

**Press Release: Immediate Release**

## ABU DHABI COMMERCIAL BANK REPORTS THIRD QUARTER 2010 NET PROFIT OF AED 325 MILLION ON-RECORD REVENUE OF AED 1,451 MILLION

**Abu Dhabi, 26 October 2010** - Abu Dhabi Commercial Bank PJSC (“ADCB”) today announced its results for the third quarter ended 30 September 2010 (“Q3’10”).

### Q3’10 key highlights over Q3’09

- Customer deposits up 17% vs gross loan growth of 4% over December 2009
- Total deposits cross AED 100 bn mark, loan to deposit ratio at lowest level at 120%
- Net interest income up 7% at AED 877 mn
- Non-interest income at record level, up 36% at AED 574 mn
- Operating income at record level, up 17% at AED 1,451 mn
- Pre-provision profit at record level, up 15 % at 982 mn
- Net interest margin stable at 2.43%

Commenting on the results for the quarter, **Ala’a Eraiqat, CEO and a member of the Board** said; “This has been a record quarter in terms of operating income and pre-provision income which grew by 17% and 15% respectively year on year and 20% and 27% respectively quarter on quarter. We are seeing good momentum in the business and we are pleased to declare a profit of AED 325 mn for the quarter. We are also pleased to have completed the acquisition of The Royal Bank of Scotland plc (“RBS”) retail banking business in the UAE on 1 October 2010 welcoming approximately 1,000 RBS UAE retail banking employees and over 250,000 RBS retail banking customers to the ADCB family. The transition has been very smooth and integration plans are proceeding according to schedule. With customer loans at AED 2.1 bn and customer deposits at AED 2.3 bn, this acquisition will provide tremendous opportunities for ADCB, doubling ADCB’s credit card business and significantly improving its market share to become one of the top three credit card players in the country and creating one of the largest mass affluent businesses in the UAE.”

**Deepak Khullar, Group Chief Financial Officer** commented; “Total loan growth was maintained at 4% and deposit growth registered a healthy increase of 17%, over December 2009 hitting a record mark of AED 100 bn. This was in line with our communicated strategy to progressively bring down the loans to deposit ratio which is currently at its lowest level at 120%, down from a high of 151% in March 2009.”

### Further analysis of ADCB’s Q3’10 results:

	Quarterly Trends					Year to Date		
	Q3’10	Q2’10	Q3’09	Q3’10 % Change		2010	2009	2010 Change
				Q2’10	Q3’09			YTD
Net interest Income	877	900	823	(3)	7	2,649	2,418	10
Non-interest income	574	310	421	85	37	1,283	1,151	11
Operating income	1,451	1,210	1,244	20	17	3,932	3,569	10
Operating expenses	(470)	(439)	(389)	7	21	(1,270)	(1,165)	9
Pre-provision profit	982	771	855	27	15	2,661	2,404	11
Net impairment allowances	(656)	(1,303)	(810)	(50)	(19)	(2,640)	(1,701)	55
Income tax	(1)	0	(1)	N/A	0	(2)	(3)	(33)
Net profit	325	(531)	44	N/A	639%	19	701	(97)
<b>Balance sheet highlights</b>	<b>Sep’10</b>	<b>June’10</b>	<b>Sep’09</b>	<b>QoQ % Change</b>	<b>YoY % Change</b>	<b>Sep’10</b>	<b>Dec’09</b>	<b>YTD % Change</b>
Total Assets	175,867	166,599	158,626	6	11	175,867	160,209	10
Gross Loans	125,990	123,918	119,314	2	6	125,990	120,843	4
Deposits	100,623	96,831	83,504	4	21	100,623	86,300	17
<b>Ratios</b>								
Tier I ratio (%)	11.5%	11.5%	14.3%	-	(280bps)	11.5%	12.4%	(9bps)
NIM	2.43%	2.56%	2.45%	(13bps)	(2bps)	2.53%	2.43%	10bps
EPS (AED)	0.04	(0.09)	(0.01)			(0.03)	(0.09)	

## Net profits

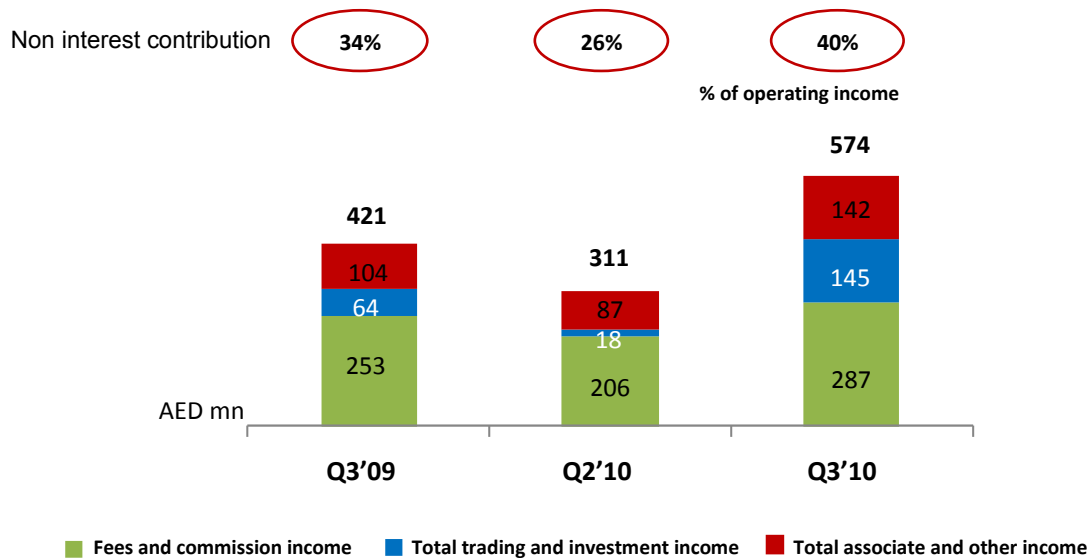
ADCB reported net profits of AED 325 mn in Q3'10 compared to a net profit of AED 44 mn in Q3'09.

## Total income and interest margins

Total operating income for Q3'10 reported an increase of 17% over Q3'09 and 20% over the previous quarter, reaching a record level of AED 1,451 mn.

## **Non-interest income**

This solid growth in total operating income was mainly due to a stronger contribution of non-interest income, which registered an increase of 37% over Q3'09 and 85% over Q2'10 reaching a record level of AED 574 mn for the quarter. Non-interest income for the quarter contributed to a healthy 40% of the total operating income compared to 34% in Q3'09 and 26% in Q2'10. This was primarily driven by significantly higher gains in total trading and investment income which amounted to AED 145 mn for the quarter, compared to AED 64 mn in Q3'09 and AED 18 mn in Q2'10. The increase in non-interest income was also due to higher net fees and commission income which reached AED 287 mn for the quarter, an increase of 14% over Q3'09 and 39% over Q2'10, mainly attributed to higher corporate banking fees. Income from ADCB's Malaysian subsidiary, RHB Capital Berhad, continued to be a solid contributor to the total operating income reaching AED 98 mn for the quarter.



## **Net-interest income**

Net interest income reported an increase of 7% over Q3'09 at AED 877 mn and a slight decline of 3% over Q2'10.

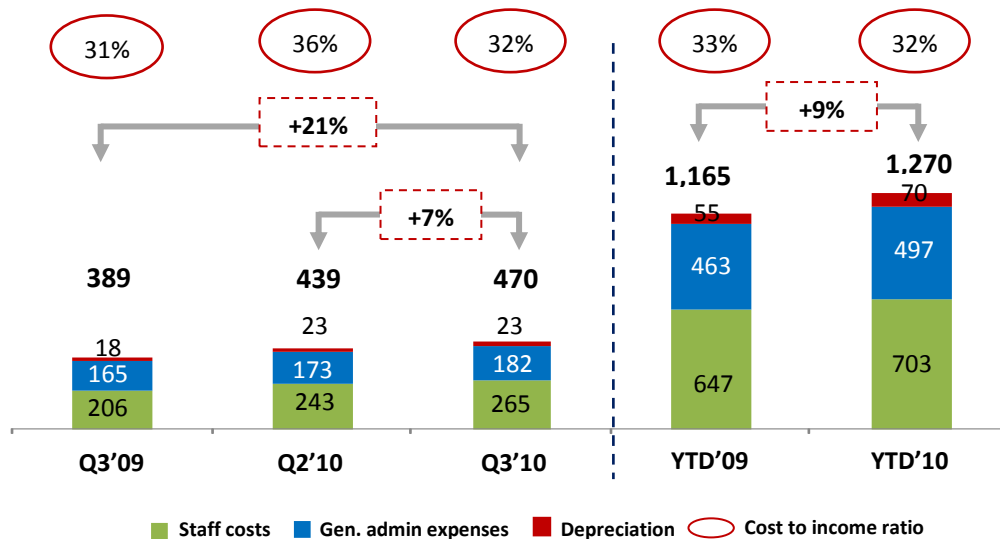
Net interest margin remained stable at 2.43% for the quarter compared to 2.45% in Q3'09 and registered a decline of 13 bps compared to Q2'10, due to higher cost of funds.

## Operating expenses

Operating expenses for the quarter reached AED 470 mn, an increase of 21% over Q3'09 and an increase of 7% over the previous quarter. Cost to income ratio declined to 32% from 36% in Q2'10.

Operating expenses for the first nine months of the year reached AED 1,270 mn, an increase of 9% year on year whilst cost to income ratio reported a slight decrease at 32% vs 33% over the same period last year.

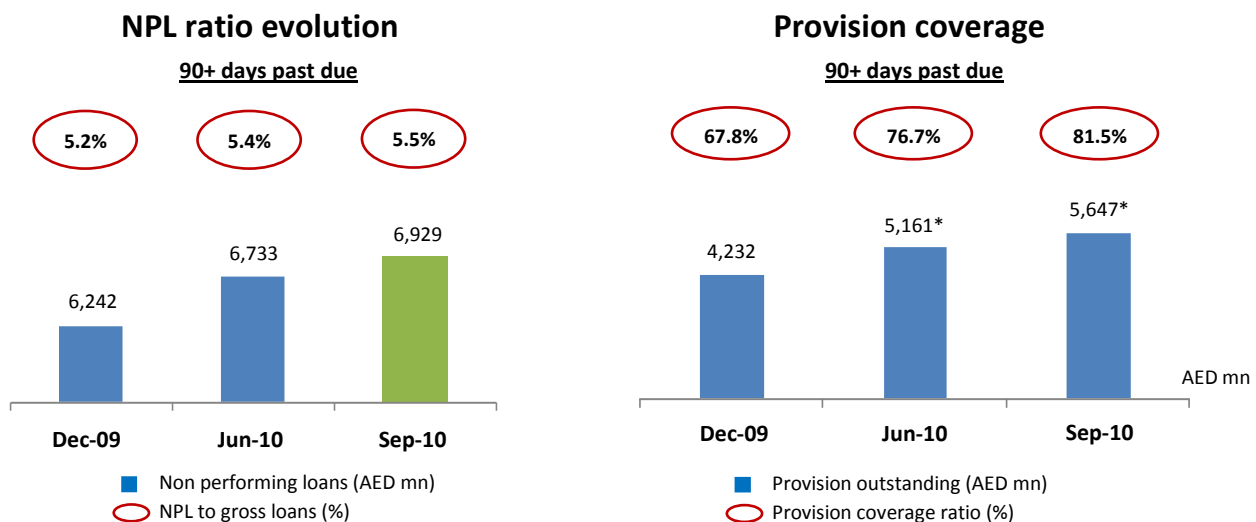
### Operating expenses continued



### Provision and impairment allowances

The net impairment allowances were AED 656 mn for Q3'10 and AED 2,640 mn for the first nine months of the year. Impairment allowance on doubtful loans, net of recoveries, amounted to AED 609 mn in Q3'10 and AED 2,296 mn year to date. The individual impairment provisions as at 30 September 2010 stood at AED 2,432 mn, while recoveries were at AED 169 mn. NPL ratio as at 30 September 2010 was 5.5% with provision coverage of 81.5% (excluding exposure to Dubai World).

Impairment allowances on investment securities were AED 5 mn in Q3'10 whilst impairment on the Bank's CDS portfolio was AED 42 mn.

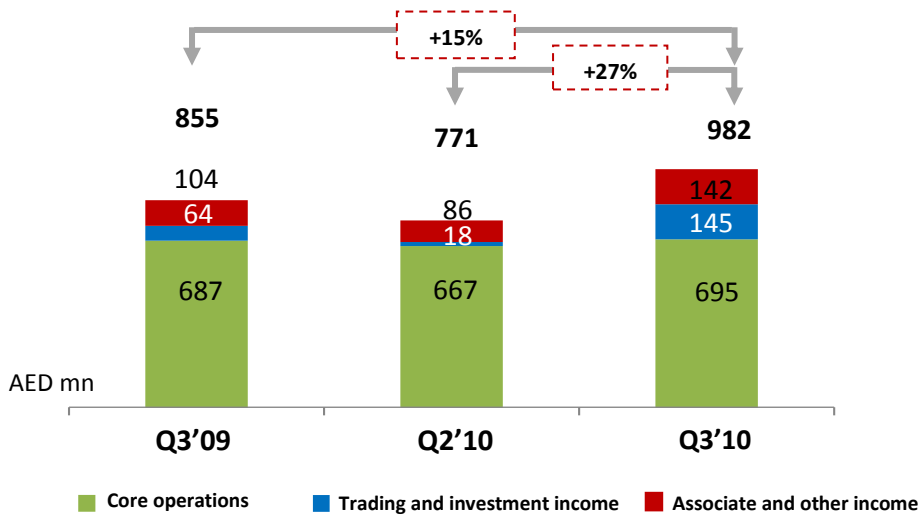


\* AED 5.6 bn provision includes AED 1.0 bn provision for restructured loans which are not treated as NPL for coverage ratio purpose

### Pre-provision profit

Operating profits before provisions reached record level in Q3'10 at AED 982 mn, an increase of 15% over Q3'09 and an increase of 27% over Q2'10. This was primarily driven by continued strong underlying performance of ADCB's core operations coupled with significant increases in trading and investment income, as well as healthy gains in associate and other income.

**Pre-provision profit continued**



**Assets**

Total assets reached AED 176 bn as at 30 September 2010, representing a controlled and focused growth of 10% over 31 December 2009. Net customer loans as at 30 September 2010 increased to AED 120.3 bn from AED 116.6 bn as at 31 December 2009, representing an increase of 3% whilst gross loans reached AED 125.9 bn from AED 120.8 bn as at 31 December 2009 representing an increase of 4%.

**Customer deposits**

Aggregated customer deposits were AED 100.6 bn as at 30 September 2010, representing an increase of 17% from AED 86.3 bn as at 31 December 2009.

**Ratios**

As at 30 September 2010, ADCB's loans to deposit ratio was 120% compared to 135% as at 31 December 2009 and the loans to stable resources ratio, as defined by the UAE Central Bank was 90%.

**Capital**

As at 30 September 2010, ADCB's capital adequacy ratio was 16.0% and the Bank's Tier I ratio stood at 11.5%.

**Awards**

ADCB received two awards in the first quarter of 2010 - in February 2010 ADCB won the World Finance Award (UK) for the best corporate governance in the UAE and in March 2010 won the Best Retail Bank in UAE and Best Retail Bank in the Gulf States Awards from the Asian Banker Excellence in Retail Financial Services Awards Programme.

In the second quarter of 2010, the following awards were won by ADCB. In April 2010, ADCB was awarded the Banker Middle East Product Awards 2010 for the BusinessEdge suite of products offered by the Small and Medium Enterprises (SME) Banking Division. In May 2010, ADCB won "The Best SME Bank in MENA" at the Banker Middle East Industry Award 2010 by CPI Financial, a leading financial media group, for the highest standards of innovation and excellence in banking and financial services.

In the third quarter of 2010, ADCB won The Best Consumer Internet Bank in the UAE by Global Finance Magazine at its 11th World's Best Internet Bank Awards.

## About ADCB:

ADCB was formed in 1985 and as at 30 September 2010 employed over 2,400 people from 45 nationalities, serving approximately 350,000 retail customers and over 23,000 wholesale clients in 50 branches including India. It is the third largest bank in the UAE and second largest in Abu Dhabi by assets, at AED 175.9 billion as at 30 September 2010.

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, Islamic products, project finance and property management services.

ADCB is owned 64.8% by the Abu Dhabi Government through the Abu Dhabi Investment Council. Its shares are traded on the Abu Dhabi Securities Market. As at 30 September 2010, ADCB's market capitalization was AED 11 bn.

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