

A Better Way

AMBITION + DISCIPLINE



Abu Dhabi Commercial Bank PJSC

Q2/H1 2015 Earnings presentation

July 2015

بنك أبوظبي التجاري

ADCB



Disclaimer

THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AS AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR. BY READING THE PRESENTATION SLIDES YOU AGREE TO BE BOUND AS FOLLOWS:

This presentation has been prepared by Abu Dhabi Commercial Bank PJSC (“**ADCB**”), is furnished on a confidential basis and only for discussion purposes, may be amended and supplemented and may not be relied upon for the purposes of entering into any transaction. The information contained herein has been obtained from sources believed to be reliable but ADCB does not represent or warrant that it is accurate and complete. The views reflected herein are those of ADCB and are subject to change without notice. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance.

No action has been taken or will be taken that would permit a public offering of any securities in any jurisdiction in which action for that purpose is required. No offers, sales, resales or delivery of any securities or distribution of any offering material relating to any such securities may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations.

This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed. Before entering into any transaction, you should consider the suitability of the transaction to your particular circumstances and independently review (with your professional advisers as necessary) the specific financial risks as well as the legal, regulatory, credit, tax and accounting consequences.

This presentation may include forward-looking statements that reflect ADCB's intentions, beliefs or current expectations. Forward-looking statements involve all matters that are not historical by using the words "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "believe" and similar expressions or their negatives. Such statements are made on the basis of assumptions and expectations that ADCB currently believes are reasonable, but could prove to be wrong.

This presentation is for the recipient's use only. This presentation is not for distribution to retail clients. In particular, neither this presentation nor any copy hereof may be sent or taken or distributed in the United States, Australia, Canada or Japan or to any U.S. person (as such term is defined in Regulation S under the U.S. Securities Act 1933, as amended (the “**Securities Act**”), except pursuant to an exemption from the registration requirements of the Securities Act. If this presentation has been received in error it must be returned immediately to ADCB. Accordingly, this presentation is being provided only to persons that are (i) "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act or (ii) not "U.S. persons" within the meaning of Regulation S under the Securities Act. By accepting the delivery of this presentation, the recipient warrants and acknowledges that it falls within the category of persons under clause (i) or (ii). No representation can be made as to the availability of the exemption provided by Rule 144 for re-sales of any securities offered by or guaranteed by ADCB. No securities offered by or guaranteed by ADCB have been recommended by, or approved by, the United States Securities and Exchange Commission (the “**SEC**”) or any other United States federal or state securities commission or regulatory authority, nor has any such commission or regulatory authority passed upon the accuracy or adequacy of this presentation.

This document does not disclose all the risks and other significant issues related to an investment in any securities/transaction. Prior to transacting, potential investors should ensure that they fully understand the terms of any securities/transaction and any applicable risks. This document is not a prospectus for any securities. Investors should only subscribe for any securities on the basis of information in the relevant prospectus and term sheet, and not on the basis of any information provided herein.

This presentation is being communicated only to (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as “**relevant persons**”). This presentation is communicated only to relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this presentation relates is available only to relevant persons and will be engaged in only with relevant persons.

By accepting this document you will be taken to have represented, warranted and undertaken that (i) you are a relevant person (as defined above); (ii) you have read and agree to comply with the contents of this notice; and (iii) you will treat and safeguard as strictly private and confidential all such information and take all reasonable steps to preserve such confidentiality.

H1'15 Key financial highlights

212 bn

Total assets (AED)

22.0%

ROE *

27 bn

Total equity (AED)

2.39%

ROAA *

2.532 bn

Net profit (AED)

19.80%

CAR

* Annualised, for ROE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

Balance sheet highlights: Targeted growth and disciplined funding approach

As at 30 June 2015

	AED mn	June'15	Dec'14	June'14	Change %	
					YTD	YoY
▶ Total assets reached AED 212 bn as at 30 June 2015. Net loans were up 4% year to date and 9% year on year at AED 146 bn	Net loans	145,782	140,562	134,302	4	9
▶ Total customer deposits increased 4% year to date and 11% year on year to AED 132 bn. CASA ¹ (Current and savings account) deposits comprised 49% of total deposits as at 30 June 2015	Investment securities	23,155	21,652	22,635	7	2
	Total assets	212,181	204,019	197,799	4	7
▶ Advances to stable resources was 88.1% and loan to deposit ratio was 110.74% compared to 88.5% and 111.55% respectively as at 31 December 2014	Deposits from customers	131,643	126,011	119,041	4	11
	Borrowings	32,897	30,320	28,427	8	16
▶ Capital adequacy ratio was 19.80% and Tier I ratio was 16.10% compared to 21.03% and 17.01% respectively as at 31 December 2014. Decline in CAR was mainly on account of dividend payments of AED 2.1 bn in Q1'15 and a change in asset mix	Shareholders' equity*	26,772	26,408	24,698	1	8
	Ratios (%)				Change bps	
		June'15	Dec'14	June'14	YTD	YoY
▶ Investment securities portfolio totaled AED 23,155 mn, with 98% of the portfolio invested in available for sale investments in fixed income securities	CAR (Capital adequacy ratio)	19.80	21.03	20.12	(123)	(32)
	Tier I ratio	16.10	17.01	15.83	(91)	27
	Advances to stable resources	88.1	88.5	98.7	(40)	(1,060)

¹ Includes Islamic CASA (Current account deposits and savings deposits)

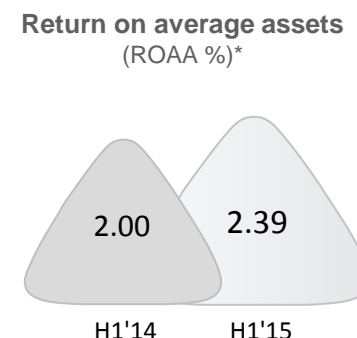
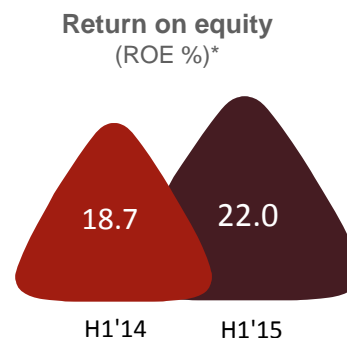
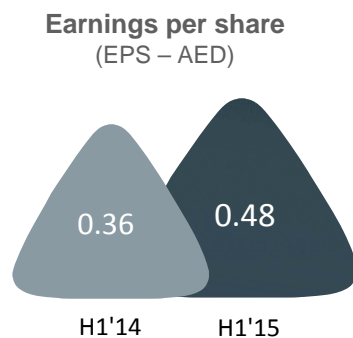
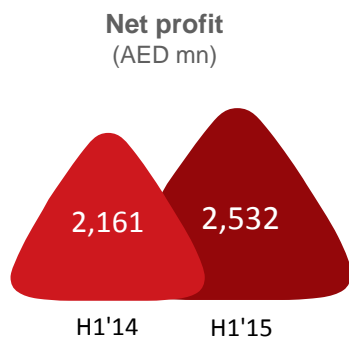
* Attributable to equity holders of the Bank

Income statement highlights: Delivering sustainable growth

H1'15 vs. H1'14 highlights

- ▶ Net profit was AED 2,532 mn, up 17% and net profit attributable to equity shareholders was AED 2,531 mn, up 26% year on year
- ▶ Operating income was AED 4,234 mn, up 12% year on year, driven by higher net interest income and higher non-interest income
- ▶ Net interest income was AED 3,184 mn, up 14% year on year, due to improved margins and higher loans and advances
- ▶ Non-interest income was AED1,050 mn, up 7% year on year, mainly on account of higher net fee income
- ▶ Record return on equity of 22.0% compared to 18.7% in H1'14

AED mn	H1'15	H1'14	Change %	Q2'15	Q2'14	Change %
Total net interest and Islamic financing income	3,184	2,793	14	1,543	1,412	9
Non - interest income	1,050	982	7	498	462	8
Operating income	4,234	3,775	12	2,041	1,874	9
Operating expenses	(1,372)	(1,206)	14	(672)	(581)	16
Operating profit before impairment allowances	2,862	2,569	11	1,370	1,293	6
Impairment allowances	(325)	(407)	(20)	(84)	(233)	(64)
Overseas income tax expense	(4)	(1)	NA	(2)	(2)	NA
Net profit for the period	2,532	2,161	17	1,283	1,058	21
Net profit attributable to equity shareholders	2,531	2,010	26	1,283	1,057	21

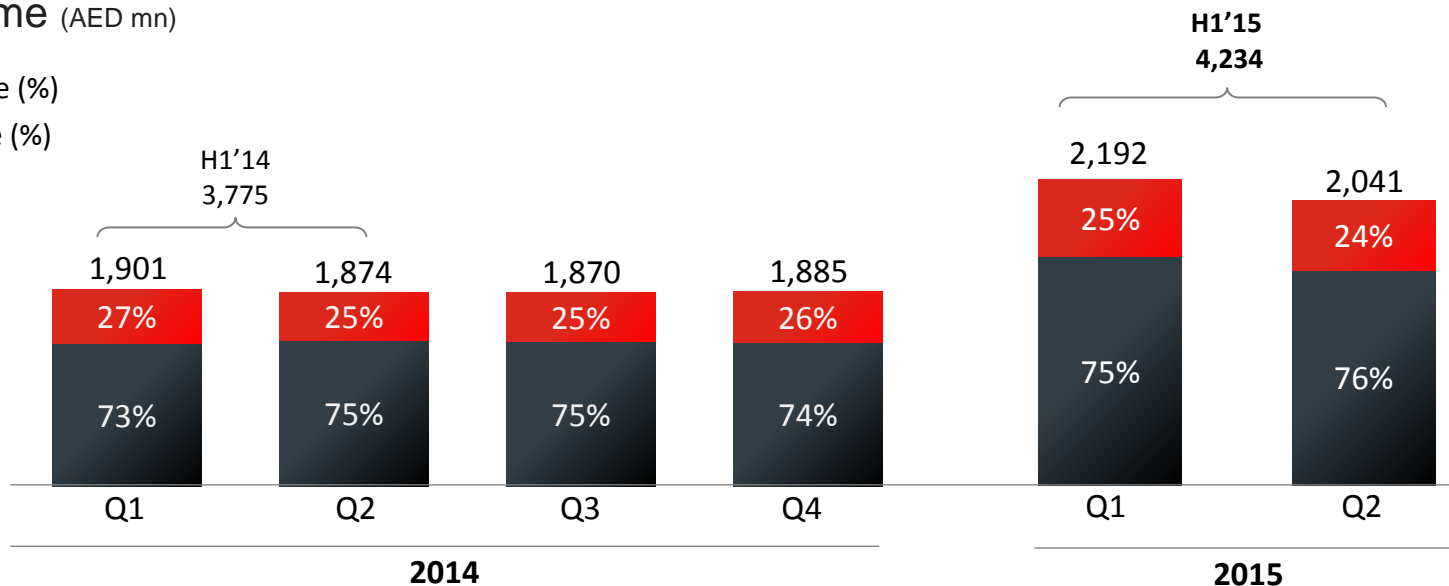


*Annualised, for ROE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting minority interest and coupon on Tier 1 capital notes

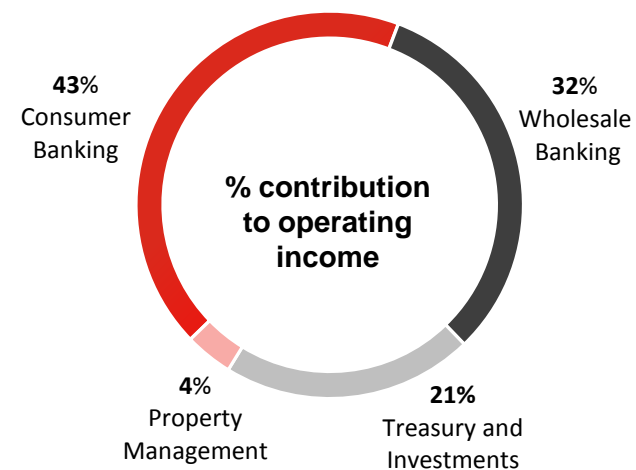
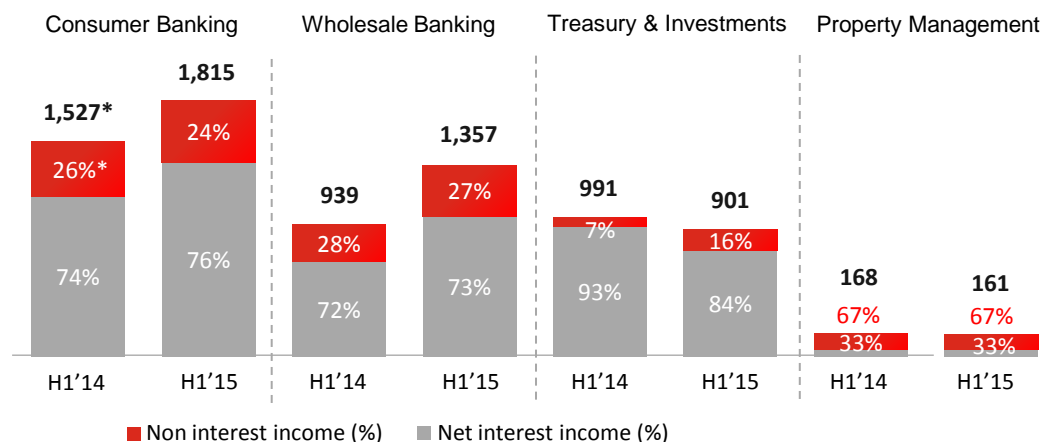
Operating income: Strong underlying performance across all our businesses

Operating income (AED mn)

■ Non interest income (%)
■ Net interest income (%)



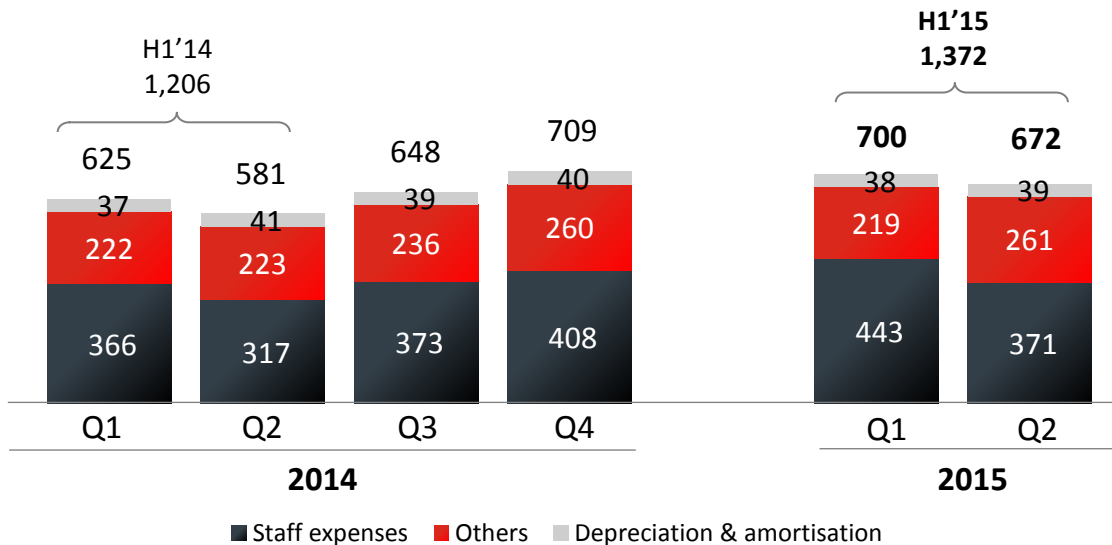
Operating income by business segment (AED mn)



* H1'14 non-interest income excludes funds deconsolidation
Figures may not add up due to rounding differences

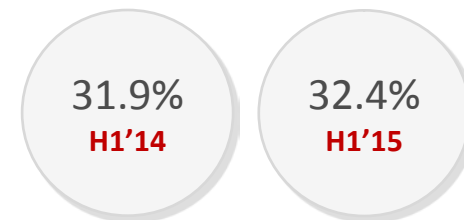
Cost: Efficiently managed cost base

Operating expenses (AED mn)

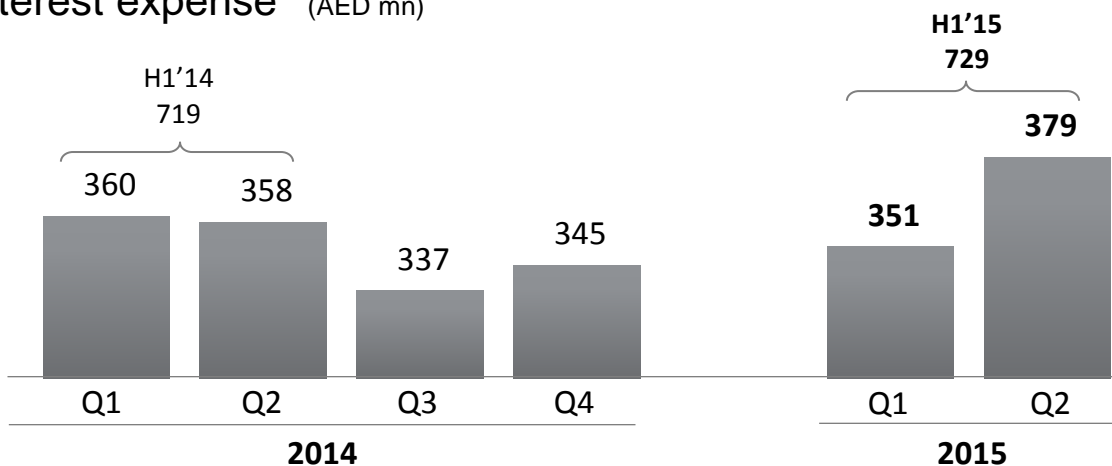


Cost to income ratio (%)

within our target range

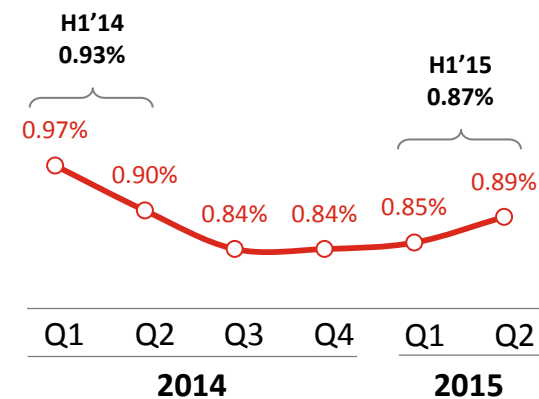


Interest expense* (AED mn)



Cost of funds (%)

increasing CASA deposits

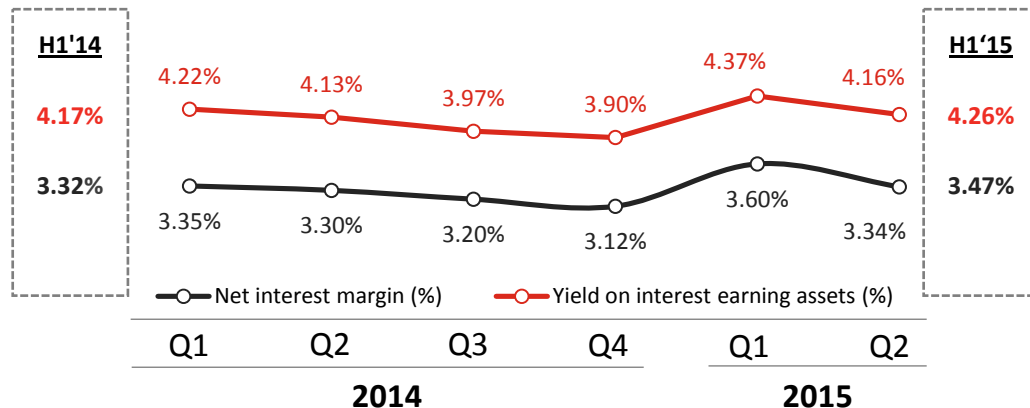


* Includes Islamic profit distribution

Figures may not add up due to rounding differences

Diversified revenue stream: Improved margins and higher fee income

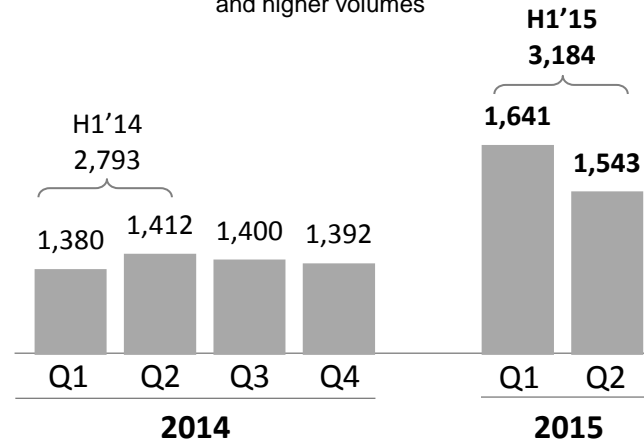
NIMs & Yields



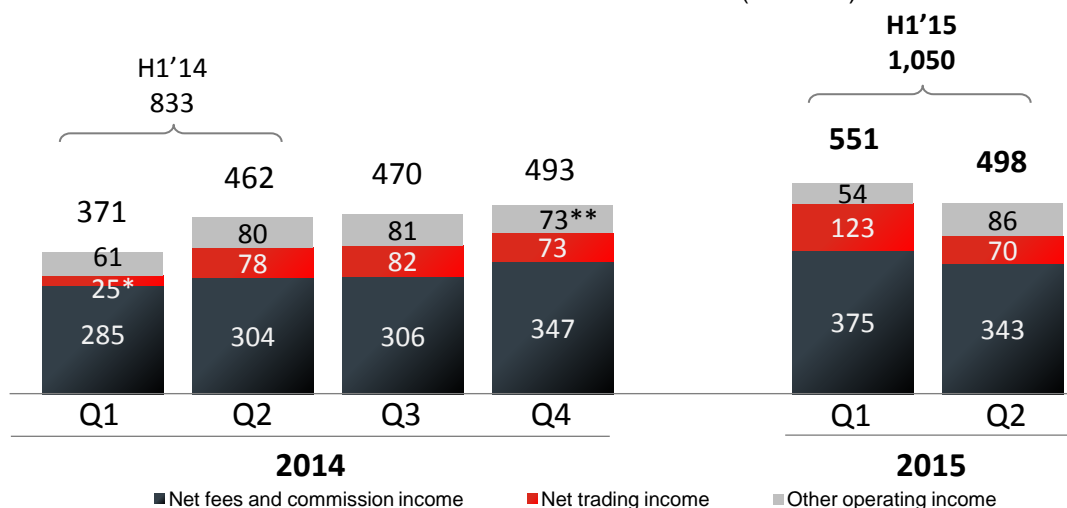
Hike in NIMs and yields in H1'15 due to a change in asset mix towards high yielding assets, higher asset growth in Consumer Banking and significant repayments resulting in interest in suspense reversals

Net interest income (AED mn)

Increase in H1'15 due to improved margins and higher volumes



Non-interest income (AED mn)

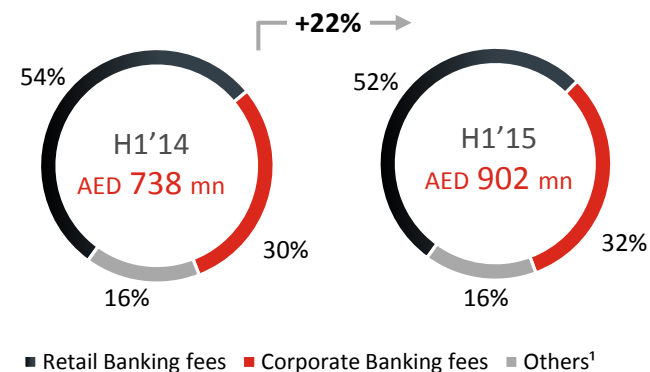


* Q1'14/H1'14 trading income excludes funds deconsolidation

** Includes AED 22 mn revaluation of investment properties

Figures may not add up due to rounding differences

Continue to focus on fee income (gross)



¹ Others include brokerage, fees from trust and other fiduciary activities and other fees

Composition of total assets and loan book: Remain UAE centric

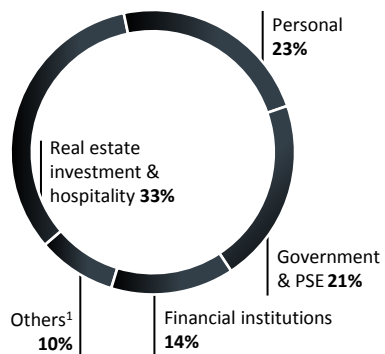
Highlights

- ▶ Net loans increased 4% to AED 145,782 mn over 31 December 2014, comprised 69% of total assets (Dec'14: 69%). Over 80% of the loan growth came from consumer banking, SME and Mid Corporate segments
- ▶ 90% of gross loans within UAE in line with the Bank's UAE centric strategy
- ▶ 55% of loan book (gross) in Abu Dhabi and 29% in Dubai
- ▶ Personal loans comprised 24% of total gross loans (Dec'14: 23%), and year to date increased by 3 bn to AED 37 bn
- ▶ Wholesale Banking loans comprised 56% and Consumer Banking loans comprised 44% of total loans (net)
- ▶ Net Islamic financing assets increased 17% to AED 12,838 mn over 31 December 2014

Gross loans by economic sector

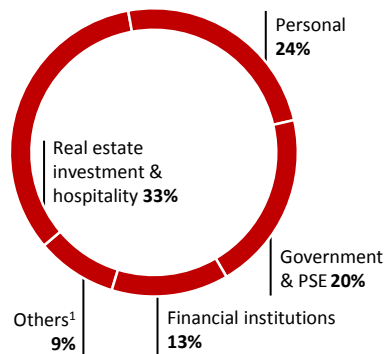
Dec'14

Gross loans = AED 147,340 mn



June'15

Gross loans = AED 152,317 mn

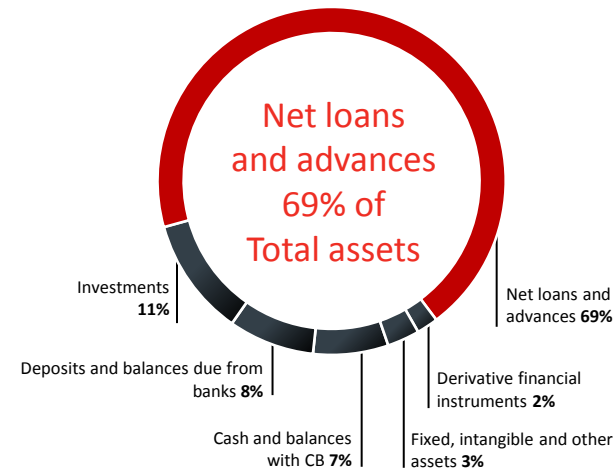


¹ Agriculture, energy, trading, transport, manufacturing, services and others

Figures may not add up due to rounding differences

Composition of assets

Total assets = AED 212,181 mn

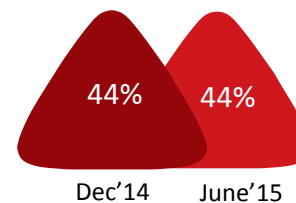


% contribution to net loans and advance by business segment

Dec'14

Net loans = AED 140,562 mn

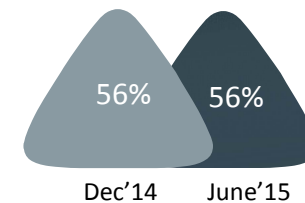
Consumer Banking*



June'15

Net loans = AED 145,782 mn

Wholesale Banking



*Consumer banking includes retail and high net worth individuals and their businesses

Composition of total liabilities and customer deposits: CASA continues to grow

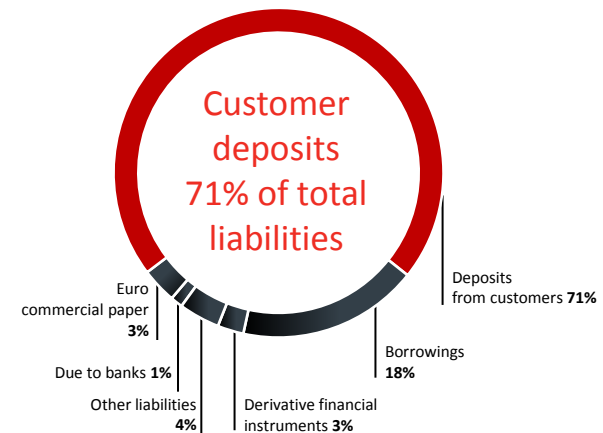
Highlights

- ▶ Customer deposits increased 4% to AED 131,643 mn over 31 December 2014, comprised 71% of total liabilities (Dec'14: 71%)
- ▶ CASA customer deposits increased by AED 8.5 bn over 31 December 2014, comprising 49% of total customer deposits, compared to 45% as at 31 December 2014 and 39% as at 31 December 2013
- ▶ Consumer Banking deposits comprised 31%, Wholesale Banking deposits comprised 38% and Treasury comprised 32% of total customer deposits
- ▶ Total Islamic deposits grew 7% to AED 10,009 mn over 31 December 2014

Composition of liabilities

June'15

Total liabilities = AED 185,406 mn

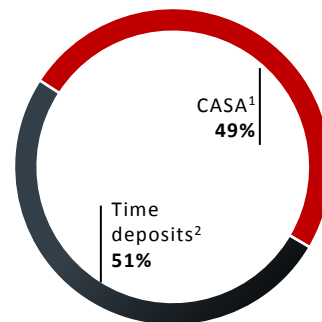
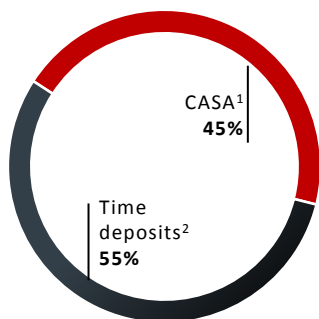


Dec'14

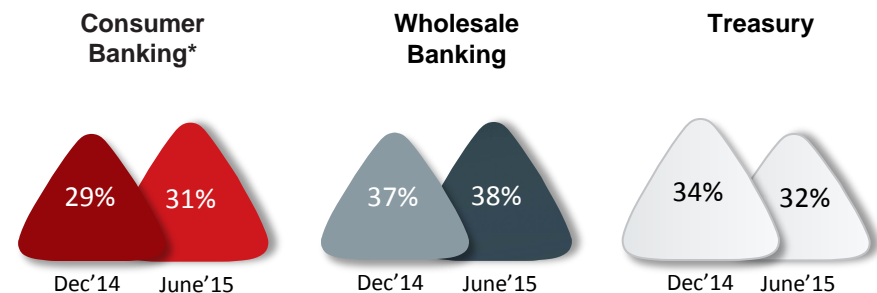
Customer deposits = AED 126,011 mn

June'15

Customer deposits = AED 131,643 mn



% contribution to total deposits by business segment



¹ CASA includes current account deposits, saving deposits and margin deposits

² Time deposits include long-term government deposits and Murabaha deposits

Figures may not add up due to rounding differences

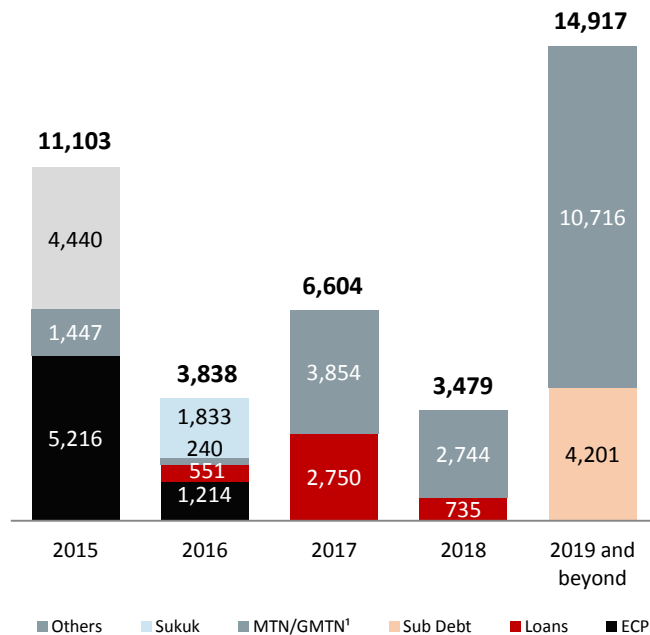
*Consumer banking includes retail and high net worth individuals and their businesses

Wholesale funding and maturity profile

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

Maturity profile

As at 30 June 2015 (AED mn)



Wholesale funding split

As at 30 June 2015

Source of funds	AED mn
GMTN/EMTN¹	19,001
Subordinated debt	4,201
Euro Commercial paper	6,430
Others (Repo)	4,440
Islamic Sukuk	1,833
Bilateral loans	4,036
Total	39,941

Net lender of

AED 18 bn*

in the interbank markets

As at 30 June 2015

* Includes AED 3.5 bn of certificate of deposits with UAE Central Bank as at 30 June 2015

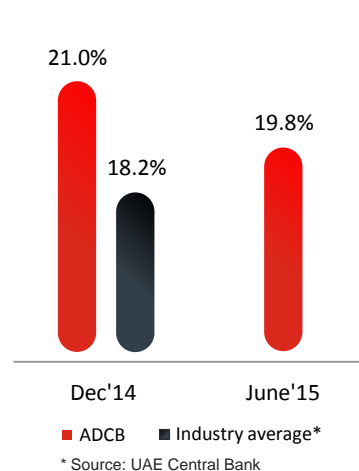
¹ Does not include fair value adjustment on short, medium and long term borrowings being hedged
Interbank lending: Deposits and balances due from banks + certificate of deposits with UAE Central Bank – due to banks

CAR: At industry leading levels, stable liquidity and funding profile

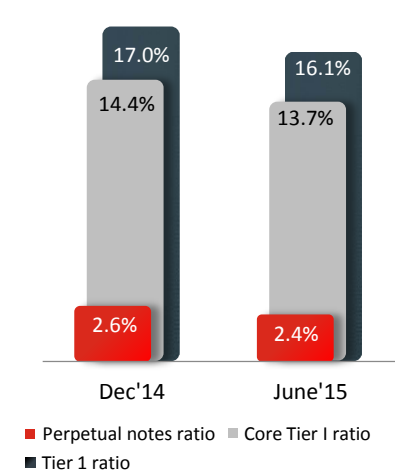
Highlights

- ▶ As at 30 June 2015, the Bank's capital adequacy ratio (Basel II) was 19.8% and Tier I ratio was 16.1% compared to 21.0% and 17.0% respectively as at 31 December 2014. Decline in CAR was mainly on account of dividend payments of AED 2.1 bn in Q1'15 and a change in asset mix
- ▶ The capital adequacy ratio minimum requirement stipulated by the UAE Central Bank is 12% and Tier I minimum requirement is 8%
- ▶ As at 30 June 2015, the Bank's liquidity ratio was 25.1% compared to 25.2% as at 31 December 2014 and loan to deposit ratio improved to 110.74% from 111.55% as at 31 December 2014
- ▶ Net lender of AED 18 bn in the interbank markets as at 30 June 2015 (includes AED 3.5 bn of certificate of deposits with UAE Central Bank)

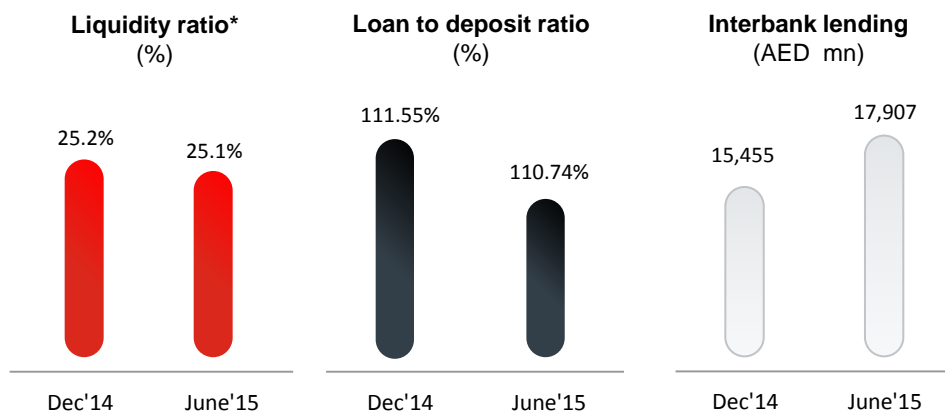
Capital adequacy ratio (%)



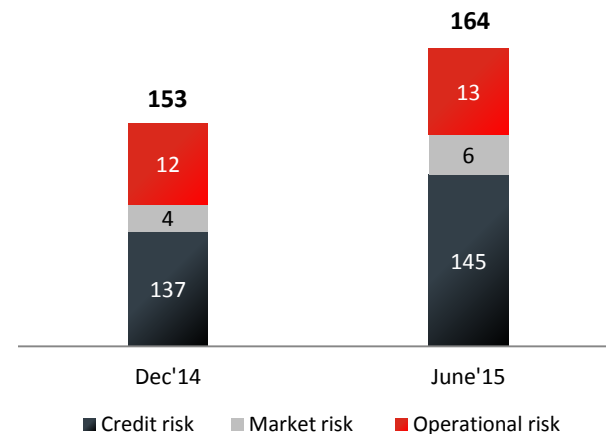
Tier I and core tier I ratios (%)



Strong liquidity



Risk weighted assets (AED bn)



Liquid assets include cash and balances with Central Banks, deposits and balances due from banks, trading securities, and liquid investments

Liquidity ratio: liquid assets/total assets

Interbank lending: Deposits and balances due from banks + certificate of deposits with UAE Central Bank – due to banks

Figures may not add up due to rounding differences

Investment securities: 98% of total portfolio invested in bonds

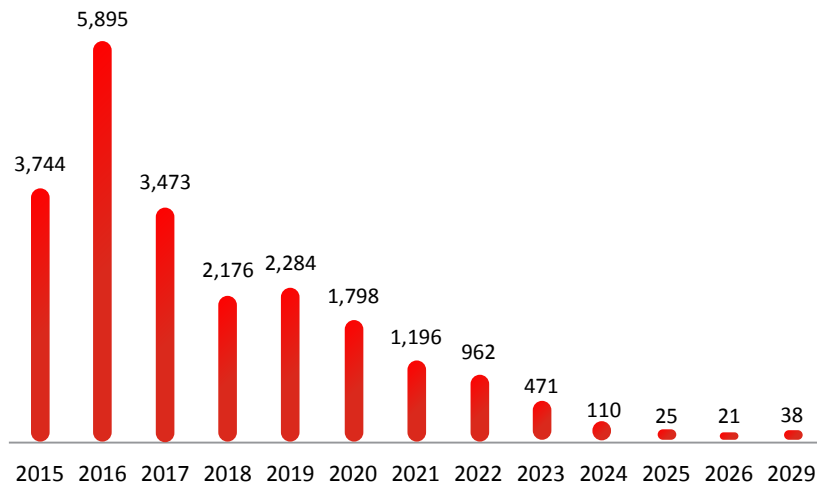
Highlights

- ▶ Investment securities portfolio increased to AED 23,155 mn as at 30 June 2015, providing further liquidity for the Bank
- ▶ 98% of the total portfolio was invested in bonds issued by government, corporate, public sector, banks and financial institutions
- ▶ Average life of the investment securities portfolio is 2.6 years
- ▶ 56% invested in the UAE and other GCC countries

Portfolio summary:

- ▶ Non Government Portfolio – (74% of total) of which:
 - Rated A- or better: 55%
 - Rated Investment grade (i.e. BBB+ to BBB-): 36%
 - Rated below IG (BB+ and below including unrated): 9%
- ▶ 26% of the portfolio is invested in Government securities
- ▶ 10% is invested in local public sector bonds which are rated below A-

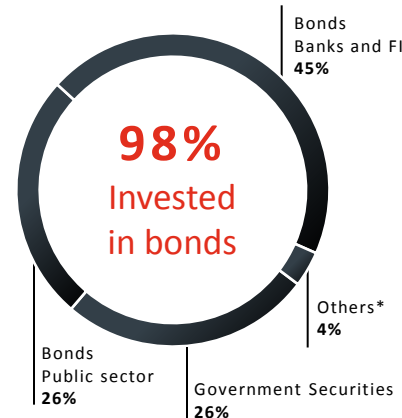
Maturity profile of investment securities portfolio (AED mn)



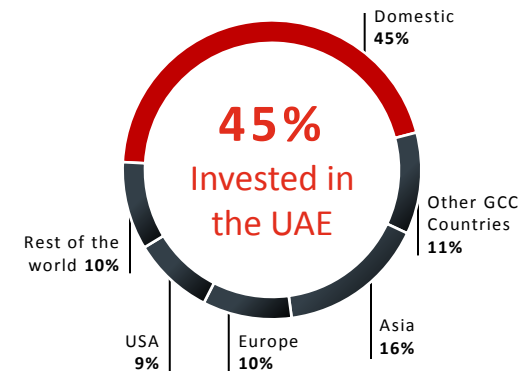
Figures may not add up due to rounding differences

Investments

By issuer



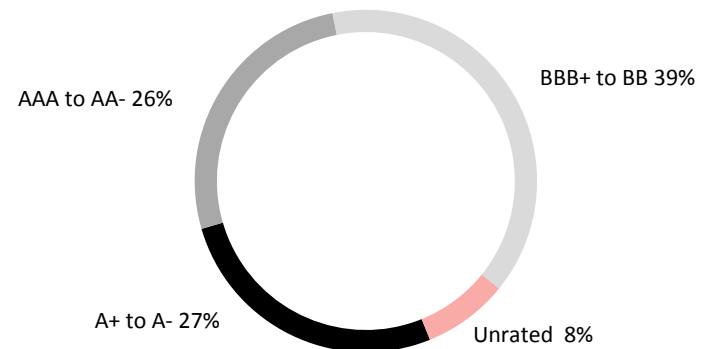
By region



* Include corporate bonds, equity instruments and mutual funds

Total investment securities:

Credit ratings as at 30 June 2015 (Standard & Poor's)

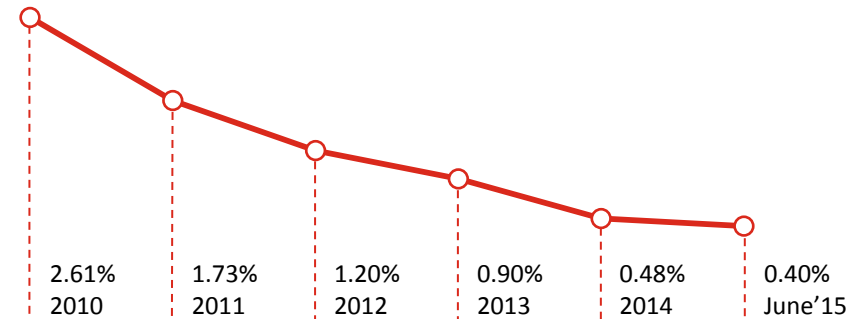


Asset quality: Continues to improve

Highlights

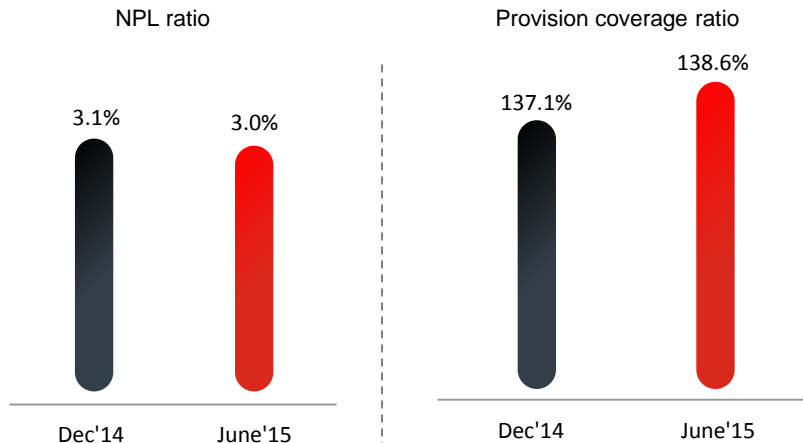
- ▶ Cost of risk for H1'15 was 40 bps compared to 48 bps, a record low level for the Bank, charges for impairment allowances on loans and advances, net of recoveries amounted to AED 333 mn in H1'15, compared to AED 422 mn in H1'14, 21% lower year on year
- ▶ As at 30 June 2015, NPL ratio was 3.0% and provision coverage ratio was 138.6%
- ▶ Non-performing loans were at AED 4,594 mn compared to AED 4,611 mn as at 31 December 2014
- ▶ Collective impairment allowance balance was AED 3,034 mn and 2.09% of credit risk weighted assets and individual impairment allowance balance was AED 3,501 mn as at 30 June 2015

Cost of risk

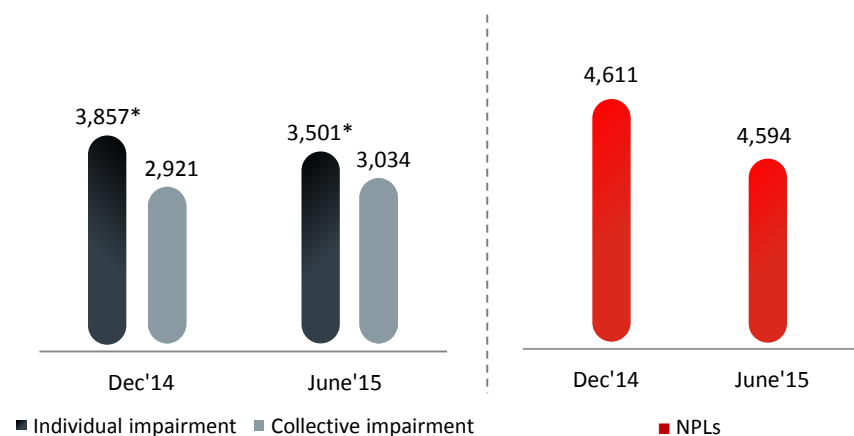


Cost of risk: Total provisions charged (net of recoveries) including investments/average loans & advances and investments

NPL and provision coverage ratios (%)



NPLs and impairment allowances (AED mn)



Dubai World exposure classified to performing status in 2011 as the client is performing in accordance with the new restructured terms

* Includes provision for Dubai World exposure

Figures may not add up due to rounding differences

Summary

- ▶ “A Better Way: Ambition + Discipline”, continue to follow a corporate strategy based on measured growth and discipline
- ▶ Delivering sustainable growth with a record return on equity 22.0% for H1’15, with strong underlying performance across all our businesses
- ▶ Over 80% of the loan growth came from Consumer Banking, SME and mid corporate segments, in line with our strategic direction of a granular build to our balance sheet
- ▶ NIMs and yields remain strong, increase in H1’15 was a result of a change in asset mix towards higher yielding assets, higher asset growth in Consumer Banking and repayments resulting in interest in suspense reversals
- ▶ Disciplined funding approach, CASA deposits comprised 49% of total customer deposits, developing a sustainable cost of funds advantage
- ▶ Continue to focus on fee income generation, up 22% year on year in H1’15
- ▶ Healthy asset quality metrics with a provision coverage of 139% and NPL ratio of 3% and cost of risk at a record low level of 40 bps in H1’15
- ▶ CAR of 19.80% and Tier I of 16.10% continue to be at industry leading levels

2015 Awards

“Best Corporate Governance Award 2015”

World Finance

“Best for Cash Management in the UAE”

Euromoney Award

“Best Trade Finance Provider in the UAE”

Euromoney Award

“Best Cash Management”

Banker Middle East

“Best Trade Finance Offering”

Banker Middle East

“Best Customer Service - Corporate Banking”

Banker Middle East

“Best Trade Finance Bank in UAE”

Global Finance

“Best Supply Chain Finance Provider Award- Middle East”

Global Finance

“Best Bank for Cash Management in the Middle East”

Global Finance

“Best Fund over 3 years, Equity, UAE” for Al Nokhitha Fund

Thomson Reuters Lipper Fund Awards 2015

“Best Brand Building Initiative in the Middle East Award”

The Asian Banker

“Best local Bank in UAE”

GTR MENA's Leaders in Trade Awards

“UAE Domestic Trade Finance Bank of the Year”

Asian Banking and Finance's Wholesale Banking Awards

“UAE Trade Finance Firm of the Year”

Finance Monthly's Global Awards

“Best Affinity Credit Card in the Middle East & Asia/Oceania 2015”

Annual Freddie Awards

Balance sheet

AED mn	June'15	Dec'14	Change %
Cash and balances with Central Banks	14,911	15,092	(1)
Deposits and balances due from banks	16,631	16,019	4
Trading securities	270	200	35
Derivative financial instruments	4,257	4,289	(1)
Investment securities	23,155	21,652	7
Loans and advances, net	145,782	140,562	4
Investment in associates	196	196	(0)
Investment properties	623	616	1
Other assets	5,525	4,552	21
Property and equipment, net	807	806	0
Intangible assets	24	36	(32)
Total assets	212,181	204,019	4
Due to banks	2,248	4,089	(45)
Derivative financial instruments	4,753	5,000	(5)
Deposits from customers	131,643	126,011	4
Euro Commercial Paper	6,430	6,375	1
Borrowings	32,897	30,320	8
Other liabilities	7,435	5,805	28
Total liabilities	185,406	177,601	4
Total shareholders' equity	26,772	26,408	1
Non -controlling interests	4	10	(65)
Total liabilities and shareholders' equity	212,181	204,019	4

Income statement

AED mn	June'15 (H1'15)	June'14 (H1'14)	Change %
Interest income and income from Islamic financing	3,913	3,511	11
Interest expense and profit distribution	(729)	(719)	2
Net interest and Islamic financing income	3,184	2,793	14
Net fees and commission income	718	589	22
Net trading income	193	253	(24)
Other operating income	140	141	(1)
Non interest income	1,050	982	7
Operating income	4,234	3,775	12
Staff expenses	(815)	(683)	19
Other operating expenses	(480)	(445)	8
Depreciation	(65)	(65)	1
Amortisation of intangible assets	(11)	(14)	(17)
Operating expenses	(1,372)	(1,206)	14
Operating profit before impairment allowances & taxation	2,862	2,569	11
Impairment allowance on loans and advances	(447)	(564)	(21)
Recovery of loans	114	142	(20)
Recoveries on written off available for sale investments	8	15	(48)
Overseas income tax expense	(4)	(1)	NM
Net profit	2,532	2,161	17
Attributed to:			
Equity holders of the Parent	2,531	2,010	26
Non-controlling interests	1	151	(99)
Net Profit	2,532	2,161	17

A Better Way

AMBITION + DISCIPLINE



ADCB Investor Relations

Sheikh Zayed Street

P. O. Box: 939, Abu Dhabi

Email: adcb_investor_relations@adcb.com

Tel: +971 2 696 2084

Fax: +971 2 610 9845

Internet: <http://adcb.com/about/investorrelations/overview.asp>