



# Leading Through

AMBITION + DISCIPLINE

**Abu Dhabi Commercial Bank PJSC**

Q3/9M'17 Investor presentation

November 2017

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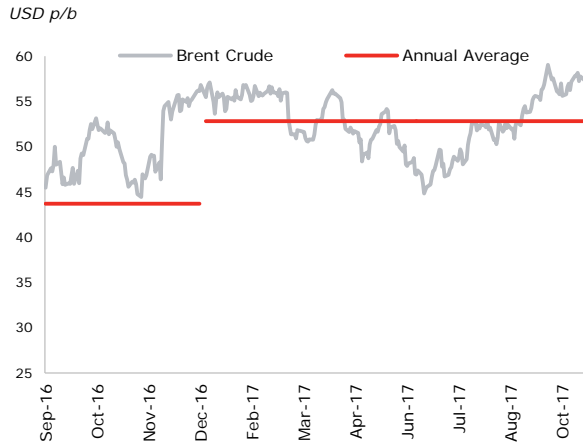
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# Macro overview

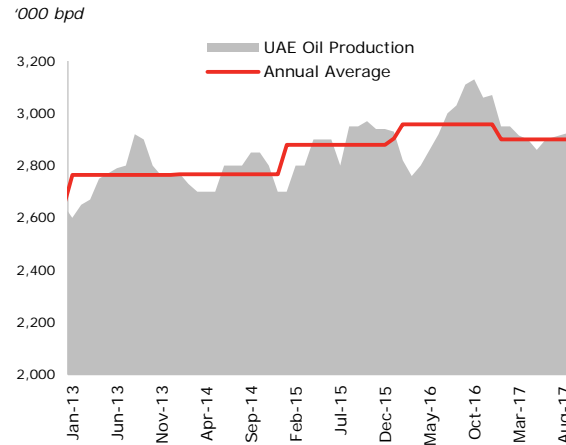
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## Non-oil activity strengthening

### Oil revenues to increase with higher oil prices, average oil production falls with OPEC agreement

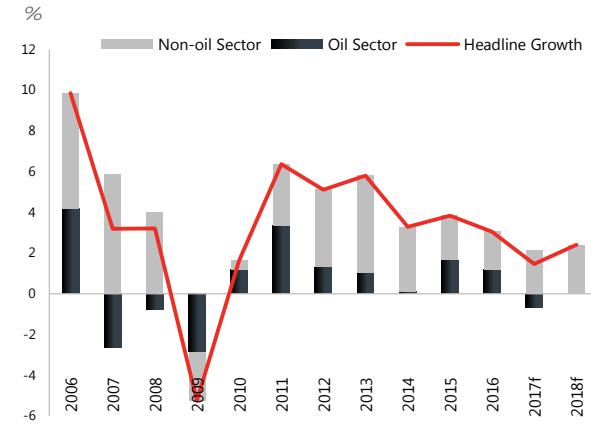


Source: Bloomberg, ADCB estimates



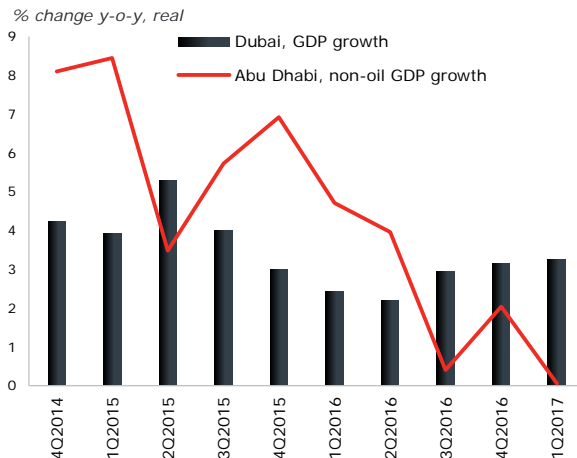
Source: Bloomberg

### Real GDP growth reflects contraction in oil sector



Source: UAE National Bureau of Statistics, ADCB estimates

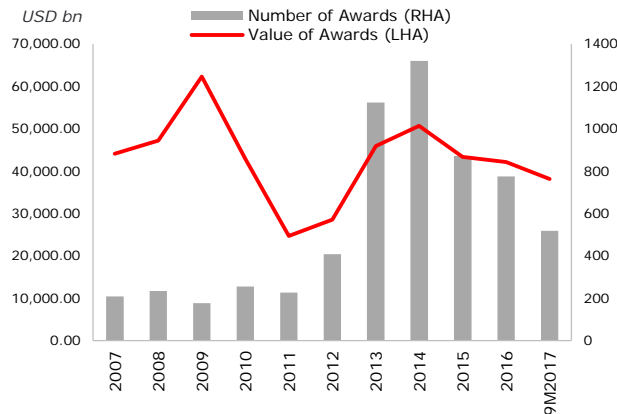
### Dubai driving the acceleration in real non-oil growth



Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

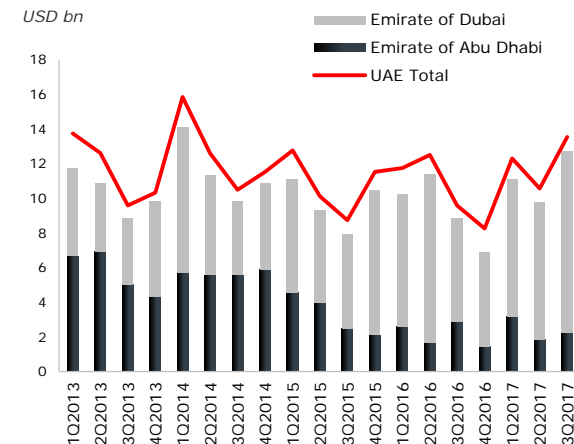
### Project award outlook remains strong in 2017

#### 2017 project award likely to surpass 2016 levels



Source: Meed projects, ADCB estimates

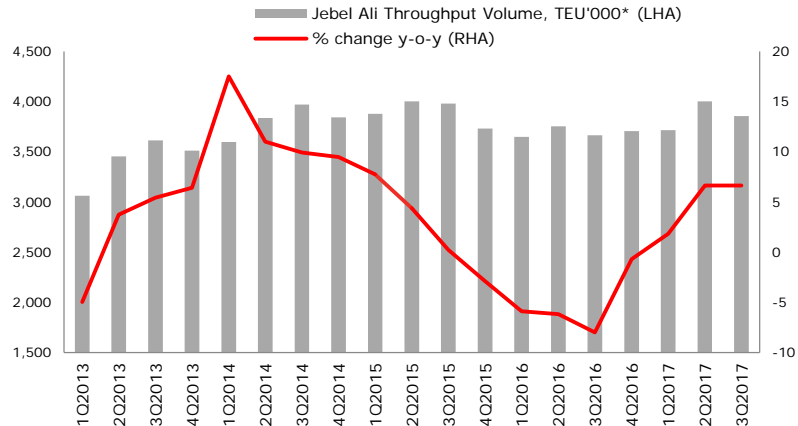
### Dubai seeing double-digit rise in project awards



Source: Meed projects, ADCB estimates

## External sectors supporting recovery

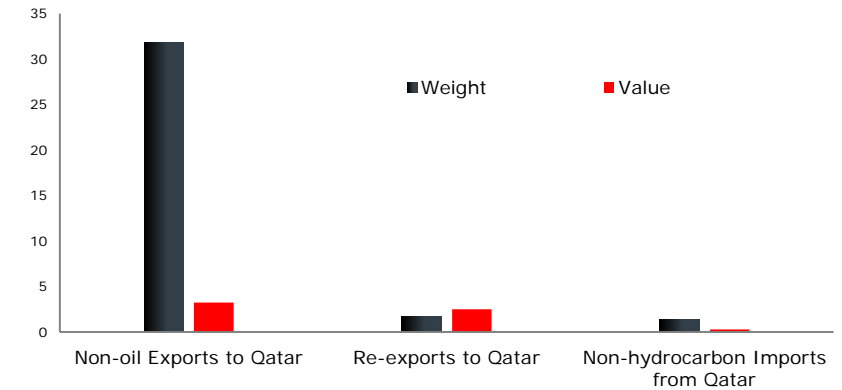
### Pickup in global trade supporting Jebel Ali volumes



\* TEU: Twenty-foot equivalent units  
Source: DP World

### Impact of Qatar developments moderate

UAE trade with Qatar 2016, % of total

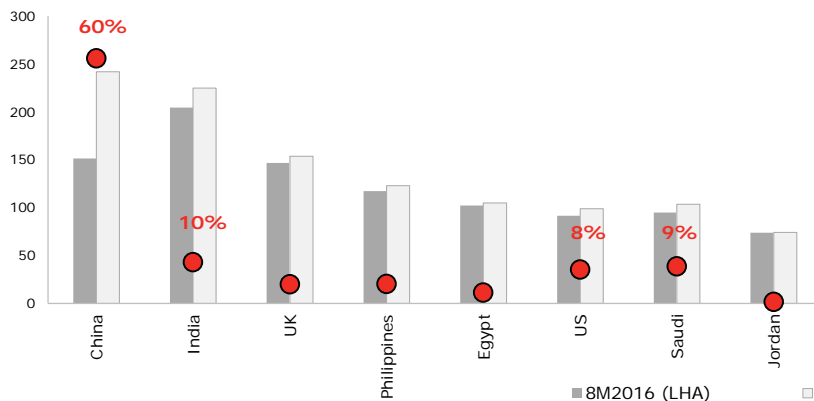


Source: UAE National Bureau of Statistics

### Strong growth in tourist numbers, supported by visa liberalisation

Visitor numbers, '000

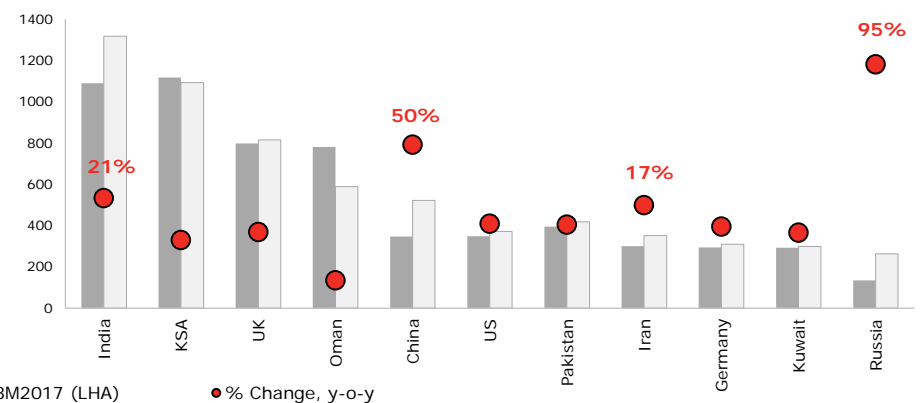
#### Abu Dhabi



Source: Abu Dhabi Tourism and Culture Authority, ADCB calculations

Visitor numbers, '000

#### Dubai

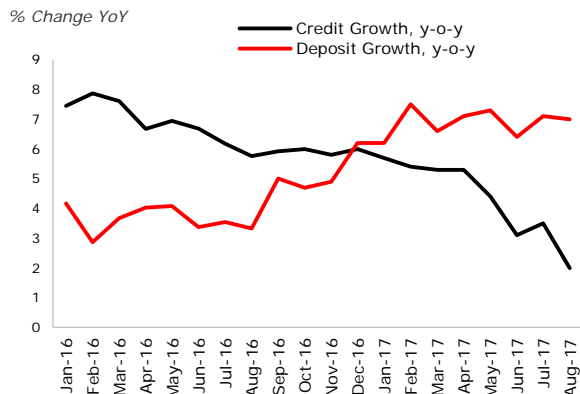


Source: Dubai Department of Tourism and Commerce Marketing, ADCB calculations

## Banking sector as a whole remains resilient

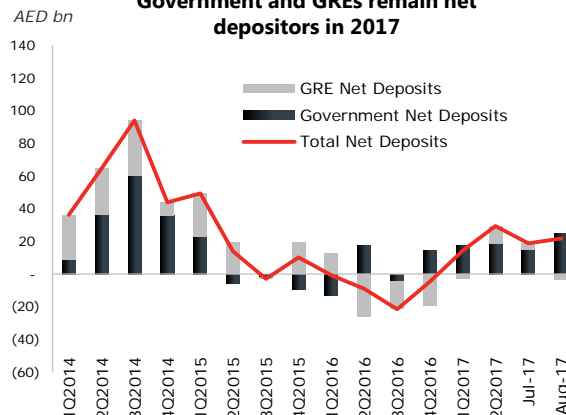
### Banking sector liquidity remains comfortable

#### Deposit growth stronger than credit growth in 2017



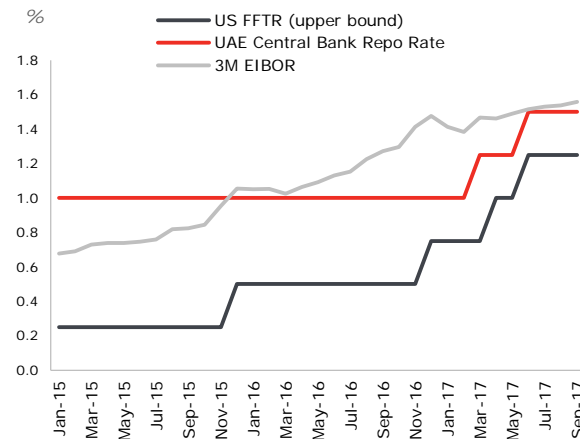
Source: Central Bank of the UAE

#### Government and GREs remain net depositors in 2017



Source: Central Bank of the UAE, ADCB calculations

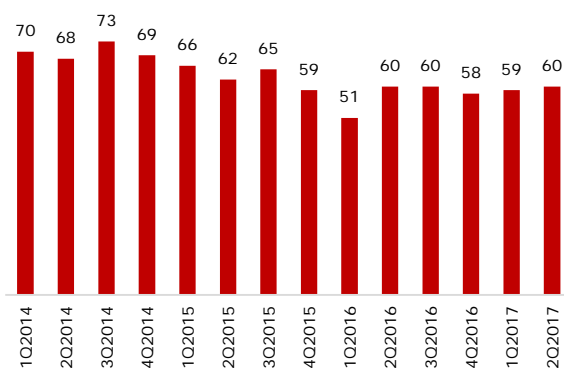
### Interbank rates partly reflect improved liquidity conditions



Source: Central Bank of the UAE, Bloomberg

### Consumer confidence remains muted

% of consumers who are positive on job prospects



Source: Nielsen

### Economic indicators

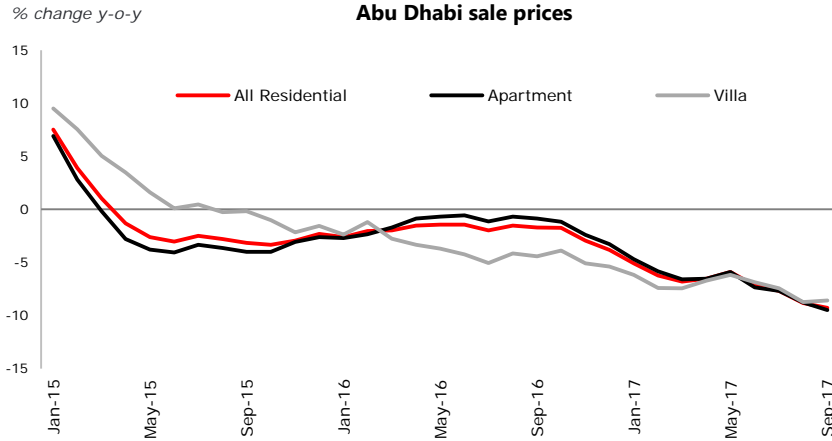
UAE	2013	2014	2015	2016	2017f	2018f
Average Brent Crude Spot Price, USD p/b	108.8	99.5	52.3	43.7	52.9	54.5
Average Oil Production, mn bpd	2.76	2.77	2.9	2.96	2.89	2.91
GDP at Current Market Prices, USD bn	390.7	403.5	358.2	349	373.9	397.7
Real GDP Growth Rate, %	5.8	3.3	3.8	3	1.5	2.5
Real Non-Oil GDP Growth Rate, %	7	4.6	3.2	2.7	3.1	3.3
CPI Inflation, % average	1.1	2.3	4.1	1.7	1.9	3.5
Budget Balance, USD bn	40.4	7.7	(12.1)	(15)	(11)	(6.6)
Budget Balance, % of GDP	10.3	1.9	(3.4)	(4.3)	(2.9)	(1.7)
Trade Balance, USD billion	141	108.4	76.6	65	72.4	75.4
Current Account, % of GDP	19	13	4.7	2	3	3.1
Growth in Credit to the Private Sector, %	4.2	11.7	8.3	5.8	2.5	5.4

■ Inclusive of VAT impact

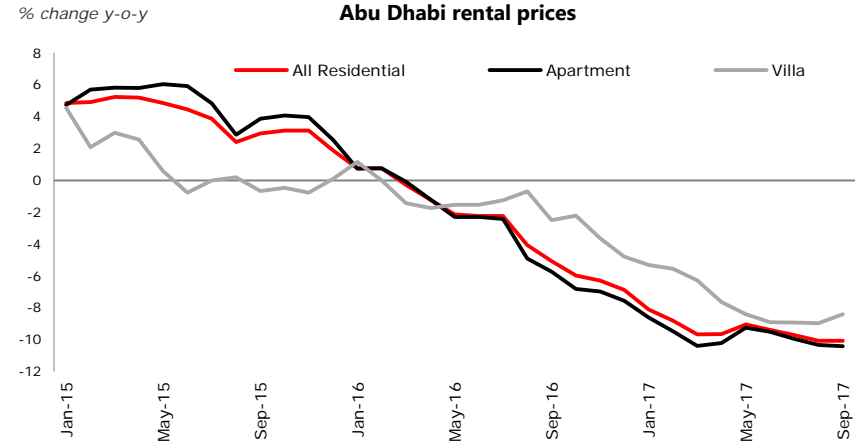
Source: UAE National Bureau of Statistics, UAE Central Bank, IMF, ADCB estimates

# UAE property overview

## Abu Dhabi contraction in rental and sale prices

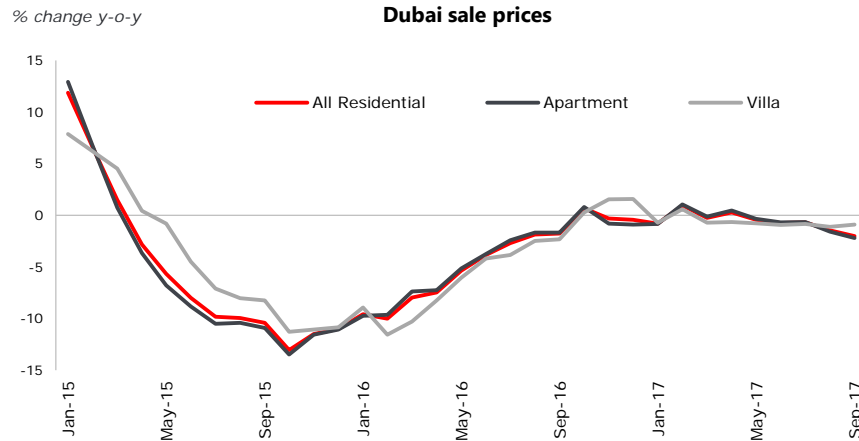


Source: Reidin, ADCB calculations

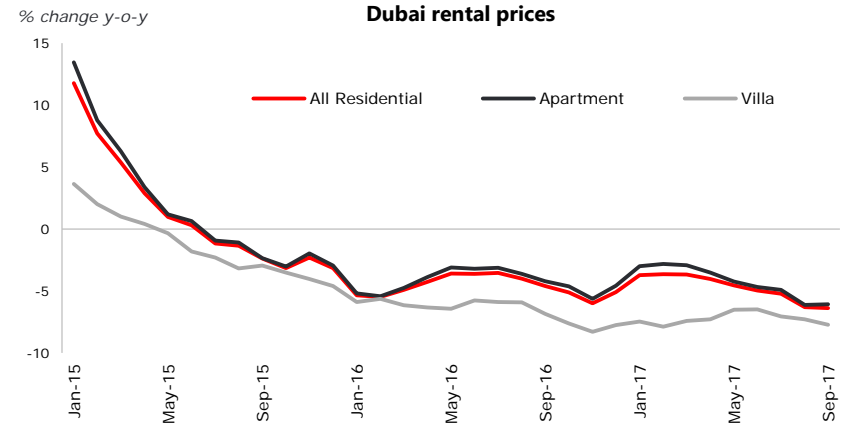


Source: Reidin, ADCB calculations

## Falls in Dubai property sale prices contained in 2017



Source: Reidin, ADCB calculations



Source: Reidin, ADCB calculations



# Business overview

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## ADCB franchise

### Branch network

#### Domestic branches

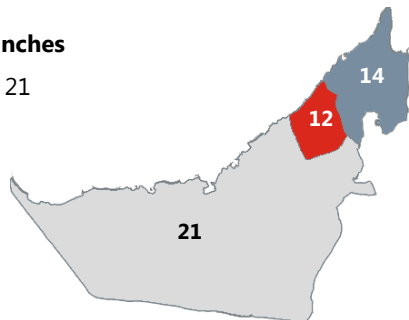
■ Abu Dhabi: 21

■ Dubai: 12

■ Others: 14

Total<sup>1</sup>: 47

ATMs: 350



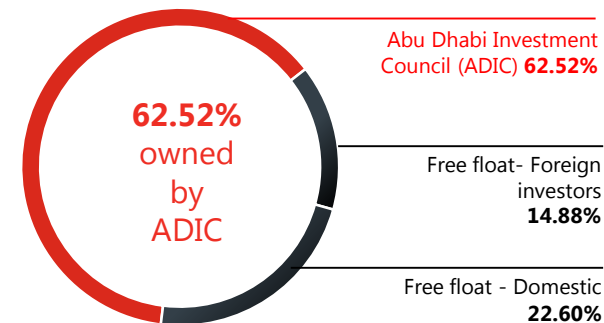
#### International presence:

🇬🇧 Representative office in London and a Jersey Branch

🇮🇳 2 branches in India

🇸🇬 Representative office in Singapore

### Ownership structure<sup>1</sup>



Market cap: AED37,426 million (25 October 2017)

<sup>1</sup> Excludes 3 pay offices

### Ratings re-affirmed in 2017

#### S&P

A/A-1/Stable

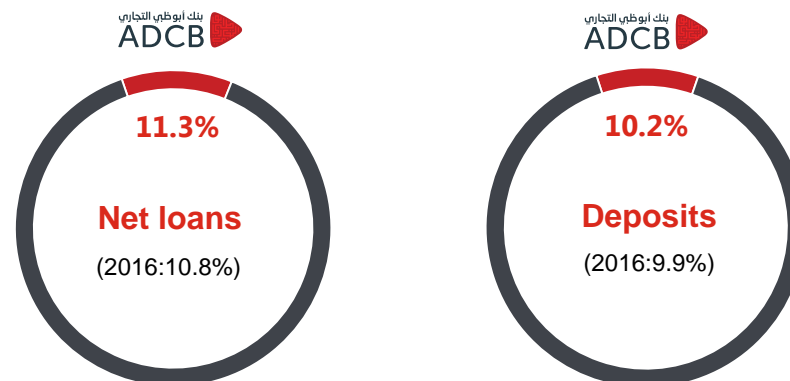
#### Fitch

A+/F1/Stable

#### RAM

AAA/P1/Stable

### Market share by loans and deposits<sup>2</sup>



<sup>2</sup> Source: UAE Central Bank, September 2017

<sup>1</sup> Following our buyback program concluded in January 2015, the Bank has cancelled 397,366,172 treasury shares. The new issued share capital is AED5,198,231,209 (Effective 8 January 2017)

## Highlights

- ▶ Remain UAE centric and well positioned to benefit from the long-term growth prospects of the UAE economy
- ▶ Supportive principal shareholders, Abu Dhabi Investment Council owns 62.52% of the issued share capital
- ▶ Strong domestic franchise, with a well known brand and world class cash management solutions and products
- ▶ Selective international presence and strategic partnerships (Bank of America Merrill Lynch)
- ▶ Strong risk management culture
- ▶ Experienced and stable management team with a wealth of experience in international and regional institutions

## Leading Through Customer Centricity

### Highlights (2016)

#### ▶ Continue to invest in technology

- Opened first digital banking centre “uBank”
- Growing internet and mobile banking usage, 51% for internet banking and 65% for mobile banking
- VoicePass, multi-lingual voice authentication system has over 64,000 registered users
- 16.4 million payments processed, with a value of (AED1.7 trillion), an increase of 19% year on year, with 93% straight through processing (STP) for electronic payments

#### ▶ Award winning cash management platform










- Received the “Five Star” status by Euromoney for our world-class cash management platform, based on extensive survey of client feedback, an accolade fewer than ten banks have earned worldwide

#### ▶ Strong brand

- Recognised as number 1 “Financial Services Brand” in the UAE according to MBLM Brand Intimacy Report in 2016 and amongst the “Top 10 Most powerful brands” in the Middle East by Brand Finance

#### ▶ Over 90% of retail financial transactions are conducted electronically

### UAE Top 10 Financial Services Brands (2016)

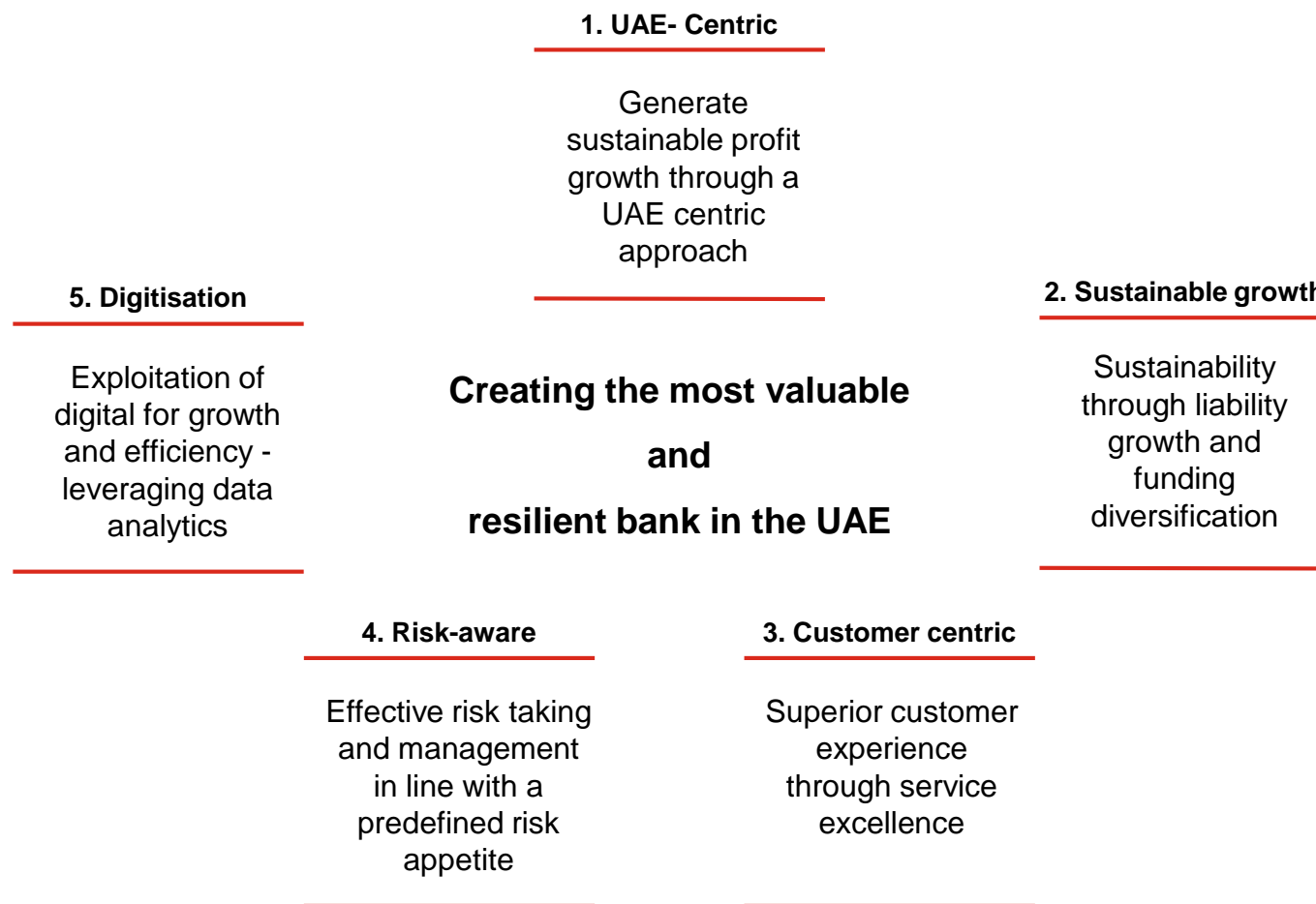
Brands	Quotient
 بنك أبوظبي التجاري ADCB	49.3
 Emirates NBD	41.1
 UAEXCHANGE	37.5
 P	36.4
 VISA	30.6
 بنك دبي الإسلامي NBAD	29.2
 الأنصاري للصرافة AL ANSARI EXCHANGE	29.1
 WU	24.6
 mashreq المشرق	24.2

Source: MBLM  
(<http://mblm.com/brandintimacy/industries/financial-services-uae/>)

### The 10 Most Powerful Brands in the Middle East (2016)

Brand Finance®	
 Emirates	BSI Score 87.3
 zain	BSI Score 81.8
 بنك أبوظبي التجاري ADCB	BSI Score 81.2
 Emirates NBD	BSI Score 79.8
 NBAD	BSI Score 79.3
 etisalat	BSI Score 79.3
 بنك دبي الإسلامي Dubai Islamic Bank	BSI Score 78.7
 سابك SABK	BSI Score 78.5
 QATAR AIRWAYS القطرية	BSI Score 77.6
 du	BSI Score 77.3

Source: Brand Finance

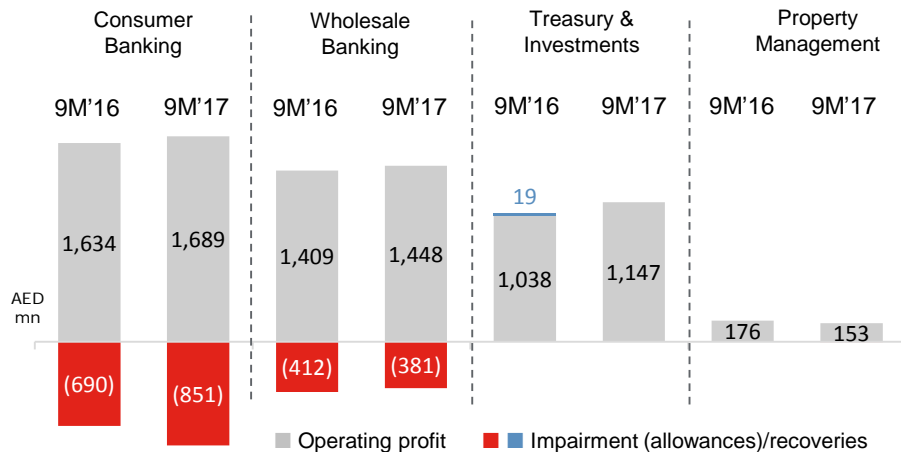


Attracting and rewarding the best talent with incentives aligned with strategic objectives

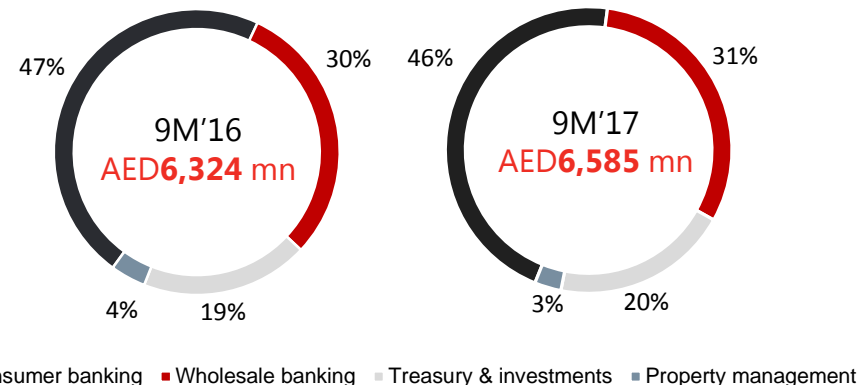
Agile organisation and innovative culture

## Strong underlying performance by each business segment

### Operating profit and impairment allowances by business segment



### Percentage contribution to operating income



#### Consumer Banking

- Covers full range of Retail, Islamic and Private Banking product suite, including Asset Management services and offshore banking
- Full range of credit and debit cards, including merchant acquiring services and co-branded cards with Etihad Airways and Lulu - one of the largest supermarkets chains in UAE

#### Wholesale Banking

- Serves SMEs, mid-corporates, large corporations, financial institutions, public enterprises and government institutions
- Award winning world class cash management services and solutions
- Strong digital online transaction banking platform

#### Treasury and Investments

- Manages liquidity and financial market transactions with counterparties including central banks and sovereign wealth funds
- Covers money market, FX, interest rates, currency, commodity derivatives and asset & liability management

#### Property Management

- Comprises property management and engineering services through subsidiaries Abu Dhabi Commercial Proprieties and Abu Dhabi Commercial Engineering Services
- Management of investment properties and ADCB rental income

### Highlights

- Operating profit for Consumer Banking was up 3% at AED1,689 million in 9M'17, whilst impairment allowances increased to AED851 million from AED690 million in 9M'16, reflective of the ongoing market conditions
- Operating profit for Wholesale Banking was also up 3% at AED1,448 million, whilst impairment allowances were 8% lower year on year at AED381 million in 9M'17

# Financial highlights

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## Balance sheet highlights

Balance sheet (AED mn)	Year to date trend			QoQ and YoY trend		Change %	
	Sep'17	Dec'16	Change %	June'17	Sep'16	QoQ	YoY
Total assets	<b>259,599</b>	258,289	1	259,239	254,679	0	2
Net loans and advances	<b>165,988</b>	158,458	5	164,251	161,562	1	3
Investment securities	<b>42,247</b>	33,059	28	40,905	25,750	3	64
Deposits from customers	<b>163,122</b>	155,442	5	161,779	153,353	1	6
Borrowings (including ECP)	<b>44,724</b>	46,744	(4)	43,615	46,185	3	(3)
Total shareholders' equity	<b>31,566</b>	30,351	4	30,503	29,602	3	7

### Highlights (YTD comparison)

- ▶ Total assets grew 1% to AED260 billion, interbank placements reduced by AED14 billion, while investments increased AED9 billion, mainly driven by an increase in government bonds
- ▶ Net loans increased by 5% to AED166 billion; WBG loans +6% and CBG loans +3%
- ▶ Customer deposits increased by 5% to AED163 billion, CASA deposits +8% (AED5 billion), while Murabaha deposits +36% (AED2 billion)
- ▶ CASA deposits comprise 43% of total customer deposits
- ▶ Islamic Banking remains a key area of focus, net Islamic financing asset of AED21 billion, up +14%, Islamic deposits of AED15 billion, up +22%
- ▶ Loan to deposit ratio stable at 101.8% compared to 101.9% as at 31 December 2016
- ▶ Borrowings of AED45 billion comprise 20% total liabilities, Euro commercial paper balances of AED4.4 billion decreased 49%



## Income statement highlights

Income statement (AED mn)	Year to date trend			Quarterly trend			Change %	
	9M'17	9M'16	Change %	Q3'17	Q2'17	Q3'16	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 allowance	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
Net profit for the period	3,206	3,153	2	1,092	1,008	1,006	8	9

### Highlights

#### 9M'17 vs. 9M'16

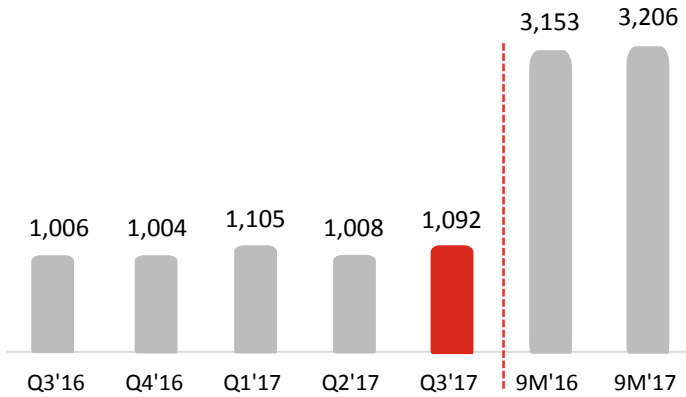
- ▶ Net profit of AED3,206 million, up +2%
- ▶ Net interest income of AED4,983 million, up +8%, driven by higher volumes
- ▶ Non-interest income of AED1,602 million, down -6%, primarily on account of weaker trading income driven by lower volatility against a very strong prior year
- ▶ Operating income of AED6,585 million, up +4%, operating expenses of AED2,147 million, also up +4%, resulted in a stable cost to income ratio of 32.6%
- ▶ Impairment allowance of AED1,232 million, up +14%. While recoveries remained strong, current year saw lower impairment allowance releases compared to last year

#### Q3'17 vs. Q3'16

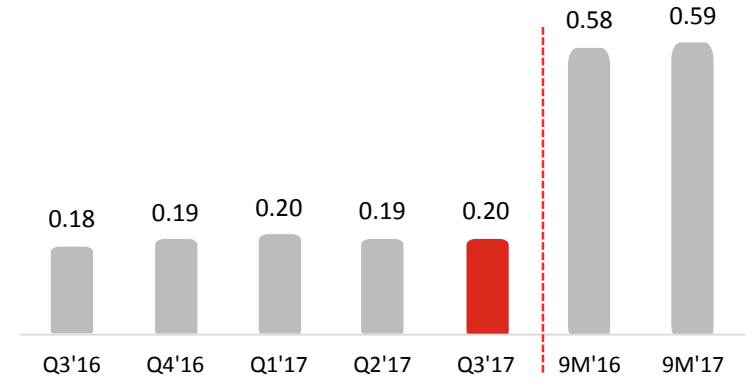
- ▶ Net profit of AED1,092 million, up +9%
- ▶ Net interest income of AED1,677 million, up +10%
- ▶ Non-interest income of AED569 million, up +5% year on year, on account of stronger FX income and higher fee & commission income
- ▶ Operating income of AED2,247 million, up +9% driven by an increase in both net interest income and non interest income
- ▶ Operating profit before impairment allowances of AED1,511 million, up +7%

## Stable key performance indicators

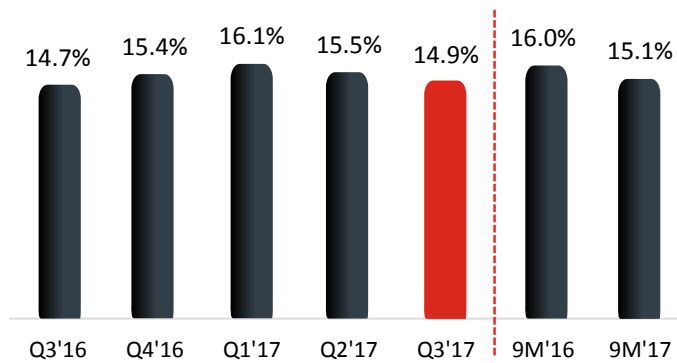
### Net profit



### Earnings per share (AED)

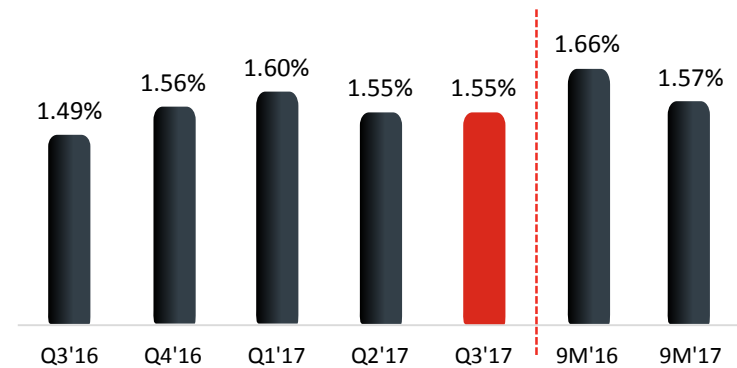


### Return on average equity (%)



9M'17 average equity: AED27 billion } +7%  
9M'16 average equity: AED25 billion } AED2 billion

### Return on average assets (%)



9M'17 average assets: AED259 billion } +7%  
9M'16 average assets: AED242 billion } AED18 billion

## Balance sheet metrics

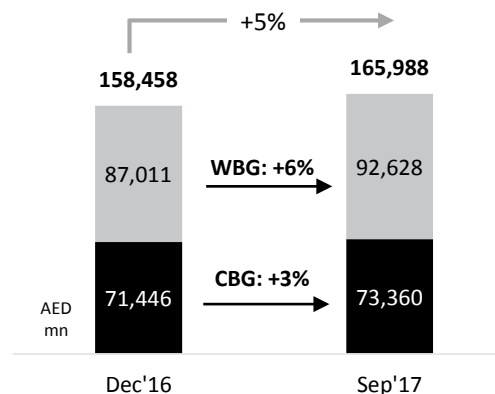
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## Resilient balance sheet, healthy and diversified loan growth Disciplined and selective lending growth in our core geography

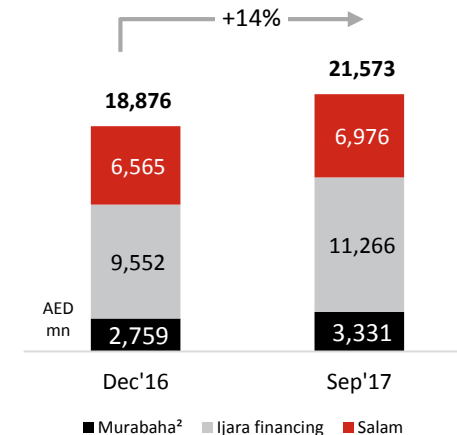
### Highlights (YTD comparison)

- ▶ Net loans increased 5% (AED7.5 billion) to AED166 billion, compared to flat system wide<sup>1</sup> growth until September'17
- ▶ Gross Islamic financing assets up +14% to AED22 billion
- ▶ 94% of loans were within the UAE
- ▶ Credit card portfolio of AED4.2 billion, up +10%
- ▶ SME portfolio +2%, while MCD loans +27%

### Healthy growth in net loans, despite muted system wide growth

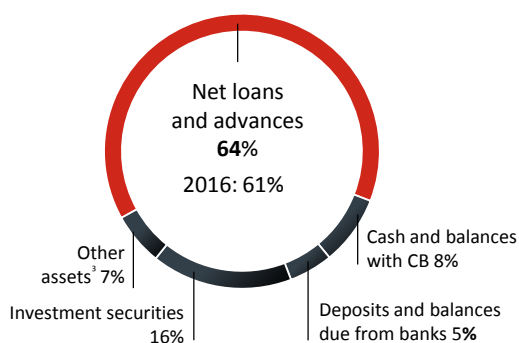


### Strong growth in Islamic financing assets (Gross)

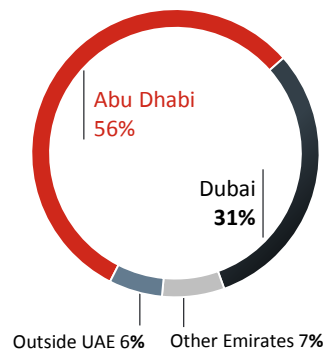


### Resilient balance sheet Composition of assets

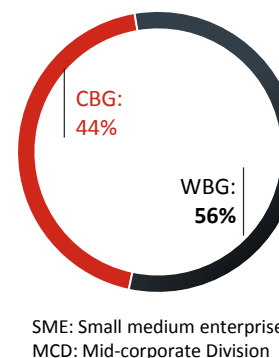
Total assets: AED259,599 mn



### Portfolio exposure geared to Abu Dhabi and Dubai

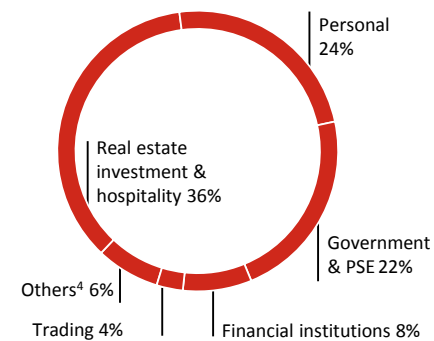


### Well diversified by business segment, with focus on Retail, SME and MCD



### Loans well-diversified by economic sector

Gross loans: AED171,955 mn



<sup>1</sup> UAE CB September 2017 data for retail credit has been adjusted to reflect accounting adjustments made by Banks to set off the amount of Refinancing against related Personal loans

<sup>2</sup> Murabaha includes other Islamic financing assets of AED172 million as at 30 Sep 2017 and AED170 million as at 31 Dec 2016

<sup>3</sup> Other assets include derivative financial instruments, investments in associate, investment properties, property and equipment (net), intangible assets and reverse repo placements

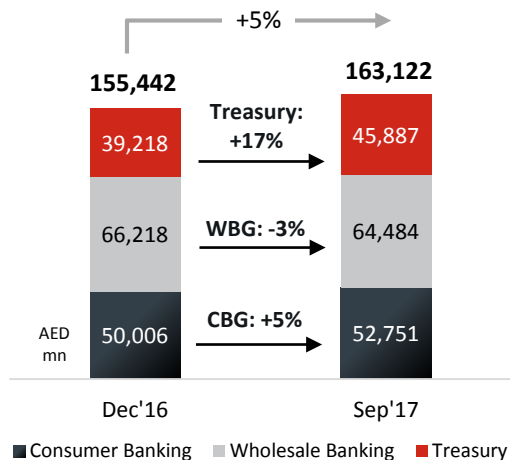
<sup>4</sup> Others include agriculture, energy, transport, manufacturing and services

## Diversified funding mix, with a strong customer deposit franchise Significant increase in total Islamic deposits

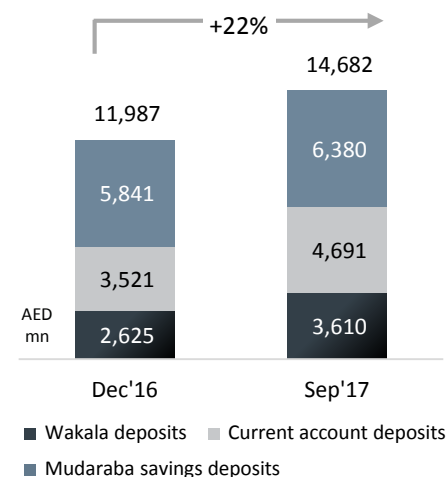
### Highlights (YTD Comparison)

- ▶ Customer deposits increased 5% to AED163 billion, compared to system wide growth of 2.1% until September'17
- ▶ Customer deposits as a proportion of total liabilities increased to 72% from 68% over 31 December 2016
- ▶ CASA/total customer deposits stable at 43%
- ▶ Islamic deposits increased +22% to AED15 billion, primarily attributable to increase in CASA and Wakala deposits
- ▶ WBG deposits contracted 3%, resulting from a strategic decision to replace higher cost deposits with alternative customer base/sources

### Healthy growth in customer deposits

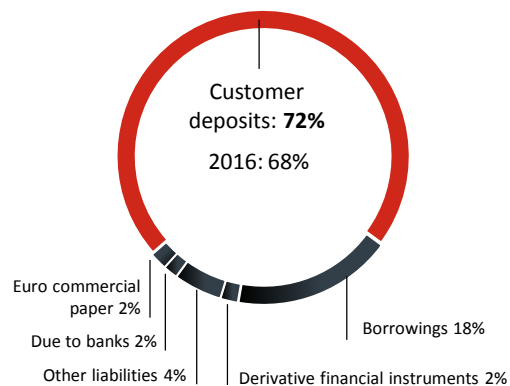


### Strong growth in Islamic deposits<sup>1</sup>



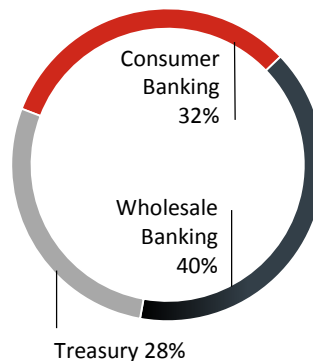
### Diversified liability base, with increasing customer deposits

Total liabilities: AED228,033 mn



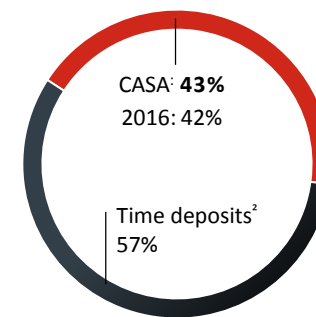
### Customer deposits well diversified by business segment

Customer deposits: AED163,122 mn



### Solid growth in CASA deposits, whilst maintaining a stable CASA %

CASA deposits: AED70,052 mn



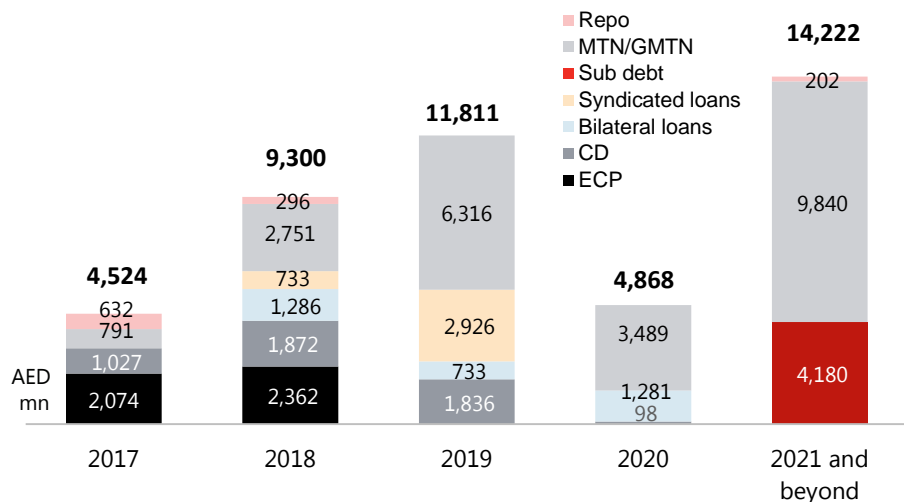
<sup>1</sup> Wakala deposits include Mudaraba term deposits, current account deposits include margin deposits

<sup>2</sup> Time deposits include long-term government and Murabaha deposits

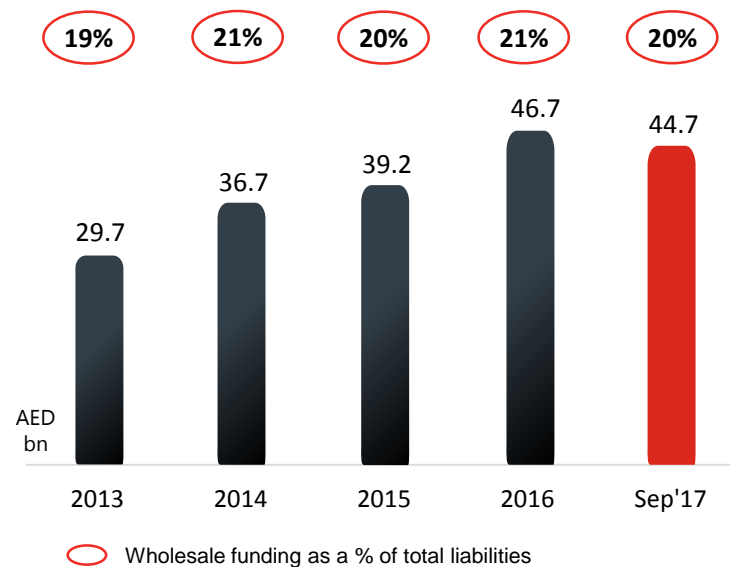
# Wholesale funding and maturity profile

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

Maturity profile as at 30 September 2017



Wholesale funding including Euro commercial paper



Wholesale funding including Euro Commercial Paper accounted for 20% of total liabilities, providing a stable, long-term and reliable source of funding

Wholesale funding split as at 30 September 2017

Source of funds	AED mn
GMTN/EMTN	23,187
Subordinated debt	4,180
Euro Commercial paper	4,436
Borrowings through repurchase agreements	1,130
Bilateral loans	3,299
Syndicated loans	3,659
Certificate of Deposits	4,833
<b>Total</b>	<b>44,724</b>

Net lender of

**AED14 bn\***

in the interbank markets

(As at 30 Sep 2017)

\* Includes AED 8.5 bn of certificate of deposits with central banks

## Investment securities, 99% of total portfolio invested in bonds

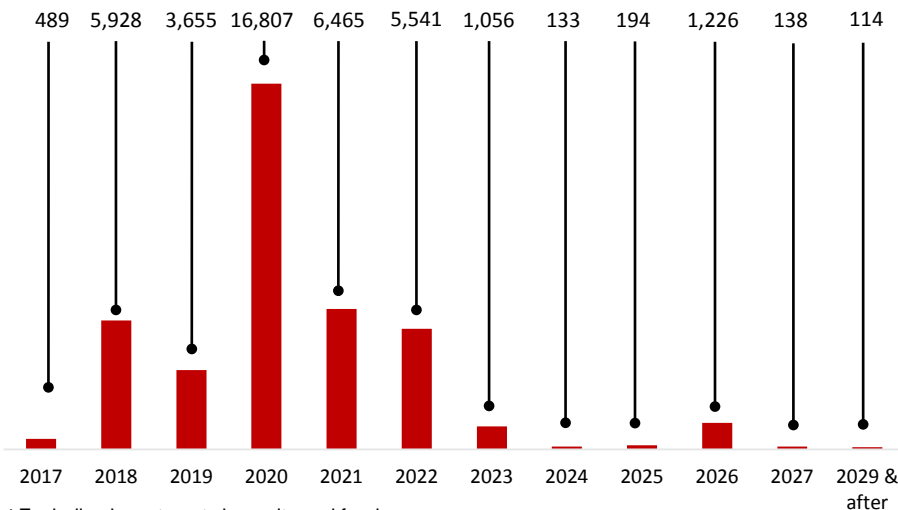
### Highlights

- ▶ Investment securities of AED42,247million
- ▶ 99% of the total portfolio invested in bonds issued by government, public sector, banks, financial institutions and corporates
- ▶ Average life of the investment securities portfolio is 3.2 years
- ▶ 74% invested in the UAE and other GCC countries

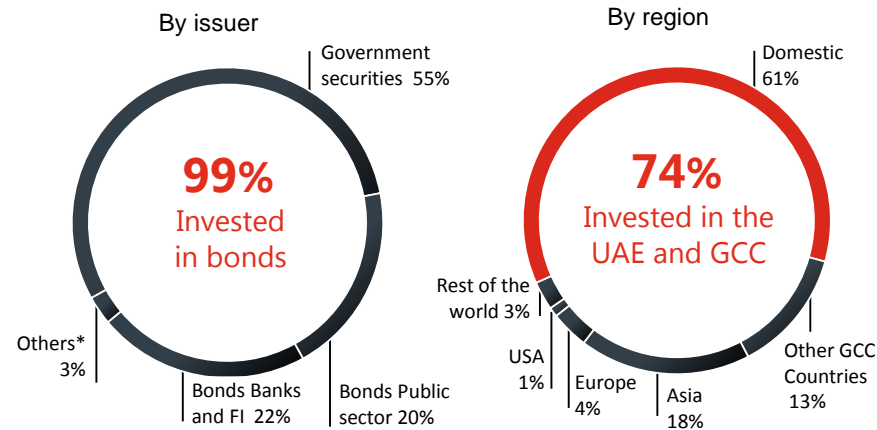
### Portfolio summary:

- ▶ 55% of the portfolio is invested in Government securities
- ▶ Non Government bond portfolio – 45% of total portfolio
  - Rated A- or better: 55%
  - Rated Investment grade (i.e. BBB+ to BBB-): 33%
  - Rated below IG (BB+ and below including unrated): 12%

### Maturity profile of investment securities portfolio (AED mn)\*



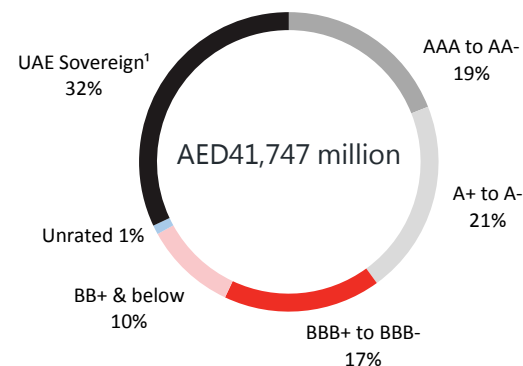
### High quality investment portfolio mainly invested in the UAE and GCC



\* Include corporate bonds, equity instruments and mutual funds

### Total bond portfolio

Credit ratings as at 30 Sept 2017 (S&P or equivalent of Fitch or Moody's)



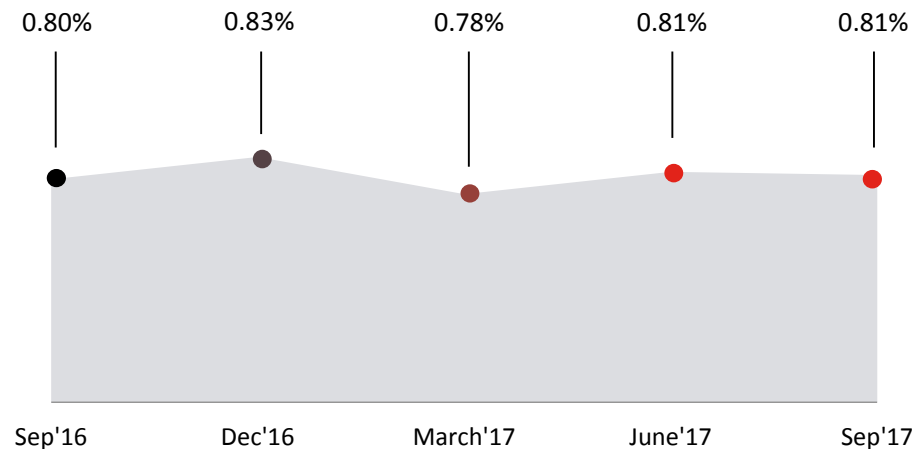
<sup>1</sup> UAE Sovereign internal rating mainly in Grade 2 and maps to external rating between AA to A

## Stable asset quality metrics Conservative and prudent approach to risk management

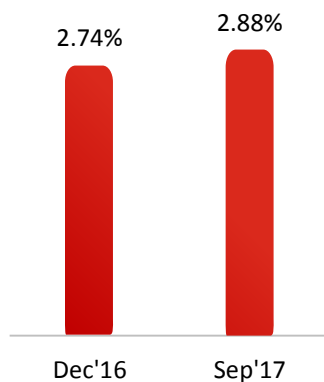
### Highlights

- ▶ Non-performing loans and provision coverage ratios were 2.9% and 118.7% respectively, compared to 2.7% and 129.9% as at 31 December 2016
- ▶ Impairment charges on loans, net of recoveries amounted to AED1,232 million in 9M'17, compared to AED1,115 million in 9M'16
- ▶ Recoveries for the nine month period totaled AED206 million compared to AED96 million in 9M'16, while current year saw lower impairment allowance releases compared to the previous year
- ▶ Collective impairment allowance balance was AED3,163 million, 1.78% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

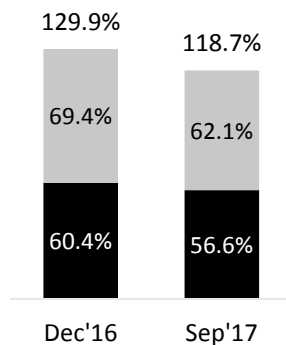
### Cost of risk remaining within the 80 basis points range



### Non-performing loan ratio

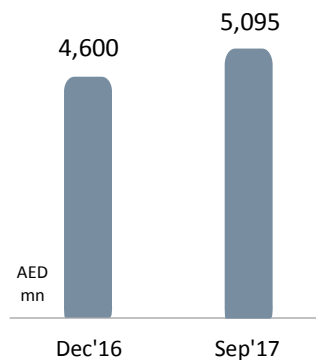


### Provision coverage ratio

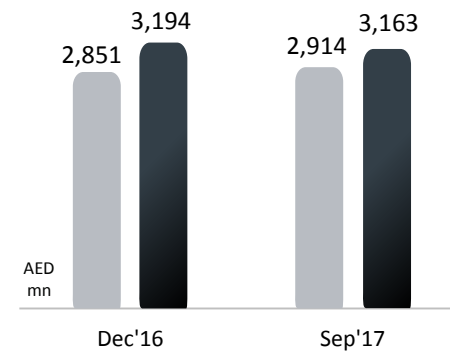


■ Individual impairment  
■ Collective impairment

### Non-performing loans



### Impairment allowances\*



■ Individual impairment ■ Collective impairment

\* Includes impairment allowances to banks

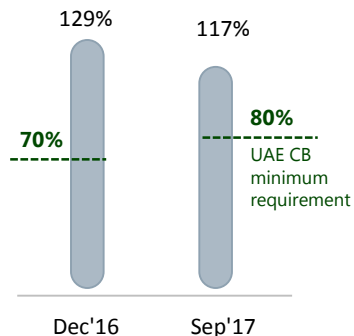


## Robust capital ratios and comfortable liquidity levels

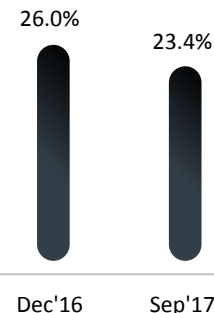
### Highlights

- ▶ Total capital adequacy ratio of 18.47% compared to 12% minimum stipulated by the UAE Central Bank
- ▶ Tier I ratio of 15.25% (Dec'16:15.66%) and core tier I ratio of 13.29% (Dec'16:13.57%)
- ▶ Liquidity coverage ratio of 117% compared to 80% minimum stipulated by the UAE Central bank
- ▶ Liquidity ratio of 23.4%, 2.6% lower over Dec'16, on account of reduction in interbank placements offset by increase in liquid investments
- ▶ Advances to stable resources ratio stood at 86.9% compared to 94.8% in Dec'16

### Liquidity coverage ratio

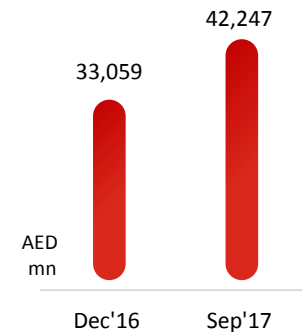


### Liquidity ratio\*

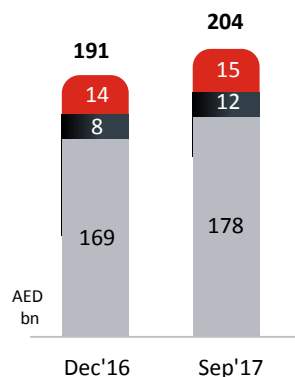


Liquidity ratio: liquid assets/total assets

### Investment securities

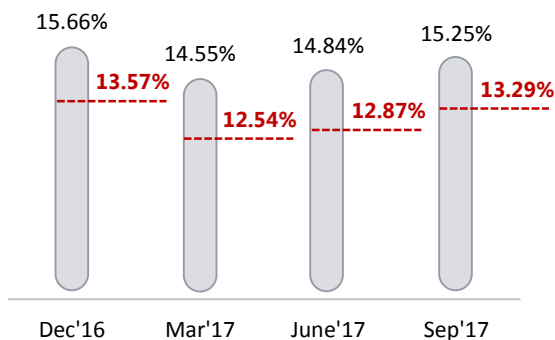


### Risk weighted assets



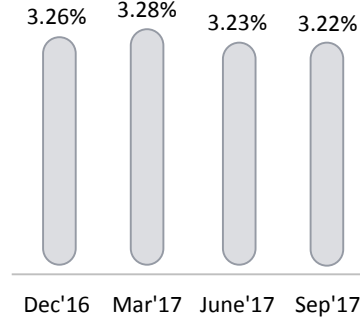
■ Credit risk ■ Market risk  
■ Operational risk

### Tier I capital ratio

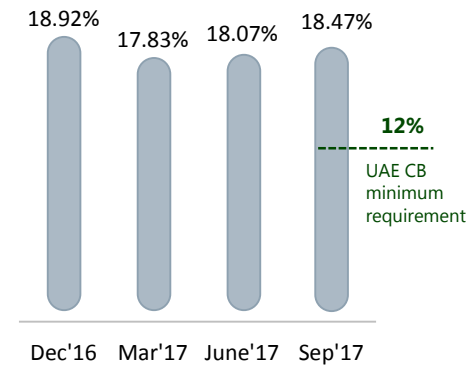


----- Core tier I ratio

### Tier 2 capital ratio



### Capital adequacy ratio (Basel II)



\*Liquid assets include cash and balances with Central Banks, deposits and balances due from banks, reverse repo placements, trading securities, and liquid investments (excluding unquoted investments)

## Income statement metrics

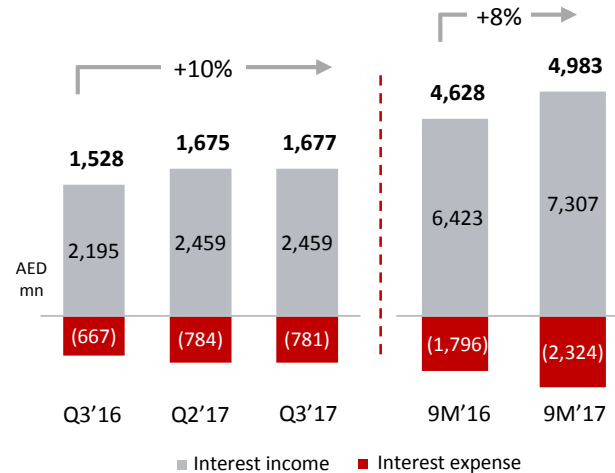
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## Stable cost of funds despite rising benchmark rates

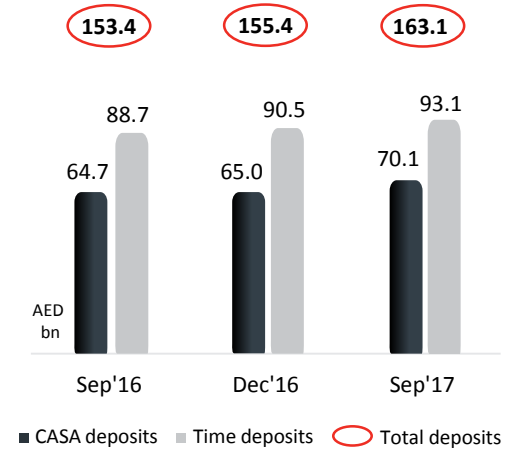
### Highlights

- ▶ Interest and Islamic financing income of AED7,307 million increased 14% over 9M'16, mainly driven by higher volumes. The prior year benefited from interest in suspense reversals, which were not repeated in 2017
- ▶ Interest expense of AED2,324 million increased 29% over 9M'16, due to declining LTD ratio and move towards longer tenor funding
- ▶ Average interest earning assets increased 12.4% and average interest bearing liabilities increased 12.6% over the prior year
- ▶ YTD NIM of 2.89% and cost of funds of 1.46%, stable for the last three quarters despite the rising benchmark rates

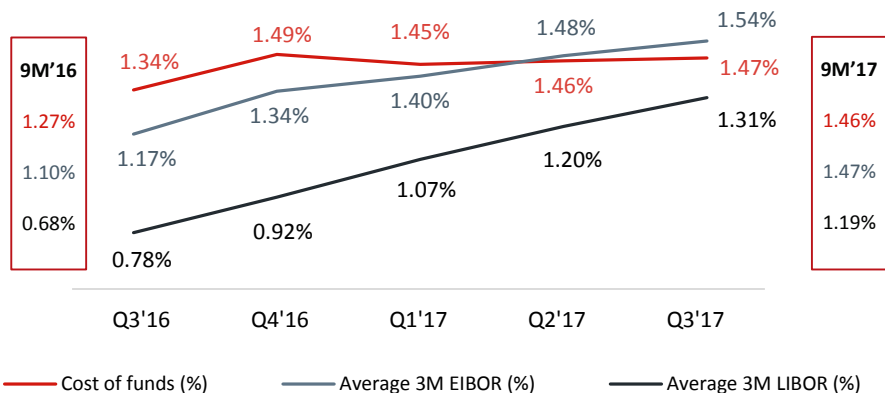
### Strong top line growth, 9M'17 net interest income +8% YoY



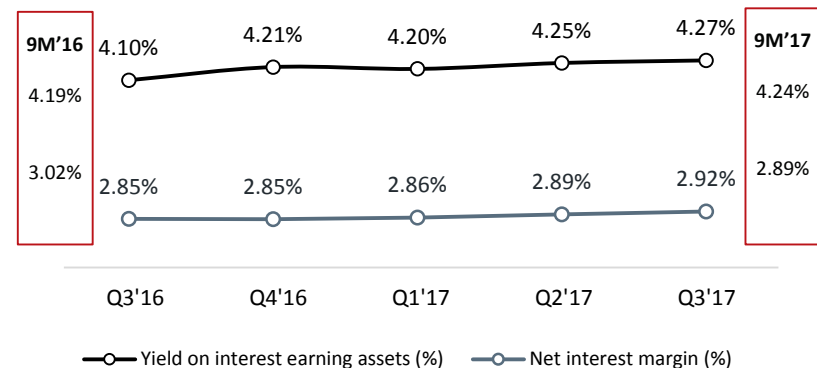
### CASA and time deposits



### Stable cost of funds, despite rising benchmark rates



### NIMs well maintained, increasing asset yields

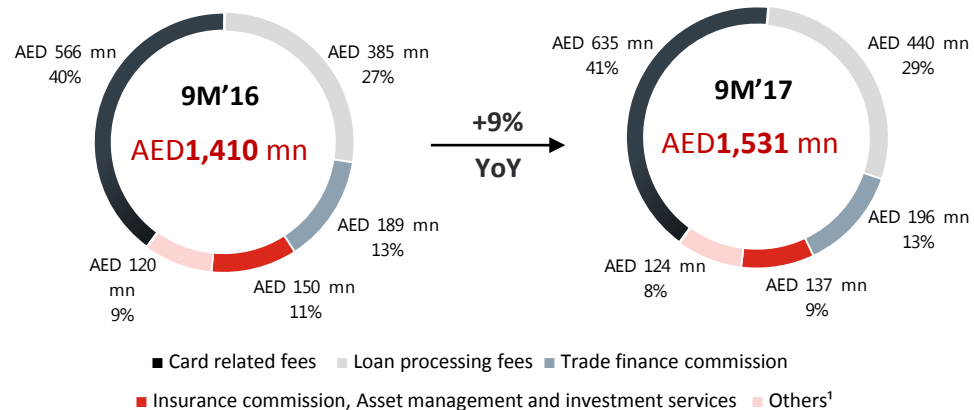


## Healthy top line growth, diversified revenue stream

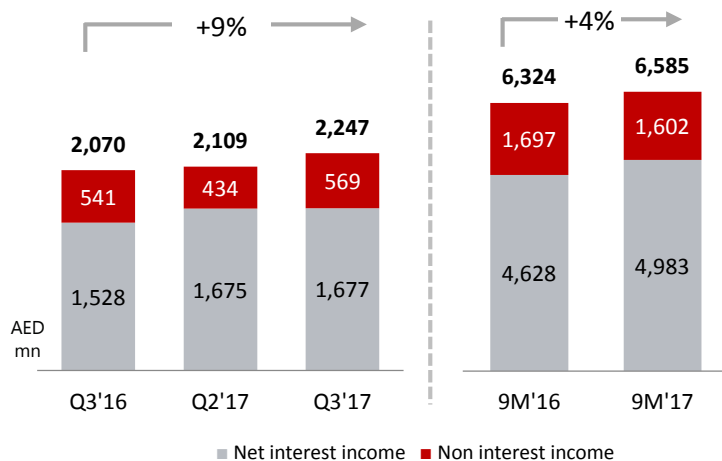
### Highlights

- ▶ Non-interest income of AED1,602 million was 6% lower over 9M'16, primarily on account of weaker trading income this year compared to strong FX gains recorded last year
- ▶ 9M'17 net fee and commission income grew 3% year on year to AED1,130 million, mainly driven by higher card related and loan processing fees
- ▶ For the quarter, non-interest income of AED569 million was up 5% over Q3'16, on account of stronger FX income and higher fee & commission income

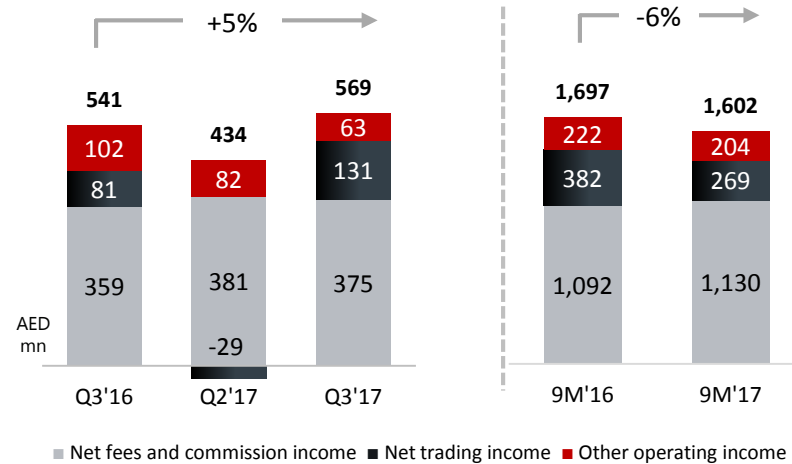
### Fees and commission growth momentum maintained (Gross)



### 9M'17 operating income +4% YoY Stable growth in revenues, despite lower non-interest income



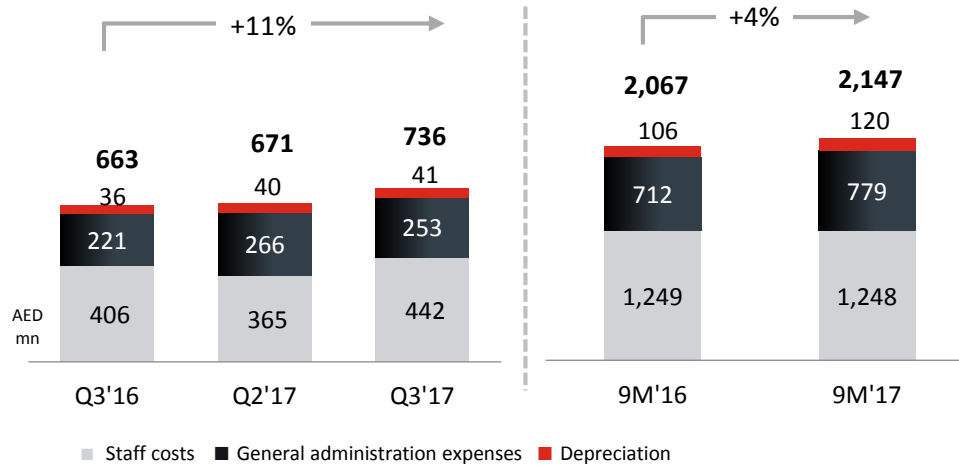
### YTD non-interest income impacted by lower trading income



<sup>1</sup> Others include brokerage, fees from accounts related activities and other fees

## Disciplined cost management and stable cost to income ratio

### Operating expenses continue to be well managed



### Stable cost to income ratio

9M'16	9M'17
32.7%	32.6%

Efficiently managed cost base, while continuing to reinvest in the business

### Highlights

- ▶ 9M'17 operating expenses of AED2,147 million was up +4% year on year, and in line with revenue growth, resulting in a stable cost to income ratio of 32.6% compared to 32.7% in 9M'16
- ▶ Staff expenses for 9M'17 remained stable at AED1,248 million and comprised 58% of total operating expenses compared to 60% in 9M'16
- ▶ 9M'17 other operating expenses of AED779 million was up 10% over the prior year, primarily attributable to the Bank's on-going investments in improved system, capabilities and digital technology to enhance operational efficiency
- ▶ Successfully completed the migration and consolidation of our core banking system, following two years of complex programming, testing and training

## 9M'17 Financial results – Key takeaways

### A good quarter, strong YTD performance, with stable key indicators

- ▶ Current operating environment remains challenging, muted consumer confidence and weak private sector credit growth
- ▶ Improved liquidity conditions, deposit growth continues to outpace credit growth, while Government and GREs remain net depositors
- ▶ Both net loans and customer deposits +5% YTD vs. industry wide\* flat growth in net loans and +2.1% growth in deposits
- ▶ CASA/total customer deposits maintained at 43% of total customer deposits (Dec'16: 42%)
- ▶ Investment securities +28% YTD, mainly invested in government bonds
- ▶ Net profit of AED3.2bn, +2% YoY and ROE of 15% for the nine month period of 2017
- ▶ Operating income of AED6.6bn, +4% YoY, net interest income +8% YoY, despite much lower IIS revenues compared to 2016
- ▶ Non-interest income of AED1.6bn, -6% YoY, mainly on account of lower trading income, whilst fees and commission grew 3% YoY
- ▶ Cost to income ratio stable at 32.6% vs. 32.7% in 9M'16
- ▶ Cost of funds stable over the last 3 quarters despite the rising benchmark rates (9M'17 cost of funds: 1.46%)
- ▶ Stable asset quality indicators, cost of risk of 0.81% compared to 0.83% in 2016

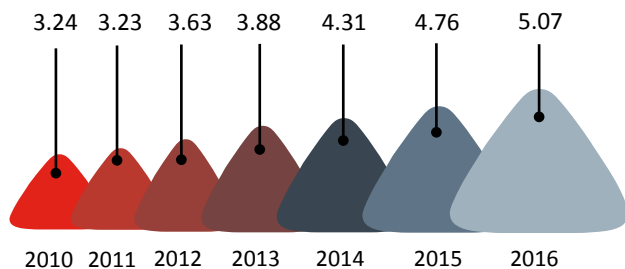
\*September 2017 data for retail credit has been adjusted to reflect accounting adjustments made by Banks to set off the amount of Refinancing against related Personal loans

# Our journey

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## Our journey: Strong financial performance, delivering long term value for shareholders

Book value per share (AED)

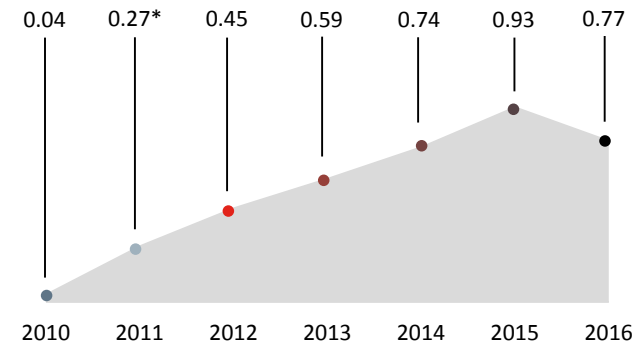


Total shareholder return (%)

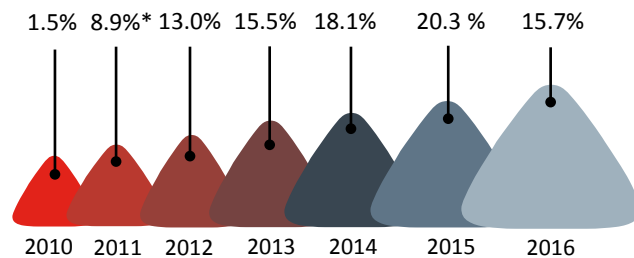
	ADCB	ADX	ADBF
1 Year	<b>11%</b>	11%	7%
5 Year	<b>214%</b>	137%	134%
7 Year	<b>453%</b>	123%	134%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Exchange, ADBF: Banking Index  
As at 31 December 2016

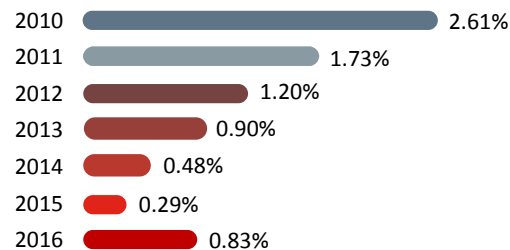
Basic earnings per share (AED)



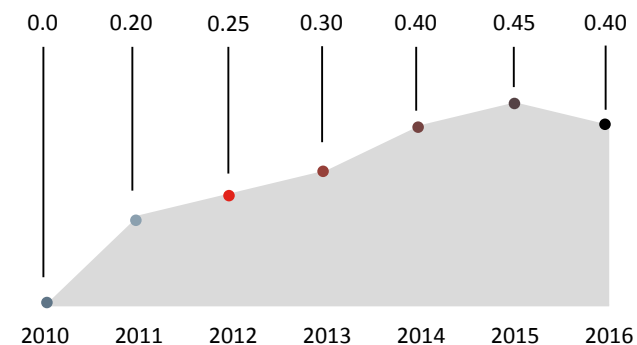
Return on average equity (%)



Cost of risk (%)



Dividend per share (AED)

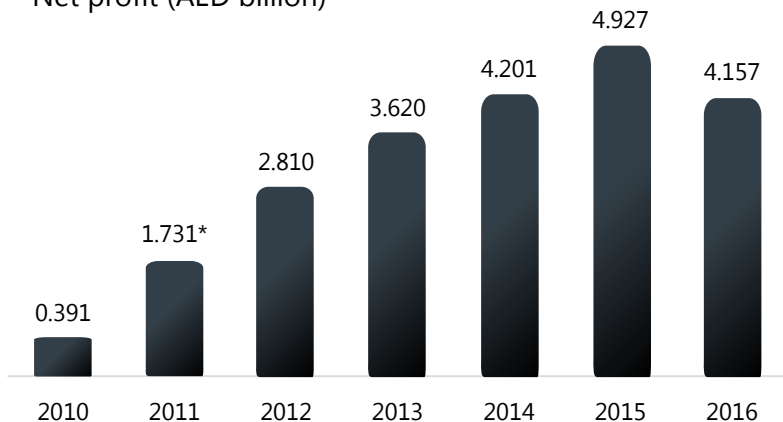


\* Normalised to reflect sale of investment in associate



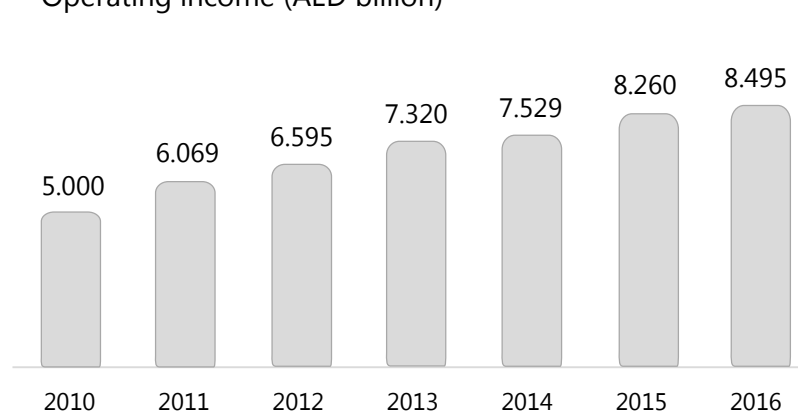
Our journey: Building on a proven strategy, delivering measured and profitable growth

Net profit (AED billion)

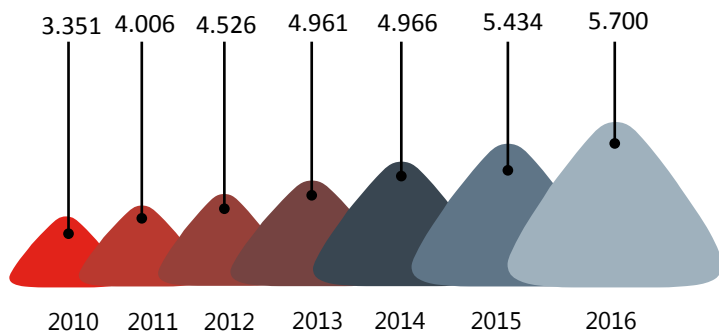


\* Normalised to reflect sale of investment in associate

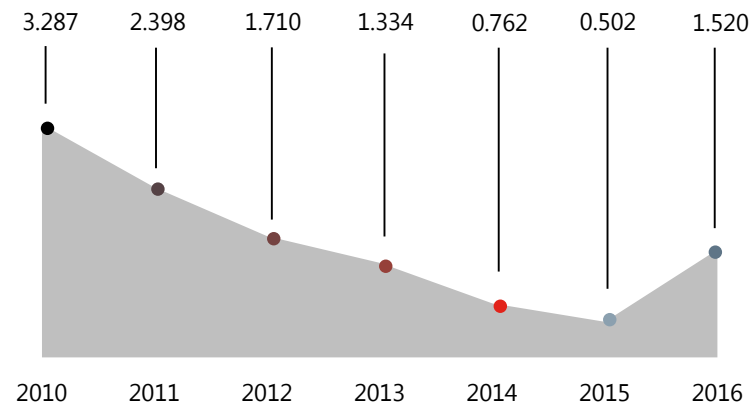
Operating income (AED billion)



Operating profit (AED billion)

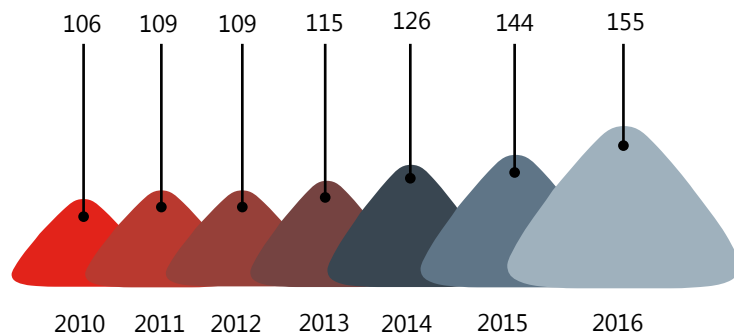


Impairment allowance charge (AED billion)

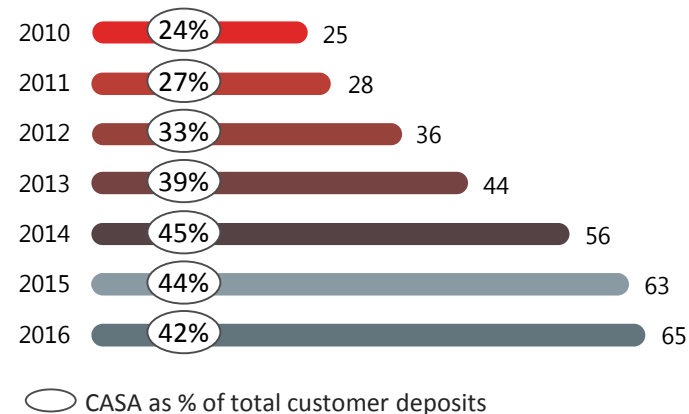


## Our journey: Strong deposit gathering franchise, focus on growing CASA deposits

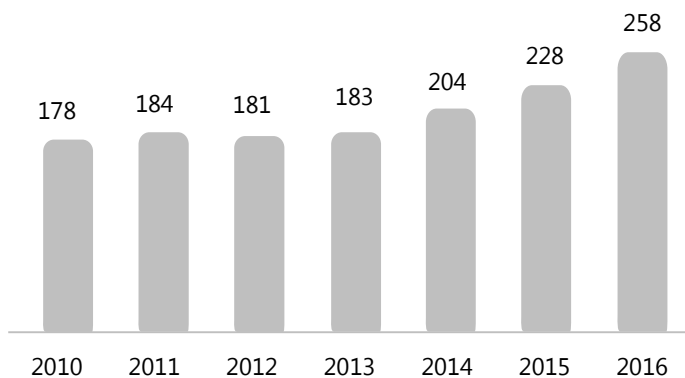
Customer deposits (AED billion)



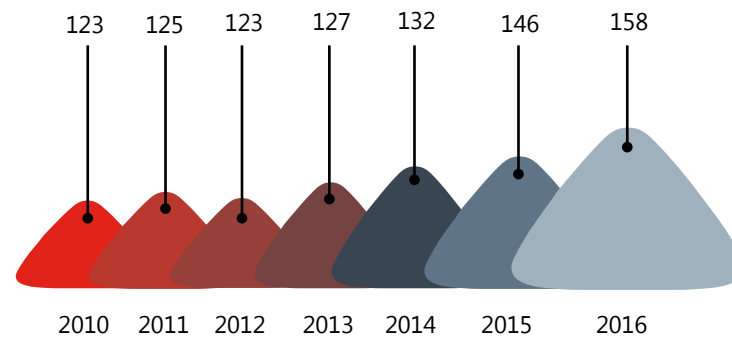
CASA deposits (AED billion)



Total assets (AED billion)



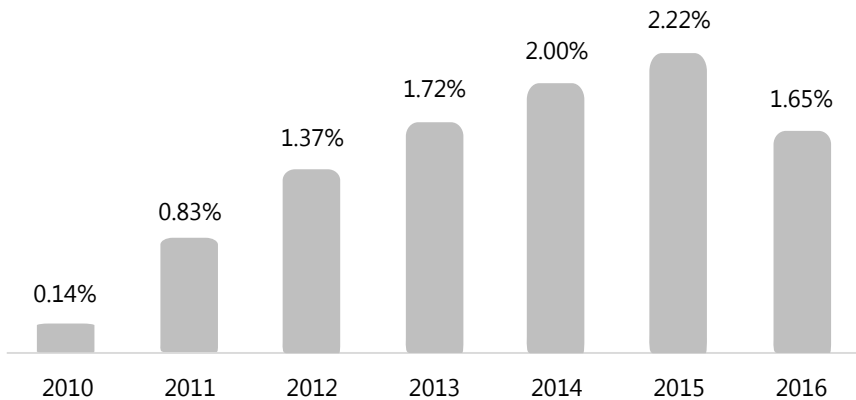
Net loans and advances\* (AED billion)



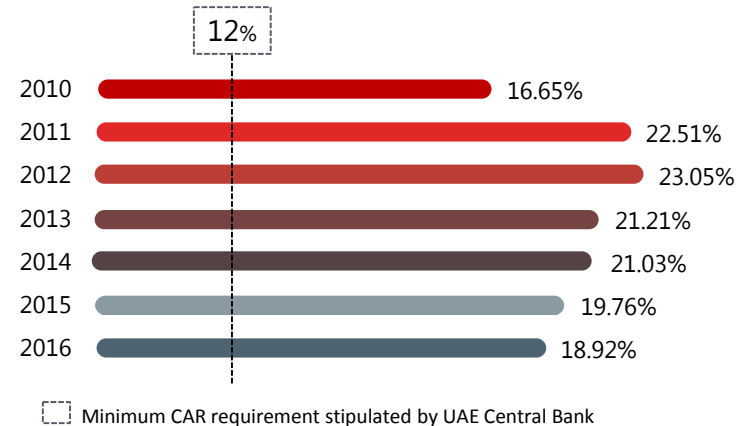
\*In June 2016, loans and advances to banks have been reclassified to "Deposits and balances due from banks, net" to better reflect the underlying nature of the business of the borrowers. Accordingly, net loans in 2015 were reclassified to conform to current period's presentation

## Our journey: Robust capital position, disciplined cost management

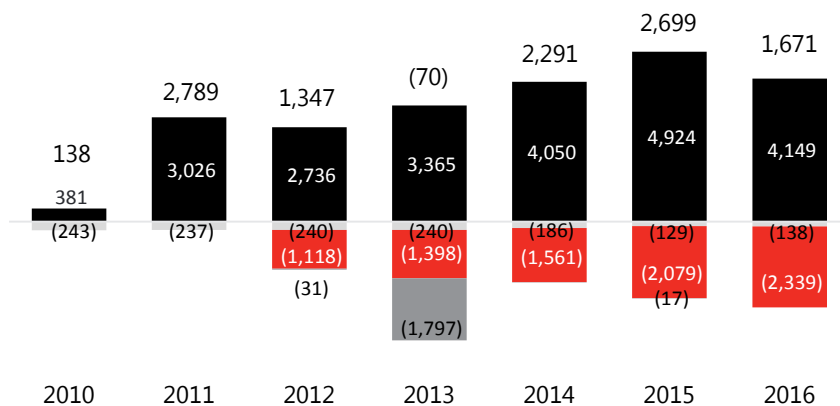
Return on average assets (%)



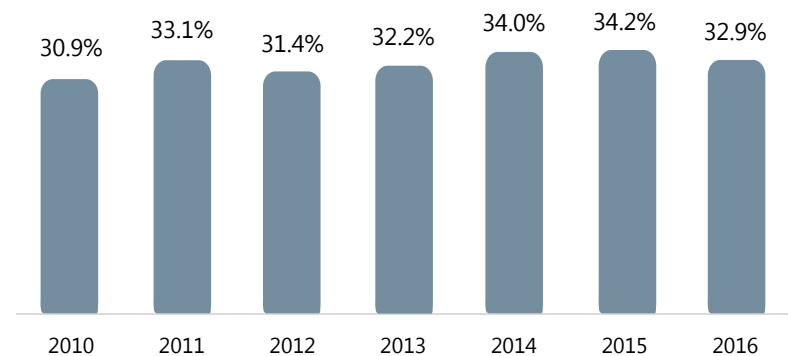
Capital adequacy ratio (%) Basel II



Capital generation (AED million)



Cost to income ratio (%)



- Share buy back
- Dividends paid
- Capital notes coupon paid
- Net profit attributable to equity holders of the Bank

# Appendix

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## Recognised as a regional leader in corporate governance

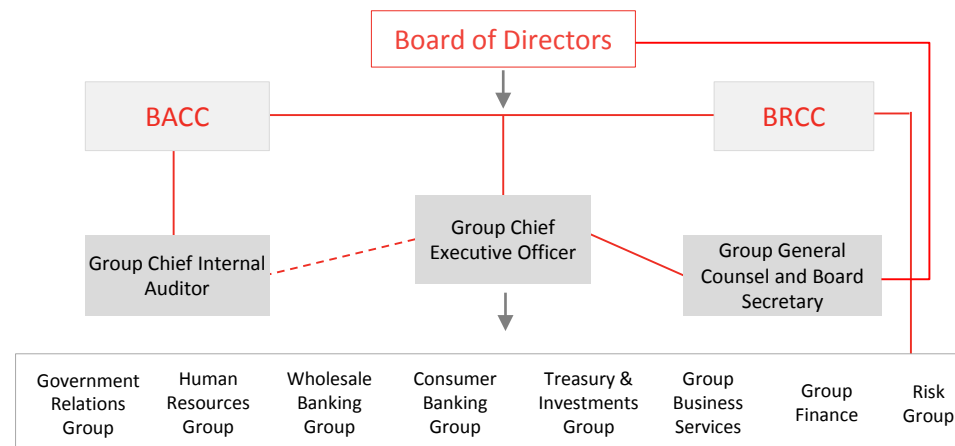
### Highlights

- ▶ Adhere to the highest standards of corporate governance, reflecting local and international best practices
- ▶ Continuously enhance and improve governance principles and framework; emphasising transparency, integrity, accountability and fairness
- ▶ Governance structure headed by the Board
- ▶ Number of Board committees and management committees oversee and monitor day to day activities of the Bank
- ▶ Reporting lines are an important part of governance structure:
  - **Group Chief Risk Officer** is independent and reports to the Board Risk & Credit Committee (BRCC)
  - **Group Chief Internal Auditor** is independent and reports to the Board Audit & Compliance Committee
  - **Group General Counsel and Board Secretary** is independent and has a dual reporting line to the Board and the CEO
- ▶ In 2013, Sir Gerry Grimstone was appointed as an independent Adviser to Board of Directors – Chairman of Standard Life and Deputy Chairman of Barclays, to bring an independent perspective to the Bank's governance
- ▶ Aysha Al Hallami, first woman appointed to the Bank's Board of Directors in 2013, in line with international practices and the Bank's efforts to promote greater diversity at Board level

### Corporate governance structure



### Structure and composition



## Effective risk management is fundamental to our core strategy

Our risk appetite is approved by the Board

### Highlights

#### Credit Risk

- ▶ Monitor concentrations on a continuous basis by customer group, industry, geography and by credit profile
- ▶ Our discipline credit process resulted in:
  - The portfolio rating improving by one notch in 2016
  - In 2016, the 20 largest customer exposures constituted 35.38% of gross loans compared to 37.01% in 2015
  - NPL and provision coverage ratios were 2.88% and 118.7% respectively as at 30 September 2017

#### Liquidity and Funding Risk

- ▶ Manage LCR at levels higher than mandated by the Basel Committee
- ▶ As at 30 September 2017, LCR was 117% compared to UAE CB minimum requirement of 80% (2016 LCR: 129% compared to UAE CB requirement of 70%)
- ▶ Funding remains diversified, raised through both retail and wholesale operations. Strive to maintain a large portion of funding as sticky deposits
- ▶ Treasury Department ensures access to diverse sources of funding, including long-term funding such as debt securities and subordinated liabilities

#### Capital Risk

- ▶ At 18.47%, capital adequacy ratio remains strong and above UAE Central Bank hurdle rate
- ▶ Manage capital adequacy and the use of regulatory capital on a regular basis, employing techniques based on the guidelines developed by the Basel Committee and the CB of the UAE

#### Regulatory Risk

- ▶ Regulatory compliance is closely monitored by the Risk and Audit areas, under the oversight of Board-level committees
- ▶ No material incidents of regulatory non-compliance

Customer-first culture  
We listen and respond to the needs of our customers

2,426

Service recovers following feedback from a fast feedback loop

22,100

Staff provided feedback on internal service providers

114,000

Customers spoken to for feedback

46

Live fast feedback loops

24

Service quality forums and customer experience working groups

2,444

Staff trained on service standards and Our Promise

24

Customer focus groups undertaken

5,177

Mystery shopping surveys

8

Processes fully re-engineered

236

Studies undertaken on the voice of the customer

## 2017 Awards

"Best Business Change or Transformation – Delivery of a Great Customer Experience Through Change" for Operational Excellence Framework 'SIMPLearn'

Gulf Customer Experience Awards

"Best Trade Finance Bank in The U.A.E"

Global Finance

"Innovative Approach to Emiratisation to Deliver Exceptional Customer Experience" for Tamooha

Gulf Customer Experience Awards

"Best Contact Centre in the Region" for Contact Centre

Gulf Customer Experience Awards

"Best Insight and Feedback – Listening to Customers to Create an Impact" for Customer Experience and Research

Gulf Customer Experience Awards

"Best Employee Engagement in Financial Services" for the Human Resources Team

Gulf Customer Experience Awards

"Best Supply Chain Finance Bank in the Middle East"

Global Finance

"Five Star Trade Finance provider in Middle East"

Euromoney

"Five Star Cash Manager "

Euromoney

"Best Bank for Transaction Services in the Middle East"

Euromoney Awards for Excellence

"Mohammed Bin Rashid Al Maktoum Business Innovation Award"

"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"

"3G CSR Award" in recognition of excellence in transparency, good governance and social responsibility

The Global Good Governance Awards (3G Awards)

"Outstanding Award for Business Innovation"

"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"

"Debt Capital Markets in UAE" - Real Estate Survey 2017

Euromoney

"Five Star Trade Finance provider in the Region (Middle East)"

Euromoney

"UAE Domestic Trade Finance Bank of the Year Award"

Wholesale Banking Awards 2017

"Islamic Banker of the Year 2017 Award"

Global Islamic Finance Awards (GIFA)

"(Market Leader) in 2017" - Cash management

Euromoney

"The Best Annual Report Category in the Middle East"

The 9th Middle East Investor Relations Association (MEIRA) Awards

"Best Investor Relations Website in the Middle East"

The 9th Middle East Investor Relations Association (MEIRA) Awards

"APCP- Best Property Management Team - UAE 2017"

The Capital Finance International (CFI)

"Best Trade Bank in the Middle East"

Trade and Forfaiting Review (TFR)



## Balance sheet

AED million	Sep'17	Dec'16	Change%
Cash and balances with central banks	21,213	19,262	10
Deposits and balances due from banks, net <sup>#</sup>	13,361	24,664	(46)
Reverse-repo placements	229	1,525	(85)
Investment securities	42,750	33,478	28
Loans and advances to customers, net	165,988	158,458	5
Other assets*	16,058	20,903	(23)
<b>Total assets</b>	<b>259,599</b>	<b>258,289</b>	<b>1</b>
Due to banks	3,668	3,843	(5)
Deposits from customers	163,122	155,442	5
Euro commercial paper	4,436	8,729	(49)
Borrowings	40,288	38,015	6
Other liabilities**	16,519	21,910	(25)
<b>Total liabilities</b>	<b>228,033</b>	<b>227,938</b>	<b>0</b>
Total shareholders' equity	31,566	30,351	4
<b>Total liabilities and shareholders' equity</b>	<b>259,599</b>	<b>258,289</b>	<b>1</b>

Note: <sup>#</sup>Deposits and balances due from banks include AED4.6bn as at Sep 30, 2017 (AED3.6bn as at Dec 31, 2016) of loans to banks that were earlier reported under loans and advances to customers, net.

\*Other assets include derivative financial instruments, investment in associate, investment properties, property and equipment (net), intangible assets.

\*\*Other liabilities include derivative financial instruments.

## Income statement

AED million	9M'17	9M'16	Change%
Interest income and income from Islamic financing	7,307	6,423	14
Interest expense and profit distribution	(2,324)	(1,796)	29
<b>Net interest and Islamic financing income</b>	<b>4,983</b>	<b>4,628</b>	<b>8</b>
Net fees and commission income	1,130	1,092	3
Net trading income	269	382	(30)
Other operating income	204	222	(8)
<b>Non interest income</b>	<b>1,602</b>	<b>1,697</b>	<b>(6)</b>
<b>Operating income</b>	<b>6,585</b>	<b>6,324</b>	<b>4</b>
Staff expenses	(1,248)	(1,249)	(0)
Other operating expenses	(779)	(712)	9
Depreciation	(120)	(106)	13
<b>Operating expenses</b>	<b>(2,147)</b>	<b>(2,067)</b>	<b>4</b>
<b>Operating profit before impairment allowances &amp; taxation</b>	<b>4,437</b>	<b>4,257</b>	<b>4</b>
Impairment allowances	(1,232)	(1,083)	14
Share in profit of associate	7	5	NM
Overseas income tax expense	(6)	(26)	(77)
<b>Net profit</b>	<b>3,206</b>	<b>3,153</b>	<b>2</b>
<b>Attributed to:</b>			
Equity holders of the Parent	3,206	3,144	2
Non-controlling interests	-	8	
<b>Net Profit</b>	<b>3,206</b>	<b>3,153</b>	<b>2</b>

# Leading Through

AMBITION + DISCIPLINE



## ADCB Investor Relations

Sheikh Zayed Street  
P. O. Box: 939, Abu Dhabi  
Email: [adcbir@adcb.com](mailto:adcbir@adcb.com)  
Tel: +971 2 696 2084  
Fax: +971 2 610 9845  
Internet: [www.adcb.com/investors](http://www.adcb.com/investors)

