

Press Release

ADCB Announces Q3 Profits

Abu Dhabi, 21 Oct 2008: ADCB reported a net profit of AED1, 620mn for the nine month period ending September 30th, 2008 reflecting an increase of 2% over net profit of AED1, 583.1mn in the corresponding period last year. Q3-2008 net profit of AED447.6mn was AED159.6mn (-26%) below corresponding period last year primarily due to taking an impairment provision of AED 208mn out of its 3rd quarter profits to cover its investment portfolio.

Net interest income of AED1, 787.6mn reflects a growth of 6% over 2007 whilst non interest income of AED1, 493.5mn is up 88% over 2007 non interest income of AED792.8mn. Operating income of AED3, 281mn is up 32.4% over corresponding period in 2007 helped in main by strong growth of 154% in FX & derivative income and 19% growth in fees and commissions. The contribution of non-interest income to total income is 45.5%, compared to 32% in 2007. This compares favourably with the Bank's long term strategic goal of improving the contribution of non-interest income to total income. Net interest margin of 2.19% reflects compression in margins on account of the low interest rate environment in the first half of the year and a rise in cost of funds on account of tight global liquidity conditions.

Total assets of AED135.4bn are up 27.5% over Dec-2007 assets of AED106.2bn, whilst loans and advances of AED103.1bn grew 36% over 2007 loans of AED75.7bn. Customer deposits of AED70bn reflects an increase of AED13bn over 2007 deposits of AED57bn with half the growth coming in Q3.

Return on equity for the period ended September-2008 is at 18.5% as compared to 19.6% in the previous year. This compares favourably considering the increase in capital on account of the bonus issue in the beginning of 2008.

Return on assets is at 1.79% as compared to 2.33% in 2007 mainly on account of compression of net interest margin, rise in operating costs due to ongoing investments in business and higher provisioning levels.

The bank remains adequately capitalized at 12.4% under Basel-II guidelines.

Eissa Al Suwaidi, Chairman of Abu Dhabi Commercial Bank praised the Board and Executive Management team for their sincere endeavors to take the Bank to higher levels of excellence, and concluded by thanking the government for their support to the banking and financial sector in the UAE reflected in the injection of liquidity to ensure market stability.

Commenting on the results, Eirvin Knox, CEO, said that the bank 'has been prudent, in the deteriorating credit conditions, to provide AED208mn towards Investments.' 'Core operations continue to perform strongly with strong revenue and asset growth

coming in from Retail Banking, High net worth and Corporate banking segments. The joint ventures with Macquarie continue to do well as reflected in the growth of non-interest income', said Knox.

About ADCB

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, currency, derivative and Islamic products, project finance, property management and strategic investments.

ADCB is owned 64.8 percent by the Abu Dhabi Government through Abu Dhabi Investment Council. Its shares are traded on the Abu Dhabi Securities Market in Abu Dhabi.

ADCB was recently named "Bank of the Year 2008" by Banker Middle East Magazine. For more information, please visit us on www.adcb.com.

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