

**ABU DHABI COMMERCIAL BANK PJSC REPORTS**  
**FIRST QUARTER 2019 NET PROFIT OF AED 1.152 BILLION**

**Abu Dhabi, 06 May 2019** – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the first quarter of 2019 (“Q1’19”). The results are for the standalone ADCB entity for the first quarter of 2019, prior to the merger with Union National Bank and the subsequent acquisition of Al Hilal Bank.

**Q1’19 Financial highlights**

Income statement highlights (AED mn)	Q1’19	Q4’18	Q1’18	Change%	
				QoQ	YoY
Total net interest and Islamic financing income	<b>1,707</b>	1,803	1,828	(5)	(7)
Non - interest income	<b>566</b>	442	526	28	8
Operating income	<b>2,273</b>	2,244	2,354	1	(3)
Operating expenses	<b>(793)</b>	(740)	(770)	7	3
Operating profit before impairment allowances	<b>1,480</b>	1,505	1,584	(2)	(7)
Impairment allowances	<b>(330)</b>	(148)	(380)	122	(13)
Share in profit of associate	<b>3</b>	3	3	NA	NA
Profit before taxation	<b>1,153</b>	1,359	1,207	(15)	(4)
Overseas income tax expense	<b>(0)</b>	(2)	0	NA	NA
<b>Net profit for the period</b>	<b>1,152</b>	1,357	1,207	(15)	(5)

Balance sheet highlights (AED mn)	March’19	Dec’18	March’18	Change%	
				QoQ	YoY
Total assets	<b>292,113</b>	279,830	266,649	4	10
Net loans and advances	<b>169,076</b>	166,426	162,824	2	4
Deposits from customers	<b>184,408</b>	176,654	166,881	4	11
<b>Ratios (%)</b>	<b>March’19</b>	<b>Dec’18</b>	<b>March’18</b>	<b>bps</b>	<b>bps</b>
CAR (Capital adequacy ratio – Basel III)	<b>15.76</b>	17.26	17.48	(150)	(172)
Tier I ratio	<b>13.88</b>	15.28	14.32	(140)	(44)
Loan to deposit ratio	<b>91.7</b>	94.2	97.6	(250)	(590)

Figures may not add up due to rounding differences

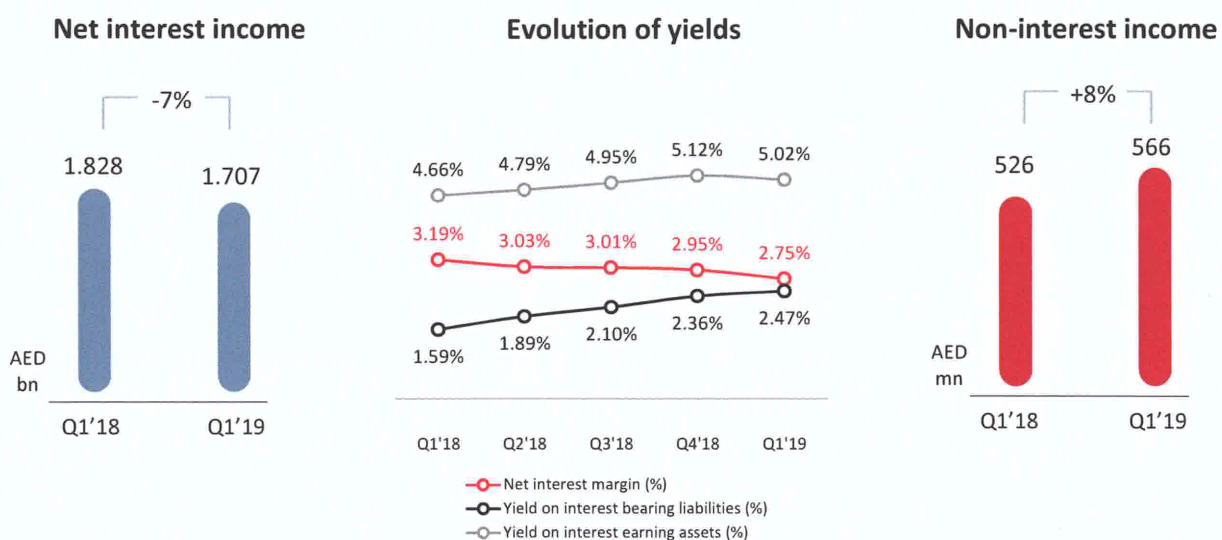
**Key indicators (Q1’19)**

Net profit (AED billion)	Return on average equity (ROAE %)*	Return on average assets (ROAA %)*	Basic earnings per share (EPS – AED)
<b>1.152</b>	<b>15.0</b>	<b>1.49</b>	<b>0.20</b>

\* For ROAE/ROAA calculations, net profit attributable to equity shareholders is considered, i.e., net profit after deducting interest expense on Tier I capital notes

## Strong operating performance underpinned by robust growth in gross interest and Islamic financing income and non-interest income

- ▶ Gross interest and Islamic financing income of AED 3.116 billion was up 17% over Q1'18, driven by higher volumes and rising benchmark rates. Net interest and Islamic financing income of AED 1.707 billion was 7% lower, primarily attributable to a change in the composition of the liability base over Q1'18 and competitive pricing.
- ▶ Cost of funds for the period was 2.47% compared to 1.59% in Q1'18, resulting from a conscious decision to increase long term time deposits and wholesale funding to meet the evolving regulatory liquidity requirements. The increased cost of carrying high quality liquid assets (HQLA), the unwinding of the unsecured retail loan portfolio, and interest in suspense charges compared to one-off reversals in Q1'18, resulted in a net interest margin (NIM) contraction of 44 basis points from 3.19% in Q1'18 to 2.75% in Q1'19.



## The Bank remains committed to maintaining a diversified revenue stream

- ▶ Non-interest income of AED 566 million was up 8% year on year, mainly on the back of higher fees and commission income. Net fees and commission income of AED 379 million was up 8% over Q1'18, largely attributable to higher card related fees and higher income from the fast growing merchant acquiring business. Trading income of AED 133 million was up 1% over Q1'18, on account of higher gains from dealing in derivatives, whilst other operating income of AED 55 million was up 23%, primarily on account of higher gains arising from retirement of hedges, compared to a loss reported in Q1'18. Non-interest income accounted for 25% of operating income in Q1'19, compared to 22% in Q1'18 and 20% in Q4'18.
- ▶ Operating income of AED 2.273 billion was 3% lower on account of lower net interest and Islamic financing income, partially offset by an improvement in non-interest income. Consumer Banking Group comprised 43% of the Bank's operating income in the first quarter of 2019, whilst Wholesale Banking Group contributed 30%. Treasury & Investments and Property Management comprised 24% and 3% of total operating income respectively.

### Percentage contribution to operating income



- ▶ Operating expenses of AED 793 million were up 3% over the prior year, mainly attributable to ongoing investments in digital transformation initiatives and integration related expenses.

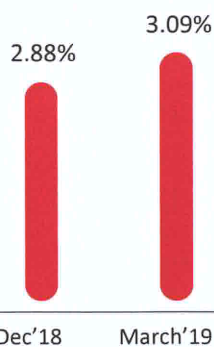
### Cost to income ratio



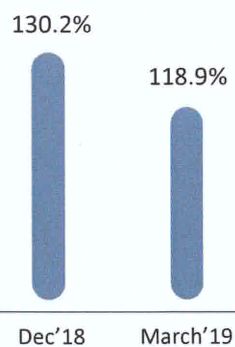
### Asset quality metrics remain strong, committed to maintaining a disciplined risk profile

- ▶ Net impairment charges were AED 330 million, 13% lower than Q1'18. As at 31 March 2019, cost of risk was 0.64% compared to 0.71% as at 31 March 2018, supported by the continued de-risking of the unsecured retail portfolio.
- ▶ As at 31 March 2019, stage 3/non-performing loan ratio (NPL) was 3.09% while provision coverage ratio was 118.9%. Stage 1 and 2 expected credit loss allowances were 2.10% of credit risk weighted assets, well above the minimum 1.5% stipulated by the UAE Central Bank.

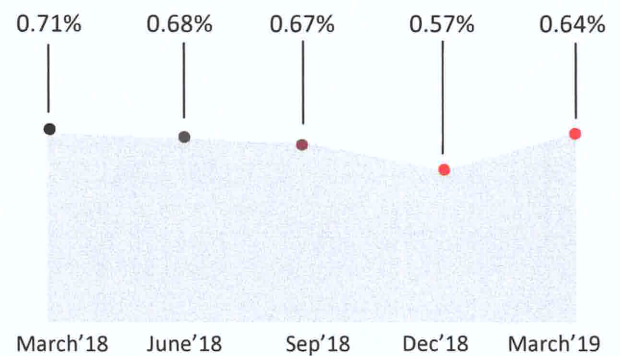
#### NPL ratio



#### Provision coverage ratio



#### Cost of risk





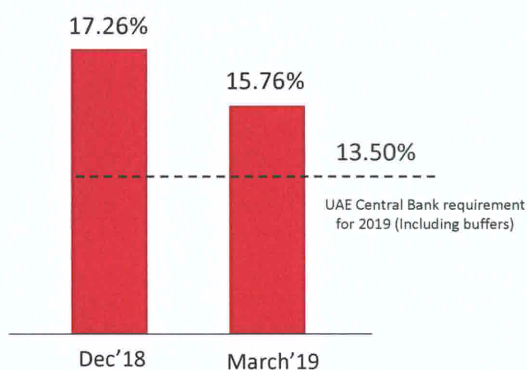
## Customer deposit growth continued to outpace loan growth; significant growth in CASA deposits at the end of the quarter

- ▶ Total assets grew 4% to AED 292 billion and net loans to customers increased 2% to AED 169 billion over 31 December 2018. Total customer deposits increased to AED 184 billion, up 4% over the year end. CASA balances increased at the end of the quarter by 15% to AED 80 billion and comprised 43.3% of total customer deposits, compared to 39.4% as at 31 December 2018. Loan to deposit ratio improved significantly to 91.7% from 94.2% as at 31 December 2018.

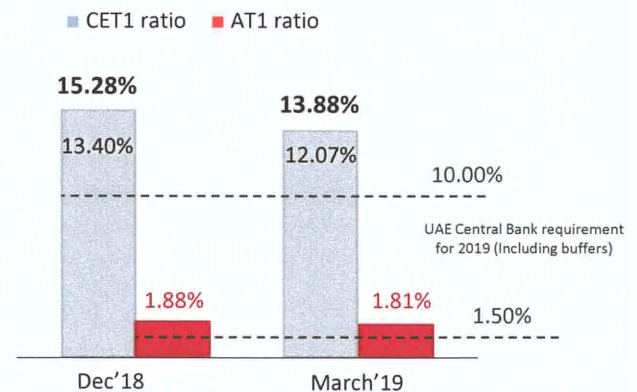
## Strong liquidity position and capital ratios comfortably above the minimum regulatory levels

- ▶ The Bank continues to maintain a comfortable liquidity position, with a liquidity coverage ratio of 193%, compared to a minimum ratio of 100% prescribed by the UAE Central Bank. Liquidity ratio was 30.3% compared to 28.3% as at 31 December 2018, led by an increase in deposits and balances due from banks and an increase in quoted investments.
- ▶ The Bank remains well capitalised with a Basel III capital adequacy ratio (CAR) of 15.76% and a common equity tier 1 (CET1) ratio of 12.07%, comfortably above the minimum capital requirements of 13.50% and 10.00% (including buffers) respectively, as prescribed by the UAE Central Bank.

Capital adequacy ratio (Basel III)



Tier I ratio (Basel III)



**Recent awards (Q1'19 and 2018)**

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**GLOBAL FINANCE**

Trade Finance Market  
Leader in the UAE

**EUROMONEY**

Best Trade Finance  
Service in the UAE

**EUROMONEY**

Best Cash Management Bank  
in The UAE and Middle East

**GLOBAL FINANCE**

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Index for Leadership in Corporate Sustainability

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**GLOBAL FINANCE**

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Services in  
The UAE

**GLOBAL FINANCE**

Best Service Cash  
Management  
in The UAE-Non FI

**EUROMONEY CASH MANAGEMENT  
SURVEY**

Best Islamic  
Wholesale Banking  
Solutions

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FINANCE AWARDS**

Investors in  
People Award  
2018

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BANKING AWARDS**

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Bank in UAE

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Banking Site in The UAE  
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**GLOBAL FINANCE**

Best Trade Finance  
Provider in UAE

**GLOBAL FINANCE AWARD**

Best Trade Finance  
Portal Services in The  
UAE And Middle East

**GLOBAL FINANCE**

**Nabil Juma**  
Head of Strategic Relations