus the first half of 2017, unless otherwise specified.

Strong bottom and top line growth in an evolving operating and regulatory environment

The Bank reported a net profit of AED 2.332 billion for the first half of 2018, and AED 1.125 billion for the second quarter of 2018, an increase of 10% and 12% respectively over the previous year. The Bank’s key financial indicators remain strong with a return on average equity of 16.5% and a return on average assets of 1.69% in H1’18 compared to 15.5% and 1.59%, respectively, in H1’17. On a quarterly basis, net profit was down 7%, on account of rising cost of funds, in line with higher benchmark rates and lower FX gains, whilst operating expenses and impairment allowances were well-maintained.

Total operating income was AED 4.643 billion, up 7%. Each business segment contributed to the strong underlying performance of the Bank. The Consumer and Wholesale Banking groups comprised 43% and 32% of total operating income. Treasury and Property Management contributed 22% and 3% to total operating income respectively.

Net interest and Islamic financing income was AED 3.612 billion, up 9%, predominantly driven by the impact of rising rates, higher interest in suspense reversals and a change in the composition of the asset book towards higher yielding assets. Net interest margin for H1’18 improved to 3.11% from 2.88% in H1’17, an increase of 23 basis points year on year. The increase in cost of funds was lower than the increase in benchmark rates, whilst asset yields increased by 50 basis points to 4.72% in H1’18, supported by repricing of assets. On a quarterly basis, yield on interest earning assets was up 13 basis points, in line with higher benchmark rates. Q1’18 yields benefited from a one-off write-back of interest in suspense on a few accounts. NIM contraction of 16 basis points on a quarterly basis was driven by the strategic decision taken last year to de-risk the retail unsecured loan portfolio and increased cost of carrying high quality liquid assets (HQLA) to meet LCR and recently introduced NSFR regulations. The de-risking of the retail portfolio in the current economic environment has resulted in a much improved cost of risk for H1’18.
Non-interest income was AED 1.030 billion, unchanged from H1’17. Net fees and commission income of AED 708 million was 6% lower, reflecting lower business volumes, higher card related expenses and the setup costs related to the merchant acquiring business. The decline in net fees and commission income was partially offset by an increase in net trading income, which grew 67% year on year to AED 230 million, driven by higher FX gains. The decrease in other operating income was primarily due to the non-recurrence of one-off gains recorded in H1’17 and lower income from property management business in H1’18.

Operating expenses were AED 1.545 billion, up 9%, mainly driven by higher staff costs and ongoing investments in our businesses to accelerate the Bank’s digital transformation. Cost to income ratio of 33.3% remained within our target range.

Healthy asset quality indicators

Net impairment charges were AED 770 million, 5% lower year on year, translating to an annualised cost of risk of 0.68% compared to 0.81% in June’17, at its lowest level since 2016.

As at 30 June 2018, non-performing loan ratio (NPL) was 2.7% compared to 2.1% at year end. Non-performing loans increased to AED 4.814 billion from AED 3.692 billion as at 31 December 2017, impacted by an increase in a few corporate accounts. Effective 1 January 2018, the Bank successfully transitioned to the IFRS 9 accounting standard. Under IFRS 9, impairment allowances against loans and advances were AED 6.995 billion, with a provision coverage ratio of 145.9%. Stage 1 and 2 expected credit loss allowances were 2.64% of credit risk weighted assets, well above the minimum 1.5% stipulated by the UAE Central Bank.
Delivering sustainable growth, reliance on customer deposits for funding

Net loans and advances to customers increased to AED 166 billion, up 2% year to date, driven by an increase in Wholesale Banking loans. Increase in loans to the Real estate, Investment and Hospitality economic sector was primarily due to the novation of an existing loan from a Government related enterprise (GRE) to a real estate development company. Consumer Banking loans reported a contraction on account of the continued de-risking of the unsecured loan portfolio. Total customer deposits increased to AED 172 billion, up 5% year to date, driven by an increase in both Consumer and Wholesale Banking deposits. CASA balances totaled AED 75 billion and comprised 43.4% of total customer deposits. With deposit growth continuing to outpace loan growth, the Bank’s loan to deposit ratio improved significantly during the period to 96.6% from 100.1% at year end.

Strong capital position and comfortable liquidity levels

The Bank continues to maintain a comfortable liquidity position, with a liquidity coverage ratio of 132%, compared to a minimum ratio of 90% prescribed by the UAE Central Bank. Liquidity ratio was 26.2% compared to 24.5% as at 31 December 2017, led by an increase in deposits and balances due from banks.

The Bank remains well capitalised with a Basel III capital adequacy ratio (CAR) of 16.66% 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 reduction in CAR compared to December 2017 was primarily on account of the 2017 dividend payout, IFRS 9 adjustments, increases in credit risk weighted assets and repayment of subordinated debt (Tier 2 capital).
About ADCB (30 June 2018):

ADCB was formed in 1985 and as at 30 June 2018 employed over 5,000 people from 80 nationalities, serving retail customers and corporate clients in 50 branches, in addition to the 2 SimplyLife Sales & Service Centers and 3 uBank Centers in the UAE, 2 branches in India, 1 branch in Jersey and representative offices in London and Singapore. As at 30 June 2018, ADCB’s total assets were AED 272 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 30 June 2018, ADCB’s market capitalisation was AED 37 billion.

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