

BEYOND AMBITION

Abu Dhabi Commercial Bank PJSC

Q4/FY 2018 Investor presentation

March 2019



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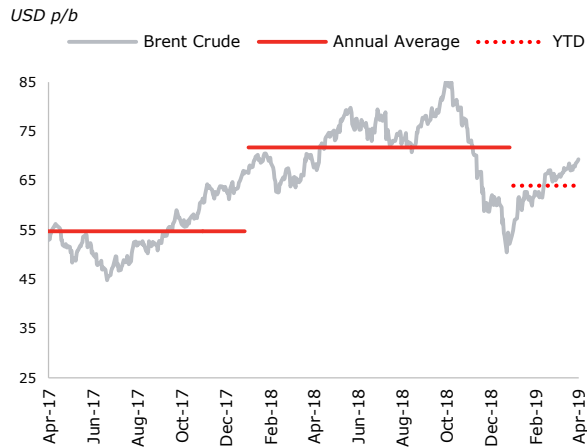
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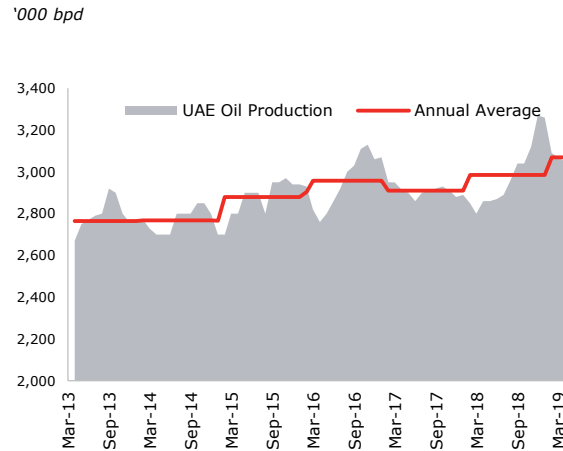
Macro overview

Non-oil activity

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

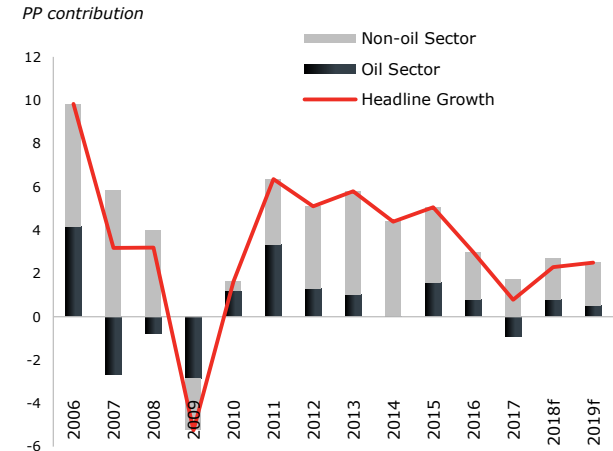


Source: Bloomberg, ADCB estimates



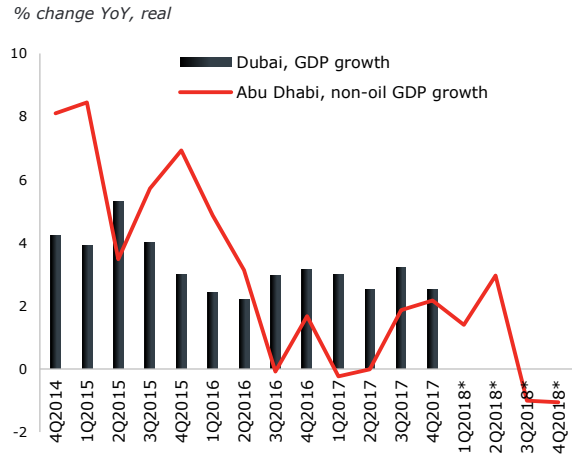
Source: Bloomberg

Real GDP growth to strengthen gradually in 2019



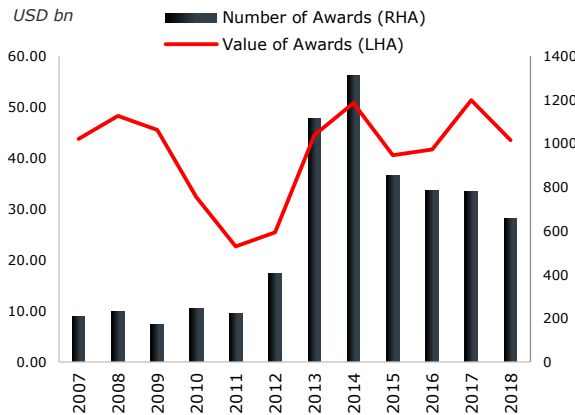
Source: UAE National Bureau of Statistics, ADCB estimates

Real GDP growth by Emirate



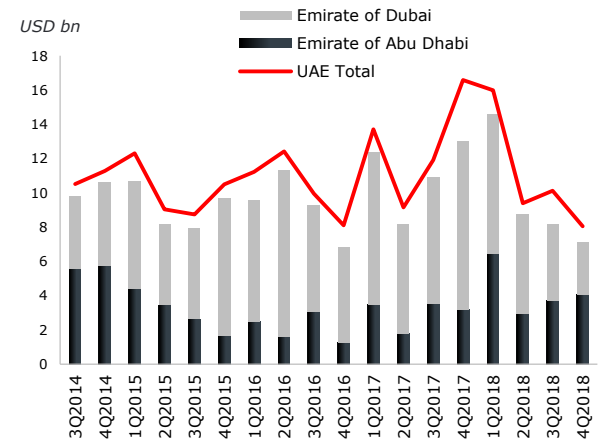
* Dubai Q1'18 to Q4'18 GDP data is yet to be released
Source: Statistics Centre Abu Dhabi, Dubai Statistics Centre

Value of project awards solid in 2018



Source: Meed projects, ADCB estimates

Project awards by Emirates



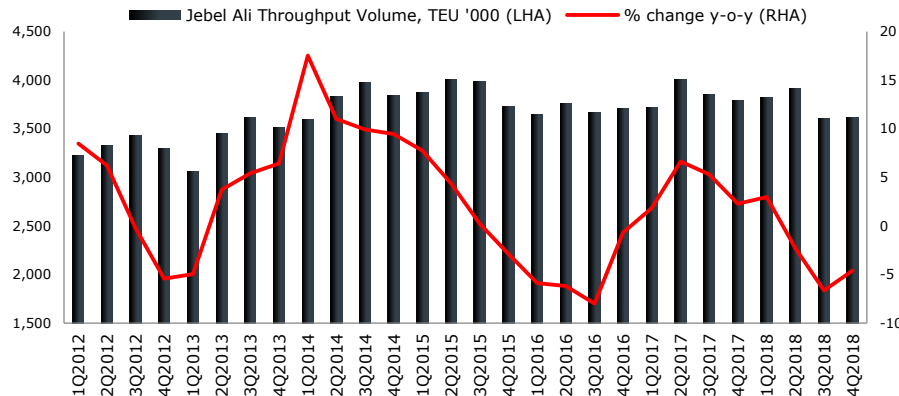
Source: Meed projects, ADCB estimates

Moderate acceleration seen in real GDP growth in 2018

External sector

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

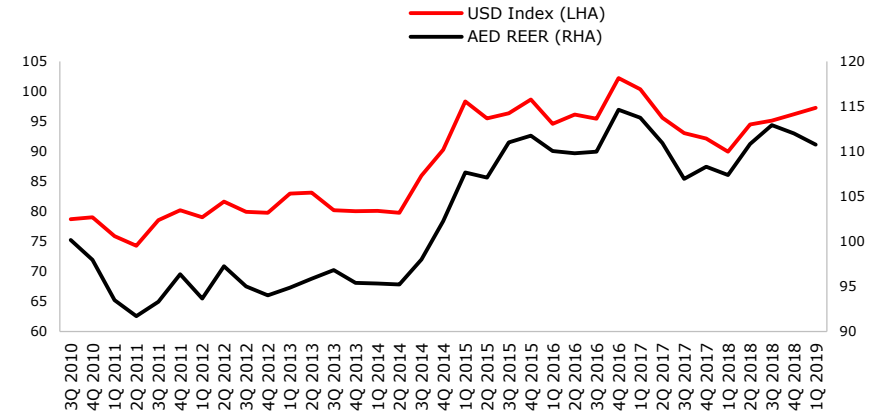
TEU '000 (LHA); % change YoY (RHA)



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

USD strengthens from Q2 and Q3 2018

Index



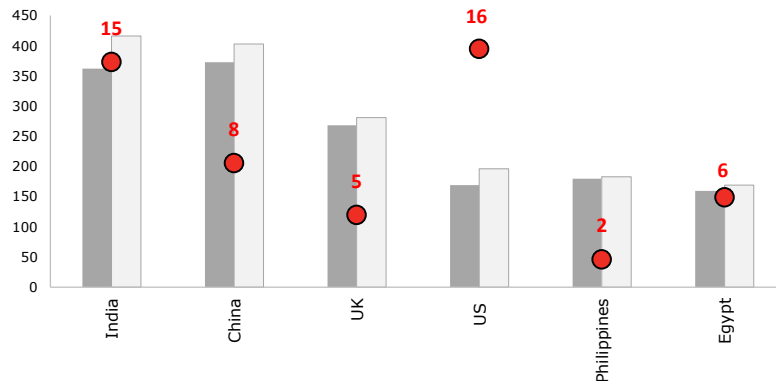
Source: BIS, Bloomberg

Strong USD impacting tourism – Earlier visa liberalisation positive

Hotel guests by nationality, '000

Abu Dhabi

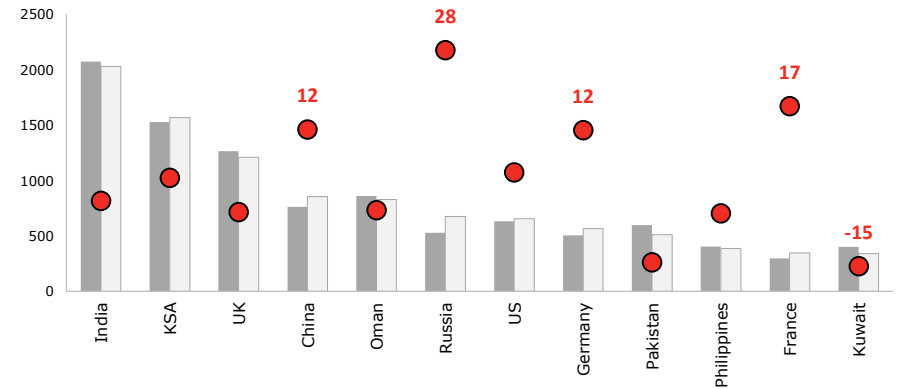
■ 2017 (LHA) □ 2018 (LHA) ● % change y-o-y (RHA)



Tourist numbers, '000

Dubai

■ 2017 (LHA) □ 2018 (LHA) ● % Change, y-o-y (RHA)



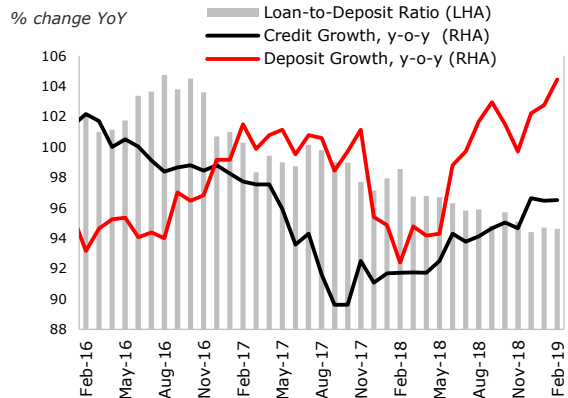
External headwinds in 2018

Banking sector overview

Banking sector liquidity remains comfortable

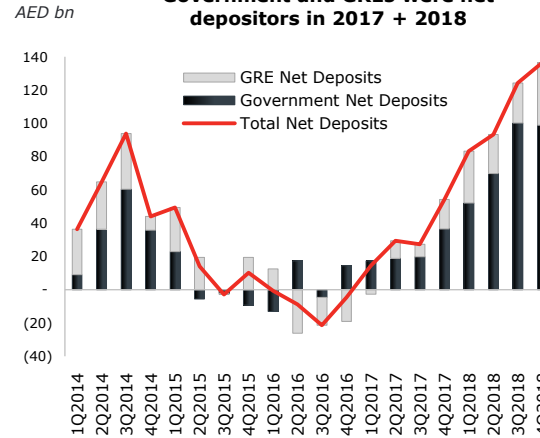
Eibor rising with higher benchmark rates with new methodology

Deposit growth stronger than credit growth

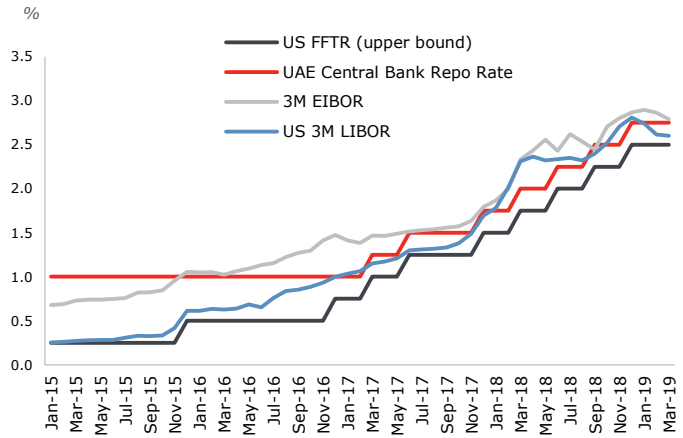


Source: Central Bank of the UAE

Government and GREs were net depositors in 2017 + 2018

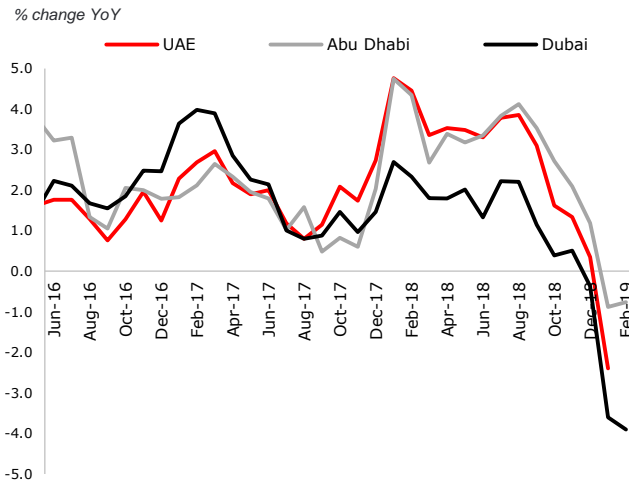


Source: Central Bank of the UAE, ADCB calculations



Source: Central Bank of the UAE, Bloomberg

Inflation moderating after initial VAT spike



Source: UAE National Bureau of Statistics

Economic indicators

UAE	2014	2015	2016	2017	2018e	2019f	2020f
Average Brent Crude Spot Price, USD p/b	99.5	52.3	43.7	54.7	71.7	66.8	64.0
Average Oil Production, mn bpd	2.77	2.9	2.96	2.91	2.98	3.04	3.06
GDP at Current Market Prices, USD bn	403.4	358.4	357	382.8	434.5	438.7	446.0
Real GDP Growth Rate, %	4.4	5.1	3	0.8	2.5	2.7	2.5
Real Non-Oil GDP Growth Rate, %	6.4	5.0	3.2	2.5	2.6	2.9	3.3
CPI Inflation, % average	2.3	4.1	1.7	2.0	3.3	(2.0)	0.3
Budget Balance, USD bn	7.7	(12.1)	(7.2)	(1.0)	12.9	0.7	(5.6)
Budget Balance, % of GDP	1.9	(3.4)	(2.0)	(0.3)	3.0	0.2	(1.3)
Trade Balance, USD billion	108.4	76.6	65.0	76.1	96.2	85.9	81.1
Current Account, % of GDP	13.3	4.7	2.4	4.1	7.4	4.8	1.6
Growth in Credit to the Private Sector, %	8.0	7.7	5.5	3	4.0	4.2	4.5

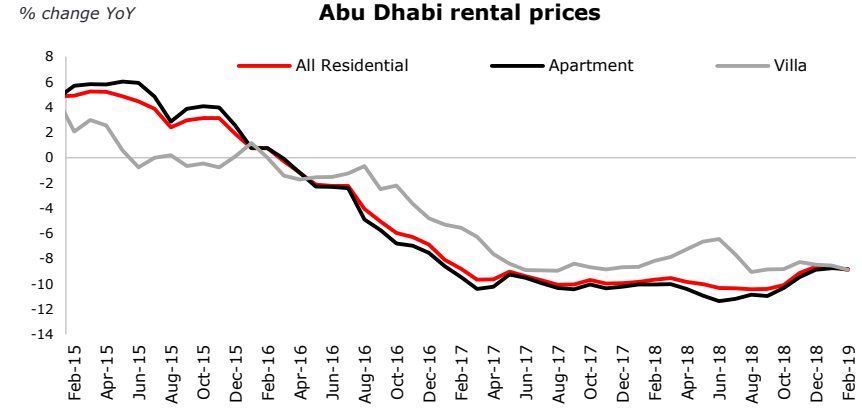
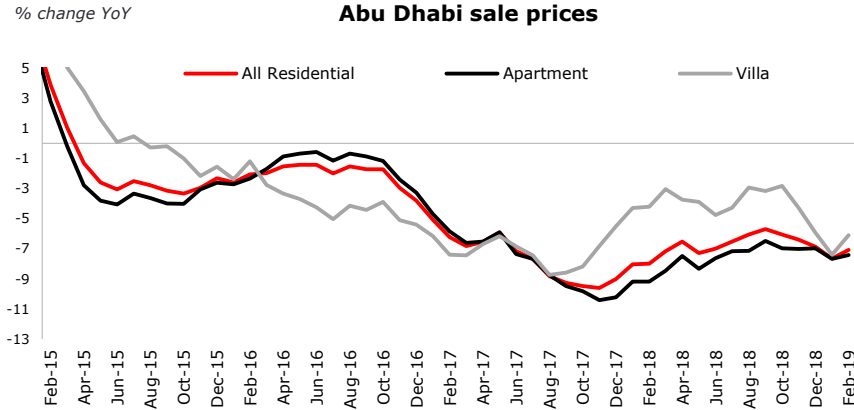
■ Inclusive of VAT impact

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

Banking sector liquidity remains comfortable

UAE property overview

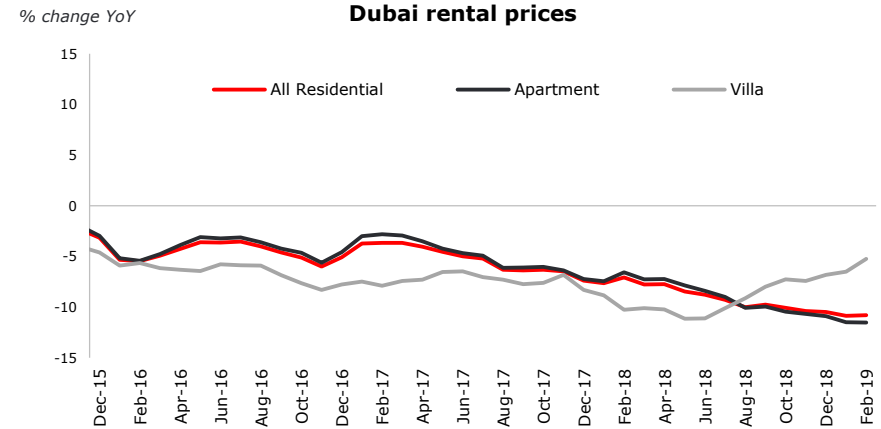
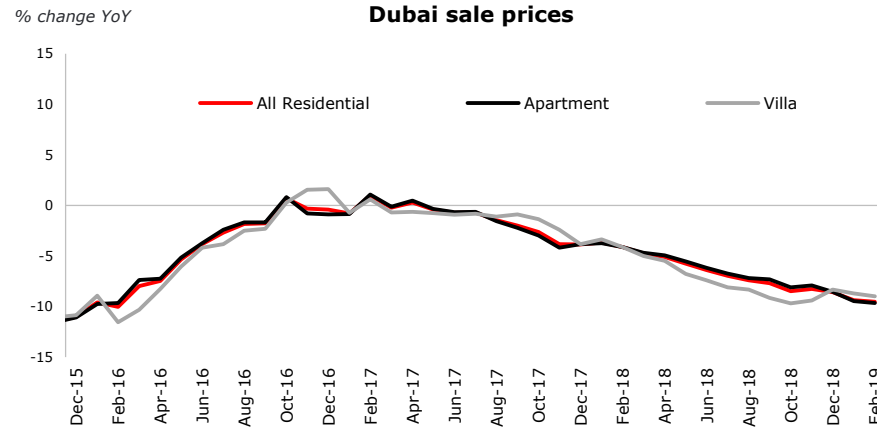
Abu Dhabi rental and sale prices continued to contract in 11M'2018



Source: Reidin, ADCB calculations

Source: Reidin, ADCB calculations

Fall in Dubai property sale prices more in 2018, than drop in rental prices



Source: Reidin, ADCB calculations

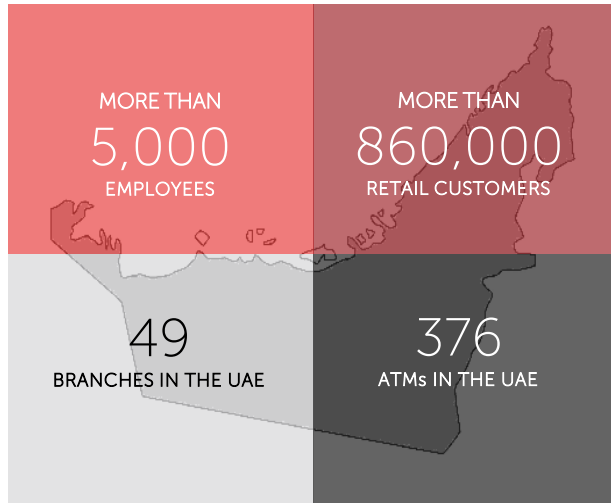
Source: Reidin, ADCB calculations

Property prices and rental yields continue to fall, impacting demand

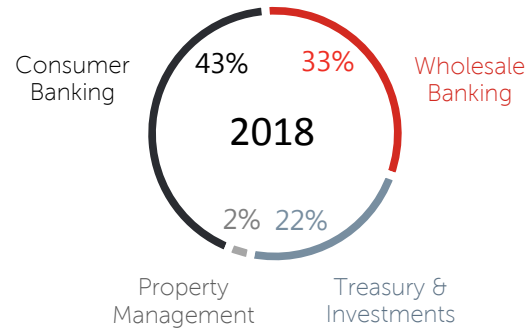
ADCB overview

ADCB at a glance

UAE – Centric focus



Strong underlying performance by each business segment



Our ratings

A+/F1/
Stable
FITCH

A/A-1/
Stable
S&P

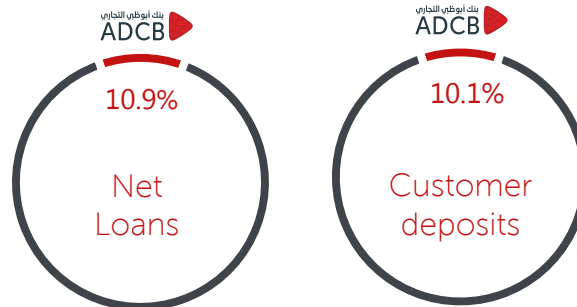
AED 0.90
BASIC EARNINGS PER SHARE

17.26%
CAPITAL ADEQUACY RATIO
(BASEL III)

International presence:

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

Market share by loans and deposits

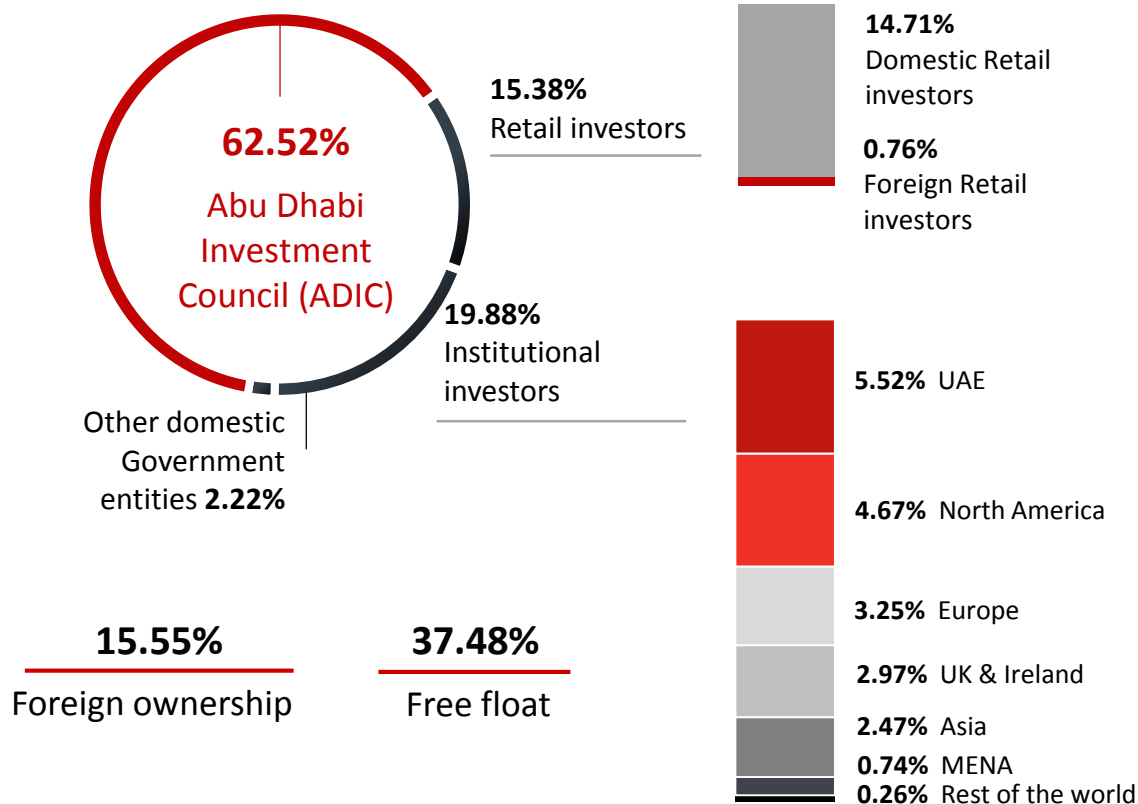


Source: UAE Central Bank data as at 31 December 2018

UAE-centric strategy, strong domestic franchise

Ownership structure

Shareholding structure



As at 31 December 2018

Number of shares issued	5,198 mn
Book value per share	AED 5.54
Closing price	AED 8.16
Market capitalisation	AED 42,418 mn

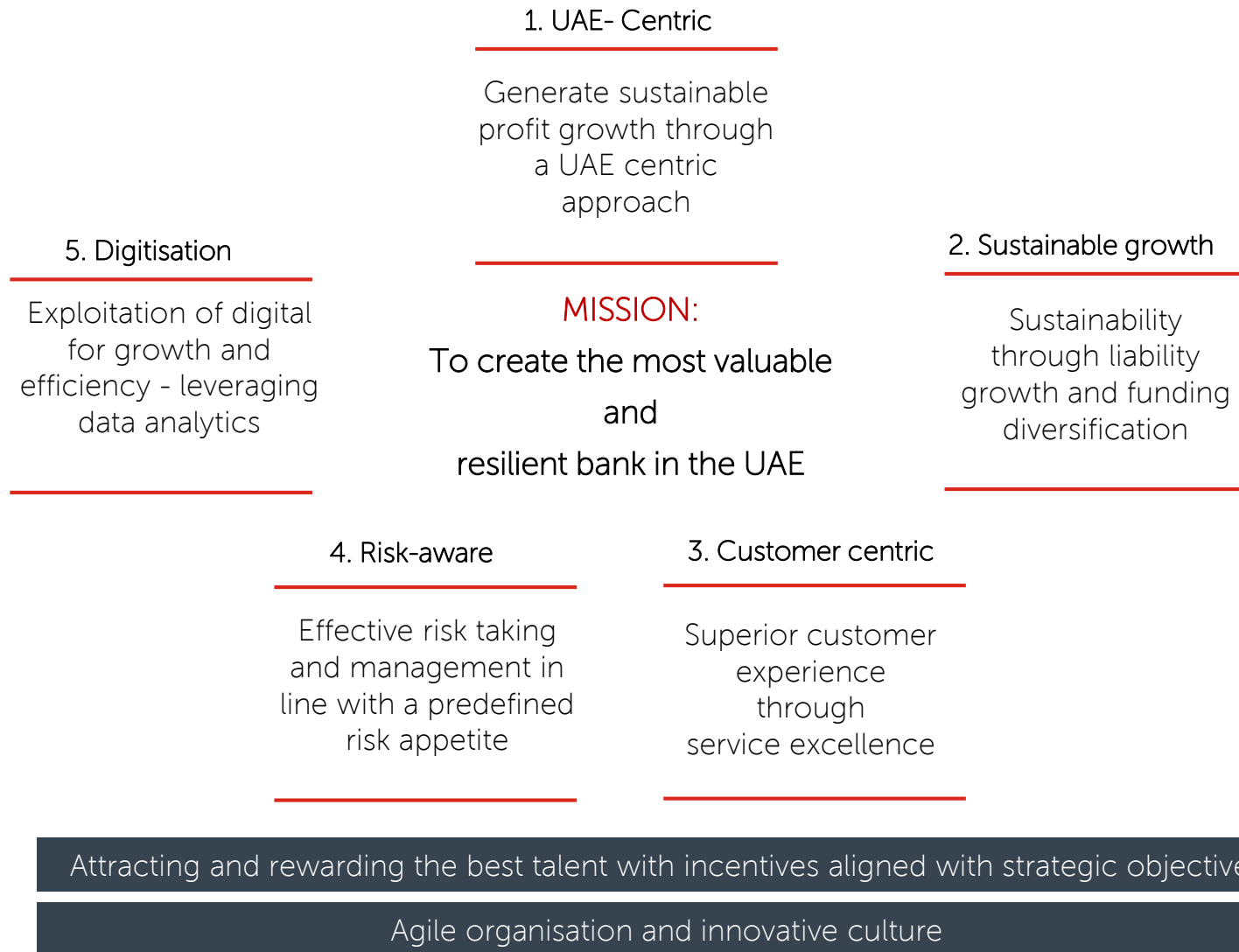
Weighting as at 31 December 2018

ADSMI Index	6.49%
MSCI UAE Index	12.66%
FTSE Nasdaq UAE Index	10.07%

Shareholders from
74
countries

Supportive principal shareholder – 62.52% owned by ADIC

Strategic pillars



Our strategic pillars are refined to reflect changing market conditions

Customer centricity

Net Promoter Score (NPS):

NPS is based on the likelihood that customers will recommend ADCB to family or a friend.

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

In our journey towards service excellence, we have been able to improve the NPS in each of the business segments over the past three years

Strategic NPS	Variation in NPS Points from 2015
Corporate	+43
Retail	+18
Treasury & Investments	+28

In 2018, we invested in the following areas to enhance customer experience:

1,848

STAFF TRAINED IN SERVICE

102,112

CUSTOMERS SPOKEN TO FOR FEEDBACK

1,074

CUSTOMERS' FEEDBACK ON DIGITAL PRODUCTS

33,114

STAFF PROVIDED FEEDBACK ON
INTERNAL SERVICE PROVIDERS

8,348

MYSTERY SHOPPING AUDITS

15

CUSTOMER EXPERIENCE AND
SERVICE QUALITY FORUMS

Since 2015, NPS Scores have improved significantly across all areas of the business

Launch of a series of digital products and services

May 2018



Mychoice lets retail customers create tailored banking packages that best suits their needs



digital platform for Commercial customers to apply for financing products



Digital account opening of MCD and Commercial

Sept 2018



ProCASH Mobile App enhanced with a new UI/UX upgrade

Oct 2018



ProTrade upgraded



Automated workflow processing for trade including products with Guarantees



MoneyBuddy app: Personal enabling customers to track expenditures & savings goals

Nov 2018



Virtual Accounts: a powerful reconciliation tool for receivables and collections



External Portal solution for key Government clients



Revamped Mobile Banking app

Feb 2019

Introducing **ADCB Hayyak.**
Simple, fast and convenient.
Open an **ADCB account,**
wherever you are,
not wherever we are



Hayyak: Instant Account Opening App

Digital transformation is part of our strategic drive to simplify client experience

Sustainability

Key Highlights

Sustainability governance

ADCB has decided to adopt the Equator Principles

S&P/Hawkamah Pan-Arab ESG Index Ranking

ADCB is consistently placed in top 2 and 3 positions since 2015

Women in leadership

ADCB is a regional leader placing women in board and senior management positions of leadership

Three key sustainability pillars

Contributing to sustainable growth

- ▶ Long-term sustainable returns for investors
- ▶ Investment-decisions promoting environmental and social good
- ▶ Sustainable procurement practices

Conducting business responsibly

- ▶ Recognized by MSCI as Top 5 Industry Leaders for Privacy & Data Security, and Financial Product Safety
- ▶ Recognised regionally and internationally for corporate governance

Investing in our communities

- ▶ MoneySense financial literacy outreach programme
- ▶ ADCB Pink Month supports breast cancer awareness
- ▶ Tamooha, award winning programme providing Emirati women workplace solutions within their traditional values

Strategic Partnerships



Signatory to the Abu Dhabi Sustainable Finance Declaration in January 2018 at the inaugural Abu Dhabi Sustainable Finance Forum, supporting UAE's sustainable economic growth through sustainable finance



Member of the Abu Dhabi Sustainability Group, an organization, promoting sustainability management practices, since 2013

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

Digital transformation

Consumer Banking – Digital transformation

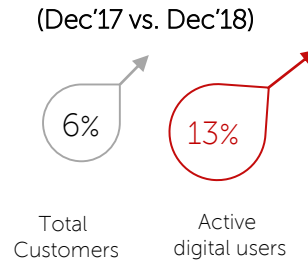
71% of CBG customers are digital



Registrations	Digital	Mobile
Dec 2017	553K	359K
Dec 2018	623K	439K
Change %	+13%	+22%

Digital customers include both mobile and internet banking

Continued growth in digital users



Digital transactions increased 14% YoY

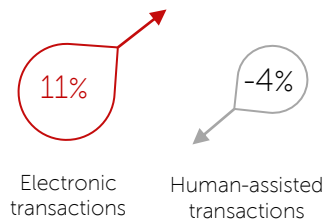
Composition of digital transactions (Dec'18)

Non-financial	66%
Financial	34%

Digital customers include both mobile and internet banking

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

(Dec'17 vs. Dec'18)

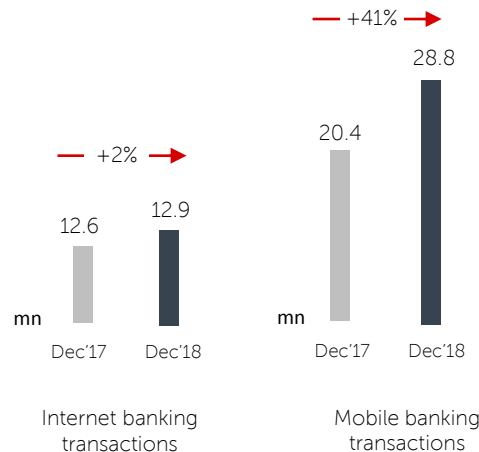


Electronic vs. Human-Assisted (Dec'18)

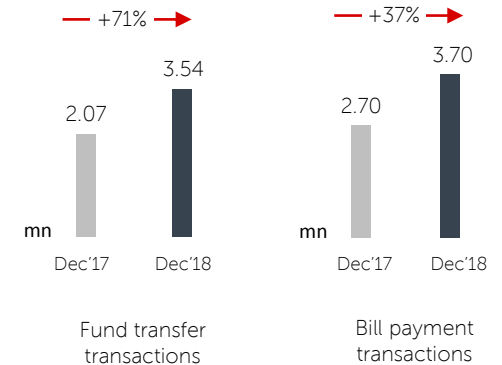
Electronic	35.23 mn
Assisted	1.71 mn

Electronic transactions include ATMs & CDMs, exclude Point Of Sale transactions.

Mobile banking transactions outpacing internet banking transactions



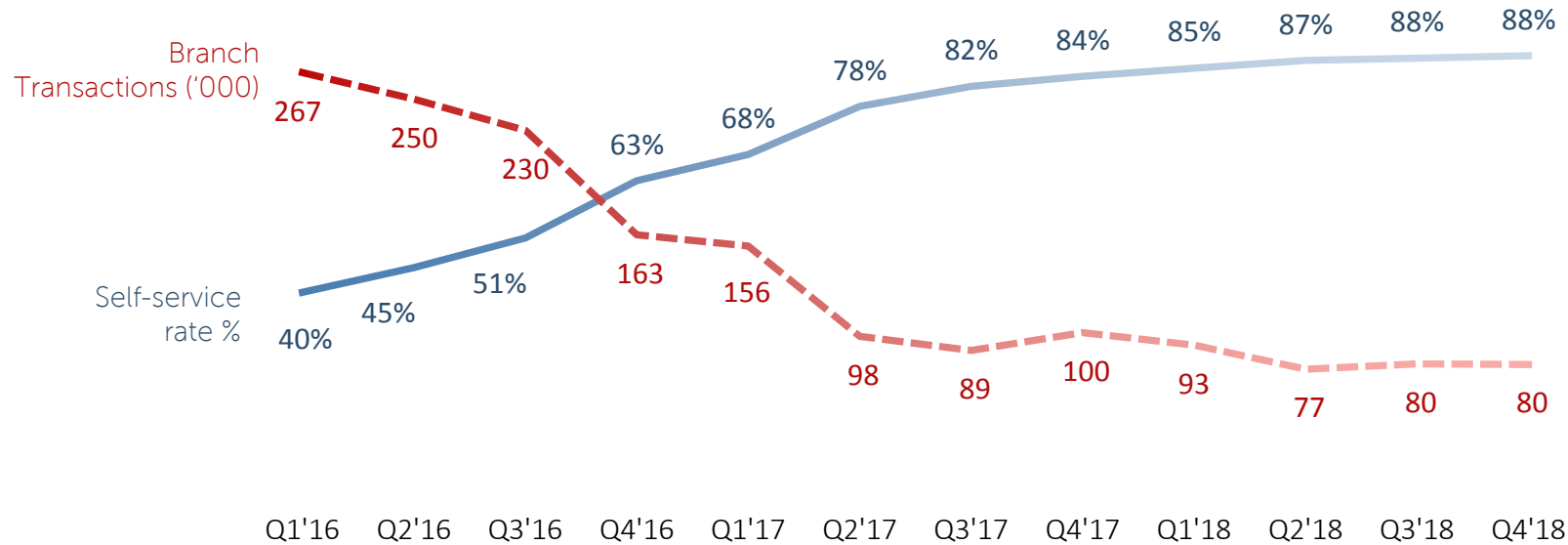
Significant growth in mobile banking transactions



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

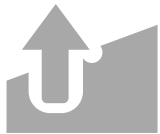
- ▶ Total WBG transactions increased 9% over Q3'18, supported by growth through digital channels, whilst branch transactions declined 37% YoY
- ▶ Self-service ratio increased from 63% in Q4'16 to 88% in Q4'18. For the month of December'18, self-service ratio was at the highest level at 89%

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

Financial highlights

2018 highlights

MEASURED GROWTH



NET LOANS

AED 166 bn (+2% YoY)

CUSTOMER DEPOSITS

AED 177 bn (+8% YoY)

CREATING SHAREHOLDER VALUE



NET PROFIT

AED 4.840 bn (+13% YoY)

ROAE

16.3% (+130 bps YoY)

STRONG METRICS



CET1

13.40% (-56 bps YoY)

COST OF RISK

0.57% (-24 bps YoY)

Continued execution of our strategy

Balance sheet highlights

AED mn	Dec'18	% Change vs.	
		Sep'18	Dec'17
Total assets	279,830	2	6
Net loans and advances	166,426	1	2
Investment securities	52,362	5	6
Deposits from customers	176,654	4	8
Borrowings (including ECP)	46,307	3	7
Total shareholders' equity	32,806	3	1

Components may not sum exactly to totals because of rounding

Highlights (YoY comparison)

- ▶ Total assets grew 6% to AED 280 billion. Deposits and balances due from banks increased by AED 8 billion to AED 20 billion
- ▶ Investment securities increased 6% to AED 52 billion
- ▶ 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 8% to AED 177 billion, CASA/total customer deposits were at 39%. Overall CASA deposits totaled AED 70 billion
- ▶ Loan to deposit ratio of 94.2% compared to 100.1% as at 31 December 2017
- ▶ Total equity of AED 33 billion was 1% higher

Deposit growth continued to outpace loan growth

Income statement highlights

AED mn	% Change		% Change vs.		
	2018	2017	Q4'18	Q3'18	Q4'17
Net interest income	7,219	8	1,803	(0)	5
Non - interest income	1,962	(11)	442	(10)	(25)
Operating income	9,181	3	2,244	(2)	(3)
Operating expenses	(3,084)	5	(740)	(7)	(8)
Operating profit	6,098	3	1,505	1	(0)
Impairment allowances	(1,266)	(24)	(148)	(57)	(66)
Net profit	4,840	13	1,357	18	27

Components may not sum exactly to totals because of rounding

Highlights (2018 vs. 2017)

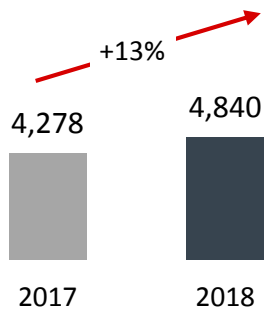
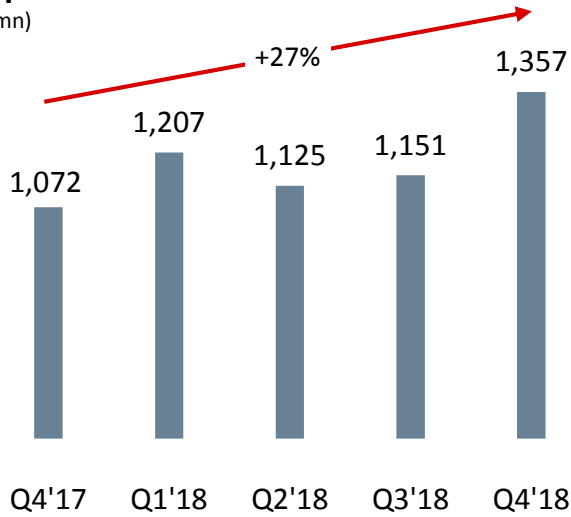
- ▶ Net profit increased by 13% to AED 4.840 billion, mainly driven by a healthy expansion in NIMs, driven by optimal management of cost of funds, combined with lower impairment charges
- ▶ Total net interest income and Islamic financing income increased 8% to AED 7.219 billion, on account of higher volumes and rising benchmark rates, coupled with a change in the composition of the asset book
- ▶ Non-interest income decreased 11% to AED 1.962 billion, impacted by weaker fees and commission income, partially offset by higher trading gains
- ▶ Record operating income of AED 9.181 billion, up 3% whilst operating expenses increased 5% to AED 3.084 billion, resulting in a cost to income ratio of 33.6% compared to 33.1% in 2017
- ▶ Impairment charges (net) improved 24% to AED 1.266 billion, as a result of the continued de-risking of the unsecured retail portfolio

Robust performance for the full year, strong revenue growth driven by higher NIMs

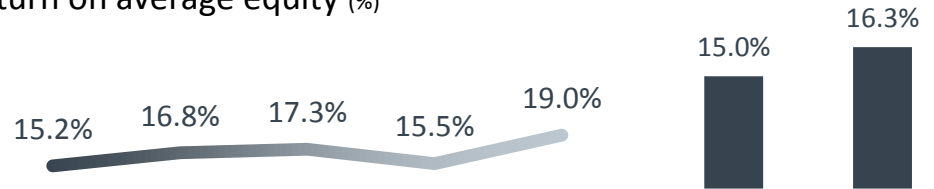
Key performance indicators

Net profit

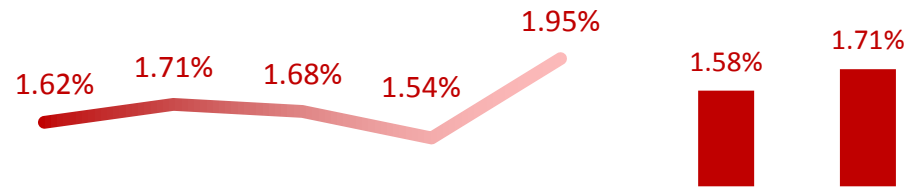
(AED mn)



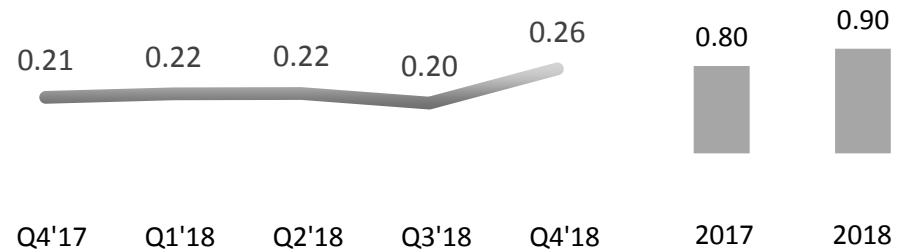
Return on average equity (%)



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, record quarterly net profit

Balance sheet metrics

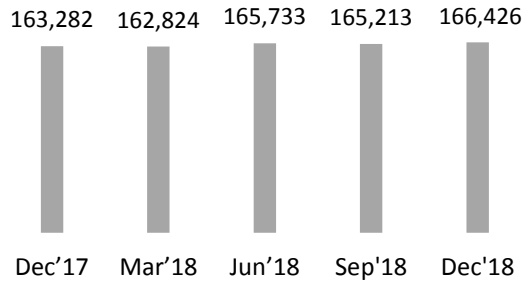
Loan and deposit growth

Net loans

(AED mn)

+3.6%

+2%



Wholesale Banking (WBG)



Consumer Banking (CBG)



(AED mn)

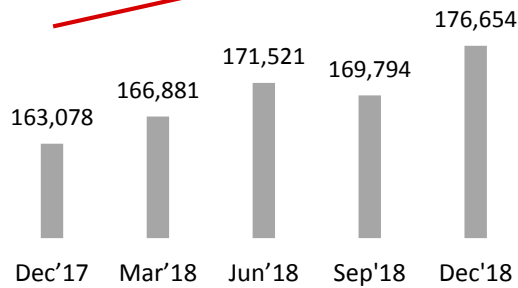
Dec'17 Mar'18 Jun'18 Sep'18 Dec'18

Deposits

(AED mn)

+5.8%

+8%



Wholesale Banking



Consumer Banking



Treasury

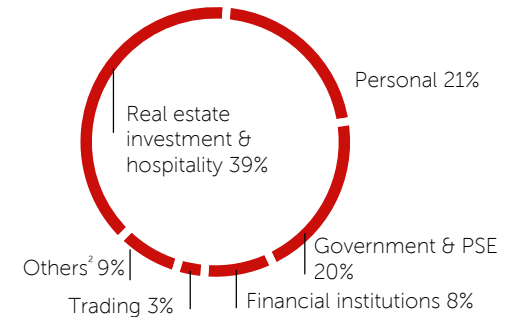


(AED mn)

Dec'17 Mar'18 Jun'18 Sep'18 Dec'18

Gross loans by economic sector

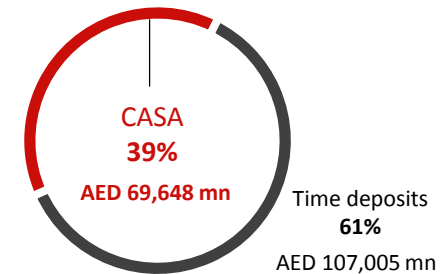
AED 173,153 mn (As at 31 December 2018)



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

Customer deposits

AED 176,654 mn (As at 31 December 2018)



UAE Banking industry average until October'18

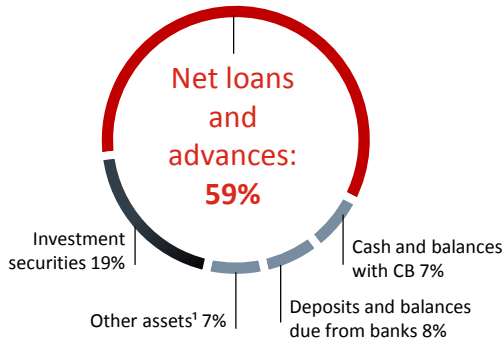
Components may not sum exactly to totals because of rounding

- ▶ YTD loan growth led by the Corporate segment. Wholesale Banking loans +6% YoY. 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

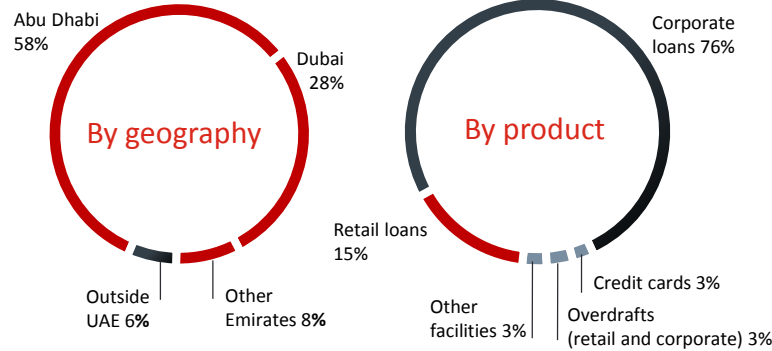
Asset mix

AED 279,830 mn (As at 31 December 2018)

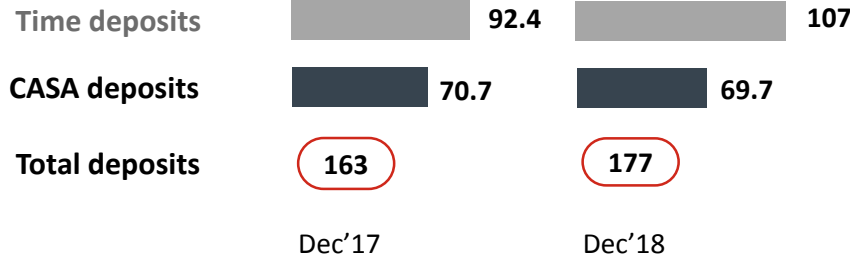


Gross loans

AED 173,153 mn (As at 31 December 2018)

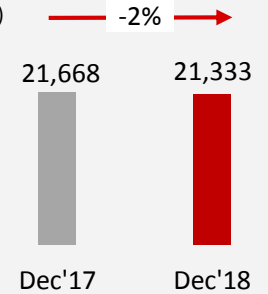


Customer deposits (AED bn)

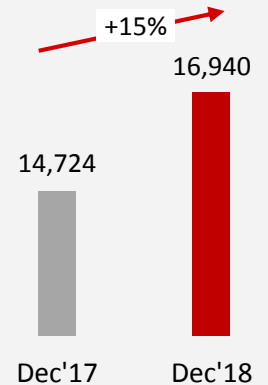


Islamic Banking continues to be a key driver of growth

Net financing assets (AED mn)



Deposits (AED mn)



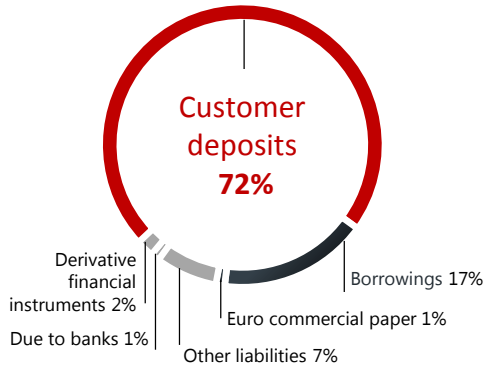
¹ Other assets include: Derivative financial instruments, Investments in associate, Investment properties, Property and equipment (net), Intangible assets, Reverse repo placements and Trading securities and Other assets
Components may not sum exactly to totals because of rounding

YoY time deposits increased to meet LCR and NSFR requirements, low cost CASA deposits comprised 39.4% of total customer deposits

Wholesale funding and maturity profile

Liability base

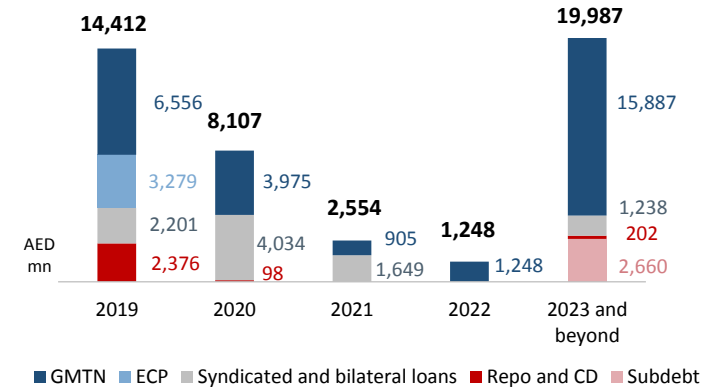
AED 247,025 mn (As at 31 December 2018)



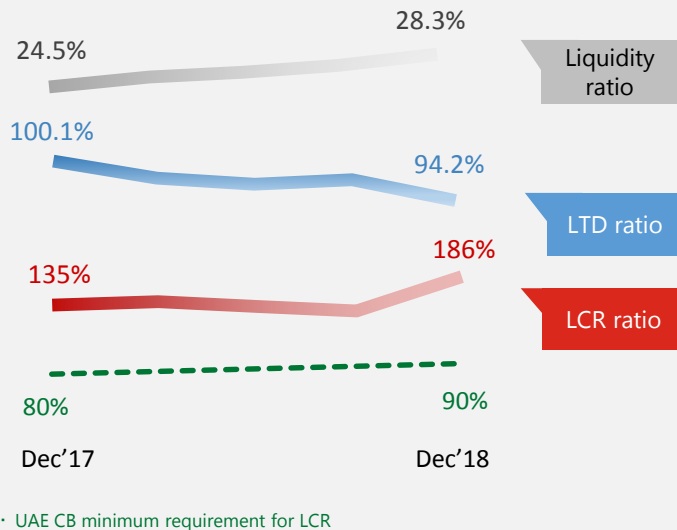
Wholesale funding

As at 31 December 2018	AED mn
Global medium term notes (GMTN)	28,571
Subordinated debt	2,660
Euro Commercial paper	3,279
Repo	229
Bilateral loans	6,186
Syndicated loans	2,936
Certificate of Deposits	2,447
Total	46,307

Maturity profile



Comfortable liquidity position



Net lender in the interbank markets

AED 15 bn*

Main issuances in 2018

- ▶ 5 year USD 750 mn RegS/144A with a coupon of 4% p.a.
- ▶ 30 year USD 730 interest accreting notes with coupon between 4.75% to 5.77% p.a.
- ▶ 3 to 4 year CNH 360 mn with coupons between 4.82 to 5.02% p.a.
- ▶ 5 year CHF 275 mn with a coupon between 0.385% to 0.735% p.a.

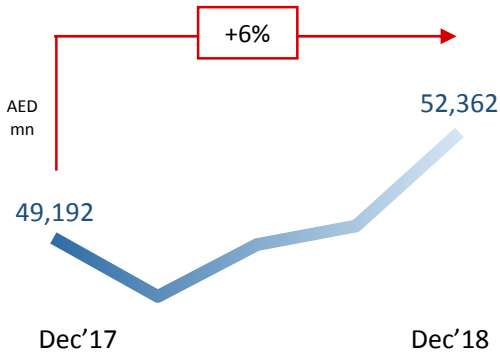
Main maturities/call backs in 2018

- ▶ 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

* Includes AED 3.7 bn of certificate of deposits with central banks and reverse-repo placements of AED 2.2 bn

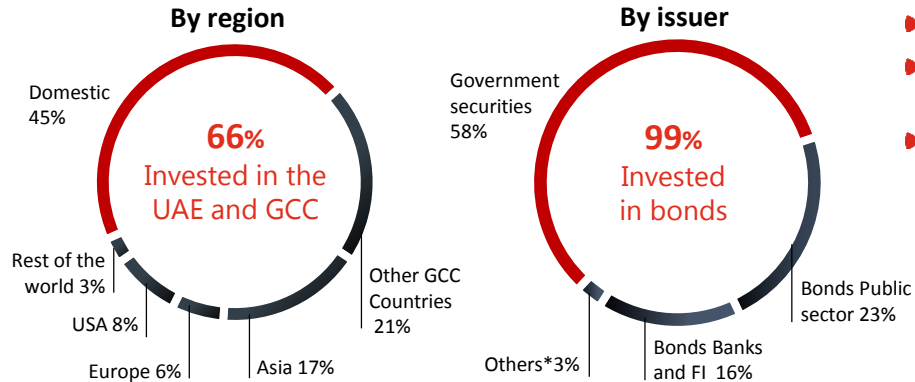
Investment securities

Investment securities



Investment securities

AED 52,362 mn (As at 31 December 2018)

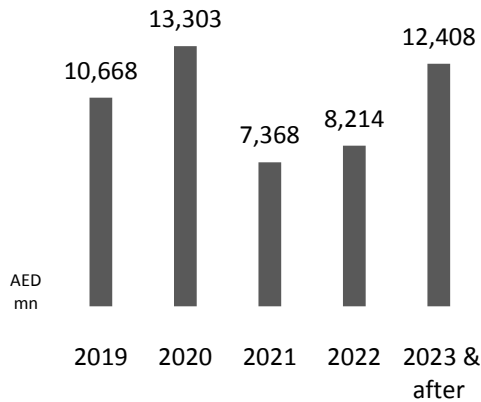


Non-Government bond portfolio:

- ▶ 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*



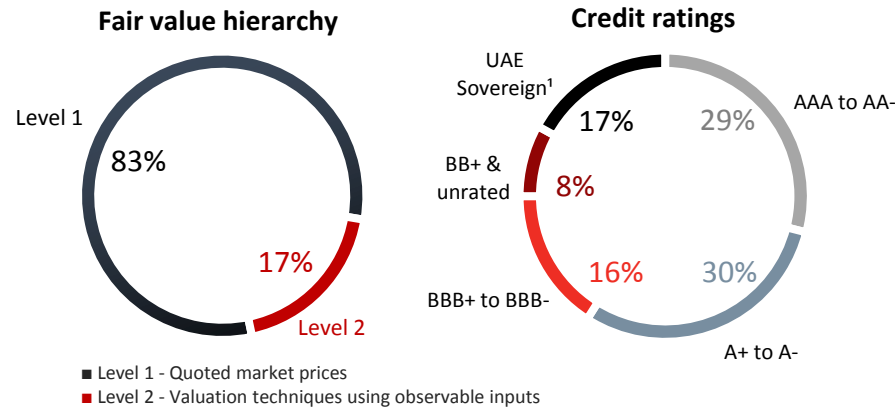
* Excluding investments in equity and funds

Components may not sum exactly to totals because of rounding

Total bond portfolio

Government and Non-Government bond portfolio:

AED 51,960 mn (As at 31 December 2018)



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

Credit ratings:

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

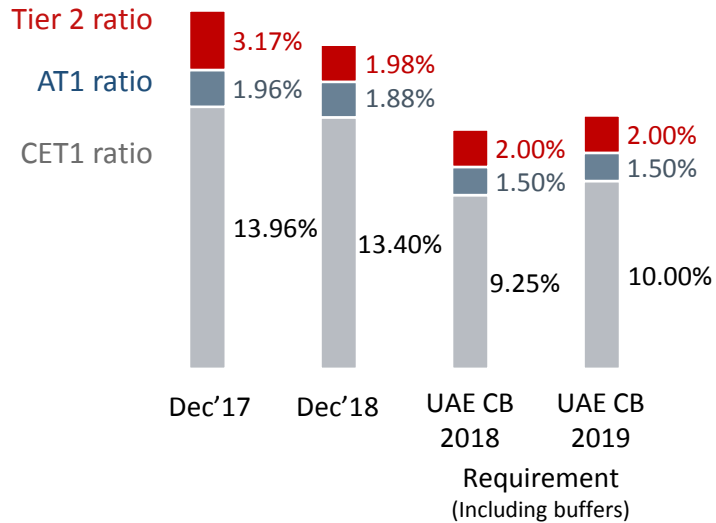
¹ UAE Sovereign internal rating mainly in Grade 2 and maps to external rating between AA to A

High quality investment portfolio, with 99% invested in bonds

Capital ratios

Capital adequacy ratio (Basel III)

CAR 19.09% 17.26% 12.75% 13.50%



Risk weighted assets (AED bn)



Variance analysis

YoY reduction in CAR by 1.83%

Capital adequacy ratio movement	%
Dec'17 Capital adequacy ratio	19.09%
Increase in capital on account of profit	2.30%
Impact of AED2.2bn dividend payout	-1.04%
Increase in credit risk weighted assets	-0.98%
Part repayment of Tier 2 capital & amortization and grandfathering of qualifying Tier-2	-1.08%
Impact of IFRS 9 on retained earnings	-0.71%
Others	-0.32%
Dec'18 Capital adequacy ratio	17.26%

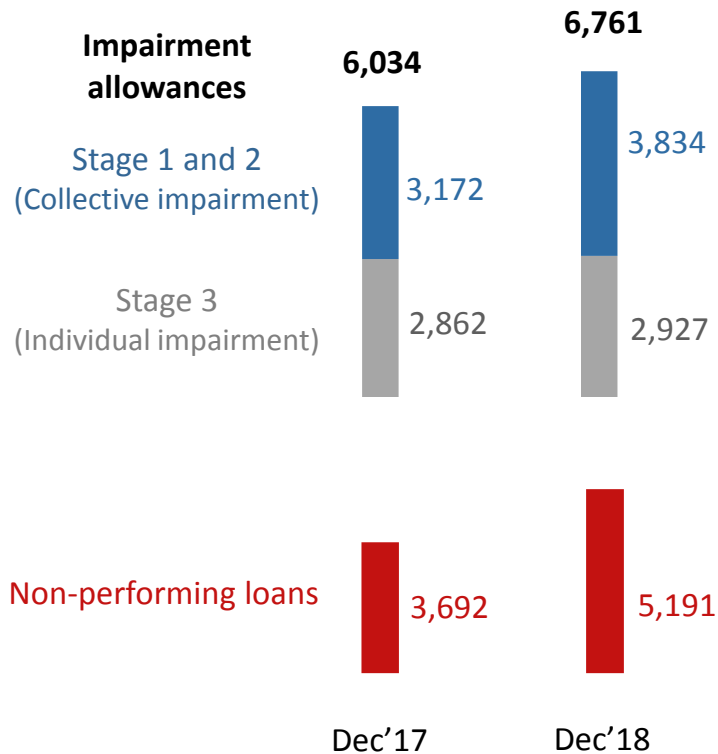
Others include increase in operational risk weighted assets, impact of other comprehensive losses (FVOCI) and reduction in market risk weighted assets

Components may not sum exactly to totals because of rounding

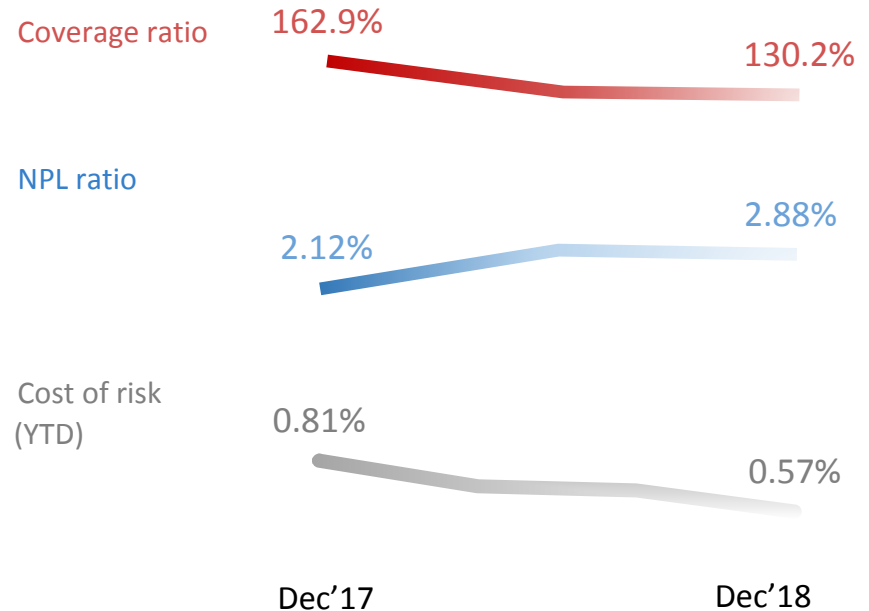
Robust capital position

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

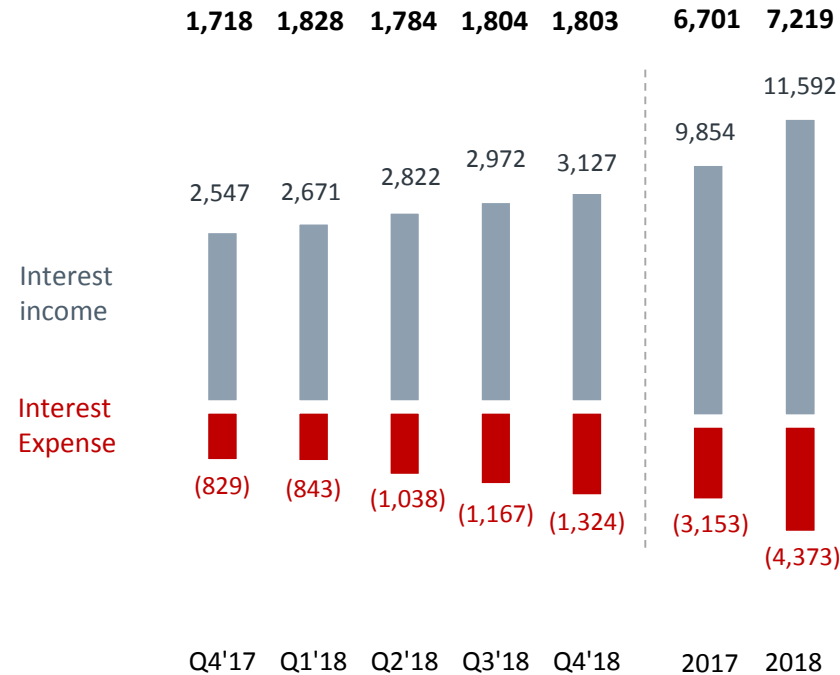
- ▶ Successful transition to IFRS 9, effective 1 January 2018
- ▶ Stage 3 (non-performing loans) increased to AED 5,191 million, led by a few corporate accounts
- ▶ Stage 1 and 2 expected credit loss allowances were 2.32% of credit risk weighted assets, above the minimum 1.5% stipulated by the UAE Central Bank

Income statement metrics

Net interest income

Net interest income

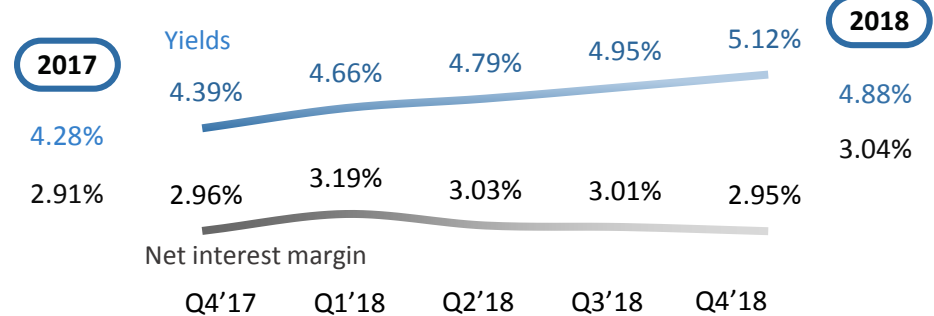
(AED mn)



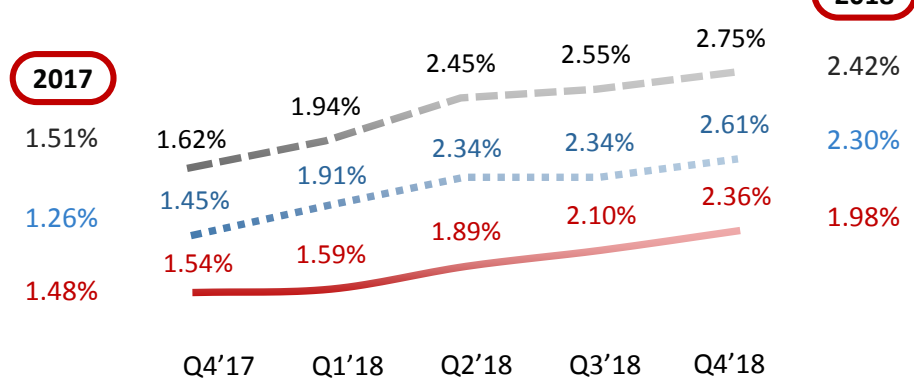
Components may not sum exactly to totals because of rounding

Increase in yields supported by repricing of assets

2018 yields +60 bps YoY



Increase in CoF lower than the increase in benchmark rates



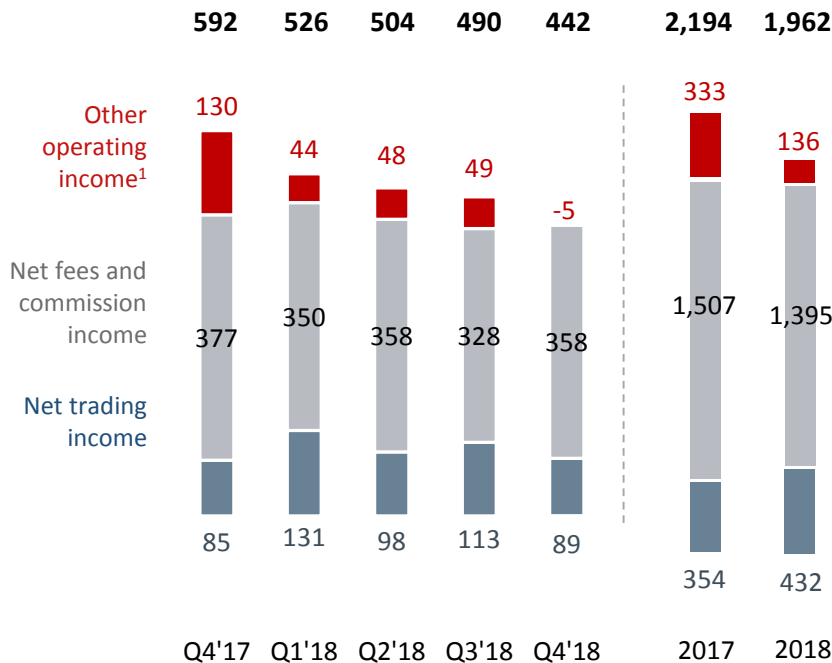
— Cost of funds - - - Average 3M Libor - - - Average 3M Eibor

- ▶ YoY net interest margin improved to 3.04% from 2.91% in 2017, an increase of 14 basis points, despite the increased cost of carrying high quality assets (HQLA) to meet LCR and NSFR requirements
- ▶ YoY cost of funds increased to 1.98% from 1.48% in 2017, an increase of 50 basis points year on year, compared to an increase of 91 basis points in average 3M Eibor and an increase of 104 basis points in 3M Libor over the same period

Non-interest income

Non-interest income

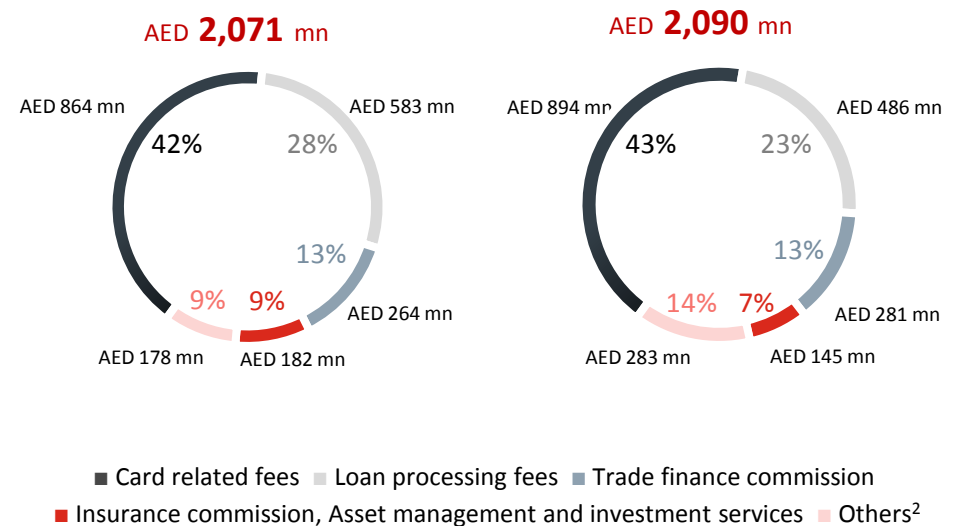
(AED mn)



¹ Others operating income includes revaluation loss on investment properties
Components may not sum exactly to totals because of rounding

Gross fees and commission income

2017 → +0.9% → 2018



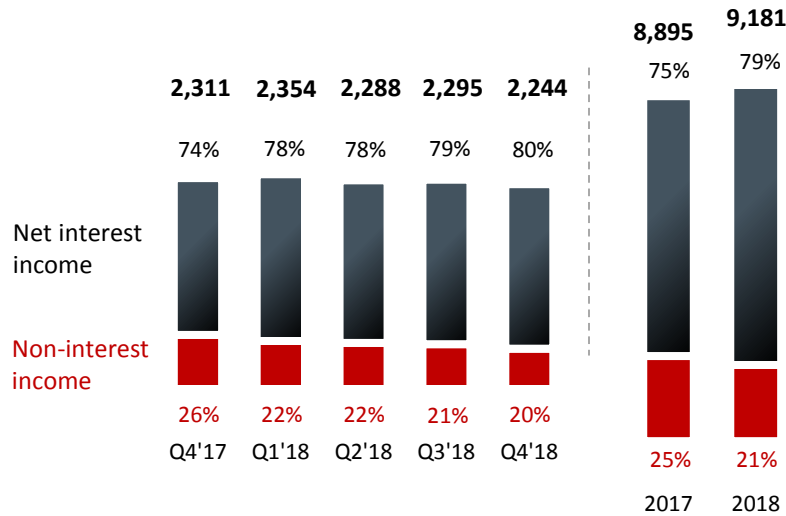
²Others include brokerage, fees from accounts related activities and other fees

- ▶ 2018 non-interest income of AED 1,962 million was down 11%, 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
- ▶ 2018 trading income was up 22%, primarily on account of higher net gains from dealing in foreign currencies and derivatives, whilst decline in other operating income was primarily due to one-off gains recorded in 2017 and lower income from the property management business in 2018. Net losses from revaluation of investments properties were AED 56 million compared to AED 34 million in 2017, due to decline in property and rental prices.

Operating income and performance by business segment

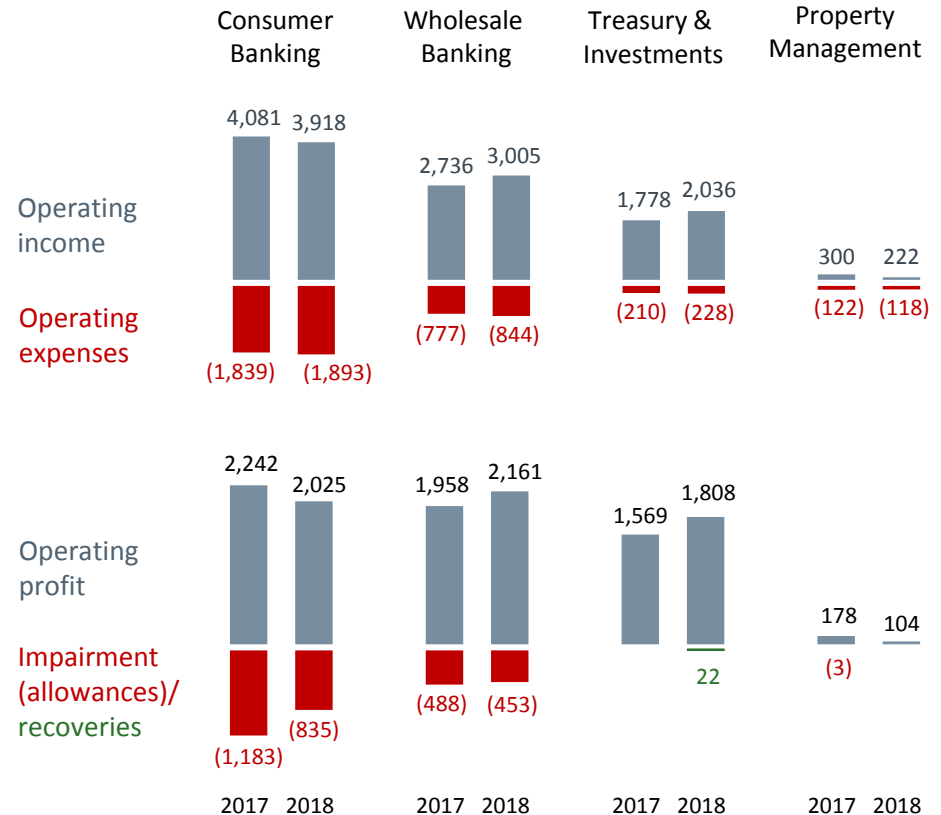
Operating income

(AED mn)



Business performance

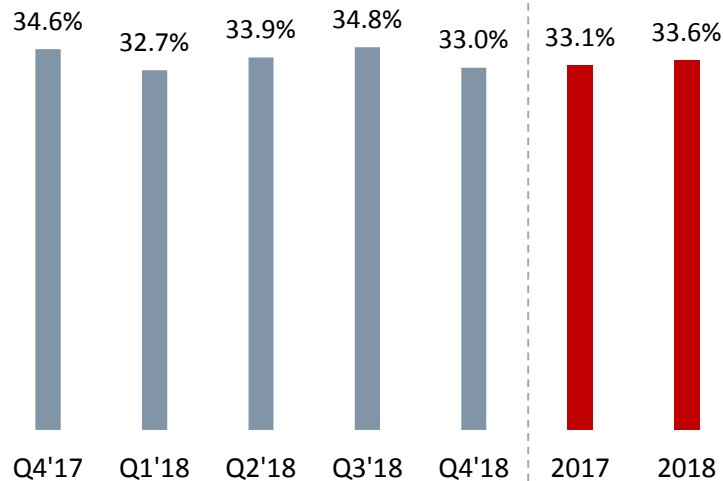
(AED mn)



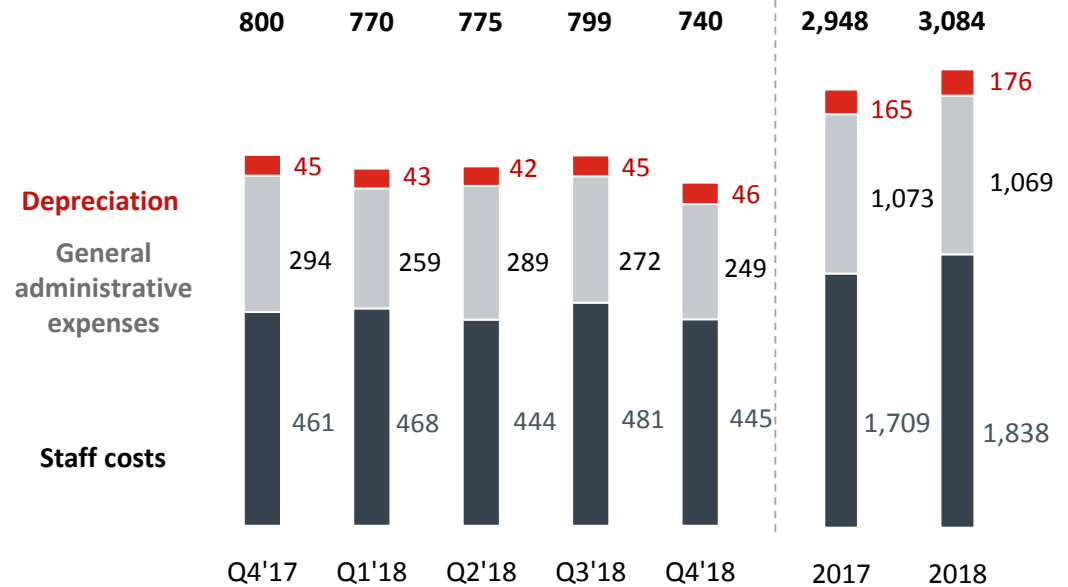
- ▶ Record operating income of AED 9.181 billion compared to AED 8.895 billion, an increase of 3%
- ▶ 2018 WBG revenues were up 10% YoY on account of higher net interest income, whilst impairment charges declined 7% over the prior year. CBG operating income impacted by lower volumes and higher fee expense, partially offset by lower impairment charges; 29% lower YoY, supported by the de-risking of the retail portfolio
- ▶ 2018 Treasury revenues were up 14% YoY

Operating expenses

Cost to income ratio
(%)



Operating expenses (AED mn)



Components may not sum exactly to totals because of rounding

- ▶ 2018 operating expenses of AED 3,084 million was up 5%, mainly driven by higher staff costs as the Bank continued to invest in recruiting and retaining top talent to further enhance business capabilities and support growth
- ▶ Heavy investment in digital transformation to position the Bank as a progressive player
- ▶ 2018 cost to income ratio of 33.6% remains within our target range

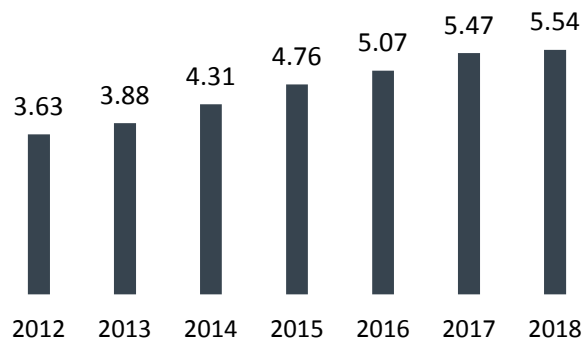
Key highlights of 2018 Results

- ▶ Net profit of AED 4.840 billion, +13%, mainly on account of higher NIMs and lower impairment charges
- ▶ Total net interest income and Islamic financing income of AED 7.219 billion, +8%. NIM of 3.04% compared to 2.91% in 2017
- ▶ Non-interest income of AED 1.962 billion , -11% on account of lower fees & commission income, partially offset by higher trading income
- ▶ Cost to income ratio of 33.6% remains within our target range
- ▶ Cost of risk for 2018 improved to 0.57% from 0.81% in 2017, supported by the continued de-risking of the unsecured retail loan book
- ▶ Cost of funds at 1.98% compared to 1.48% in 2017, increasing lower than the benchmark rates
- ▶ YTD net loans +2% and customer deposits +8%, driven by an increase in corporate time deposits
- ▶ Capital adequacy ratio (Basel III) of 17.26% and common equity tier 1 (CET1) ratio of 13.40%

Our journey

Our journey

Book value per share (AED)

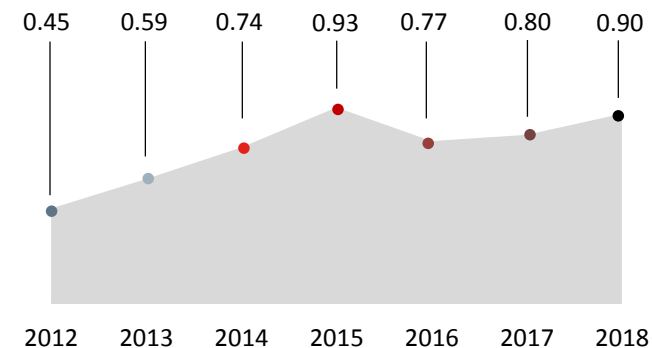


Total shareholder return (%)

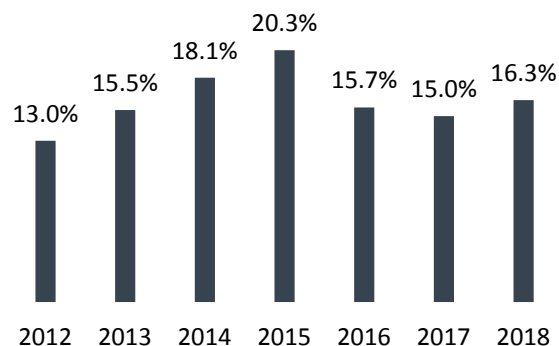
	ADCB	ADX	ADBF
5 Year	58%	46%	54%
10 Year	520%	225%	373%

Source: Bloomberg: ADCB, ADX: Abu Dhabi Exchange, ADBF: Banking Index
As at 31 December 2018

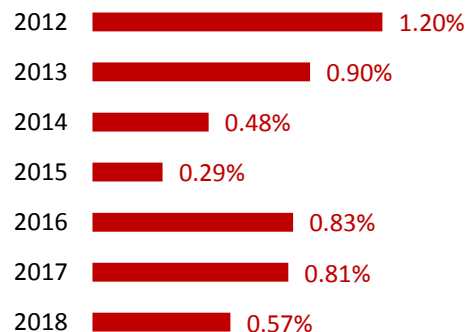
Basic earnings per share (AED)



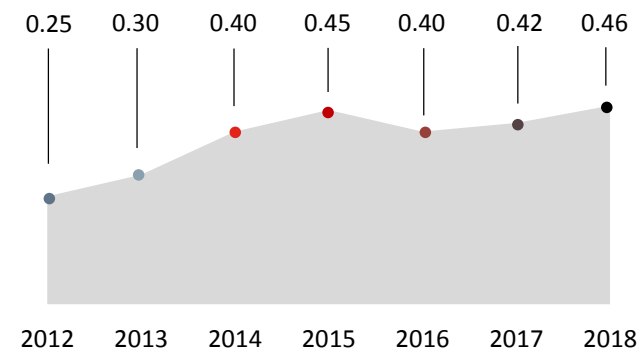
Return on average equity (%)



Cost of risk (%)



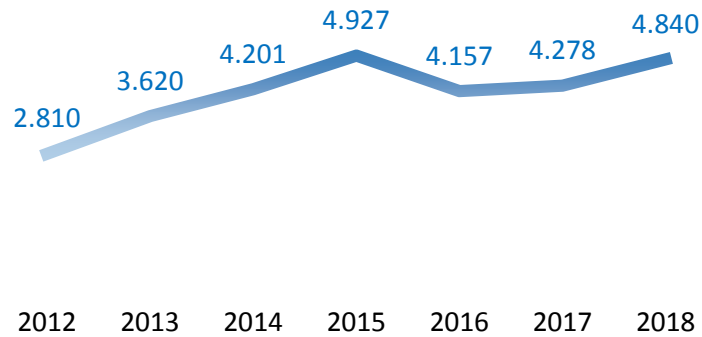
Dividend per share (AED)



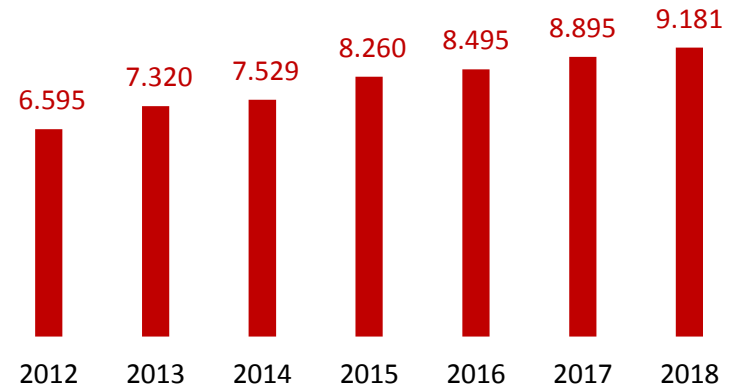
Strong financial performance, delivering long term value for shareholders

Our journey

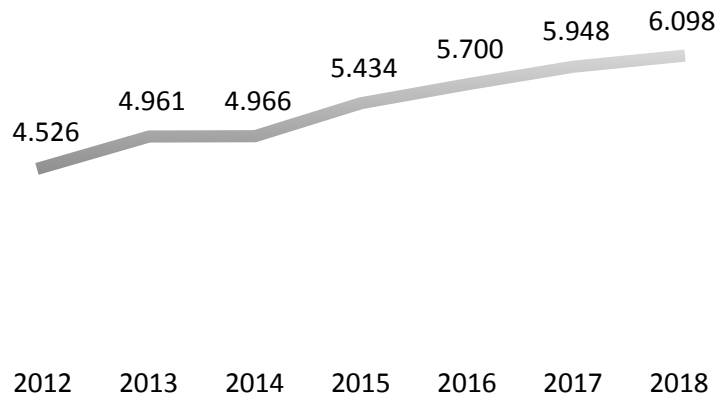
Net profit (AED billion)



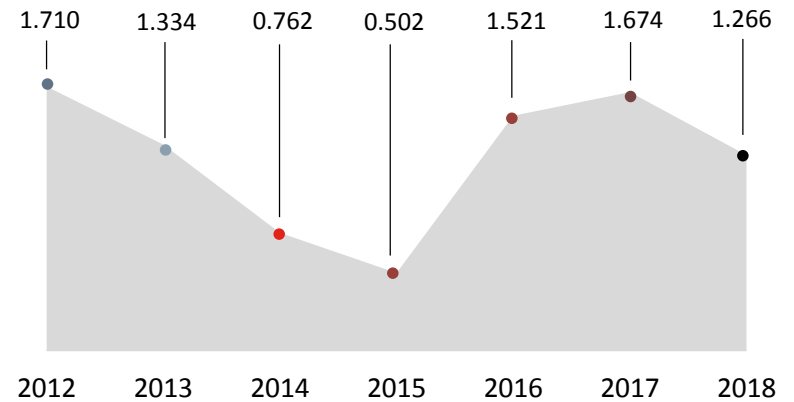
Operating income (AED billion)



Operating profit (AED billion)



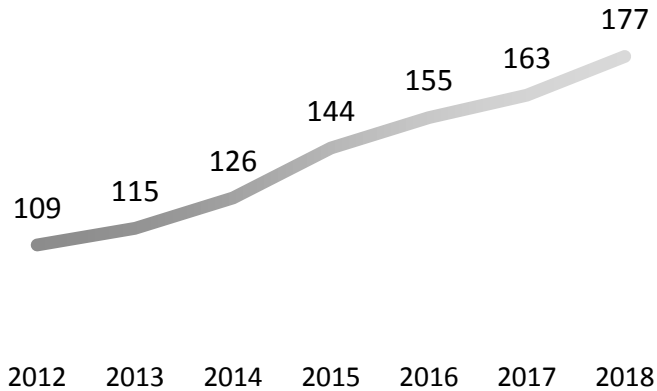
Impairment allowance charge (AED billion)



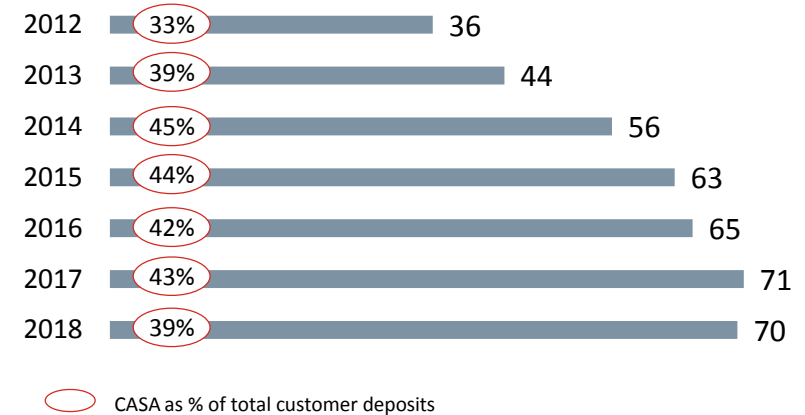
Building on a proven strategy, delivering measured and profitable growth

Our journey

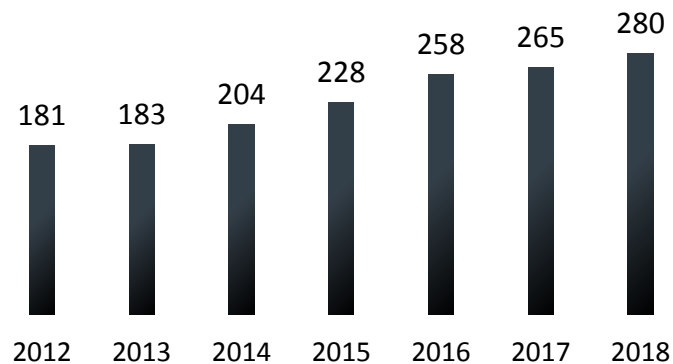
Customer deposits (AED billion)



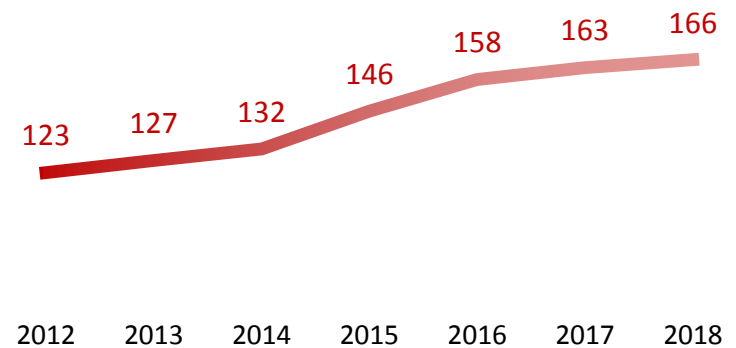
CASA deposits (AED billion)



Total assets (AED billion)



Net loans and advances* (AED billion)

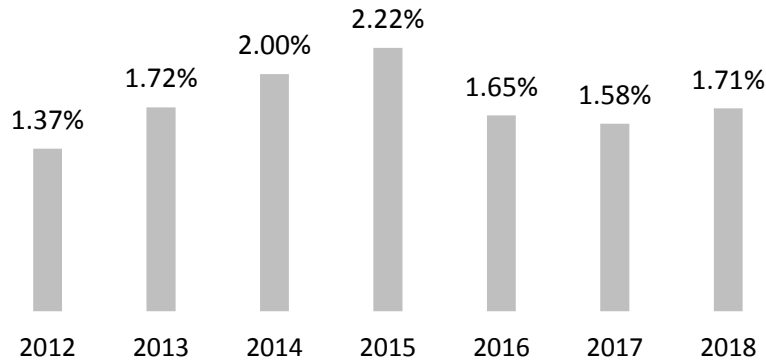


*In June 2016, loans and advances to banks have been reclassified to “Deposits and balances due from banks, net” to better reflect the underlying nature of the business of the borrowers. Accordingly, net loans in 2015 were reclassified to conform to current period’s presentation

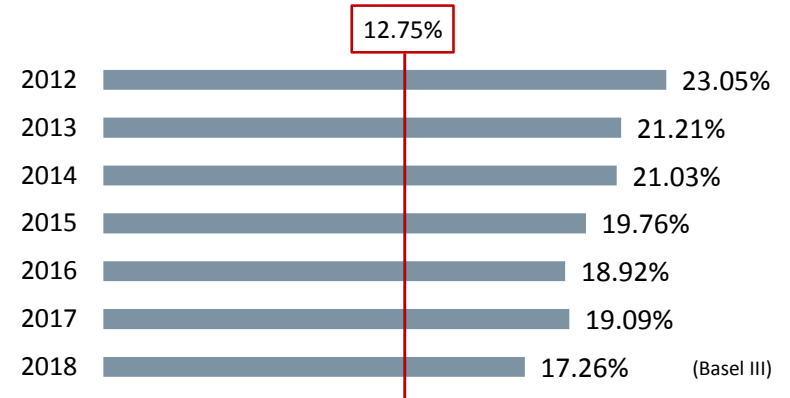
Strong deposit gathering franchise, focus on growing CASA deposits

Our journey

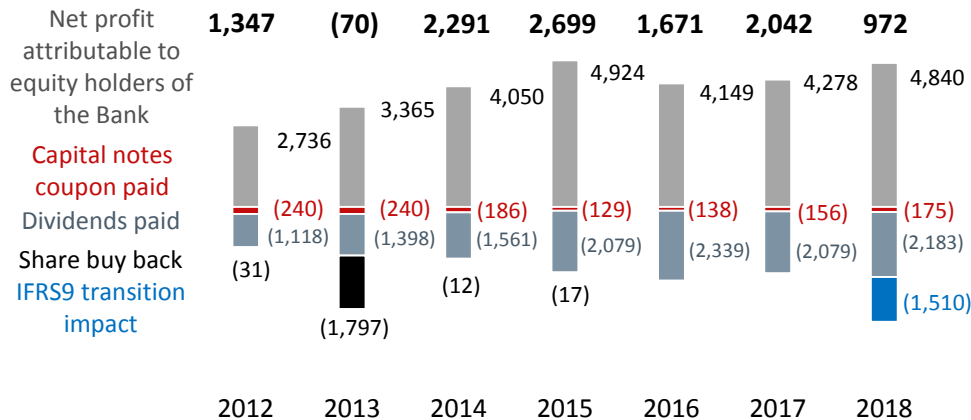
Return on average assets (%)



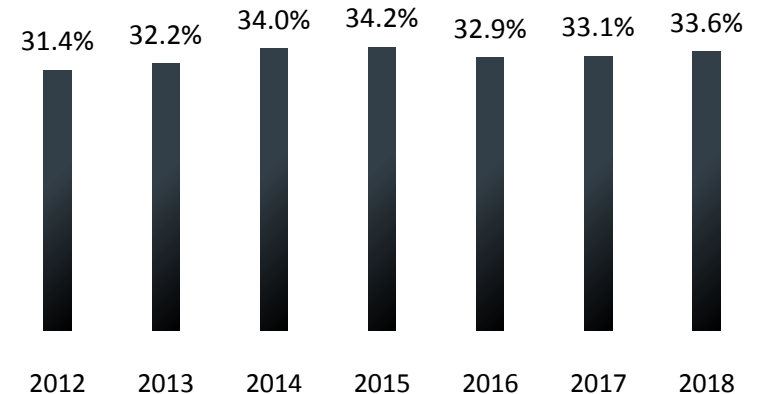
Capital adequacy ratio (%) Basel II



Capital generation (AED million)



Cost to income ratio (%)



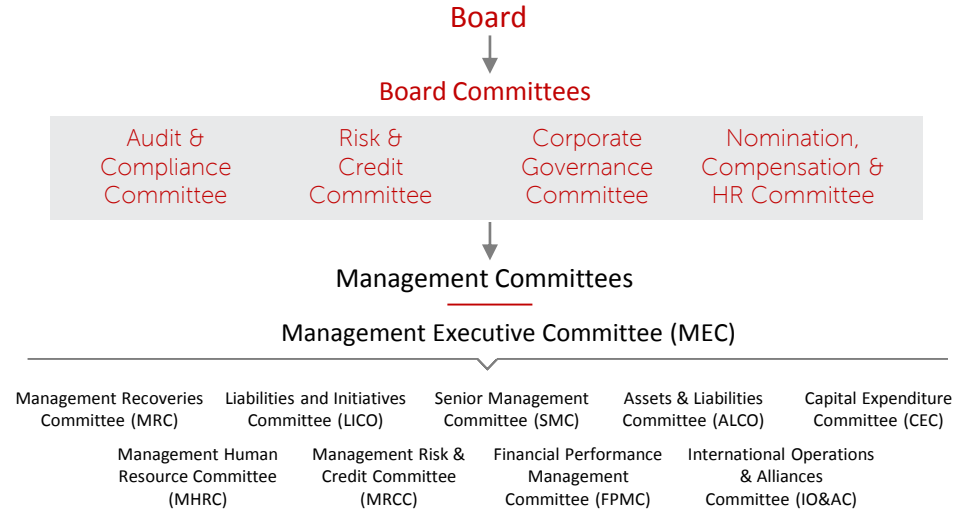
Robust capital position, disciplined cost management

Appendix

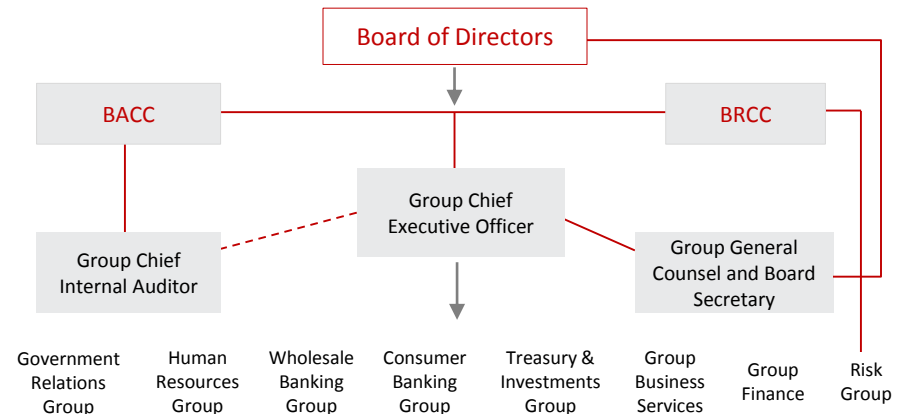
Corporate governance

- ▶ 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

Corporate governance structure



Structure and composition



*Transparency, integrity,
accountability and fairness*

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

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 2.88% and 130.2% respectively as at 31 December 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 31 December 2018, LCR was 186% 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 17.26%, 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

2018 Awards

"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 Online
Portal Services in
The
UAE"

GLOBAL FINANCE

"Best Service Cash
Management
in The UAE-Non
FI"

2018 EUROMONEY CASH
2019 MANAGEMENT SURVEY

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

GLOBAL FINANCE

"Best Affinity
Card in Middle
East & North
Africa"

MASTERCARD
LEADERSHIP FORUM

"Best Domestic
Trade Finance
Bank of The
Year"

GLOBAL FINANCE

"Best Islamic
Wholesale Banking
Solutions"

FINGLOBAL ISLAMIC
ANCE AWARDS

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

HAWKAMAH

"Best Integrated
Corporate
Banking Site in
The UAE And
Middle East"

GLOBAL FINANCE

"Best Trade
Finance
Provider in
UAE"

GLOBAL FINANCE
AWARD

"Best Trade Finance
Portal Services in
The UAE And
Middle East"

GLOBAL FINANCE

"Best Trade
Finance Bank
in UAE"

THE ASIAN BANKER

"Investors in
People Award
2018"

ISLAMIC RETAIL
BANKING AWARDS

Balance sheet

AED million	2018	2017	% Change
Cash and balances with Central banks	19,590	19,997	(2)
Deposits and balances due from banks, net ¹	19,627	11,452	71
Reverse-repo placements	2,204	99	NM
Trading securities	60	485	(88)
Derivative financial instruments	4,447	3,820	16
Investment securities	52,362	49,192	6
Loans and advances to customers, net	166,426	163,282	2
Investment in associate	205	205	(0)
Investment properties	577	635	(9)
Other assets	13,350	14,876	(10)
Property and equipment, net	983	960	2
Total assets	279,830	265,003	6
Due to banks	3,071	5,177	(41)
Derivative financial instruments	5,696	4,234	35
Deposits from customers	176,654	163,078	8
Euro commercial paper	3,279	2,910	13
Borrowings	43,028	40,555	6
Other liabilities	15,297	16,603	(8)
Total liabilities	247,025	232,558	6
Total shareholders' equity	32,806	32,445	1
Total liabilities and shareholders' equity	279,830	265,003	6

¹ Deposits and balances due from banks include AED6.9bn as at Dec 31, 2018 (Dec 31, 2017: AED5.1bn) of loans to banks that were earlier reported under loans and advances to customers, net.

Income statement

AED million	2018	2017	% Change
Interest income and income from Islamic financing	11,592	9,854	18
Interest expense and profit distribution	(4,373)	(3,153)	39
Net interest and Islamic financing income	7,219	6,701	8
Net fees and commission income	1,395	1,507	(7)
Net trading income	432	354	22
Revaluation of investment properties	(56)	(34)	65
Other operating income	192	368	(48)
Non interest income	1,962	2,194	(11)
Operating income	9,181	8,895	3
Staff expenses	(1,838)	(1,709)	8
General administrative expenses	(1,069)	(1,073)	(0)
Depreciation	(176)	(165)	7
Operating expenses	(3,084)	(2,948)	5
Operating profit before impairment allowances & taxation	6,098	5,948	3
Impairment allowances	(1,266)	(1,674)	(24)
Share in profit of associate	10	10	2
Overseas income tax expense	(2)	(6)	NM
Net Profit	4,840	4,278	13

Components may not sum exactly to totals because of rounding

BEYOND AMBITION

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