



# Leading Through

AMBITION + DISCIPLINE

**Abu Dhabi Commercial Bank PJSC**

Q3-9M'18 Investor presentation

November 2018



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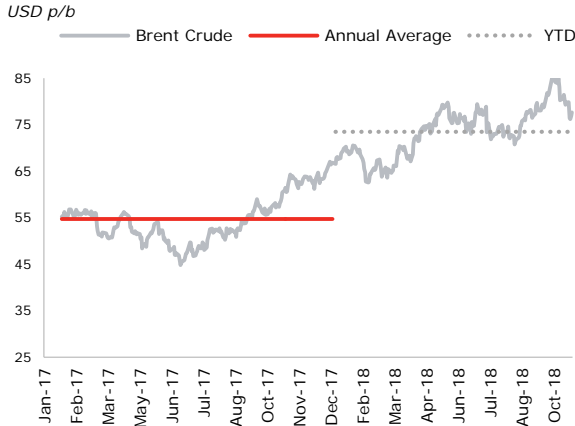
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# Macro overview

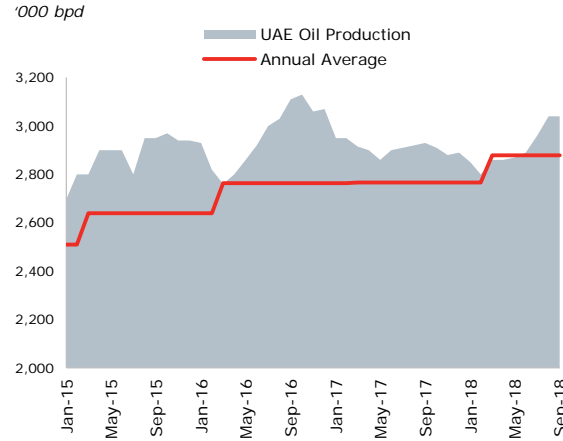
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# Non-oil activity

Oil revenues to increase with higher oil prices, average oil production

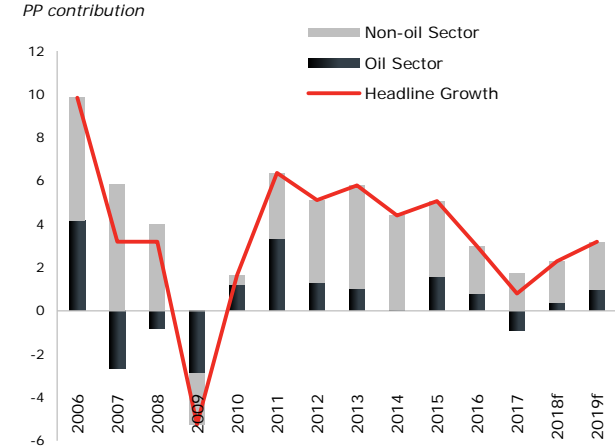


Source: Bloomberg, ADCB estimates



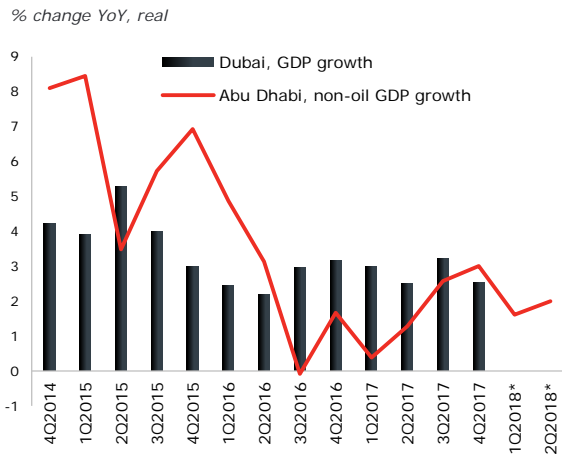
Source: Bloomberg

Real GDP growth to strengthen gradually in 2018 & 2019



Source: UAE National Bureau of Statistics, ADCB estimates

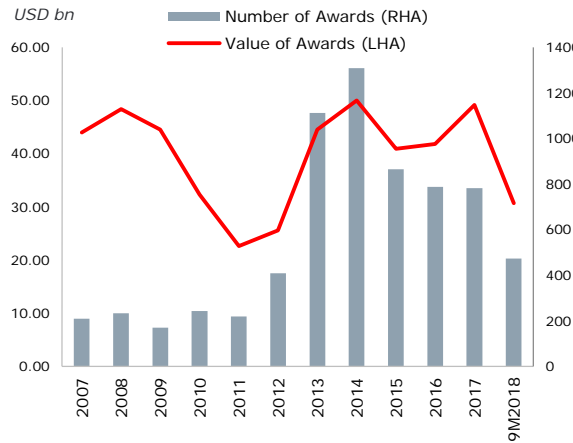
Real GDP growth by Emirate



\* Dubai Q1'18 & Q2'18 GDP data is yet to be released

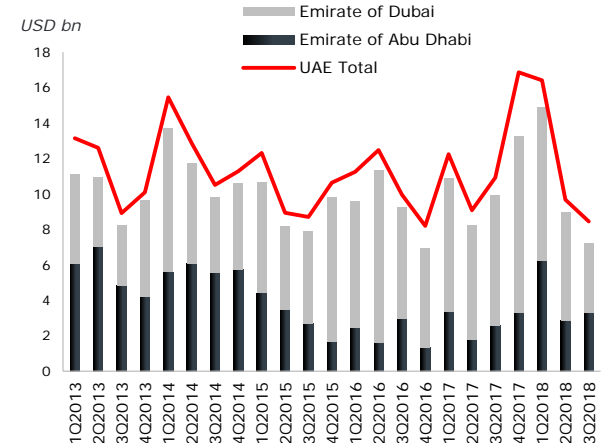
Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

Value of project awards solid in 2017 + 9M'18



Source: Meed projects, ADCB estimates

Project awards by Emirates



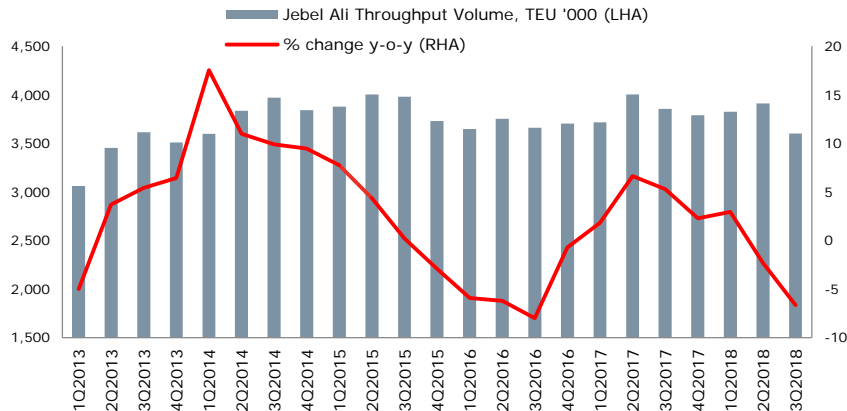
Source: Meed projects, ADCB estimates

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)

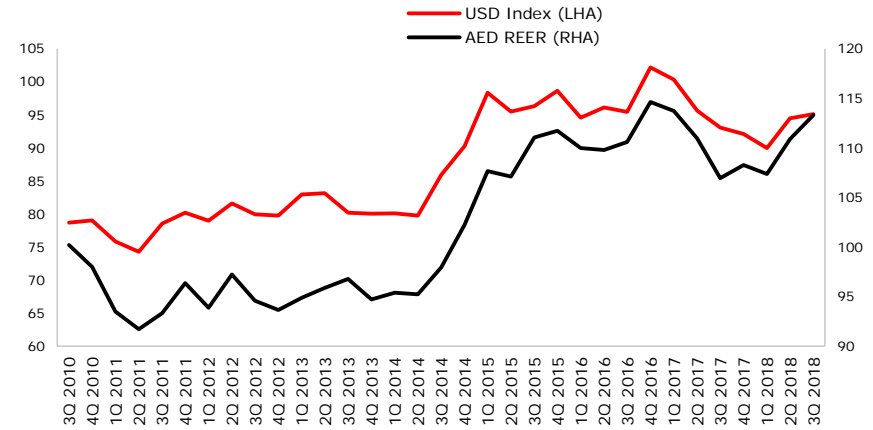


\* TEU: Twenty-foot equivalent units

Source: DP World

## USD strengthens from Q2 and Q3 2018

Index

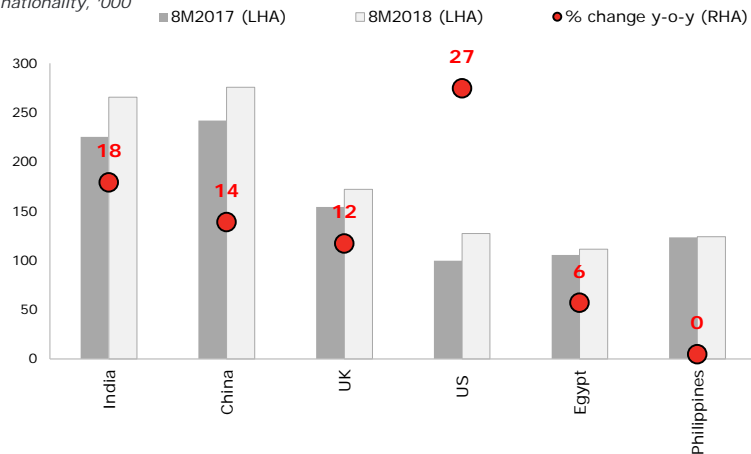


Source: BIS, Bloomberg

## Strong USD impacting tourism – Earlier visa liberalisation positive

Hotel guests by nationality, '000

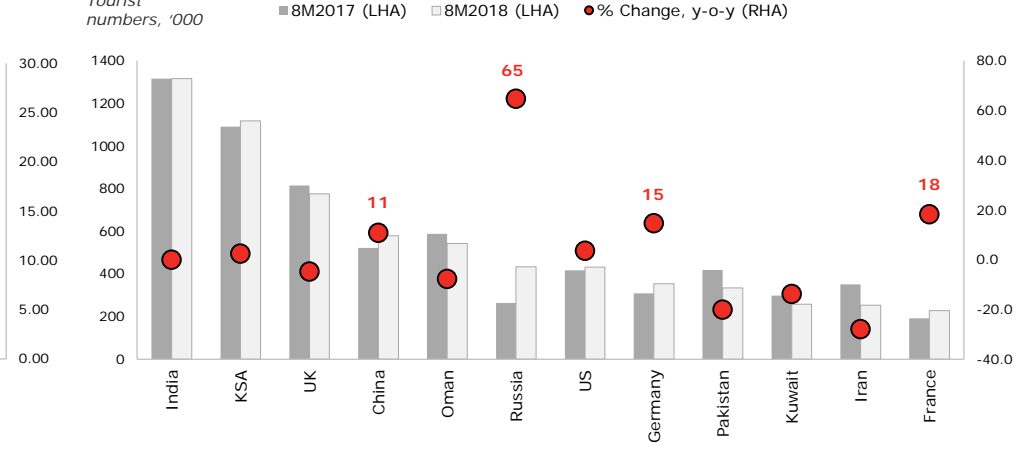
### Abu Dhabi



Source: Abu Dhabi Tourism and Culture Authority, ADCB calculations

Tourist numbers, '000

### Dubai



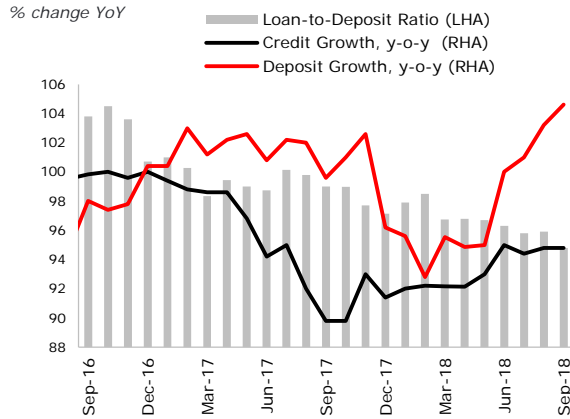
Source: Dubai Department of Tourism and Commerce Marketing, ADCB calculations

# External headwinds in 2018

# Banking sector overview

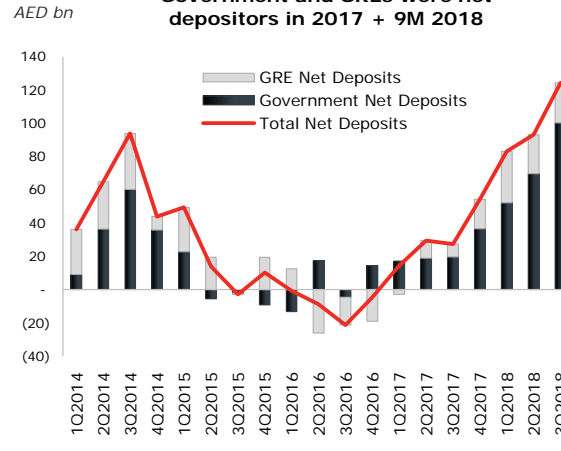
## Banking sector liquidity remains comfortable

### Deposit growth stronger than credit growth



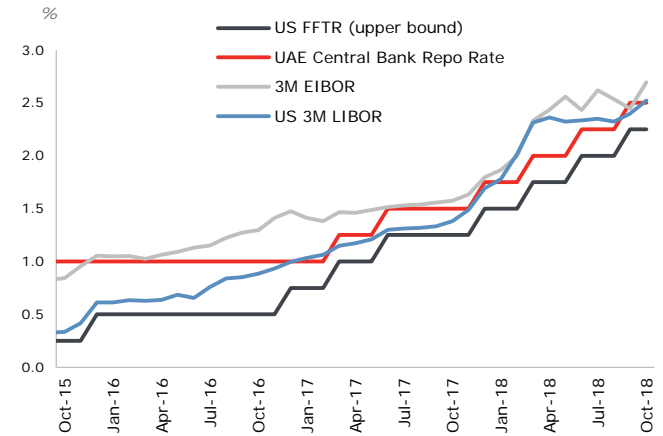
Source: Central Bank of the UAE

### Government and GREs were net depositors in 2017 + 9M 2018



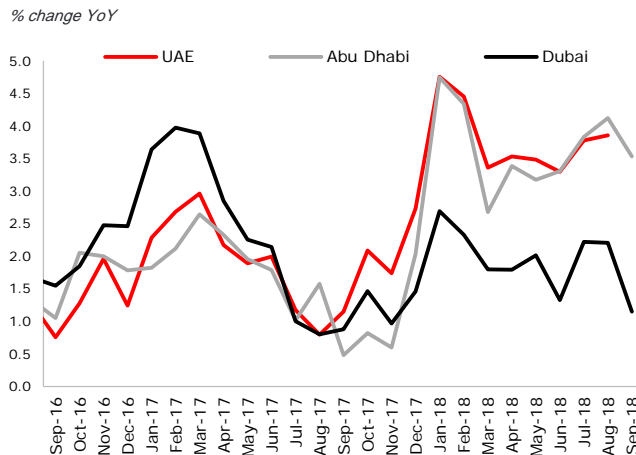
Source: Central Bank of the UAE, ADCB calculations

## 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	2019f
Average Brent Crude Spot Price, USD p/b	108.8	99.5	52.3	43.7	54.7	75.3	73.8
Average Oil Production, mn bpd	2.76	2.77	2.9	2.96	2.91	2.96	3.09
GDP at Current Market Prices, USD bn	390.4	403.4	358.4	357	382.8	435.4	451.9
Real GDP Growth Rate, %	5.1	4.4	5.1	3	0.8	2.4	3.5
Real Non-Oil GDP Growth Rate, %	5.9	6.4	5.0	3.2	2.6	2.7	3.1
CPI Inflation, % average	1.1	2.3	4.1	1.7	2.0	3.5	1.7
Budget Balance, USD bn	40.4	7.7	(12.1)	(13.8)	(1.2)	14.4	8.7
Budget Balance, % of GDP	10.4	1.9	(3.4)	(3.9)	(0.3)	3.3	1.9
Trade Balance, USD billion	141.0	108.4	76.6	65.0	76.1	99.4	94.6
Current Account, % of GDP	19.0	13.3	4.7	2.4	4.1	8.1	6.6
Growth in Credit to the Private Sector, %	4.2	8.0	7.7	5.5	3	5.2	4.8

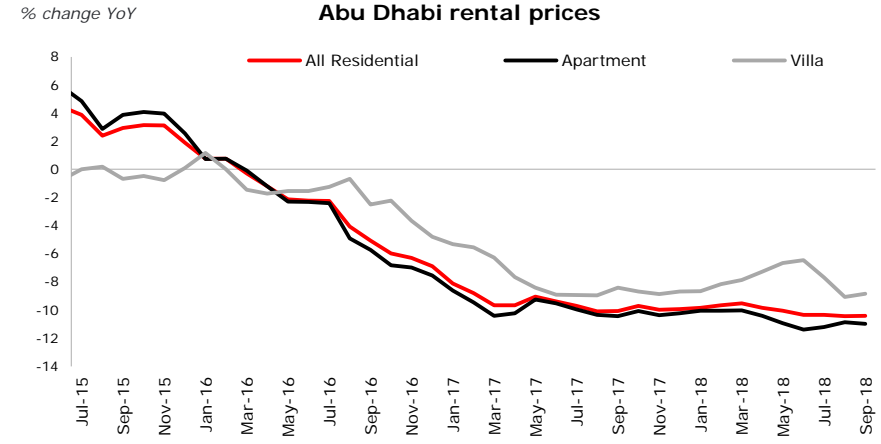
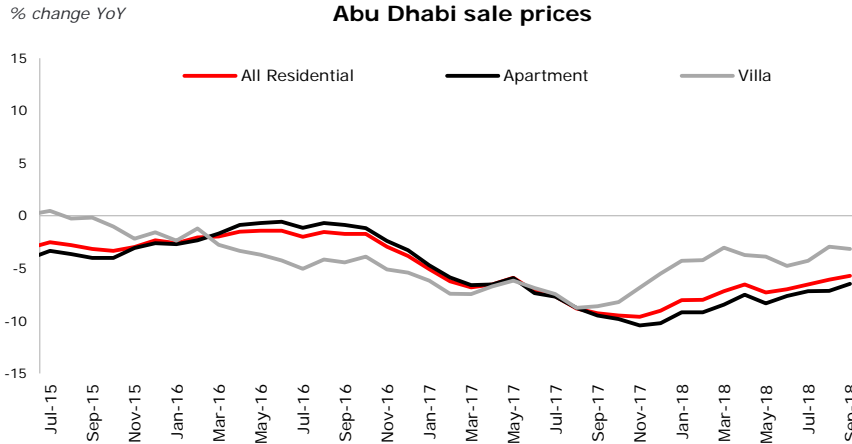
■ Inclusive of VAT impact

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

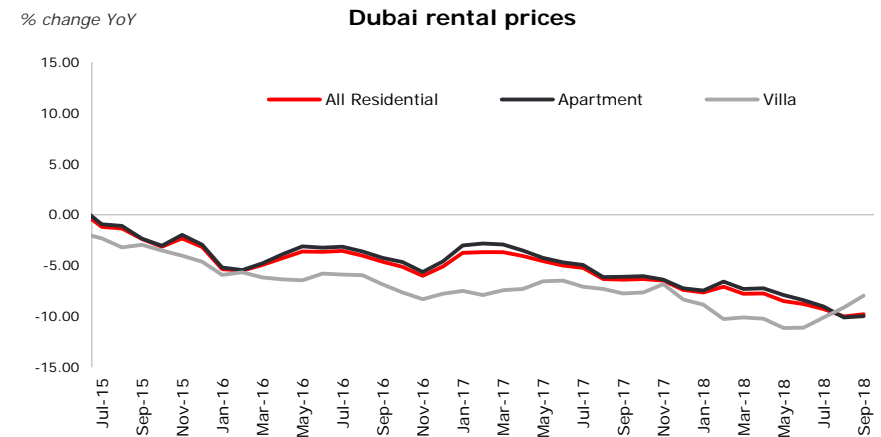
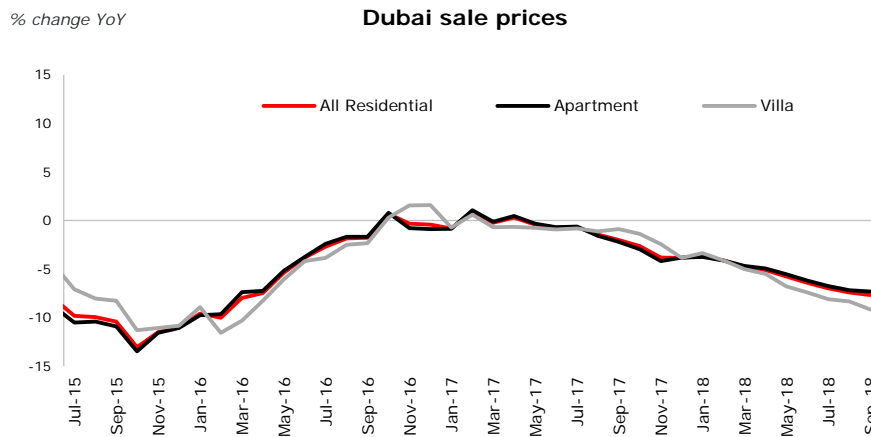
## Abu Dhabi rental and sale prices continued to contract in 9M'2018



Source: Reidin, ADCB calculations

Source: Reidin, ADCB calculations

## Falls in Dubai property sale prices more in 2018, 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

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# ADCB franchise

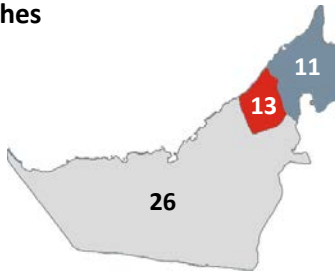
## Branch network

### Domestic branches

- Abu Dhabi: 26
  - Dubai: 13
  - Others: 11
- Total: 50\*

ATMs: 380

As at 30 September 2018



### International presence:

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

## Ratings re-affirmed in 2018

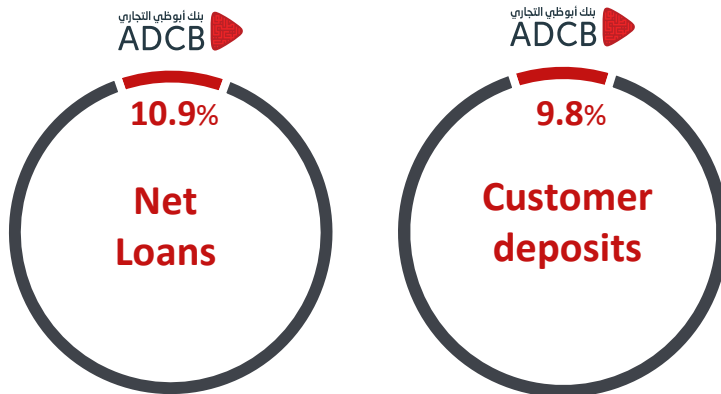
**S&P**

A/A-1/Stable

**Fitch**

A+/F1/Stable

## Market share by loans and deposits

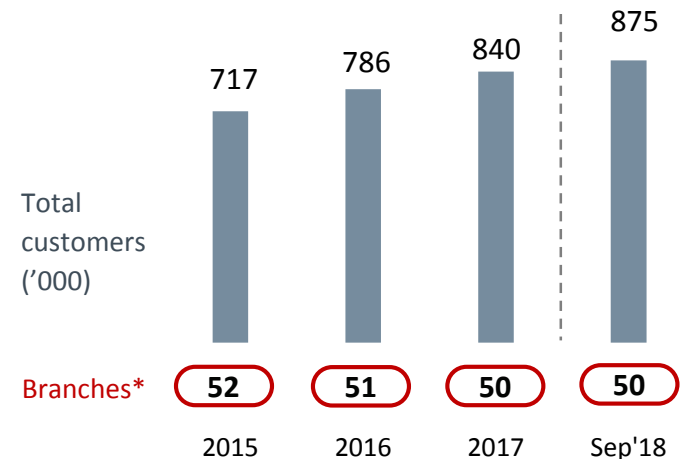


Source: UAE Central Bank data as at 30 September 2018

\*Include pay offices

## Strong branch optimisation

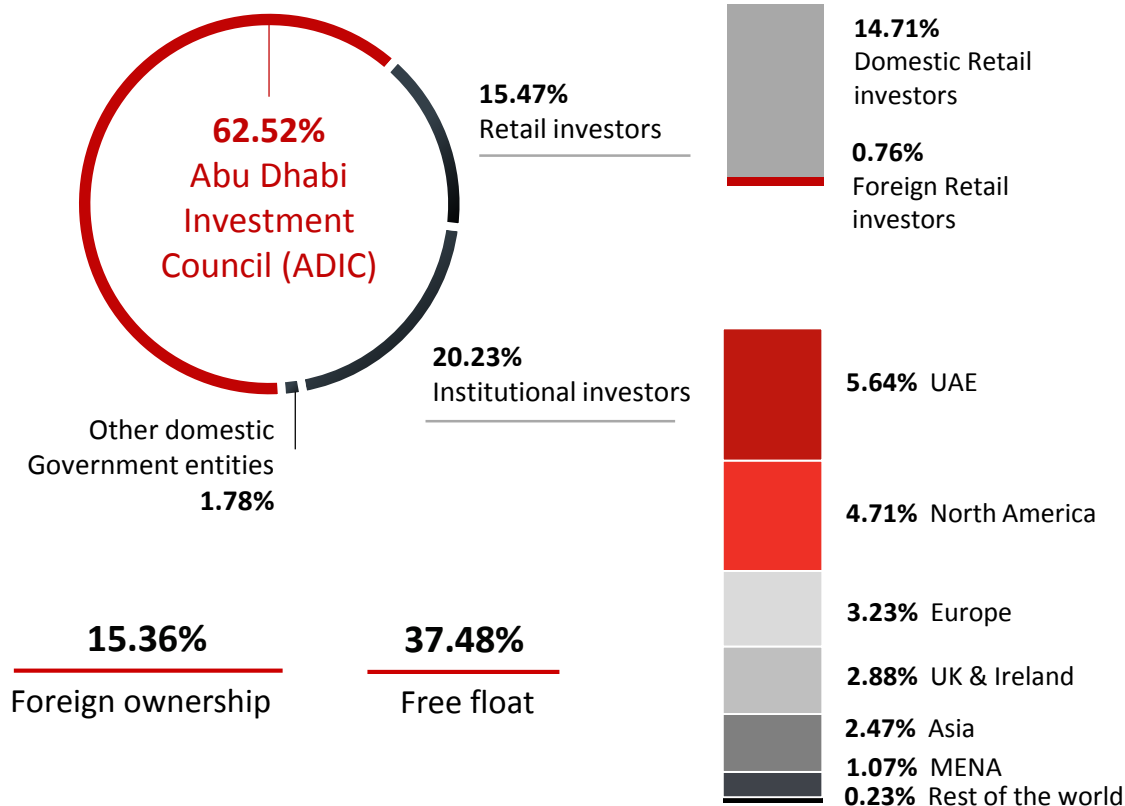
*Stable branch network, servicing increasing number of customers*



**UAE-centric strategy, strong domestic franchise**

# Ownership structure

## Shareholding structure



### As at 30 September 2018

Number of shares issued	5,198 mn
Book value per share	AED 5.35
Closing price	AED 8.01
Market capitalisation	AED 41,636 mn

### Weighting as at 30 September 2018

ADSMI Index	6.33%
MSCI UAE Index	13.07%
FTSE Nasdaq UAE Index	9.33%

Shareholders from  
**75**  
countries

Supportive principal shareholder – 62.52% owned by ADIC

# Customer centricity

## Customer centric approach driving improvements



- ▶ Voice of the customer is core in driving customer centricity
- ▶ Since 2014, 100+ action planning workshops conducted to improve customer experience
- ▶ Continue to understand customers needs by conducting detailed analysis to identify drivers of advocacy to enhance customer experience, product offerings and servicing model

## Voice of the customer on digital transformation



- ▶ Continue to engage with customers to test the user interface elements to enable a superior user experience on ADCB digital channels
- ▶ Feedback from more than 1,500 customers collected and changes implemented at every development stage

## Agile way of working



- ▶ Agile and other innovative ways of working is increasingly promoted to improve customer experience
- ▶ 300 staff members trained as Scrum Masters and Product Owners so far

## 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
- ▶ Results of our NPS measure have shown positive trends over the years

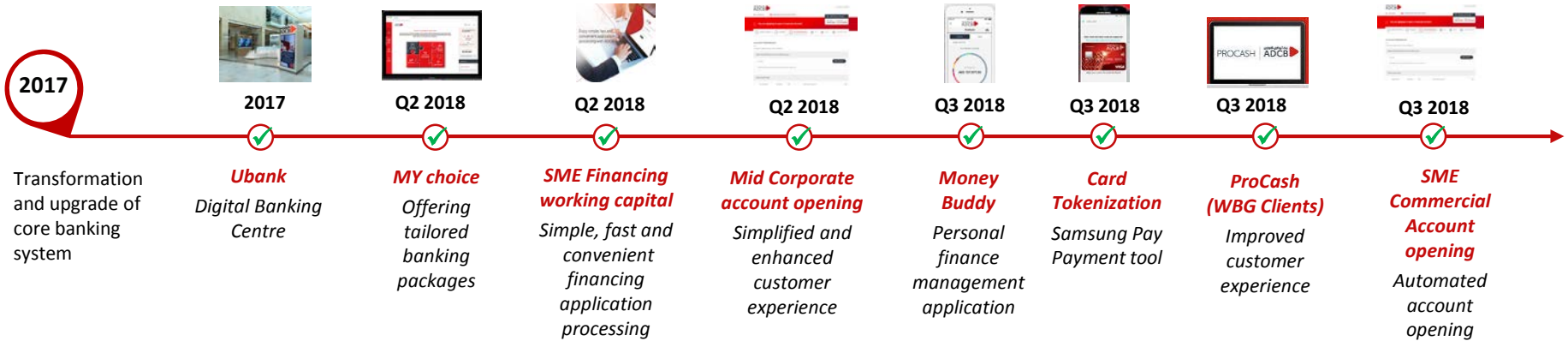
### Change in NPS points Q3'17 vs. Q3'18

Commercial financing experience	+26
Contact center ADCP experience	+16
Wealth management experience	+16
Customer care	+7
ADCP branch experience	+6

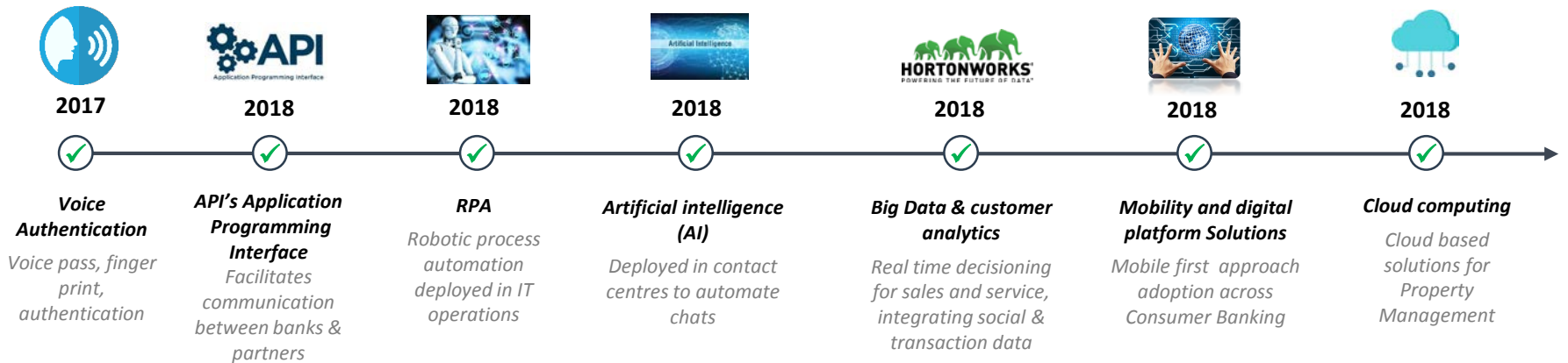
According to leading consultants, an increase of five points YoY is widely regarded as a significant achievement

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

# Digital transformation



## Technologies being leveraged



Customer journey reimagined,  
building digital technologies to support growth and enhance efficiency

# Corporate governance

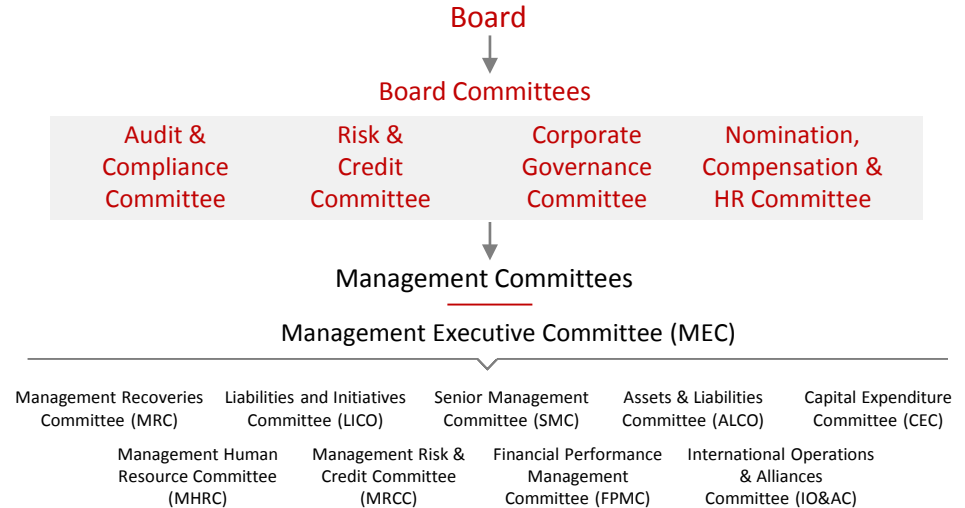
- ▶ In 2017, the Board commissioned KPMG to conduct an independent review of the Bank's governance framework, which judged its governance to be 'strong and leading in the local market'
- ▶ Reporting lines are an important part of our governance structure:
  - **Group Chief Risk Officer:** Independent 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



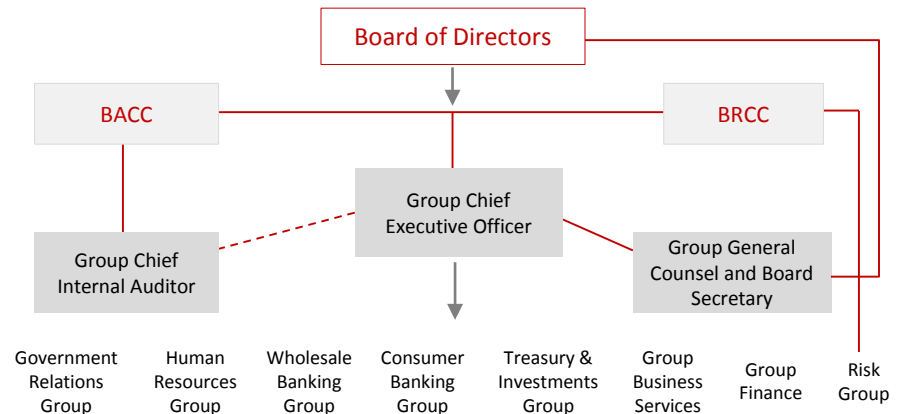
*Transparency, integrity,  
accountability and fairness*

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 2.97% and 133.0% respectively as at 30 September 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 September 2018, LCR was 123% 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 16.90%, 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***

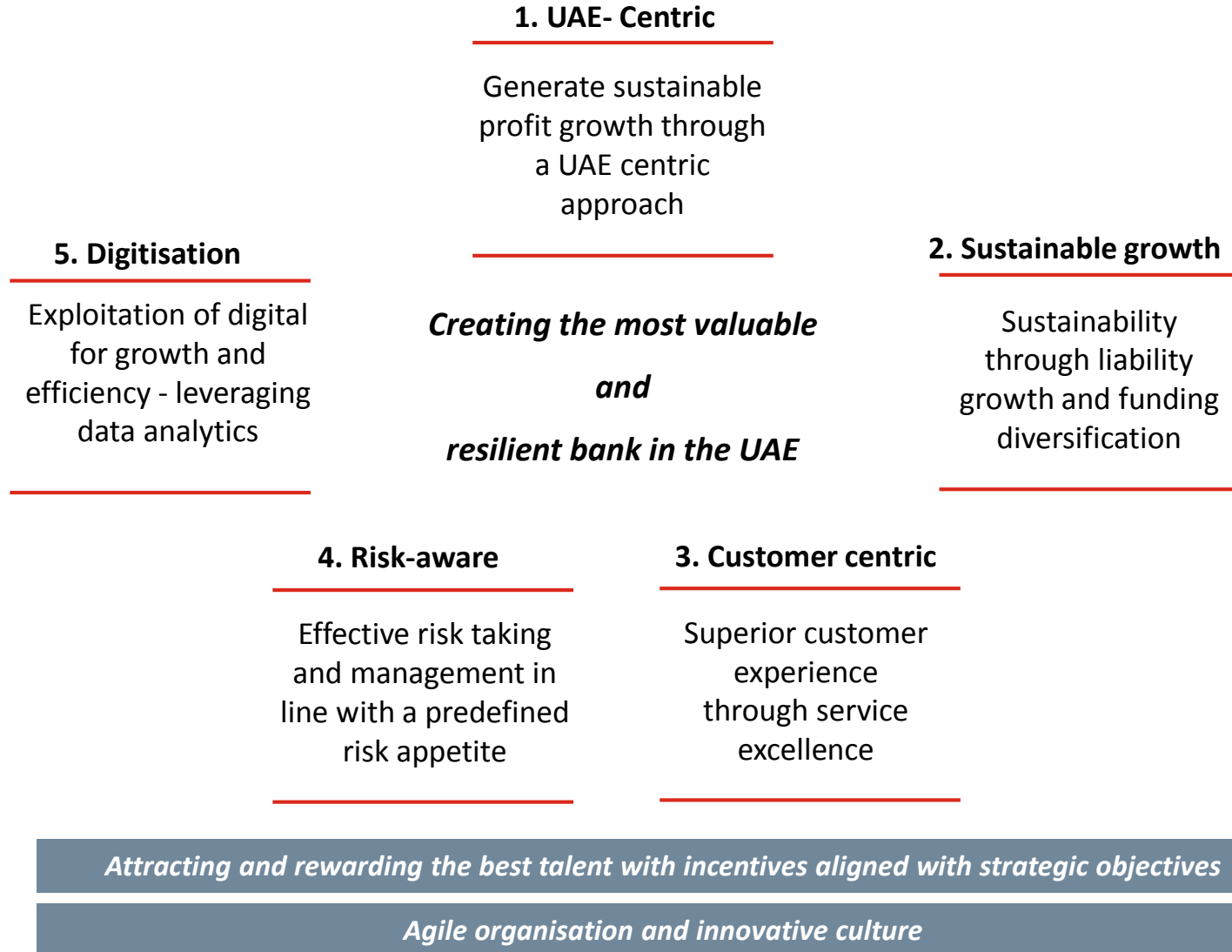
- ▶ Regulatory compliance is closely monitored by the Risk and Audit areas, under the oversight of Board-level committees
- ▶ No material incidents of regulatory non-compliance

## 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



Our strategic pillars are refined to reflect changing market conditions

# Digital transformation

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# Consumer Banking – Digital transformation

70% of CBG customers are digital

70%

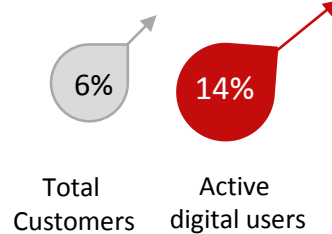


Registrations	Digital	Mobile
Sep 2017	528K	336K
Sep 2018	604K	416K
<b>Change %</b>	<b>+14%</b>	<b>+23%</b>

Digital customers include both mobile and internet banking

Continued growth in digital users

(Sep'17 vs. Sep'18)



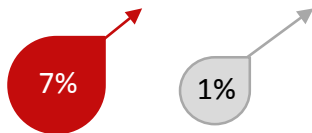
Digital transactions increased 29% YoY

Composition of digital transactions (Sep'18)

Non-financial	67%
Financial	33%

Increased self-service rates, less reliance on human-assisted transactions

(Sep'17 vs. Sep'18)

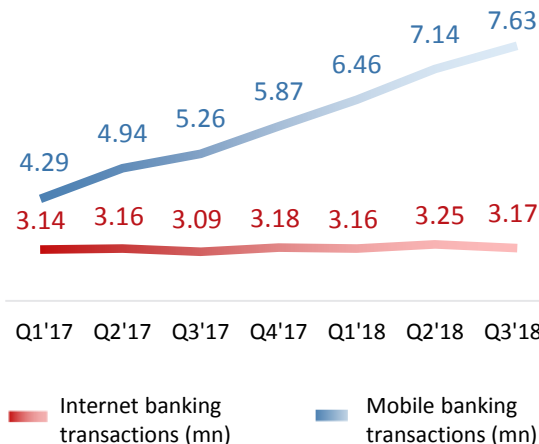


Electronic transactions  
Human-assisted transactions

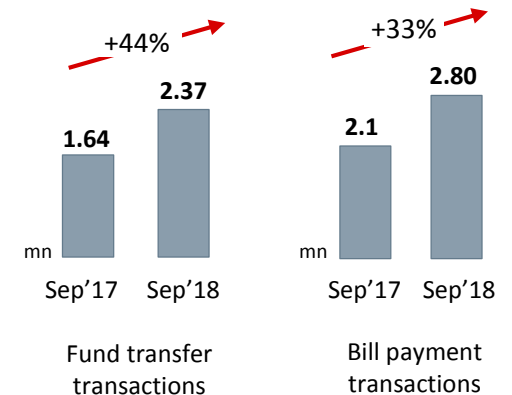
Electronic vs. Human-Assisted (Sep'18)

Electronic	15.78 mn
Assisted	1.18 mn

Mobile banking transactions outpacing internet banking transactions



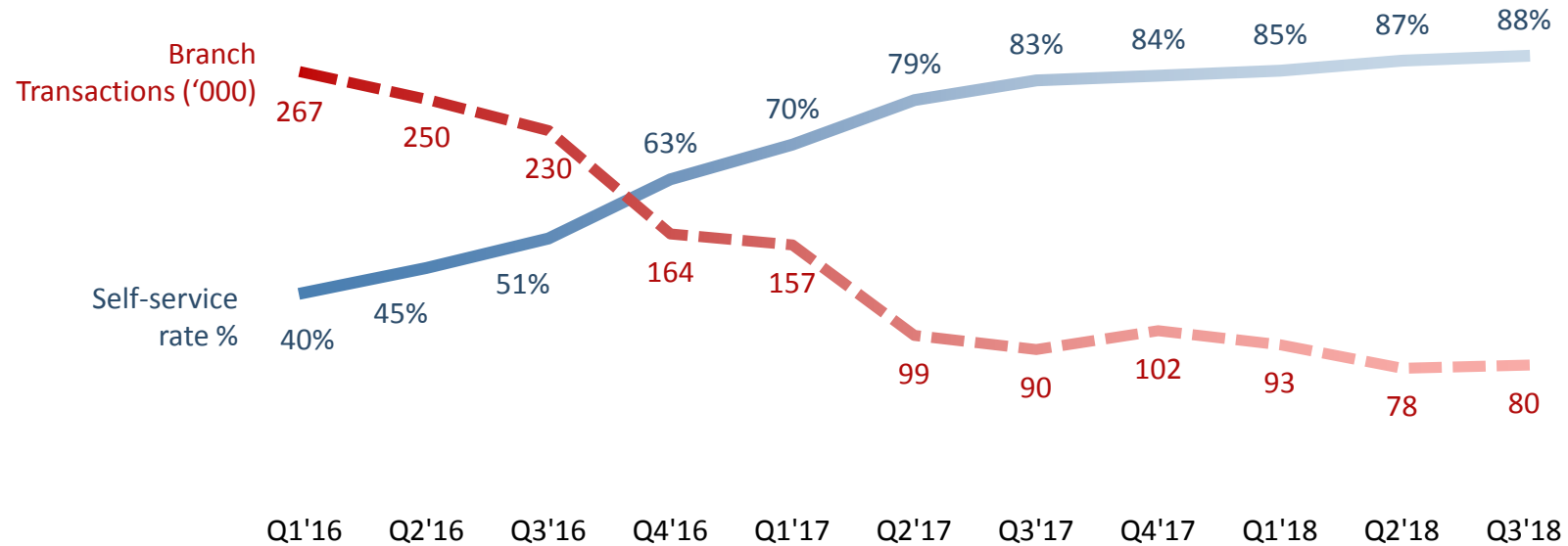
Significant growth in mobile banking transactions



95% 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 18% over Q3'17, supported by 26% growth in digital channels, whilst branch transactions declined 19% YoY
- ▶ Self-service ratio increased from 63% in Q4'16 to 88% in Q3'18. For the month of September'18, self-service ratio was at the highest level at 88%

**WBG transactions increasingly migrating to digital channels, whilst branch transactions continues to decline**

## Financial highlights

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## 9M'18 highlights

### MEASURED GROWTH



NET LOANS

**AED 165 bn (+1% YtD)**

CUSTOMER DEPOSITS

**AED 170 bn (+4% YtD)**

### CREATING SHAREHOLDER VALUE



NET PROFIT

**AED 3.483 bn (+9% YoY)**

ROAE

**15.7% (+60 bps YoY)**

### STRONG METRICS



CET1

**12.98% (-98 bps YtD)**

COST OF RISK

**0.67% (-14 bps YoY)**

Continued execution of our strategy

## Balance sheet highlights

AED mn	Sep'18	% Change vs.		
		Jun'18	Dec'17	Sep'17
Total assets	273,375	1	3	5
Net loans and advances	165,213	(0)	1	(0)
Investment securities	49,645	1	1	18
Deposits from customers	169,794	(1)	4	4
Borrowings (including ECP)	45,144	(1)	4	1
Total shareholders' equity	31,800	4	(2)	1

Components may not sum exactly to totals because of rounding

### Highlights (YtD comparison)

- ▶ Total assets grew 3% to AED 273 billion. Deposits and balances due from banks increased by AED 6 billion to AED 18 billion
- ▶ Investment securities increased 1% to AED 50 billion
- ▶ Net loans to customers increased by 1% to AED 165 billion, led by growth in Wholesale Banking loans. Gross loan growth was 2%
- ▶ Customer deposits increased by 4% to AED 170 billion, CASA/total customer deposits were at 41%. Overall CASA deposits totaled AED 70 billion
- ▶ Loan to deposit ratio of 97.3% compared to 100.1% as at 31 December 2017
- ▶ Total equity of AED 32 billion was 2% 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.		
	9M'18	9M'17	Q3'18	Q2'18	Q3'17
Net interest income	<b>5,417</b>	9	<b>1,804</b>	1	8
Non - interest income	<b>1,521</b>	(5)	<b>490</b>	(3)	(14)
Operating income	<b>6,937</b>	5	<b>2,295</b>	0	2
Operating expenses	<b>(2,344)</b>	9	<b>(799)</b>	3	9
Operating profit	<b>4,593</b>	4	<b>1,496</b>	(1)	(1)
Impairment allowances	<b>(1,117)</b>	(9)	<b>(347)</b>	(11)	(17)
Net profit	<b>3,483</b>	9	<b>1,151</b>	2	5

Components may not sum exactly to totals because of rounding

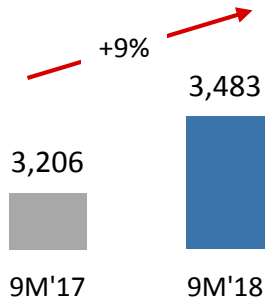
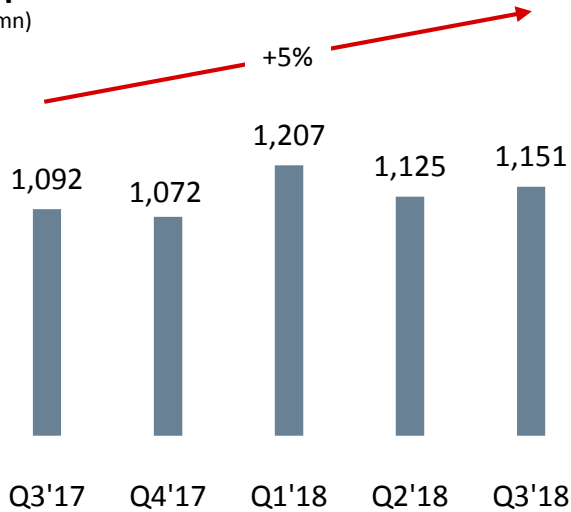
## Highlights (9M'18 vs. 9M'17)

- ▶ Net profit increased by 9% to AED 3.483 billion, mainly driven by a healthy expansion in NIMs, driven by optimal management of cost of funds, combined with lower impairment charges
- ▶ Total net interest income and Islamic financing income increased 9% to AED 5.417 billion, on account of higher volumes and rising benchmark rates, coupled with a change in the composition of the asset book
- ▶ Non-interest income decreased 5% to AED 1.521 billion, impacted by weaker fees and commission income, partially offset by higher trading gains
- ▶ Operating income increased 5% to AED 6.937 billion, whilst operating expenses increased 9% to AED 2.344 billion, resulting in a cost to income ratio of 33.8% compared to 32.6% in 9M'17
- ▶ Impairment charges (net) improved 9% to AED 1.117 billion, as a result of the continued de-risking of the unsecured retail portfolio

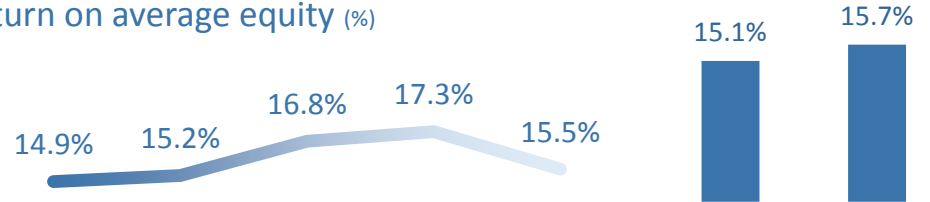
Robust performance for the nine month period, strong revenue growth driven by higher NIMs

# Key performance indicators

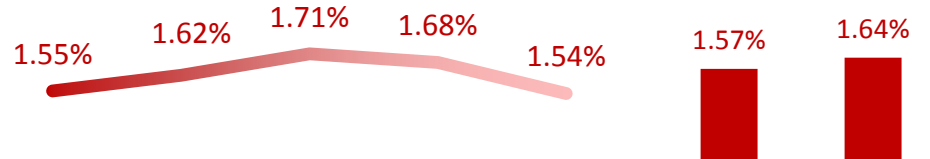
## Net profit (AED mn)



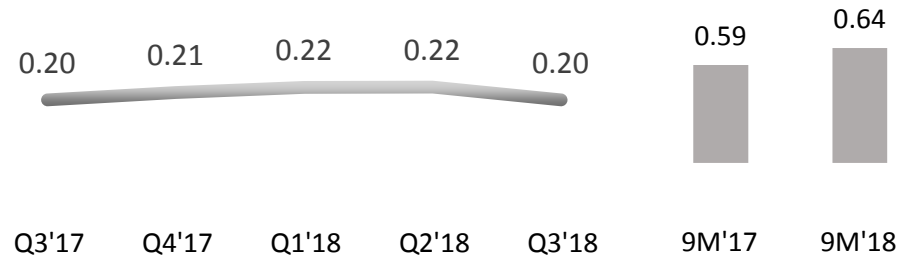
## Return on average equity (%)



## Return on average assets (%)



## Earnings per share (AED)



Components may not sum exactly to totals because of rounding

Sustained profitability and solid key performance indicators

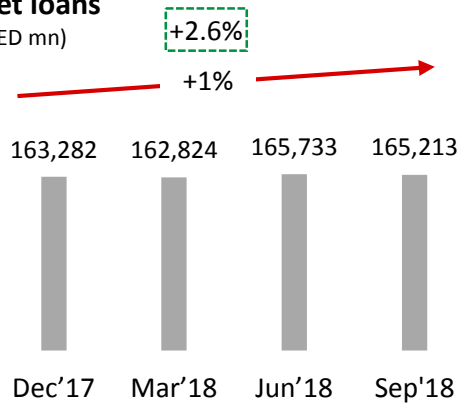
## Balance sheet metrics

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# Loan and deposit growth

## Net loans

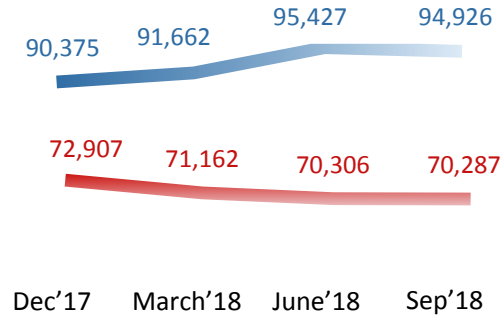
(AED mn)



## Wholesale Banking (WBG)

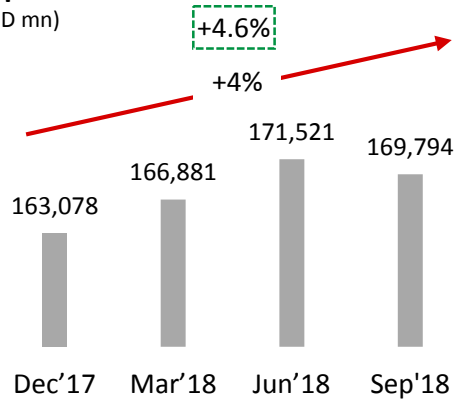
## Consumer Banking (CBG)

(AED mn)



## Deposits

(AED mn)

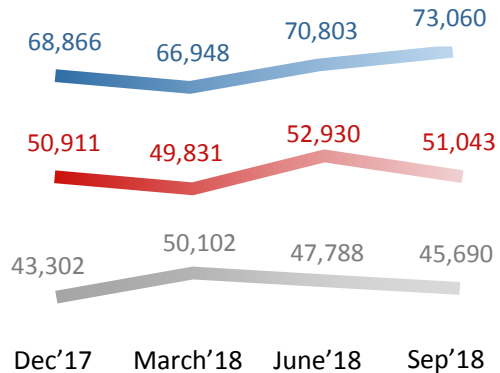


## Wholesale Banking

## Consumer Banking

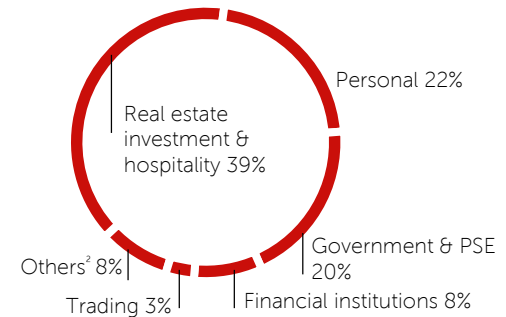
## Treasury

(AED mn)



## Gross loans by economic sector

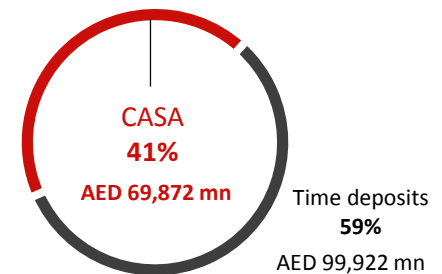
AED 172,243 mn (As at 30 September 2018)



<sup>2</sup> Others include: Agriculture, Energy, Transport, Manufacturing, Services and others

## CASA deposit %

AED 169,794 mn (As at 30 September 2018)



UAE Banking industry average until August'18

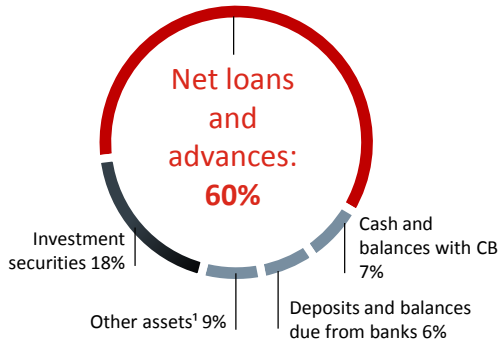
Components may not sum exactly to totals because of rounding

- ▶ YTD loan growth led by the Corporate segment. Wholesale Banking loans +5% YTD. Loans well-diversified by economic sector, with continued focus on SME and MCD sectors
- ▶ CBG loan contraction of 4% led by the strategic decision taken last year to de-risk 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

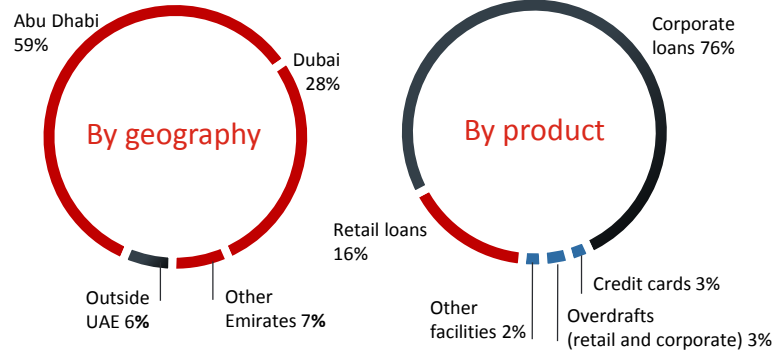
## Asset mix

AED 273,375 mn (As at 30 September 2018)



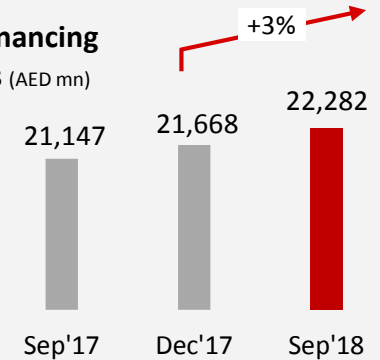
## Gross loans

AED 172,243 mn (As at 30 September 2018)

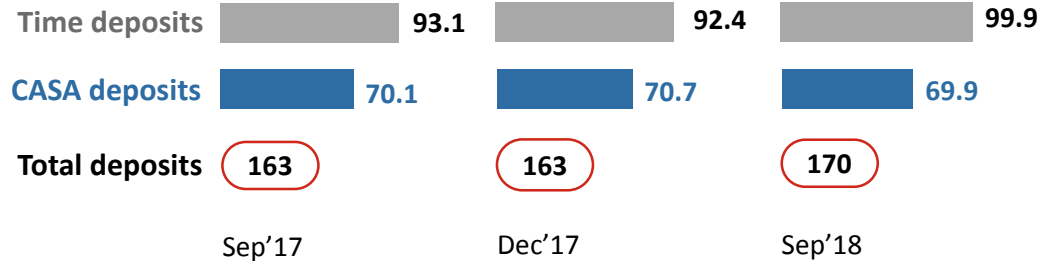


## Islamic Banking continues to be a key driver of growth

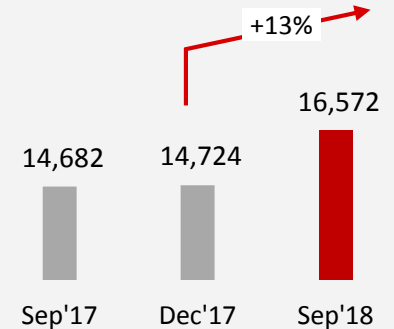
### Net financing assets (AED mn)



## Continued focus on growing CASA deposits (AED bn)



### Deposits (AED mn)



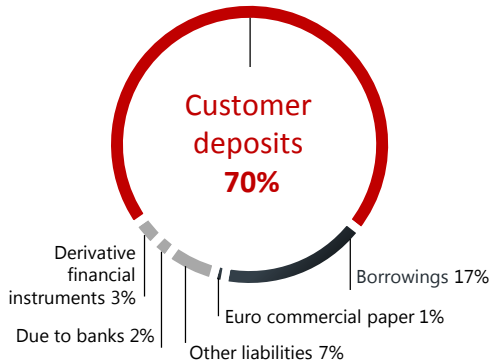
<sup>1</sup> Other assets include: Derivative financial instruments, Investments in associate, Investment properties, Property and equipment (net), Intangible assets, Reverse repo placements and Trading securities and Other assets  
Components may not sum exactly to totals because of rounding

YTD time deposits increased to meet LCR and NSFR requirements, CASA deposits maintained at a time of rising benchmark rates

# Wholesale funding and maturity profile

## Liability base

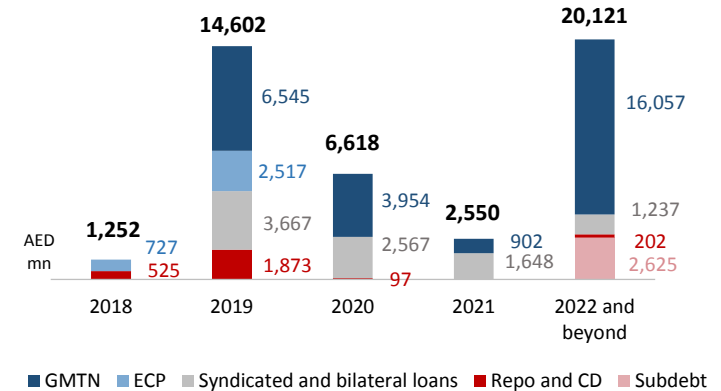
AED 241,575 mn (As at 30 September 2018)



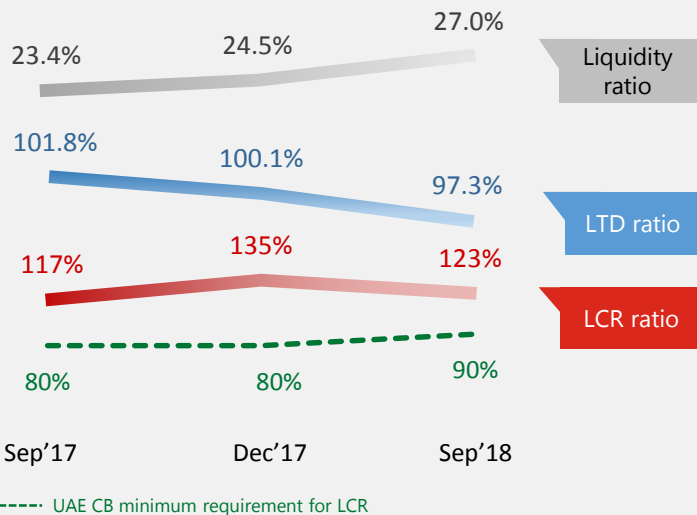
## Wholesale funding

As at 30 September 2018	AED mn
Global medium term notes (GMTN)	27,458
Subordinated debt	2,625
Euro Commercial paper	3,244
Repo	424
Bilateral loans	6,185
Syndicated loans	2,934
Certificate of Deposits	2,273
<b>Total</b>	<b>45,144</b>

## Maturity profile



## Comfortable liquidity position



Net lender in the interbank markets

**AED 11 bn**

## Main issuances in 9M'18

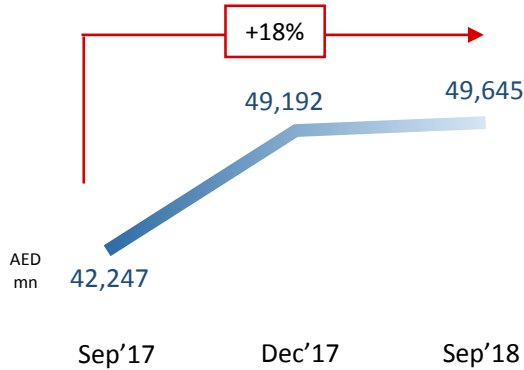
- ▶ 5 year USD 750 mn RegS/144A with a coupon of 4% p.a.
- ▶ 30 year USD 540 mn Formosa bonds with an accrual yield of 4.75% p.a.
- ▶ 3 to 4 year CNH 360 mn with coupons between 4.82 to 5.02% p.a.
- ▶ 5 year CHF 175 mn with a coupon of 0.385% p.a.

## Main maturities/call backs in 9M'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

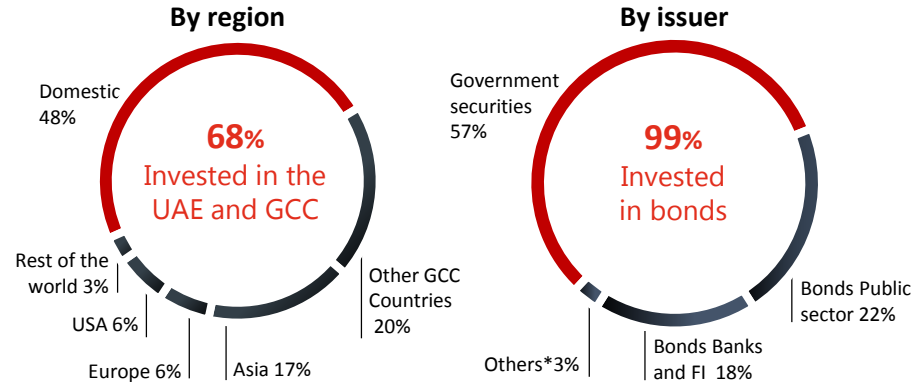
# Investment securities

## Investment securities



## Investment securities

AED 49,645 mn (As at 30 September 2018)

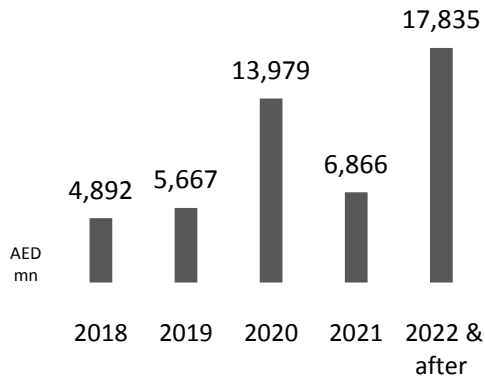


## Non-Government bond portfolio:

- ▶ Rated A- or better: 67%
- ▶ Rated investment grade: (i.e. BBB+ to BBB-): 29%
- ▶ Rated below investment grade: (BB+ and below including unrated): 4%

\* Include equity instruments and mutual funds

## Maturity profile\*

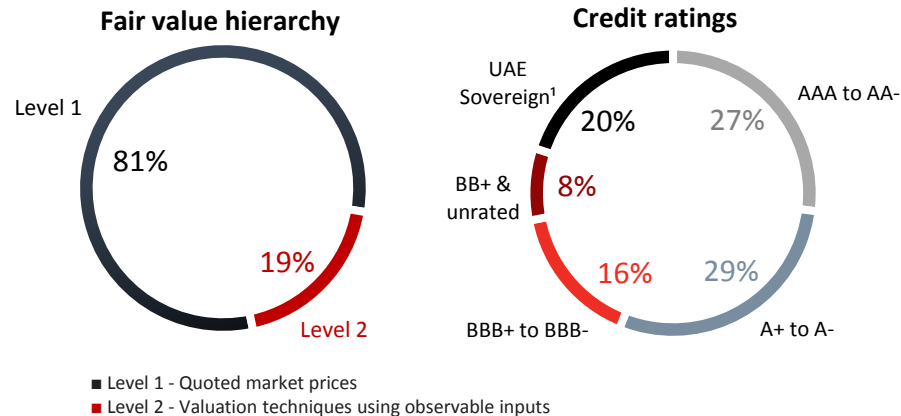


\* Excluding investments in equity and funds

## Total bond portfolio

Government and Non-Government bond portfolio:

AED 49,238 mn (As at 30 September 2018)



## Credit ratings:

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

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

■ Level 1 - Quoted market prices  
■ Level 2 - Valuation techniques using observable inputs

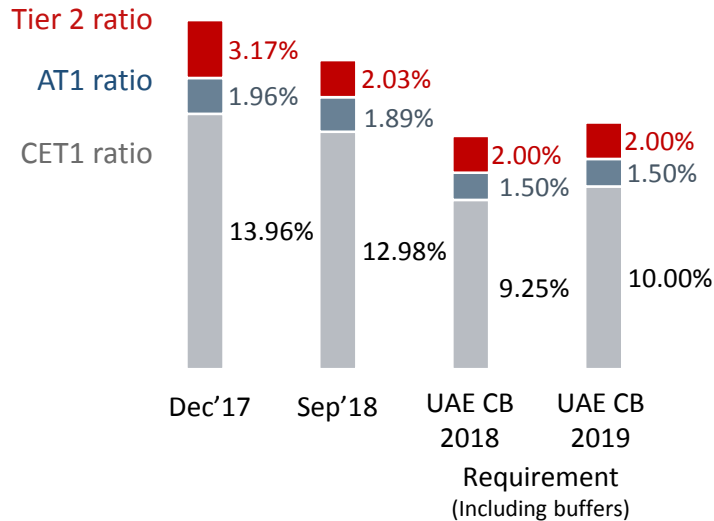
High quality investment portfolio, with 99% invested in bonds

Components may not sum exactly to totals because of rounding

# Capital ratios

## Capital adequacy ratio (Basel III)

**CAR** 19.09% 16.90% 12.75% 13.50%



## Risk weighted assets (AED bn)



## Variance analysis

YTD reduction in CAR by 2.19%

Capital adequacy ratio movement	%
<b>Dec'17 Capital adequacy ratio</b>	<b>19.09%</b>
Increase in capital on account of profit	1.47%
Impact of AED2.2bn dividend payout	-1.09%
Increase in credit risk weighted assets	-0.96%
Part repayment of Tier 2 capital & amortization and grandfathering of qualifying Tier-2	-1.06%
Impact of IFRS 9 on retained earnings	-0.74%
Others	0.19%
<b>Sept'18 Capital adequacy ratio</b>	<b>16.90%</b>

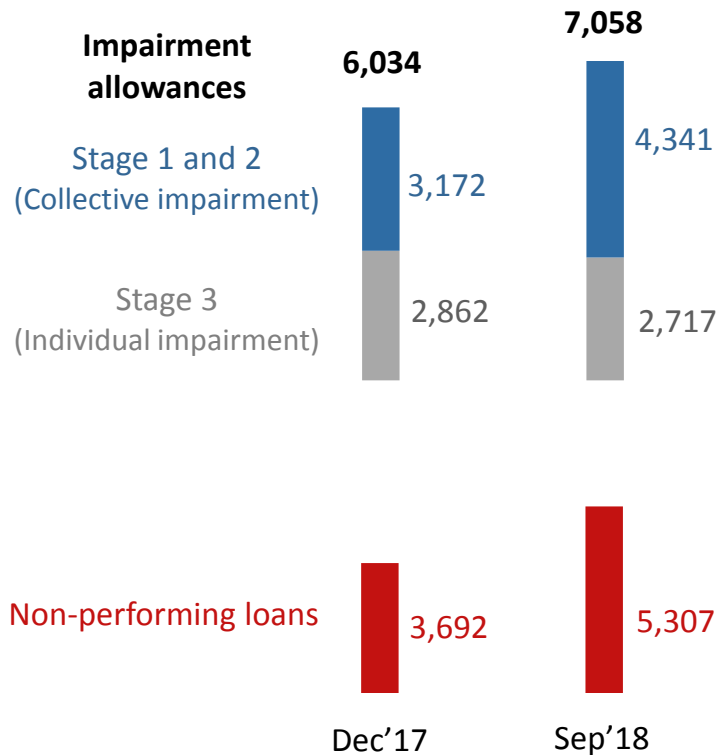
Others include increase in operational risk weighted assets, impact of increase in collateral and reduction in market risk weighted assets

Components may not sum exactly to totals because of rounding

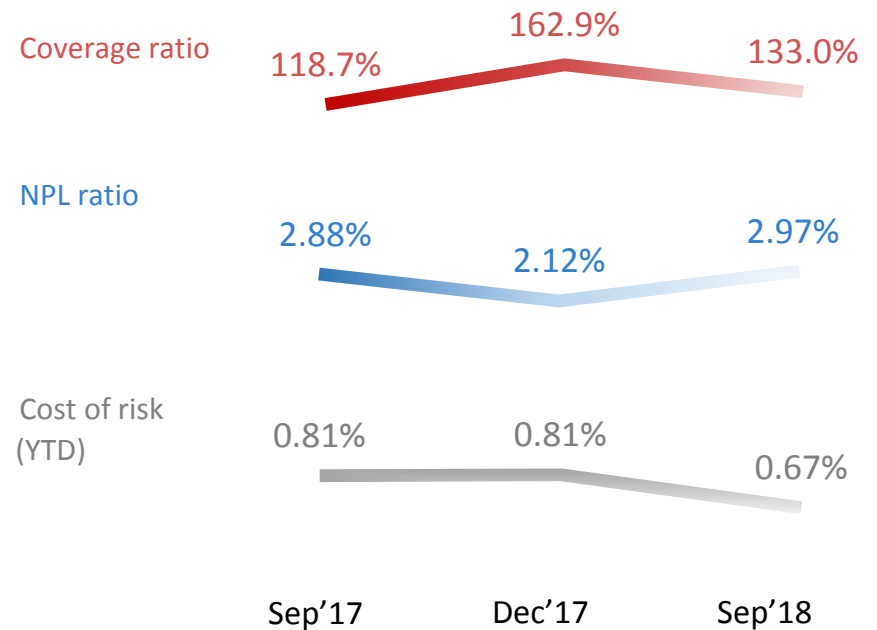
**Robust capital position**

# Asset quality

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



## Risk indicators



Improvement in CoR supported by the continued de-risking of the unsecured retail portfolio

\* 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 5,307 million, led by a few corporate accounts
- ▶ Stage 1 and 2 expected credit loss allowances were 2.61% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

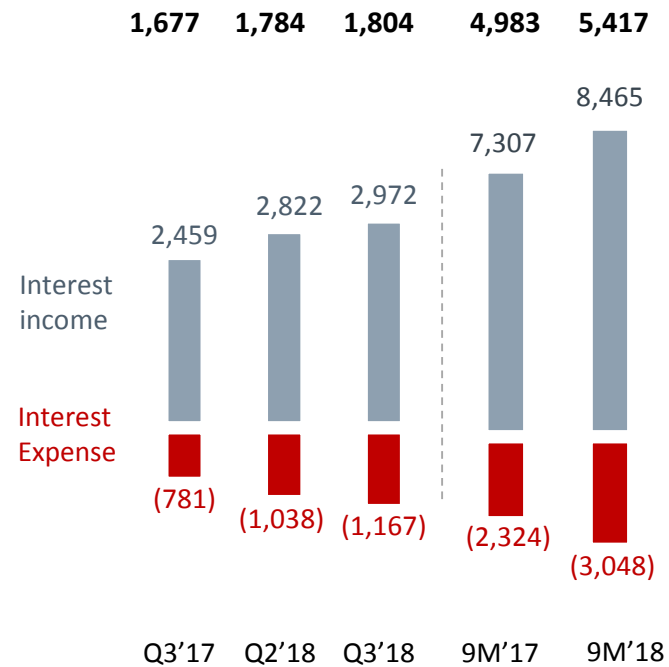
## Income statement metrics

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# Net interest income

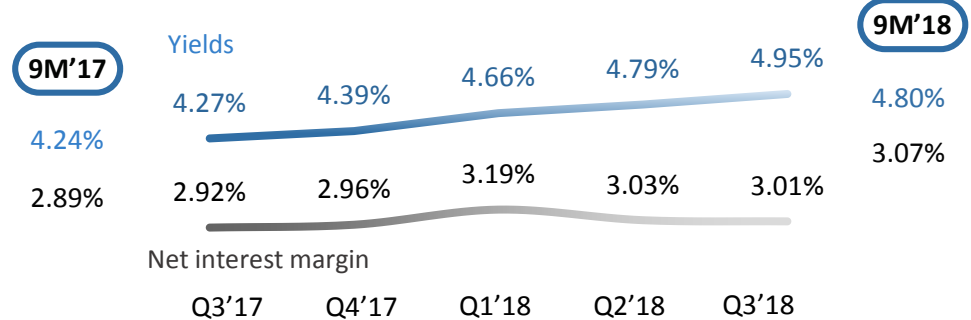
## Net interest income

(AED mn)

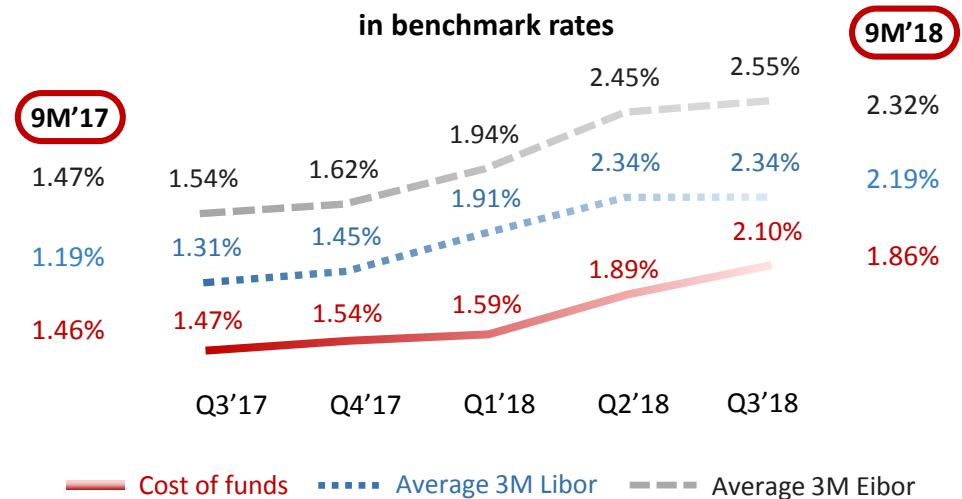


Components may not sum exactly to totals because of rounding

## Increase in yields supported by repricing of assets 9M'18 yields +56 bps YoY



## Increase in CoF lower than the increase in benchmark rates

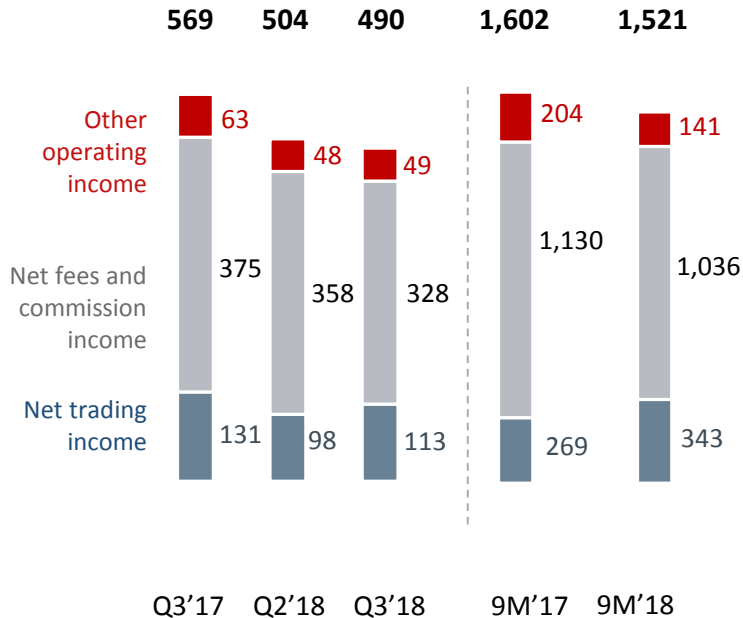


- ▶ YTD net interest margin improved to 3.07% from 2.89% in 9M'17, an increase of 18 basis points, despite the increased cost of carrying high quality assets (HQLA) to meet LCR and NSFR requirements
- ▶ YTD cost of funds increased to 1.86% from 1.46% in 9M'17, an increase of 40 basis points year on year, compared to an increase of 85 basis points in average 3M Eibor and an increase of 100 basis points in 3M Libor over the same period

# Non-interest income

## Non-interest income

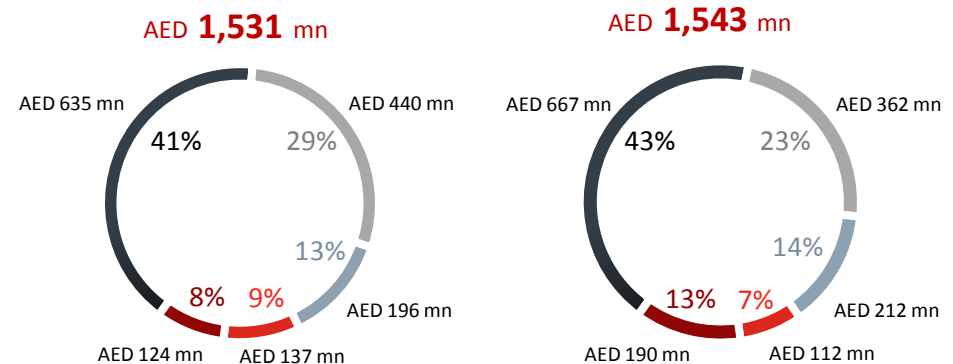
(AED mn)



Components may not sum exactly to totals because of rounding

## Gross fees and commission income

9M'17  $\xrightarrow{+0.8\%}$  9M'18



■ Card related fees ■ Loan processing fees ■ Trade finance commission  
■ Insurance commission, Asset management and investment services ■ Others<sup>1</sup>

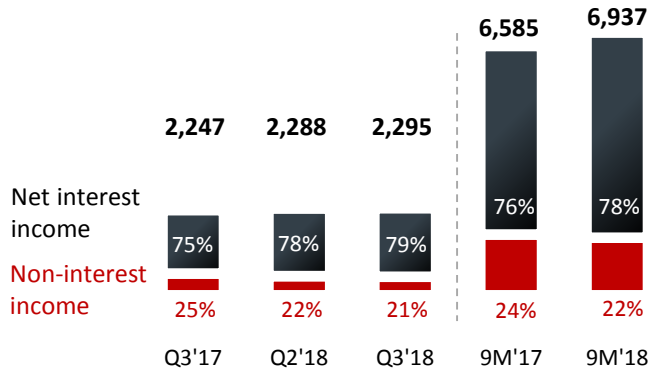
<sup>1</sup> Others include brokerage, fees from accounts related activities and other fees

- ▶ 9M'18 non-interest income of AED 1,521 million was down 5%, mainly on account of higher fee and commission related expenses and lower volumes. This was partially offset by a healthy pick up in card related fees, income from the merchant acquiring business and income from trade commission
- ▶ 9M'18 trading income was up 28%, primarily on account of higher net gains from dealing in foreign currencies, whilst decline in other operating income was primarily due to one-off gains recorded in 9M'17 and lower income from the property management business in 9M'18

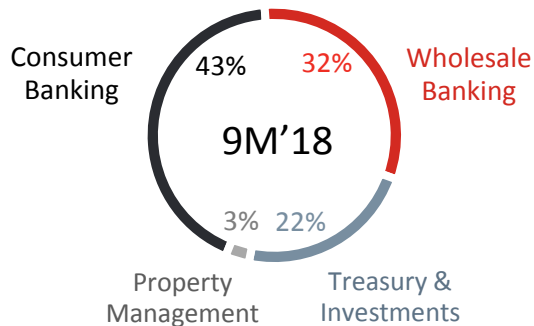
# Operating income and performance by business segment

## Operating income

(AED mn)

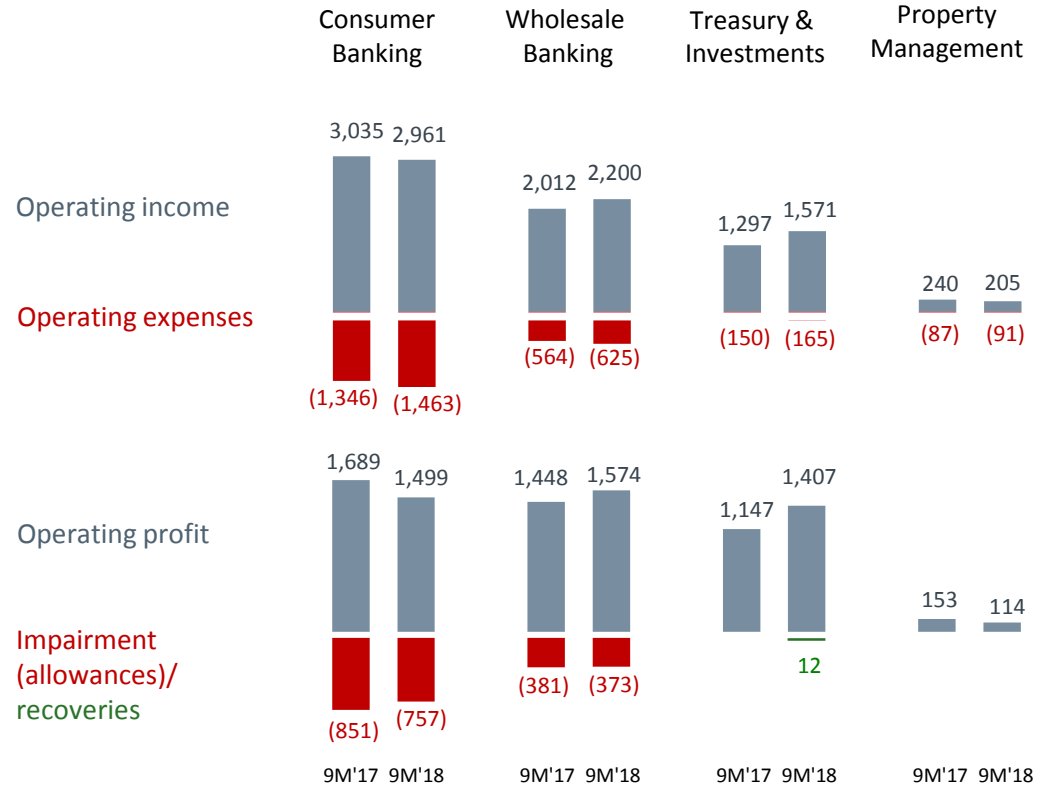


## Operating income by business segment



## Business performance

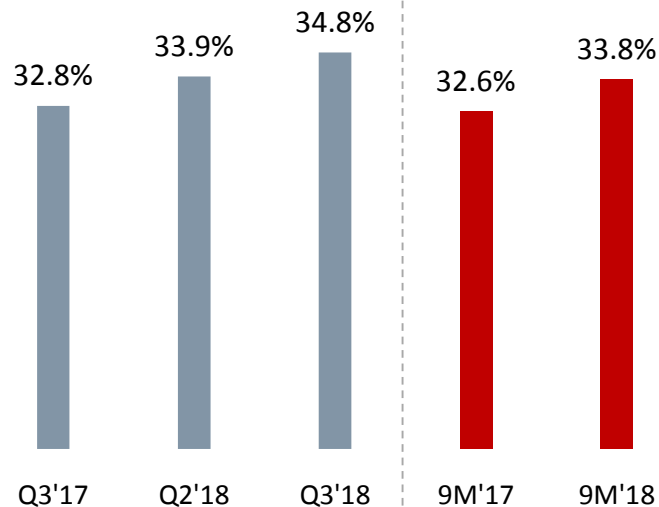
(AED mn)



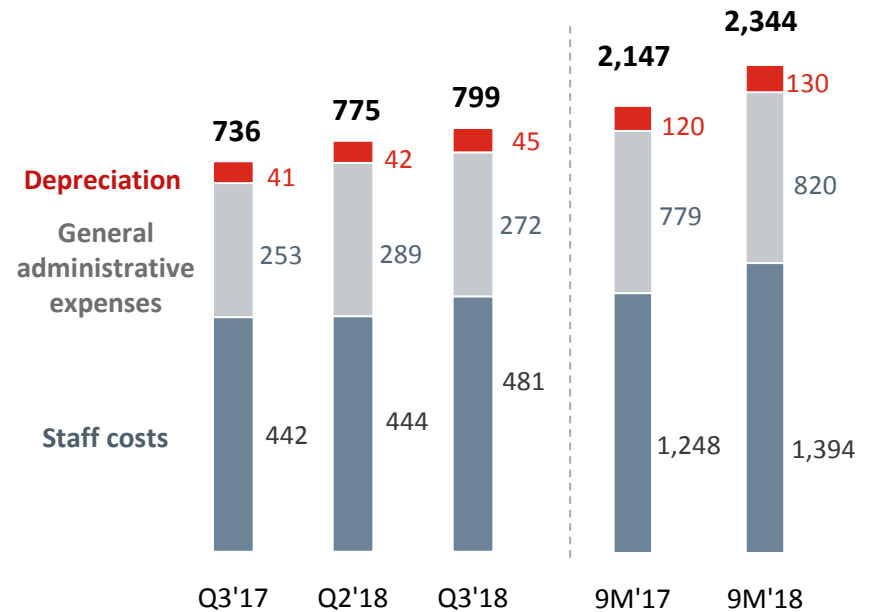
- ▶ 9M'18 CBG revenues impacted by lower volumes and higher fee expense, partially offset by lower impairment charges, 11% lower YoY, supported by the de-risking of the retail portfolio
- ▶ 9M'18 WBG revenues were up 9% YoY on account of higher net interest income, whilst impairment charges declined 2% over the prior year
- ▶ 9M'18 Treasury revenues were up 21% YoY

# Operating expenses

## Cost to income ratio (%)



## Operating expenses (AED mn)



Components may not sum exactly to totals because of rounding

- ▶ 9M'18 operating expenses of AED 2,344 million was up 9%, mainly driven by higher staff costs as the Bank continues to invest in recruiting and retaining top talent to further enhance business capabilities and support growth
- ▶ Investing heavily in digital transformation to position ourselves as a progressive player in this evolving environment
- ▶ 9M'18 cost to income ratio of 33.8% remains within our target range

## Key highlights of 9M'18 Results

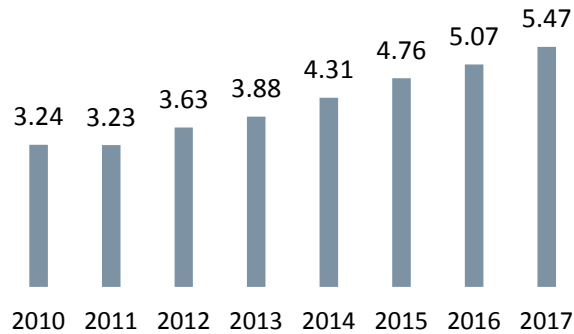
- ▶ Net profit of AED 3.483 billion, +9%, mainly on account of higher NIMs and lower impairment charges
- ▶ Total net interest income and Islamic financing income of AED 5.417 billion, +9%. NIM of 3.07% compared to 2.89% in 9M'17
- ▶ Non-interest income of AED 1.521 billion , -5% on account of lower fees & commission income, partially offset by higher trading income
- ▶ Operating expenses of AED 2.344 billion, +9% on account of higher staff costs, cost to income ratio of 33.8%
- ▶ Cost of risk for 9M'18 improved to 0.67% from 0.81% in 9M'17, supported by the continued de-risking of the unsecured retail loan book
- ▶ Cost of funds at 1.86% compared to 1.46% in 9M'17, increasing lower than the benchmark rates
- ▶ YTD net loans +1% and customer deposits +4%, driven by an increase in corporate time deposits
- ▶ Capital adequacy ratio (Basel III) of 16.90% and common equity tier 1 (CET1) ratio of 12.98%

# Our journey

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# Our journey

**Book value per share (AED)**

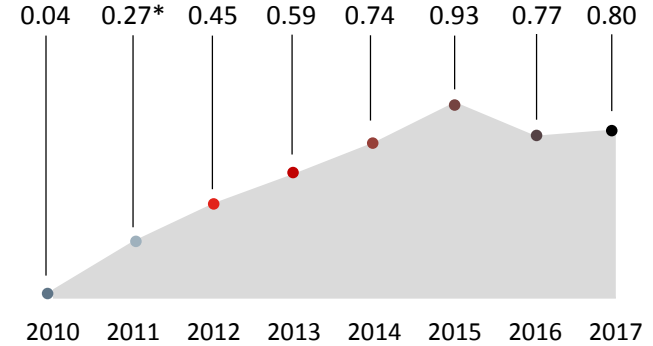


**Total shareholder return (%)**

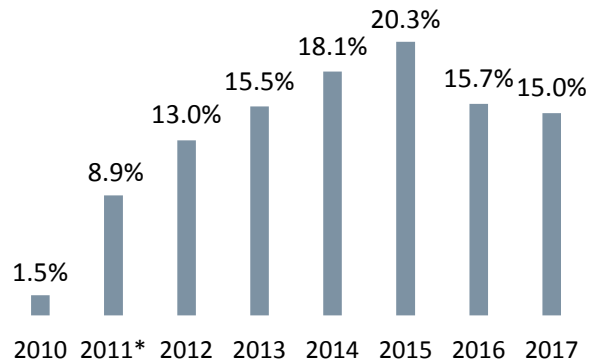
	ADCB	ADX	ADBF
5 Year	<b>183%</b>	115%	104%
7 Year	<b>339%</b>	126%	161%

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

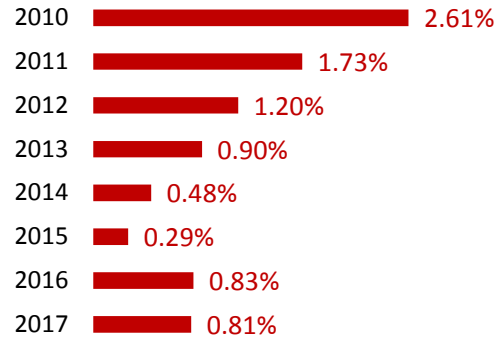
**Basic earnings per share (AED)**



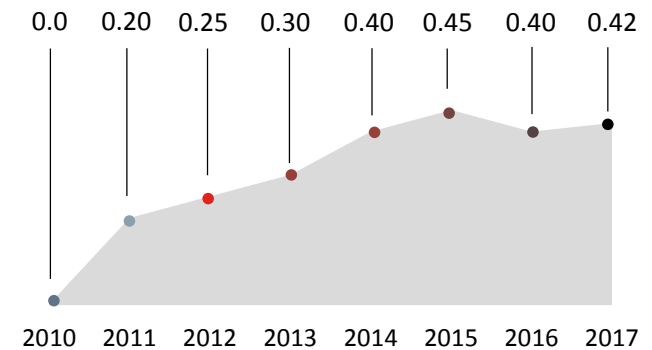
**Return on average equity (%)**



**Cost of risk (%)**



**Dividend per share (AED)**

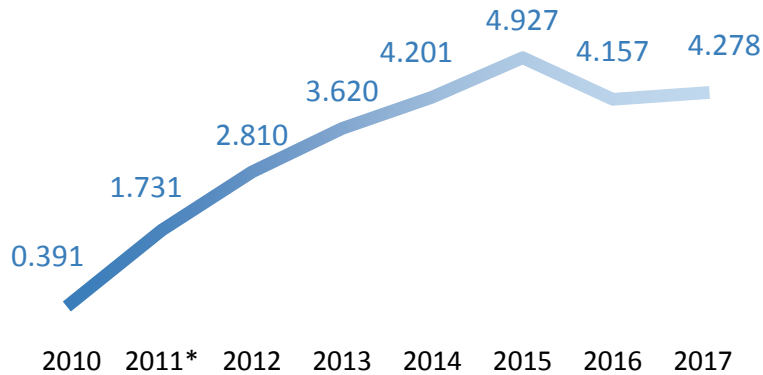


\* Normalised to reflect sale of investment in associate

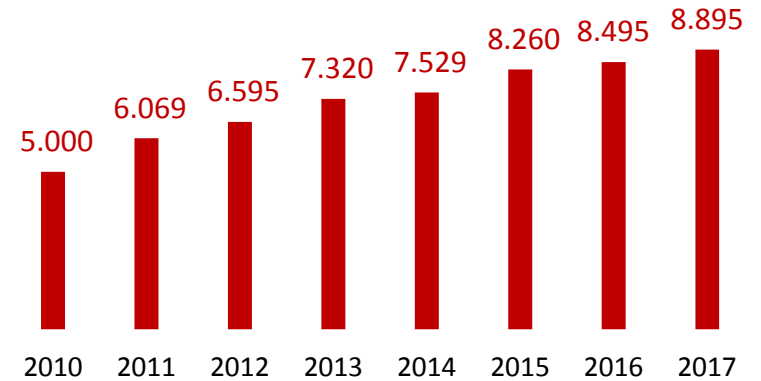
**Strong financial performance, delivering long term value for shareholders**

# Our journey

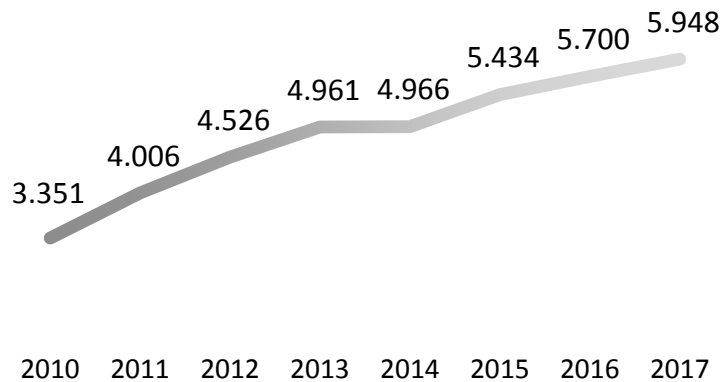
**Net profit** (AED billion)



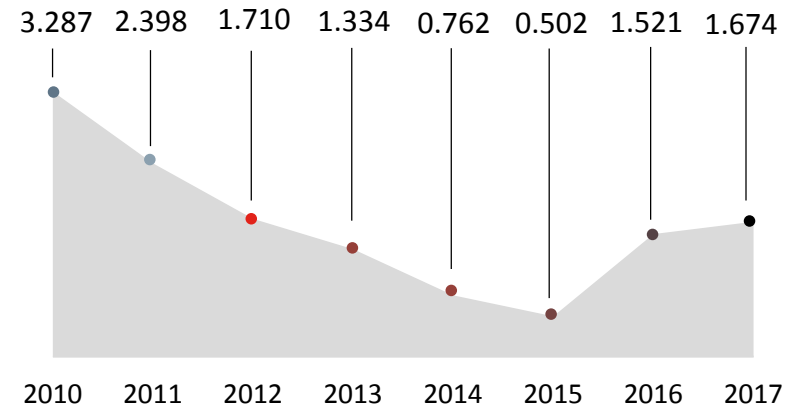
**Operating income** (AED billion)



**Operating profit** (AED billion)



**Impairment allowance charge** (AED billion)

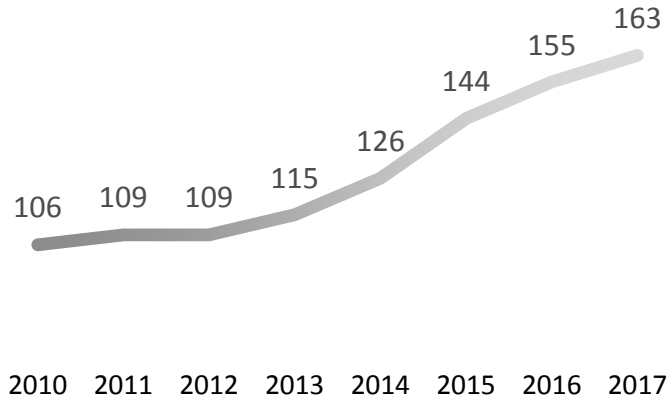


\* Normalised to reflect sale of investment in associate

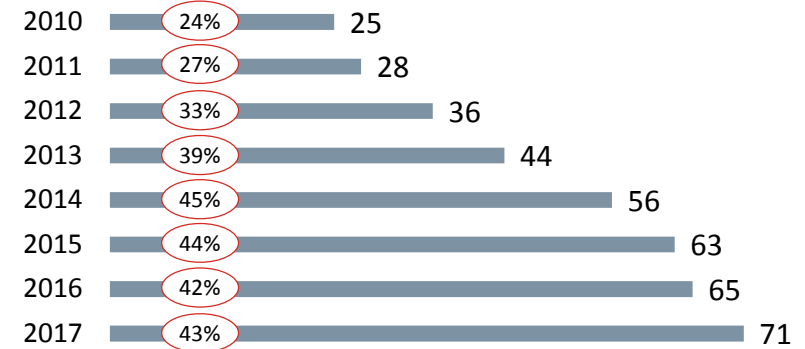
Building on a proven strategy, delivering measured and profitable growth

# Our journey

Customer deposits (AED billion)

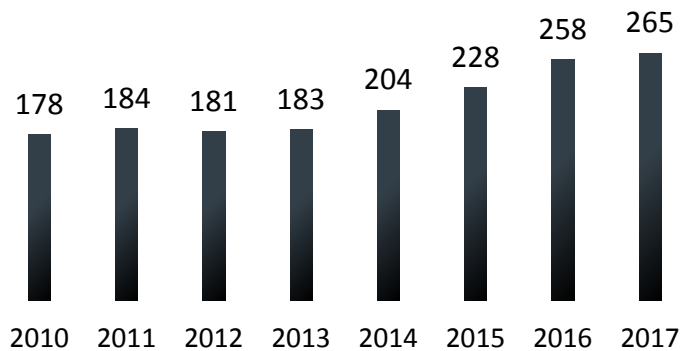


CASA deposits (AED billion)

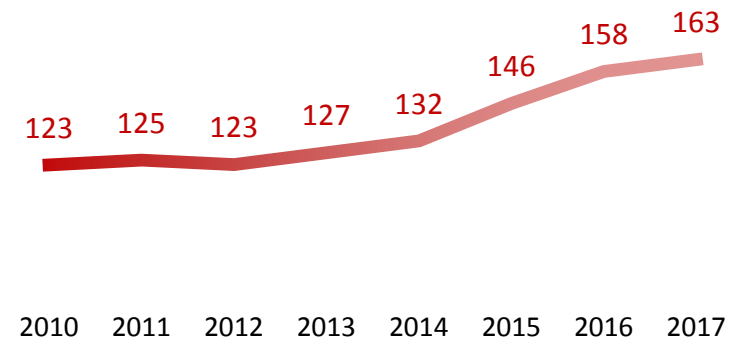


○ CASA as % of total customer deposits

Total assets (AED billion)



Net loans and advances\* (AED billion)

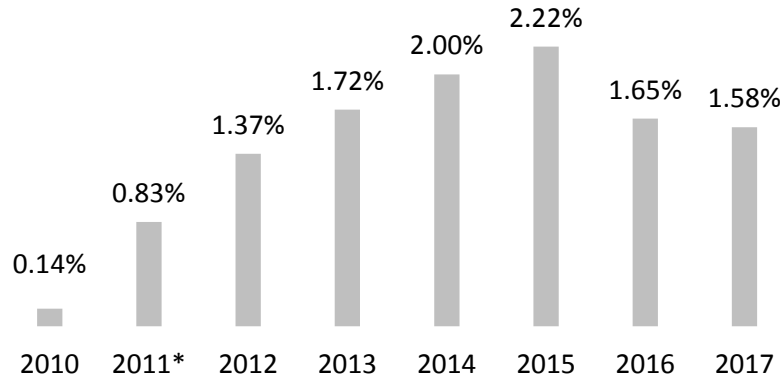


\*In June 2016, loans and advances to banks have been reclassified to "Deposits and balances due from banks, net" to better reflect the underlying nature of the business of the borrowers. Accordingly, net loans in 2015 were reclassified to conform to current period's presentation

**Strong deposit gathering franchise, focus on growing CASA deposits**

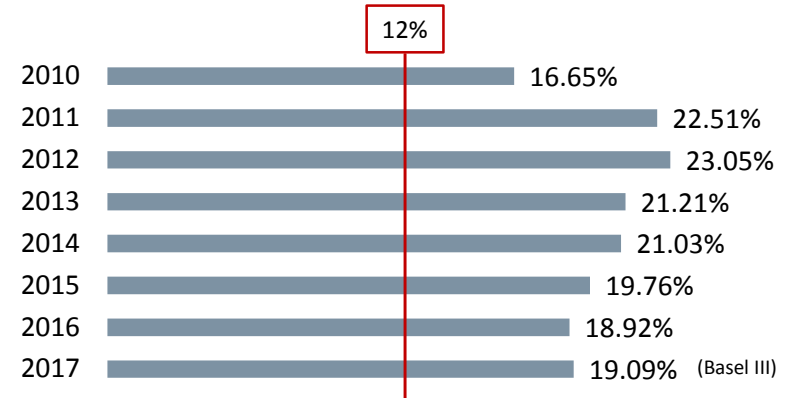
# Our journey

## Return on average assets (%)



\* Normalised to reflect sale of investment in associate

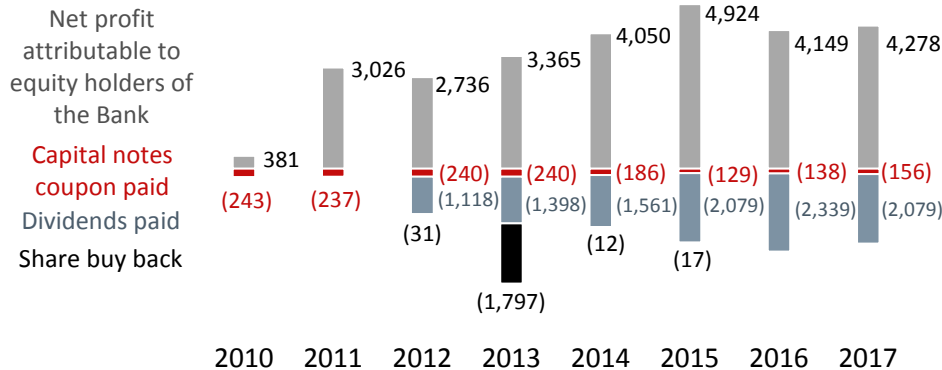
## Capital adequacy ratio (%) Basel II



□ Minimum CAR requirement stipulated by UAE Central Bank

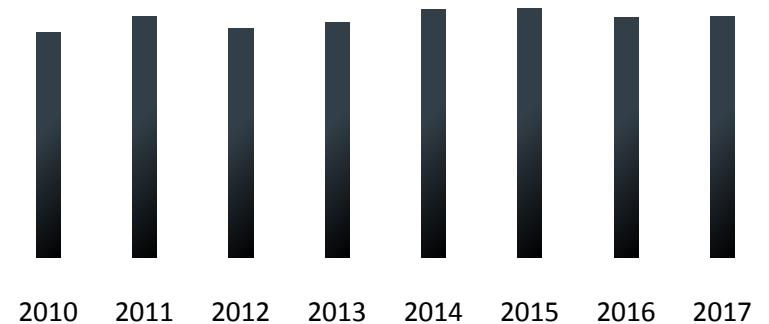
## Capital generation (AED million)

**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

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## 2018 Awards

"Best Cash Management Bank  
in the UAE and Middle East"

Global Finance

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

Hawkamah

"Best Affinity Card in Middle  
East & North Africa"

MasterCard Leadership Forum

"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

"Best Trade Finance  
Portal in the UAE  
and Middle East"

Global Finance

"Best Integrated Corporate  
Banking Site in the UAE and  
Middle East"

Global Finance

"Best Online Portal  
Services in the UAE"

Global Finance

"Best Islamic  
Wholesale Banking  
Solutions"

Global Islamic Finance  
Awards

## Balance sheet

AED million	Sep'18	Dec'17	% Change
Cash and balances with Central banks	19,214	19,997	(4)
Deposits and balances due from banks, net <sup>1</sup>	17,612	11,452	54
Reverse-repo placements	1,653	99	NM
Trading securities	518	485	7
Derivative financial instruments	6,034	3,820	58
Investment securities	49,645	49,192	1
Loans and advances to customers, net	165,213	163,282	1
Investment in associate	203	205	(1)
Investment properties	633	635	(0)
Other assets	11,662	14,857	(22)
Property and equipment, net	970	960	1
Intangible assets	19	19	0
<b>Total assets</b>	<b>273,375</b>	<b>265,003</b>	<b>3</b>
Due to banks	5,389	5,177	4
Derivative financial instruments	7,399	4,234	75
Deposits from customers	169,794	163,078	4
Euro commercial paper	3,244	2,910	12
Borrowings	41,899	40,555	3
Other liabilities	13,850	16,603	(17)
<b>Total liabilities</b>	<b>241,575</b>	<b>232,558</b>	<b>4</b>
Total shareholders' equity	31,800	32,445	(2)
<b>Total liabilities and shareholders' equity</b>	<b>273,375</b>	<b>265,003</b>	<b>3</b>

<sup>1</sup> Deposits and balances due from banks include AED 6.3 bn as at September 30, 2018 (AED 5.1 bn as at December 31, 2017) of loans to banks that were earlier reported under loans and advances to customers, net

# Income statement

AED million	9M'18	9M'17	% Change
Interest income and income from Islamic financing	8,465	7,307	16
Interest expense and profit distribution	(3,048)	(2,324)	31
<b>Net interest and Islamic financing income</b>	<b>5,417</b>	<b>4,983</b>	<b>9</b>
Net fees and commission income	1,036	1,130	(8)
Net trading income	343	269	28
Other operating income	141	204	(31)
<b>Non interest income</b>	<b>1,521</b>	<b>1,602</b>	<b>(5)</b>
<b>Operating income</b>	<b>6,937</b>	<b>6,585</b>	<b>5</b>
Staff expenses	(1,394)	(1,248)	12
General administrative expenses	(820)	(779)	5
Depreciation	(130)	(120)	8
<b>Operating expenses</b>	<b>(2,344)</b>	<b>(2,147)</b>	<b>9</b>
<b>Operating profit before impairment allowances &amp; taxation</b>	<b>4,593</b>	<b>4,437</b>	<b>4</b>
Impairment allowances	(1,117)	(1,232)	(9)
Share in profit of associate	7	7	NM
Overseas income tax expense	(0)	(6)	NM
<b>Net Profit</b>	<b>3,483</b>	<b>3,206</b>	<b>9</b>

# Leading Through

AMBITION + DISCIPLINE



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