

Press Release: Immediate Release

ADCB REPORTS FULL YEAR AND FOURTH QUARTER RESULTS

Abu Dhabi, January 26, 2010 – ADCB (ADCB.AD) today reported its results for the year ended 31 December, 2009 subject to approval by the UAE Central Bank.

Commenting on the Bank's performance, **Eissa Al Suwaidi**, Chairman of ADCB said "The Bank has a great franchise and has achieved record top line revenue growth in 2009. This has been a difficult year and net profitability has been impacted as a result of the current economic crisis and additional provisioning requirements. The decision to take record provisions have resulted in the bottom line of the Bank to go into negative territory. The Bank has recorded a number of achievements this year that I am proud of, notably being awarded the Hawkamah award for Corporate Governance, Sheikh Khalifa Excellence Award (Silver) for customer service and a chosen partner with Oxford and Cambridge Universities as one of the top 100 global employers of choice.

I have full confidence in our newly established management team to drive the Bank through these turbulent times and deliver an outstanding performance which is already evident from our solid growth in our core operations. We have the full support of our principal shareholder, the Abu Dhabi Investment Council. We remain optimistic about the long term growth potential of the UAE and are well placed to benefit as the economy rebounds.

I wish to extend our most sincere appreciation and gratitude to the leadership of the UAE particularly 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 the UAE Central Bank, to His Highness Sheikh Mansour Bin Zayed Al Nahyan, Deputy Prime Minister and Minister of Presidential Affairs for their continued support for ADCB and the banking sector as a whole."

Ala'a Eraiqat, Chief Executive Officer and a member of the Board, commented on the results:

"Year 2009 was a critical year for Abu Dhabi Commercial Bank (ADCB). With the Bank's new management team and direction of the Board, we have succeeded in growing the core business of the Bank to record levels and improving all important ratios. These improvements give ADCB a solid platform for the future.

- We have taken AED 3.86 bn in impairment provisions (2008 - AED 1.67 bn) which amounts to 3.1% of the loan and investment book. Such significant provisions have brought our bottom line results to a net loss of AED 513 mn for 2009.
- Our net interest income grew by 32% and operating income witnessed strong growth of 9%
- Focused and disciplined approach to cost ensured they were held flat to prior year and our cost to income ratio dropped to 32% in 2009 from 35% in 2008.
- Our biggest achievement was the growth of customer deposits by 11% outgrowing the loans and advances growth of 7% during the year.
- Our capital position was significantly enhanced which currently stands at 17.2% (2008 - 11.4%) well above the regulatory minimum of 11%.
- Liquidity was another success, we ended the year with a solid liquidity position, with our advances to stable resources ratio at 91%.

Our local franchise has proven to be strong. Total provisions on our international legacy exposure, primarily lending outside the UAE and structured investment portfolio in US/Europe, totaled AED 2.1 bn.

Our key local businesses of Retail, Wealth Management, SME, and Corporate Banking activities are amongst the most efficient and respected operations locally and regionally; the Bank was awarded the Sheikh Khalifa Excellency Award for 2009 and managed to efficiently service more than 345,000 active customers through only 49 branches.

Our new businesses launched in 2009 have seen strong results:

- Islamic Banking after a year of operation is our fastest growing segment under the Meethaq brand, now contributing AED 7.26 bn of customer deposits and AED 1.53 bn of customer loans and provides our customers with full range of Shariah compliant solutions.
- In its first year of operations in 2009, Investment Banking made a significant contribution of AED 35 bn via a leading role in structuring, book-running and advising public transactions including bonds, sukuk and loans.

The Bank successfully repaid AED 7 bn of MTNs and maturing obligations in 2009 and successfully raised AED 3.67 bn of 5 years notes and AED 1.4 bn in shorter dated bonds, making us the first and only bank in GCC that has qualified to issue under a global MTN program.

We maintain our focus on commitment to society by training and attracting and developing UAE nationals. As of December, 2009 our UAE national staff count reached 35% of total staff headcount.

In light of both the global macro economic conditions and the local operating environment during 2009, the Bank has chosen to adopt prudent practices to its renewed medium term strategy; thus focusing on a UAE centric approach to growth, operational efficiency, stable funding and world class risk management. We believe that this coupled with our strong core earnings and our talent provides ADCB a solid platform for value creation for the future.

On behalf of the Board of Directors and the Executive Management Team, I would like to express our sincere appreciation and gratitude to our shareholders for their support and our customers for their trust. As we enter 2010, we are well capitalised with a clear strategy. With the commitment and loyalty of our people, we have created a strong foundation for the future and we are positioned for long-term success.”

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

AED million	Quarter highlights					Full year highlights		
	4Q'09	3Q'09	4Q'08	4Q'09 Variance		2009	2008	2009 Variance
				3Q'09	4Q'08			2008
Income statement highlights				%				%
Net interest income	859	823	694	4	24	3,276	2,481	32
Non-interest income	355	421	415	(16)	(14)	1,507	1,910	(21)
Operating income	1,213	1,244	1,109	(2)	9	4,783	4,390	9
Operating expenses	(374)	(389)	(481)	4	22	(1,539)	(1,525)	(1)
Pre-provision profit	840	855	628	(2)	34	3,244	2,865	13
Impairment allowances	(2,052)	(810)	(888)	(153)	(131)	(3,753)	(1,498)	(151)
Income tax	0	(1)	(2)	0	90	(4)	(9)	58
Net profit	(1,212)	44	(262)	N/A	(363)	(513)	1,358	(138)
Balance sheet highlights								
Total assets	160,209	158,626	148,430	1	8	160,209	148,430	8
Gross loans	120,843	119,314	111,071	1	9	120,843	111,071	9
Deposits	86,300	83,504	77,744*	3	11	86,300	77,744*	11
Ratios								
Tier I ratio (%)						12.2%	11.4%	80bps
NIM						2.43%	2.18%	25bps
EPS (AED)						(0.09)	0.26	(0.35)

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

Net profits

ADCB reported a net loss of AED 513 mn in 2009, large provisions taken in the fourth quarter resulted in a net loss of AED 1,212 mn for the quarter compared with a net profit of AED 44 mn in 3Q'09.

Total income and interest margins

Total income in 2009 reached AED 4,783 mn, an increase of 9% over 2008. 4Q'09 revenues also registered a growth of 9% year on year reaching AED 1,214 mn.

2009 net interest income recorded a strong growth of 32% over 2008 reaching AED 3,276 mn for the year and AED 859 mn for the fourth quarter, representing an increase of 24% over 4Q'08. Lower EIBOR/LIBOR have resulted in a lower yield on assets and also a lower cost of funds.

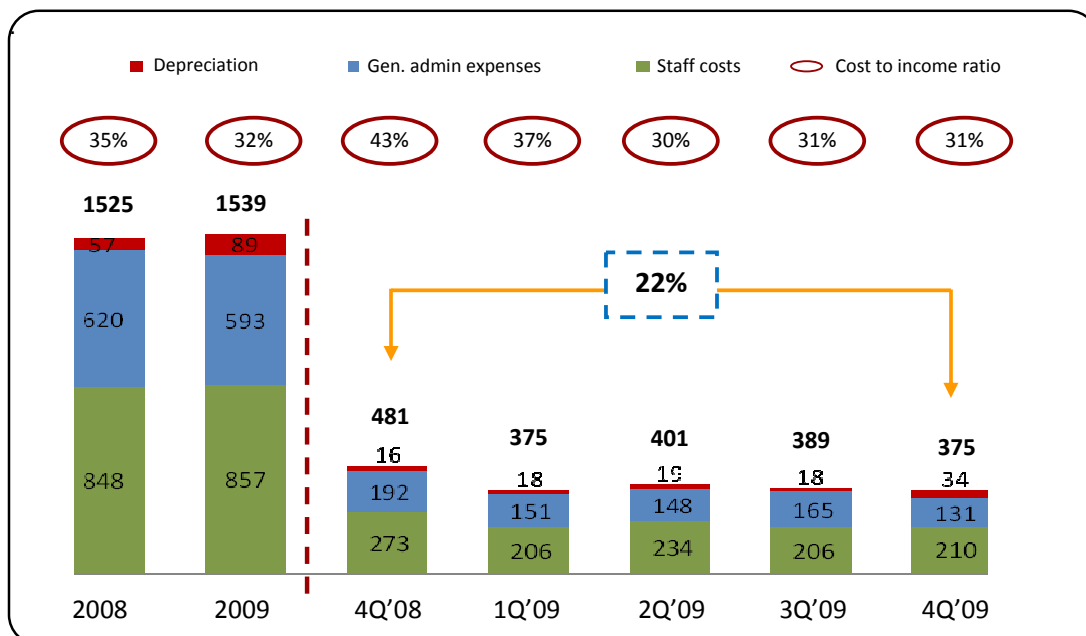
Net interest margin increased by 25 bps in 2009 to 2.43% (2008 - 2.18%). NIMs in Q4'09 was 2.46% and maintained at the same level as the previous quarter.

2009 non-interest income was AED 1,507 mn, a drop of 21% from 2008, driven primarily by lower trading and investment income. Mark to market loss on investment property totaled AED 83 mn during the year which was partially offset by increased revenues received from RHB totaling AED 214 mn for the year, contributing 4% of the total operating income.

Net fees and commission remained stable in 2009 reaching AED 986 mn for the full year compared to AED 982 mn in 2008 and AED 237 mn in 4Q'09 compared to AED 235 mn in 4Q'08.

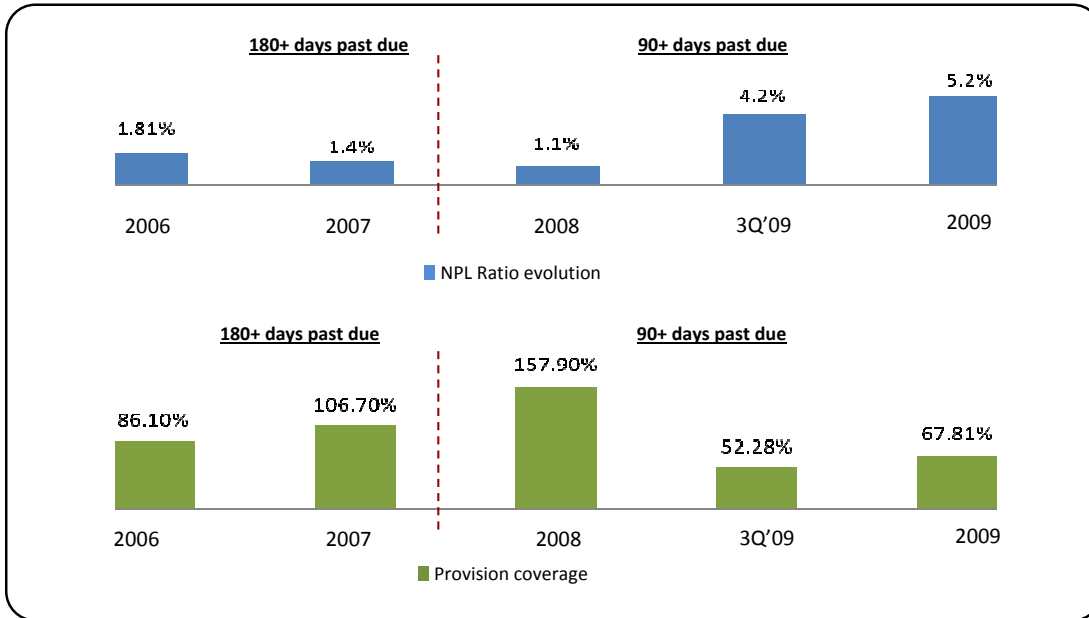
Operating expenses

As a result of cost control initiatives introduced at the beginning of the year, costs for the year were virtually flat at AED 1,539 mn compared to AED 1,525 mn in 2008. Staff expenses were 23% lower year on year in the fourth quarter reaching AED 210 mn compared to AED 273 mn. A disciplined approach towards management of the cost base has resulted in progressively reducing the cost to income ratio from 35% in 2008 to 32% in 2009. A further reduction to 31% was achieved in 4Q'09.



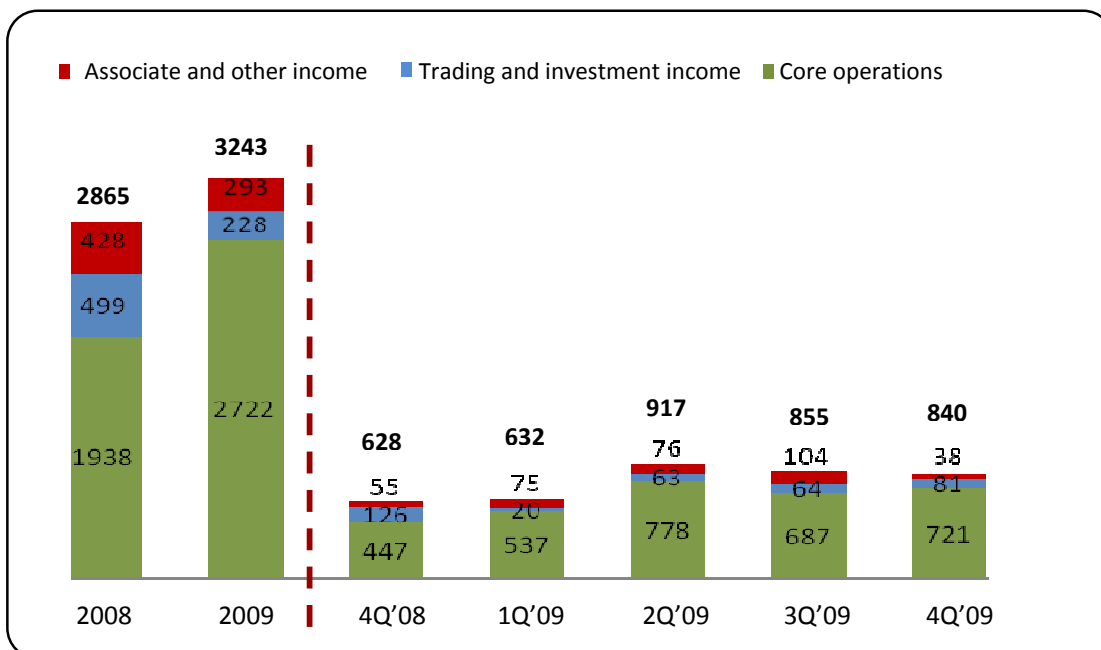
Provision and impairment allowances

The net impairment allowances for 2009 were AED 3,753 mn, representing an increase of 151% over 2008. Of this AED 637 mn were provisioned for the investment portfolio, AED 2,968 mn for loans and advances and AED 148 mn against non-financial assets. Collective impairment provisions were at AED 459 mn and individual impairment provisions for the year were AED 2,619 mn and recoveries were at AED 109 mn.



Pre-provision profits

The Bank continued to deliver strong pre-provision profits in the fourth quarter. Operating profits before provisions were 13% higher in 2009 at AED 3,244 mn compared to AED 2,865 mn in 2008. Pre-provision profits for the fourth quarter remained flat over 3Q'09 but registered a strong growth of 34% year on year at AED 840 mn compared to AED 628 mn in 4Q'08. Expansion of pre-provision income was achieved through successful loan re-pricing and widening interest margins and growth of the portfolio in 2H'08. The results reflect solid growth in ADCB's core operations in 2009, which represent a significant increase of 41% year on year, increasing from AED 1,938 mn in 2008 to AED 2,722 mn in 2009.



Assets

Total assets aggregated AED 160.2 bn as at 31 December 2009, representing controlled growth of 8% over 31 December 2008. Aggregated customer net loans as at 31 December 2009 increased to AED 116.6 bn, up 7% over 31 December 2008.

Customer deposits

Aggregate customer deposits were AED 86.3 bn as at 31 December 2009, representing an increase of 11% over 31 December 2008. (Excluding the Tier II depositors from 2008 deposit base)

Ratios

As at 31 December 2009, the Bank's loans to deposit ratio was 135% 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 31 December 2009, the Bank was well capitalised at 17.19%, compared to 11.37% at 31 December 2008 and stands well above the minimum requirement of 11% determined by the Central Bank. The Bank's Tier I ratio stood at 12.21%.

At 31 December 2009, ADCB's market capitalisation was AED 7,504 mn. The Bank employed 2,708 people and served over 330,000 retail customers and more than 15,000 wholesale customers in 49 branches.

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