

Press Release: Immediate Release

ADCB announces nine month net profit of AED 701 mn

Abu Dhabi, October 27, 2009 - Abu Dhabi Commercial Bank (ADCB) today announced its results for the nine month period ended 30 September 2009 ("YTD'09").

Results for nine month period ended 30 September, 2009:

- Net profits were AED 701 mn, a decline of 57% over YTD'08
- Net interest income was AED 2,418 mn, an increase of 35% YTD'08
- Record pre-provision profit of AED 2,405 mn up 8% over YTD'08
- Continuing discipline and focus on costs; cost to income ratio dropped from 43% in Q4'08 to 31% in Q3'09
- Net impairment allowances were AED 1,701 mn, an increase of 179% over YTD'08
- Customer loans aggregated AED 119 bn, up 14% from 30 September 2008
- Customer deposits aggregated AED 84bn, up 19% from 30 September 2008*
- Capital adequacy ratio remains at 19.4% (Basel II)**

*Excludes AED 6.6bn of deposits converted to Tier 2 capital in Q1'09.

**The confirmatory documentation for the Tier II conversion is still pending.

Commenting on the Bank's performance, Eissa Al Suwaidi, Chairman of ADCB said "We have maintained momentum in our top line revenues from core businesses. The Bank remains well capitalised, with a Tier I ratio of 14.3% and a loans to stable resources ratio of 91%. However, the Bank continued to set aside provisions to cover any probable loss in its loan portfolio and some investments which had a negative impact on the Bank's results for Q3."

Speaking on the results for the nine month period ending September 30th, 2009, ADCB's CEO, Ala'a Eraiqat, said, "The Bank has delivered strong income growth of 9%. Net interest income showed a very robust increase of 35%. Our pre-provision profits were up 8%. Deposit growth of 19% outpaced loan growth of 14%. These are good headline numbers and we are pleased with the outcome. We continue to invest in our core businesses as well as in people, systems and processes to position ourselves to benefit from an economic upturn. We have maintained a disciplined approach towards costs and our cost to income ratio is stable at 32.6%.

The global economic crisis has impacted many businesses in the Middle East, which are experiencing weak demand, unstable cash flows and lower margins. Our non performing loans, at 4.2% of the loan book, were driven primarily by exposures to two troubled business groups in Saudi Arabia. Excluding exposures to these two groups, the Bank's non-performing loans stood at 2.6%. We have set aside over 70% (AED 1.7 billion) of our pre-provision profits year to date as provisions for loan and investment impairments. We will continue to assess our provisions in the light of developments in non performing loans at each reporting date and will increase provisions, if required.

Our core business is performing well; we are winning mandates in corporate advisory and in investment banking – a relatively new line of business for us. In 2009, we were appointed joint lead managers in bond and sukuk transactions worth over US\$ 9 bn including the largest sukuk issuance in the UAE. We are working closely with our clients to strengthen relationships and have a good deal pipeline. Our cards business is one of the fastest growing in the country and we are rapidly gaining market share.

We have taken actions to tighten underwriting standards and to improve returns on the risks we take. We have improved our net interest margin to 2.42%. Our investment in RHB Capital Malaysia contributed 16% of non-interest income. The Abu Dhabi Commercial Properties LLC subsidiary, manages over 56,000 residential and commercial units across Abu Dhabi for the Government of Abu Dhabi, is a profitable, and a successful public private partnership.

We are very pleased with the investor confidence in ADCB, which resulted in our US\$ 1 bn 5 year RegS/144A senior bond offering in early October being oversubscribed 2.8 times. More than 180 investors participated in the transaction with 26% coming from the U.S.A. This was a first for ADCB and was the first RegS/144A deal by a bank from the GCC. It was also one of the largest deals to-date for a GCC bank.

In the short term, we expect the markets to remain challenging but are confident about the long term strength and resilience of the UAE economy and the Bank.”

Further analysis of ADCB's YTD'09 results:

AED million	Q3'09	YTD'09	YTD'08	YoY change (%)
Net interest income	823	2,418	1,787	35
Non-interest income	421	1,151	1,494	(23)
Operating income	1,244	3,569	3,281	9
Operating expenses	(389)	(1,165)	(1,044)	(12)
Pre-provision profit	855	2,405	2,237	8
Impairment allowances	(810)	(1,701)	(610)	(179)
Income tax	(1)	(3)	(7)	55
Net profit	44	701	1,620	(57)
EPS (AED)		0.12	0.31	(61)

AED million	As at 30/09/2009	As at 31/12/2008	As at 30/09/2008	YoY change (%)
Total assets	158,626	147,996	135,439	17%
Gross loans	119,314	111,071	104,724	14%
Deposits	83,504	77,743*	70,069	19%
Tier I ratio (%)	14.3%	11.1%	12.3%	200bps

*Excludes AED 6.6bn of deposits converted to Tier II capital in Q1'09

Net profits

ADCB registered net profits of AED 701 mn in YTD'09, compared to AED 1,620 mn in YTD'08. The profit for Q3'09 amounted to AED 44 mn, a decrease of 85% over Q2'09 driven primarily by the increased provisioning of AED 810 mn for the quarter.

Total income and interest margins

Total income for YTD'09 reported an increase of 9% over YTD'08, reaching AED 3,569 mn.

Net interest income for YTD'09 was AED 2,418 mn, an increase of 35% over YTD'08 on account of successful repricing of loans and volume growth in H2'08.

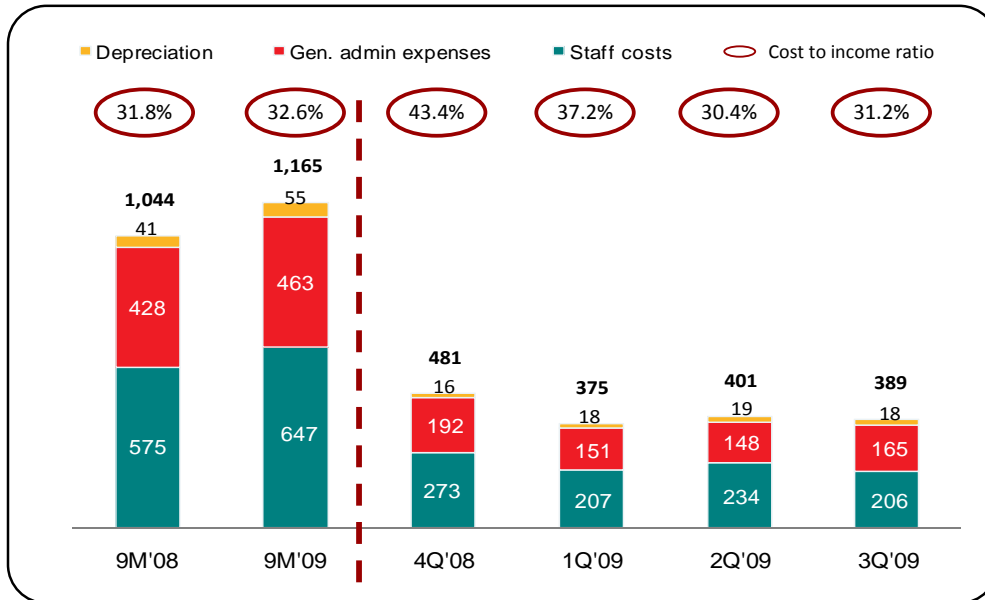
Net interest margin increased to 2.42% reflecting an increase of 23bps over YTD'08 NIM of 2.19%.

Non-interest income was AED 1,151 mn, a drop of 23% from YTD'08 primarily due to lower volumes across wholesale and consumer banking. Q3'09 non-interest income registered a slight decline of 2% over Q2'09 at AED 421 mn.

Operating expenses

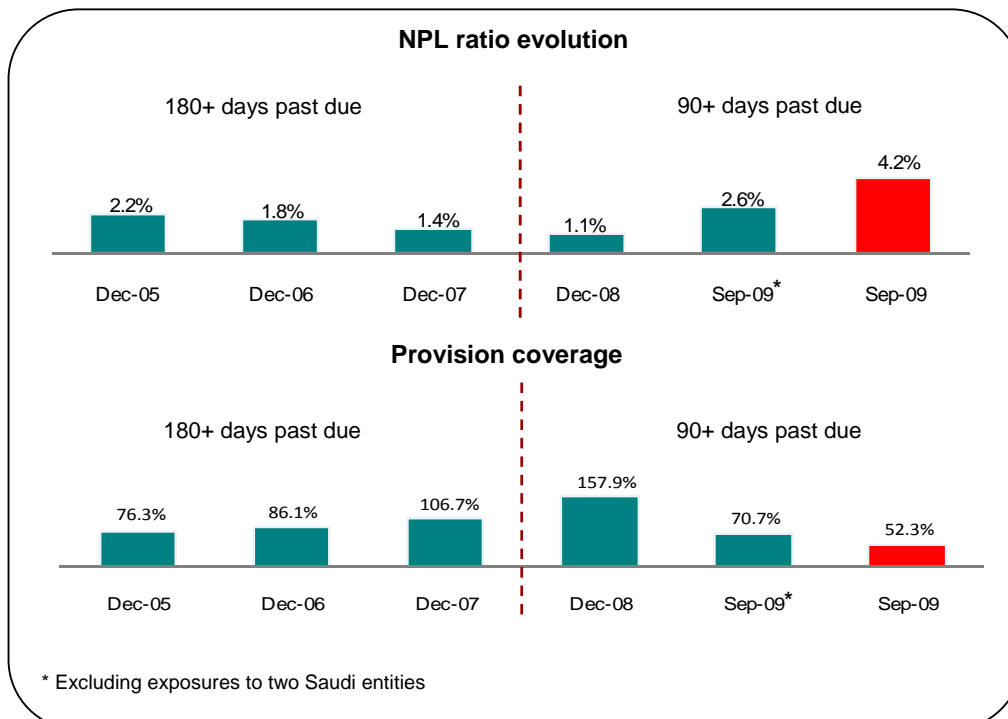
Total costs for the nine month period were AED 1,165 mn, an increase of 12% over YTD'08. Q3'09 costs were 3% lower than Q2'09 at AED 389 mn. A disciplined approach towards management of the cost base has resulted in progressively reducing the cost to income ratio from 43% in Q4'08 to 31% in Q3'09.

Cost to income ratio for the nine month period was 32.6% showing a marginal increase over YTD'08 at 31.8%.



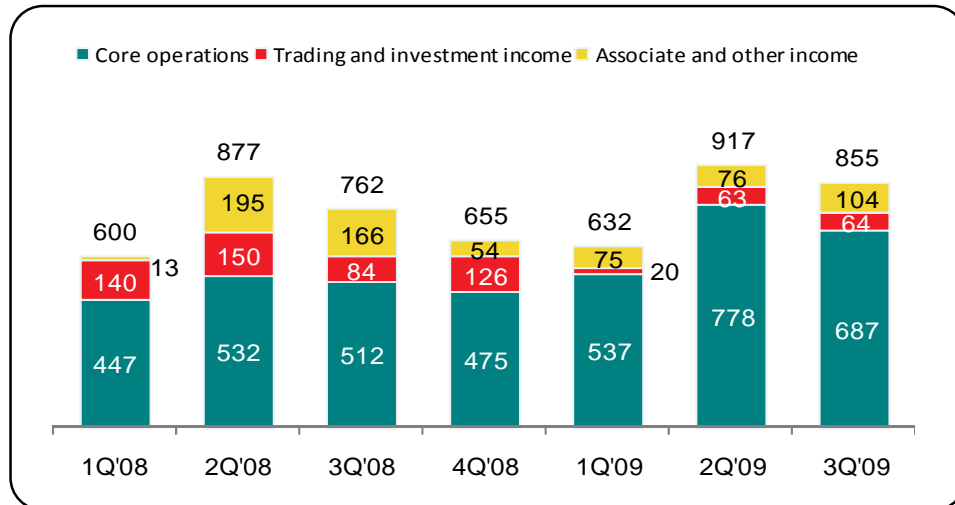
Provision and impairment allowances

The Bank continues to maintain a prudent provisioning policy. The impairment allowances for YTD'09 were AED 1,701 mn, representing an increase of 179% over YTD'08. Of this AED 1,701 mn, AED 456 mn has been provisioned for the investment portfolio and the balance of AED 1,245 mn for loans and advances. Q3'09 provisions were AED 810 mn. The bank holds approximately AED 1,930 mn as collaterals against these non performing loans.



Pre-provision profits

Pre-provision profits for Q3'09 were slightly lower than the previous quarter on account of an increase in non-performing loans where interest is suspended. Pre-provision profits in YTD'09 were AED 2,405 mn. Q3'09 contributed AED 855 mn, an increase of 12% over Q3'08.



Assets

Total assets aggregated AED 158.6 bn as at 30 September 2009, representing controlled growth of 7% over 31 December 2008. Aggregated customer loans as at 30 September 2009 increased to AED 116.7 bn, 7% over 31 December 2008 and grew 14% over 30 September 2008.

Customer deposits

Aggregate customer deposits were AED 83.5 bn as at 30 September 2009, representing an increase of 7% over 31 December 2008 and 19% growth over 30 September 2008.

Ratios

As at 30 September 2009, the Bank's loans to deposit ratio was 140% and the loans to stable resources ratio as defined by the UAE Central Bank was 91% compared to 97% at 31 December 2008.

Capital

As at 30 September 2009, the Bank was well capitalised at 19.40%*, compared to 11.40% at 31 December 2008. The Bank's Tier I ratio stood at 14.30%.

*The confirmatory documentation for the Tier II conversion is still pending

At 30 September 2009, ADCB's market capitalisation was AED 11,881 mn. The Bank employed 2,547 people and served over 300,000 retail customers and more than 13,000 wholesale customers in 48 branches.

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