

Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK PJSC REPORTS

NINE MONTH 2015 NET PROFIT OF AED 3.736 BN, UP 18% YEAR ON YEAR

THIRD QUARTER 2015 NET PROFIT OF AED 1.204 BN, UP 18% YEAR ON YEAR

Abu Dhabi, 18 October 2015 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the nine month period ended 30 September 2015 (“9M’15”).

Key highlights (30 September 2015)

- ▶ Consistent financial performance, delivering double digit growth year on year

9M’15 vs. 9M’14

- Net profit up 18% to AED 3.736 bn
- Net profit attributable to equity shareholders up 23% to AED 3.734 bn
- Operating income up 11% at AED 6.245 bn, with net interest income up 13% to AED 4.729 bn and non-interest income up 4% to AED 1.515 bn
- Net fees and commission income up 17% to AED 1.052 bn
- Operating profit before impairment allowances up 9% to AED 4.133 bn
- Return on equity of 21.0% compared to 18.2% for the nine month period of 2014
- ▶ Growing revenues while effectively managing expenses and simplifying our businesses
 - Cost of funds for 9M’15 was 87 bps compared to 90 bps in 9M’14
 - Cost of risk for 9M’15 improved to 31 bps from 52 bps in 9M’14
- ▶ Improving trend in asset quality
 - As at 30 September 2015, NPL and provision coverage ratios were 3.1% and 130.5% respectively
 - Cost to income ratio for 9M’15 was 33.8%, within our target range
- ▶ Healthy loan and deposit growth
 - Net loans and advances increased 11% to AED 151 bn over 30 September 2014
 - Deposits from customers increased 7% to AED 130 bn over 30 September 2014
 - As at 30 September 2015, low cost CASA deposits comprised 48% of total deposits
- ▶ Strong capital ratios and high liquidity levels
 - As at 30 September 2015, capital adequacy ratio was 19.68% and tier I ratio was 16.14%
 - As at 30 September 2015, the Bank was a net lender of AED 14 bn in the interbank markets
 - As at 30 September 2015, investment securities totaled AED 22 bn, providing a liquidity pool for the Bank

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

“We are pleased with the Bank’s performance, delivering a net profit of AED 1.204 bn for the quarter and AED 3.736 bn for the nine month period of 2015, an increase of 18% year on year.

We have consistently delivered good financial results despite the volatility in the global financial markets. We are focused on maintaining a conservative balance sheet and delivering strong returns, which is reflected in our Q3 results, with an industry leading return on equity of 21% for the nine month period of 2015 while generating a healthy loan and deposit growth year on year, up 11% and 7% respectively.

We have confidence in the long-term growth of the economy. We have a strong franchise and remain disciplined to deliver sustainable growth as a result of our unique platform focused on our core geography and core businesses and strive to deliver an outstanding experience for all our customers and clients in serving their business needs.”

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

“We are pleased with the 18% growth in net profit year on year. In an environment of intense competition for market share and margin compression, we saw decent growth in our loan book. Wholesale Banking loans were up 5%, while Consumer Banking loans were up 8% year to date, helping us to maintain our margins as we continue to see growth in higher yielding loans, supplemented with improved recoveries, interest in suspense reversals and lower impairment charges.

Our increased emphasis on fee income generation resulted in a 17% increase in fee income year on year, for the nine month period of 2015, a significant driver of growth for the Bank. We have been growing revenues whilst effectively managing our cost base. Our cost to income ratio for the nine month period was at 33.8%, within our target range.”

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9M’15/ Q3’15 financial highlights

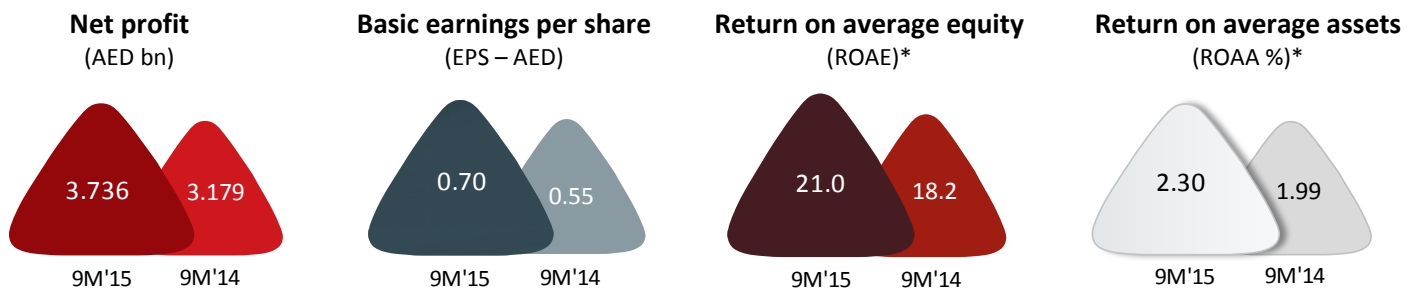
Income statement highlights (AED mn)	Year to date trend			Quarterly trend				
	9M’15	9M’14	Change % YoY	Q3’15	Q2’15	Q3’14	Q3’15 Change %	
							QoQ	YoY
Total net interest and Islamic financing income	4,729	4,193	13	1,545	1,543	1,400	0%	10%
Non - interest income	1,515	1,452	4	466	498	470	(7)	(1)
Operating income	6,245	5,645	11	2,011	2,041	1,870	(1)	8
Operating expenses	(2,112)	(1,854)	14	(740)	(672)	(648)	10	14
Operating profit before impairment allowances	4,133	3,791	9	1,271	1,370	1,221	(7)	4
Net impairment allowances	(391)	(608)	(36)	(66)	(84)	(201)	(21)	(67)
Overseas income tax expense	(6)	(3)	NA	(1)	(2)	(2)	NA	NA
Net profit for the period	3,736	3,179	18	1,204	1,283	1,018	(6)	18
Net profit attributable to equity shareholders	3,734	3,028	23	1,203	1,283	1,017	(6)	18

Balance sheet highlights (AED mn)	Change			Change %				
	Sep’15	Sep’14	%	Sep’15	June’15	Dec’14	QoQ	YTD
Total assets	215,329	198,425	9	215,329	212,181	204,019	1	6
Net loans and advances	150,653	135,887	11	150,653	145,782	140,562	3	7
Deposits from customers	130,009	121,516	7	130,009	131,643	126,011	(1)	3

Ratios (%)	Change			Change %				
	Sep’15	Sep’14	bps	Sep’15	June’15	Dec’14	bps	bps
CAR (Capital adequacy ratio)	19.68	21.25	(157)	19.68	19.80	21.03	(12)	(135)
Tier I ratio	16.14	16.90	(76)	16.14	16.10	17.01	4	(87)
Advances to stable resources	92.9	93.2	(30)	92.9	88.1	88.5	480	440
ROAE* (Return on average equity)	21.0	18.2	280	21.0	22.0	18.1	(100)	290
ROAA* (Return on average assets)	2.30	1.99	31	2.30	2.39	2.00	(9)	30

Figures may not add up due to rounding differences

Key indicators



* 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

9M'15 Income statement highlights: Consistent financial performance, delivering double digit growth year on year

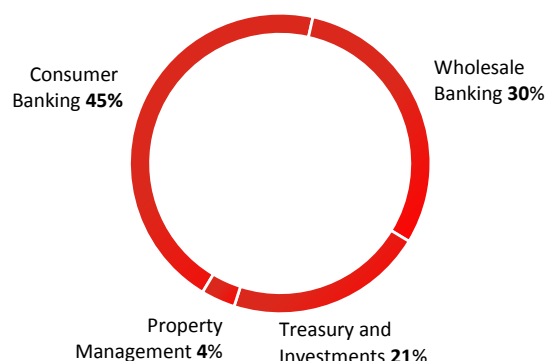
- ▶ The Bank reported a net profit of AED 3.736 bn compared to AED 3.179 bn in 9M'14, an increase of 18% year on year. Excluding income attributable to non-controlling interests, net profit attributable to equity shareholders grew by 23% to AED 3.734 bn in 9M'15.
- ▶ ROAE for 9M'15 was 21.0% compared to 18.2% in 9M'14 and ROAA was 2.30% compared to 1.99% in 9M'14.
- ▶ Basic earnings per share were AED 0.70 compared to AED 0.55 in 9M'14, an increase of 27% year on year.
- ▶ Total operating income for 9M'15 was AED 6.245 bn, up 11% year on year, driven by higher net interest income and non-interest income. Total net interest and Islamic financing income for 9M'15 was AED 4.729 bn, up 13% over 9M'14 on account of higher volumes and improved margins. Net interest margin for 9M'15 was 3.37% compared to 3.28% in 9M'14 and asset yield for 9M'15 was 4.17% compared to 4.11% in 9M'14. The Bank was able to maintain its net interest margin and asset yield due to continued growth in higher yielding loans, supplemented with improved recoveries and interest in suspense reversals.
- ▶ Non-interest income for 9M'15 was AED 1.515 bn, up 4% year on year. At AED 1.052 bn for 9M'15, net fees and commission income continued to be a key driver of growth for the Bank, up 17% year on year, boosted by increase in both retail and corporate banking fees. Net fees and commission income accounted for 69% of total non-interest income in 9M'15, compared to 62% in 9M'14. Net trading income was reported at AED 261 mn in 9M'15, 22% lower year on year, primarily on account of funds de-consolidation on 31 March 2014, which was partially offset by higher gains from dealing in foreign currencies in 9M'15. Excluding the funds de-consolidation income, 9M'15 net trading income was 41% higher and total non-interest income was 16% higher over 9M'14. Other operating income for 9M'15 was AED 203 mn, 9% lower year on year, mainly on account of one –off items in 9M'14; including rental income and dividend income from deconsolidated funds.

Diversified revenue stream: Strong underlying performance across all our businesses

Percentage contribution to operating income

30 September 2015

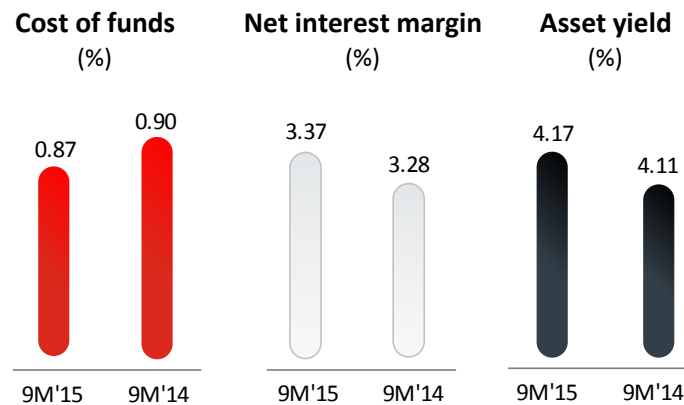
9M'15 Total operating income = AED 6.245 bn



Growing revenues while continuing to manage expenses and simplifying businesses

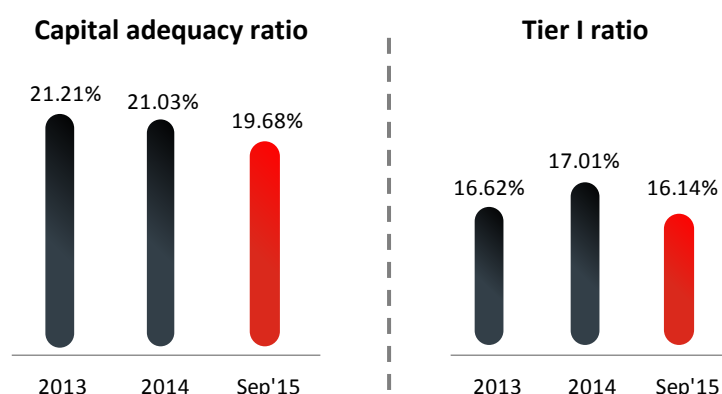
- ▶ Our cost to income ratio for 9M'15 was 33.8% compared to 32.8% for 9M'14, within in our target range. Operating expenses for 9M'15 increased 14% over 9M'14, mainly on account of higher staff costs. We continue to invest for the long run, remain committed to paying for performance yet focus on eliminating inefficiencies by simplifying our businesses and creating a lean organisation.

- ▶ Interest expense for 9M'15 was AED 1.118 bn, up 6% over 9M'14, primarily due to an increase in liabilities volume, yet cost of funds for 9M'15 improved further to 87 bps compared to 90 bps in 9M'14.



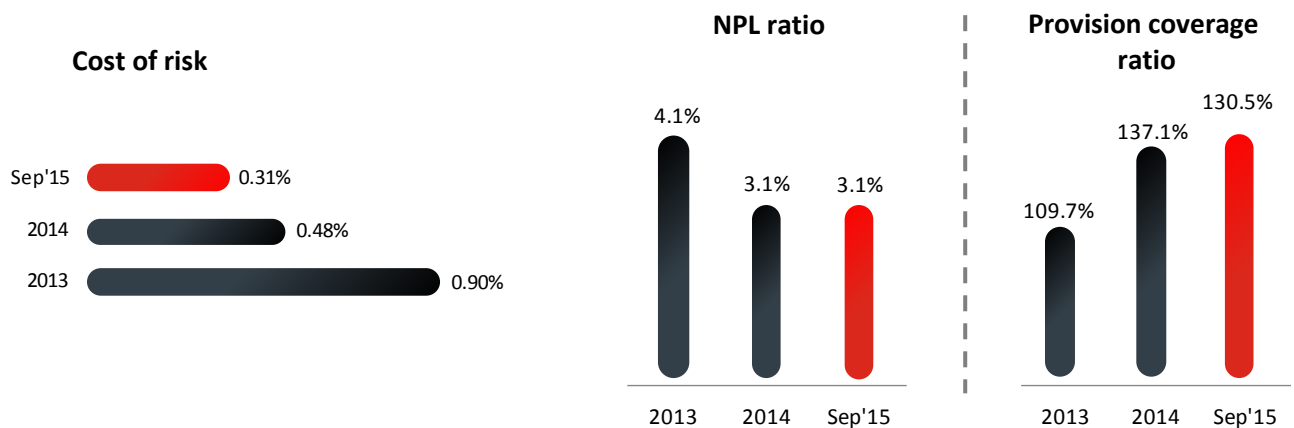
Balance sheet highlights (30 September 2015): Healthy loan and deposit growth, strong capital ratios and high liquidity levels

- ▶ Total assets reached AED 215 bn as at 30 September 2015. Net loans and advances were AED 151 bn, up 11% year on year and 7% year to date. 90% of loans (gross) were within the UAE, in line with the Bank's UAE centric strategy. Wholesale Banking loans (gross) were up 5%, while Consumer Banking loans (gross) were up 8% year to date. As at 30 September 2015, investment securities totaled AED 22 bn, up 3% over 31 December 2014. 98% of the portfolio was invested in available for sale investments in fixed income securities, of which 56% was invested in the UAE and other GCC countries.
- ▶ Total customer deposits were AED 130 bn, up 7% year on year and 3% year to date. CASA deposits comprised 48% of total deposits compared to 45% in December 2014. As at 30 September 2015, advances to stable resources ratio was 92.9% compared to 88.5% as at 31 December 2014. As at 30 September 2015, loan to deposit ratio was 115.88% compared to 111.55% as at 31 December 2014.
- ▶ The Bank remains focused on capital efficiency and has industry leading capital ratios. As at 30 September 2015, the Bank's capital adequacy ratio was 19.68% and Tier I ratio was 16.14%. The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier I minimum requirement is 8%. The reduction in capital adequacy ratio over December 2014 (21.03%), is attributable to an increase in risk weighted assets.
- ▶ As at 30 September 2015, the Bank was a net lender of AED 14 bn in the interbank markets, and the liquidity ratio was 23.7% compared to 25.2% as at 31 December 2014.



Improving trend in asset quality

- ▶ As our lending grows, we maintain our disciplined and conservative risk management policies. As at 30 September 2015, NPL and provision coverage ratios were 3.1% and 130.5% respectively, whilst cost of risk for 9M'15 improved to 31 bps compared to 48 bps as at 31 December 2014. As at 30 September 2015, non-performing loans were AED 4.810 bn compared to AED 4.611 bn as at 31 December 2014.
- ▶ Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 400 mn in 9M'15, compared to AED 624 mn in 9M'14, 36% lower year on year.
- ▶ As at 30 September 2015, the Bank's collective impairment allowance balance was AED 3.031 bn, 2.01% of credit risk weighted assets and the individual impairment balance stood at AED 3.397 bn.



Awards 2015

"Best Corporate Governance Award 2015" World Finance	"Best for Cash Management in the UAE" Euromoney Award	"Best Trade Finance Provider in the UAE" Euromoney Award	"Best Cash Management" Banker Middle East
"Best Trade Finance Offering" Banker Middle East	"Best Customer Service - Corporate Banking" Banker Middle East	"Best Trade Finance Bank in UAE" Global Finance	"Best Supply Chain Finance Provider Award- Middle East" Global Finance
"Best Bank for Cash Management in the Middle East" Global Finance	"Best Fund over 3 years, Equity, UAE" for Al Nokhitha Fund Thomson Reuters Lipper Fund Awards 2015	"Best Brand Building Initiative in the Middle East Award" The Asian Banker	"Best local Bank in UAE" GTR MENA's Leaders in Trade Awards
"UAE Domestic Trade Finance Bank of the Year" Asian Banking and Finance's Wholesale Banking Awards	"UAE Trade Finance Firm of the Year" Finance Monthly's Global Awards	"Best Affinity Credit Card in the Middle East & Asia/Oceania 2015" Annual Freddie Awards	"Bank of the Year" Gulf Business Industry Awards 2015
"Business Leader of the Year" Ala'a Eraiqat, CEO of ADCB Group Gulf Business Industry Awards 2015			

About ADCB (30 September 2015):

ADCB was formed in 1985 and as at 30 September 2015 employed over 4,000 people from 67 nationalities, serving over 600,000 retail customers and over 50,000 corporate and SME clients in 48 branches, 4 pay offices and 2 branches in India, 1 branch in Jersey and representative offices in London and Singapore. As at 30 September 2015, ADCB's total assets were AED 215 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 Government of Abu Dhabi (Abu Dhabi Investment Council). Its shares are traded on the Abu Dhabi Securities Exchange. As at 30 September 2015, excluding treasury shares, ADCB's market capitalisation was AED 40 bn.

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