

# Abu Dhabi Commercial Bank PJSC

**Investor Presentation**  
**FY'12**

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Business overview

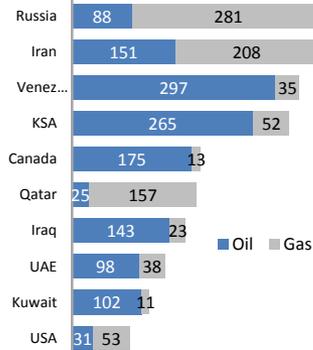
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# Macro overview - financial stability...

## UAE

### Substantial hydrocarbon wealth (bboe)



The UAE has 8<sup>th</sup> highest reserves of oil and gas in the world

Source: BP Statistical Review of World Energy June 2012

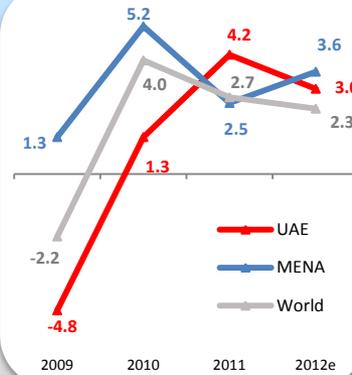
### UAE has one of the highest GDP per Capita globally



2<sup>nd</sup> highest GDP per Capita in the GCC, and 11<sup>th</sup> highest globally

Source: EIU, IMF Country reports 2012

### Robust regional economic growth (Real GDP growth %)

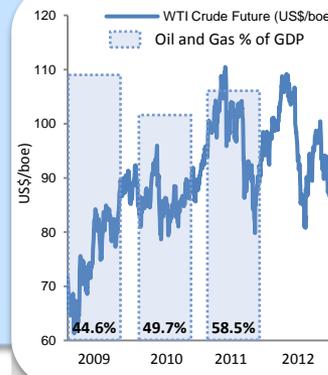


Return to real economic growth across the GCC and the UAE

Source: EIU UAE Country report 2012

## Abu Dhabi

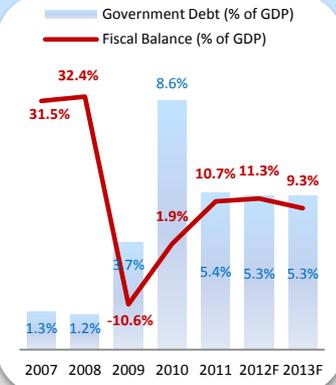
### Abu Dhabi continues to benefit from high oil prices



Strong hydrocarbon revenues have boosted available public finances

Source: Bloomberg, Statistics Centre – Abu Dhabi

### Conservative investment policy and manageable debt position



Conservative debt management strategy and stable spending policy

Source: Moody's Credit Opinion; February 2013

### UAE key indicators 2012

UAE rating	Moody's: Aa2, Stable (unsolicited)
Nominal GDP (US\$ bn)	392
Current Account Balance (% of GDP)	7.3
Crude Oil Production (mn barrels/day)	2.65
UAE Population (mn)	7.5
CPI (average, % change)	1.1

Source: EIU UAE Country report 2012, Moody's Credit Opinion, February 2013

### Abu Dhabi rating

- Moody's: Aa2, S&P: AA, Fitch: AA, all Stable

### Nominal GDP

- US\$ 228 bn (Standard & Poor's, 30 Jan 2012)

### Strong prospects

- Vast hydrocarbon wealth underpinning economic development
- Government focus on driving economic diversification
- The Emirate of Abu Dhabi is the largest and wealthiest of the seven emirates forming the UAE, holding the vast majority of the country's oil and gas reserves

# UAE banks overview ...

## UAE banking system

Regulated by the UAE Central Bank\*

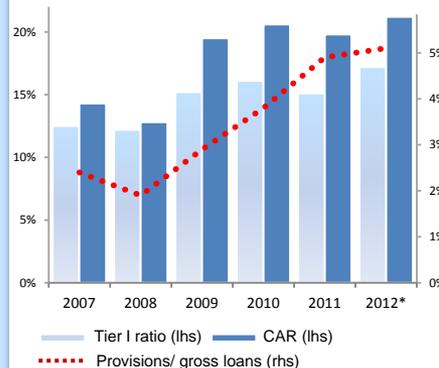
- 23 local banks with 801 branches
- 28 licensed foreign banks with 85 branches

The UAE banking sector has effectively weathered the financial crisis – the Central Bank and government have been **highly supportive** of the financial sector

\* Source: UAE Central Bank, November 2012

## Capital position

UAE banks boast strong capital ratios and sufficiently provisioned against gross loans

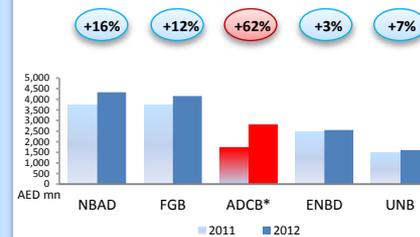


UAE operating under robust capital models with **average Tier I ratio at 17%\***

Source: Deutsche Bank "UAE Banks" Report January 2013; IMF  
 \* 2012 Provisions/gross loans is aggregate of five banks under Deutsche Bank coverage, Tier I and CAR as of September '12, UAE Central Bank

## Net profit growth

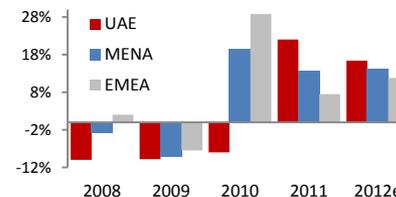
ADCB reported highest growth YoY



\* 2011 excludes AED 1,314 mn, non-recurring gain on sale of stake in RHB Capital Berhad

Improvement in capital and liquidity reflects the **profitability** of the UAE banks

### UAE banks vs. peers



Source: Deutsche Bank "UAE Banks" Report January 2013, Company reports

## UAE banking sector

AED bn	2009	2010	2011	Nov 2012
Total Assets (net of provisions)	1,519	1,606	1,662	1,796
Loans and advances, (net of provisions)	1,018	1,031	1,071	1,107
Deposits	983	1,050	1,070	1,183

**Modest asset growth**, UAE banking sector is ranked highest in the GCC in terms of assets

Source: UAE Central Bank, November 2012

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# ADCB – a leading bank in the UAE...

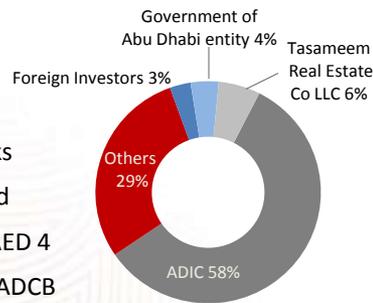
## Overview

- Third largest bank in the UAE and second largest in the Emirate of Abu Dhabi in terms of total assets, 11.22% market share by loans and 9.53% market share by deposits\*
- Serving over 465,000 retail customers and approximately 37,000 corporate and SME clients in 50 branches and 4 pay offices in the UAE, 2 branches in India and 1 branch in Jersey
- The Bank is listed on the Abu Dhabi Securities Exchange, with a market cap of AED 17 bn as at 31 December 2012 (Market cap as at 14 February 2013, AED 21 bn)

\* Source: UAE Central Bank, September 2012

## Strong and supportive government ownership

- The Government owns 61.6% of the issued share capital, with Abu Dhabi Investment Council (ADIC) ownership at 58.08%
- Second largest bank shareholding by the Government of Abu Dhabi
- Strong government representation on ADCB's board including one member from the Department of Finance, two members from Abu Dhabi Investment Authority (ADIA) and three members from ADIC
- Government support provided to local banks including ADCB. During the period 2008 and 2009, the Government provided a total of AED 4 bn Tier I and AED 6.6 bn of Tier II capital to ADCB



As at 31 December 2012

## Investment grade rating

	Long term rating	Short term rating	Outlook
<b>S&amp;P</b>	A	A-1	Stable
<b>Moody's*</b>	A1	P-1	Stable
<b>Fitch</b>	A+	F1	Stable
<b>RAM</b>	AAA	P1	Stable

\* As at 24 April 2012, Moody's outlook changed to stable from negative as a result of the continued improvement in the bank's financial fundamentals since 2009

## ADCB – recent timeline and milestones

<b>1985</b>	• Established following merger of three local Abu Dhabi banks
<b>2001</b>	• Listed on Abu Dhabi Securities Market
<b>2003</b>	• Bank-wide reorganization designed to create competitive, contemporary and full-service bank
<b>2005</b>	• Established treasury and corporate finance joint ventures with Australia's Macquarie Bank
<b>2006</b>	• Developed "ADCB Fast Forward" programme to restructure and overhaul Bank's products
<b>2008</b>	• Acquired 25% of Malaysia's RHB Capital Berhad
<b>2010</b>	• Completed acquisition of RBS' UAE retail, wealth management and SME banking businesses • Terminated treasury joint venture arrangement with Macquarie Bank
<b>2011</b>	• Sale of ADCB's stake in RHB Capital Berhad • Strategic partnership with Bank of America Merrill Lynch signed
<b>2012</b>	• Strategic partnership with Kookmin Bank and Banco Santander signed

## Rating agency views...



May 2012

“... continuing improvement in the financial fundamentals of the bank...”

“... an improved and more institutionalised risk management framework and an improved funding profile with a strong emphasis on liquidity...”

“...ADCB has made significant progress to restructure its risk management function since 2009...”

“...very high probability of systemic support, given ADCB's (58%) majority ownership by the government of Abu Dhabi (rated Aa2) via the Abu Dhabi Investment Council...”



July 2012

“... ADCB has a high-quality management team. ..”

“... By focusing on improving the deposit granularity, increasing the amount of low-cost current account deposits and lengthening the funding tenors, the bank has improved its funding profile substantially since 2008...”



June 2012

“... ADCB's highly liquid assets provide an adequate buffer against deposit outflows...”

“... continues to improve its funding base by increasing customer deposits, which Fitch views as essential to reduce concentration and achieve healthy loan growth in the future...”

Note: These quotes are excerpts from Moody's, Standard & Poor's and Fitch reports, and are qualified by the full reports which investors should refer to. Credit ratings may not reflect all risks and are subject to change at any time.

## Core strengths...

### Situated to benefit from UAE economic growth

- Resilience in earnings and ability to grow operating income
- Well managed balance sheet
- Recently announced government projects will provide opportunities for all of ADCB's businesses

### Supportive principal shareholders

- The Government owns 61.6% of the issued share capital, with Abu Dhabi Investment Council ownership at 58.08%
- Long-standing government related corporate client base
- Financial support provided during global crisis by the government

### Capital base and liquidity

- ADCB total Capital Adequacy Ratio of 23.05%
- Tier I capital ratio of 17.47% / Core Tier I capital ratio of 14.58%
- Strong liquidity position, net lender of AED 15 bn in the interbank market
- Improved loan to deposit ratio

### Strong domestic franchise with a well known and trusted brand

- Broad portfolio of consumer and wholesale products
- Extensive distribution network and well established relationships
- Over 465,000 retail customers and approximately 37,000 corporate customers

### Experienced management team and innovative banking products

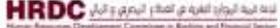
- Entire management team has vast experience in international and regional institutions
- Customised cash management and trade finance solutions
- Strategic partnerships with Bank of America Merrill Lynch, Kookmin Bank and Banco Santander

## Active across all business lines...

Business segment	Overview	Contribution to operating income (gross)	
		2011	2012
<b>Consumer banking</b>	<ul style="list-style-type: none"> <li>Covers retail, wealth management and Islamic operations</li> <li>Growth in consumer banking underpinned by an increased product offering, expansion of sales and distribution infrastructure and effective cross-selling</li> <li>Wealth management – ADCB Excellency Wealth Management</li> <li>Exclusive private banking partnership with Schroder &amp; Co Bank AG</li> <li>Co-branded Visa Cards with Etihad Airways</li> <li>Touchpoints – Unique market leading rewards programme for customers</li> <li>Offshore banking service through the Jersey branch</li> </ul>	<b>48%</b> AED <b>2,915</b> mn	<b>46%</b> AED <b>3,029</b> mn
<b>Wholesale banking</b>	<ul style="list-style-type: none"> <li>Relationship coverage to SMEs and large corporate clients, financial institutions, Indian operations, international business development, strategic client operations, corporate finance and investment banking</li> <li>JV with Macquarie Bank covering infrastructure funds</li> <li>Emerging cash management franchise</li> <li>Disciplined management of balance sheet growth and monitoring asset quality</li> <li>Strategic relationship with Bank of America Merrill Lynch, Kookmin Bank and Banco Santander to allow clients who require services in the region to access capabilities provided by ADCB</li> </ul>	<b>26%</b> AED <b>1,583</b> mn	<b>29%</b> AED <b>1,897</b> mn
<b>Treasury and investments</b>	<ul style="list-style-type: none"> <li>Treasury business and investment portfolio provides interest rate, commodities and foreign exchange services</li> <li>Covers money market, FX, interest rates, currency, commodity derivatives and asset liability management</li> </ul>	<b>22%</b> AED <b>1,349</b> mn	<b>21%</b> AED <b>1,416</b> mn
<b>Property management</b>	<ul style="list-style-type: none"> <li>Includes real estate and property management activities</li> <li>Comprises of real estate management and engineering service operations of subsidiaries - Abu Dhabi Commercial Properties L.L.C., Abu Dhabi Commercial Engineering Services L.L.C., ADCB Real Estate Fund operations and rental income</li> </ul>	<b>4%</b> AED <b>222</b> mn	<b>4%</b> AED <b>253</b> mn

# Awards in 2012...

**“Human Resources Award in the Banking & Financial Sector 2011”**  
 by  
 Human Resources Development Committee in Banking & Financial Sector  
 At  
 the 14th edition of the National Career Exhibition



February 2012

**“Best Woman Award in the Banking & Financial Sector 2011 ”**  
 by  
 Human Resources Development Committee in Banking & Financial Sector  
 At  
 the 14th edition of the National Career Exhibition



February 2012

**“Best SME Account”**  
 for BusinessEdge Free Zone Platinum Account  
 By  
 Banker Middle East product awards 2012



March 2012

**“Best SME Trade Finance”**  
 for Business Edge Trade 360  
 By  
 Banker Middle East product awards 2012



March 2012

**“Most Improved Islamic Bank in the Middle East”**  
 By Euromoney



March 2012

**“Best Retail Bank in the UAE”**  
 By The Asian Banker



March 2012

**“Best Retail Bank in the Gulf Region”**  
 By The Asian Banker



March 2012

**“Best Premium Card in the Middles East”**  
 for Co-branded Etihad Guest Credit Card  
 By  
 Smart Card Award Middle East 2012



May 2012

**“Best Loyalty Credit card”**  
 By  
 The Freddie Awards

**“Best Bank in the UAE”**  
**“Best Transaction Bank”**  
**“Best Corporation Bank”**  
 By Banker Middle East Industry awards 2012




June 2012

**“The Hawkamah Bank Corporate Governance Award 2012 ”**  
 By  
 Hawkamah



June 2012

**“The Best Domestic Cash Management Bank in the UAE and in the Middle East”**  
 (3rd best overall in the UAE and Middle East)  
 in the Euromoney Cash Management Survey 2012 The Freddie Awards



September 2012

**“The Elite quality recognition award”**  
 By Deutsche Bank, J.P. Morgan Chase and Commerzbank  
 For ADCB’s exceptional international payment processing



September 2012

**“The Banker’s Bank of the Year Award”**  
 By The Banker Magazine



November 2012

**“Best Investor Relations website in the UAE and Middle East ”**  
 By  
 KW Digital Webranking survey



December 2012

**“Best Premium Card in the International category”**  
 For Etihad Guest Credit Card  
 by  
**Publi-News France**  
 at their annual Publi-News Trophées for Innovative Cards 2012

December 2012

## Our strategic pillars...

Growth through a UAE centric approach and controlled 'internationalisation'

Sustainability through liability growth

Maintaining a culture of service excellence and efficiency

Managing ADCB's risk in line with a predefined risk strategy

Attracting, developing and retaining the best talent with incentives aligned with the strategic objectives

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## 2012 in review - key highlights...

### Balance sheet highlights

AED mn	2012	2011	% Change
Net loans	123,195	124,755	(1)
Investment securities (AFS)	18,713	15,052	24
Total assets	180,796	183,726	(2)
Customer deposits <sup>1</sup>	109,217	109,171	0
Borrowings	26,140	31,897	(18)
Shareholders' equity	24,270	22,072	10

#### Maintaining strong and conservatively managed balance sheet

- Conservative loan book management
- Investment securities portfolio +24% YoY, providing a strong liquidity pool
- Stable customer deposit growth
- Solid equity base supporting the balance sheet

### Income statement highlights

AED mn	2012	2011	% Change
Net interest income <sup>2</sup>	5,207	4,682	11
Operating income	6,595	6,069	9
Operating expenses	(2,069)	(2,063)	0
Operating profit	4,526	4,006	13
Net impairment allowances	(1,710)	(2,398)	(29)
Share of profit of associates	-	159	-
Net gain on sale of investment in associate	-	1,314	-
Overseas income tax expense	(6)	(36)	(84)
Net profit	2,810	3,045	(8)

#### Steady growth in operating income

- Operating income +9% YoY, supported by strong growth in net interest income +11% YoY
- Operating expenses held flat
- Net impairment allowances 29% lower YoY

### Key performance indicators

Ratios (%)	2012	2011	Bps Change
Net interest margin <sup>3</sup>	3.28	3.10	18
Cost to income <sup>4</sup>	31.4	33.1	(170)
Cost of risk	1.20	1.73	(53)
Capital adequacy	23.05	22.51	54
Tier I	17.47	15.90	157
Loan / deposits	112.80	114.27	(147)

#### Increasing profitability, disciplined cost management, increased liquidity and capitalisation

- Substantial improvement in cost to income ratio from 33.1% in 2011 to 31.4% in 2012
- Tier I ratio improved significantly from 15.90% in 2011 to 17.47% in 2012
- Loan to deposit ratio at 112.80%, an improvement of 147 bps YoY

<sup>1</sup> Deposits from customers have been reclassified to show Euro commercial paper separately; <sup>2</sup> Includes Islamic financing income; <sup>3</sup> Net interest margin is calculated as percentage of total net interest and Islamic financing income to average interest-earning assets during the year  
<sup>4</sup> Operating income for the purpose of calculating C:I ratio includes share of profit of associates but excludes net gain on sale of investment in associate

# Sustainable profitability, Q4'12 net profit +32% YoY, Excluding non-recurring gain last year, 2012 net profit +62% YoY...

## 2012 Net profit

AED mn

Q1 **802**

Q2 **733**

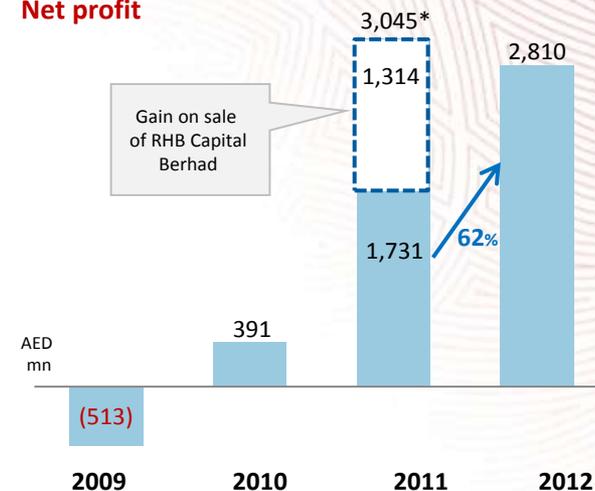
Q3 **595**

Q4 **680**

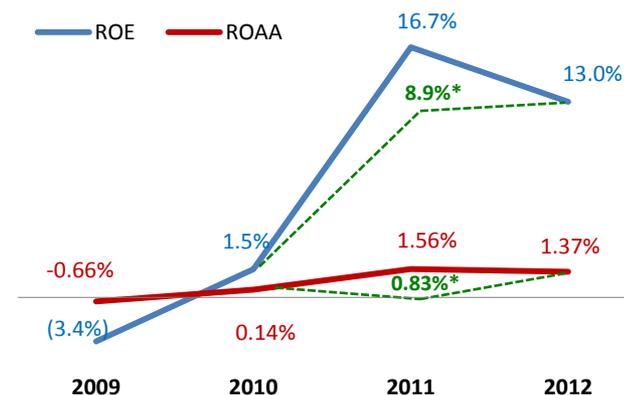
**2,810**

Income statement AED mn	Q4'11	Q3'12	Q4'12	YoY % change
Operating income	1,623	1,632	1,610	(1)
Operating expenses	(548)	(516)	(510)	(7)
Operating profit	1,075	1,115	1,100	2
Net impairment allowances	(550)	(529)	(402)	(27)
Share of (loss)/profit of associates	(9)	9	(16)	81
Overseas income tax expense	(2)	0	(2)	1
<b>Net profit</b>	<b>514</b>	<b>595</b>	<b>680</b>	<b>32</b>

## Net profit



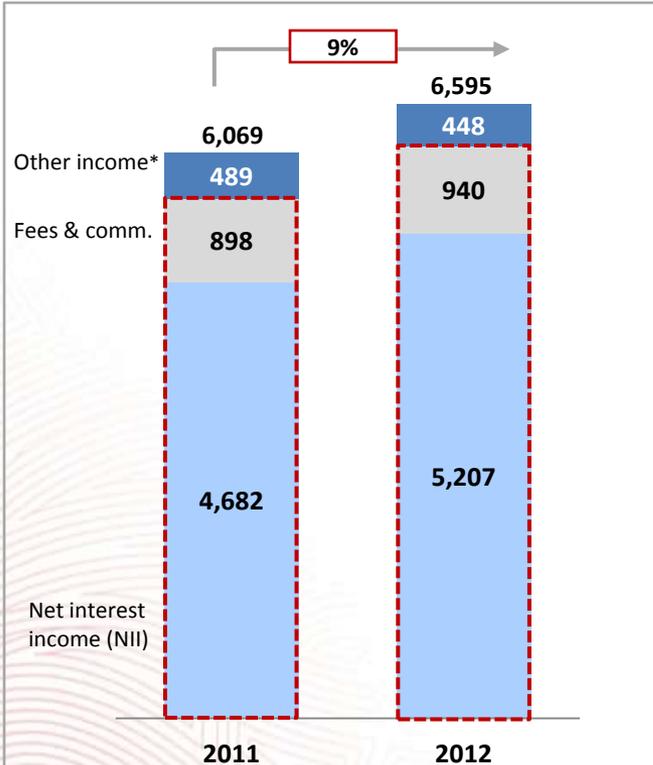
\* Includes AED 1,314 mn gain on sale of stake in associate



--- \* ROE and ROAA from normal operations (Excluding net gain on sale of investment in associate)

# Diversified revenue streams, record operating income, Improved cost of funds...

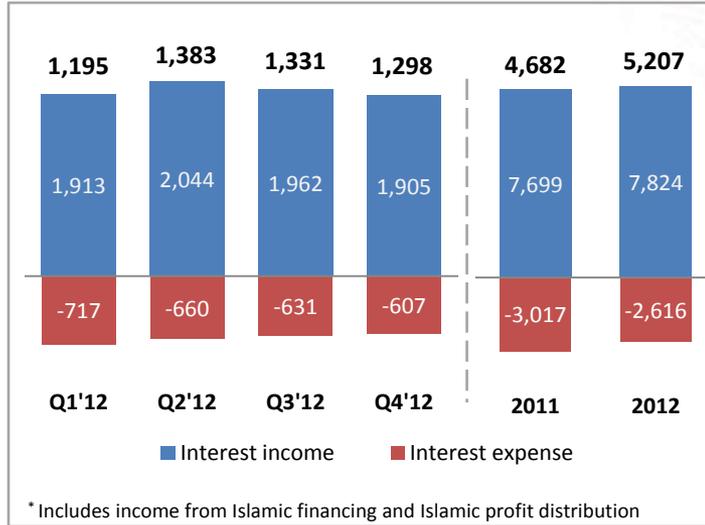
## Operating income (AED mn)



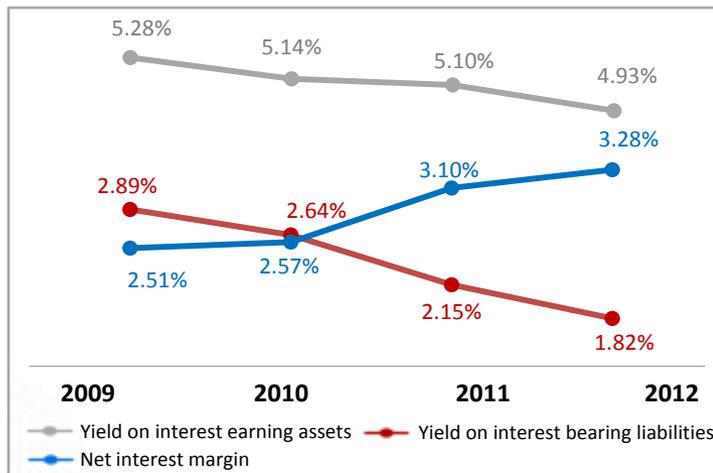
\* Other income includes net trading income, decrease in fair value of investment properties and other operating income

Quarterly, 2012	Q1'12	Q2'12	Q3'12	Q4'12
<b>Operating income</b>	<b>1,584</b>	<b>1,769</b>	<b>1,632</b>	<b>1,610</b>
Share of fees %	16	15	13	13
Share of NII %	75	78	82	81

## Net interest income (NII)\* (AED mn)



## Evolution of yields

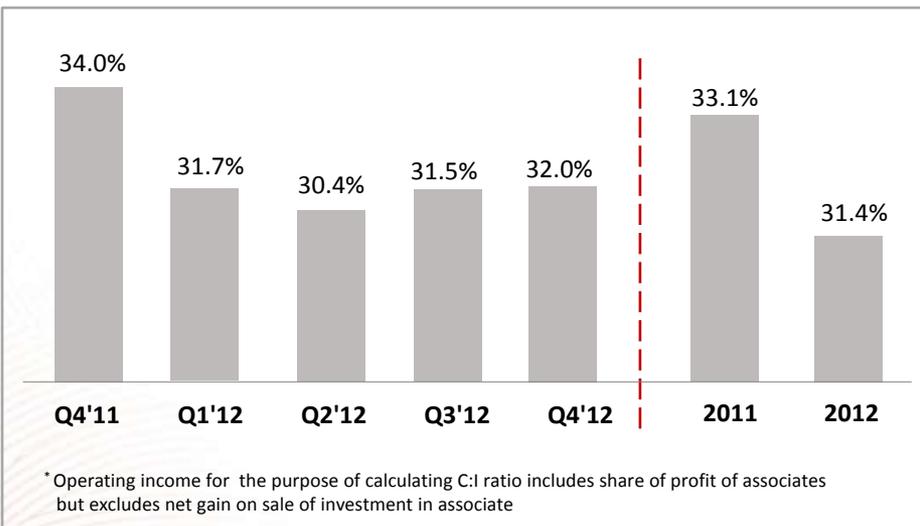


## Highlights 2012 vs. 2011

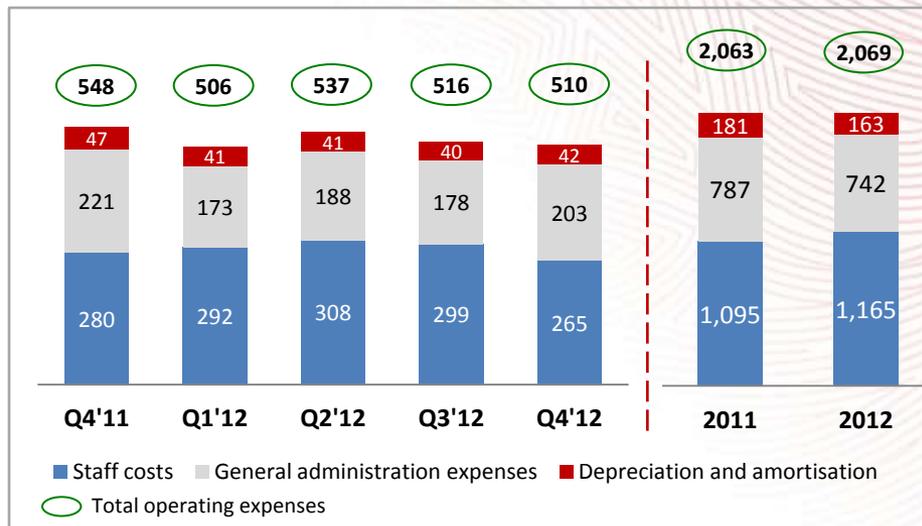
- Strong growth in operating income +9% YoY at AED 6,595 mn
- NII at AED 5,207 mn, a record for the Bank, up +11% YoY, driven by the increase in the investment portfolio and improved cost of funds
- Cost of funds reported at lowest level at 1.82%
- Non- interest income was stable at AED 1,388 mn
- Fees & comm. income +5% YoY, stable contribution to operating income at 14.3% in 2012 vs. 14.8% in 2011

# Significant improvement in cost to income ratio, Operating expenses held flat...

## Cost to income ratio\*



## Operating expenses (AED mn)



## Branch network

Alternative banking channels available:

- Internet banking
- ADCB Mobile
- Toll free phone banking

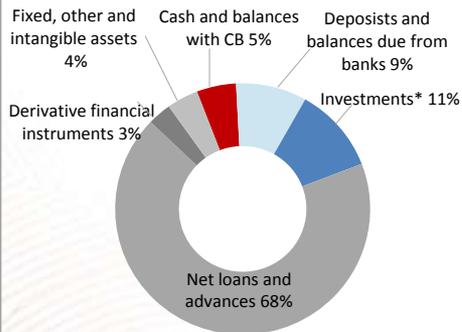
Branches	2010	2011	2012
UAE – traditional branches	46	48	50
UAE – pay offices	4	4	4
India	2	2	2
Jersey	-	1	1
<b>Total</b>	<b>53</b>	<b>56</b>	<b>57</b>
ATMs	265	294	299

- Substantial improvement in cost to income ratio from 33.1% in 2011 to 31.4% in 2012 as a result of improved operating efficiency and dedicated approach to proactive cost management
- Operating expenses held flat year on year in 2012
- Q4'12 operating expenses reported a decrease of 7% year on year, with cost to income ratio reporting an improvement of 200 bps at 32.0%

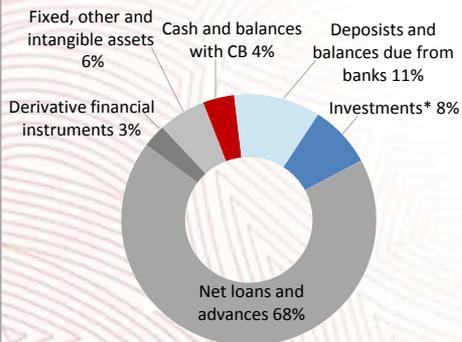
# Well managed balance sheet, Growing investment portfolio...

## Composition of assets

**2012 Total assets = AED 180,796 mn**

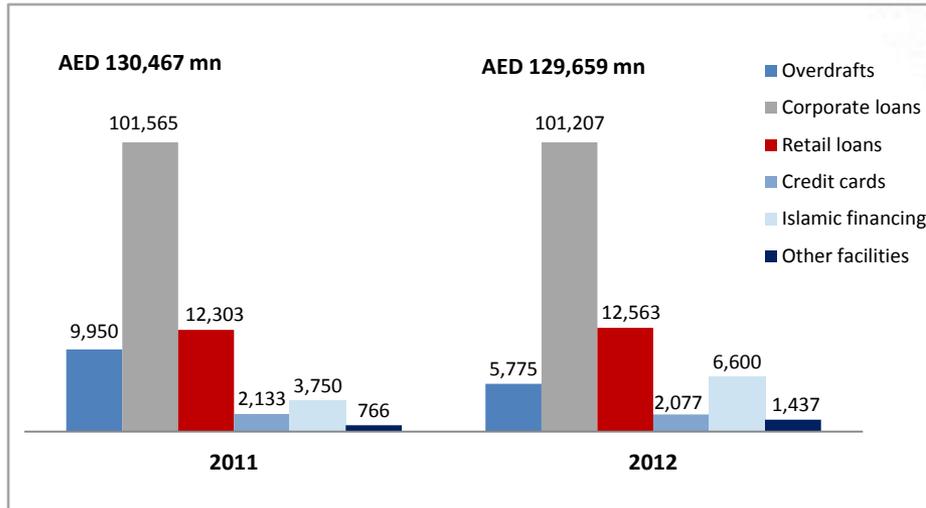


**2011 Total assets = AED 183,726 mn**

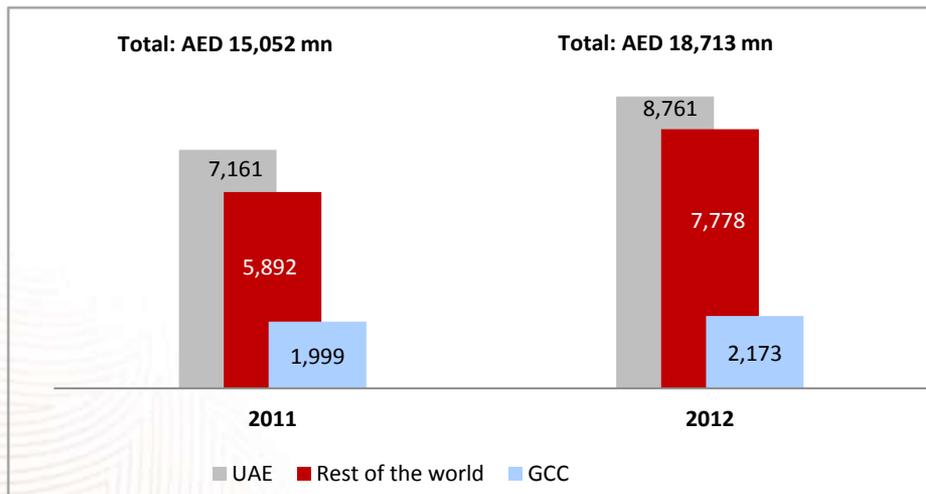


\* Investments include: investment securities, trading securities, investment in associates, investment properties

## Gross loans & advances by type (AED mn)



## Investments securities (AED mn)

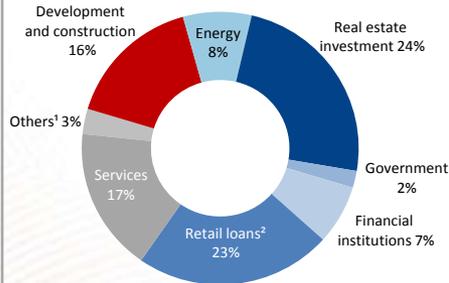


- Total assets at AED 180,796 mn, 2% lower over 2011
- Net loans and advances as a percentage of total asset at 68% in 2012 (2011: 68%)
- Islamic financing up 76% YoY at AED 6,600 mn in 2012
- Growing investment securities portfolio, up 24% at AED 18,713 mn in 2012
- 99% of the investment portfolio invested in bonds and government securities providing a liquidity pool for the Bank

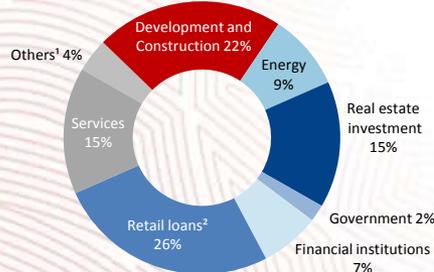
# Stable loan book, Improved loan to deposit ratio...

## Gross loans by industry

2012 Gross loans = AED 129,659 mn

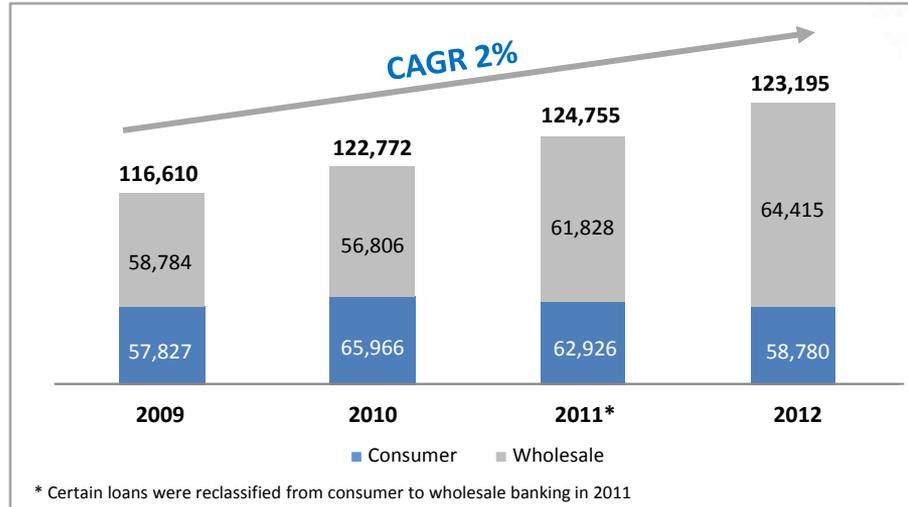


2011 Gross loans = AED 130,467 mn

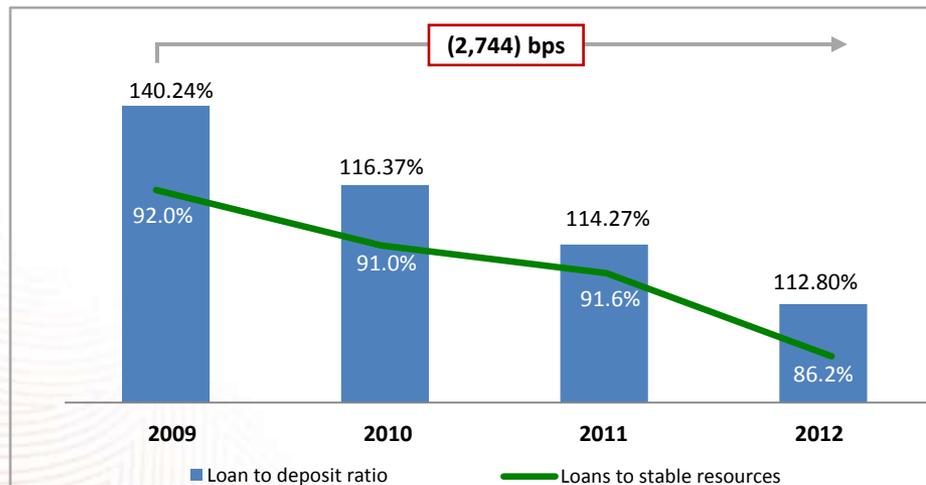


<sup>1</sup> Agriculture, trading, manufacturing and transport  
<sup>2</sup> Retail loans include personal retail loans and personal collateralised loans and mortgages

## Evolution of loans, net (AED mn)



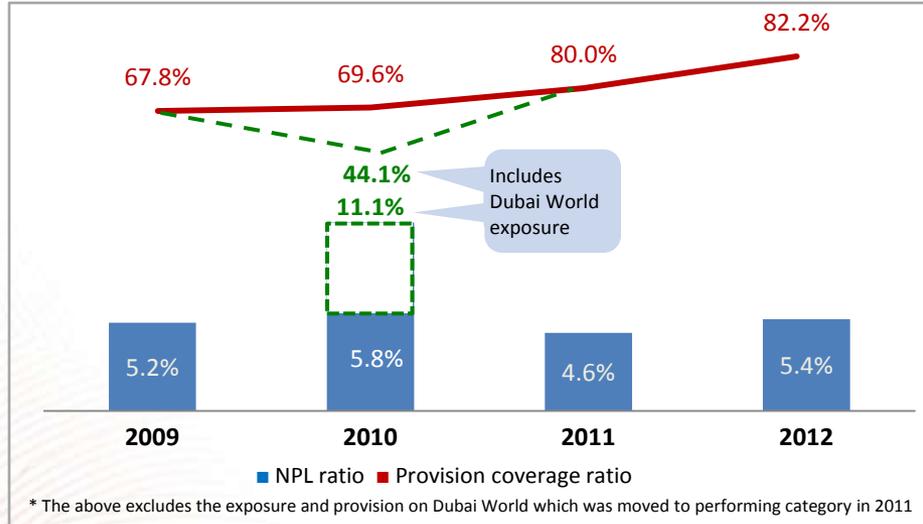
## Loan to deposit ratio evolution



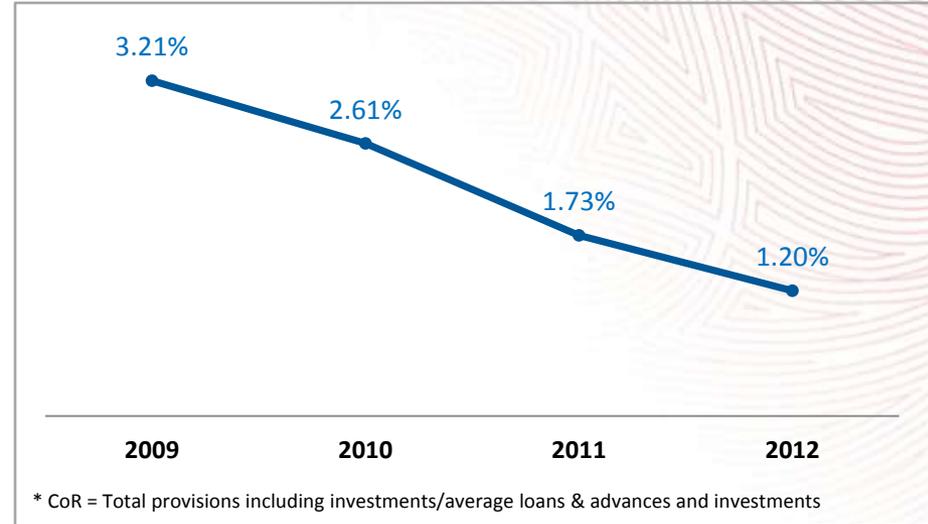
- Gross loans stable at AED 130 bn
- Strong domestic focus, with 96% of gross loans within UAE in 2012 (2011 : 96%)
- Loan split
  - Abu Dhabi: 66%
  - Dubai: 25%
  - Other Emirates: 5%
- Loan to deposit ratio improved from 114.27% in 2011 to 112.80% in 2012
- Share of retail portfolio: 23% of gross loans

# Declining cost of risk and improved provision coverage...

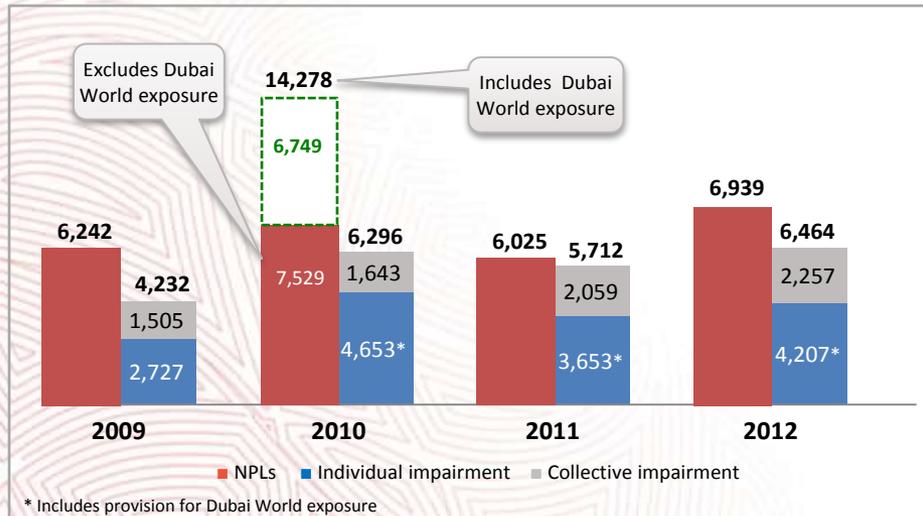
## NPL and provision coverage ratios\*



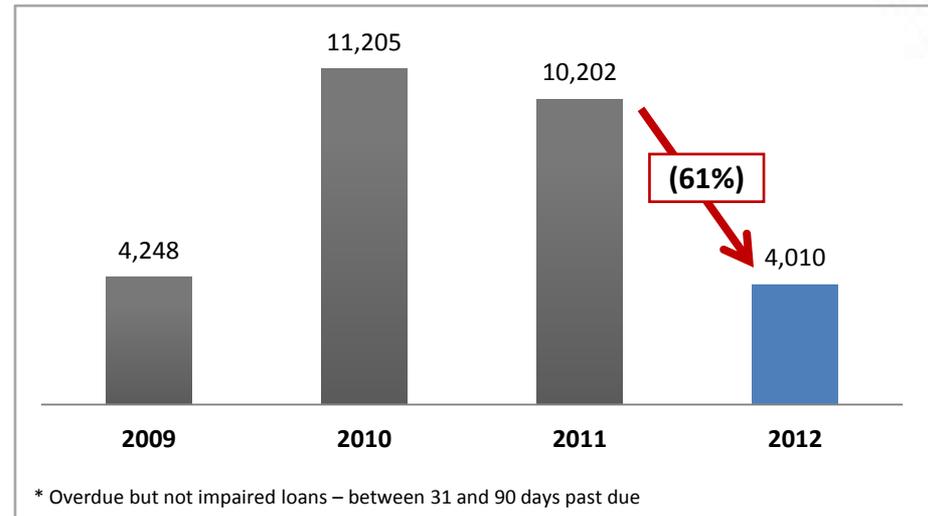
## Cost of risk\*



## NPLs and impairment allowances (AED mn)

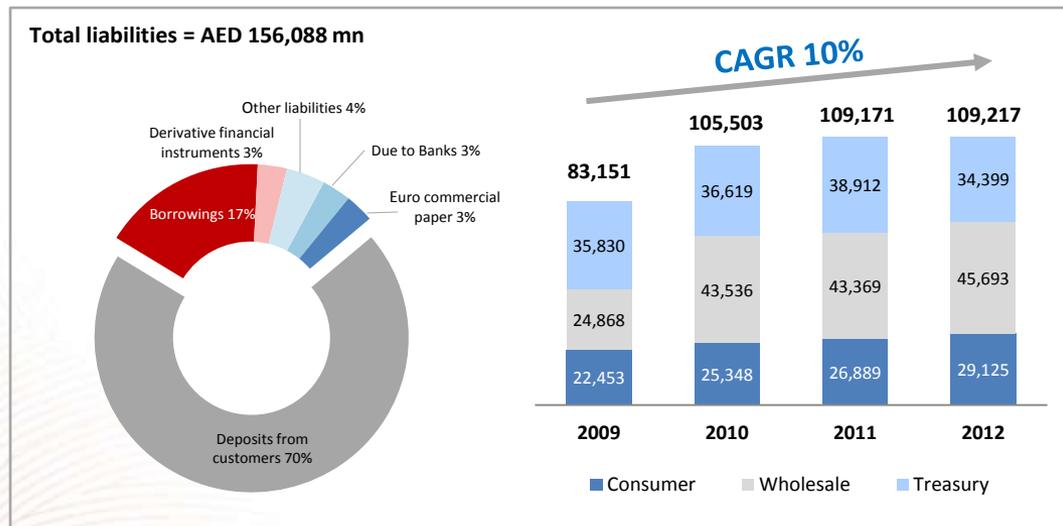


## Overdue but not impaired loans\* (AED mn)

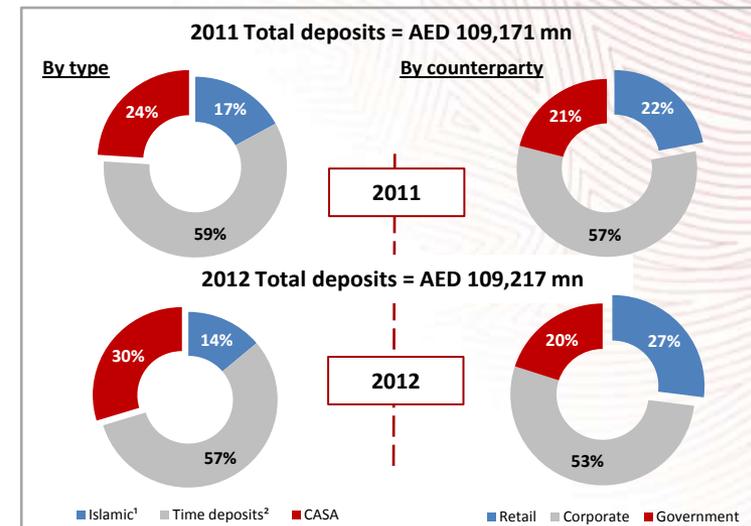


# Stable customer deposits, Growing CASA contribution, up 23%...

## Composition of liabilities



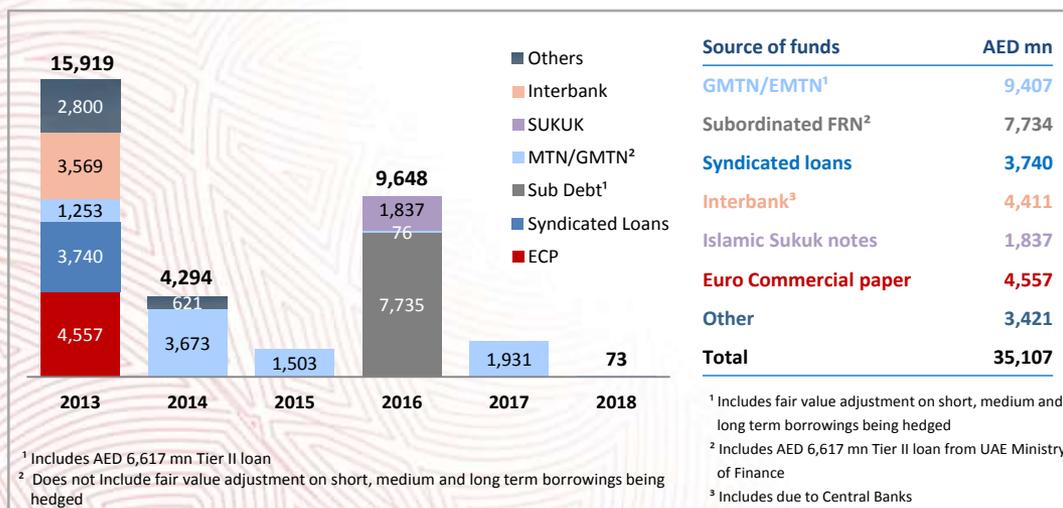
## Composition of customer deposits



<sup>1</sup> Islamic related products include Murabaha deposits

<sup>2</sup> Long-term government deposits included in time deposits

## Maturity profile (AED mn)



<sup>1</sup> Includes AED 6,617 mn Tier II loan

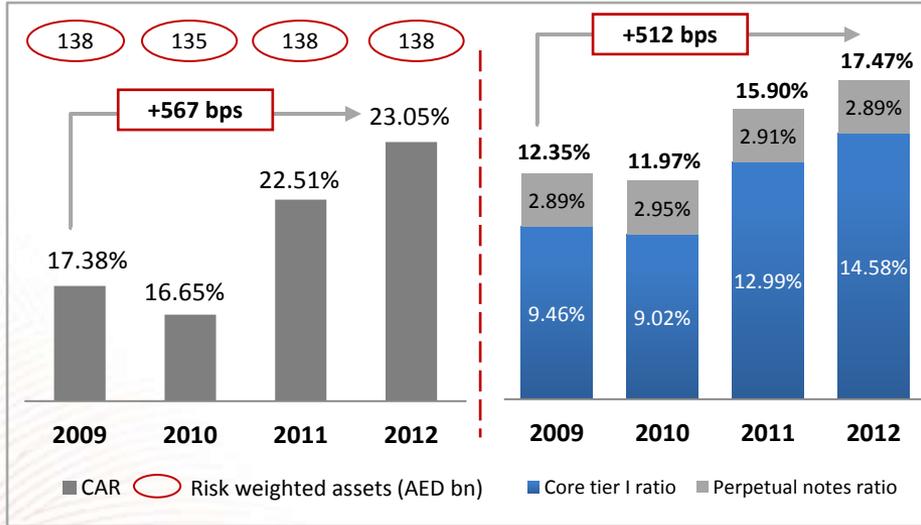
<sup>2</sup> Does not include fair value adjustment on short, medium and long term borrowings being hedged

<sup>3</sup> Includes due to Central Banks

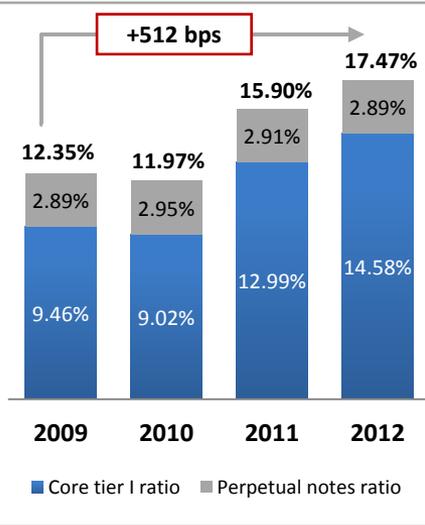
- Deposit from customers/total liabilities increased to 70% in 2012 (2011: 68%)
- Customer deposits stable at AED 109 bn
- CASA deposits increased +23% YoY, constitutes 30% of total deposits (2011 : 24%)
- Wholesale funding at AED 35 bn as at 31 December 2012

# Strong capital base...

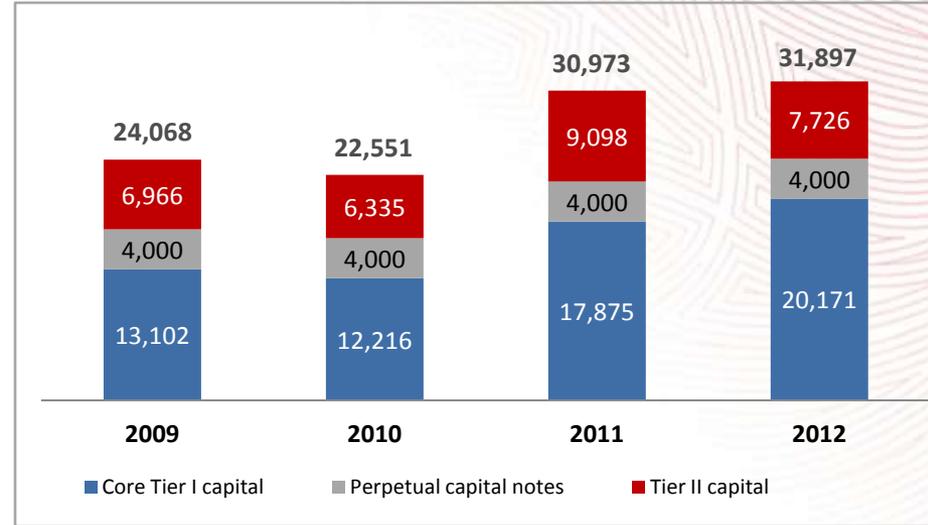
## Capital adequacy ratio



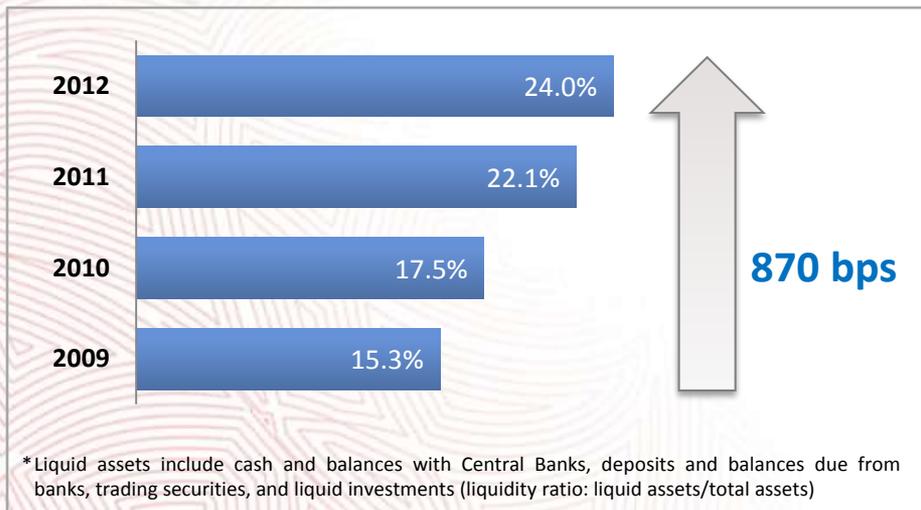
## Tier I and Core Tier I ratios



## Capital base (AED mn)



## Liquidity ratio\*



- Strengthened capital base, with Tier I ratio improved from 15.90% in 2011 to 17.47% in 2012
- Total CAR at 23.05% well above the regulatory requirements
- Liquidity ratio improved from 22.1% in 2011 to 24.0% in 2012
- Net interbank lender of AED 15 bn as at 31 December 2012

## Summary...

### **Growth**

Continued growth in core banking business activities

### **Profitability**

Improved cost of funds and higher margins

### **Efficiency**

Pro-active cost management, improved cost to income ratio

### **Asset quality**

Conservative risk management, prudent provisioning policies

### **Capitalisation**

Strong and healthy capital position

## Index

Macro overview

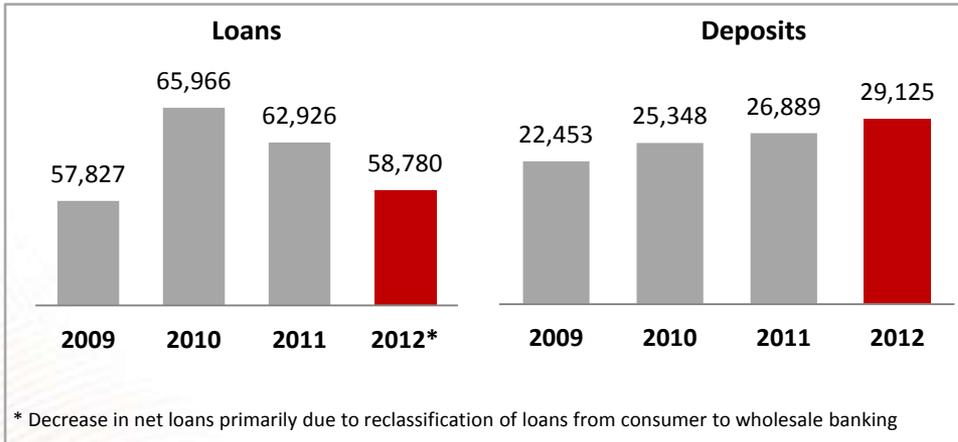
Business overview

Financial highlights

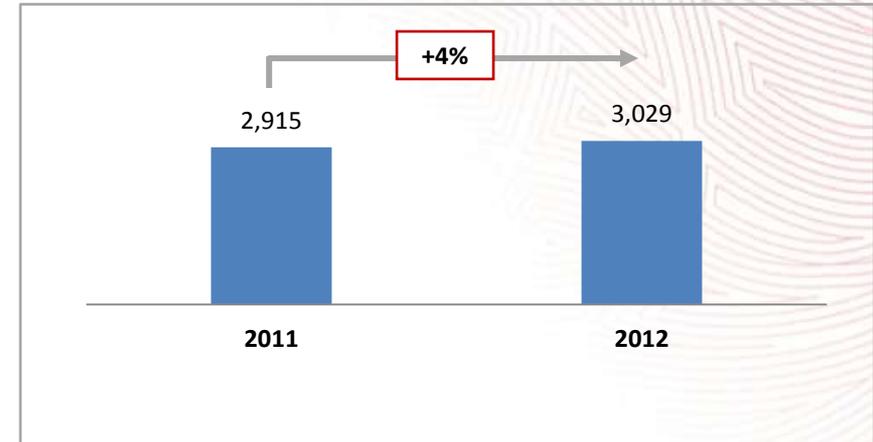
**Appendix**

# Consumer banking...

## Balance sheet trend (AED mn)



## Operating income (AED mn)



## Strong customer acquisition momentum

### New account formation (New to Bank) 2012 vs. 2011

**Aspire** + **12%**

**Excellency** + **22%**

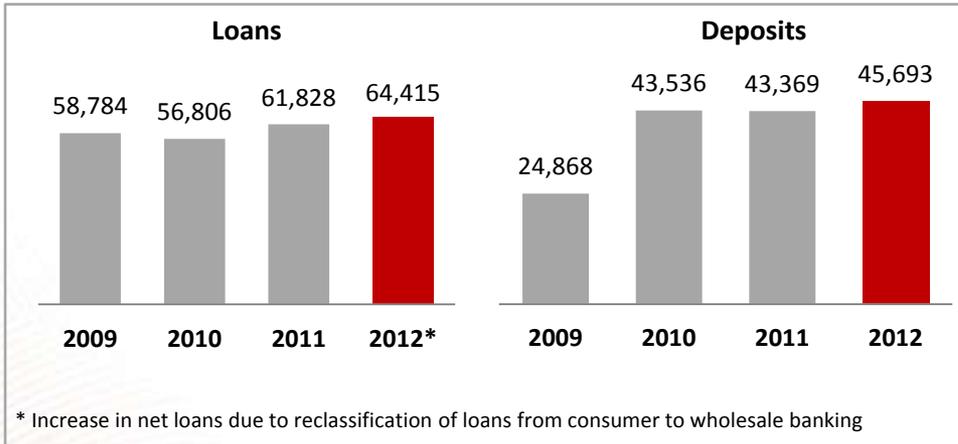
**Privilege** + **38%**

The division offers three distinct client propositions namely Aspire, Privilege Club and Excellency, to cater to the mass, affluent and high net worth client segments respectively

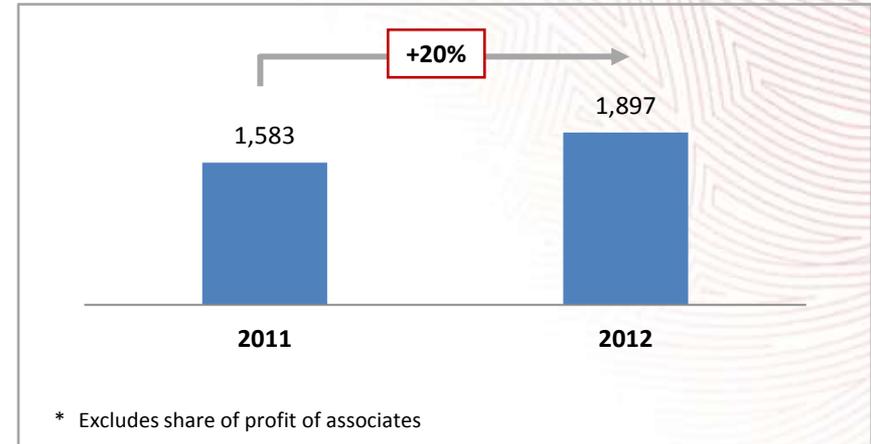
- In 2012, operating income increased 4% while operating expenses were 2% lower
- Operating profit registered an increase of 9% in 2012
- Strong new to bank customer acquisitions, specifically in the affluent segment (Excellency and Privilege)
- Book composition shifting from pre dominantly FD to pre dominantly CASA, with a steady decline in cost of funds. Average CASA book grew by 20% over 2011

# Wholesale banking...

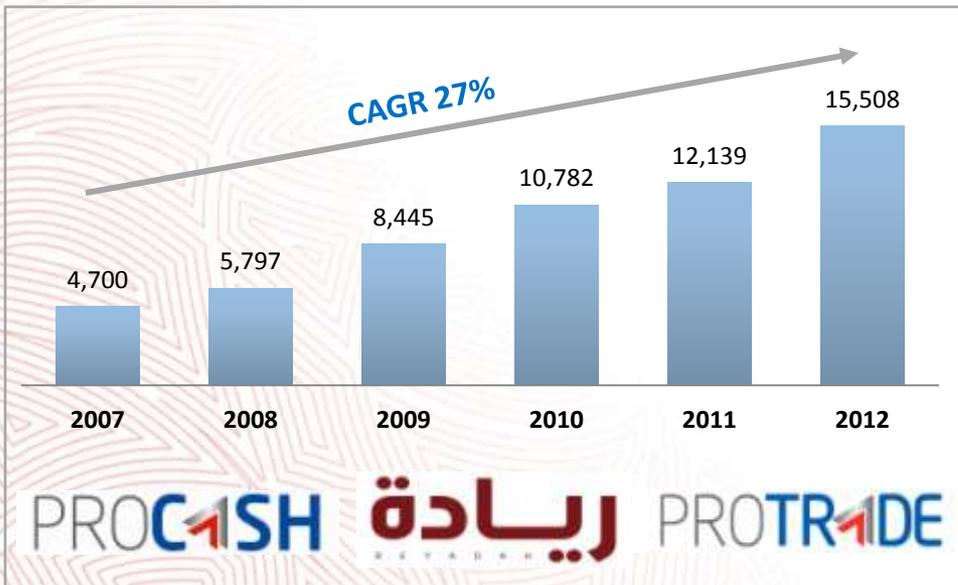
## Balance sheet trend (AED mn)



## Operating income\* (AED mn)



## Wholesale banking - CASA balances (AED mn)



- Deployed state of the art trade platform, 'ProTrade', allowing straight through processing, trade client and strong revenue growth strong in 2012
- Phase II of ProCash released with 3,200 clients and 4,500 users; significant wins in Corporate and Government segments
- SME business significantly enhanced via launch of a range of financing products - approved credit lies in SME up 90% during year
- Investment Banking arranged / bookrunner on a series of key transactions including Dolphin Energy, JAFZ sukuk. Strong growth in investment banking fees
- Operating costs and liability cost of funds remain under tight control
- Awarded "Best Corporate Bank" and "Best Transaction Bank" by Banker Middle East in June'12
- 2012 Euromoney cash management survey (based on client votes) sees ADCB ranked 18th globally and 3rd in Middle East ahead of any other local / regional bank
- Awarded Best Trade Bank UAE 2013; Best Payments & Collections Bank Middle East 2013 by Global Finance

# Corporate governance and risk management...

## Corporate governance - In line with best international practices

### *Principles and awards*

- Focused around principles of integrity, transparency, responsibility and accountability
- Awarded “The Hawkamah Bank Corporate Governance Award 2012” by Hawkamah and “The Best Corporate Governance Award in the UAE” by World Finance Magazine in 2011 and 2010 and Financial Institution of the Year and Corporate Governance Officer of the Year at The ACC 3rd Annual International GRC & Financial Crimes Conference and Exhibition in 2011
- Selected by World Bank for a case study on “Corporate Governance Success Stories”

#### “the Hawkamah Bank Corporate Governance Award 2012 ”



June 2012

#### Financial Institution of the Year and Corporate Governance Officer of the Year at

The ACC 3rd Annual International GRC & Financial Crimes Conference and Exhibition



November 2011

#### Best Corporate Governance in United Arab Emirates

By

World Finance Corporate Governance Awards

**WORLD FINANCE**

March 2010 and March 2011

#### Top Bank in GCC For corporate governance

by



November 2010

## Risk management pillars - Achieving sustainable growth

### Credit risk

- Single borrower, group, industry and country concentration limits
- Regular audits of business units
- Continuous monitoring of all customer exposures
- Pricing tool incorporating Basel norms and funds transfer pricing (FTP) in place to price risk appropriately

### Liquidity risk

- Assets liabilities committee (ALCO) sets and monitors liquidity and treasury limits
- Monitors and reports liquidity on a daily and a weekly basis
- Stress testing on a regular basis

### Interest rate risk

- Assets and liabilities predominantly floating rate
- Monitored by risk management function within established limits and parameters

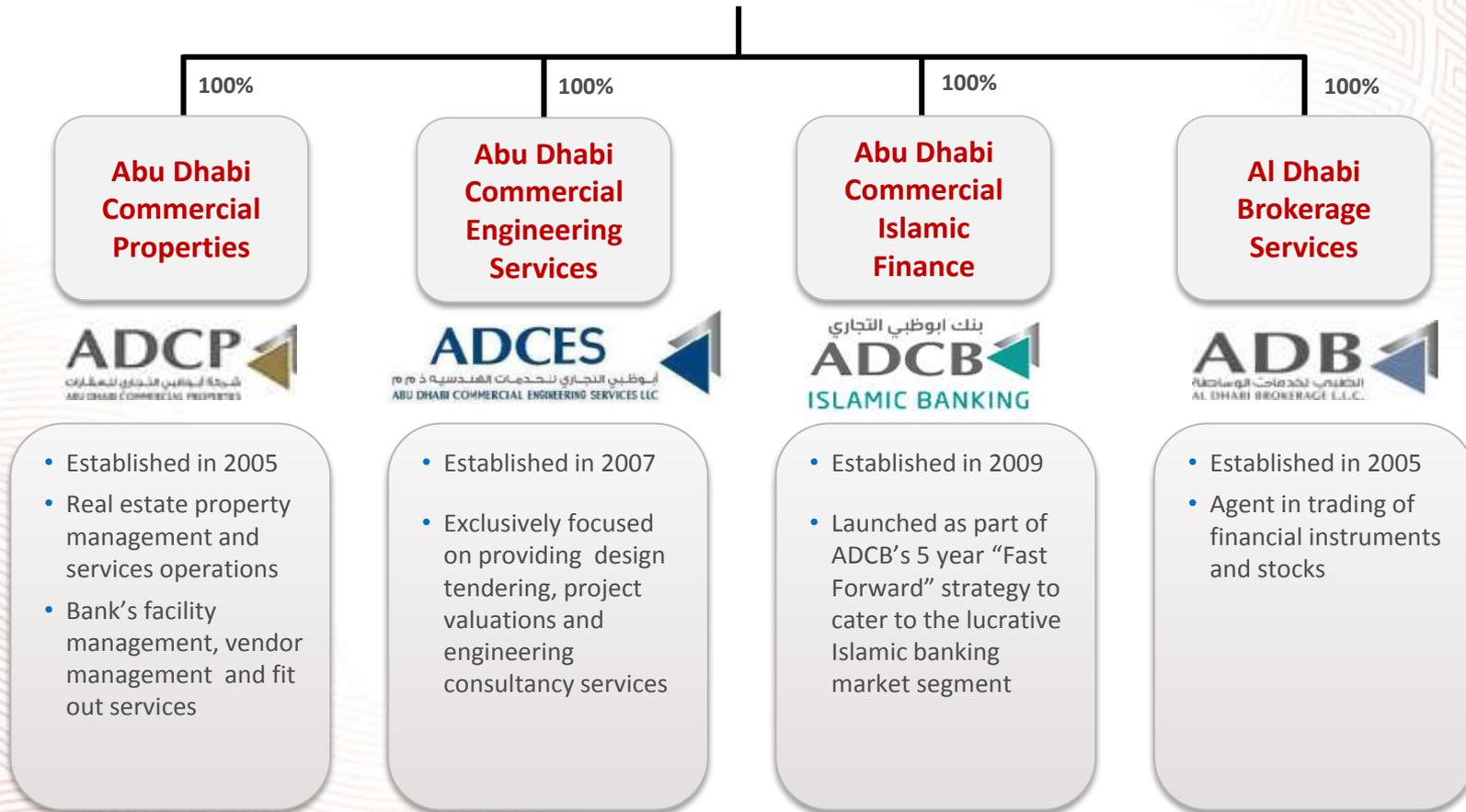
### Market risk

- Independent market risk function
- Established monitoring, review and reporting processes for market risk reporting

### Operational risk

- Operational risk management (ORM) governance framework established
- Policy and processes (ORM tools) in place to effectively manage and monitor operational risk
- Process, systems and tools currently being upgraded

## Key group subsidiaries...



# Board of Directors



## H. E. Eissa Mohamed Ghanem Al Suwaidi, Chairman of the board

- Appointed by the Government of Abu Dhabi to join the ADCB Board of Directors and was elected the chairman of ADCB in September 2008
- Over 20 years of experience in asset management and banking
- External appointments:
  - Executive Director – Abu Dhabi Investment Council
  - Board Member – Abu Dhabi National Oil Company for Distribution
  - Board Member – International Petroleum Investment Company
  - Board Member – Abu Dhabi Fund for Development
  - Board Member – Emirates Investment Authority
  - Chairman – Emirates Telecommunication Corporation “Etisalat”



## H.E. Mohamed Sultan Ghannoum AlHamel, Vice-Chairman

- Appointed by ADIA to join ADCB Board of Directors in 2004
- Prior to joining the Finance Dept of the Government of Abu Dhabi, Mr. Al Hameli was the Assistant Director of the European Equities Department of ADIA
- External appointments:
  - Executive Director – Finance Department of the Government of Abu Dhabi
  - Chairman – Health Authority Abu Dhabi
  - Board Member – Abu Dhabi Ports Co (ADPC)
  - Board Member – Abu Dhabi Health Services Company (SEHA)
  - Board Member – Abu Dhabi Public Service Company (Musanada)
  - Board Member – Social Welfare & Minor Affairs Foundation



## Mr. Mohamed Darwish Al Khoori, Non - Executive Director

- Mr. Al Khoori has 23 years of experience in asset management. In January 2008 Mr. Al Khoori was appointed as the Executive Director of ADIA's Internal Equities Department
- In May 2004, Mr. Al Khoori was nominated by the Government of Abu Dhabi to join the ADCB Board of Directors and he was subsequently, in April 2006, elected by ADCB shareholders to act as an ADCB Director. In March 2009, he was again nominated by the Government of Abu Dhabi to join the ADCB Board of Directors
- External appointments:
  - Chairman of the Executive Committee – Oman & Emirates Investment Holding Company
  - Chairman of the Board of Directors – Oman & Emirates Investment Holding Company
  - Executive Director – Internal Equities Department, ADIA
  - Board Member – Alpha Committee, ADIA
  - Board Member – The Financial Corporation; and Member – Investment Committee, ADIA



## Mr. Khalid Deemas AlSuwaidi, Non - Executive Director

- Appointed by Abu Dhabi Investment Council to join ADCB Board of Directors in March 2009. Mr. AlSuwaidi has approximately 13 years of banking experience, having held senior management positions with National Bank of Abu Dhabi and First Gulf Bank
- External appointments:
  - Chairman – Emirates & Morocco Trading & General Investment
  - Chairman – Manafa Outdoors
  - Chairman – United Tina
  - Vice-Chairman – Manazel Real Estate
  - Chief Executive Officer – Das Holdings
  - Board Member – Abu Dhabi National Takaful Company, Citiscape LLC



## Mr. Jean-Paul Pierre Villain, Non - Executive Director

- Head of the Strategy Unit at H.H. the Managing Director's Office, ADIA.
- In 2007, the President of the French Republic made Mr. Villain “Chevalier de la Legion d’Honneur”.
- In May 2004 Mr. Villain was appointed by the Government of Abu Dhabi to join the ADCB Board of Directors.
- External appointments:
  - Head - ADIA Strategy Committee
  - Head - Strategy Unit at H.H. the Managing Director's Office of ADIA
  - Member of the Investment Committee - Abu Dhabi Fund for Retirement and Benefits
  - Chairman - ADIA Compensation & Benefits Working Group



## Mr. Khalid Haji Khoori, Non - Executive Director

- Elected by ADCB shareholders to join ADCB's Board of Directors in April 2012.
- External appointments:
  - Chairman – Orient House for Development & Construction
  - CEO – Future Investments & Blue Lake Properties
  - Board Member & Chairman of Audit Committee – Abu Dhabi National Hotels



## Mr. Ala'a Mohamed Atta Khalil Eraiqat, Executive Director

- Has held senior positions within Citibank, Standard Chartered Bank, and other financial institutions. He is a certified trainer in sales, investments, marketing and leadership
- Received the Asian Banker Promising Young Banker Award for the Gulf Region in 2007 on 16 March 2008. In 2009, he was chosen by Arabian Business as one of GCC's Most Admired Executives
- External appointments:
  - Board Member – Abu Dhabi National Hotels PJSC
  - Director – MasterCard Asia-Pacific, Middle East and Africa Regional Advisory Board
  - Member – Mubadala Infrastructure Partners Advisory Board



## Mr. Mohamed Ali Al Dhaheri, Non - Executive Director

- Before being appointed by Abu Dhabi Investment Council to join the ADCB Board of Directors in May 2007, Mr. Al Dhaheri was the Chief Operating Officer of the Treasury Department in ADIA.
- External appointments:
  - Executive Director – Accounting and Financial Services Department, – Abu Dhabi Investment Council
  - Board Member – Securities & Commodities Authority
  - Board Member – Abu Dhabi Investment Company
  - Board Member – Al Hilal Takaful
  - Chairman – Investment Committee, Al Hilal Takaful
  - Member – Executive Committee, Al Hilal Takaful
  - Member – Audit Committee, Al Hilal Takaful
  - Member – Remuneration Committee, Abu Dhabi Investment Company



## Mr. Salem Mohamed Athaith Al Ameri, Non - Executive Director

- Mr. Al Ameri is currently the Executive Director of the Private Equity Department within the Abu Dhabi Investment Council (since May 2007).
- Prior to being appointed by Abu Dhabi Investment Council to join the ADCB Board of Directors in May 2007, Mr. Al Ameri spent 9 years with ADIA. During that time he was the Head of the Rest of the World region in ADIA's Private Equities Department.
- External appointments:
  - Chairman – Audit Committee, Abu Dhabi Investment Company
  - Chairman – Abu Dhabi National Hotels
  - Executive Director – Private Equity Department, Abu Dhabi Investment Council
  - Board Member – Abu Dhabi Investment Company



## Mr. Abdulla Khalil AlMutawa, Non - Executive Director

- Mr. AlMutawa is a competent and dedicated investment professional with more than 20 years of experience and a comprehensive background in finance and administration. He was nominated by ADCB shareholders to join the ADCB Board of Directors in March 1997
- External appointments:
  - Chairman – Board Audit Committee and Board Risk Committee, Bank Al Falah Limited. (Pakistan)
  - Board Member – U.A.E. Bank Federation
  - General Manager – Office of Sheikh Suroor Bin Mohammed Al Nahyan
  - Board Member – Al Falah Exchange, U.A.E.
  - Board Member – Bank Al Falah Ltd. Pakistan
  - Board Member – Wateen Telecom Ltd., Pakistan
  - Member – Board Finance Credit & HR Committee, Bank Al Falah Ltd.



## Sheikh Sultan Bin Suroor AlDhahiri, Non - Executive Director

- Elected by ADCB Shareholders to join the ADCB Board of Directors in March 2009.
- External appointments:
  - Chief Executive Officer – Al Dhaheri Group
  - Board Member - National Corporation for Tourism and Hotels
  - Board Member - Al Khazna Insurance Company



## Mr. Gerry Grimstone

- Joined ADCB as Advisor to Board January 2013
- External appointments:
  - Chairman – Standard Life
  - Chairman – The City UK
  - Lead Non-Executive Director – UK Ministry of Defence
  - Independent Non-Executive Director – Deloitte LLP
  - Board Member – UK Government's Shareholder Executive
  - UKTI Special Representative to India for Financial Services

## Management team



### Ala'a Eraiqat, CEO & Member of the Board of Directors

- Joined ADCB in 2004, appointed Deputy CEO in 2007; CEO since February 2009
- Over 20 years of banking experience with previous employers including Citibank and Standard Chartered
- Broad-based experience in consumer, wholesale and general management in leading financial institutions
- On the Board of Directors of several UAE companies (Abu Dhabi National Hotels PJSC, Gulf Capital PJSC)
- Received 'The Asian Banker Promising Young Banker Award' for the Gulf Region in 2008



### Deepak Khullar, Group Chief Financial Officer

- Joined ADCB: 2008
- Previous Experience: Standard Chartered First Bank, Korea - CFO
- Over 25 years of banking & finance experience



### Abdulla Khalifa Al Suwaidi, Head Of Government Relations

- Joined ADCB: 2010
- Previous Experience : Dubai Islamic Bank- Area Manager of Wealth Management
- 11 years of banking & business management



### Colin Fraser, Group Head of Wholesale Banking

- Joined ADCB: 2008
- Previous Experience : Barclays Bank- Head of Corporate Banking, GCC Region
- 17 years of banking & finance experience



### Arup Mukhopadhyay, Group Head of Consumer Banking

- Joined ADCB: 2005
- Previous Experience : Citibank - Head Wealth Management & Marketing Services , UAE region
- 11 years of banking & finance experience



### Kevin Taylor, Group Treasurer

- Joined ADCB: 2009
- Previous Experience : ALICO - Chief Risk Officer
- 25 years of banking & finance experience



### Jerry Möllenkramer, Group Chief Operating Officer

- Joined ADCB: 2010
- Previous Experience : Chief Operating Officer for Royal Bank of Scotland's MEA franchise
- Executive Director for ABN Amro's Group Services Division



### Ali Darwish, Group Head of Human Resources

- Joined ADCB: 2010
- Previous Experience : HSBC and ABN AMRO
- 10 years of ESCROW, business development and Islamic banking



### Kishore Rao, Chief Risk Officer

- Joined ADCB: 2009
- Previous Experience : Arab Banking Corporation - CRO
- Over 25 years of banking industry & risk management



### Simon Copleston, Board Secretary & General Counsel

- Joined ADCB: 2008
- Previous Experience : ADIA – Lawyer to the Emerging Markets Department & Strategic Investment and Infrastructure teams
- Over 14 years of banking, finance and corporate finance experience
- Solicitor of the Courts of England & Wales

## Balance sheet

AED mn	Dec'12	Dec'11	Change (%)
Cash and balances with Central Banks	9,338	6,630	41
Deposits and balances due from banks	16,517	20,840	(21)
Derivative financial instruments	4,993	4,845	3
Loans and advances, net	123,195	124,755	(1)
Investment securities*	19,355	15,068	28
Investment in associates	-	82	-
Investment properties	529	397	33
Other assets	5,926	10,021	(41)
Property and equipment, net	850	965	(12)
Intangibles assets	92	124	(25)
<b>Total assets</b>	<b>180,796</b>	<b>183,726</b>	<b>(2)</b>
Due to Central bank	-	48	-
Due to banks	4,411	3,090	43
Derivative financial instruments	4,768	4,822	(1)
Euro commercial paper	4,557	717	536
Deposits from customers	109,217	109,171	0
Borrowings	26,140	31,897	(18)
Other liabilities	6,995	11,904	(41)
<b>Total liabilities</b>	<b>156,088</b>	<b>161,648</b>	<b>(3)</b>
Total shareholders' equity	24,270	22,072	10
Non -controlling interest	438	6	NA
<b>Total liabilities and shareholders' equity</b>	<b>180,796</b>	<b>183,726</b>	<b>(2)</b>

\*Includes trading securities

## Income statement

AED mn	Dec'12	Dec'11	Change (%)
Interest and income from Islamic financing	7,824	7,699	2
Interest expense and profit distribution	(2,616)	(3,017)	(13)
<b>Total net interest and Islamic financing income</b>	<b>5,207</b>	<b>4,682</b>	<b>11</b>
Net fees and commission income	940	898	5
Net trading income	303	335	(10)
Decrease in fair value of investment properties	(29)	(12)	142
Other operating income	174	166	5
<b>Non interest income</b>	<b>1,388</b>	<b>1,387</b>	<b>0</b>
<b>Operating income</b>	<b>6,595</b>	<b>6,069</b>	<b>9</b>
Staff expenses	(1,165)	(1,095)	6
Other operating expenses	(742)	(787)	(6)
Depreciation	(131)	(149)	(12)
Amortisation of intangible assets	(32)	(32)	-
<b>Operating expenses</b>	<b>(2,069)</b>	<b>(2,063)</b>	<b>0</b>
<b>Operating profit before impairment allowances</b>	<b>4,526</b>	<b>4,006</b>	<b>13</b>
Impairment allowance on loans and advances	(1,874)	(2,303)	(19)
Recovery of loans	183	221	(17)
Other impairment	(19)	(315)	(94)
Share of profit of associates	-	159	-
Net gain on sale of investment in associate	0	1,314	-
Overseas income tax expense	(6)	(36)	(84)
<b>Net profit</b>	<b>2,810</b>	<b>3,045</b>	<b>(8)</b>