



Leading Through

AMBITION + DISCIPLINE

Abu Dhabi Commercial Bank PJSC

Q2/H1'18 Investor presentation

September 2018



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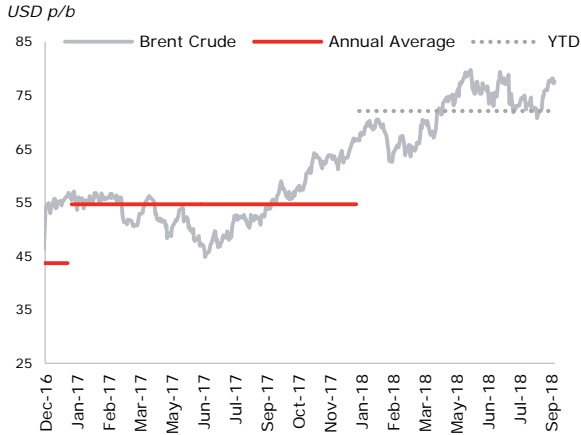
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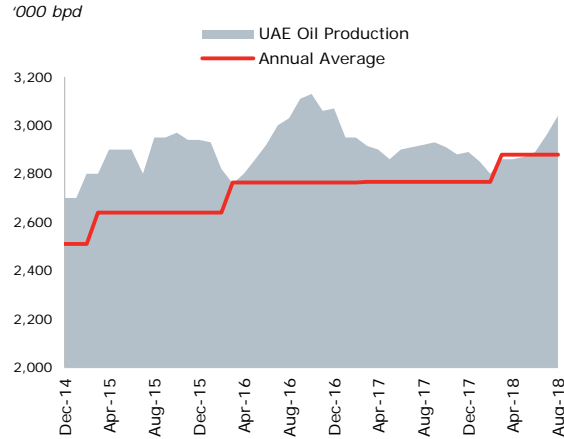
Macro overview

Non-oil activity

Oil revenues to increase with higher oil prices, average oil production expected to rise in H2'2018

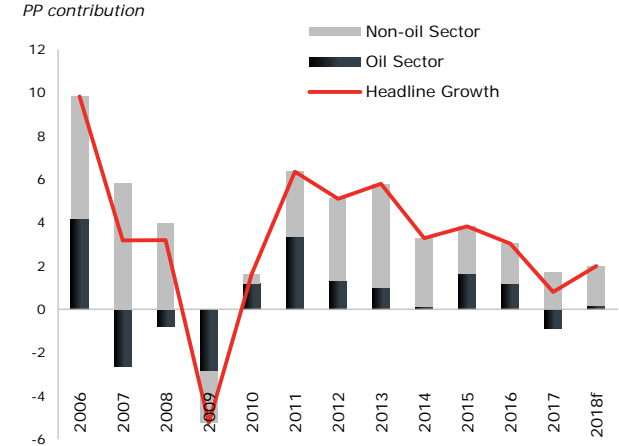


Source: Bloomberg, ADCB estimates



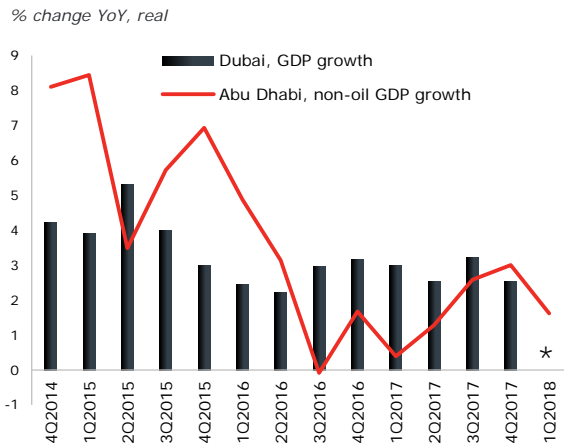
Source: Bloomberg

Real GDP growth to strengthen gradually in 2018



Source: UAE National Bureau of Statistics, ADCB estimates

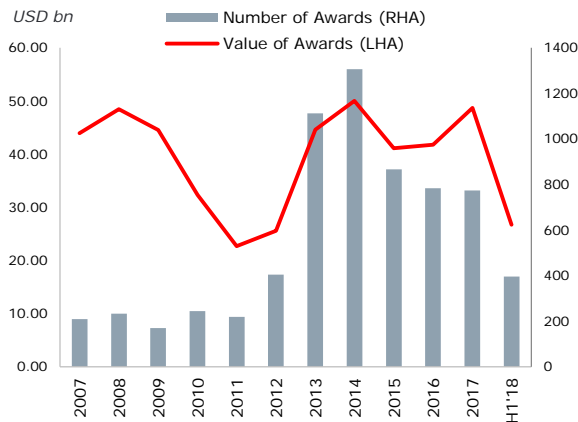
Real GDP growth by Emirate



* Dubai Q1'18 GDP data is yet to be released

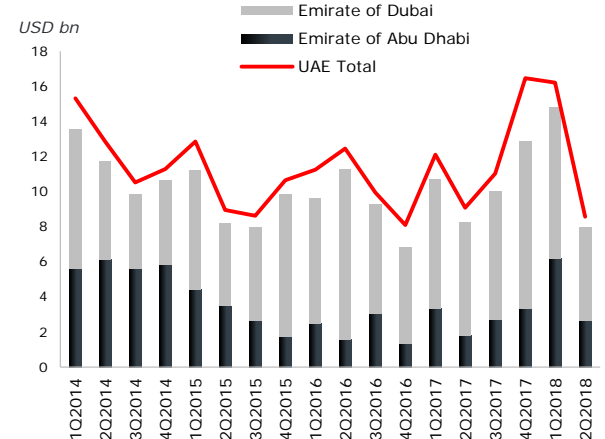
Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

Value of project awards strong in 2017 + H1'18



Source: Meed projects, ADCB estimates

Abu Dhabi and Dubai saw solid project awards in H1'18



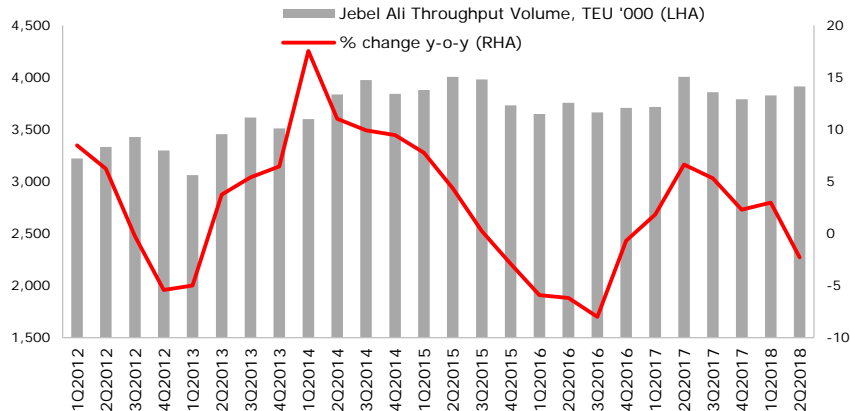
Source: Meed projects, ADCB estimates

Moderate acceleration seen in real GDP growth in 2018

External sector

Pickup in global trade supporting Jebel Ali volumes but regional demand weak

TEU '000 (LHA); % change YoY (RHA)

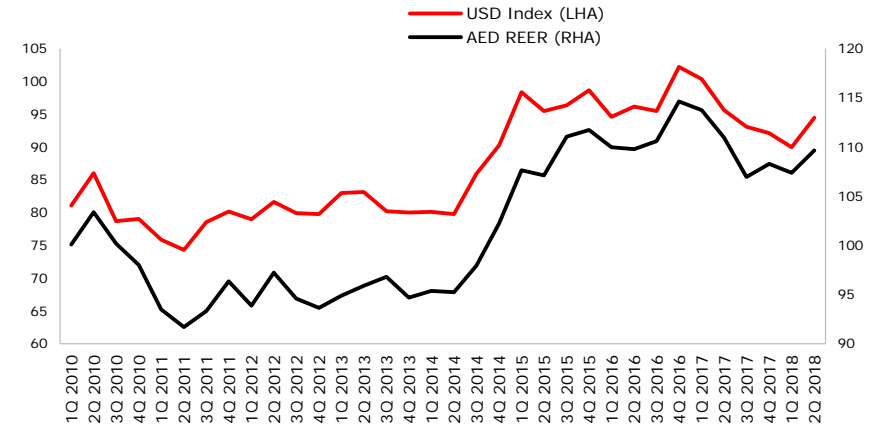


* TEU: Twenty-foot equivalent units

Source: DP World

USD strengthens in Q2'2018

Index



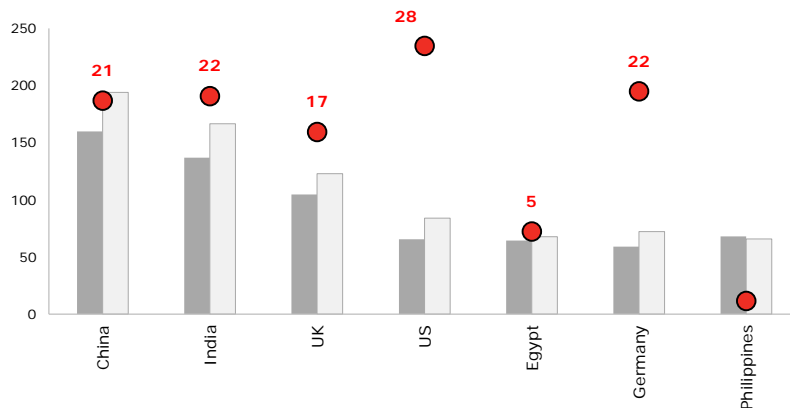
Source: BIS, Bloomberg

Strong growth in tourist numbers, supported by visa liberalisation and price discounting

Hotel guests by nationality, '000

Abu Dhabi

■ 5M2017 (LHA) □ 5M2018 (LHA) ● % change y-o-y (RHA)

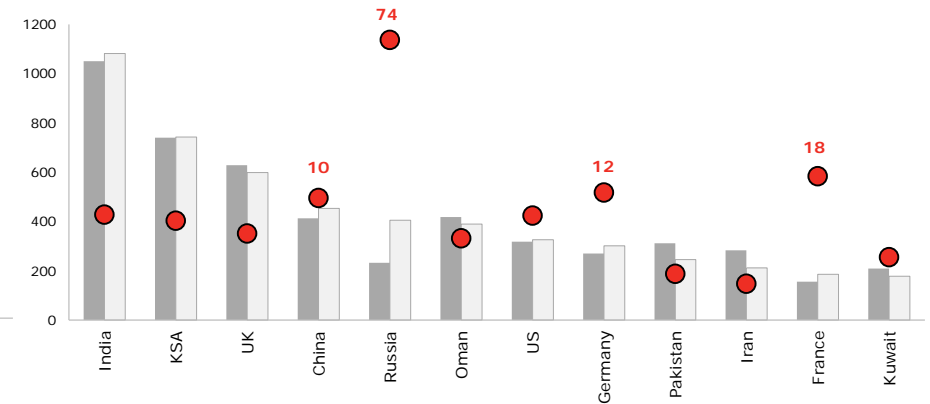


Source: Abu Dhabi Tourism and Culture Authority, ADCB calculations

Tourist numbers, '000

Dubai

■ 6M2017 (LHA) □ 6M2018 (LHA) ● % Change, y-o-y (RHA)



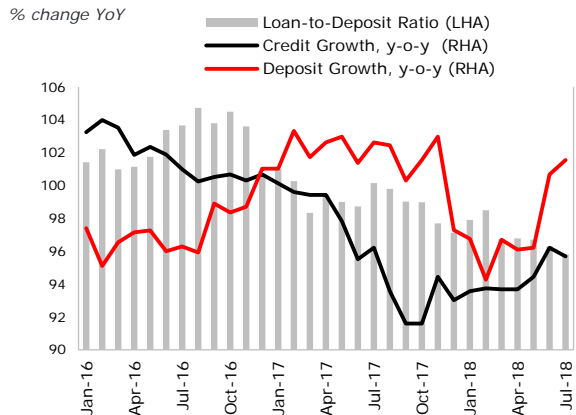
Source: Dubai Department of Tourism and Commerce Marketing, ADCB calculations

Global growth and tourist activity continues to support economic recovery

Banking sector overview

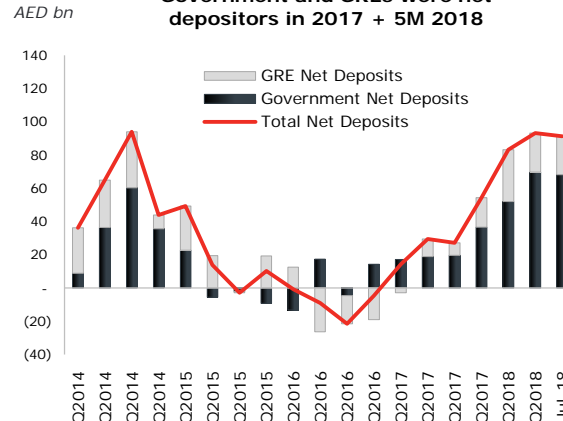
Banking sector liquidity remains comfortable

Deposit growth stronger than credit growth



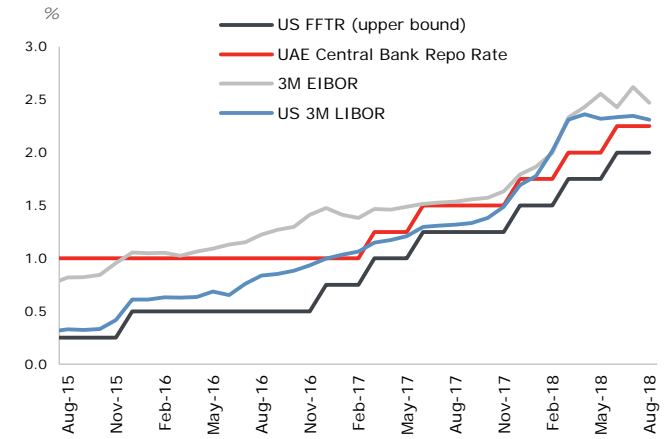
Source: Central Bank of the UAE

Government and GREs were net depositors in 2017 + 5M 2018



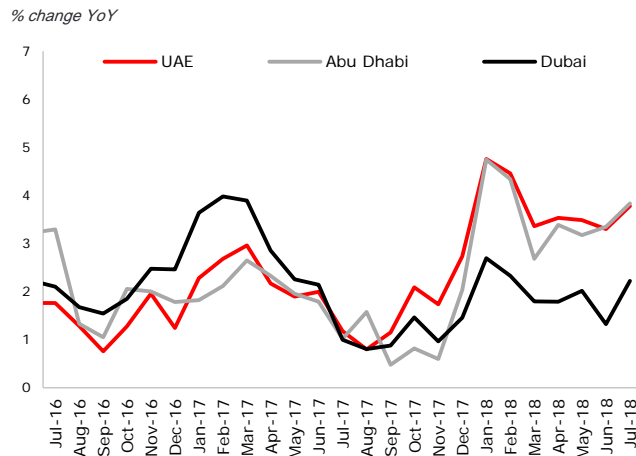
Source: Central Bank of the UAE, ADCB calculations

Eibor rising with higher benchmark rates with new methodology



Source: Central Bank of the UAE, Bloomberg

Inflation moderating after initial VAT spike



Source: UAE National Bureau of Statistics

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	54.7	70.8
Average Oil Production, mn bpd	2.76	2.77	2.9	2.96	2.91	2.87
GDP at Current Market Prices, USD bn	390.7	403.5	358.2	357	382.8	424.8
Real GDP Growth Rate, %	5.8	3.3	3.8	3	0.8	1.6
Real Non-Oil GDP Growth Rate, %	7	4.6	3.2	3.2	2.6	2.8
CPI Inflation, % average	1.1	2.3	4.1	1.7	2.0	3.4
Budget Balance, USD bn	40.4	7.7	(12.1)	(15)	(5)	6.1
Budget Balance, % of GDP	10.3	1.9	(3.4)	(4.2)	(1.4)	1.4
Trade Balance, USD billion	141	108.4	76.6	65	76.1	91
Current Account, % of GDP	19.0	13.3	4.7	2.4	4.1	6.3
Growth in Credit to the Private Sector, %	4.2	8.0	7.7	5.5	3	4.8

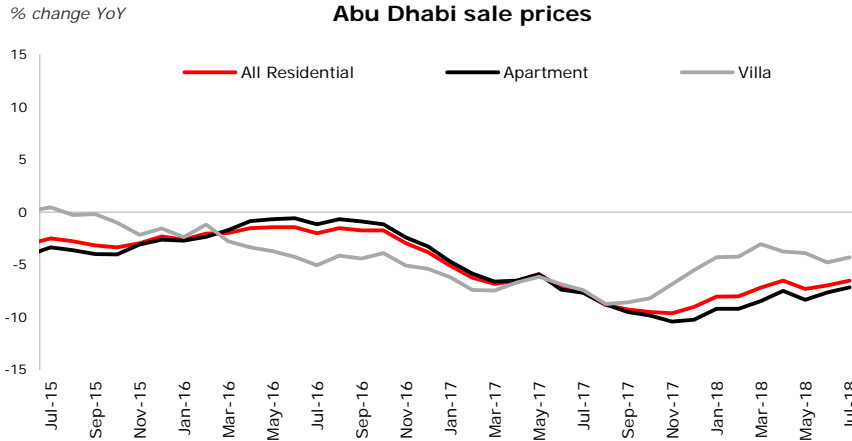
■ Inclusive of VAT impact

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

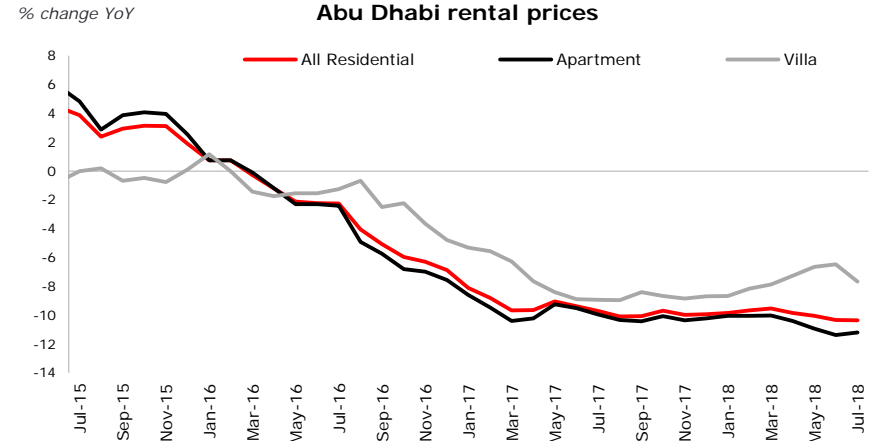
Banking sector liquidity remains comfortable at a time of rising interest rates

UAE property overview

Abu Dhabi rental and sale prices continued to contract in H1'2018

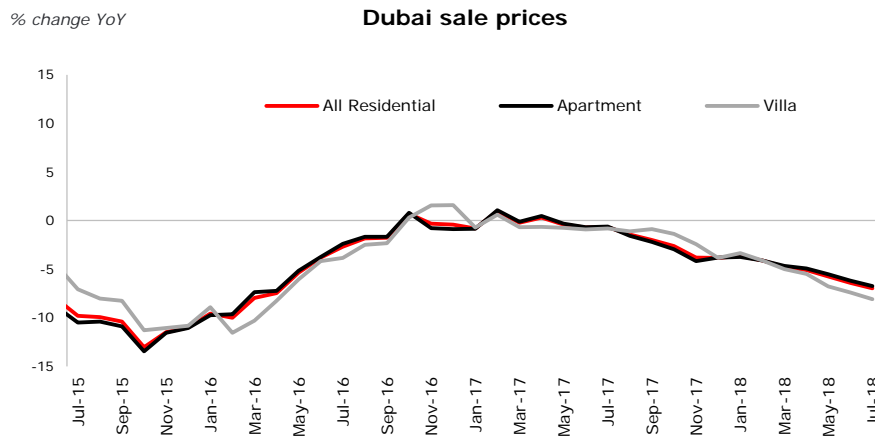


Source: Reidin, ADCB calculations

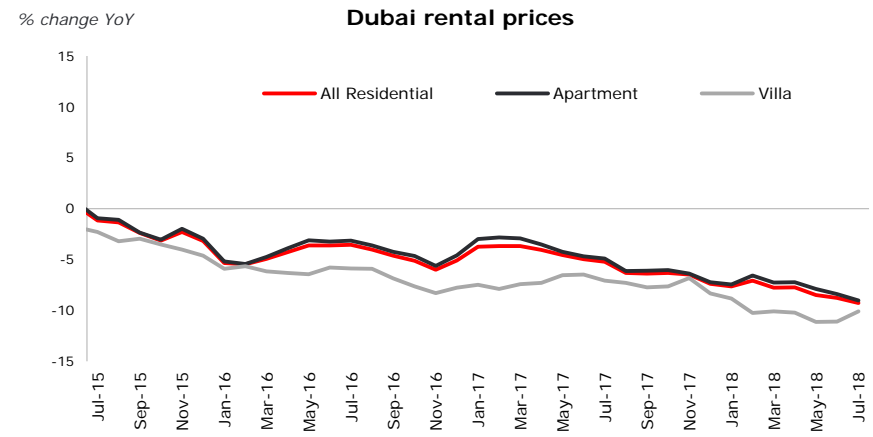


Source: Reidin, ADCB calculations

Falls in Dubai property sale prices more in 2017, than drop in rental prices



Source: Reidin, ADCB calculations



Source: Reidin, ADCB calculations

Property prices and rental yields continue to fall, impacting demand

ADCB overview

ADCB franchise

Branch network

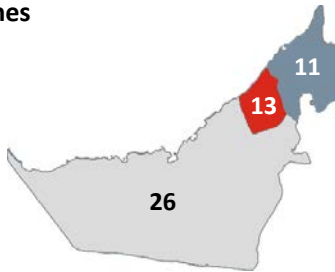
Domestic branches

- Abu Dhabi: 26
- Dubai: 13
- Others: 11

Total: 50*

ATMs: 374

As at 30 June 2018



International presence:

- Representative office in London and a Jersey Branch
- 2 branches in India
- Representative office in Singapore

Ratings re-affirmed in 2017

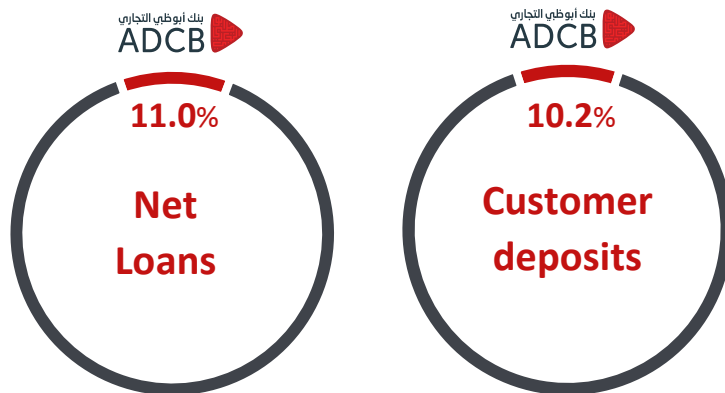
S&P

A/A-1/Stable

Fitch

A+/F1/Stable

Market share by loans and deposits

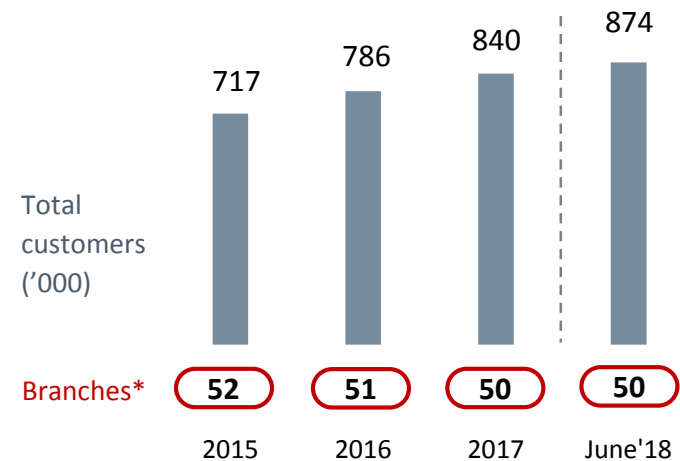


Source: UAE Central Bank as at 30 June 2018

*Include pay offices

Strong branch optimisation

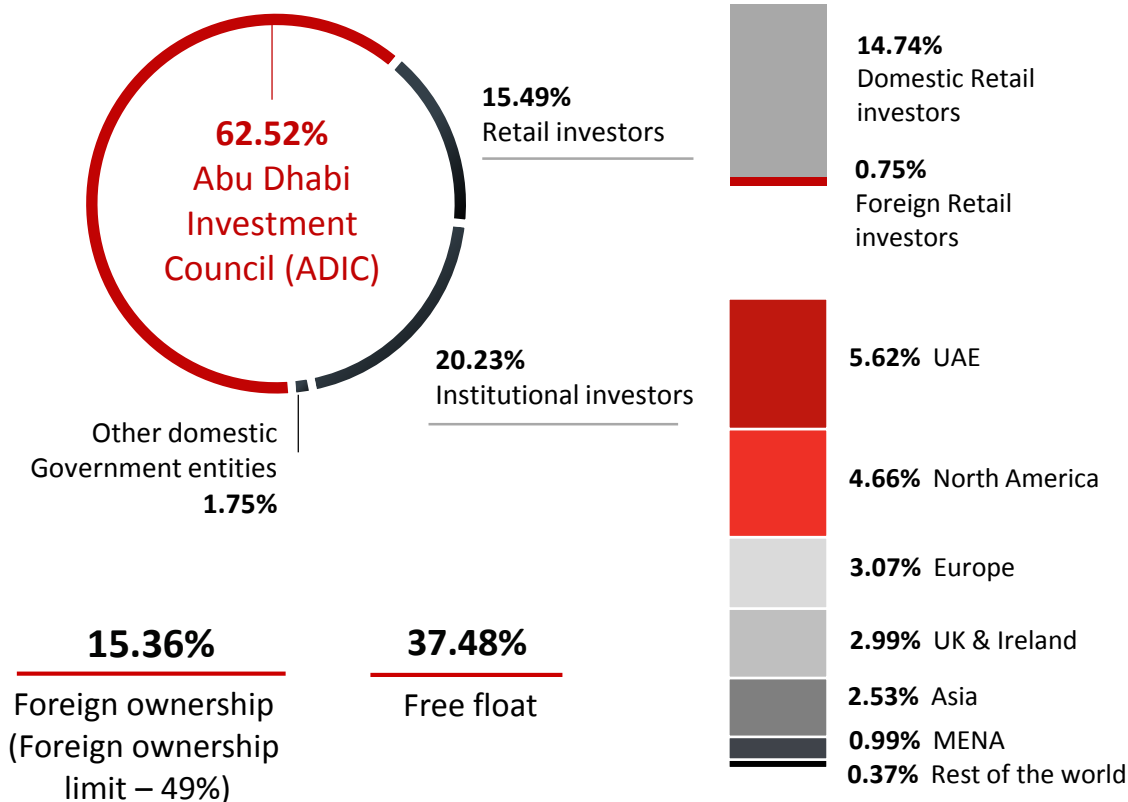
Stable branch network, serving increasing number of customers



UAE-centric strategy, strong domestic franchise

Ownership structure

Shareholding structure



As at 30 June 2018	
Number of shares issued	5,198 mn
Book value per share	AED 5.11
Closing price	AED 7.06
Market capitalisation	AED 36,698 mn

Weighting as at 30 June 2018	
ADSMI Index	6.14%
MSCI UAE Index	11.80%
FTSE Nasdaq UAE Index	8.23%

Shareholders from
78
countries

Supportive principal shareholder – 62.52% owned by ADIC

Customer centricity

Customer experience



Service culture

- ▶ ADCB culture built on service excellence
- ▶ A service architecture build on the voice of the customer



Customer experience

- ▶ Products and services designed in collaboration with customers
- ▶ Continuously getting better through *Lean**



Understanding customers

- ▶ 100K customer feedbacks received in 2017
- ▶ 65 processes improved through *Lean**



Voice of the customer on digital transformation

- ▶ Engaged with 1,500 customers in designing new experiences

Net promoter score

Measurement Systems



- ▶ Net Promoter Score (NPS) is a single currency of measuring customer experience
- ▶ Real time surveys are carried out across 50 customer touch points

Change in NPS points Q2'17 vs. Q2'18

Wealth experience	+9
Branch experience	+8
New to privilege experience	+7
Trade finance experience	+5

According to leading consultants, an increase of five points YoY is widely regarded as a significant achievement

Change in NPS points from 2015

Corporate	+40
Retail	+17
Treasury	+12

Bankwide NPS is conducted on an annual basis across key segments

Lean philosophy involves improving service excellence by shortening the timeline between the customer order and the order fulfilment by elimination of waste

Launched 3 years ago, our NPS scores have consistently gone up

Corporate governance

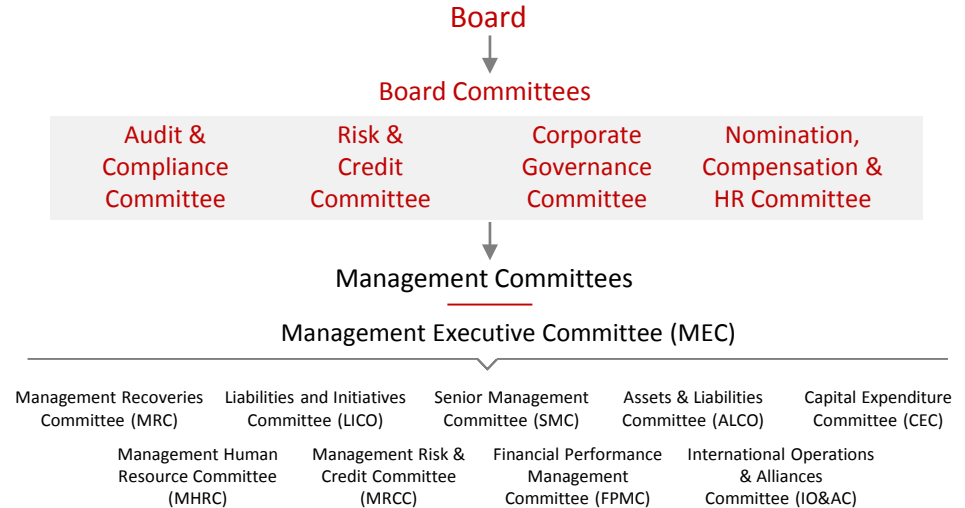
- ▶ In 2017, the Board commissioned KPMG to conduct an independent review of the Bank's governance framework, which judged its governance to be 'strong and leading in the local market'
- ▶ Reporting lines are an important part of our governance structure:
 - **Group Chief Risk Officer:** Independent and reports to the Board Risk & Credit Committee (BRCC)
 - **Group Chief Internal Auditor:** Independent and reports to the Board Audit & Compliance Committee
 - **Group General Counsel and Board Secretary:** Independent and has a dual reporting line to the Board and the CEO
- ▶ Sir Gerry Grimstone appointed as an independent Adviser to Board of Directors in 2013 – Chairman of Standard Life and Deputy Chairman of Barclays. Aysha Al Hallami, first woman appointed to the Bank's Board of Directors in 2013



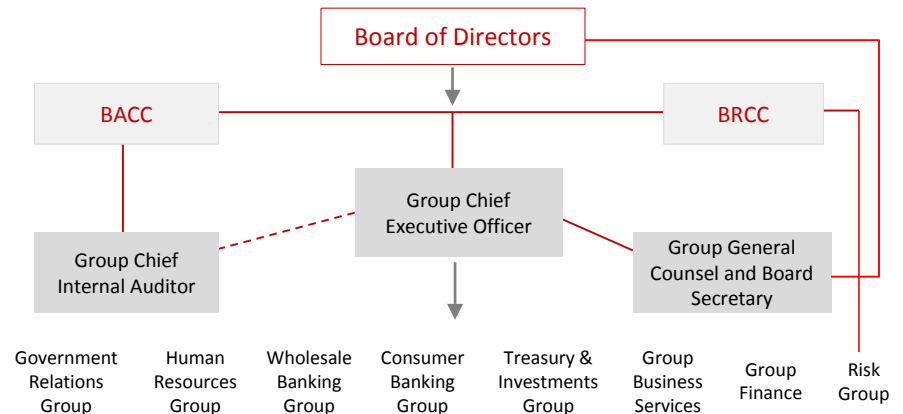
*Transparency, integrity,
accountability and fairness*

BACC: Board Audit and Compliance Committee BRCC: Board Risk and Credit Committee

Corporate governance structure



Structure and composition



Adhere to the highest standards of corporate governance

Risk management

Credit risk

- ▶ Monitor concentrations on a continuous basis by customer group, industry, geography and by credit profile

▶ NPL and provision coverage ratios were 2.7% and 145.9% respectively as at 30 June 2018

- ▶ In 2017, the 20 largest customer exposures constituted 34.85% of gross loans compared to 35.38% in 2016

Liquidity and funding Risk

- ▶ Manage LCR at levels higher than mandated by the Basel Committee
- ▶ As at 30 June 2018, LCR was 132% compared to UAE CB minimum requirement of 90% (2017 LCR: 135% compared to UAE CB requirement of 80%, 2016 LCR: 129% compared to UAE CB requirement of 70%)

Capital risk

- ▶ At 16.66%, capital adequacy ratio (Basel III) 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

Effective risk management is fundamental to our core strategy

Core strengths

- ▶ Remain UAE centric and well positioned to benefit from the long-term growth prospects of the UAE economy
- ▶ Supportive principal shareholder, Abu Dhabi Investment Council owns 62.52% of the issued share capital
- ▶ Strong domestic franchise, with a well known brand offering world class products and services
- ▶ Well capitalised and liquid; solid foundation to comply with the evolving regulatory requirements
- ▶ Strong risk management culture
- ▶ Experienced and stable management team with a wealth of experience in international and regional institutions

Built for continuous success

Strategic pillars

1. UAE- Centric

Generate sustainable profit growth through a UAE centric approach

5. Digitisation

Exploitation of digital for growth and efficiency - leveraging data analytics

2. Sustainable growth

Sustainability through liability growth and funding diversification

***Creating the most valuable
and
resilient bank in the UAE***

4. Risk-aware

Effective risk taking and management in line with a predefined risk appetite

3. Customer centric

Superior customer experience through service excellence

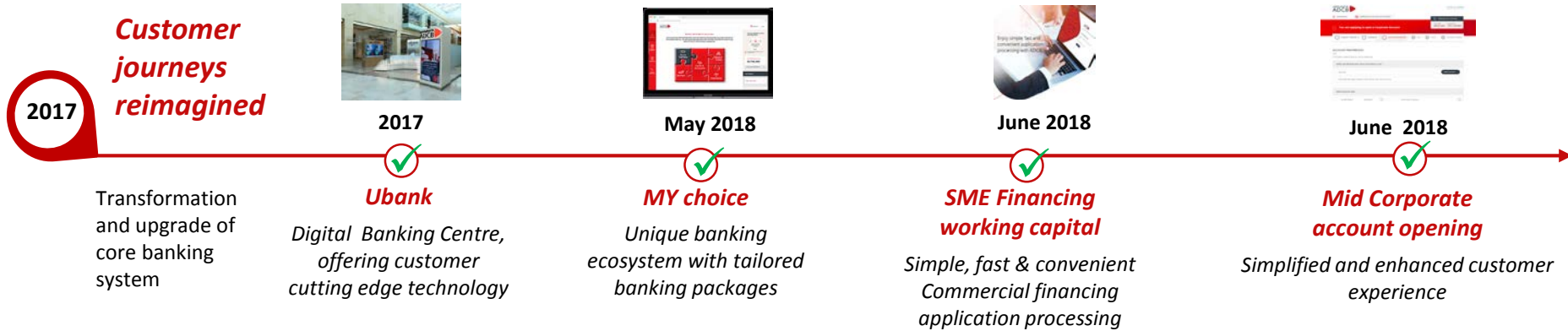
Attracting and rewarding the best talent with incentives aligned with strategic objectives

Agile organisation and innovative culture

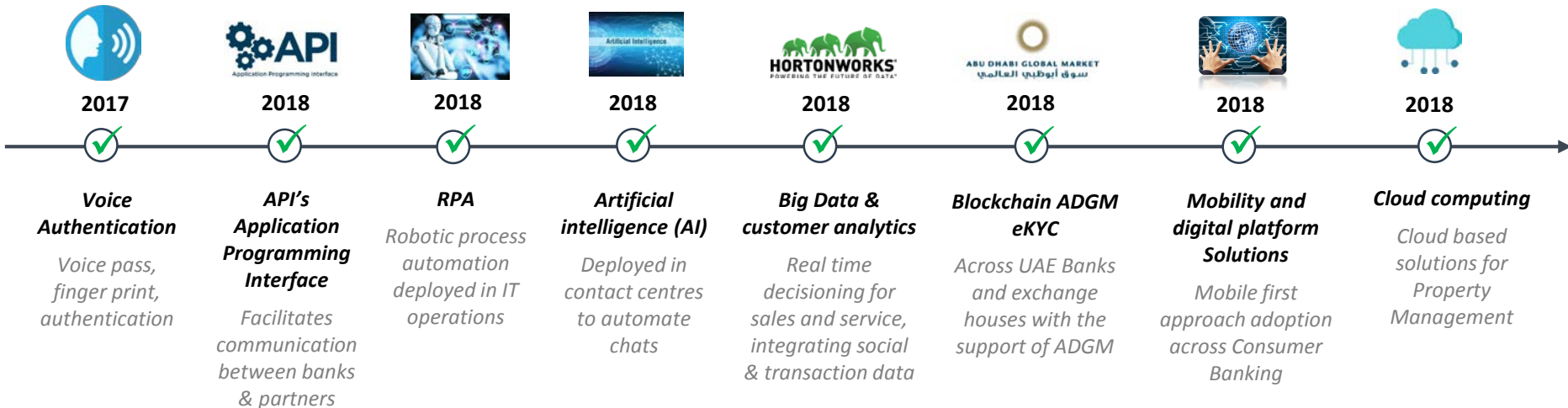
Our strategic pillars are refined to reflect changing market conditions

Digital transformation

Digital transformation



Technologies being leveraged



Building digital technologies to support growth and enhance efficiency

Consumer Banking – Digital transformation

CBG digital customers

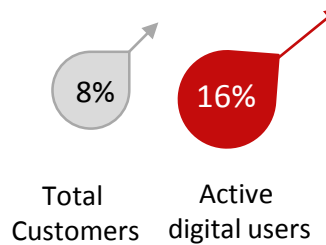


	Registrations Digital	Mobile
June 2017	513K	308K
June 2018	592K	399K
Change %	+16%	+29%

Digital customers include both mobile and internet banking

User growth

(June'17 vs. June'18)



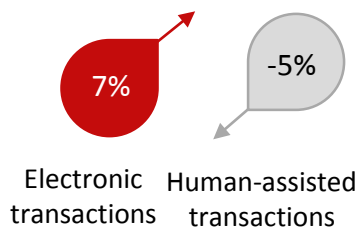
Digital transactions increased 28% YoY, fueled by 16% growth in digital users

H1'18 transaction split:

Non-financial	66%
Financial	34%

Cash & Cheque transactions

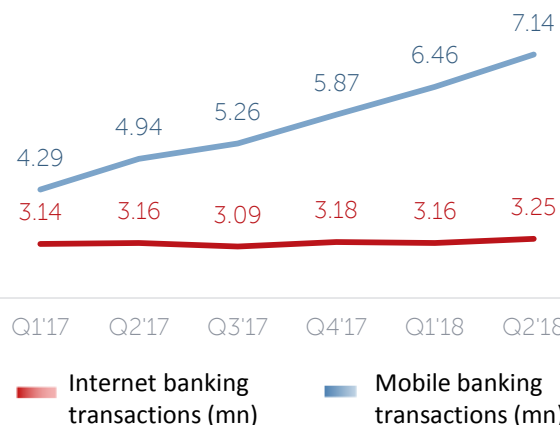
(H1'17 vs. H1'18)



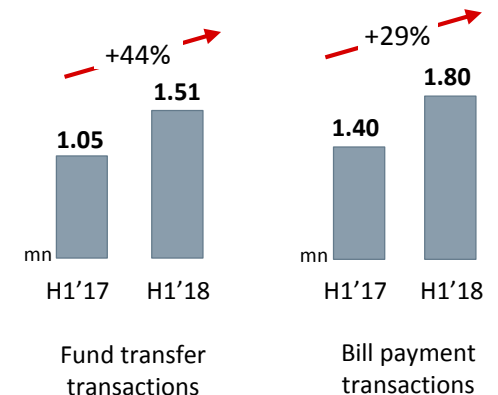
Electronic vs. Human-Assisted (H1'18)

Electronic	10.51 mn
Assisted	0.79 mn

Mobile Banking transactions continue to exceed internet banking in Q2'18



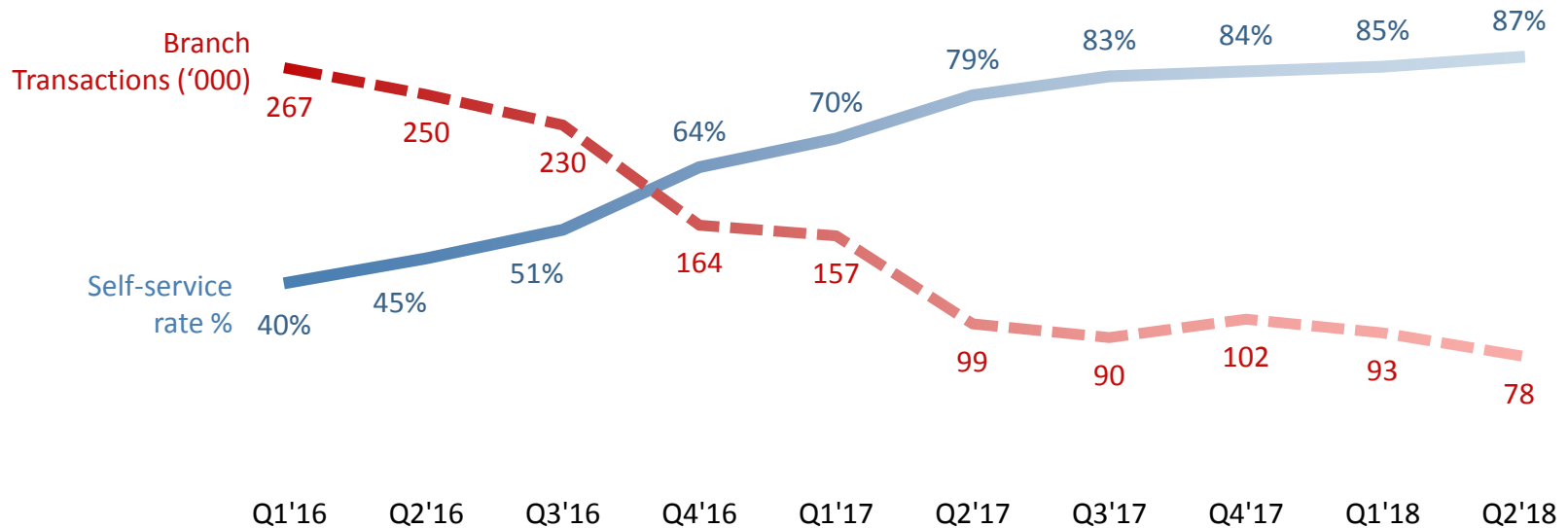
Mobile banking



96% of retail financial transactions completed electronically

Wholesale Banking – Digital transformation

Significant improvement in self-service rates



Calculation methodology changed in Dec'17, removed ~13K branch transactions compared

- ▶ Total WBG transactions increased 25% over H1'17, supported by 51% growth in digital channels, whilst branch transactions declined 39% YoY
- ▶ Self-service ratio increased from 70% in H1'17 to 85% in H1'18. For the month of June'18, self-service ratio was at the highest level at 87%
- ▶ Compared to Q4'16, transactions executed through digital channels have grown approximately 100%

WBG transactions increasingly migrating to digital channels

Financial highlights

H1'18 highlights

MEASURED GROWTH



NET LOANS

AED 166 bn (+2% YtD)

CUSTOMER DEPOSITS

AED 172 bn (+5% YtD)

CREATING SHAREHOLDER VALUE



NET PROFIT

AED 2.332 bn (+10% YoY)

ROAE

16.5% (+100 bps YoY)

STRONG METRICS



CET1

12.37% (-159 bps YtD)

COST OF RISK

0.68% (-13 bps YoY)

Continued execution of our strategy

Balance sheet highlights

AED mn	Jun'18	% Change vs.		
		Mar'18	Dec'17	Jun'17
Total assets	271,722	2	3	5
Net loans and advances	165,733	2	2	1
Investment securities	49,082	3	0	20
Deposits from customers	171,521	3	5	6
Borrowings (including ECP)	45,415	2	4	4
Total shareholders' equity	30,552	3	(6)	0

Components may not sum exactly to totals because of rounding

Highlights (YtD comparison)

- ▶ Total assets grew 3% to AED 272 billion. Deposits and balances due from banks increased by AED 7.0 billion to AED 18.5 billion
- ▶ Investment securities at par
- ▶ Net loans to customers increased by 2% to AED 166 billion, led by growth in Wholesale Banking loans. Gross loan growth was 2%
- ▶ Customer deposits increased by 5% to AED 172 billion, CASA/total customer deposits maintained at 43%. Overall CASA deposits grew by 5% to AED 75 billion
- ▶ Loan to deposit ratio of 96.6% compared to 100.1% as at 31 December 2017
- ▶ Total equity of AED 31 billion was 6% lower, mainly on account of a dividend pay-out of AED 2.2 billion and an IFRS 9 impact of AED 1.36 billion

Deposit growth continued to outpace loan growth

Income statement highlights

AED mn	% Change		% Change vs.		
	H1'18	H1'17	Q2'18	Q1'18	Q2'17
Net interest income	3,612	9	1,784	(2)	7
Non - interest income	1,030	(0)	504	(4)	16
Operating income	4,643	7	2,288	(3)	9
Operating expenses	(1,545)	9	(775)	1	15
Operating profit	3,097	6	1,513	(4)	5
Impairment allowances	(770)	(5)	(390)	2	(9)
Net profit	2,332	10	1,125	(7)	12

Components may not sum exactly to totals because of rounding

Highlights (H1'18 vs. H1'17)

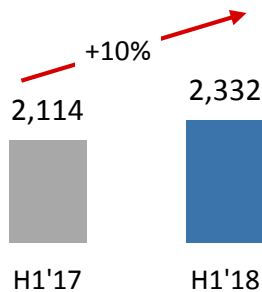
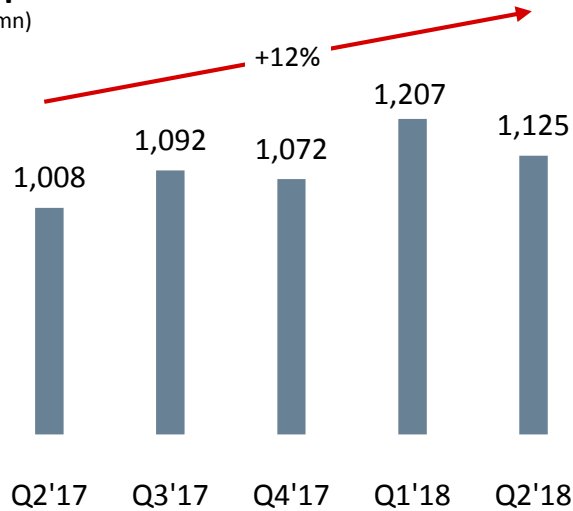
- ▶ Net profit increased by 10% to AED 2.332 billion, mainly driven by higher margins and lower impairment charges
- ▶ Total net interest income and Islamic financing income increased 9% to AED 3.612 billion, on account of rising benchmark rates, higher interest in suspense reversals and a change in the composition of the asset book
- ▶ Non-interest income was unchanged from H1'17. Decrease in net fees and commission was offset by an increase in trading income
- ▶ Operating income increased 7% to AED 4.643 billion, whilst operating expenses increased 9% to AED 1.545 billion, resulting in a cost to income ratio of 33.3% compared to 32.5% in H1'17
- ▶ Impairment charges (net) improved 5% to AED 770 million, as a result of de-risking of the retail portfolio

Double digit growth in net profit over H1'17

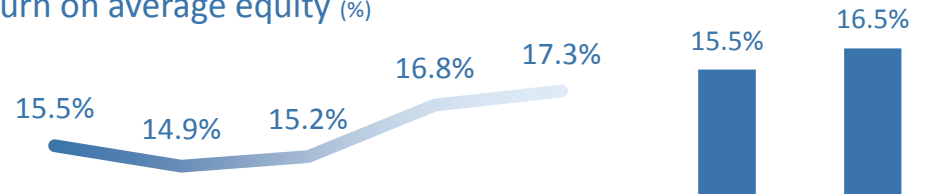
Key performance indicators

Net profit

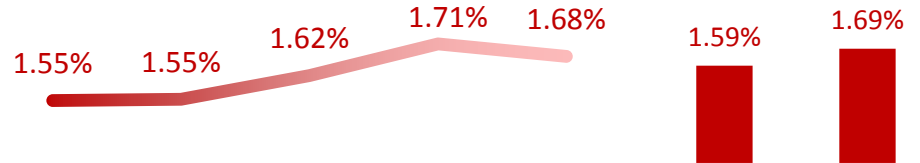
(AED mn)



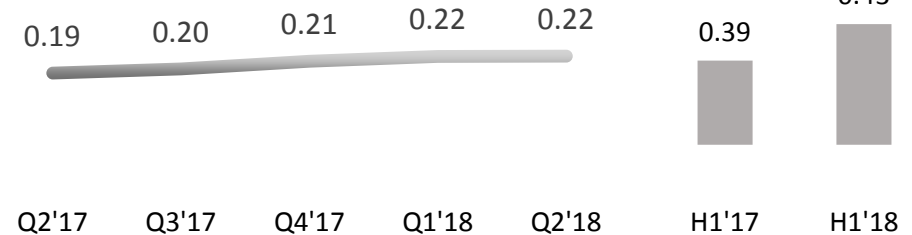
Return on average equity (%)



Return on average assets (%)



Earnings per share (AED)

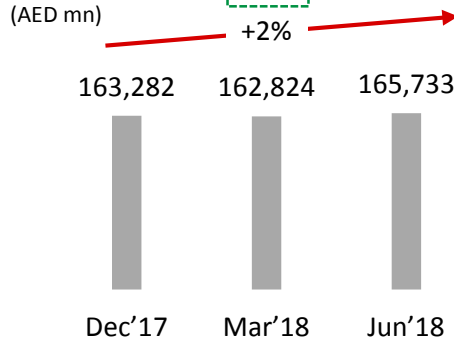


Components may not sum exactly to totals because of rounding

- ▶ Strong performance in an evolving operating and regulatory environment, H1'18 ROAE of 16.5%
- ▶ On a quarterly basis, net profit was down 7%, on account of rising cost of funds, in line with higher benchmark rates and lower FX gains, whilst operating expenses and impairment allowances were well-maintained

Loan and deposit growth

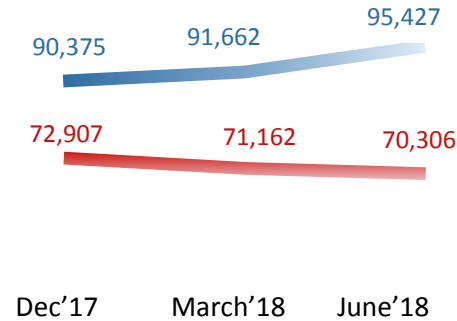
Net loans



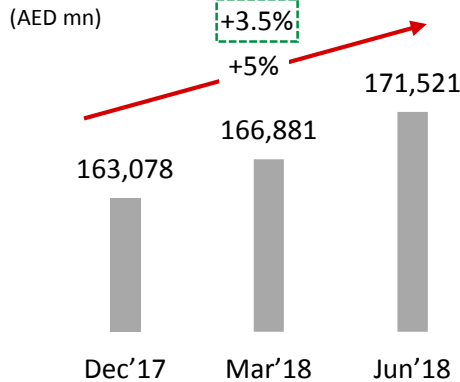
Wholesale Banking (WBG)

Consumer banking (CBG)

(AED mn)



Deposits

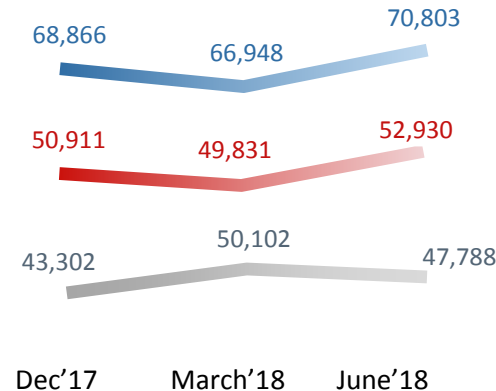


Wholesale Banking

Consumer banking

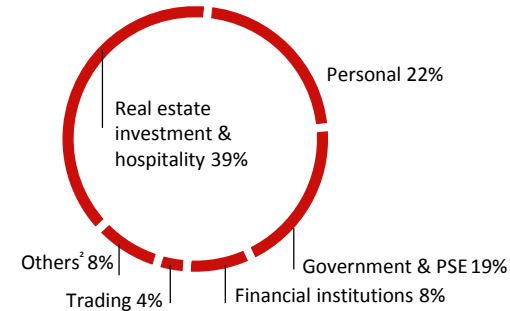
Treasury

(AED mn)



Gross loans by economic sector

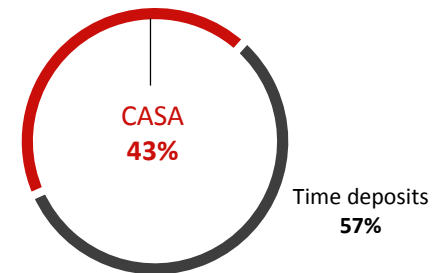
AED 172,727 mn (As at 30 June 2018)



² Others include: Agriculture, Energy, Transport, Manufacturing, Services and others

CASA deposit %

AED 74,524 mn (As at 30 June 2018)



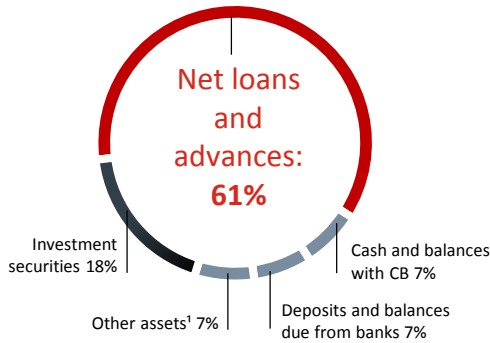
UAE Banking industry average

- ▶ YTD loan growth led by the Corporate segment. Increase in loans to the Real estate, Investment and Hospitality economic sector was primarily due to the novation of an existing loan from a Government related enterprise (GRE) to a real estate development company
- ▶ CBG loan contraction led by the continued de-risking of the unsecured loan portfolio. Re-focus on the UAE National segment resulting in good growth and improved asset quality

Further breakdown of loans and deposits

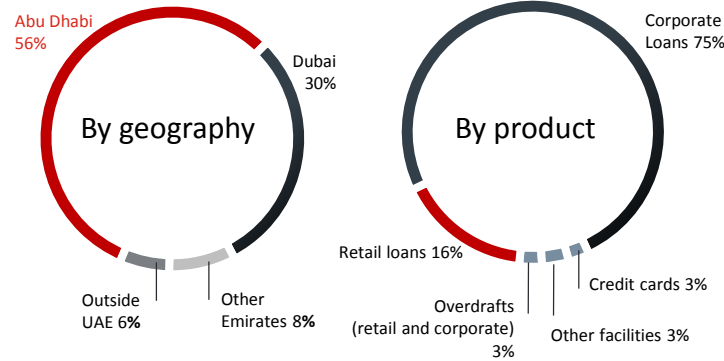
Asset mix

AED 271,722 mn (As at 30 June 2018)



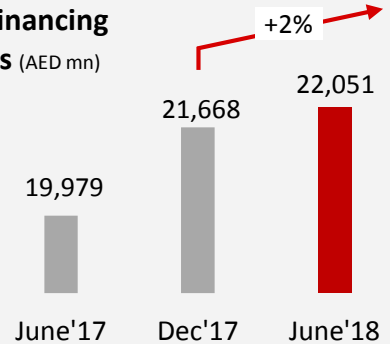
Gross loans

AED 172,727 mn (As at 30 June 2018)

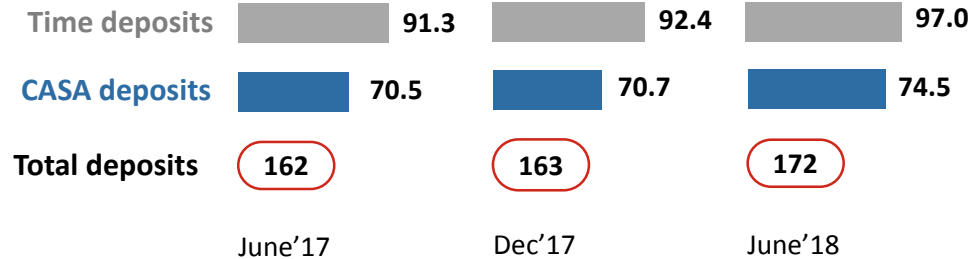


Islamic Banking continues to be a key driver of growth

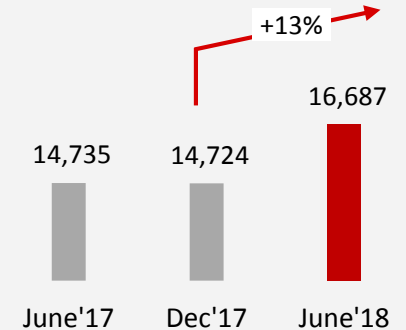
Net financing assets (AED mn)



Continued focus on growing CASA deposits (AED bn)



Deposits (AED mn)



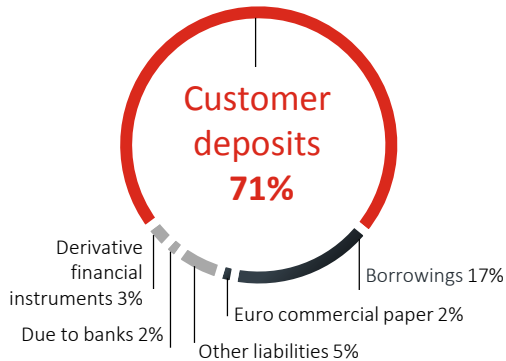
¹ Other assets include: Derivative financial instruments, Investments in associate, Investment properties, Property and equipment (net), Intangible assets, Reverse repo placements and Trading securities and Other assets

94% of loans (gross) within the UAE

Wholesale funding and maturity profile

Liability base

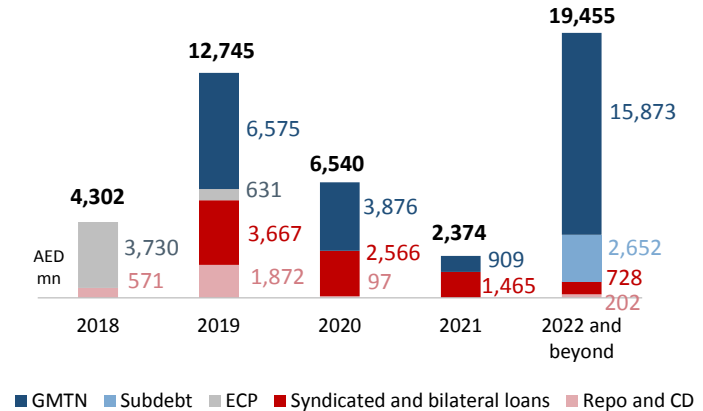
AED 241,170 mn (As at 30 June 2018)



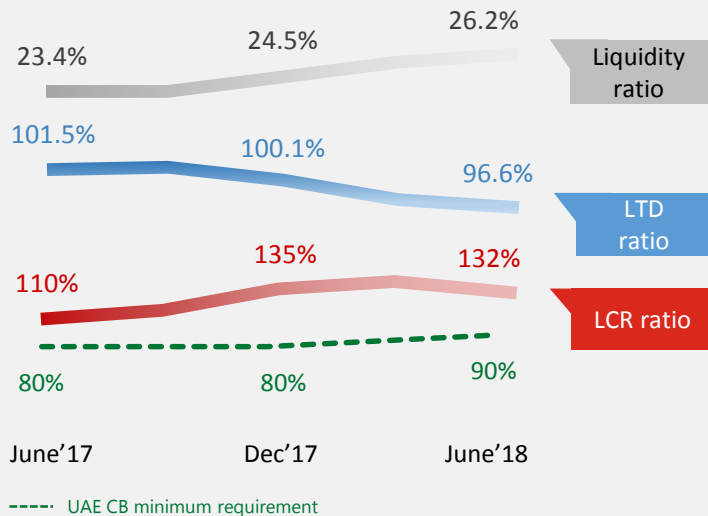
Wholesale funding

As at 30 June 2018	AED mn
Global medium term notes (GMTN)	27,233
Subordinated debt	2,652
Euro Commercial paper	4,362
Repo	402
Bilateral loans	5,491
Syndicated loans	2,934
Certificate of Deposits	2,342
Total	45,416

Maturity profile



Strong liquidity ratios



Net lender in the interbank markets

AED 11 bn

Main issuances in H1'18

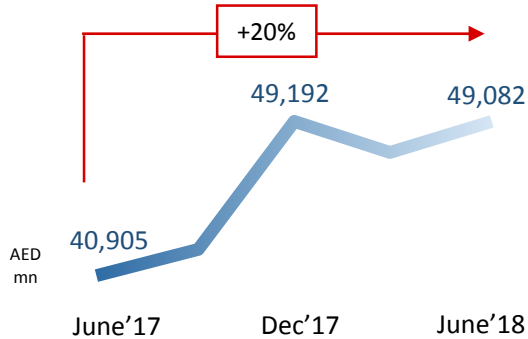
- ▶ 5 year USD 750 mn RegS/144A with a coupon of 4% p.a.
- ▶ 30 year USD 540 mn Formosa bonds with IRR of 4.75% p.a.
- ▶ 3 to 4 year CNH 360 mn with coupons between 4.82 to 5.02% p.a.
- ▶ 5 year CHF 175 mn with a coupon of 0.385% p.a.

Main maturities/call backs in H1'18

- ▶ USD 750 mn under Bank's GMTN issuance programme with a coupon of 2.5% p.a.
- ▶ USD 300 mn sub-debt early paid using 5 year call option available on the bonds
- ▶ CHF 100 mn sub-debt early paid using 5 year call option available on the bonds

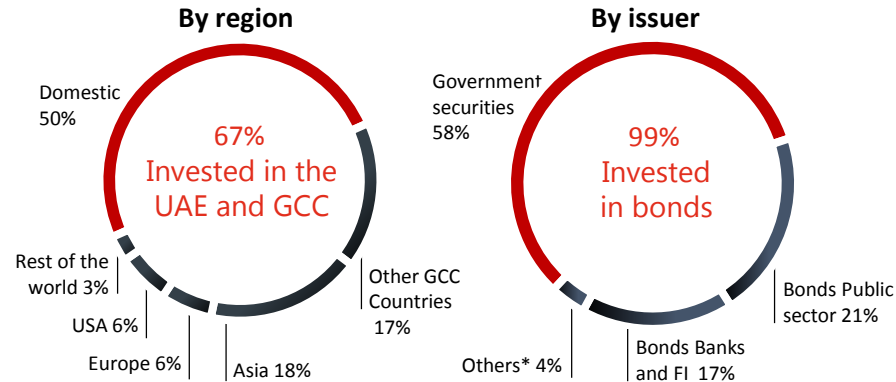
Investment securities

Investment securities



Investment securities

AED 49,082 mn (As at 30 June 2018)

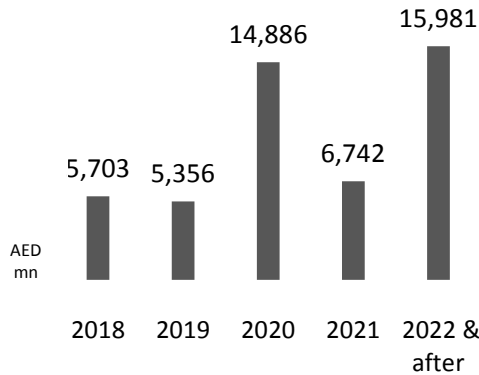


Non-Government bond portfolio:

- ▶ Rated A- or better: 64%
- ▶ Rated Investment grade (i.e. BBB+ to BBB-): 31%
- ▶ Rated below investment grade (BB+ and below including unrated): 5%

* Include equity instruments and mutual funds

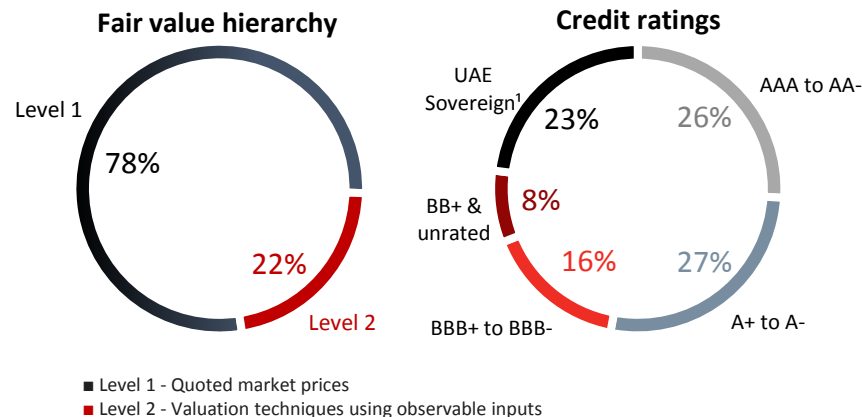
Maturity profile*



* Excluding investments in equity and funds

Total bond portfolio

Government and Non-Government bond portfolio:
AED 48,668 mn (As at 30 June 2018)



Credit ratings:

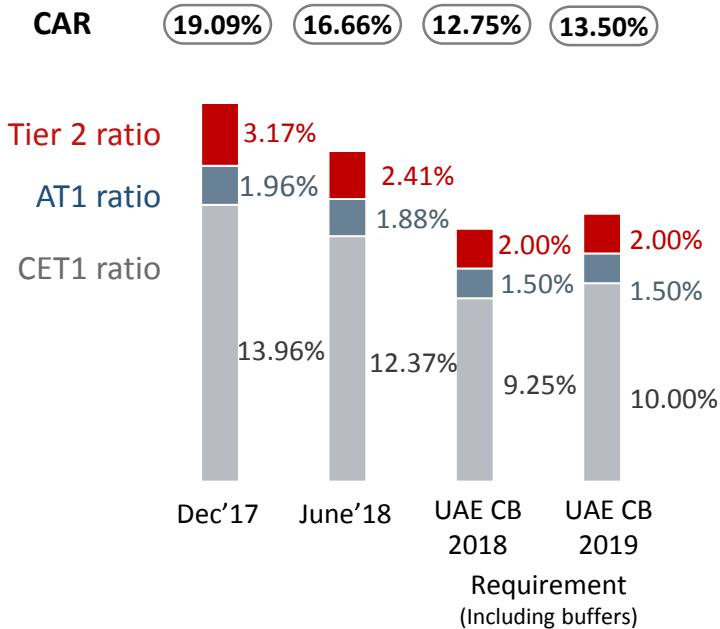
Standard & Poor's, or equivalent of Fitch or Moody's. Issuer/guarantor's based ratings are used, where bonds are unrated

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

High quality investment portfolio, with 99% invested in bonds

Capital ratios

Capital adequacy ratio (Basel III)



Risk weighted assets (AED bn)



Variance analysis

YTD reduction in CAR by 2.43%

Capital adequacy ratio movement	%
Dec'17 Capital adequacy ratio	19.09
Increase in capital on account of profit	1.13
Impact of AED 2.2 bn dividend payout	(1.08)
Increase in credit risk weighted assets	(1.01)
Repayment of qualifying Tier 2 capital	(0.73)
Impact of IFRS 9 on retained earnings	(0.67)
Others	(0.07)
Jun'18 Capital adequacy ratio	16.66

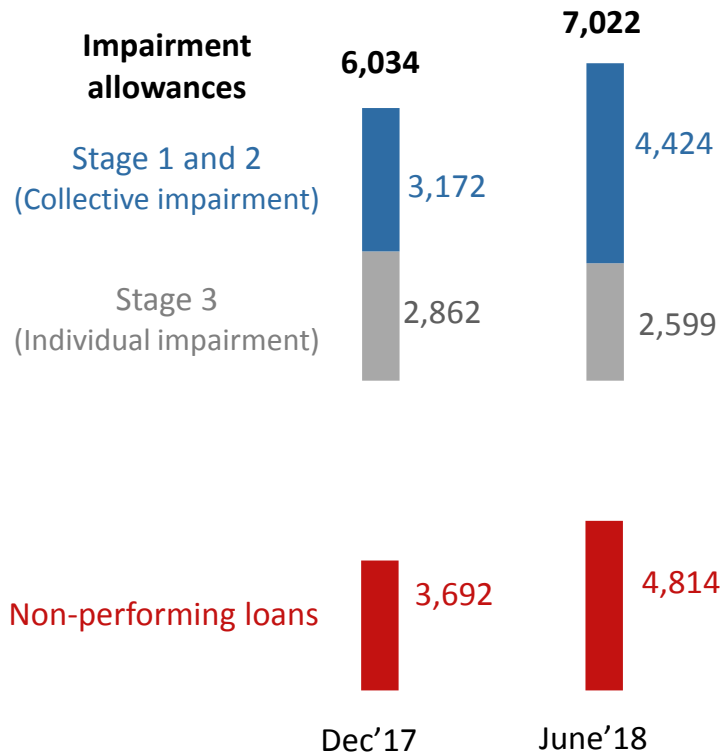
Others include increase in operational risk weighted assets and reduction in market risk weighted assets

Components may not sum exactly to totals because of rounding

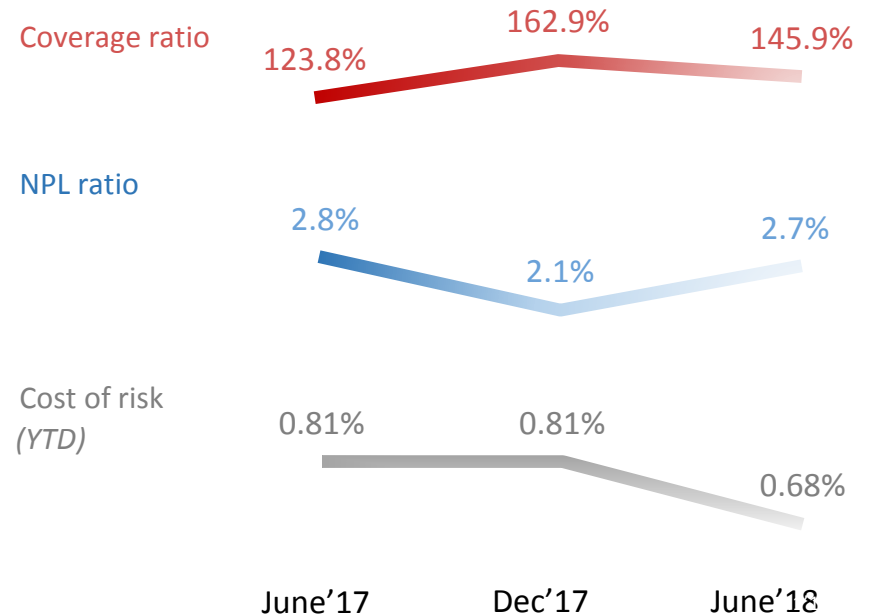
Robust capital position

Asset quality

Stage 3 (NPL) and Impairment allowances* (AED mn)



Risk indicators



At its lowest level since 2016
H1'18 impairment charges 5% lower YoY

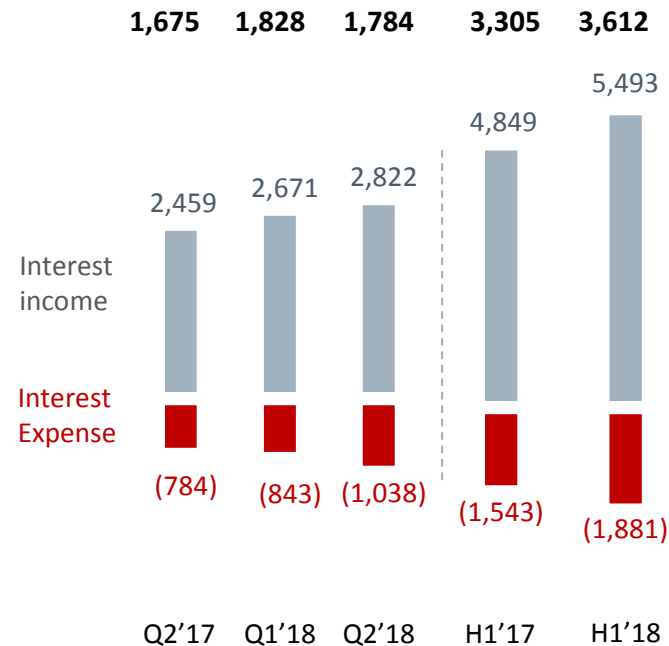
* Impairment allowances for loans and advances to customers and banks
Components may not sum exactly to totals because of rounding

- ▶ Successful transition to IFRS 9, effective 1 January 2018
- ▶ Stage 3 (non-performing loans) increased to AED 4,814 million, due to an increase in a few corporate accounts
- ▶ Stage 1 and 2 expected credit loss allowances were 2.64% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

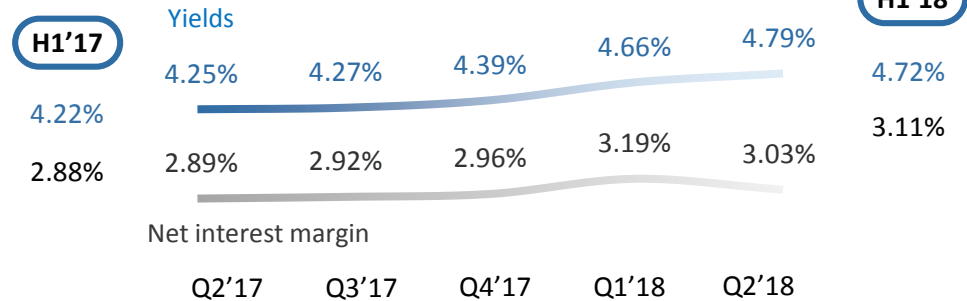
Net interest income

Net interest income

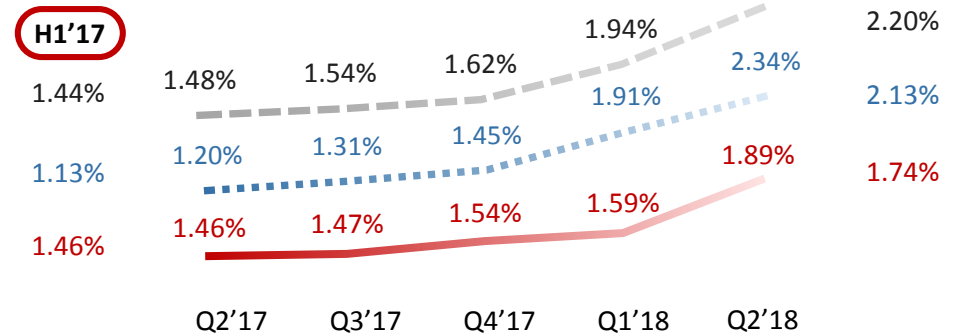
(AED mn)



Increase in yields supported by repricing of assets H1'18 yields +50 bps YoY



Increase in CoF lower than the increase in benchmark rates



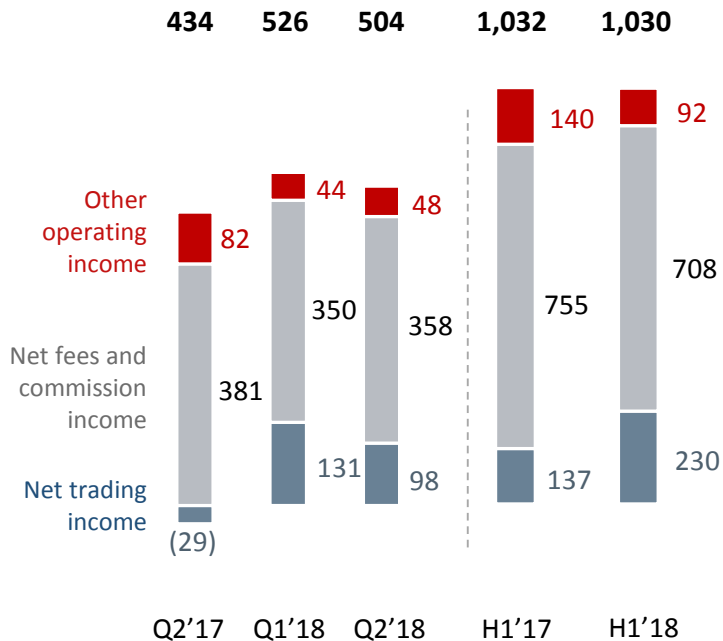
— Cost of funds - - - Average 3M Libor - - - Average 3M Eibor

- ▶ Q1'18 yields benefited from a one-off write-back of interest in suspense on a few accounts
- ▶ H1'18 NIM increased 23 bps YoY to 3.11%
- ▶ QoQ NIM contraction was driven by the de-risking of the retail unsecured loan portfolio and increased cost of carrying high quality liquid assets (HQLA) to meet LCR and recently introduced NSFR regulations

Non-interest income

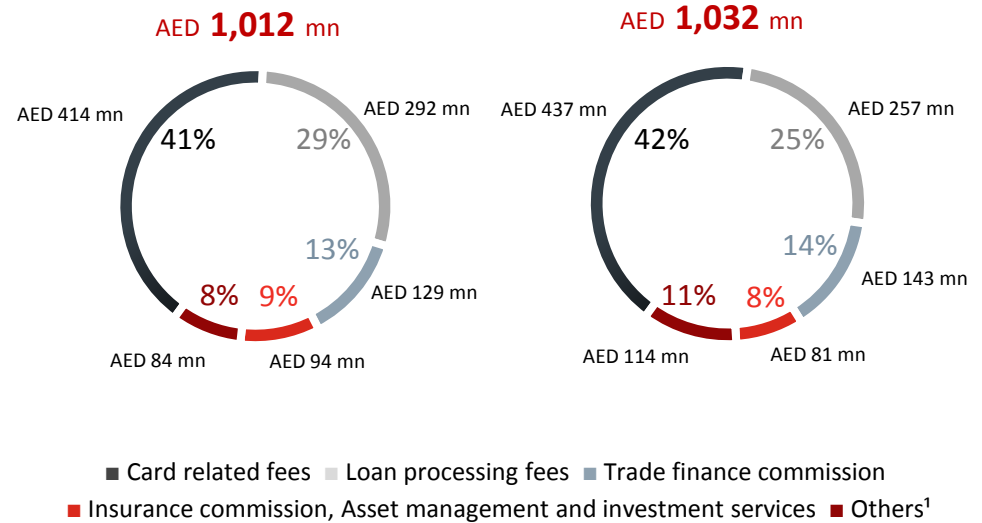
Non-interest income

(AED mn)



Gross fees and commission income

H1'17 $\xrightarrow{+2\%}$ H1'18



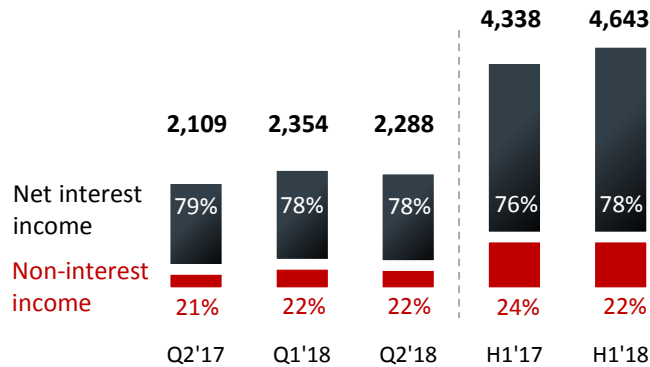
¹ Others include brokerage, fees from accounts related activities and other fees

- ▶ H1'18 gross fee income was up 2% YoY. Net fees and commission income was 6% lower, reflecting lower business volumes, higher card related expenses and the setup costs related to the merchant acquiring business
- ▶ This was partially offset by an increase in net trading income, up 67% over H1'17, mainly driven by higher FX gains
- ▶ Decline in other operating income mainly due to the non-recurrence of one-off gains recorded in H1'17 and lower income from property management business in H1'18

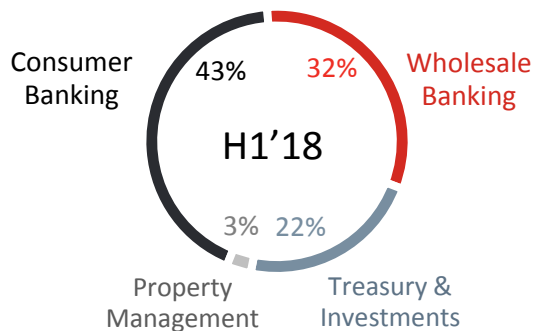
Operating income and performance by business segment

Operating income

(AED mn)

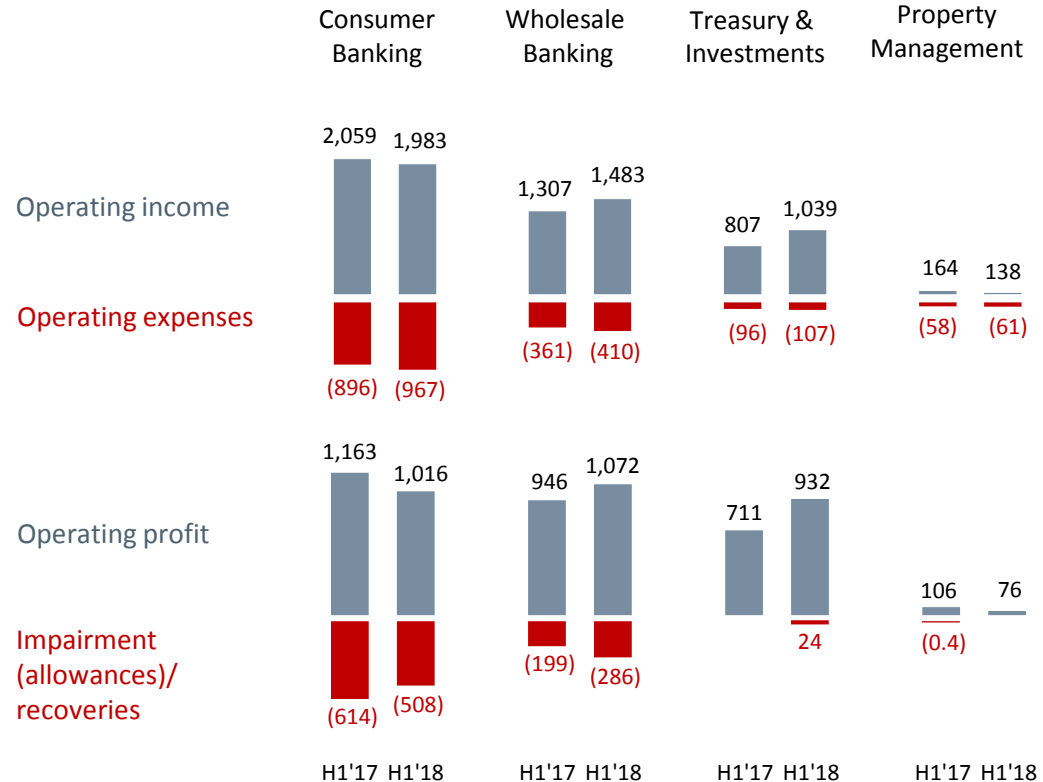


Operating income by business segment



Business performance

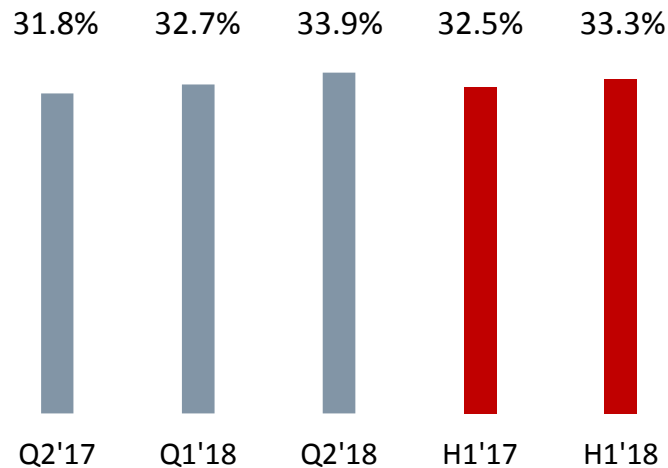
(AED mn)



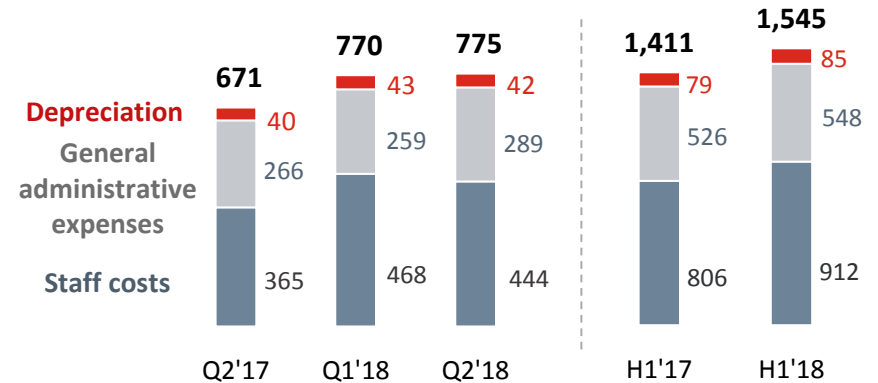
- ▶ H1'18 CBG impairment allowances declined 17% YoY, supported by the continued de-risking of the unsecured retail loan portfolio. Revenues impacted by lower volumes and higher fee expense
- ▶ H1'18 WBG revenues were up 13% YoY, mainly driven by higher net interest income. Higher impairment allowances on account of a few corporate accounts
- ▶ H1'18 Treasury revenues were up 29% YoY

Operating expenses

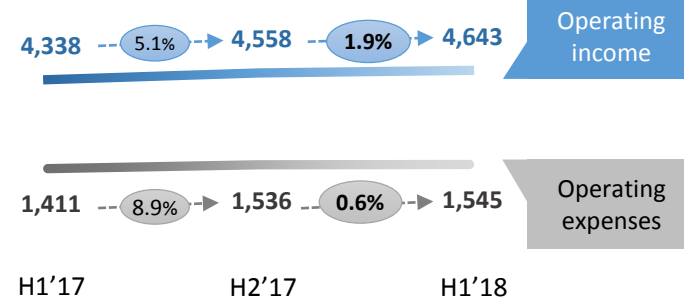
Cost to income ratio (%)



Operating expenses (AED mn)



Operating jaws (AED mn)

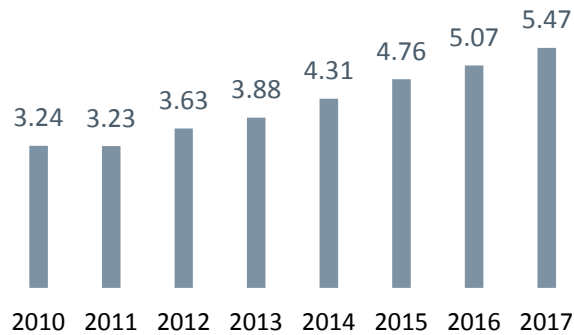


Cost to income ratio within our target range

Our journey

Our journey

Book value per share (AED)

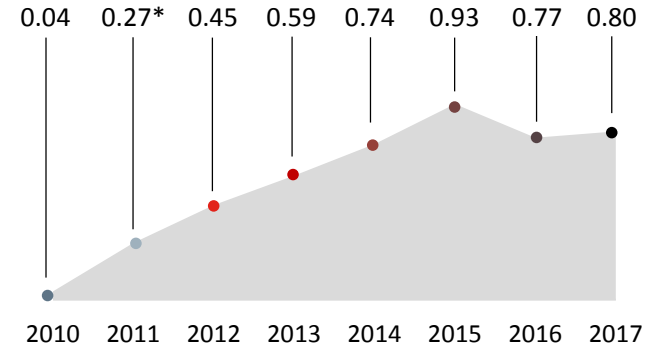


Total shareholder return (%)

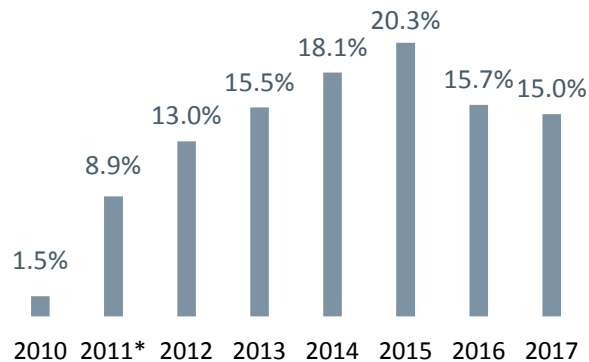
	ADCB	ADX	ADBF
5 Year	183%	115%	104%
7 Year	339%	126%	161%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Exchange, ADBF: Banking Index
As at 31 December 2017

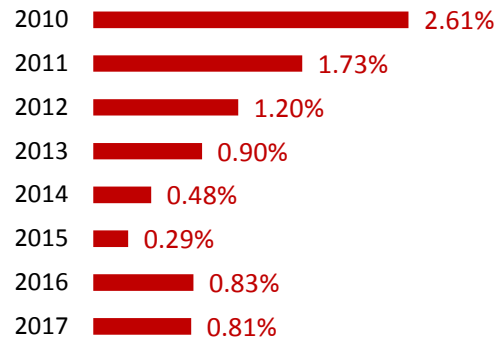
Basic earnings per share (AED)



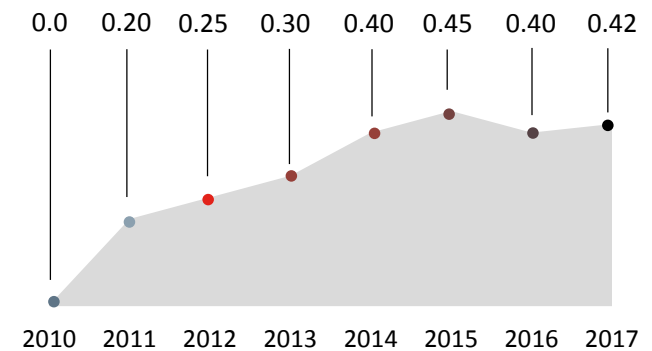
Return on average equity (%)



Cost of risk (%)



Dividend per share (AED)

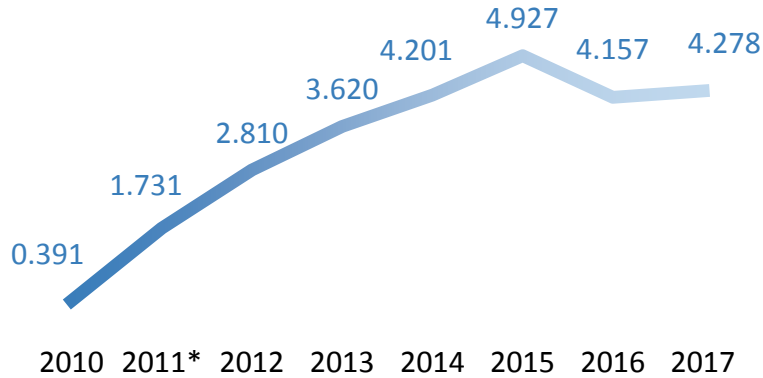


* Normalised to reflect sale of investment in associate

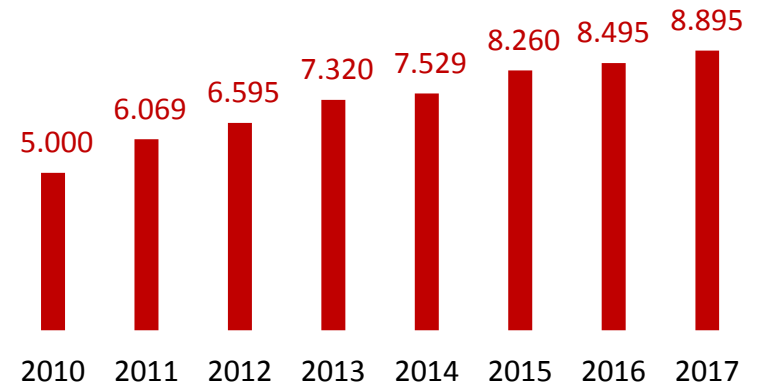
Strong financial performance, delivering long term value for shareholders

Our journey

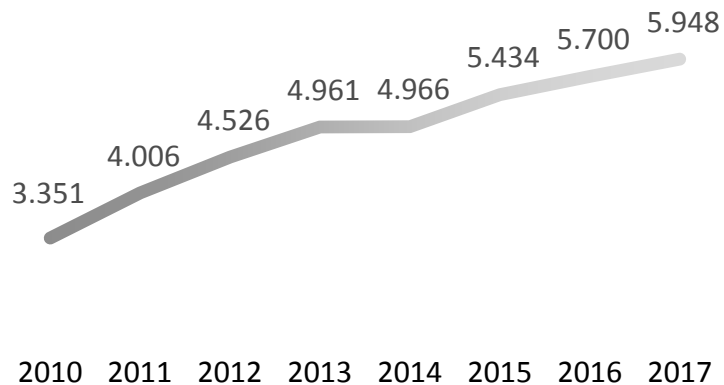
Net profit (AED billion)



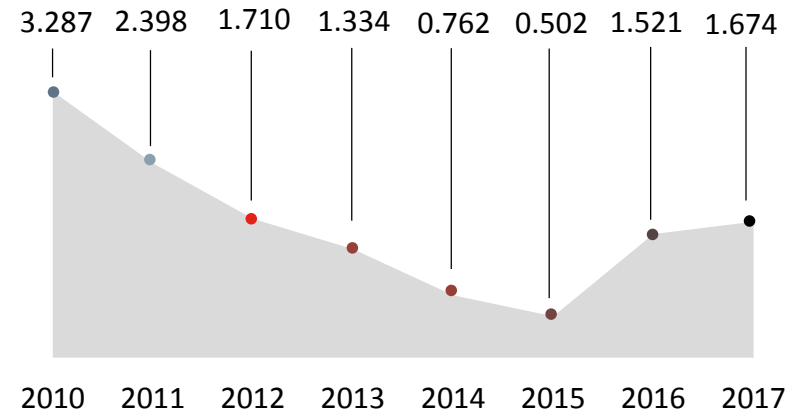
Operating income (AED billion)



Operating profit (AED billion)



Impairment allowance charge (AED billion)

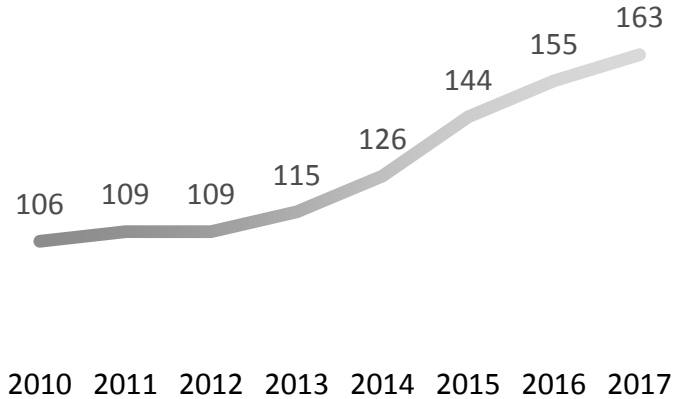


* Normalised to reflect sale of investment in associate

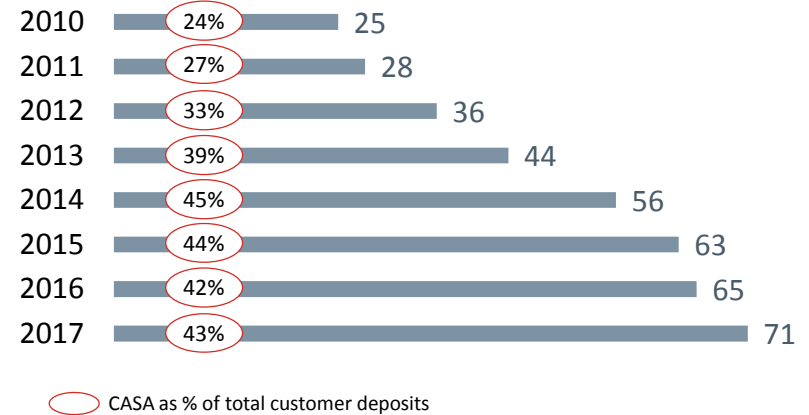
Building on a proven strategy, delivering measured and profitable growth

Our journey

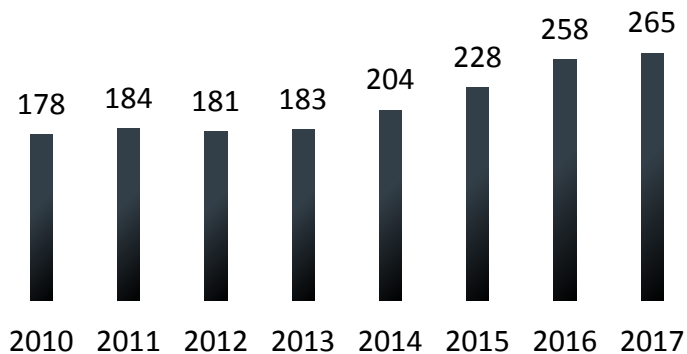
Customer deposits (AED billion)



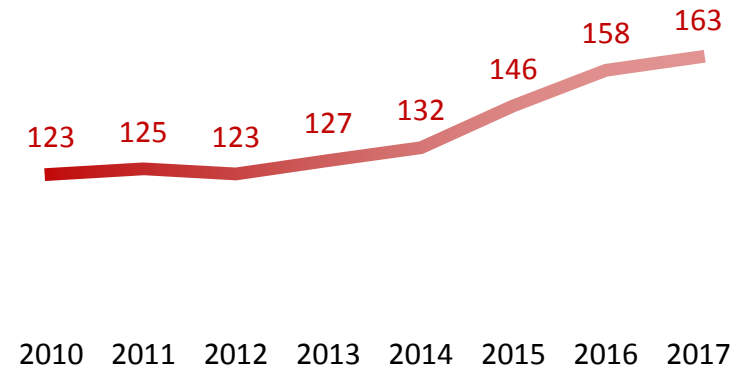
CASA deposits (AED billion)



Total assets (AED billion)



Net loans and advances* (AED billion)

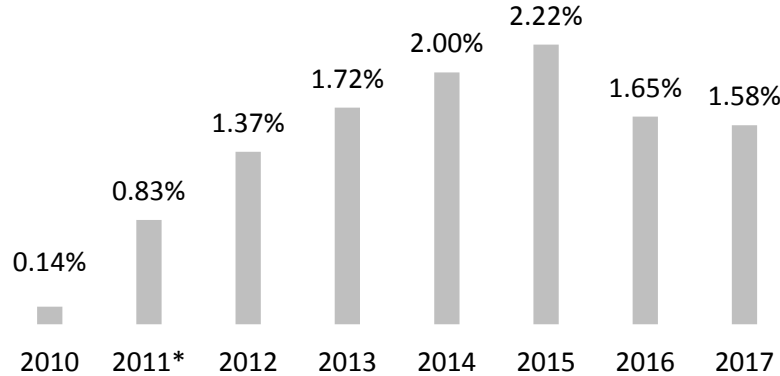


*In June 2016, loans and advances to banks have been reclassified to "Deposits and balances due from banks, net" to better reflect the underlying nature of the business of the borrowers. Accordingly, net loans in 2015 were reclassified to conform to current period's presentation

Strong deposit gathering franchise, focus on growing CASA deposits

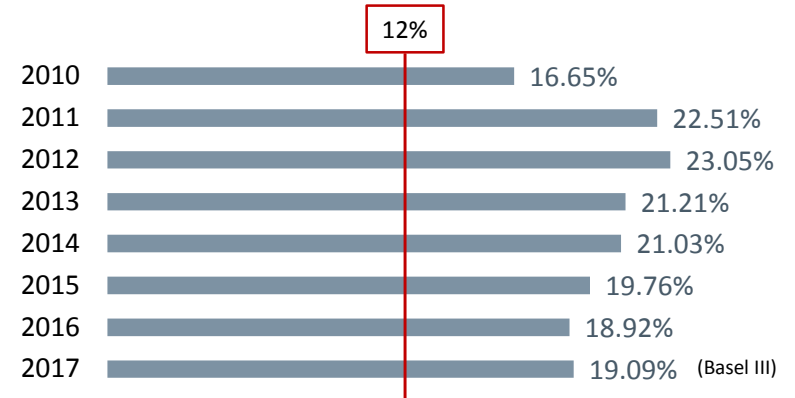
Our journey

Return on average assets (%)



* Normalised to reflect sale of investment in associate

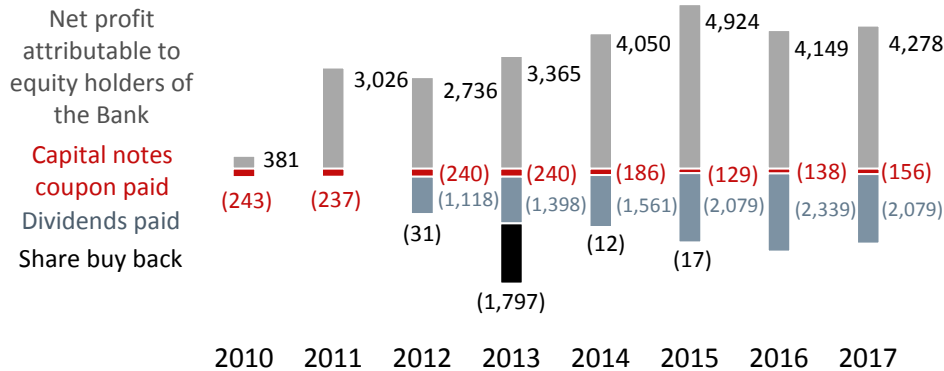
Capital adequacy ratio (%) Basel II



□ Minimum CAR requirement stipulated by UAE Central Bank

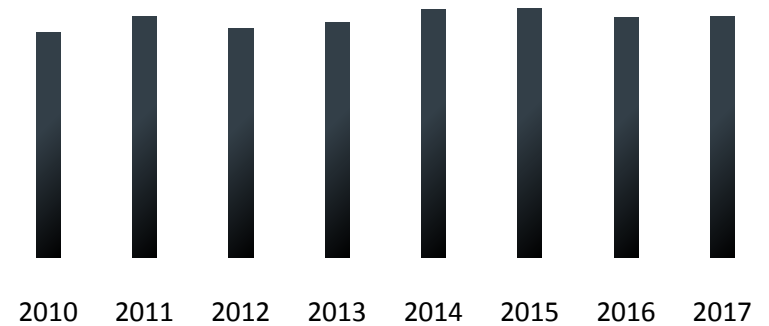
Capital generation (AED million)

138 2,789 1,347 (70) 2,291 2,699 1,671 2,042



Cost to income ratio (%)

30.9% 33.1% 31.4% 32.2% 34.0% 34.2% 32.9% 33.1%



Robust capital position, disciplined cost management

Appendix

2018 Awards

"Best Cash
Management Bank in
the Middle East"

Global Finance

"Best Cash
Management Bank in
the U.A.E"

Global Finance

"Best Affinity Card in
Middle East & North
Africa"

MasterCard Leadership
Forum

Ranked the 2nd in S&P/Hawkamah ESG Pan Arab
Index for Leadership in Corporate Sustainability

Hawkamah

"Most Popular
Credit Card of
the Year 2018"

Souqalmal.com

"Credit Card
Product of the
Year in Middle East"

The Asian Banker

"Best Affinity Credit
Card in Middle East &
Asia/Oceania"

Freddie Awards 2018

"Best Domestic Trade
Finance Bank Of The Year"

Global Finance

2017 Awards

<p><u>"Best Business Change or Transformation – Delivery of a Great Customer Experience Through Change" for Operational Excellence Framework 'SIMPLearn'</u></p> <p>Gulf Customer Experience Awards</p>	<p><u>"Best Trade Finance Bank in The U.A.E"</u></p> <p>Global Finance</p>	<p><u>"Five Star Cash Manager "</u></p> <p>Euromoney</p>	<p><u>"Innovative Approach to Emiratisation to Deliver Exceptional Customer Experience" for Tamooha</u></p> <p>Gulf Customer Experience Awards</p>
<p><u>"Best Contact Centre in the Region" for Contact Centre</u></p> <p>Gulf Customer Experience Awards</p>	<p><u>"Best Supply Chain Finance Bank in the Middle East"</u></p> <p>Global Finance</p>	<p><u>"Five Star Trade Finance provider in Middle East"</u></p> <p>Euromoney</p>	<p><u>"Best Employee Engagement in Financial Services" for the Human Resources Team</u></p> <p>Gulf Customer Experience Awards</p>
<p><u>"Best Insight and Feedback – Listening to Customers to Create an Impact" for Customer Experience and Research</u></p> <p>Gulf Customer Experience Awards</p>	<p><u>"UAE Domestic Trade Finance Bank of the Year Award"</u></p> <p>Asian Banking & Finance</p>	<p><u>"Best Bank for Transaction Services in the Middle East"</u></p> <p>Euromoney Awards for Excellence</p>	<p><u>"3G CSR Award" in recognition of excellence in transparency, good governance and social responsibility</u></p> <p>The Global Good Governance Awards (3G Awards)</p>
<p><u>"Mohammed Bin Rashid Al Maktoum Business Innovation Award"</u></p> <p>"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"</p>	<p><u>"Debt Capital Markets in UAE"- Real Estate Survey 2017</u></p> <p>Euromoney</p>	<p><u>"Five Star Trade Finance provider in the Region (Middle East)"</u></p> <p>Euromoney</p>	<p><u>"Outstanding Award for Business Innovation"</u></p> <p>"The Mohammed Bin Rashid Al Maktoum Business Innovation Awards"</p>
<p><u>"The Best Annual Report Category in the Middle East"</u></p> <p>The 9th Middle East Investor Relations Association (MEIRA) Awards</p>	<p><u>"Best Investor Relations Website in the Middle East"</u></p> <p>The 9th Middle East Investor Relations Association (MEIRA) Awards</p>	<p><u>"APCP- Best Property Management Team - UAE 2017"</u></p> <p>The Capital Finance International (CFI)</p>	<p><u>"Islamic Banker of the Year 2017 Award"</u></p> <p>Global Islamic Finance Awards (GIFA)</p>
<p><u>"(Market Leader) in 2017" - Cash management</u></p> <p>Euromoney</p>	<p><u>"Best Trade Bank in the Middle East"</u></p> <p>Trade and Forfaiting Review (TFR)</p>	<p><u>"The Institute for Corporate Governance"</u></p> <p>Hawkamah</p>	<p><u>"Women in Leadership Achievement Award" under the category of best DNI (Diversity and Inclusion Initiative) for its Tamooha</u></p> <p>The 19th Global Women in Leadership Economic Forum</p>

Balance sheet

AED million	June'18	Dec'17	% Change
Cash and balances with Central banks	18,849	19,997	(6)
Deposits and balances due from banks, net ¹	18,478	11,452	61
Reverse-repo placements	163	99	65
Trading securities	577	485	19
Derivative financial instruments	5,914	3,820	55
Investment securities	49,082	49,192	(0)
Loans and advances to customers, net	165,733	163,282	2
Investment in associate	201	205	(2)
Investment properties	633	635	(0)
Other assets	11,128	14,876	(25)
Property and equipment, net	965	960	0
Total assets	271,722	265,003	3
Due to banks	4,579	5,177	(12)
Derivative financial instruments	6,940	4,234	64
Deposits from customers	171,521	163,078	5
Euro commercial paper	4,362	2,910	50
Borrowings	41,054	40,555	1
Other liabilities	12,715	16,603	(23)
Total liabilities	241,170	232,558	4
Total shareholders' equity	30,552	32,445	(6)
Total liabilities and shareholders' equity	271,722	265,003	3

¹ Deposits and balances due from banks include AED 6.4 bn as at Jun 30, 2018 (AED 5.1 bn as at Dec 31, 2017) of loans to banks that were earlier reported under loans and advances to customers, net

Income statement

AED million	H1'18	H1'17	% Change
Interest income and income from Islamic financing	5,493	4,849	13
Interest expense and profit distribution	(1,881)	(1,543)	22
Net interest and Islamic financing income	3,612	3,305	9
Net fees and commission income	708	755	(6)
Net trading income	230	137	67
Other operating income	93	140	(34)
Non interest income	1,030	1,032	(0)
Operating income	4,643	4,338	7
Staff expenses	(912)	(806)	13
General administrative expenses	(548)	(526)	4
Depreciation	(85)	(79)	8
Operating expenses	(1,545)	(1,411)	9
Operating profit before impairment allowances & taxation	3,097	2,926	6
Impairment allowances	(770)	(814)	(5)
Share in profit of associate	6	5	NM
Overseas income tax expense	(1)	(4)	NM
Net Profit	2,332	2,114	10

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