Abu Dhabi Commercial Bank
Sheikh Zayed Street
P. O. Box: 939, Abu Dhabi
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Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK PJSC REPORTS

FIRST HALF 2017 NET PROFIT OF AED 2.114 BILLION,

SECOND QUARTER 2017 NET PROFIT OF AED 1.008 BILLION

Abu Dhabi, 20 July 2017 – Abu Dhabi Commercial Bank PJSC ("ADCB" or the "Bank") today reported its half year financial results for the period ended 30 June 2017 ("H1'17").

Key highlights (30 June 2017)

Strong underlying performance and disciplined cost management despite turbulent markets

Half year comparison (H1'17 vs. H1'16)

- Net profit of AED 2.114 billion was 2% lower, primarily on account of lower non-interest income and higher impairment allowances reflecting the current market conditions. H1'16 benefited from significant impairment allowance releases on loans which were not repeated in the first half 2017
- Total net interest income of AED 3.305 billion was up 7%
- Operating income of AED 4.338 billion was up 2%
- Operating profit before impairment allowances of AED 2.926 billion was up 3%, benefiting from a tightly managed cost base
- H1'17 operating expenses were AED 1.411 billion, a slight increase of 1% over H1'16, which resulted in an improved cost to income ratio of 32.5% in H1'17 compared to 33.0% in H1'16
- Non-interest income of AED 1.032 billion was 11% lower year on year, mainly on account of lower net trading income of AED 137 million compared to AED 302 million in H1'16, due to unrealised FX translation losses impacted by the adverse market conditions. This was partially offset by net fees and commission income of AED 755 million, which was 3% higher year on year

Optimising balance sheet with continued focus on risk management, delivering sustainable growth

- Total assets grew 8% to AED 259 billion and net loans and advances to customers increased 6% to AED 164 billion over 30 June 2016
- Deposits from customers increased 9% to AED 162 billion over 30 June 2016
- Low cost CASA (Current and savings account) deposits comprised 44 % of total customer deposits

Secure and diversified funding base with a robust capital structure

- As at 30 June 2017, capital adequacy ratio was 18.07% compared to 18.92% as at 30 December 2016 and Tier I ratio was 14.84% compared to 15.66% as at 30 December 2016
- Liquidity coverage ratio (LCR) of 110% compared to a minimum ratio of 80% prescribed by UAE Central Bank
- Net lender of AED 12 billion in the interbank markets and maintain a strong liquidity ratio of 23.4%

- **Maintain a prudent and conservative approach to risk management**
  - As at 30 June 2017, NPL and provision coverage ratios were 2.8% and 123.8% respectively, compared to NPL ratio of 2.7% and provision coverage ratio of 129.9% as at 31 December 2016
  - Cost of risk for the first half of 2017 was 0.81% compared to 0.83% in 2016
  - Collective impairment allowances were 1.76% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

Commenting on the results, Eissa Mohamed Al Suwaidi, Chairman said:

"Our financial performance in the first half of 2017 reflects continued growth and resilience during a period of market uncertainty. Each of our businesses continue to perform well, while delivering a superior customer service remains the cornerstone of our strategy. The Bank navigates through turbulent markets with confidence. We are confident that the Bank's unchanged strategic pillars and strong balance sheet leaves us well placed to manage any economic headwinds, whilst continuing to deliver good returns for our shareholders."

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

"The bank delivered a good set of results, including a return on equity of 15.5% for the first half of 2017. This demonstrates the benefits of our diversified and robust business model against a backdrop of challenging market conditions. Increased revenues in the first half 2017, combined with our relentless focus on cost discipline has driven our cost to income ratio lower and operating profit 3% higher year on year. We are also pleased with the 15% growth in interest income in the first half of 2017; achieved in the absence of significant interest in suspense reversals recorded in 2016. This was primarily on account of higher volumes. While the Bank's fundamentals and underlying performance remained healthy, our bottom line was impacted by adverse market conditions, which resulted in higher impairment charges and a lower non-interest income in the second quarter.

Despite this backdrop, the Bank has made meaningful progress in a number of other key areas; including year on year loan growth of 6% compared to system wide growth* of 4%, and customer deposits growth of 9% compared to system wide growth* of 7%. CASA deposits increased 6% over 30 June 2016 and comprised 44% of total customer deposits. Our funding base and capital structure remain solid to support consistent and sustainable growth. As at 30 June 2017, our capital adequacy ratio was 18.07% compared to 12% minimum stipulated by the UAE Central Bank. Our asset quality indicators remain strong, as we continuously emphasise risk-return balance with a conservative risk appetite.

In line with our strategic priorities, we continue to invest in our businesses and capitalise on exciting opportunities to invest for the future to better serve our customers, as we grow our franchise in a measured and disciplined manner."

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*UAE Central Bank data available until May'17

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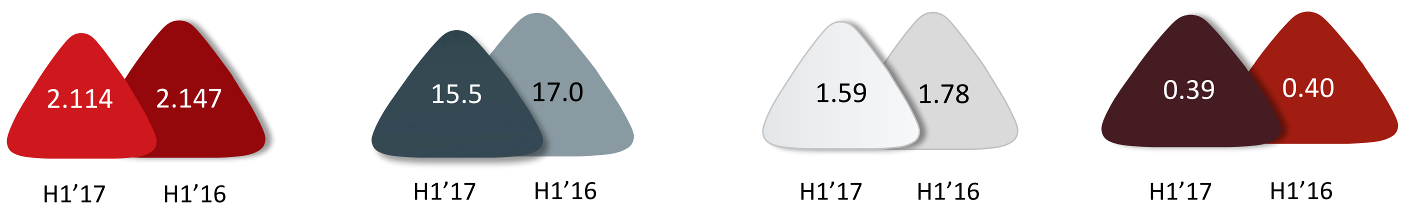
Financial highlights

	Half yearly trend			Quarterly trend				
			Change %				Q2'17 Change %	
Income statement highlights (AED mn)	**H1'17**	H1'16	YoY	**Q2'17**	Q1'17	Q2'16	QoQ	YoY
Total net interest and Islamic financing income	**3,305**	3,099	7	**1,675**	1,631	1,526	3	10
Non - interest income	**1,032**	1,155	(11)	**434**	598	617	(27)	(30)
Operating income	**4,338**	4,255	2	**2,109**	2,229	2,143	(5)	(2)
Operating expenses	**(1,411)**	(1,404)	1	**(671)**	(740)	(666)	(9)	1
Operating profit before impairment allowances	**2,926**	2,851	3	**1,438**	1,489	1,477	(3)	(3)
Impairment allowances	**(814)**	(703)	16	**(427)**	(386)	(351)	11	22
Share in profit/(loss) of associate	**5**	4	NM	**1**	3	2	NM	NM
Profit before taxation	**2,118**	2,151	(2)	**1,012**	1,106	1,128	(9)	(10)
Overseas income tax expense	**(4)**	(5)	NM	**(3)**	(1)	(2)	NM	NM
Net profit for the period	**2,114**	2,147	(2)	**1,008**	1,105	1,126	(9)	(10)
Net profit attributable to equity shareholders	**2,114**	2,145	(1)	**1,008**	1,105	1,125	(9)	(10)
			Change %				Change %	
Balance sheet highlights (AED mn)	**June'17**	June'16	YoY	**June'17**	March'17	Dec'16	QoQ	YTD
Total assets	**259,239**	240,752	8	**259,239**	263,672	258,289	(2)	0
Net loans and advances	**164,251**	154,853	6	**164,251**	159,802	158,458	3	4
Deposits from customers	**161,779**	149,055	9	**161,779**	162,362	155,442	(0)	4
Ratios (%)	**June'17**	June'16	bps	**June'17**	March'17	Dec'16	bps	bps
Capital adequacy ratio (CAR)	**18.07**	18.40	(33)	**18.07**	17.83	18.92	24	(85)
Tier I ratio	**14.84**	15.07	(23)	**14.84**	14.55	15.66	29	(82)
Loan to deposit ratio (LTD)	**101.5**	103.9	(240)	**101.5**	98.4	101.9	310	(40)

Figures may not add up due to rounding differences

Key indicators (H1'17)

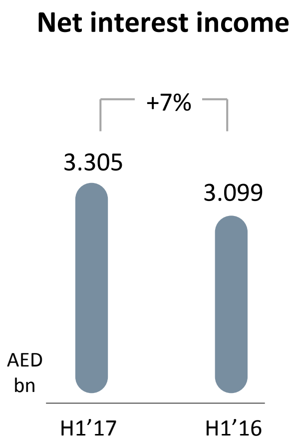
Net profit (AED billion) | **Return on average equity** (ROAE %)* | **Return on average assets** (ROAA %)* | **Basic earnings per share** (EPS – AED)

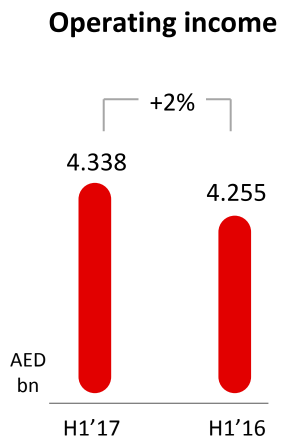


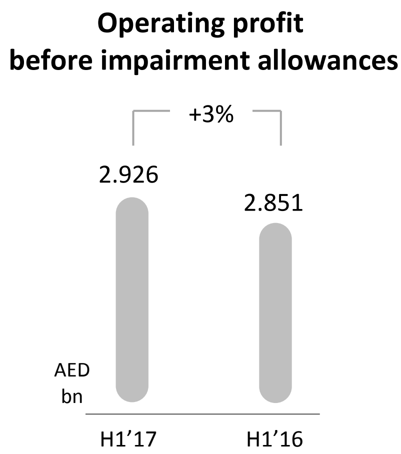
* Annualised, for ROE/ROA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and interest expense on Tier I capital notes

Strong underlying performance and disciplined cost management despite turbulent markets

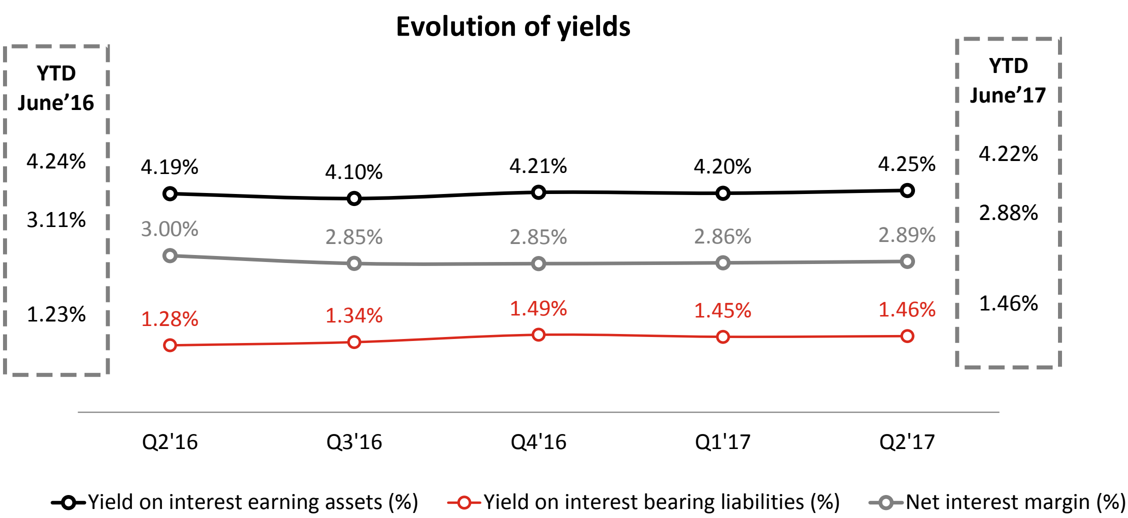
- The Bank reported a net profit of AED 2.114 billion for the first half of 2017, and AED 1.008 billion for the second quarter of 2017, a decrease of 2% and 10% respectively over the previous year. While the Bank's underlying performance and volumes remained healthy, our bottom line was impacted by adverse market conditions, which resulted in higher impairment charges and a lower non-interest income in the second quarter of 2017. H1'16 benefited from significant impairment allowance releases on loans which were not repeated in the first half 2017.





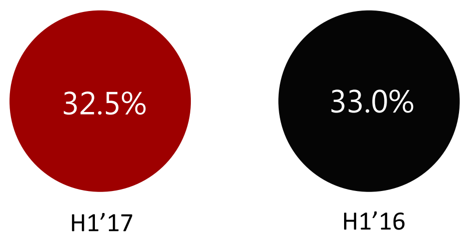


- Interest income of AED 4.849 billion in the first half of 2017, was 15% higher year on year, driven by strong volumes. This was achieved in the absence of higher interest in suspense reversals, which were not repeated in H1'17. Average interest earning assets increased 15% and average interest bearing liabilities increased 16% over H1'16. Net interest and Islamic financing income of AED 3.305 billion, was up 7% over H1'16. Net interest margin for the first half of 2017 was 2.88%; whilst cost of funds stood at 1.46%, which remained stable for the last two quarters, despite the rising benchmark rates.



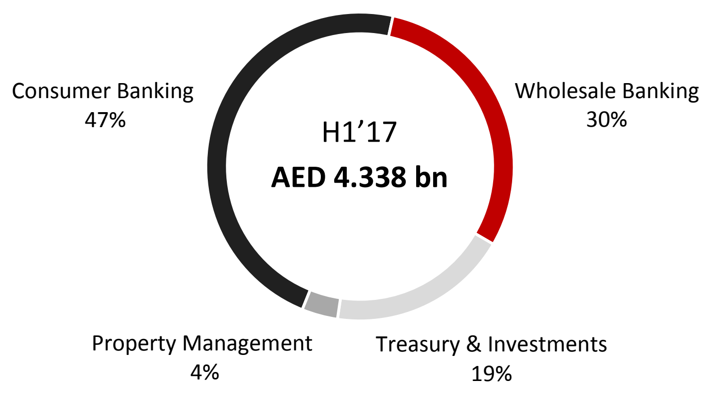
- Increased revenues in the first half 2017 and an efficiently managed cost base resulted in a higher operating profit of AED 2.926 billion, an increase of 3% over H1'16. Cost growth continued to be contained, with operating expenses of AED 1.411 billion in H1'17, a slight increase of 1% year on year, whilst cost to income ratio improved to 32.5% from 33.0% in H1'16. Staff expenses were 57% of total operating expenses compared to 60% in H1'16.

Cost to income ratio



- Operating income of AED 4.338 billion in the first half of 2017 was up 2% over H1'16. While our revenue stream remained healthy and diversified, Q2'17 trading income was impacted by unrealised FX translation losses, reflective of turbulent markets. This resulted in a non-interest income of AED 1.032 billion in H1'17, a decrease of 11% year on year. The weaker trading income of AED 137 million in the first half of 2017 was partially offset by higher fee and commission income of AED 755 million, up 3% over H1'16.

Percentage contribution to operating income



Optimising balance sheet with continued focus on risk management, delivering sustainable growth

- Total assets reached AED 259 billion as at 30 June 2017, an increase of 8% year on year and remained flat over December 2016. Net loans and advances to customers were AED 164 billion, up 6% year on year and 4% year to date, compared to system wide growth of 4% year on year and 1% year to date, until May 2017[1]. 94% of loans (gross) were within the UAE, in line with the Bank's UAE centric strategy.

- As at 30 June 2017, customer deposits were AED 162 billion, an increase of 9% over the prior year and 4% year to date; above the UAE banking industry average growth of 7% year on year and 3% year to date, until May 2017[1]. Low cost current and savings account (CASA) deposits increased AED 4.2 billion over June 2016 to AED 71 billion.

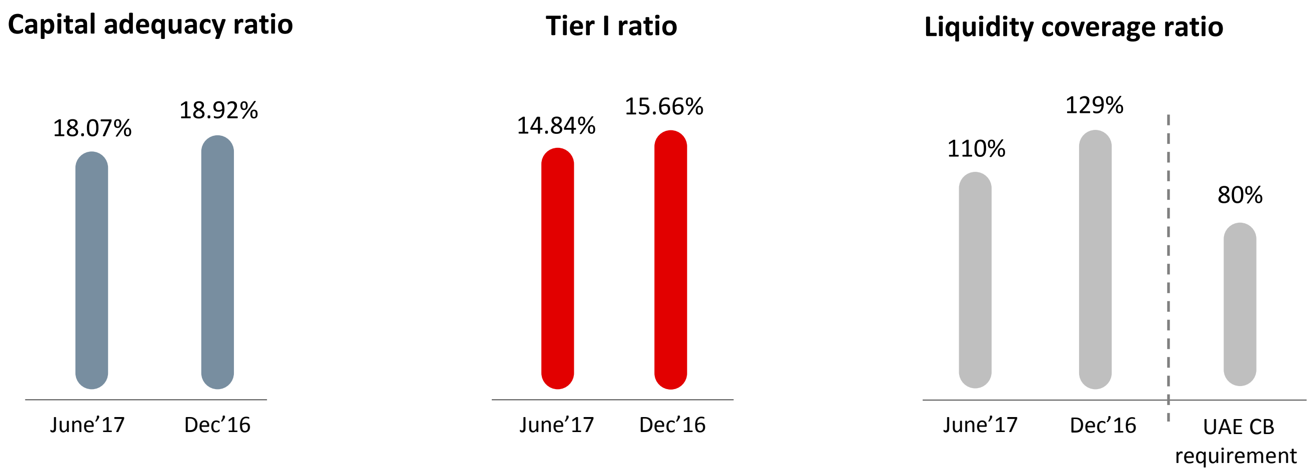
[1] Latest data available from the UAE Central Bank is up to May 2017

- Loan to deposit ratio from customers was 101.5% compared to 101.9% as at 31 December 2016. Advances to stable resources ratio was 89.7% compared to 94.8% as at 31 December 2016.

- Investment securities[2] reached AED 41 billion, an increase of 24% year to date and 66% year on year, mainly driven by an increase in government bonds.

- As at 30 June 2017, liquidity coverage ratio was 110%, compared to a minimum ratio of 80% prescribed by UAE Central Bank. The Bank was a net lender of AED 12 billion in the interbank markets as at 30 June 2017 and its liquidity ratio was 23.4%.

- Capital and liquidity position continued to be robust, with a capital adequacy ratio of 18.07%, compared to 12% minimum stipulated by the UAE Central Bank. Tier I ratio was 14.84% compared to 15.66% as at 31 December 2016. Total risk weighted assets were AED 203 billion as at 30 June 2017.



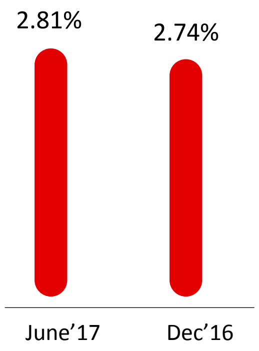
Maintain a prudent and conservative approach to risk management

- As at 30 June 2017, non-performing loan and provision coverage ratios were 2.8% and 123.8% respectively compared to 2.7% and 129.9% as at 31 December 2016. Non-performing loans were AED 4.918 billion compared to AED 4.600 billion as at 31 December 2016. Cost of risk for the first half of 2017 was 0.81% compared to 0.83% in December 2016.

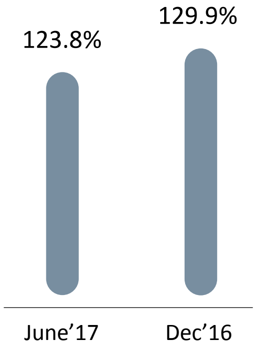
- Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 813 million in H1'17 compared to AED 722 million in H1'16. Recoveries in the first half 2017 totaled AED 162 million compared to AED 70 million in H1'16. H1'16 benefited from significant impairment allowance releases on loans, which were not repeated in the first half 2017. As at 30 June 2017, the Bank's collective impairment allowance balance was AED 3.162 billion. Collective impairment allowances were 1.76% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank. As at 30 June 2017, individual impairment balance was AED 2.970 billion.

[2] Includes trading securities

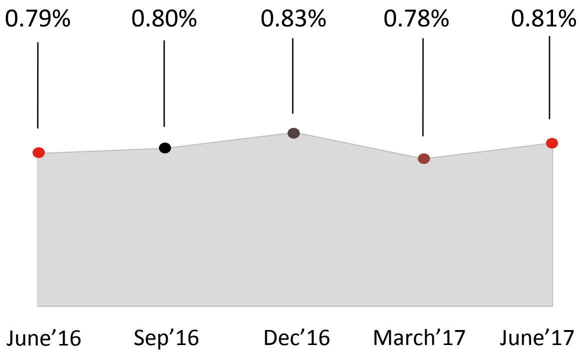
NPL ratio



Provision coverage ratio



Cost of risk



Awards - 2017

“Best Business Change or Transformation – Delivery of a Great Customer Experience Through Change” for Operational Excellence Framework ‘SIMPLean’
Gulf Customer Experience Awards

“Innovative Approach to Emiratisation to Deliver Exceptional Customer Experience” for Tamooha
Gulf Customer Experience Awards

“Best Trade Finance Bank in The U.A.E”
Global Finance

“Best Insight and Feedback – Listening to Customers to Create an Impact” for Customer Experience and Research
Gulf Customer Experience Awards

“Five Star Cash Manager ”
Euromoney

“Best Contact Centre in the Region” for Contact Centre
Gulf Customer Experience Awards

“Best Supply Chain Finance Bank in the Middle East”
Global Finance

“Best Employee Engagement in Financial Services” for the Human Resources Team
Gulf Customer Experience Awards

“Mohammed Bin Rashid Al Maktoum Business Innovation Award”
“The Mohammed Bin Rashid Al Maktoum Business Innovation Awards”

“Five Star Trade Finance provider in Middle East”
Euromoney

“Outstanding Award for Business Innovation”
“The Mohammed Bin Rashid Al Maktoum Business Innovation Awards”

“Best Trade Bank in the Middle East”
Trade and Forfaiting Review (TFR)

“3G CSR Award” ” in recognition of excellence in transparency, good governance and social responsibility
The Global Good Governance Awards (3G Awards)

“Best Bank for Transaction Services in the Middle East”
Euromoney Awards for Excellence

About ADCB (30 June 2017):

ADCB was formed in 1985 and as at 30 June 2017 employed over 4,500 people from 78 nationalities, serving retail customers and corporate clients in 48 branches, 3 pay offices and 2 branches in India, 1 branch in Jersey and representative offices in London and Singapore. As at 30 June 2017, ADCB's total assets were AED 259 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 June 2017, ADCB's market capitalisation was AED 36 billion.

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