

A Better Way

AMBITION + DISCIPLINE



Abu Dhabi Commercial Bank PJSC

Q3/9M 2015 Earnings presentation

October 2015

بنك أبوظبي التجاري

ADCB



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9M'15 Key financial highlights

215 bn

Total assets (AED)

21.0%

ROAE *

28 bn

Total equity (AED)

2.30%

ROAA *

3.736 bn

Net profit (AED)

19.68%

CAR

* Annualised, for ROE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

Balance sheet highlights: Healthy loan and deposit growth, strong capital ratios and high liquidity levels

As at 30 September 2015

▶ Total assets reached AED 215 bn as at 30 September 2015. At AED 151 bn, net loans were up 7% year to date and 11% year on year

▶ Total customer deposits increased 3% year to date and 7% year on year to AED 130 bn. CASA¹ (Current and savings account) deposits comprised 48% of total deposits as at 30 September 2015

▶ Advances to stable resources was 92.9% and loan to deposit ratio was 115.88% compared to 88.5% and 111.55% respectively as at 31 December 2014

▶ Capital adequacy ratio was 19.68% and Tier I ratio was 16.14% compared to 21.03% and 17.01% respectively as at 31 December 2014. Decline in CAR was mainly on account of dividend payments of AED 2.1 bn in Q1'15 and a change in asset mix

▶ Investment securities portfolio totaled AED 22 bn, with 98% of the portfolio invested in available for sale investments in fixed income securities

AED mn	Sep'15	Dec'14	Sep'14	Change %	
				YTD	YoY
Net loans	150,653	140,562	135,887	7	11
Investment securities	22,332	21,652	21,800	3	2
Total assets	215,329	204,019	198,425	6	9
Deposits from customers	130,009	126,011	121,516	3	7
Borrowings	34,321	30,320	30,321	13	13
Shareholders' equity*	27,512	26,408	25,607	4	7
Ratios (%)				Change bps	
	Sep'15	Dec'14	Sep'14	YTD	YoY
CAR (Capital adequacy ratio)	19.68	21.03	21.25	(135)	(157)
Tier I ratio	16.14	17.01	16.90	(87)	(76)
Advances to stable resources	92.9	88.5	93.2	440	(30)

¹ Includes Islamic CASA (Current account deposits and savings deposits)

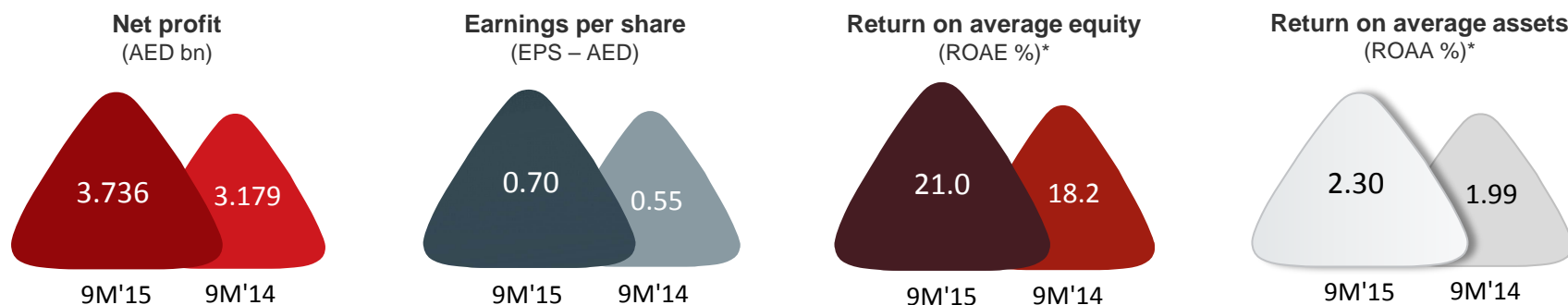
* Attributable to equity holders of the Bank

Income statement highlights: Consistent financial performance

9M'15 vs. 9M'14 highlights

- ▶ Net profit was AED 3,736 mn up 18% and net profit attributable to equity shareholders was AED 3,734 mn, up 23% year on year
- ▶ Operating income was AED 6,245 mn, up 11% year on year, with total net interest income up 13% year on year at AED 4,729 mn, on account of higher volumes and improved margins
- ▶ Non-interest income was AED 1,515 mn, up 4% year on year, mainly driven by higher fees and commission up 17% year on year at AED 1,052 mn
- ▶ Impairment allowances were 36% lower year on year at AED 391 mn
- ▶ Return on average equity of 21.0% compared to 18.2% for 9M'14

AED mn	9M'15	9M'14	Change %	Q3'15	Q3'14	Change %
Total net interest and Islamic financing income	4,729	4,193	13	1,545	1,400	10
Non - interest income	1,515	1,452	4	466	470	(1)
Operating income	6,245	5,645	11	2,011	1,870	8
Operating expenses	(2,112)	(1,854)	14	(740)	(648)	14
Operating profit before impairment allowances	4,133	3,791	9	1,271	1,221	4
Impairment allowances	(391)	(608)	(36)	(66)	(201)	(67)
Overseas income tax expense	(6)	(3)	NA	(1)	(2)	NA
Net profit for the period	3,736	3,179	18	1,204	1,018	18
Net profit attributable to equity shareholders	3,734	3,028	23	1,203	1,017	18

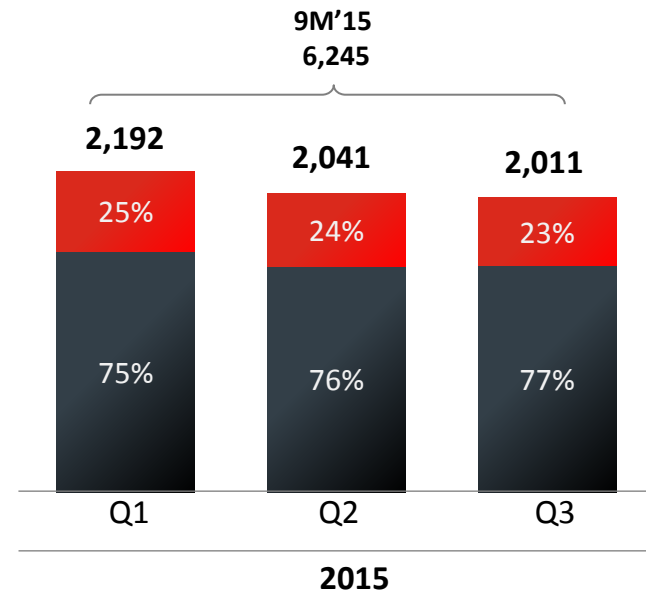
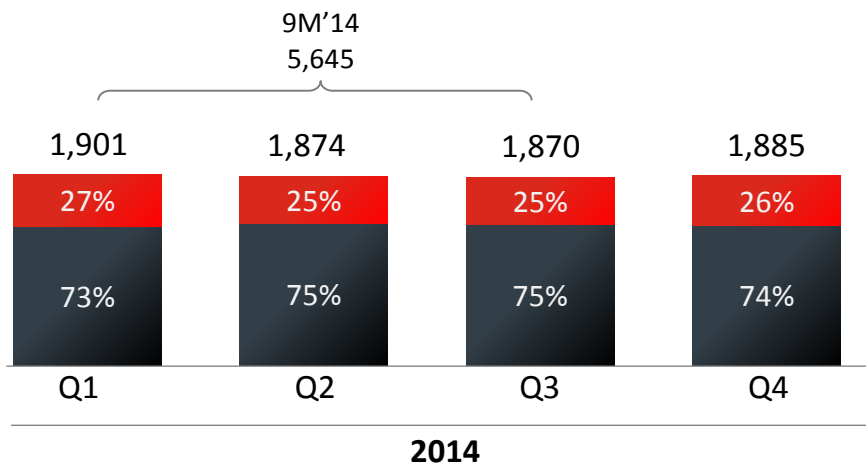


*Annualised, for ROE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

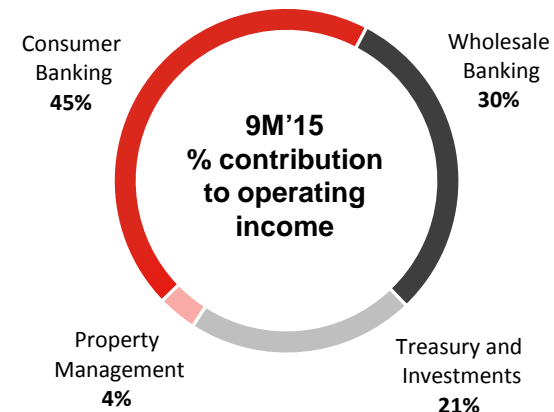
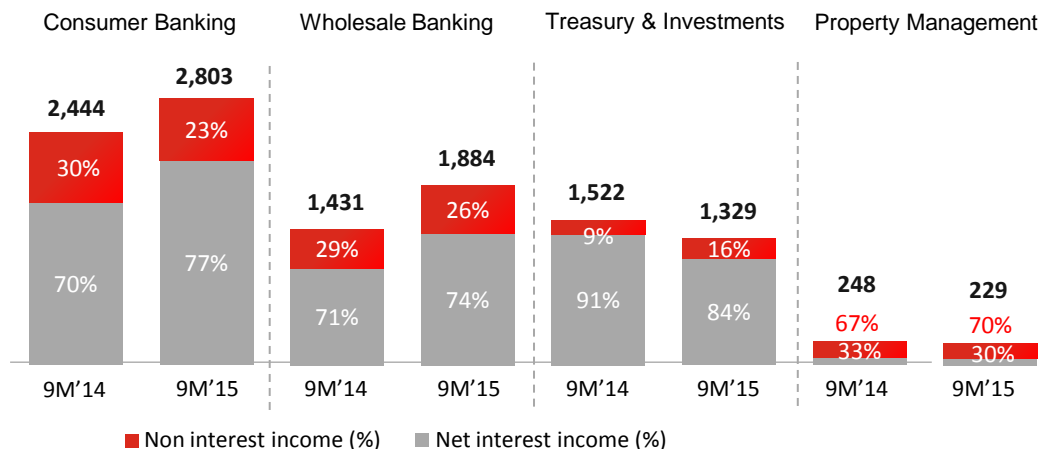
Operating income: Delivering double digit growth year on year

Operating income (AED mn)

■ Non interest income (%)
■ Net interest income (%)

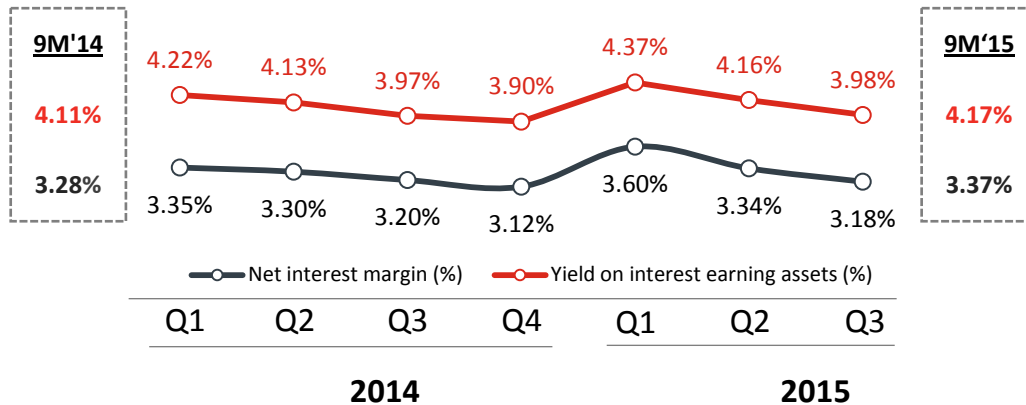


Operating income by business segment (AED mn)



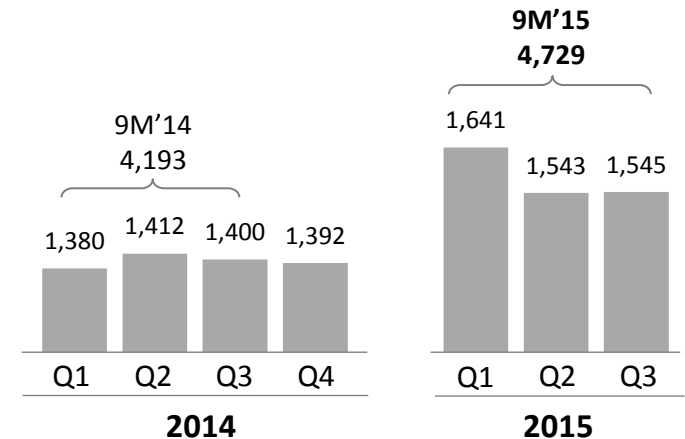
Margins maintained, fee income continues to be a key driver of growth

NIMs & Yields

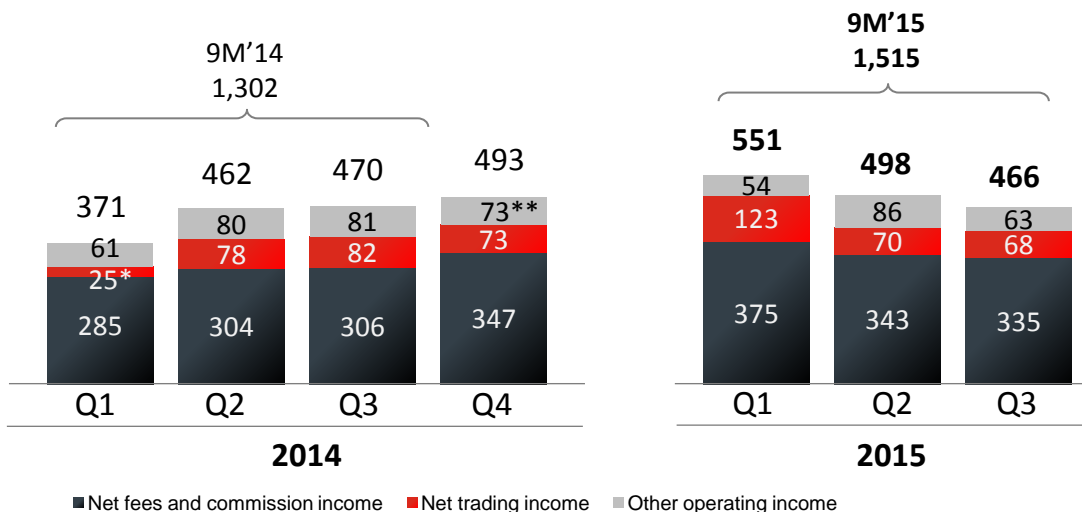


NIMs and yields maintained in 9M'15 due to higher asset growth towards higher yielding loans, supplemented with improved recoveries and interest in suspense reversals

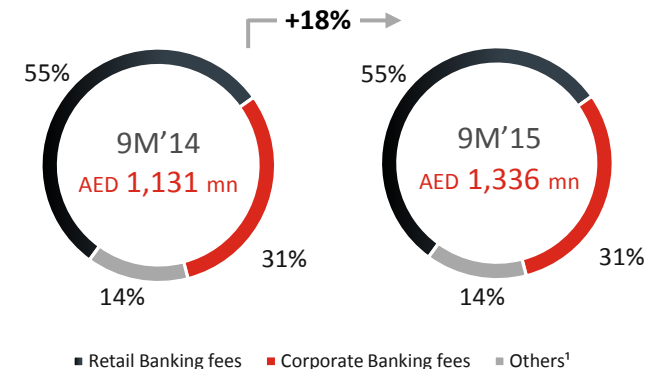
Net interest income (AED mn)



Non-interest income (AED mn)



Fee income breakdown (Gross)

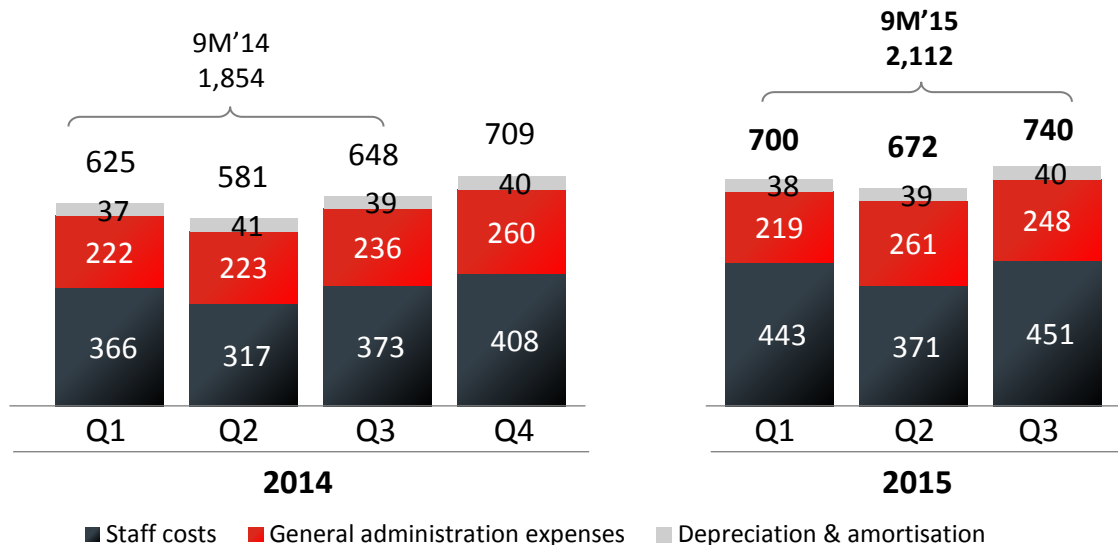


¹ Others include brokerage, fees from trust and other fiduciary activities and other fees

* 9M'14 trading income excludes funds deconsolidation ** Includes AED 22 mn from revaluation of investment properties
Figures may not add up due to rounding differences

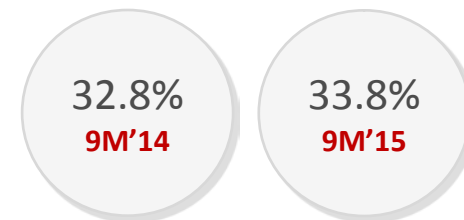
Growing revenues while continuing to manage expenses

Operating expenses (AED mn)

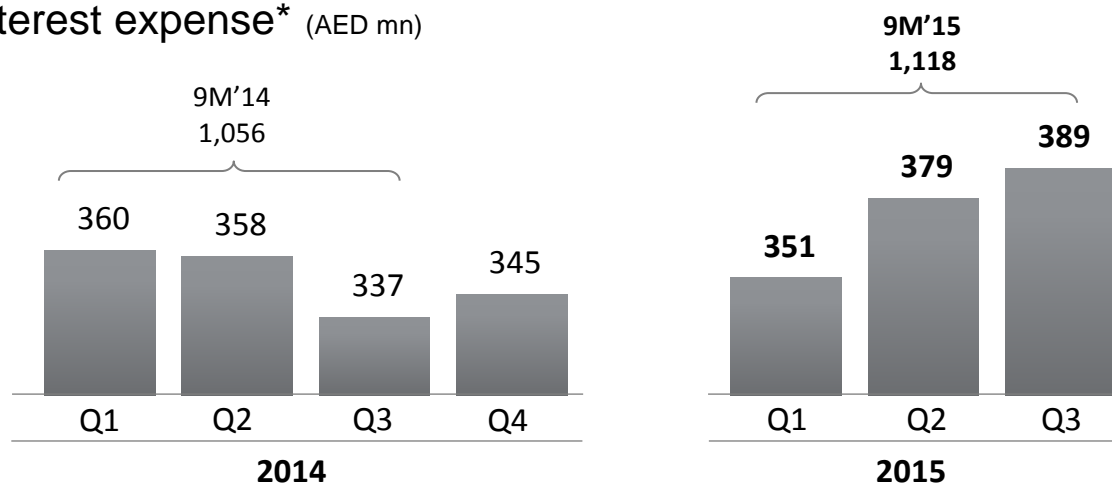


Cost to income ratio (%)

within our target range

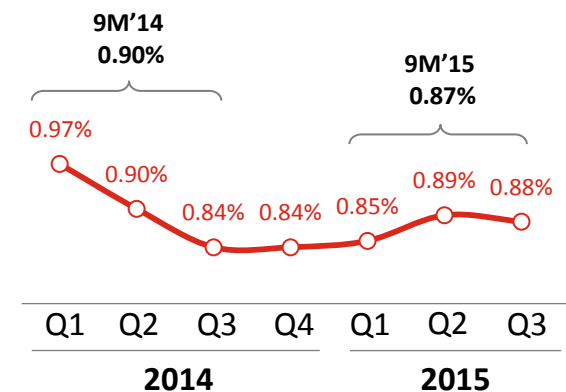


Interest expense* (AED mn)



Cost of funds (%)

CASA deposits: 48% of total customer deposits
(30 September 2015)



* Includes Islamic profit distribution
Figures may not add up due to rounding differences

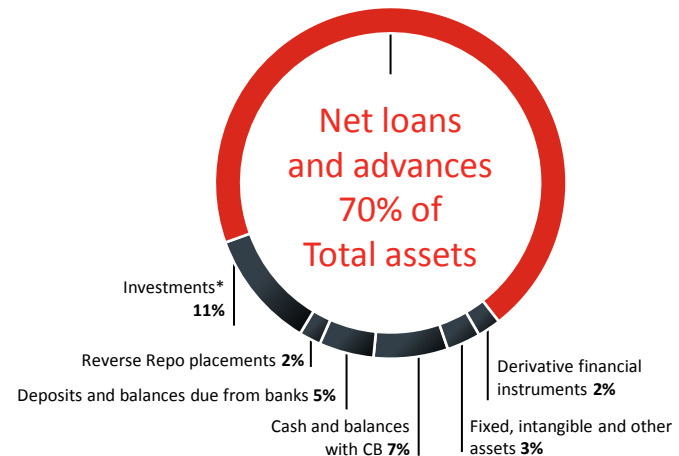
Composition of total assets and loan book: Diversified and healthy loan growth

Highlights

- ▶ Net loans increased 7% to AED 150,653 mn over 31 December 2014, comprised 70% of total assets (Dec'14: 69%)
- ▶ Diversified and healthy loan growth, Wholesale Banking loans (gross) were up 5% and Consumer Banking loans (gross) were up 8% year to date
- ▶ 90% of gross loans within UAE in line with the Bank's UAE centric strategy
- ▶ 55% of loan book (gross) in Abu Dhabi and 29% in Dubai
- ▶ Personal loans comprised 25% of total gross loans (Dec'14: 23%), and year to date increased by AED 4.5 bn to AED 39 bn
- ▶ Wholesale Banking loans comprised 56% and Consumer Banking loans comprised 44% of total loans (net)
- ▶ Year to date, net Islamic financing assets increased 22% to AED 13,478 mn

Composition of assets

Total assets = AED 215,329 mn



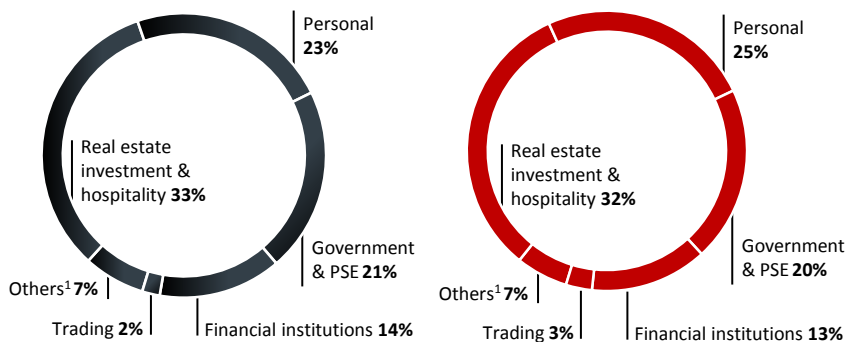
Gross loans by economic sector

Dec'14

Gross loans = AED 147,340 mn

Sep'15

Gross loans = AED 157,081 mn



% contribution to net loans and advance by business segment

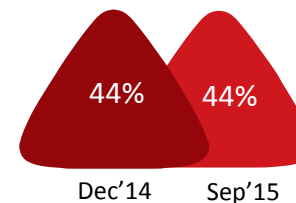
Dec'14

Net loans = AED 140,562 mn

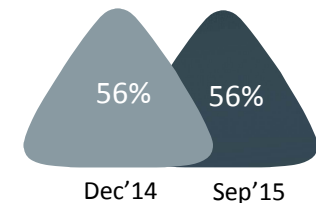
Sep'15

Net loans = AED 150,653 mn

Consumer Banking*



Wholesale Banking



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

* Investments include: investment securities, trading securities, investment properties and investments in associates

*Consumer banking includes retail and high net worth individuals and their businesses

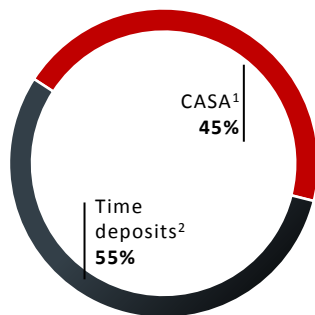
Composition of total liabilities and customer deposits: Strong CASA contribution

Highlights

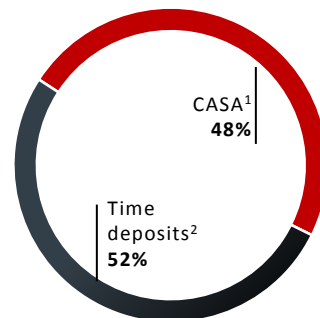
- ▶ Customer deposits increased 3% to AED 130,009 mn over 31 December 2014, comprised 69% of total liabilities (Dec'14: 71%)
- ▶ CASA customer deposits increased by AED 6.2 bn over 31 December 2014, comprising 48% of total customer deposits, compared to 45% as at 31 December 2014 and 39% as at 31 December 2013
- ▶ Consumer Banking deposits comprised 31%, Wholesale Banking deposits comprised 39% and Treasury comprised 30% of total customer deposits
- ▶ Year to date, total Islamic deposits grew 4% to AED 9,778 mn

Customer deposit breakdown

Dec'14
Customer deposits = AED 126,011 mn



Sep'15
Customer deposits = AED 130,009 mn

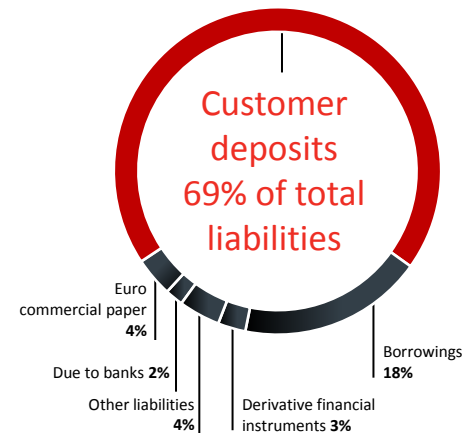


¹ CASA includes current account deposits, saving deposits and margin deposits
² Time deposits include long-term government deposits and Murabaha deposits

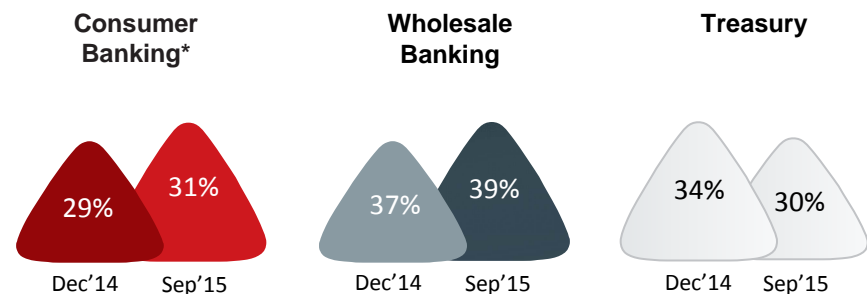
Figures may not add up due to rounding differences

Composition of liabilities

Sep'15
Total liabilities = AED 187,813 mn



% contribution to total deposits by business segment



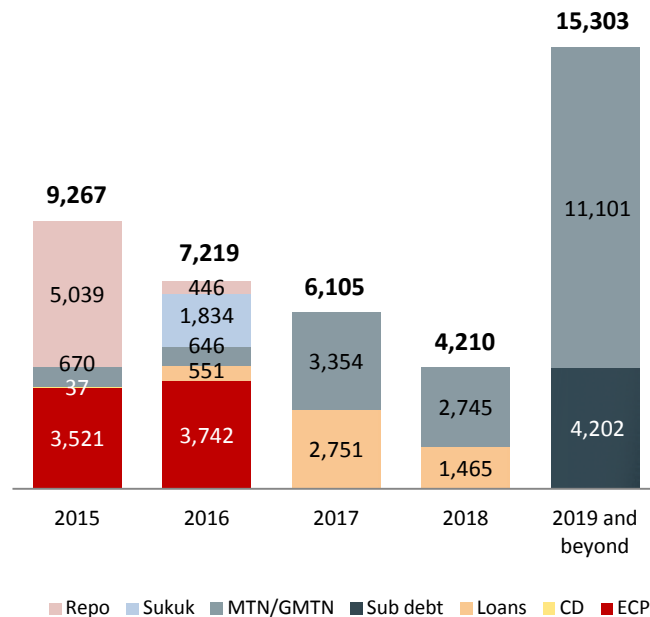
*Consumer banking includes retail and high net worth individuals and their businesses

Wholesale funding and maturity profile

Diversified sources of funding by markets, tenors, currencies and products

Maturity profile

As at 30 September 2015 (AED mn)



Wholesale funding split

As at 30 September 2015

Source of funds	AED mn
GMTN/EMTN ¹	18,516
Subordinated debt	4,202
Euro commercial paper	7,263
Others (Repo)	5,485
Islamic sukuk notes	1,834
Bilateral loans	4,036
Syndication loan	730
Certificate of deposit issued	37
Total	42,103

Net lender of

AED 14 bn*

in the interbank markets
As at 30 September 2015

* Includes AED 4 bn of certificate of deposits with UAE Central Bank and AED 2.5 bn of reverse repo placements with Banks as at 30 September 2015

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

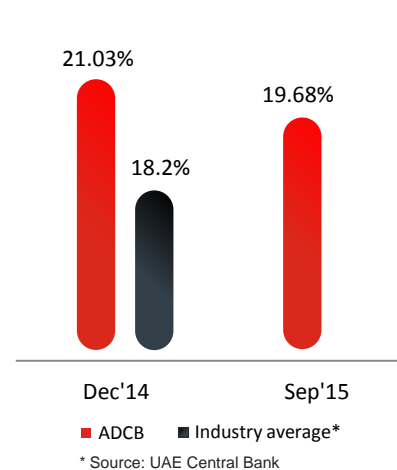
Interbank lending: Deposits and balances due from banks + reverse repo placements with Banks + Certificate of deposits with UAE Central Bank – Due to banks

CAR: At industry leading levels, stable liquidity and funding profile

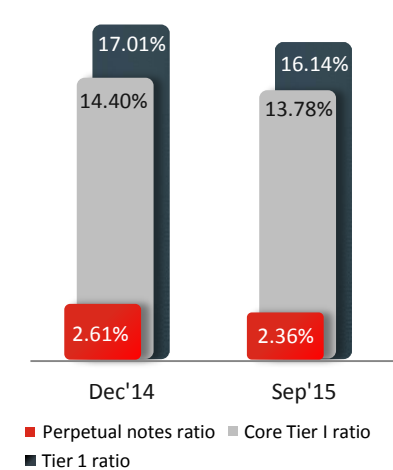
Highlights

- ▶ As at 30 September 2015, the Bank's capital adequacy ratio (Basel II) was 19.68% and Tier I ratio was 16.14% compared to 21.03% and 17.01% respectively as at 31 December 2014. Decline in CAR was mainly on account of dividend payments of AED 2.1 bn in Q1'15 and a change in asset mix
- ▶ The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier I minimum requirement is 8%
- ▶ As at 30 September 2015, the Bank's liquidity ratio was 23.7% compared to 25.2% as at 31 December 2014 and loan to deposit ratio 115.88% from 111.55% as at 31 December 2014
- ▶ Net lender of AED 14 bn in the interbank markets as at 30 September 2015 (includes AED 4 bn of certificate of deposits with UAE Central Bank and AED 2.5 bn reverse repo placements)

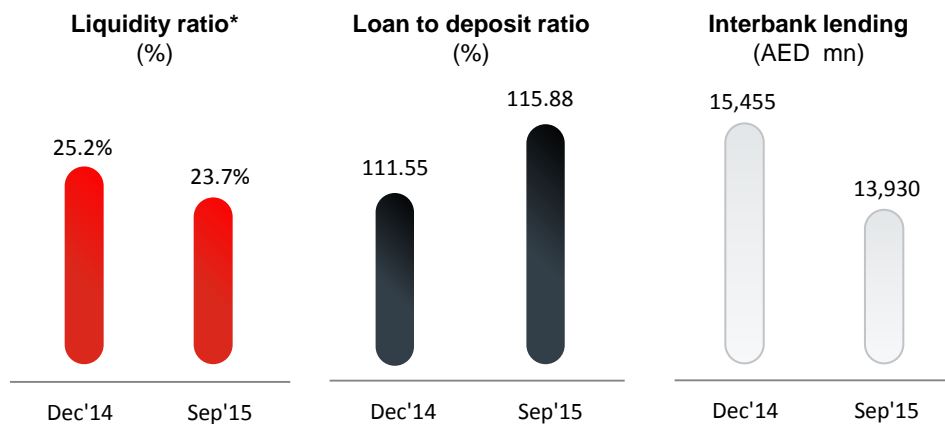
Capital adequacy ratio (%)



Tier I and core tier I ratios (%)



Strong liquidity

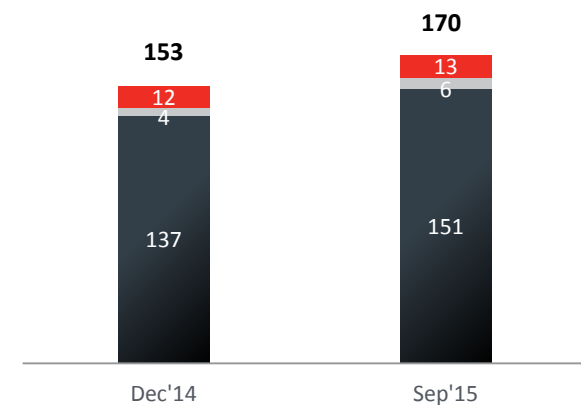


Liquid assets include cash and balances with Central Banks, deposits and balances due from banks, reverse repo placements, trading securities, and liquid investments

Liquidity ratio: liquid assets/total assets

Figures may not add up due to rounding differences

Risk weighted assets (AED bn)



■ Credit risk ■ Market risk ■ Operational risk

Investment securities: 98% of total portfolio invested in bonds

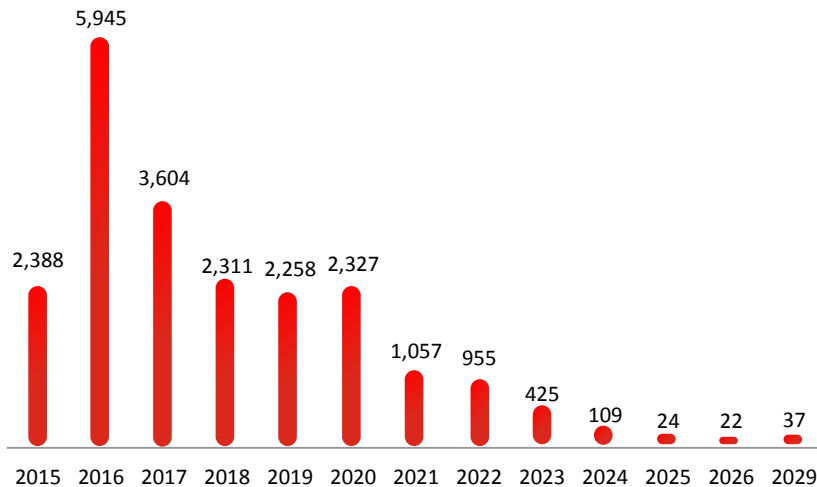
Highlights

- ▶ Investment securities portfolio increased to AED 22,332 mn as at 30 September 2015, providing further liquidity for the Bank
- ▶ 98% of the total portfolio was invested in bonds issued by government, corporate, public sector, banks and financial institutions
- ▶ Average life of the investment securities portfolio is 2.5 years
- ▶ 56% invested in the UAE and other GCC countries

Portfolio summary:

- ▶ Non Government Portfolio – (74% of total) of which:
 - Rated A- or better: 66%
 - Rated Investment grade (i.e. BBB+ to BBB-): 23%
 - Rated below IG (BB+ and below including unrated): 11%
- ▶ 26% of the portfolio is invested in Government securities
- ▶ 11% is invested in local public sector bonds which are rated below A-

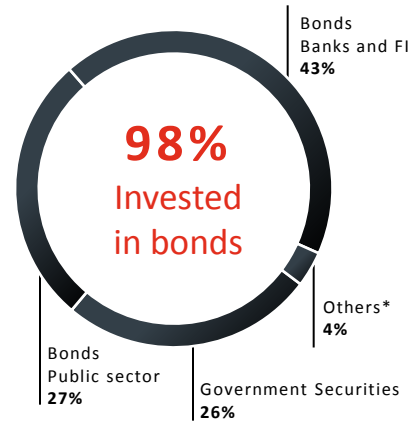
Maturity profile of investment securities portfolio (AED mn)



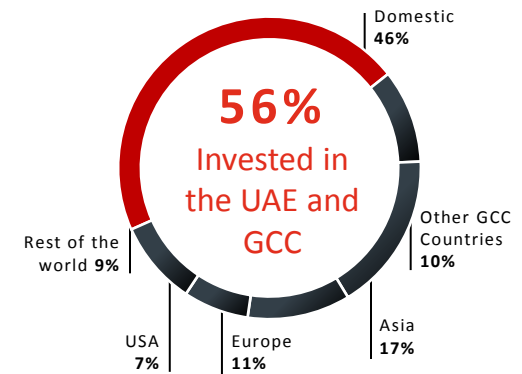
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Investments

By issuer



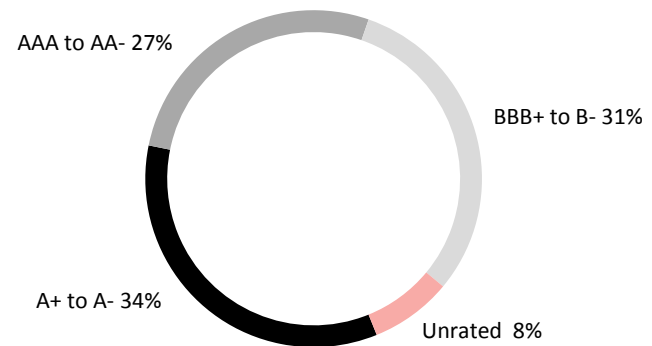
By region



* Include corporate bonds, equity instruments and mutual funds

Total investment securities:

Credit ratings as at 30 September 2015 (Standard & Poor's)

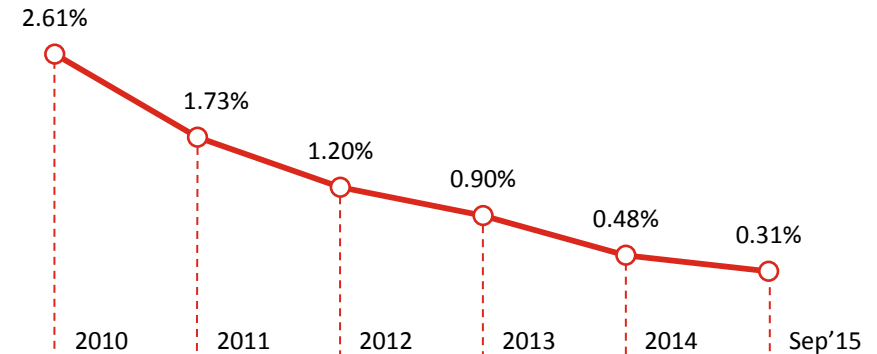


Improving trend in asset quality

Highlights

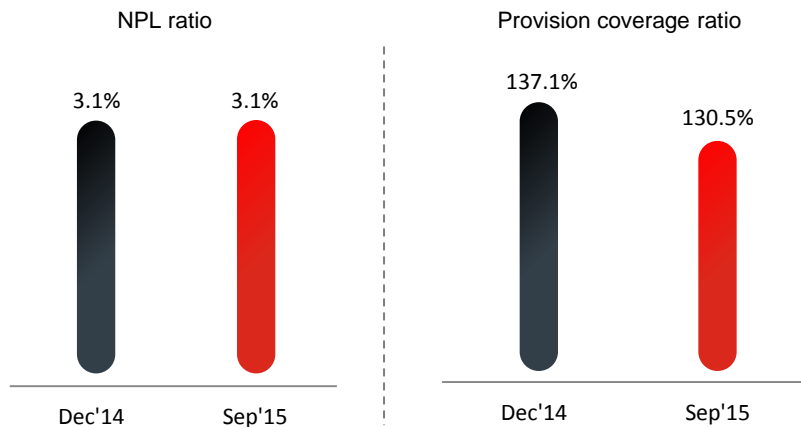
- ▶ Disciplined and conservative risk management, cost of risk for 9M'15 was 31 bps compared to 48 bps in December 2014
- ▶ Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 400 mn in 9M'15, compared to AED 624 mn in 9M'14, 36% lower year on year
- ▶ As at 30 September 2015, NPL ratio was 3.1% and provision coverage ratio was 130.5%
- ▶ Non-performing loans were at AED 4,810 mn compared to AED 4,611 mn as at 31 December 2014
- ▶ Collective impairment allowance balance was AED 3,031 mn and 2.01% of credit risk weighted assets and individual impairment allowance balance was AED 3,397 mn as at 30 September 2015

Cost of risk

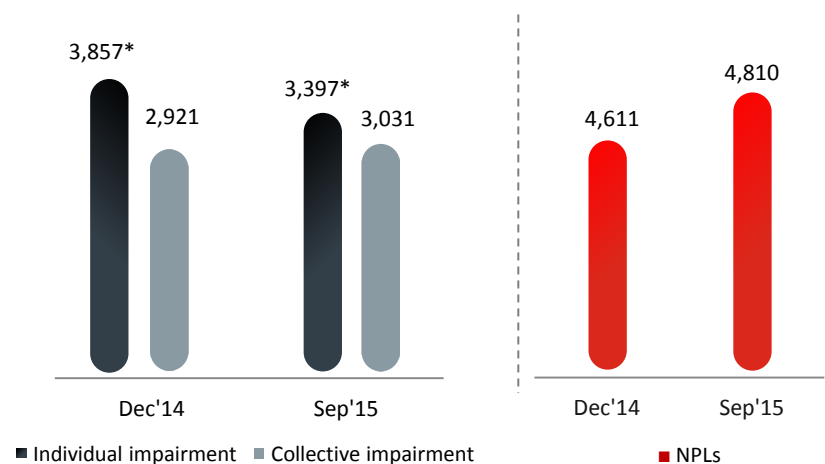


Cost of risk: Total provisions charged (net of recoveries) including investments/average loans & advances and investments

NPL and provision coverage ratios (%)



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

* Includes provision for Dubai World exposure

Figures may not add up due to rounding differences

Summary

- ▶ “A Better Way: Ambition + Discipline”, follow a corporate strategy based on measured growth and discipline, focused on our core businesses and core geography
- ▶ Delivering sustainable growth with a return on average equity of 21.0% for 9M’15, strong underlying performance across all our businesses, generated a net profit of AED 3.736 bn for 9M’15, an increase of 18% year on year
- ▶ Diversified and healthy loan growth, Wholesale Banking loans (gross) up 5% and Consumer Banking loans (gross) up 8% year to date
- ▶ In an extremely competitive environment, maintained margins as a result of a change in asset mix towards higher yielding assets, supplemented with improved recoveries and interest in suspense reversals
- ▶ Strong CASA deposit contribution, comprised 48% of total customer deposits as at 30 September 2015
- ▶ Net fee income continued to be a key driver of growth, up 17% year on year at AED 1.052 bn for 9M’15
- ▶ Improving trend in asset quality with a provision coverage of 130.5%, NPL ratio of 3.1% as at 30 September 2015 and cost of risk of 31 bps for 9M’15
- ▶ CAR of 19.68% and Tier I of 16.14% continue to be at industry leading levels

2015 Awards

“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

Balance sheet

AED mn	Sep'15	Dec'14	Change %
Cash and balances with central banks	14,753	15,092	(2)
Deposits and balances due from banks	10,851	13,189	(18)
Reverse-repo placements	4,325	2,830	53
Trading securities	262	200	31
Derivative financial instruments	4,655	4,289	9
Investment securities	22,332	21,652	3
Loans and advances, net	150,653	140,562	7
Investment in associate	196	196	0
Investment properties	625	616	2
Other assets	5,838	4,552	28
Property and equipment, net	821	806	2
Intangible assets	19	36	(47)
Total assets	215,329	204,019	6
Liabilities			
Due to banks	3,395	4,089	(17)
Derivative financial instruments	5,152	5,000	3
Deposits from customers	130,009	126,011	3
Euro commercial paper	7,263	6,375	14
Borrowings	34,321	30,320	13
Other liabilities	7,673	5,805	32
Total liabilities	187,813	177,601	6
Equity attributable to equity holders of the Bank	27,512	26,408	4
Non-controlling interests	4	10	(60)
Total liabilities and shareholder's equity	215,329	204,019	6

Income statement

AED mn	9M'15	9M'14	Change %
Interest income and income from Islamic financing	5,848	5,248	11
Interest expense and profit distribution	(1,118)	(1,056)	6
Net interest and Islamic financing income	4,729	4,193	13
Net fees and commission income	1,052	896	17
Net trading income	261	334	(22)
Other operating income	202	222	(9)
Operating income	6,245	5,645	11
Operating expenses	(2,112)	(1,854)	14
Operating profit before impairment allowances & taxation	4,133	3,791	9
Impairment allowances	(391)	(608)	(36)
Overseas income tax expense	(6)	(3)	NM
Net profit for the period	3,736	3,179	18
Attributed to:			
Equity holders of the Parent	3,734	3,028	23
Non-controlling interests	2	151	(99)
Net Profit	3,736	3,179	18

A Better Way

AMBITION + DISCIPLINE



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