

ABU DHABI COMMERCIAL BANK PJSC REPORTS

NINE MONTH 2017 NET PROFIT OF AED 3.206 BILLION, UP 2% YEAR ON YEAR

THIRD QUARTER 2017 NET PROFIT OF AED 1.092 BILLION, UP 9% YEAR ON YEAR

Abu Dhabi, 22 October 2017 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the nine month period ended 30 September 2017 (“9M’17”).

Key highlights (30 September 2017)

► Delivering a strong performance with stable key indicators

Nine month comparison (9M’17 vs. 9M’16)

- Net profit of AED 3.206 billion was 2% higher, whilst maintaining a healthy ROAE of 15% for the nine month period
- Total net interest income and Islamic financing income of AED 4.983 billion was up 8%
- Operating income of AED 6.585 billion was up 4%, while operating expenses of AED 2.147 billion was also up 4%, which resulted in a stable cost to income ratio of 32.6% compared to 32.7% in 9M’16
- Operating profit before impairment allowances of AED 4.437 billion was up 4%
- Non-interest income of AED 1.602 billion was down 6%
- Net fee & commission income of AED 1.130 billion was up 3%

► Resilient balance sheet; healthy loan and deposit growth

- Total assets grew 1% to AED 260 billion and net loans and advances to customers increased 5% to AED 166 billion over 31 December 2016
- Deposits from customers increased 5% to AED 163 billion over 31 December 2016
- Low cost current and savings account (CASA) deposits comprised 43% of total customer deposits
- Loan to deposit ratio of 101.8%, stable over 31 December 2016

► Strong capital ratios and high liquidity levels maintained

- Capital adequacy ratio of 18.47% and tier I ratio of 15.25%, compared to capital adequacy and tier I ratios of 18.92% and 15.66% respectively as at 31 December 2016
- Liquidity coverage ratio (LCR) of 117% compared to a minimum ratio of 80% prescribed by UAE Central Bank
- Net lender of AED 14 billion in the interbank markets, and maintaining a strong liquidity ratio of 23.4%

► Healthy asset quality metrics

- NPL ratio of 2.9% and provision coverage ratio of 118.7%, compared to NPL and provision coverage ratios of 2.7% and 129.9% respectively as at 31 December 2016
- Cost of risk for the nine month period was 0.81% compared to 0.83% in 2016
- Collective impairment allowances were 1.78% of credit risk weighted assets, well above the minimum 1.5% stipulated by the UAE Central Bank

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

“We are pleased with the Bank’s performance for the nine month period of 2017. Net profit for the quarter was up 9%, while year to date net profit was up 2% over the prior year, with a solid return on equity of 15%. Our balance sheet registered healthy growth, continuing to outpace industry wide growth, with 5% increase in net loans and 5% increase in customer deposits over the year end. The Bank’s loan portfolio remains well-diversified by business segment and economic sector, while the liability base offers stable and diversified sources of funding. Islamic Banking continues to form an integral part of our franchise, with a 14% increase in Islamic financing assets and a 22% increase in deposits year to date. The Bank’s results for the nine month period are encouraging and reflect the continued successful execution of our strategy against the softer economic environment.

We continue to invest heavily in technology, operations, risk and compliance. Recently, we have successfully completed the migration and consolidation of our core banking system. The implementation required over two years of extremely complex programming, and today the new platform gives the bank an unprecedented capability to deliver fast-to-market solutions. We are focused on operational efficiency and digital technology to deliver a superior customer service.

ADCB is well positioned to benefit from the long-term growth prospects of the UAE economy. Our strategy is efficient, our business model is strong and we remain committed to deliver value for all our stakeholders.”

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

“We are pleased with our third quarter results, top and bottom line growth remained healthy over the previous year. For the nine month period of 2017, operating income of AED 6.585 billion was up 4%, and operating profit before impairment allowances of AED 4.437 billion was up 4% year on year. The Bank’s disciplined approach to cost management resulted in stable and solid key metrics for the Bank. Cost to income ratio for the nine month period was unchanged over the prior year. Despite the rising benchmark rates, cost of funds has remained stable over the last three quarters, and cost of risk has consistently remained in the 80 basis points range amidst the challenging operating environment and the economic headwinds.

Our balance sheet remains strong and resilient, Wholesale Banking loans were up 6% and Consumer Banking loans were up 3% year to date. Capital ratios remain robust and low cost CASA deposits comprised 43% of total customer deposits. Liquidity coverage ratio was 117%, compared to the 80% minimum stipulated by the UAE Central Bank.

We continue to position ourselves as disciplined and efficient and continue to focus on measured and sustainable growth.”

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9M’17/ Q3’17 financial highlights

Income statement highlights (AED mn)	Year to date trend			Quarterly trend				
	9M’17	9M’16	Change % YoY	Q3’17	Q2’17	Q3’16	Q3’17 Change %	
							QoQ	YoY
Total net interest and Islamic financing income	4,983	4,628	8	1,677	1,675	1,528	0	10
Non - interest income	1,602	1,697	(6)	569	434	541	31	5
Operating income	6,585	6,324	4	2,247	2,109	2,070	7	9
Operating expenses	(2,147)	(2,067)	4	(736)	(671)	(663)	10	11
Operating profit before impairment allowances	4,437	4,257	4	1,511	1,438	1,406	5	7
Impairment allowances	(1,232)	(1,083)	14	(418)	(427)	(380)	(2)	10
Share in profit of associate	7	5	25	2	1	2	NM	NM
Profit before taxation	3,212	3,179	1	1,094	1,012	1,028	8	6
Overseas income tax expense	(6)	(26)	NM	(2)	(3)	(22)	NM	NM
Net profit for the period	3,206	3,153	2	1,092	1,008	1,006	8	9
Net profit attributable to equity shareholders	3,206	3,144	2	1,092	1,008	999	8	9

Balance sheet highlights (AED mn)	Change %			Change %				
	Sep’17	Sep’16	YoY	Sep’17	June’17	Dec’16	QoQ	YTD
Total assets	259,599	254,679	2	259,599	259,239	258,289	0	1
Loans and advances to customers, net	165,988	161,562	3	165,988	164,251	158,458	1	5
Deposits from customers	163,122	153,353	6	163,122	161,779	155,442	1	5

Ratios (%)	Change %			Change %				
	Sep’17	Sep’16	bps	Sep’17	June’17	Dec’16	bps	bps
CAR (Capital adequacy ratio)	18.47	17.98	49	18.47	18.07	18.92	40	(45)
Tier I ratio	15.25	14.72	53	15.25	14.84	15.66	41	(41)
Loan to deposit ratio (LTD)	101.8	105.4	(360)	101.8	101.5	101.9	30	(10)

Figures may not add up due to rounding differences

Key indicators (9M’17)

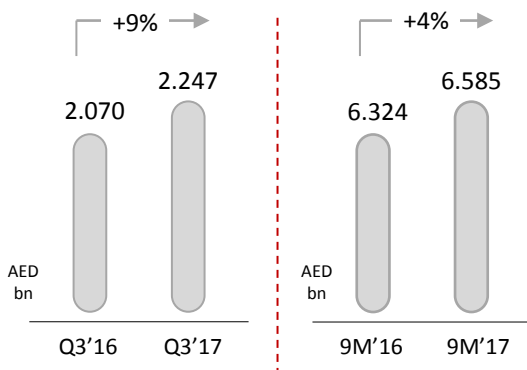
Net profit (AED billion)	Return on average equity (ROAE %)*	Return on average assets (ROAA %)*	Basic earnings per share (EPS – AED)
3.206	15.1	1.57	0.59

* 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

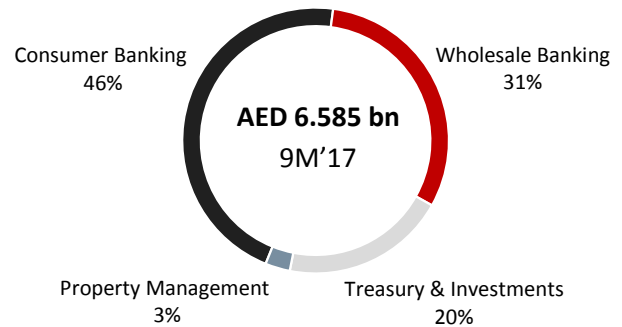
Delivering a strong performance with stable key indicators

- The Bank reported a net profit of AED 3.206 billion for the nine month period of 2017, and AED 1.092 billion for the third quarter of 2017, an increase of 2% and 9% respectively over the previous year. The Bank's underlying performance remained healthy with steady growth across our businesses, which resulted in a year to date operating income of AED 6.585 billion and AED 2.247 billion for the quarter, up 4% and 9% respectively over the prior year.

Operating income

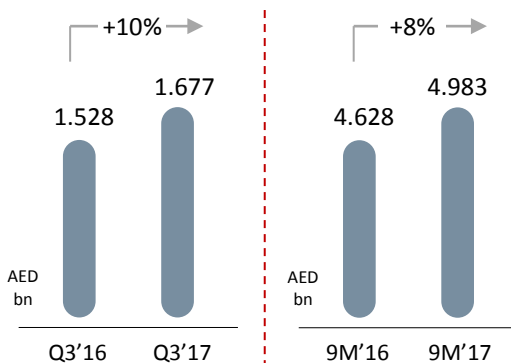


Percentage contribution to operating income

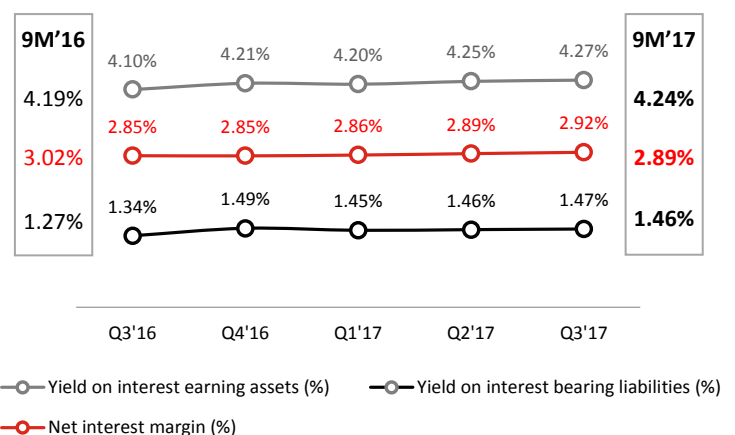


- Interest income for the nine month period was AED 7.307 billion, 14% higher year on year, mainly driven by higher volumes. The prior year benefited from interest in suspense reversals, which were not repeated in 2017. Average interest earning assets increased 12.4% and average interest bearing liabilities increased 12.6% over the prior year. Net interest and Islamic financing income for the nine month period was AED 4.983 billion and AED 1.677 billion for the quarter, up 8% and 10% respectively over the previous year. Year to date net interest margin was 2.89% and cost of funds stood at 1.46%, remaining stable for the last three quarters despite the rising benchmark rates.

Net interest income



Evolution of yields



- Non-interest income for the nine month period was AED 1.602 billion, 6% lower year on year. This was primarily on account of weaker trading income, driven by lower volatility against a very strong prior year. This was partially offset by net fee and commission income of AED 1.130 billion, up 3% over 9M'16, mainly driven by higher card related and loan processing fees. For the quarter, non-interest income of AED 569 million was up 5% over Q3'16, on account of stronger FX income and higher fee & commission income.

- ▶ Operating expenses for the nine month period were AED 2.147 billion, up 4% over the prior year and in line with revenue growth. This resulted in a stable cost to income ratio of 32.6% for 9M'17, compared to 32.7% in 9M'16. Year to date, staff expenses remained stable at AED 1.248 billion and comprised 58% of total operating expenses compared to 60% in 9M'16. The Bank continues to invest in improved systems, capabilities and digital technology to enhance operational efficiency and to offer a superior customer experience. Following two years of complex programming, testing and training, the Bank has recently completed the migration and consolidation of its core banking system.

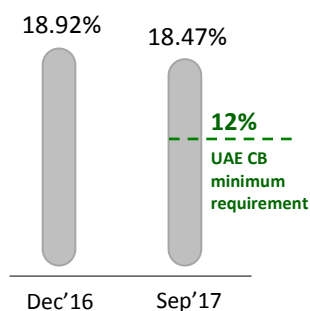
Cost to income ratio

<u>32.7%</u>	<u>32.6%</u>
9M'16	9M'17

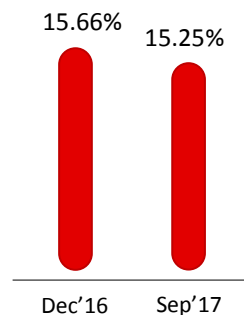
Resilient balance sheet; healthy loan and deposit growth, while maintaining strong capital ratios

- ▶ As at 30 September 2017, total assets were AED 260 billion and net loans were AED 166 billion, up 1% and 5% respectively over the year end. Net loans comprised 64% of total assets, while 94% of loans were within the UAE, in line with the Bank's UAE centric strategy. Year to date, Wholesale Banking loans increased 6% and Consumer Banking loans increased 3%, a reflection of the Bank's diversified loan portfolio. As at 30 September 2017, customer deposits were AED 163 billion, an increase of 5% year to date, while low cost current and savings account (CASA) deposits increased 8% to AED 70 billion. Loan to deposit ratio from customers remained stable at 101.8% compared to 101.9% as at 31 December 2016. Advances to stable resources ratio was 86.9% compared to 94.8% as at 31 December 2016.
- ▶ The Bank continues to maintain a comfortable liquidity position, with a liquidity coverage ratio of 117%, compared to a minimum ratio of 80% prescribed by UAE Central Bank. As at 30 September 2017, investment securities¹ were AED 43 billion, up 28% year to date, mainly driven by an increase in government bonds. As at 30 September 2017, the Bank was a net lender of AED 14 billion in the interbank markets, while maintaining a healthy liquidity ratio of 23.4%.
- ▶ Capital and liquidity position continued to be robust, with a capital adequacy ratio of 18.47%, compared to 12% minimum stipulated by the UAE Central Bank. Tier I ratio was 15.25% compared to 15.66% as at 31 December 2016. Total risk weighted assets were AED 204 billion as at 30 September 2017.

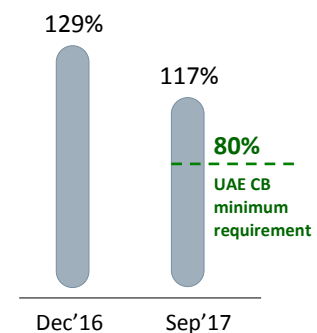
Capital adequacy ratio



Tier I ratio



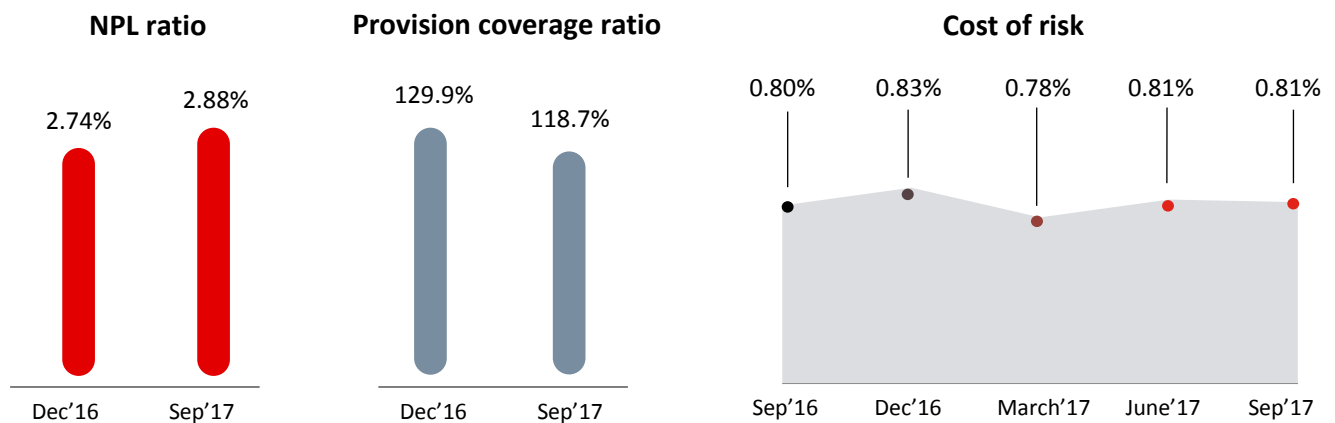
Liquidity coverage ratio



¹ Includes trading securities

Healthy asset quality metrics

- ▶ As at 30 September 2017, non-performing loan and provision coverage ratios were 2.9% and 118.7% respectively, compared to 2.7% and 129.9% as at 31 December 2016. Non-performing loans were AED 5.095 billion, compared to AED 4.600 billion as at 31 December 2016. Cost of risk for the nine month period was 0.81% compared to 0.83% in 2016.
- ▶ Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 1.232 billion in 9M'17 compared to AED 1.115 billion in 9M'16. Recoveries for the nine month period totaled AED 206 million compared to AED 96 million in 9M'16, while the current year saw lower impairment allowance releases compared to last year. As at 30 September 2017, the Bank's collective impairment allowance balance was AED 3.163 billion. Collective impairment allowances were 1.78% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank. As at 30 September 2017, the individual impairment balance was AED 2.914 billion.



Awards - 2017

<p>"Best Business Change or Transformation – Delivery of a Great Customer Experience Through Change" for Operational Excellence Framework 'SIMPLearn'</p> <p>Gulf Customer Experience Awards</p>		<p>"Best Trade Finance Bank in The U.A.E"</p> <p>Global Finance</p>		<p>"Innovative Approach to Emiratisation to Deliver Exceptional Customer Experience" for Tamooha</p> <p>Gulf Customer Experience Awards</p>	
<p>"Best Contact Centre in the Region" for Contact Centre</p> <p>Gulf Customer Experience Awards</p>		<p>"Best Insight and Feedback – Listening to Customers to Create an Impact" for Customer Experience and Research</p> <p>Gulf Customer Experience Awards</p>		<p>"Best Employee Engagement in Financial Services" for the Human Resources Team</p> <p>Gulf Customer Experience Awards</p>	
<p>"Best Supply Chain Finance Bank in the Middle East"</p> <p>Global Finance</p>		<p>"Five Star Trade Finance provider in Middle East"</p> <p>Euromoney</p>		<p>"Five Star Cash Manager "</p> <p>Euromoney</p>	
<p>"Mohammed Bin Rashid Al Maktoum Business Innovation Award"</p> <p>"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"</p>		<p>"3G CSR Award" in recognition of excellence in transparency, good governance and social responsibility</p> <p>The Global Good Governance Awards (3G Awards)</p>		<p>"Outstanding Award for Business Innovation"</p> <p>"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"</p>	
<p>"Debt Capital Markets in UAE" - Real Estate Survey 2017</p> <p>Euromoney</p>		<p>"Five Star Trade Finance provider in the Region (Middle East)"</p> <p>Euromoney</p>		<p>"UAE Domestic Trade Finance Bank of the Year Award"</p> <p>Wholesale Banking Awards 2017</p>	
<p>"The Best Annual Report Category in the Middle East"</p> <p>The 9th Middle East Investor Relations Association (MEIRA) Awards</p>		<p>"Best Investor Relations Website in the Middle East"</p> <p>The 9th Middle East Investor Relations Association (MEIRA) Awards</p>		<p>"APCP- Best Property Management Team - UAE 2017"</p> <p>The Capital Finance International (CFI)</p>	
				<p>"Islamic Banker of the Year 2017 Award"</p> <p>Global Islamic Finance Awards (GIFA)</p>	
				<p>"(Market Leader) in 2017" - Cash management</p> <p>Euromoney</p>	
				<p>"Best Trade Bank in the Middle East"</p> <p>Trade and Forfeiting Review (TFR)</p>	

About ADCB (30 September 2017):

ADCB was formed in 1985 and as at 30 September 2017 employed over 4,500 people from 77 nationalities, serving retail customers and corporate clients in 47 branches, 3 pay offices and 2 branches in India, 1 branch in Jersey and representative offices in London and Singapore. As at 30 September 2017, ADCB's total assets were AED 260 billion.

ADCB is a full-service commercial bank which offers a wide range of products and services, which include 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 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 September 2017, ADCB's market capitalisation was AED 37 billion.

For further details please contact:

Corporate Communications
Majdi Abd El Muhdi
E: majdi.a@adcb.com

Investor Relations
Denise Caouki
E: adcbir@adcb.com

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