

PRESS RELEASE

For Immediate Release

ADCB announces results for 2008, AED4 billion bond issue to Government of Abu Dhabi and new Chief Executive Officer

ADCB announces net profit of AED 1.36 billion for 2008. Total income up 16%. ADCB also announces AED4 billion bond issue to Government of Abu Dhabi and new Chief Executive Officer

Abu Dhabi, 4 February, 2009: ADCB today announced a net profit of AED 1.36 billion for the year ended December 31, 2008, an AED 4 billion bond issue to the Government of Abu Dhabi and the appointment of a new Chief Executive Officer.

2008 results

The total income of ADCB for 2008 was AED 4.42 billion, an increase of 16% over 2007. Operating profit before provisions grew 3.6%, and core profits, excluding extraordinary items and before provisions, increased 7%. Total assets grew by 39% with net loans and advances and customer deposits growing by 44% and 48% respectively. Non interest income now comprises 43% of total income up from 40% in 2007 on the back of all round growth in fee, commissions FX and derivative income. FX and derivative income of AED410mn grew 100% over the previous year while core fee and commissions grew by 12%.

The net profit for the year of AED 1.36 billion was conservatively arrived at and reflects increased general provisions in accordance with Central Bank's guidance (particularly Circular 204/2009) to all banks to maintain prudence in the preparation of their 2008 financial statements. In line with this guidance, ADCB has included general provisions of AED 1.296 billion out of total provisions of AED 1.498 billion. Of these provisions, loan provisions amount to AED 0.758 billion and investment provisions amount to AED 0.740 billion. The general provisions are expected to cover potential loan and investment impairments taking into account uncertainties arising from the economic environment.

The Bank's capital adequacy ratio remained at 11.6% at year end. Capital and reserves including the convertibles are at AED15.9bn up 40% over the previous year.

Non-performing loans were AED 1.26 billion at the end of 2008 or 1.13% (1.38% for 2007) of total loans, an improvement over year end 2007 and the lowest ratio ever between non-performing loans and gross loans. This improvement is despite the bank changing its NPL classification from 180 days past due to 90 days past due in line with Central Bank directives on Basel-II. Total provisions, excluding collateral values, now stand at 158% (109% for 2007) of NPLs. Total collective provisions now constitute 0.96% of total performing loan.

H. E. Eissa Al Suwaidi, Chairman of ADCB, added that “The provisions included in the 2008 accounts are a prudent measure in line with the guidance issued by the Central Bank. Although these provisions reduce the Bank’s net profits for 2008, they should ensure that the Bank remains stable during 2009 to withstand the turmoil continuing in the international markets. The core businesses of the Bank continued to perform well in 2008.”

The Board of ADCB recommended that the Bank pay cash dividends equivalent to 10% of its capital (AED 4,810,000)

According to the Central Bank’s directives to all UAE Banks, ADCB’s 2008 results remain subject to Central Bank approval.

Bond issue

In response to the Government of Abu Dhabi’s initiative to inject additional capital into certain Abu Dhabi financial institutions, ADCB announced that it will issue Tier 1 capital notes to the Government of Abu Dhabi, with a principal amount of AED 4 bn (the “Notes”). The issuance of the Notes has been approved by ADCB’s board of directors on 4 February.

The Notes will bear interest at a rate of 6% per annum payable semi-annually in arrear from (and including) the issue date for a period of five years, and thereafter at a floating rate, reset and payable semi-annually in arrear, reflecting the initial margin. The Notes are non-voting, non-cumulative perpetual securities, and are callable subject to certain conditions.

ADCB’s Chairman, Eissa Al Suwaidi, commented as follows: “This subscription for Tier I capital by the Government of Abu Dhabi is a strong statement of support to ADCB, Abu Dhabi banks and the Abu Dhabi economy. The Bank’s Tier I capital will improve to 14.7%, which leaves ADCB well positioned for 2009.”

New CEO

The Bank also announced the resignation of Eirvin Knox as the Bank’s Chief Executive Officer and his replacement by Ala’a Eraiqat, formerly the Bank’s Deputy Chief Executive Officer.

On behalf of the Bank’s Board of Directors, the Bank’s Chairman, H.E. Eissa Al Suwaidi said “The Board expresses its gratitude to the departing CEO, particularly for the many accomplishments of the Bank during his tenor. The Board now gives its full support and backing to Mr Eraiqat, the new Chief Executive Officer.”

The new CEO stated that “revenue momentum has been sustained despite tightening of liquidity and credit in the local market and severe turmoil in international financial markets in the latter half of 2008. The 16% increase in ADCB’s total income reflects our significant investment in core businesses and products over the past few years. Moving to 2009, the Bank’s strong revenue momentum, increased control of costs, prudent general provisions of AED 1.296 billion should and bond issue announced today place ADCB in a strong and stable position. The Bank remained well capitalised at year end, and capitalisation will improve further as a result of the bond issue.”

In addition, Mr Eraiqat expressed his humble gratitude to the Bank’s Board for placing its confidence in him and expressed his dedication in taking the Bank forward.

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.

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

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