

Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK PJSC REPORTS
FULL YEAR 2012 NET PROFIT OF AED 2,810 MN,
RECOMMENDS CASH DIVIDEND OF 25% (Subject to Central Bank approval)

Abu Dhabi, 30 January 2013 – Abu Dhabi Commercial Bank PJSC (“**ADCB**” or the “**Bank**”) today reported its financial results for the year ended 31 December 2012 (“FY’12”), subject to approval by the UAE Central Bank.

Annual financial highlights

- Net profit of AED 2,810 mn compared with AED 3,045 mn in FY’11. FY’11 included AED 1,314 mn non-recurring gain on the sale of ADCB’s stake in RHB Capital Berhad in June 2011. Excluding the non-recurring gain, on a comparable basis, ADCB’s net profit for FY’12 was up 62% over 2011
- Total operating income at AED 6,595 mn, up 9%
- Operating expenses were maintained flat with cost to income ratio improved to 31.4% from 33.1% in FY’11
- Operating profit before impairment allowances at AED 4,526 mn, up 13%
- Net impairment allowance at AED 1,710 mn and provision coverage improved to 82.2% from 80.0% in FY’11
- Capital adequacy and Tier I ratios significantly improved to 23.05% and 17.47% compared to 22.51% and 15.90% respectively in FY’11

Commenting on the Bank’s strong performance, **Eissa Al Suwaidi**, Chairman of ADCB said “We are pleased to report a net profit of AED 2,810 mn. While the economic conditions remained challenging, excluding the non-recurring gain, ADCB’s net profit in 2012 was up 62% compared to AED 1,731 mn as at 31 December 2011. Our strategic pillars and business model provide a solid foundation to implement our objectives and have enabled us to generate steady returns in 2012.

We remain focused on maximising shareholder value and the Board of Directors has recommended a 25% cash dividend of AED 1.4 bn, equivalent to 50% of net profit. As per the Bank’s normal dividend distribution strategy of 20%, the additional 5% represents a special pay out as a result of the Bank’s strong capital base and financial performance in 2012.

I would also like to highlight our ongoing efforts to attract, train and retain high caliber national talent across all levels of the Bank and we are proud of the fact that 41% of our staff are UAE nationals.

We remain committed to corporate social responsibility and it is an inseparable part of our operations that helps us to accomplish sustainable business success. We have gone over and above the MOU signed with the UAE Nationals Defaulted Debts Settlement Fund and in 2012, the Bank waived 100% of receivables from debt-burdened nationals which totaled AED 22.7 mn for 184 UAE nationals.

We reaffirm our commitment to contribute to the development of the UAE Banking Sector and on behalf of the Board, I would like to extend our most sincere appreciation and gratitude to His Highness Sheikh Khalifa Bin Zayed Al Nahyan, the UAE President and Ruler of Abu Dhabi, to His Highness Sheikh Mohamed Bin Zayed Al Nahyan, Abu Dhabi Crown Prince and Deputy Supreme Commander of the UAE Armed Forces, to His Highness Sheikh Mansour Bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Presidential Affairs, and the UAE Central Bank for their continued support for ADCB and the future development of the UAE economy. I would also like to extend my gratitude and appreciation to our shareholders, valued customers and the ADCB executive management team and employees.”

Ala'a Eraiqat, Member of the Board and Chief Executive Officer commented on the results;

"We are pleased with the steady growth in our operating income and sustainable profitability in 2012. I would like to highlight our main achievements in 2012 below:

- Continued to focus on maintaining a strong and conservatively positioned balance sheet driven by our strategy, which resulted in an improvement of our loans to deposit ratio from 114.27% in 2011 to 112.80% as at 31 December 2012.
- While subdued economic conditions persist, with average loan growth year on year reported at 2.6%¹ across all banks in the UAE and GDP growth projections² for UAE reported at 4.0% in 2012 and 2.6% in 2013, our loan book was stable and we continued to deliver strong operating performance, with operating income up 9% in 2012. Net interest income was up 11% driven primarily by an increase in the investment portfolio and cost of funds decline of 33 bps from 2.15% in 2011 to 1.82% in 2012.
- In addition to encouraging top line growth, a significant achievement of 2012 was the substantial improvement in our cost to income ratio. Operating expenses were held flat as a result of our improved operating efficiency and dedicated approach to pro-active cost management. This was achieved through aggressive sourcing initiatives and demand management, which resulted in a 170 bps improvement in our cost to income ratio year on year from 33.1% to 31.4% in 2012.
- As at 31 December 2012, our collective loan impairment allowance balance was AED 2,257 mn and 1.76% of credit risk weighted assets, in excess of the UAE Central Bank Directive for banks to increase the level of collective provisions to 1.50% of credit risk weighted assets by 2014.
- Non-performing loan ratio was 5.4% compared to 4.6% as at 31 December 2011 and provision coverage improved to 82.2% compared to 80.0% as at 31 December 2011. Additionally, overdue but not impaired loans showed a significant decline of 61% to AED 4 bn (AED 10 bn as at 31 December 2011) and total impairment charges were 29% lower year on year in 2012.
- The Bank's continued improving financial fundamentals resulted in Moody's upgrading its outlook on ADCB, from negative to stable in April 2012, while other external ratings were retained and reaffirmed.
- The Bank has strong liquidity and was a net lender of AED 15 bn in the interbank markets as at 31 December 2012. We remain well capitalised at 23.05% and Tier I ratio improved significantly to 17.47% from 15.90% as at 31 December 2011. As at 31 December 2012, our liquidity ratio was 24.0% compared to 22.1% in 2011. Investment securities portfolio increased to AED 19 bn from AED 15 bn as at 31 December 2011, 99% of the portfolio was invested in bonds and government securities providing a liquidity pool for the Bank.
- Our funding structure remained well diversified. In 2012, investors demonstrated continued good appetite for ADCB's issuances, successfully executing its longest issuance (25 year) and tapping issuances in Swiss Francs and Chinese Renminbi despite turbulent international and local market conditions.

As we enter the new year, I would like to highlight a few initiatives currently underway:

- In April 2012, the Bank's shareholders approved a buyback of 10% of the bank's outstanding shares. I am pleased to inform you that the Central Bank of the UAE and ESCA have recently approved this request and we are proceeding as per their Directives.
- We continue to invest in new businesses and I am pleased to advise that we received a licence from the Insurance Authority to set up a Takaful insurance company which we aim to launch in 2013.
- Over the last two years we have added AED 3.6 bn in retained earnings before payment of interest on capital notes which has resulted in strong improvement in our Tier I capital ratios, and we are considering options of reducing the Tier-II loan from the Ministry of Finance with alternative sources of funding and improving our profitability.

I would also like to highlight that, in line with our current provisioning policies, the bank continues to reassess historical loss history, probability of default and loss given default in various portfolios at each reporting period and we remain prudent in building adequate provisions based on our experiences in the portfolio and current economic conditions.

We remain confident and continue to focus on our strategic objectives and take advantage of future improvements to capitalise on value-adding opportunities for our shareholders and to contribute to the UAE economy as a whole.”

¹Source: UAE Central Bank, UAE monthly banking indicators, November 2012

² Source: IMF estimates

The Board meeting was also attended by Gerry Grimstone, who was recently appointed as adviser to the Board of Directors.

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Detailed analysis of ADCB’s full year and fourth quarter results:

AED mn	Full year			Quarterly trends			Q4'12 % Change	
	FY'12	FY'11	% Change	Q4'12	Q3'12	Q4'11	QoQ	YoY
Income statement highlights								
Total net interest and Islamic financing income	5,207	4,682	11	1,298	1,331	1,386	(2)	(6)
Non - interest income	1,388	1,387	0	312	301	237	4	32
Operating income	6,595	6,069	9	1,610	1,632	1,623	(1)	(1)
Operating expenses	(2,069)	(2,063)	0	(510)	(516)	(548)	(1)	(7)
Operating profit before impairment allowances	4,526	4,006	13	1,100	1,115	1,075	(1)	2
Net impairment allowances	(1,710)	(2,398)	(29)	(402)	(529)	(550)	(24)	(27)
Share of (loss)/profit of associates	-	159	-	(16)	9	(9)	NM	NM
Net gain on sale of investment in associate	-	1,314	-	-	-	-	-	-
Overseas income tax expense	(6)	(36)	(84)	(2)	0	(2)	NM	1
Net profit for the period	2,810	3,045	(8)	680	595	514	14	32
Balance sheet highlights	Dec'12	Dec'11	YoY % Change	Dec'12	Sep'12	QoQ % Change		
Total assets	180,796	183,726	(2)	180,796	181,891	(1)		
Net loans	123,195	124,755	(1)	123,195	123,777	(0)		
Deposits from customers	109,217	109,171	0	109,217	108,988	0		
Ratios	Dec'12	Dec'11	YoY bps change	Dec'12	Sep'12	QoQ bps change		
CAR (%)	23.05	22.51	54	23.05	22.53	52		
Tier I ratio (%)	17.47	15.90	157	17.47	16.22	125		
LTD (%)	112.80	114.27	(147)	112.80	113.57	(77)		

Business overview:

Wholesale Banking Group:

2012 saw strong evidence of ADCB's investment in our Cash Management business, through people, service and technology platform, pay off. We won 80 new mandates from Government and Corporate clients across the UAE (more than double 2011) which led to a 28% increase in client Current Account balances and increased CASA granularity. ADCB was awarded 3rd position in EuroMoney's cash management survey of the MENA Region, the highest of any Regional bank.

Lending to the SME community for working capital and business investment purposes grew strongly in 2012 with approved credit facilities to SMEs increasing 90% over the prior year. We continue to grow our SME client base and are

focused at providing additional services and financing to SMEs. We expect to continue to grow market share among Mid-sized and SME clients over the next few years, thanks to the major investment we have made in our teams, products and service. ADCB continues to win awards in Corporate Banking including Best Corporate Bank in UAE 2012 and Best Transaction Bank in UAE 2012 by Banker Middle East and Best Trade Bank in UAE by Global Finance.

Internationally, ADCB complemented our highly successful alliance with Bank of America Merrill Lynch with the signing of alliances with Kookmin Bank (of Korea) and Banco Santander enabling coverage and connectivity with key trade and investment markets for the UAE. Our branches in India also delivered a strong performance under new leadership as we leverage cross border financial flows between the UAE and India.

ADCB's investment banking business had its best ever year leading transactions in the structured finance and debt capital markets. Landmark transactions led by ADCB include the Dolphin Energy bond issue, the JAFZ sukuk and the innovative restructuring of debt for Global Investment House. The bank continued to play a key role in supporting the national development and infrastructure goals of the UAE through the provision of funding of key projects by Government and Government related enterprises, both in debt and capital market transactions and bilaterally, together with the delivery of other banking services to support the operational requirements of these critical clients.

Consumer Banking Group:

In 2012, ADCB continued its customer centric philosophy by breaking convention and pursuing game-changing initiatives. Significant investments were made in refinement of key customer interaction points and development of performance and operational standards. The customer on-boarding process was redesigned resulting in simpler documentation and significant improvement in turn-around times. ADCB also continued to offer its pioneering free banking services in 2012, reinforcing its commitment to ethical banking practices.

The customer value proposition was also improved with the introduction of new products - Mobile Internet Banking and Mobi. Mobi is a first-of-its-kind payment mechanism in the world, which is cash-less, card-less & even phone-less. The mobile banking application was launched for Iphone in Q4 2012 with over 12,000 downloads within a month of the launch. Mobile banking services range from account/credit card enquiry to bill payments and money transfers. In addition, offshore banking proposition based in Jersey was expanded to include investment custody services. Jersey Branch customers benefit from the convenience that comes with the onshore account and will continue to have one Relationship Manager with facility to transfer funds instantly from onshore account in UAE to Jersey.

Overall Consumer Banking customer acquisition grew by 38% with significant contribution from Islamic Banking. Our distribution network was also further strengthened with the addition of 3 new branches and 30 ATMs in 2012.

Treasury & Investments:

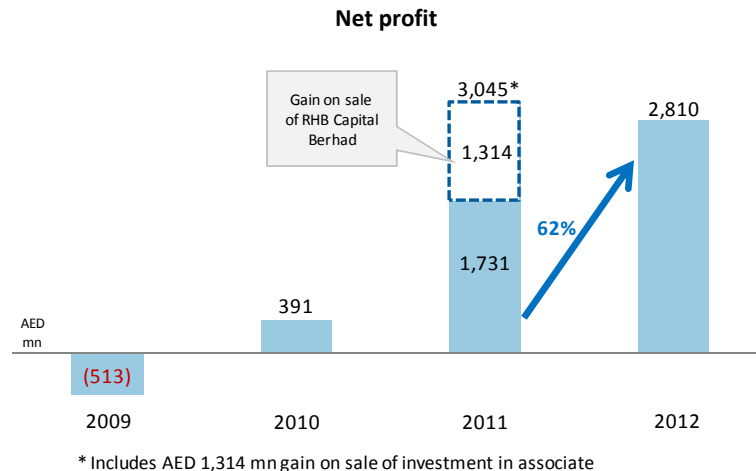
Treasury & Investments successfully managed turbulent international and local market conditions with new record income, sustained liquidity levels and capital strength. This was re-affirmed during the year by the fact that ADCB Treasury was able to make significant inroads in diversifying its client base by widening its coverage regionally. In 2012, ADCB completed its longest issuance (25 year) and tapped issuances in Swiss Franc & Chinese Renminbi. ADCB also successfully implemented internationally recognized, state of the art balance sheet management technology to further elevate ADCB's asset & liability and liquidity management capabilities and to remain consistent with Basel III regulations and principles.

ADCB Treasury continues to be a premier provider of both Islamic and Conventional financial markets products and solutions. Treasury works cohesively with ADCB Consumer and Wholesale Banking to develop and deliver both investment and risk management products to satisfy the needs of the Bank's broader client base.

Financial review

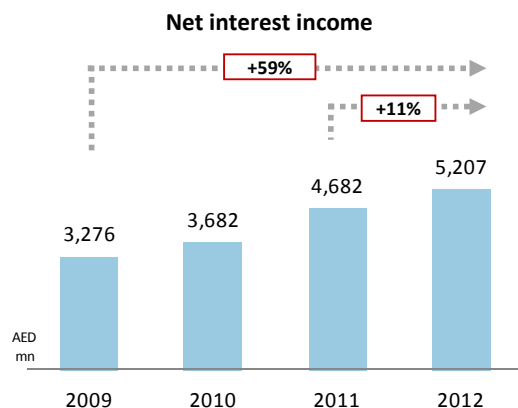
Net profit:

- The Bank reported a net profit of AED 2,810 mn compared to AED 3,045 mn in FY'11. FY'11 net profit included AED 1,314 mn gain on the sale of ADCB's stake in RHB Capital Berhad in June 2011. On a comparable basis, excluding the non-recurring gain, net profit was up 62% over 2011 at AED 1,731 mn. Net profit for Q4'12 reached AED 680 mn compared to AED 595 mn in Q3'12 and AED 514 mn in Q4'11, an increase of 14% and 32% respectively.
- Basic earnings per share was AED 0.45 compared to AED 0.51 reported in FY'11 (Excluding the net gain on sale of investment in associate, EPS was AED 0.27 in FY'11).
- ROE was reported at 13.0% and ROAA at 1.37% compared to 16.7% and 1.56% respectively in FY'11. (Excluding the net gain on sale of investment in associate, ROE and ROAA from normal operations were 8.9% and 0.83% respectively in FY'11).

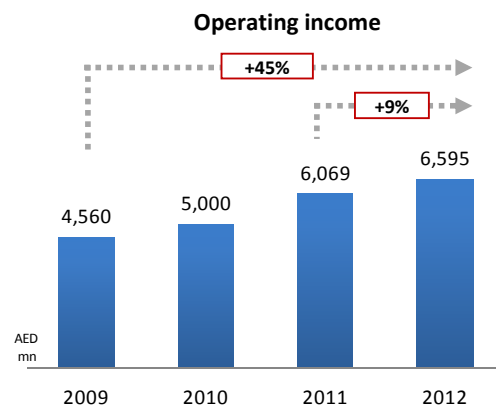


Operating income:

- Operating income in FY'12 reached AED 6,595 mn, a record for the Bank, representing a strong growth of 9% over FY'11. Operating income in Q4'12 remained steady at AED 1,610 mn.
- Total net interest and Islamic financing income in FY'12 was reported at AED 5,207 mn, a record for the Bank and reported an increase of 11% over FY'11. This was mainly driven by an increase in the investment portfolio and the Bank's continued improved funding profile. Year on year, interest expenses were 13% lower and cost of funds reported an improvement of 33 bps at 1.82% in FY'12. Net interest margin improved to 3.28% in FY'12 compared to 3.10% previous year.
- Non-interest income for the year remained stable at AED 1,388 mn. Net fees and commission income for the year reported an increase of 5% over FY'11 at AED 940 mn, whilst net trading income was 10% lower at AED 303 mn.

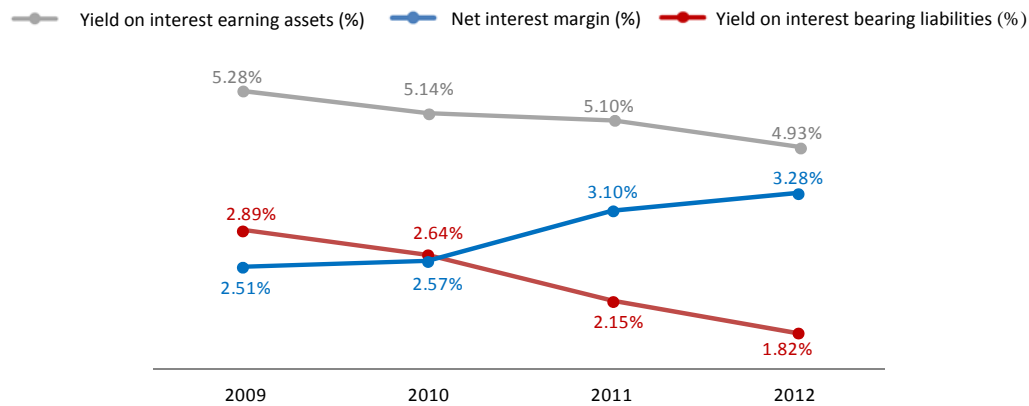


* Includes income from Islamic financing and Islamic profit distribution



* Excludes share of profit of associates

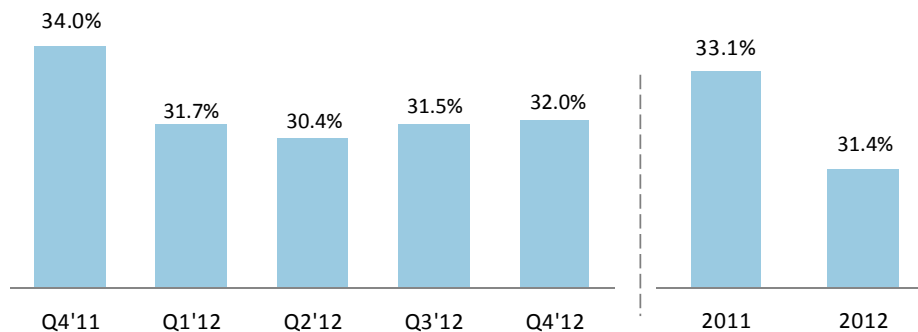
Evolution of yields



Operating expenses and cost to income ratio:

- The Bank's proactive and aggressive cost targeting and demand management strategy in 2012 resulted in a significant improvement in cost to income ratio from 33.1% to 31.4% year on year. Operating expenses were successfully maintained flat at AED 2,069 mn in FY'12. In Q4'12, cost to income ratio reported an improvement of 200 bps year on year at 32.0%.

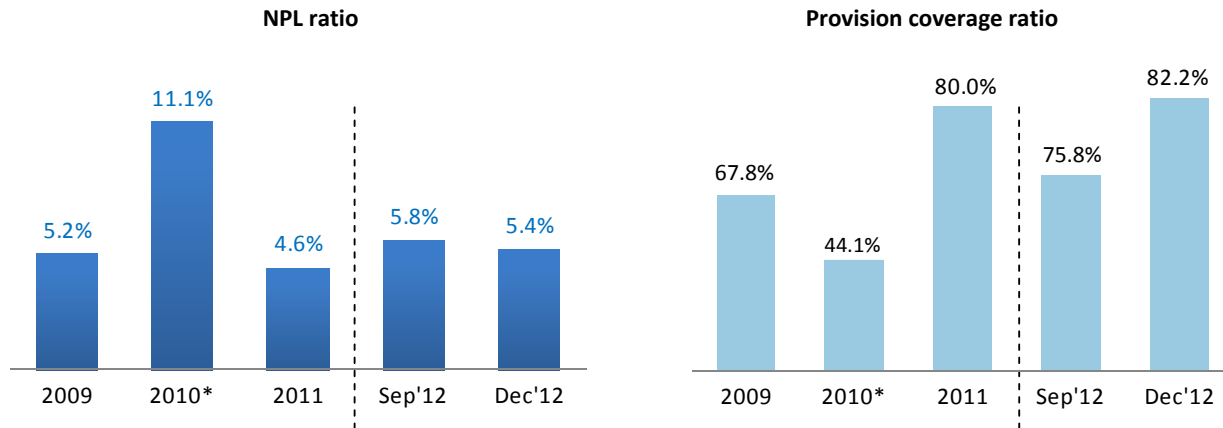
Cost to income ratio*



* Operating income for the purpose of calculating C:I ratio includes share of profit of associates but excludes net gain on sale of investment in associate

Asset quality:

- As at 31 December 2012, overdue but not impaired loans were 61% lower at AED 4,010 mn compared to AED 10,202 mn. Non-performing loans totaled AED 6,939 mn, compared to AED 6,025 mn in FY'11.
- As at 31 December 2012, the non performing loan ratio was 5.4% compared to 4.6% as at 31 December 2011 and provision coverage ratio improved to 82.2% as at 31 December 2012 from 80.0% in 31 December 2011.
- In 2012 the net impairment allowance charge was AED 1,710 mn, 29% lower compared to FY'11. Provision for loans and advances were AED 1,691 mn (net) compared to AED 2,082 mn (net) in FY'11, 19% lower. Provisions for the funded and unfunded investment portfolios totaled a net write back of AED 3 mn compared to AED 258 mn charge in FY'11. FY'12 impairment allowance charge also included AED 21 mn on property and equipment compared to AED 57 mn in FY'11.
- Portfolio impairment allowance balance was AED 2,257 mn and 1.76% of credit risk weighted assets as at 31 December 2012. A UAE Central Bank directive requires banks to increase the level of collective provisions to 1.50% of credit risk weighted assets by 2014. At year end, individual impairment balances stood at AED 4,207 mn.
- Cost of risk reported an improvement of 53 bps at 1.20% compared to 1.73% in FY'11.



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

* Includes Dubai World exposure

Assets:

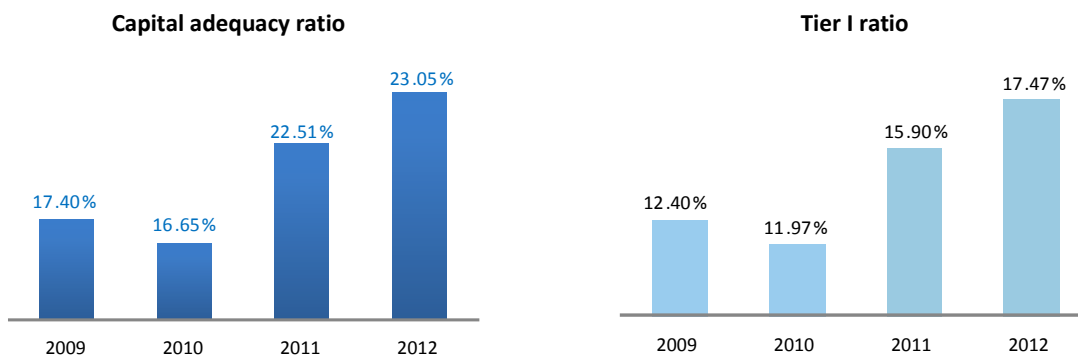
- Total assets aggregated to AED 181 bn as at 31 December 2012, representing a 2% decline over 2011.
- Gross customer loans remained flat at AED 130 bn as at 31 December 2012.
- 96% of gross loans were within the UAE.
- Investment securities portfolio increased to AED 19 bn from AED 15 bn as at 31 December 2011. 99% of the portfolio was invested in bonds and government securities providing a liquidity pool for the Bank.

Customer deposits:

- Total customer deposits remained stable at AED 109 bn as at 31 December 2012.
- Loan to deposit ratio improved to 112.80% from 114.27% as at 31 December 2011
- Loans to stable resources improved to 86.2% from 91.6% as at 31 December 2011 and remained below the 100% maximum level set by the Central Bank.

Capital and liquidity:

- As at 31 December 2012, the Bank's capital adequacy ratio was 23.05%, compared to 22.51% as at 31 December 2011 and above the minimum requirement of 12% determined by the Central Bank.
- As at 31 December 2012, the Bank's Tier I ratio stood at 17.47% compared to 15.90% as at 31 December 2011, above the minimum requirement of 8% determined by the Central Bank.
- As at 31 December 2012, the Bank's liquidity ratio was 24.0% compared to 22.1% as at 31 December 2011.



Awards in 2012:

Human Resources Award in the Banking & Financial Sector at the National Career Exhibition

“Best Woman Award” in the Banking & Financial Sector at the National Career Exhibition

“Most Improved Islamic Bank in the Middle East” by Euromoney

Best SME Account Award for “BusinessEdge Free Zone Platinum Account” for the second year in a row

Best SME Trade Finance Offering for ‘BusinessEdge Trade 360’

“Best Retail Bank in the UAE” for the fifth year in a row by The Asian Banker and “Best Retail Bank in the Gulf Region”

The Freddie Award for 2012 for **“Best Loyalty Credit Card”** in the Middle East, Asia and Oceania region

“Best Premium Card” at the Middle East Smart Card Awards 2012

The Hawkamah Bank **Corporate Governance Award 2012**

The Banker Middle East Awards for **‘Best Bank in the UAE’, ‘Best Transaction Bank’** and **‘Best Corporate Bank’**

The Best Domestic Cash Management Bank in the UAE and in the Middle East (Third best in the UAE and Middle East) in the Euromoney Cash Management Survey 2012

“Elite” quality recognition award from Deutsche Bank, J.P. Morgan Chase and Commerzbank for exceptional international payment processing

Best Premium Card in the International category for Etihad Guest Credit Card Publi-News France

Best Investor Relations website in the UAE and Middle East by KW Digital Webranking survey

Bank of the Year –UAE Award by The Banker Magazine

Key Corporate Social Responsibility initiatives in 2012:

We have gone over and above the MOU signed with the UAE Nationals Defaulted Debts Settlement Fund and in 2012, the Bank waived 100% of receivables from debt-burdened nationals which totaled AED 22.7 mn for 184 UAE nationals

Launched “The ADCB Tree of Hope” to raise awareness of Breast Cancer in the UAE and sponsored the fourth Pink Polo charity match in aid of Breast Cancer Awareness and in conjunction with Abu Dhabi Health Authority

Participated in Tawdheef Exhibition and Sharjah Career Exhibition for UAE nationals to seize the career opportunities available in the financial and banking sector

Donations made to Latifa Hospital and on behalf of Emirati Millionaire Saving Account (EMSA) customers to Zakat Fund

Partnered with the Emirates Wildlife Society in association with WWF (EWS-WWF) to enrich the community and the environment

Supported Abu Dhabi Art’s 2012 Wings Project

About ADCB:

ADCB was formed in 1985 and as at 31 December 2012 employed over 3,000 people from 55 nationalities, serving over 465,000 retail customers and approximately 37,000 corporate and SME clients in 50 branches, 4 pay offices in the UAE, 2 branches in India and 1 offshore branch in Jersey. It is the third largest bank in the UAE and second largest in Abu Dhabi by assets, at AED 181 bn as at 31 December 2012.

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 and currency derivatives 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 31 December 2012, ADCB's market capitalisation was AED 17 bn.

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By their nature, these forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond ADCB's control, including, among others, the UAE domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact and other uncertainties of future acquisition or combinations within relevant industries.

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