

**Press Release: Immediate Release**

**ABU DHABI COMMERCIAL BANK PJSC REPORTS**  
**FIRST QUARTER 2013 NET PROFIT OF AED 903 MN,**  
**AN INCREASE OF 5% YEAR ON YEAR\***  
**AND 44% QUARTER ON QUARTER\***

**Abu Dhabi, 25 April 2013** – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the first quarter of 2013 (“Q1’13”).

**Results highlights\***

- Net profit of AED 903 mn compared with AED 861 mn in Q1’12 and AED 628 mn in Q4’12
- Record quarterly operating income at AED 1,744 mn, an increase of 5% over Q1’12 and 13% over Q4’12
- Record quarterly operating profit before impairment allowances at AED 1,227 mn, up 7% over Q1’12 and 19% over Q4’12
- Non-interest income of AED 485 mn, an increase of 14% over Q1’12 and 73% over Q4’12, primarily due to retirement of financial liabilities and associated hedges
- Cost to income ratio significantly improved to 29.7% compared to 30.6% in Q1’12 and 33.1% in Q4’12
- NPLs remain unchanged at 5.4% and provision coverage improved to 84.5% from 82.2% at the end of 2012
- Customer deposits<sup>1</sup> up 2% at AED 111 bn compared to 31 December 2012, with significant improvement in customer deposit constitution, CASA customer deposits accounted for 32% of total customer deposits compared to 30% as at 31 December 2012 and 25% as at 31 March 2012
- Loan to deposit ratio improved to 112.0% from 112.8% as at 31 December 2012
- Strong capitalisation and liquidity levels, CAR at 22.29% and Tier I ratio at 17.55% as at 31 March 2013

\*The Bank early adopted IFRS 10 with a date of initial application of January 1, 2012. Accordingly, the comparative information of all the quarters for the year 2012 has been restated. Overall annual income statement for 2012 remains unchanged. For further details please refer to Note 2.1 of the Financial Statements for the period ended 31 March 2013.

<sup>1</sup> Deposits from customers were reclassified in 2012 to show Euro Commercial Paper separately

**Ala’a Eraiqat**, member of the Board and Chief Executive Officer, commented on the results:

“We are pleased to announce that the Bank registered a net profit of AED 903 mn for the first quarter of 2013, an increase of 5% year on year and 44% quarter on quarter. This success can be attributed to the effective management of our balance sheet; maintaining a disciplined loan growth strategy, increasing CASA customer deposits and relying on diversified sources of funding, whilst continuing to focus on improving operating efficiency and effectively managing capital.

While the global economic uncertainties and challenges persist, February 2013 marked the issuance of ADCB’s first concurrently issued dual senior and subordinated debt offering of a total of USD 1.5 bn and the largest subordinated debt transaction by a Middle Eastern Bank. The strong appetite for ADCB debt offerings confirms the trust that global investors have in ADCB.

We continue to move forward in 2013 by continuing to focus on our strategic objectives and building a stronger, more resilient bank for the future. Our results confirm our ability to execute and deliver long-term sustainable value for our customers and shareholders”.

**Deepak Khullar**, Group Chief Financial Officer, commented on the results:

“ADCB had a good start to the year, delivering strong top and bottom line numbers which reflect and demonstrate the strength of our franchise. Net interest income was up 2% year on year, primarily driven by a 23% reduction in cost of funds. Operating expenses increased by 2% year on year, as we continue to invest in our business and overall cost to income ratio for the quarter declined to 29.7%. The bank has a robust liquidity management framework and our liquidity ratio improved further to 24.4% as at 31 March 2013. We remain strongly capitalized with a total CAR of 22.29% and Tier I ratio of 17.55%”.

### **Awards 2013**

#### ***January***

Group Business Services Division achieved ISO 9001:2008 certification as recognition of the quality management system standard of the bank.

#### ***February***

ADCB won two awards by Global Finance Magazine, ‘Best Bank in Payments and Collections’ in the Middle East region and the ‘Best Bank in Trade Finance’ in the UAE.

ADCB won the Human Resources Development Award in Emiratization in the banking industry by The Emirates Institute for Banking & Financial Studies (EIBFS), including the “The Best Emiratization CEO Award”, “Honoring UAE Nationals in Higher Management positions in the Banking Sector Award” and “Distinguished Woman in the Banking & Finance sectors Award”.

#### ***March***

ADCB won three awards at the Banker Middle East Product Awards 2013; “Best New SME Product”, “Best Trade Finance Offering” and “Best Cash Management”.

### **About ADCB:**

ADCB was formed in 1985 and as at 31 March 2013 employed over 3,000 people from 55 nationalities, serving over 480,000 retail customers and approximately 38,000 corporate and SME clients in 50 branches, 3 pay offices and 2 branches in India and 1 branch in Jersey. It is the third largest bank in the UAE and second largest in Abu Dhabi by assets, at AED 180 bn as at 31 March 2013.

ADCB is a full-service commercial bank which offers a wide range of products and services such as retail banking, wealth management, private banking, corporate banking, commercial banking, cash management, investment banking, corporate finance, foreign exchange, interest rate and currency derivatives and Islamic products, project finance and property management services.

ADCB is owned 58.08% by the Abu Dhabi Government through the Abu Dhabi Investment Council. Its shares are traded on the Abu Dhabi Securities Exchange. As at 31 March 2013, ADCB’s market capitalisation was AED 23 bn.

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**Further analysis of ADCB’s first quarter results:**

AED million				Q1'13 Change %	
Income statement highlights	Q1'13	Q4'12*	Q1'12*	QoQ	YoY
Total net interest and Islamic financing income	1,259	1,262	1,231	0	2
Non-interest income	485	280	424	73	14
Operating income	1,744	1,542	1,655	13	5
Operating expenses	(517)	(510)	(506)	1	2
Operating profit before impairment allowances	1,227	1,032	1,149	19	7
Net impairment allowances	(322)	(402)	(287)	(20)	12
Overseas income tax expense	(2)	(2)	(2)	-	-
Net profit	903	628	861	44	5
<hr/>					
Balance sheet highlights	March'13	Dec'12	March'12	QoQ Change%	YoY Change%
Total assets	179,993	180,796	183,309	(0)	(2)
Net loans and advances	124,378	123,195	123,853	1	0
Deposits from customers <sup>1</sup>	111,056	109,217	112,823	2	(2)
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Ratios (%)				Change bps	Change bps
CAR	22.29	23.05	23.19	(76)	(90)
Tier I	17.55	17.47	16.62	8	93
LTD <sup>1</sup>	112.00	112.80	109.78	(80)	222

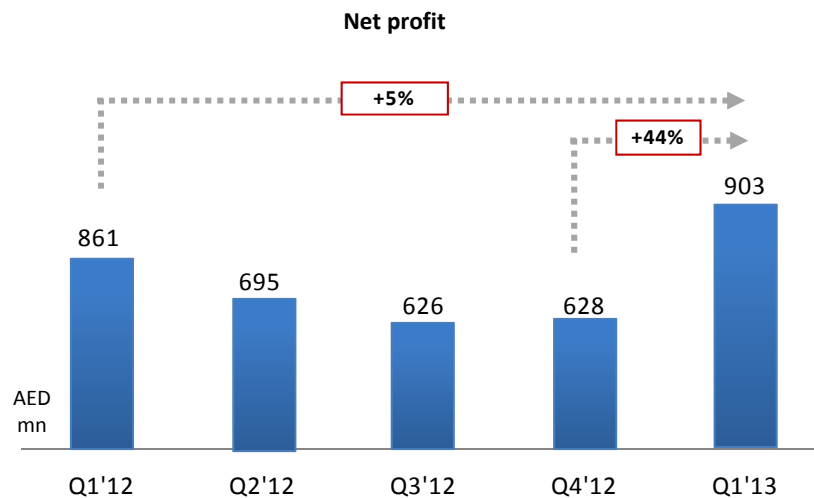
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**Financial review**

**Net profit**

- The Bank reported a net profit of AED 903 mn compared to AED 861 mn in Q1’12 and AED 628 mn in Q4’12, an increase of 5% and 44% respectively.
- As at 31 March 2013, basic earnings per share was AED 0.13 compared to AED 0.12 reported as at 31 March 2012.
- As at 31 March 2013, ROE was reported at 13.9% and ROAA at 1.60% compared to 14.7% and 1.48% respectively, as at 31 March 2012. As at 31 December 2012, ROE was reported at 13.0% and ROAA at 1.37%.

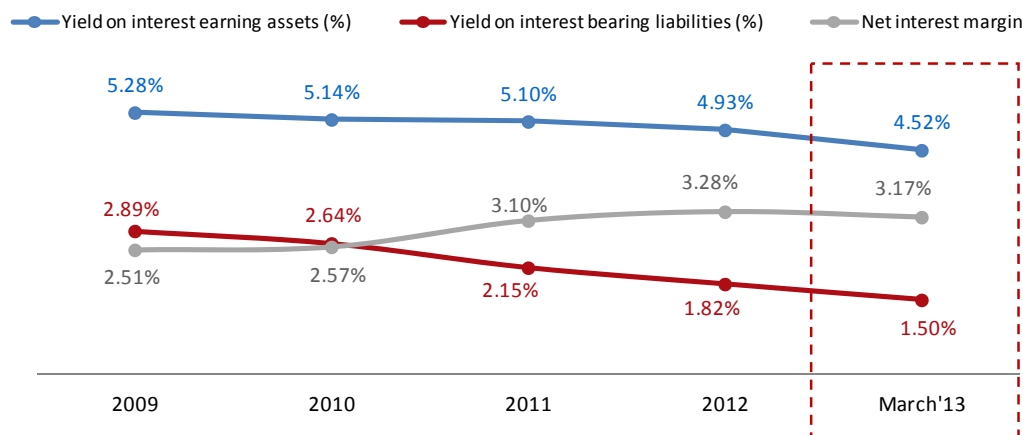


### Operating income

- Total operating income in the first quarter of 2013 reached AED 1,744 mn, marking a record for the Bank on a quarterly basis, an increase of 5% over Q1'12 and 13% increase over Q4'12.
- The Bank reported total net interest and Islamic financing income of AED 1,259 mn which was stable over Q4'12 and represented an increase of 2% compared with Q1'12. Interest expense\* reported at AED 537 mn was 23% lower over Q1'12, primarily attributed to the Bank's continuously improving funding profile and lower EIBOR. Cost of funds reported an improvement of 32 bps year to date at 1.50%. Net interest margin for Q1'13 was 3.17% compared to 3.28% as at 31 December 2012.

\*Includes Islamic profit distribution

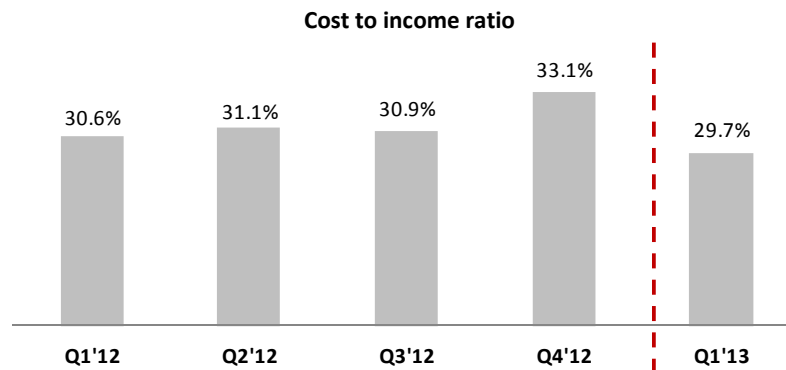
### Evolution of yields



- At AED 485 mn, non-interest income reported an increase of 14% over Q1'12 and 73% over Q4'12, this was primarily due to retirement of financial liabilities and associated hedges. Net fee and commission income was stable quarter on quarter and 13% lower year on year, at AED 215 mn. This was mainly due to higher fees and commission expenses on account of higher credit card reward accruals.

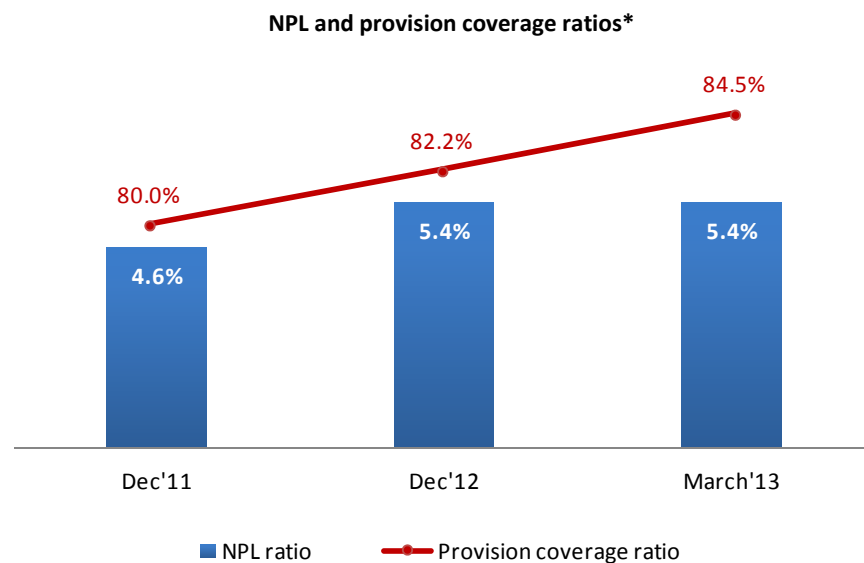
### Operating expenses and cost to income ratio

- Operating expenses increased by 2% year on year, as we continue to invest in our business and overall cost to income ratio for the quarter declined to 29.7% from 33.1% in Q4'12 to 30.6% in Q1'12.



### Asset quality

- As at 31 March 2013, the NPL ratio was unchanged at 5.4% and provision coverage ratio improved to 84.5% compared to 82.2% as at 31 December 2012.
- Net impairment allowance charge for the first quarter was AED 322 mn, an increase of 12% over Q1'12 and 20% lower quarter on quarter. Charges for impairment allowance on loans and advances, net of recoveries amounted to AED 330 mn in Q1'13 compared to AED 287 mn in Q1'12, representing an increase of 15% year on year, primarily on account of increased portfolio impairment provisions.
- As at 31 March 2013, portfolio impairment allowance balance was AED 2,509 mn, 1.94% of credit risk weighted assets and individual impairment balance stood at AED 4,187 mn.
- Cost of risk reported an improvement of 29 bps at 0.91% for the quarter compared to 1.20% as at 31 December 2012.



\* The above excludes the exposure and provision on Dubai World which was moved to performing category in 2011

## Assets

- Total assets aggregated to AED 179,993 mn as at 31 March 2013 compared with AED 180,796 mn as at 31 December 2012.
- Gross customer loans as at 31 March 2013 were at AED 131,074 mn compared to AED 129,659 mn as at 31 December 2012. As at 31 March 2013, 96% of gross loans were within the UAE in line with the Bank's UAE centric strategy.
- Investment securities portfolio (Available for sale investments) increased to AED 19,463 mn compared to AED 18,713 mn as at 31 December 2012, representing an increase of 4%, mainly attributable to bonds invested in the UAE. 99% of the total portfolio was invested in bonds and government securities continuing to provide a liquidity pool for the Bank.

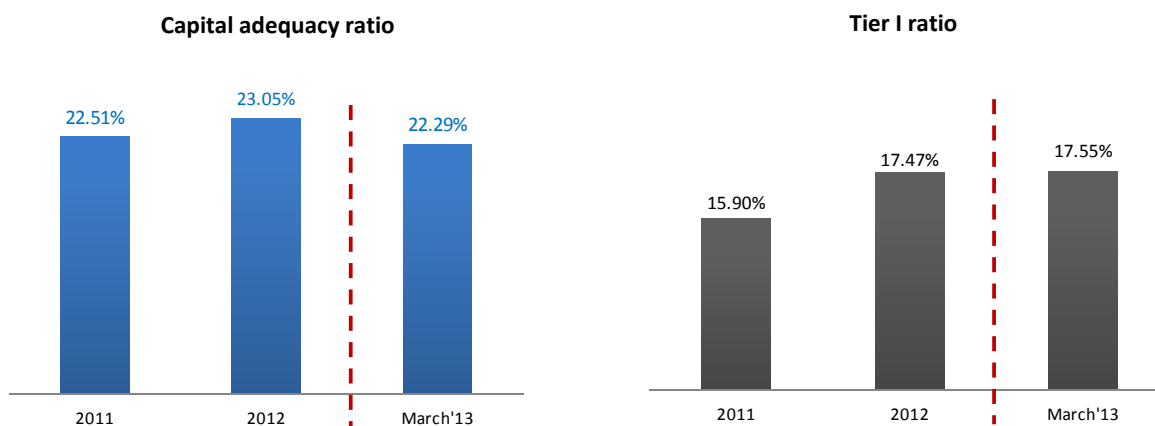
## Customer deposits\*

- As at 31 March 2013, total customer deposits were at AED 111,056 mn, representing an increase of 2% over 31 December 2012.
- CASA customer deposits increased by AED 3,259 mn over 31 December 2012, significantly improving the CASA customer deposit constitution to 32% of total customer deposits from 30% as at 31 December 2012 and 25% as at 31 March 2012
- Loan to deposit ratio was reported at 112.0% compared to 112.8% as at 31 December 2012.
- Advances to stable resources ratio as defined by the UAE Central Bank was reported at 88% compared to 86.2% as at 31 December 2012 and well below the 100% maximum level set by the Central Bank.

\*Deposits from customers were reclassified in 2012 to show Euro Commercial Paper separately

## Capital and liquidity

- The Bank continued to remain well capitalised with a capital adequacy ratio of 22.29% and Tier I ratio of 17.55%, well above the minimum requirement of 12% and 8% respectively stipulated by the Central Bank of the UAE.
- As at 31 March 2013, the Bank's liquidity ratio improved to 24.4% compared to 24.0% as at 31 December 2012.



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