

NBAD Reports Record 4th Quarter and Full Year 2014 Results

(Following results for the financial year ended 31 December 2014 are subject to approval by Central Bank of UAE)

Q4 Net Profits up 28% to AED 1.372 Billion; FY 2014 Net Profits up 18% to AED 5.579 Billion

Q4 Revenues up 18% to AED 2.757 Billion; FY 2014 Revenues up 11% to AED 10.415 Billion

Total Assets at AED 376.1 Billion, up 16% for the full-year

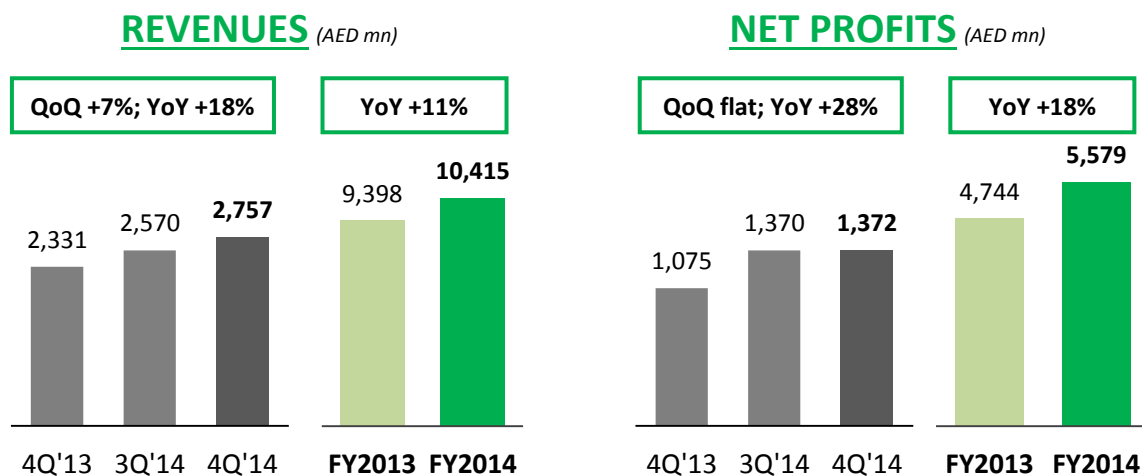
Loans at AED 194.3 Billion, up 6% for the full-year

Customer Deposits were AED 243.2 Billion, up 15% for the full-year

CASA Deposits increased to 28% of Total Deposits

Strong Capital Ratios with CAR at 16.4% and Tier 1 at 15.0%

Board recommends Cash Dividend of 40 fils per share and Stock Dividend of 10%



Abu Dhabi- (28 January 2015) The National Bank of Abu Dhabi (NBAD) reported net profits of AED 1.372 billion in 4Q'14, marginally higher and up 28% year-over-year. For the full-year ended 31 December 2014 (FY'14), net profits were AED 5.579 billion, up 18% for the year. This represents diluted EPS of AED 1.12 for FY 2014 versus AED 0.95 for FY 2013.

Year-over-year growth was driven primarily by strong fee income growth across all lines of business, solid loan growth, increases in deposits and CASA as a percent of deposits, and solid gains in the investment portfolio.

The bank's strong profit growth led to solid returns on shareholder funds (RoSF) of 16.8% in FY'14, an increase from 15.6% in FY'13.

H.E. Nasser Alsowaidi, Chairman of NBAD said, “In the fourth quarter and full-year 2014, NBAD once again delivered strong revenue and earnings growth whilst maintaining a solid balance sheet and strong capital position. The bank now ranks 25th, up from 35th, among the “World’s 50 Safest Banks” as ranked by Global Finance magazine.

NBAD has continued to be a regional leader by introducing innovative initiatives. These included a significant rebranding effort, unique partnership with Real Madrid, ongoing efforts to bring customer service to world-class levels and continuing as the “Official Bank of the FORMULA 1 ABU DHABI GRAND PRIX”, a sponsorship renewed in the fourth quarter which has been held since the inception of the race in 2009. Through these initiatives and many other initiatives, NBAD continues to demonstrate its firm commitment to Abu Dhabi and the UAE.

The bank’s overall performance in 2014 was very good, and I believe the bank is well positioned for even more success in 2015 and beyond.”

Mr. Alex Thursby, Group Chief Executive said, “I am pleased with our fourth quarter and full-year 2014 results, which provide further evidence that our long-term strategy continues to gain traction. In 2014, we generated solid, underlying profitable growth across our businesses, and we are confident that this momentum will continue to accelerate as we look forward to 2015. At the same time, we have invested substantially in building a world-class team, enhancing the IT and infrastructure ‘spine’ of our business, building the NBAD brand and maintaining a strong capital and liquidity position.

This year has been a transformational year for NBAD, and I am proud of the progress we have made toward becoming a client-focused bank. We have continued to strengthen our position in the UAE by enhancing our client service, product offerings and capabilities across all of our businesses. Our leaders and client teams are focused on deepening relationships with our chosen customers in the UAE and across the West-East corridor within our five chosen industry sectors.

In 2014, our Global Wholesale Banking division took the lead in driving landmark transactions, including the Emaar Malls IPO, first-ever Sukuk for non-Islamic sovereigns from both the United Kingdom and Hong Kong SAR and many others. As a result of this leadership, we have made significant moves in the league tables, ranking #3 for GCC bonds, MENA syndicated loans and International Sukuk, improving from #8, #11 and #6 respectively in 2013.

In Retail & Commercial, we made significant progress in transforming our model as we have invested to refurbish our branch network and provide e-banking and mobile banking platforms. These actions will lead to a much greater customer experience, more cross sell opportunities and deeper penetration in the UAE market over time.

Global Wealth had another strong year in 2014, generating double digit AUM growth, year-over-year revenue growth of 61% and consistently winning numerous awards and accolades as the best in the region.

We are just now entering the second year of a 5-year transformation. I believe we are well on our way to success; however, there is still a significant amount of work to be done. As we enter 2015, I am confident that we will continue to execute against our strategy to build deeper and more meaningful relationships with clients. We will also invest to modernize the bank to a world-class level, ultimately driving sustainable underlying revenue growth and generating higher returns for shareholders over time.

ECONOMIC OVERVIEW

In 2014, global economic growth was modest and grew around 2.3%. The most important factor impacting economic growth was the significant drop in oil prices in the fourth quarter of 2014.

The global economy in 2014, as in 2013, displayed divergent growth and inflation patterns. Advanced economies, particularly Eurozone and Japan, exhibited weak growth and struggled with low inflation. In 2014, the developed world grew approximately 1.5%, driven mainly by strength in the U.S. During the same time period, emerging markets on average grew around 3.8%.

Global growth trends in 2015 are currently expected to be similar to conditions experienced in 4Q 2014, with growth being driven primarily by oil importing economies such as China, India & the U.S. as oil exporting countries experience headwinds resulting from lower oil prices.

In 2015, the UAE economy is expected to grow modestly year-over-year. The oil sector is expected to contract slightly while economic growth will be driven largely by the diversified non-oil sector and by structural factors including a stable political environment, diversified economy and strong banking system.

NBAD FINANCIAL HIGHLIGHTS – 4Q & FY 2014

Income Statement - Summary <i>(in AED million)</i>	Quarterly results					Full Year results		
	4Q 2014	3Q 2014	4Q 2013	QoQ %	YoY %	FY 2014	FY 2013	YoY %
Net interest income <i>(incl net income from Islamic financing)</i>	1,895	1,796	1,662	5.5	14.0	7,018	6,510	7.8
Non-interest income	862	774	669	11.4	28.8	3,397	2,888	17.6
Total Revenues	2,757	2,570	2,331	7.3	18.3	10,415	9,398	10.8
UAE	2,252	2,103	1,940	7.1	16.1	8,556	7,907	8.2
Gulf & International	505	467	391	8.1	29.2	1,859	1,491	24.7
Operating expenses	(1,110)	(930)	(919)	19.4	20.8	(3,696)	(3,230)	14.4
Operating Profits	1,646	1,640	1,412	0.4	16.6	6,719	6,168	8.9
Impairment charges, net	(200)	(202)	(285)	-1.0	-29.6	(868)	(1,206)	-28.0
Taxes	(74)	(68)	(52)	9.3	43.0	(272)	(218)	24.5
NET PROFIT	1,372	1,370	1,075	0.2	27.6	5,579	4,744	17.6

Key Ratios	4Q 2014	3Q 2014	4Q 2013	QoQ (bps)	YoY (bps)	FY 2014	FY 2013	YoY (bps)
	Return on Equity	14.6%	15.0%	12.7%	-37	194	15.4%	14.4%
Return on Shareholders' Funds ¹	15.9%	16.4%	14.1%	-44	180	16.8%	15.6%	121
Cost-Income ratio	40.3%	36.2%	39.4%	410	83	35.5%	34.4%	112
Net Interest Margin ²	1.96%	1.92%	1.98%	3	-3	2.00%	2.08%	-8
Return on Risk Weighted Assets	2.21%	2.27%	2.11%	-5	10	2.45%	2.48%	-3
Tier-I ratio	15.0%	14.7%		32		15.0%	16.5%	-148
Capital Adequacy ratio	16.4%	16.2%		17		16.4%	18.2%	-181

1- excl Tier-I capital notes and interest thereof

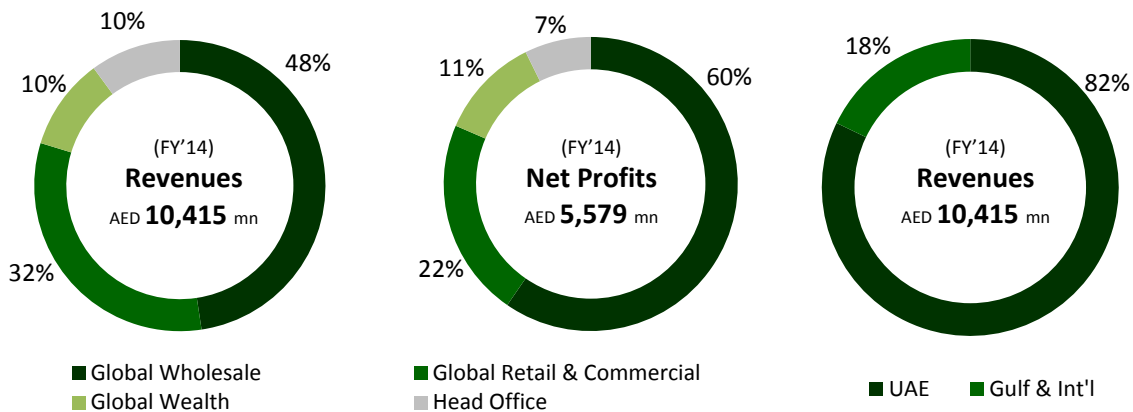
2 - on average total assets

Balance Sheet - Summary <i>(in AED billion)</i>	31-Dec-14	30-Sep-14	31-Dec-13	QoQ %	YoY %
Assets	376.1	398.1	325.1	-5.5	15.7
Customer Loans	194.3	198.0	183.8	-1.9	5.7
Customer Deposits	243.2	264.7	211.1	-8.1	15.2
CASA (deposits)	68.3	68.8	58.1	-0.7	17.6
Equity	38.0	37.3	34.7	1.9	9.5
Trade contingencies	121.1	118.6	82.4	2.1	46.9
Market contingencies	1,102	1,288	931	-14.4	18.4

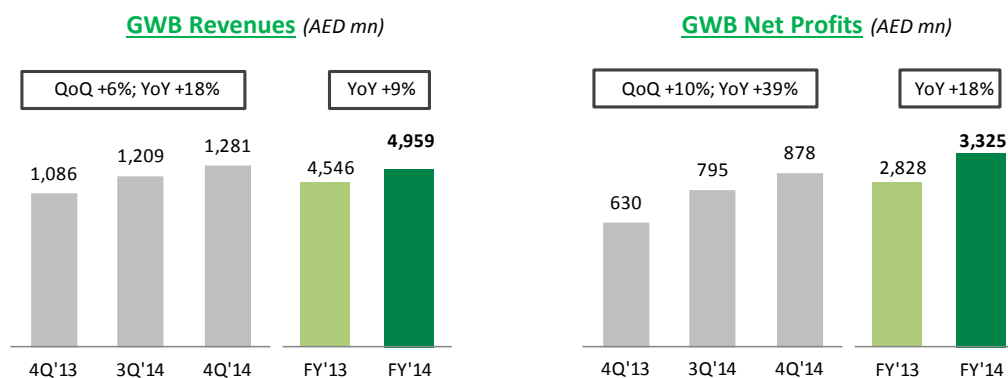
- Trade contingencies are defined as LCs & LGs; Market contingencies reflect nominal value of FX contracts & derivatives

- Equity includes GoAD Tier-I capital notes

BUSINESS SEGMENT REVIEW



GLOBAL WHOLESALE BANKING



Global Wholesale Banking (comprised of **Client Relationships**, **Global Banking** and **Global Markets**) delivered strong revenue and net profit growth in the fourth quarter and for full-year 2014. 4Q'14 revenues were up 6% sequentially and 18% year-over-year, and net profits were up 10% sequentially and 39% year-over-year. For the full-year 2014, revenues were up 9% and net profits were up 18%.

Client Relationships continued to focus on maintaining a world-class service culture. Several highlights include:

- Strong growth across Wholesale bank was underpinned by a strong coverage model and the team in Client Relationships.
- Invested heavily, recruiting industry sector heads and international bankers with strong industry backgrounds, which enable them to speak the same business and technical language of the clients.
- Focused on better understanding client needs and acting as advisors rather than offering specific solutions on products, an approach which has been well received by clients.
- Independent customer satisfaction survey conducted by Greenwich Associates revealed that NBAD ranked first among its peers in terms of client coverage and quality of sales coverage.

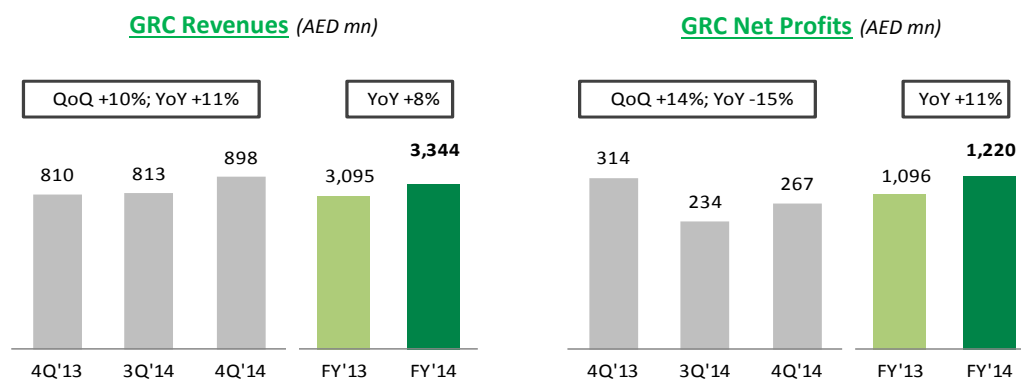
Global Banking had a highly successful year based on its leading position in the UAE IPO market and continuing strong performance in providing corporate and project finance advisory services. Some highlights from 2014 include:

- Joint book runner for the Emaar Malls Group LLC IPO, joint lead manager for Amanat Holdings PJSC IPO, and was recognized as the “Best Investment Bank UAE 2014” by Global Finance.
- Awarded “Best and Most Active Registrar and IPO Arranger” in UAE by DFM.
- Finished 2014 at #3 in each of GCC bonds, MENA syndicated loans and International Sukuk, up from #8, #11 and #6 respectively in 2013.
- Landmark 2014 transactions included the first-ever Sukuk for non-Islamic sovereigns from both the United Kingdom and Hong Kong SAR, the year’s largest MENA bond issue for Etisalat and NBAD’s inaugural syndicated loan for an African borrower (Afrexim).
- Recognised by the Hong Kong SAR Sukuk winning “Best Sovereign Bond” from GlobalCapital Asia and “Best Islamic Financing” from FinanceAsia and “Emerging Asia Deal of the Year” from Islamic Finance News. Another NBAD-bookrun transaction, Flydubai’s debut Sukuk was awarded “Islamic Finance Deal of the Year” from Global Transport Finance.

Global Markets delivered strong results in 2014. Some of the highlights included:

- First bank in UAE to obtain a license from Securities and Commodity Authority of the UAE to undertake Market Making activities on the local exchanges.
- Developed a wide repertoire of financial and capital transactions that ranged from Total Return Swaps to structured solutions including indexed linked notes in GCC currencies that were extremely well received by sophisticated clients with either risk management or return based objectives.
- Hosted a very prestigious and successful Global Financial Markets Forum (GFMF) which, over the past six years, has grown to become one of the most high profile events in the Middle East.
- Significantly increased international presence in UK, USA, Egypt and Kuwait. Further growth is planned for major centres in Hong Kong, Malaysia and India in 2015.

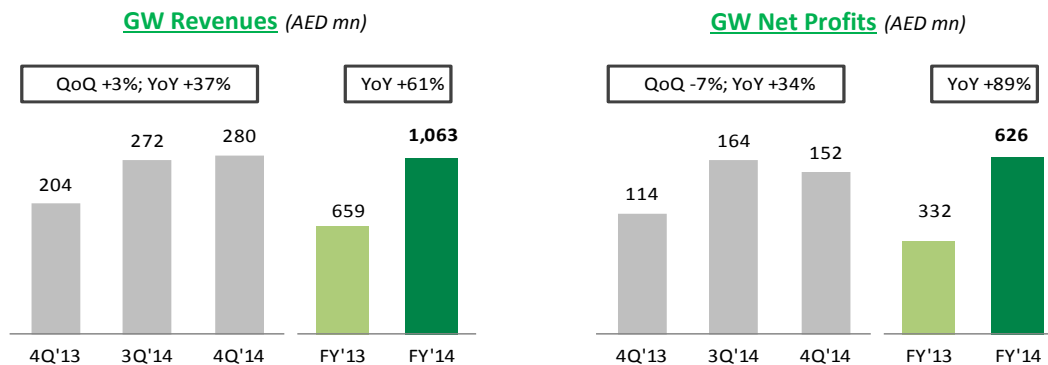
GLOBAL RETAIL & COMMERCIAL



Global Retail & Commercial delivered strong revenue and profit growth in 2014 despite significant margin compression. 4Q'14 revenues were up 10% sequentially and 11% year-over-year, and net profits were up 14% sequentially, but down 15% year-over-year. For the full-year 2014, revenues were up 8% and net profits were up 11%. The year-over-year growth in 4Q and for FY 2014 reflects continued strength in retail loans and deposits, particularly in the UAE. Sequentially, revenues and profit grew while ongoing investments in branch refurbishments and hiring new talent continued. There were a number of key initiatives in 2014, including:

- Embarked on ambitious Branch conversion project, aimed at ensuring a vibrant, welcoming and more customer friendly atmosphere and consistent look and feel; first batch of 24 branches and cash offices in final stages of completion.
- Doubled the bank’s sales force, leading to substantial increase in business volumes.
- Established partnership with Real Madrid to be the only bank outside Spain to issue co-branded Real Madrid cards making it an exclusive and unique offering in the UAE.
- Launched “Falkom Tayeb” initiative in partnership with Abu Dhabi Tawteen Council, training 118 UAE nationals and placing them in our retail arm, in line with Emiratisation program and Vision 2030.
- Recognised as “Best Branch Customer Service for 2014” by Ethos Consulting’s UAE Banking Benchmark Index for UAE.
- Focused on implementing Dubai strategy, enhancing Islamic banking offerings, enhancing cross-sell opportunities and commercial lending program and trade-related business going forward.

GLOBAL WEALTH

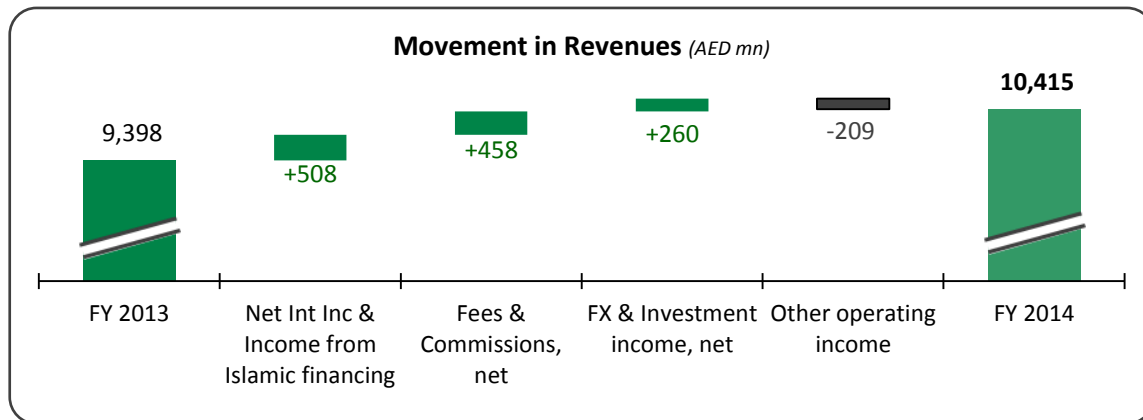


Global Wealth had another strong year, delivering double digit asset growth, which drove solid financial results. In 4Q'14, revenues were up 3% sequentially and 37% year-over-year, and net profits were down 7% sequentially, but up 34% year-over-year. For the full-year 2014, revenues were up 61% and net profits were up 89%. The performance in the year marked a continuation of the momentum and significant growth the business has been achieving for a number of years. The business benefited from some high profile UAE IPOs but was also impacted negatively in the fourth quarter by volatility in the market and planned hiring of world-class wealth managers. Some highlights from the year included:

- Expanded network in Egypt, GCC, London and Paris, improving client coverage capabilities.
- Opened 9 new markets in Sub-Saharan Africa for custody business.
- Developed new investment products focused on stronger Islamic and Middle East offerings.
- Invested in operational spine, including portfolio management system and on-line custody portal.
- AUM grew 36% within Private Bank, driven by investment sales in UAE & Switzerland loans in UK.
- NBAD Securities continued to gain market share and now has over 9.5% of the market.
- Global Asset Management grew AUM by 46%, attracting substantial inflows of new client assets.
- Won a number of industry awards, including:
 - “Best Islamic Fund” - Global Islamic Finance Awards
 - “Best GCC Equity Fund” - Banker Middle East
 - “Private Bank of the Year UAE” - The Banker & Professional WM Magazine
 - “UAE Best Fund Manager” – Wealth Briefing GCC Region Awards
 - “Best Brokerage House in UAE, 2014” - International Finance Magazine

FINANCIAL REVIEW

REVENUES

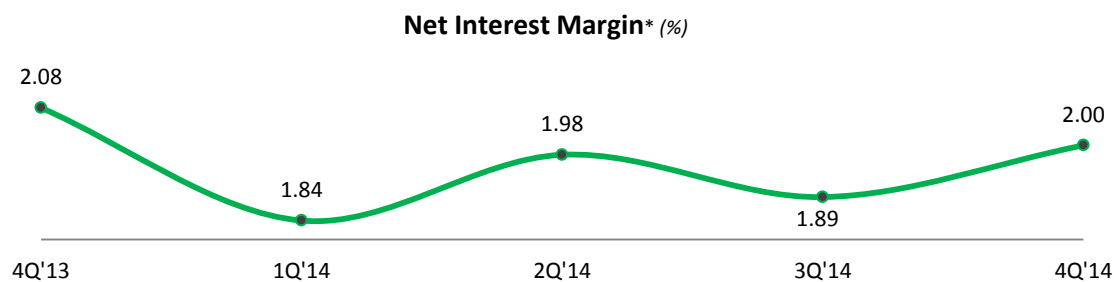


(in AED million)	4Q 2014	3Q 2014	4Q 2013	QoQ %	YoY %	FY 2014	FY 2013	YoY %
Net interest income (A) (including income from Islamic financing)	1,895	1,796	1,662	5.5	14.0	7,018	6,510	7.8
Fees & Commissions, net	619	563	512	9.8	20.8	2,311	1,852	24.8
FX and Investment income, net	231	196	135	17.7	70.7	960	701	37.0
Other operating income	12	14	22	(13.7)	(43.8)	126	335	(62.5)
Total Non-Interest Income (B)	862	774	669	11.4	28.8	3,397	2,888	17.6
Total Revenues (A+B)	2,757	2,570	2,331	7.3	18.3	10,415	9,398	10.8

Net interest income (including income from Islamic financing) was AED 1.895 billion in 4Q'14, up 6% sequentially and 14% y-o-y. NII was up 8% to AED 7.018 billion in FY'14. The increases were due to a combination of lower funding costs and slightly higher interest income, partially offset by margin compression.

Non-interest income was up 11% sequentially and 29% y-o-y to AED 862 million in 4Q'14; up 18% to AED 3.397 billion in FY'14. Growth in non-interest income was driven primarily by:

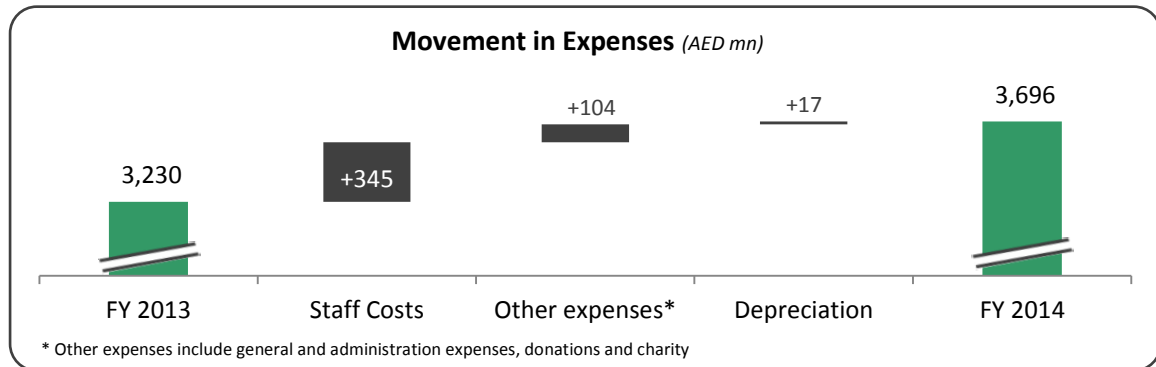
- **Net fees and commissions** continued to generate growth momentum and were AED 619 million in 4Q'14, up 10% sequentially and 21% y-o-y. For FY'14, fees grew to AED 2.311 billion, up 25%.
- **FX and investment income** was up 18% sequentially and up 71% in 4Q'14, while it grew by 37% in FY'14.
- **Other operating income** of AED 126 million in FY'14 impacted y-o-y growth and was down 63% as the gains from hedging strategies in FY'13 did not repeat in FY'14.



* annualised and year-to-date; based on average total assets for the period

Net interest margin for FY'14 was 2.00%, down from 2.08% in FY'13. NIM compression continues to be a factor, driven by increased competition resulting from abundant liquidity as well as re-pricing of risk as the economy recovers.

EXPENSES



(in AED million)	4Q 2014	3Q 2014	4Q 2013	QoQ %	YoY %	FY 2014	FY 2013	YoY %
Operating Expenses	1,110	930	919	19.4	20.8	3,696	3,230	14.4

Operating expenses for the quarter were AED 1.11 billion, up 19% sequentially and 21% year-over-year. FY'14 expenses of AED 3.696 billion were up 14% year-over-year. Expense growth in the fourth quarter and for the full-year were in line with expectations and reflected continued investments in hiring world-class talent, expanding our client service capabilities and enhancing the IT infrastructure of our business to facilitate successful execution of our strategy.

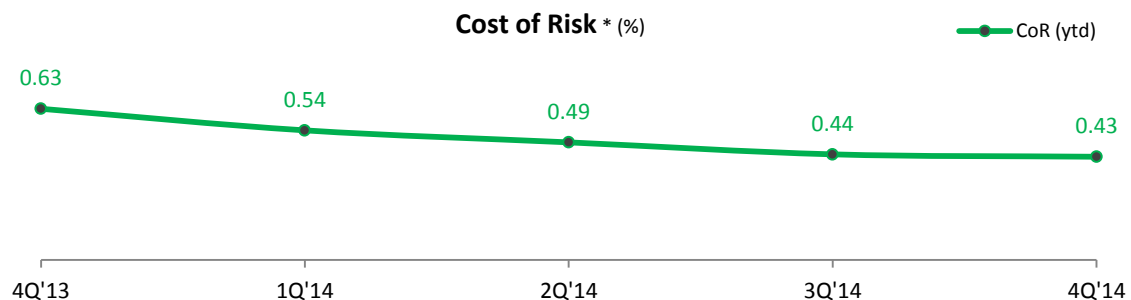
The **cost to income ratio** was 35.5% for FY'14 versus 34.4% last year (FY'13).

IMPAIRMENT CHARGES

(in AED million)	4Q 2014	3Q 2014	4Q 2013	QoQ %	YoY %	FY 2014	FY 2013	YoY %
Impairment charges, net	200	202	285	(1.0)	(29.6)	868	1,206	(28.0)
				<i>bps</i>	<i>bps</i>			<i>bps</i>
as a % of Avg Gross Loans*	0.40%	0.40%	0.60%	0	-20	0.43%	0.63%	-20
as a % of Operating profits	12.2%	12.3%	20.2%	-17	-798	12.9%	19.6%	-663

* annualised ; Gross loans net of suspended interest

Net impairment charges continue to reflect improved asset quality, recovery in collateral values and strong risk management processes. Net charges in 4Q'14 were AED 200 million, relatively flat sequentially and down AED 85 million year-over-year. Full-year impairments were AED 868 million, reflecting a decline of AED 338 million or 28%. Cost of risk was further reduced by 20bps year-over-year to 43bps in 4Q'14.

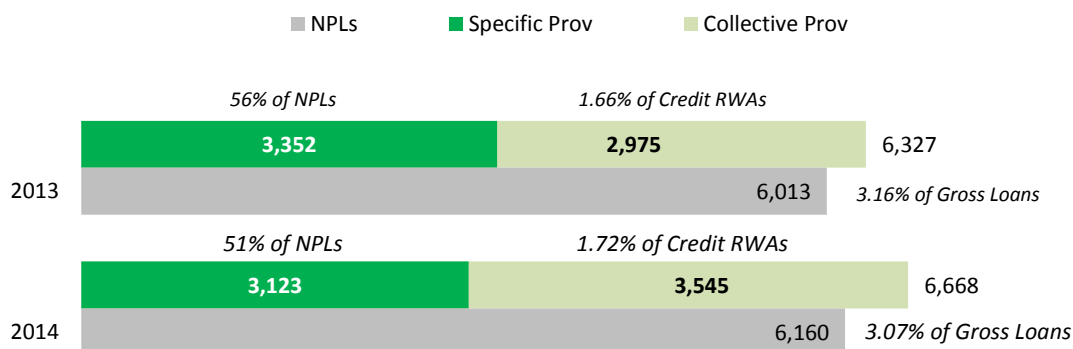


* annualised; as a % of average gross loans

In 2014, NBAD continued to experience write-backs as specific provision charges were lower by AED 229 million. The bank recorded an increase in collective provision charges of AED 570 million on growth in credit risk-weighted assets.

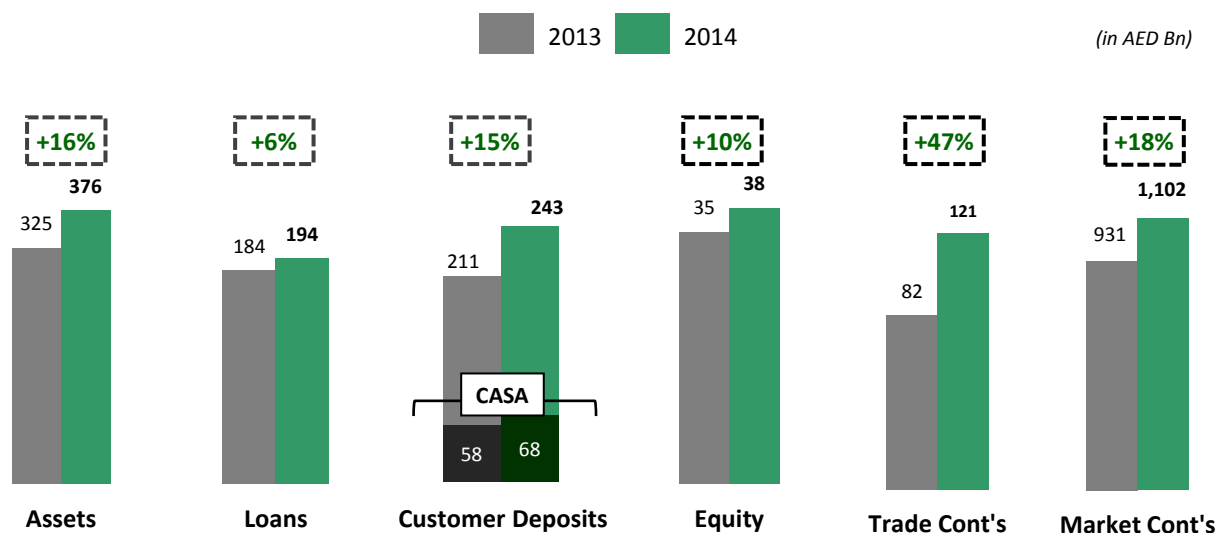
Since the end of 2011, the Bank has been fully compliant with the Central Bank of UAE's minimum requirement of 1.5% for collective provisions, which just became mandatory as of year-end 2014.

Provisions & NPLs (AED Mn)



Non-performing loans decreased by AED 147 million in FY'14 to AED 6.160 billion. As of 31 December 2014, **NPL ratio** stood at 3.07% of the loan book and has continued to remain relatively low after peaking at 3.55% in 1Q 2013. **Total provisions** represented 108% of non-performing loans.

BALANCE SHEET



- **Assets** were AED 376 billion at year-end 2014, down 6% sequentially and up 16% y-o-y. Sequential results reflected an outflow of government related deposits in 4Q as well a decrease in loans due to the repayment of short-term lending related to the Emaar IPO, which was offset by net growth in domestic lending in the fourth quarter. Year-over-year results reflected healthy loan and deposit growth, including strong continuation of growth in CASA.
- **Net Loans and advances** were AED 194 billion, down 2% sequentially and up 6% y-o-y.
- **Customer deposits** were 243 billion, down 8% sequentially and up 15% y-o-y, including strong 18% y-o-y growth in **CASA**.

- **Equity**, consisting of shareholders' funds of AED 34.0 billion and GoAD Tier-I capital notes of AED 4.0 billion, grew by 10% to AED 38.0 billion at the end of 2014.
- **Basle-II ratios**, in accordance with UAE Central Bank's framework, remain strong and well above the minimum 12% and 8% (Tier-I), with a capital adequacy ratio of 16.4% and a Tier-I ratio of 15.0% as of 31 December 2014.

DIVIDENDS

The Board of Directors has recommended a **cash dividend of 40%** (or 40 fils per share) and a **stock dividend of 10%** (1 bonus share for every 10 shares held) for the financial year ended 31 December 2014 subject to approval by the shareholders at the Annual General Meeting and the UAE Central Bank.

CREDIT RATINGS

NBAD's long term ratings are now amongst the strongest combined ratings of any global financial institution with ratings from Moody's Aa3, Standard & Poor's (S&P) AA-, Fitch AA-, RAM (Malaysia) AAA, R&I's (Japan) rating of A+, and ranked among the World's 50 Safest Banks by Global Finance.

-End-

Caption:

- 1- H.E. Nasser Ahmed Khalifa Alsowaidi, Chairman of NBAD
- 2- Alex Thursby, Group Chief Executive Officer, NBAD

About NBAD

The National Bank of Abu Dhabi (NBAD), the leading bank in the Middle East and one of the 50 safest banks in the world, has one of the largest networks in the UAE as well as branches and offices in 18 countries stretching across five continents from the Far East to the Americas.

A comprehensive financial institution, NBAD offers a wide range of banking services and products to all segments of clients. NBAD grows strategically toward its vision to be recognised as the World's Best Arab Bank.

Since 2009, NBAD has been ranked one of the World's 50 Safest Banks by Global Finance magazine, which also ranked NBAD the Safest Bank in the Emerging Markets and Middle East.

NBAD is rated senior long term/short term AA-/A-1+ by Standard & Poor's (S&P), Aa3/P1 by Moody's, AA-/F1+ by Fitch, A+ by Rating and Investment Information Inc (R&I) Japan, and AAA by RAM (Malaysia) , giving it one of the strongest combined rating of any global financial institution.

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25th Safest Bank in the World

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