

Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK PJSC REPORTS

NINE MONTH 2013 NET PROFIT OF AED 2,741 MN, UP 26% YoY

THIRD QUARTER 2013 NET PROFIT OF AED 920 MN, UP 47% YoY

Abu Dhabi, 23 October 2013 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the nine month period ended 30 September 2013 (“9M’13”).

Highlights

Net profit for Q3’13 was AED 920 mn compared with AED 626 mn, up 47% year on year

9M’13 vs. 9M’12 comparison

- Net profit up 26% at AED 2,741 mn compared with AED 2,182 mn
- Total operating income up 10% at AED 5,556 mn
- Interest expense* reduced 34% to AED 1,324mn
- Non-interest income up 33% at AED 1,470 mn
- Operating profit before impairment allowances up 11% at AED 3,882 mn
- Cost to income ratio improved to 30.1% compared with 30.9% for the same period last year
- Capital adequacy ratio at 21.14% and Tier I capital at 16.48% as at 30 September 2013
- The Bank bought back 364,528,504 ordinary shares at a total consideration of AED 1,656 mn in the 9 months period ended 30 September 2013, equivalent to 6.5% of the issued share capital. Under the approved programme, the Bank is entitled to buy back 10% of its paid up share capital

* Includes Islamic profit distribution

Commenting on the Bank’s performance, **Ala’a Eraiqat**, member of the Board and Chief Executive Officer said: “The Bank has delivered strong financial results for the first nine month period of 2013, delivering double digit growth in operating income and net profit, reinforcing our position as a leading bank in the UAE. Growth in revenue reflects ongoing customer demand for our products and services in a challenging and competitive environment, while we continue to pro-actively manage our cost base, in turn driving an improvement in our profitability. We continue to remain conservative in our provisioning approach, which resulted in a significant improvement in our provision coverage ratio from 82.2% as at 31 December 2012 to 105.1% as at 30 September 2013. On the back of improved market conditions, our asset quality has also improved, which is reflected in a lower NPL ratio of 4.6%. We remain confident that the Bank is well positioned for further strong and sustainable growth and we remain committed to follow our strategy to drive the Bank forward based on our strategic pillars which are; growth through a UAE-centric approach and controlled ‘internationalisation’, sustainability through liability growth, maintaining a culture of service excellence and efficiency, managing ADCB’s risks in line with a pre-defined risk strategy and attracting, developing, and retaining the best talent with incentives aligned with the strategic objectives.”

Deepak Khullar, Group Chief Financial Officer, commented on the results: “The strong performance of the Bank during the first nine months of 2013 demonstrates the strength of our franchise and network. Net profit for the nine month period was 26% higher and operating income was 10% higher over the same period previous year. Whilst the Bank continued to invest in its businesses, systems and people, year to date cost to income ratio improved to 30.1%. Gross customer loans and advances as at 30 September 2013 declined by AED 2.6 bn (2%) compared to 31 December 2012, primarily on account of a repayment of a loan of USD 2 bn in late September 2013. This has a negligible impact on our profitability but significantly reduces our concentration exposure. In the absence of this repayment, the Bank’s loan book grew by AED 4.8 bn (3.7%) in the nine month period. In the same period, the Bank’s retail portfolio grew across all products by AED 2.7 bn (15.4%) in an extremely competitive environment. Loan to deposit ratio reported a substantial improvement year to date at 107%. The Bank’s liquidity remains strong, as at 30 September 2013, the Bank was a net lender of AED 15 bn in the interbank markets. Whilst markets remain competitive, our business model, services and products combined with our strong balance sheet mean, we are confident that we can deliver on-going improvements in value for our customers and shareholders.”

Awards - 2013

- ‘Best Bank in Payments and Collections’ in the Middle East region and the ‘Best Bank in Trade Finance’ in the UAE by Global Finance Magazine.
- 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”.
- The Banker Middle East Product Awards 2013, “Best New SME Product”, “Best Trade Finance Offering” and “Best Cash Management”.
- Group Business Services Division achieved ISO 9001:2008 certification as recognition of the quality management system standard of the bank.
- World Finance Magazine, “The Best Corporate Governance - United Arab Emirates 2013”.
- Abu Dhabi Commercial Engineering Services (ADCE), a subsidiary of Abu Dhabi Commercial Bank (ADCB), was awarded ISO certification for its Environmental practices and OHSAS certification for its Occupational Health and Safety practices.
- The Banker ‘Deals of the Year’ 2013 Awards; Winner of Deal of the Year 2013: Middle East - Restructuring Category - Global Investment House Restructuring Deal, Winner of Deal of the Year 2013: Middle East - Islamic Finance Category Jebel Ali Free Zone Sukuk refinancing.
- Banker Middle East Industry Awards 2013; “Best Transaction Bank” and “Best Corporate Bank”.
- ‘Highly Commended for the Best Trade Bank in the Middle East and North Africa’ by Trade Finance Excellence Awards 2013.
- ‘Best Trade Bank in the Middle East – Silver’ by TFR Excellence Awards 2013.
- ‘Best Cash Management Bank in the UAE’ from Euromoney, as recognition to the bank’s commitment to providing innovative financial solutions to its clients.

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Further analysis of ADCB’s results as at 30 September 2013:

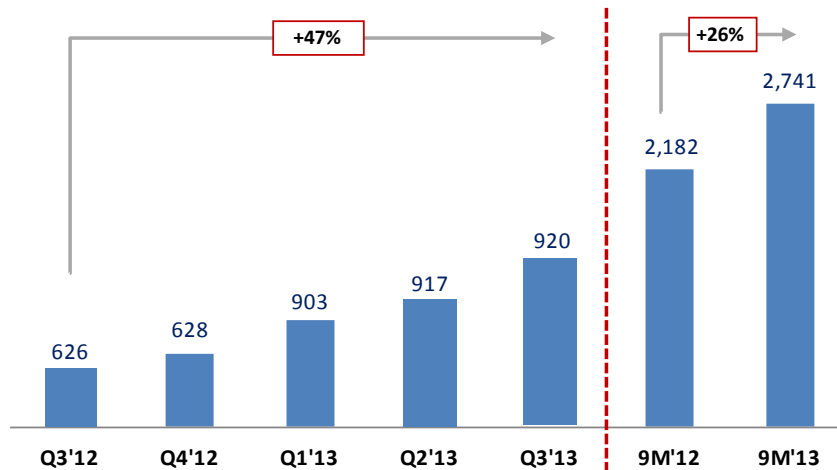
AED mn	9 month trend			Quarterly trend				
	9M’13	9M’12	Change % YoY	Q3’13	Q2’13	Q3’12	QoQ	YoY
Income statement highlights								
Total net interest and Islamic financing income	4,086	3,945	4	1,366	1,461	1,340	(6)	2
Non - interest income	1,470	1,108	33	454	531	331	(14)	37
Operating income	5,556	5,053	10	1,821	1,991	1,671	(9)	9
Operating expenses	(1,674)	(1,559)	7	(591)	(565)	(516)	4	14
Operating profit before impairment allowances	3,882	3,494	11	1,230	1,426	1,155	(14)	6
Net impairment allowances	(1,137)	(1,308)	(13)	(308)	(507)	(529)	(39)	(42)
Overseas income tax expense	(5)	(4)	31	(2)	(2)	0	4	NM
Net profit for the period	2,741	2,182	26	920	917	626	0	47
			Change bps				Change bps	Change bps
ROE (%)	15.7	13.3	240	15.5	17.4	9.9	(190)	560
ROA (%)	1.75	1.37	38	1.71	1.96	2.07	(25)	(36)
			Change AED				Change AED	Change AED
EPS (AED)	0.43	0.34	0.09	0.14	0.16	0.09	(0.02)	0.05
Balance sheet highlights	Sept’13	Sept’12	Change %	Sept’13	June’13	Dec’12	QoQ Change %	YTD Change %
Total assets	174,683	182,253	(4)	174,683	175,453	180,796	(0)	(3)
Net Loans	120,220	123,777	(3)	120,220	125,410	123,195	(4)	(2)
Deposits from customers	112,022	108,962	3	112,022	111,399	109,217	1	3
Ratios (%)			Change bps				Change bps	Change bps
CAR	21.14	22.53	(139)	21.14	20.96	23.05	18	(191)
Tier I ratio	16.48	16.22	26	16.48	16.35	17.47	13	(99)
LTD	107.32	113.60	(628)	107.32	112.58	112.80	(526)	(548)

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 30 September 2013.

Net profit

- Net profit for the first nine month of 2013 was AED 2,741 mn compared with AED 2,182 mn in 9M’12, an increase of 26% year on year. Net profit for the quarter reached AED 920 mn compared with AED 626 mn in Q3’12, an increase of 47% year on year.

Net profit (AED mn)

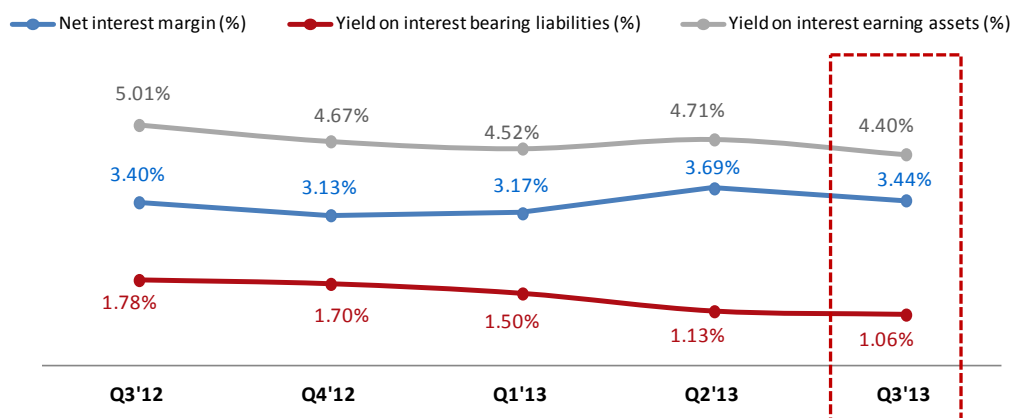


Total operating income

- Total operating income for the first nine months of 2013 was AED 5,556 mn, an increase of 10% year on year. On a quarterly basis, total operating income in Q3'13 was AED 1,821 mn, an increase of 9% over Q3'12 primarily on account of higher non – interest income.
- Total net interest and Islamic financing income for the first nine months of the year in 2013 was AED 4,086 mn, an increase of 4% over 9M'12 and on a quarterly basis, it was reported at AED 1,366 mn, an increase of 2% year on year. Interest expense in 9M'13 was 34% lower year on year and on a quarterly basis (Q3'13) 40% lower over Q3'12, which was mainly driven by increased CASA volumes and lower EIBOR. As at 30 September 2013, CASA* deposits comprised 42% of total customers deposits, compared to 33% as at 31 December 2012. Net interest margin in Q3'13 was 3.44% and cost of funds was reported at lowest level at 1.06%.
- Non-interest income for the first nine months of 2013 was at AED 1,470 mn, an increase of 33% over 9M'12. On a quarterly basis, at AED 454 mn, non-interest income was up 37% year on year. Higher non-interest income was primarily attributed to the gains arising on retirement of financial liabilities and related hedges on the repayment of the Tier 2 loan and higher net trading income. Net fees and commission income increased 3% over 9M'12 and for the quarter, increased 31% over Q3'12. Non-interest income in 9M'13 was 26% of total operating income compared to 22% in 9M'12.

* includes Islamic CASA deposits

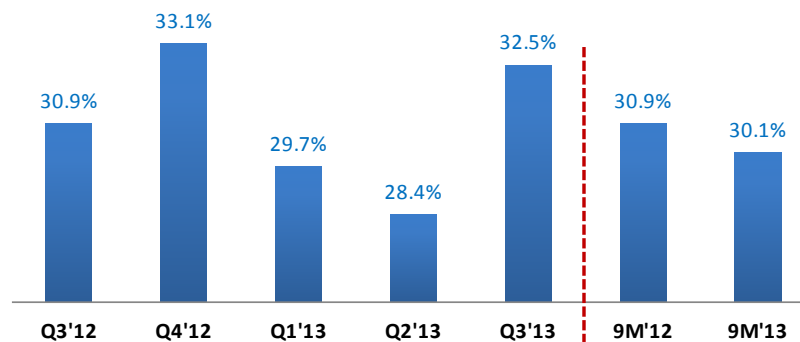
Evolution of yields



Cost to income ratio

- Operating expenses totaled AED 1,674 mn in the first nine months of 2013, 7% higher compared to the corresponding period in 2012. Cost to income ratio improved to 30.1% in 9M'13 compared with 30.9% in 9M'12, as increased top line momentum offset higher operating expenses.

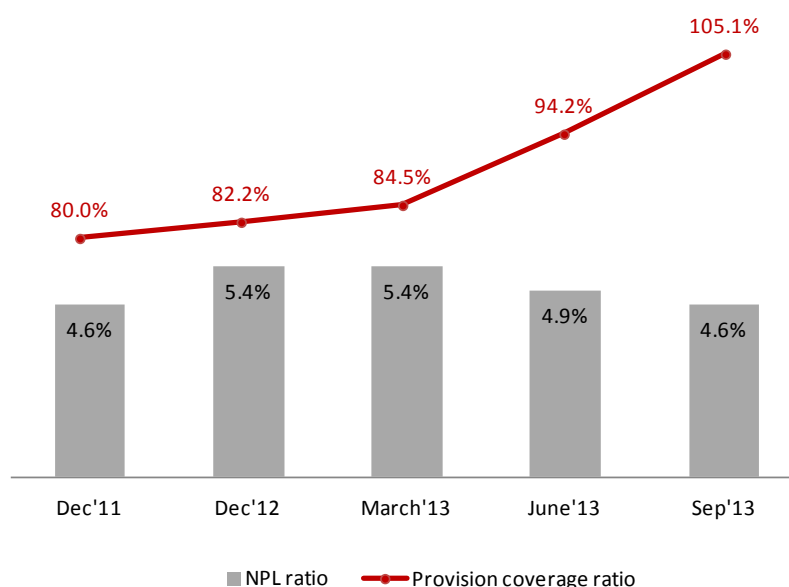
Cost to income ratio



Asset quality

- As at 30 September 2013, NPL ratio improved to 4.6% from 5.4% as at 31 December 2012 and provision coverage ratio improved significantly to 105.1% compared with 82.2% as at 31 December 2012.
- Portfolio impairment allowance balance was AED 2,546 mn and 1.94% of credit risk weighted assets as at 30 September 2013. Individual impairment balance was AED 4,309 mn as at 30 September 2013.
- Impairment allowance for the first nine months of 2013 was 13% lower at AED 1,137 mn compared to the same period last year. Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 1,164 mn in 9M'13 compared to AED 1,279 mn in 9M'12.

NPL and provision coverage ratios*



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

Total assets

- Total assets were AED 175 bn, 3% lower year to date, primarily on account of lower acceptances.
- Gross customer loans and advances as at 30 September 2013 declined by AED 2.6 bn (2%) compared to 31 December 2012, primarily on account of a repayment of a loan of USD 2 bn in late September 2013. This has a negligible impact on profitability but significantly reduces concentration exposures. In the absence of this repayment, the bank's loan book grew by AED 4.8 bn (3.7%) in the nine month period.
- In the same period, the bank's retail portfolio grew across all products by AED 2.7 bn (15.4%).
- 96% of gross loans were within the UAE, in line with the Bank's UAE centric strategy.
- Investment securities portfolio increased to AED 20 bn compared with AED 19 bn as at 31 December 2012, an increase of 5% mainly attributable to bonds invested in the UAE. 98.3% of the portfolio was invested in bonds issued by government, public sector, banks and financial institutions providing a liquidity pool for the Bank.

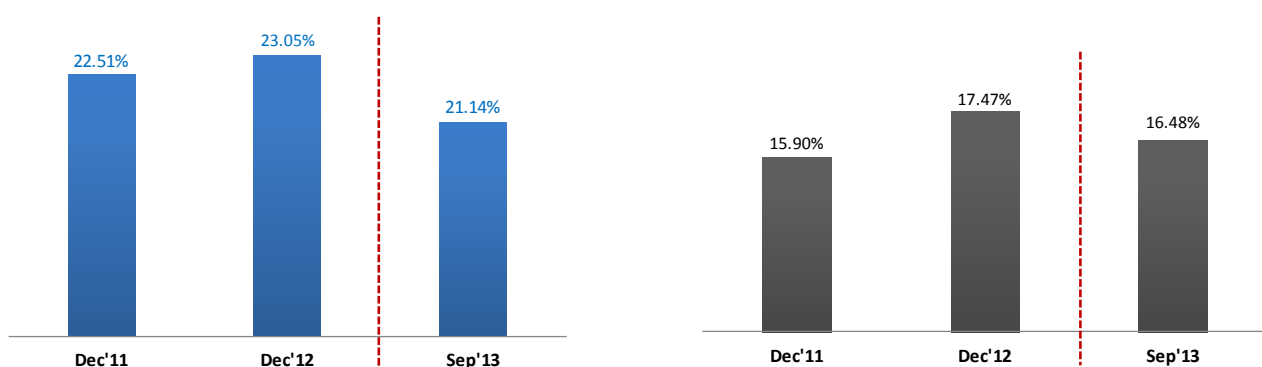
Customer deposits/Loan to deposit ratio

- Customer deposits were AED 112 bn, representing an increase of 3% over 31 December 2012.
- Loan to deposit ratio reported a substantial improvement at 107.3%, compared with 112.8% as at 31 December 2012. Loans to stable resources ratio was 85% compared with 86% as at 31 December 2012.

Capital adequacy and liquidity ratios

- As at 30 September 2013, the Bank bought back 364,528,504 ordinary shares at a total consideration of AED 1,656 mn, equivalent to 6.5% of the issued share capital. The Bank continues to focus on maintaining an efficient capital level. As at 30 September 2013, total capital adequacy ratio was reported at 21.14% compared with 23.05% as at 31 December 2012, above the minimum requirement of 12% determined by the Central Bank. The decline in CAR was mainly on account of the share buyback and increase in risk weighted assets.
- The Bank's Tier I ratio stood at 16.48% compared with 17.47% as at 31 December 2012, above the minimum requirement of 8% determined by the Central Bank. In the first half of 2013, the Bank repaid AED 6.7 bn from the Ministry of Finance, substituting this with attractive pricing from the wholesale markets.
- As at 30 September 2013, the Bank's liquidity ratio was 25.2% compared with 22.3% over the corresponding period in 2012.

CAR and Tier I ratios



About ADCB:

ADCB was formed in 1985 and as at 30 September 2013 employed over 3,000 people from 56 nationalities, serving over 500,000 retail customers and approximately 40,000 wholesale clients in 50 branches, 3 pay offices in the UAE and 2 branches in India and 1 branch in Jersey. It is the fourth largest bank in the UAE and third largest in Abu Dhabi by assets, at AED 175 bn as at 30 September 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, currency, derivative 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 30 September 2013, ADCB's market capitalisation was AED 26 bn.

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