

Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK REPORTS
SECOND QUARTER 2011 NET PROFIT OF AED 1,335 MN,
FIRST HALF 2011 NET PROFIT OF AED 1,918 MN

Abu Dhabi, 02 August 2011 – Abu Dhabi Commercial Bank PJSC (“**ADCB**” or the “**Bank**”) today reported its financial results for the first half of 2011 (“H1’11”).

Highlights

- Solid growth in operating income, diversified revenue streams:

H1’11 vs. H1’10

- Total operating income up 20% at AED 2,748 mn
- Operating profit before impairment allowances and taxation up 19% at AED 1,761 mn
- Net interest and Islamic financing income up 11% at AED 1,961 mn
- Non-interest income* up 53% at AED 787 mn
- Sale of stake in RHB Capital Berhad resulted in a gain of AED 1,314 mn in H1’11

*The Bank’s share of profit of associates presented below operating profit rather than a component of operating income as stated previously

- Continued focus on conservative risk management:

- Impairment allowances on doubtful loans and advances, net of recoveries amounted to AED 1,064 mn in H1’11, compared to AED 1,687 mn in H1’10
- For the first half of the year, the Bank took an additional charge for portfolio impairment provision of AED 275 mn. Portfolio impairment allowance of AED 1,918 mn represents 1.44% of credit risk weighted assets as at 30 June 2011

- Strengthened capital adequacy, comfortable liquidity levels and improved loan to deposit ratio:

- CAR strengthened to 21.2% compared to 16.7% as at 31 December 2010
- Tier 1 ratio strengthened to 14.9% from 12.0% as at 31 December 2010
- Liquidity ratio improved to 19.3% from 17.4% as at 31 December 2010
- Loan to deposit ratio improved to 110% from 116% as at 31 December 2010

Commenting on the Bank’s performance, **H.E. Eissa Al Suwaidi**, Chairman of ADCB said: “I am pleased to report that the Bank has announced another successful set of results, in line with the UAE’s continued growth and economic development against a backdrop of a struggling global economy. ADCB’s positive financial results in the first half of the year, demonstrates the Bank’s commitment to its strategic pillars which resulted in providing shareholders with real value.”

Ala’a Eraiqat, member of the Board and Chief Executive Officer, commented on the results: “Over the first half of the year, we have succeeded in delivering both top and bottom line growth, whilst maintaining a conservative approach to risk management. This was reflected in the increased portfolio impairment provisions of AED 275 mn for the first half of the year, taking the net portfolio impairment allowance to AED 1,918 mn as at 30 June 2011, 1.44% of the credit risk weighted assets. We have maintained our disciplined approach to risk management and focused on delivering our strategic objectives to maximize shareholder return and build a stronger, more robust ADCB.

In the second quarter of 2011, in line with our UAE centric growth strategy, ADCB agreed to sell its stake in RHB Capital Berhad in Malaysia to focus on operations in the UAE. The sale of ADCB’s stake in RHB contributed significantly to our profitability for the quarter and more importantly resulted in improvement of the Bank’s capital adequacy and liquidity levels. As a consequence of our improved capital position, Standard & Poor’s increased the Bank’s rating to A/A-1 in June 2011.”

The Bank also today announced that it would convene an EGM of shareholders and approach all relevant regulatory authorities, to request permission to buy back up to 10% of its capital.

Further analysis of ADCB's first half results:

AED million	Quarterly trends			Q2'11 change %		Half year highlights		
	Q2'11	Q1'11	Q2'10	Q1'11	Q2'10	H1'11	H1'10	Variance
Income statement highlights								%
Net interest & Islamic financing income	1,036	926	900	12	15	1,961	1,772	11
Non-interest income	386	400	224	-4	72	787	514	53
Operating income	1,422	1,326	1,124	7	27	2,748	2,286	20
Operating expenses	-560	-427	-439	31	28	-987	-800	23
Operating profit before impairment allowances and taxation	862	899	685	-4	26	1,761	1,486	19
Net impairment allowances	-935	-399	-1,303	134	-28	-1,334	-1,984	-33
Share of profit from associates	91	84	86	8	6	176	194	-9
Net gain on sale of investment in associate	1,314	-	-	-	-	1,314	-	-
Income tax	3	-1	1	NA	-	1	-2	N/A
Net profit	1,335	583	-531	129	N/A	1,918	-306	N/A
Basic earnings per share (AED)	0.24	0.09	-0.09	167	N/A	0.33	-0.07	N/A
Balance sheet highlights	June'11	March'11	Dec'10	QoQ change	YTD change	June'11	June'10	YoY change
Total assets	179,343	180,705	178,271	-1	1	179,343	166,599	8
Gross loans and advances	123,018	126,101	129,068	-2	-5	123,018	123,918	-1
Deposits from customers	106,351	109,132	106,134	-3	0	106,351	96,831	10
Ratios	June'11	March'11	Dec'10	bps	bps	June'11	June'10	bps
Capital adequacy ratio %	21.19%	17.03%	16.65%	416	454	21.19%	15.86%	533
Tier I ratio (%)	14.90%	12.39%	11.97%	251	293	14.90%	11.46%	344
Loan to deposit ratio %	110%	111%	116%	-100	-600	110%	123%	-1300

Net profit

- ADCB reported first half 2011 net profit of AED 1,918 mn compared to a net loss of AED 306 mn in H1'10
- Net profit for the second quarter reached AED 1,335 mn, compared to a net loss of AED 531 mn in Q2'10 and a profit of AED 583 mn in Q1'11, an increase of 129%

Earnings per share

- Earnings per share up at AED 0.33 compared to AED (0.07) reported in H1'10, EPS attributable to gain on sale of investment in associate was AED 0.24

Total operating income

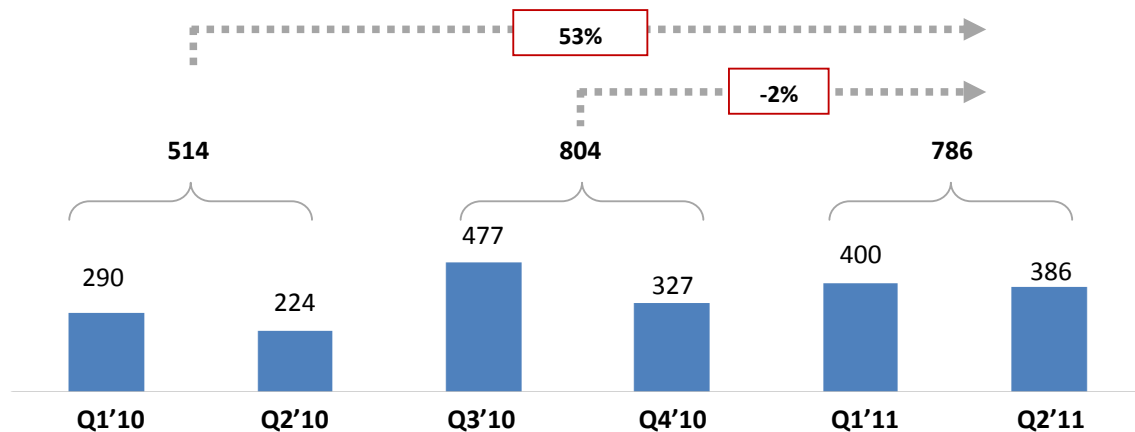
- Total operating income for the first half of the year reached AED 2,748 mn, representing a strong growth of 20% over the same period in 2010 at AED 2,286 mn
- Q2'11 total operating income at AED 1,422 reflected an increase of 27% over Q2'10 and 7% over Q1'11

Net interest and Islamic banking income and net interest margins

- Net interest income was AED 1,961 mn for the first half of 2011, an increase of 11% over H1'10
- The Bank reported a 15% increase in net interest income for the second quarter of 2011 compared to Q2'10, reaching AED 1,036 mn.
- This healthy growth represents a record for the Bank. Gross interest income remained largely unaffected by lower EIBOR on account of higher investment volumes. Cost of funds reported significant improvement in Q2'11 at 2.31% vs. 2.56% in Q2'10 and NIMs reported an increase of 24 bps reaching 2.80%, compared to 2.56% in Q2'10

Non-interest income

- Excluding share of profit from associates, non-interest income for the first half of the year reached AED 787 mn compared to AED 514 mn in H1'10, an increase of 53% year on year
- The percentage contribution of non-interest income to operating income increased from 22% in H1'10 to 29% in the first half of 2011. This was mainly driven by growth in fees and commission income which stood at AED 510 mn in H1'11, reflecting an increase of 23% over the same period previous year, coupled with higher gains in trading income which stood at AED 206 mn, compared to AED 46 mn in H1'10



Cost to income ratio

- Excluding the gains from the sale of RHB Capital Berhad of AED 1,314 mn, cost to income ratio increased from 32% in H1'10 to 34% in H1'11
- Operating expenses totaled AED 987 mn for the first half of 2011, 23% higher compared to the corresponding period in 2010, mainly attributed to expenses of the acquired UAE retail banking, wealth management and SME businesses of the Royal Bank of Scotland on 1 October 2010

Provision and impairment allowances

Charges for the first half of the year

- The net impairment allowances for H1'11 were AED 1,334 mn, 33% lower compared to H1'10
- Provision for loan and advances were AED 1,064 mn (net)
- Provisions for the funded and unfunded investment portfolios totaled AED 270 mn

Non – performing loans and provision coverage

- Excluding Dubai World: The NPL ratio declined to 5.6% from 5.8% as at 31 December 2010 and provision coverage ratio was at 67.1% compared to 69.6% as at 31 December 2010
- Including the exposure to Dubai World: The NPL ratio stood at 11.3% and provision coverage at 40.3%, compared to NPL ratio of 11.1% and provision coverage of 44.1% as at 31 December 2010

Assets

- Total assets aggregated to AED 179 bn as at 30 June 2011, representing a controlled growth of 1% over 31 December 2010
- Gross customer loans as at 30 June 2011 were at 123 bn, 5% lower than 31 December 2010 and 1% lower over 30 June 2010 primarily due to the write off of certain provisioned accounts and repayments of certain large loans

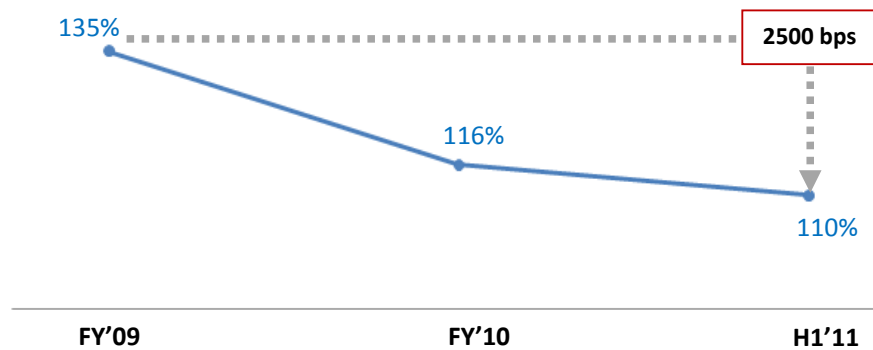
Customer deposits

- Total customer deposits were AED 106 bn as at 30 June 2011, remained flat over 31 December 2010 and reported an increase of 10% over 30 June 2010

Capital and liquidity

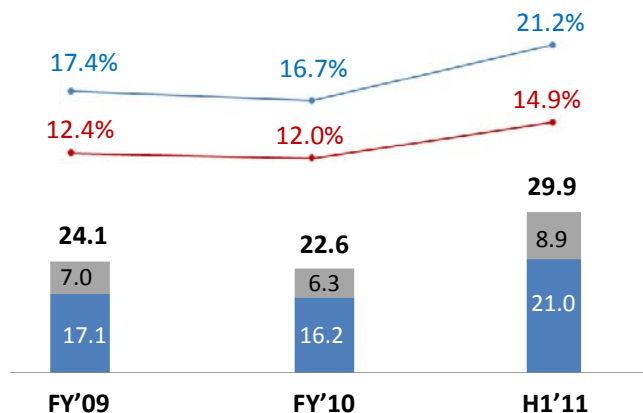
Loan to deposit ratio

- The Bank continued to strengthen its balance sheet and progressively reduced its loan to deposit ratio whilst successfully improving its cost of funding. As at 30 June 2011, the Bank's loans to deposit ratio was 110% compared to 123% as at 30 June 2010 and 116% as at 31 December 2010
- Advances to stable resources ratio as defined by the UAE Central Bank was 87%, well below the 100% maximum level set by the Central Bank



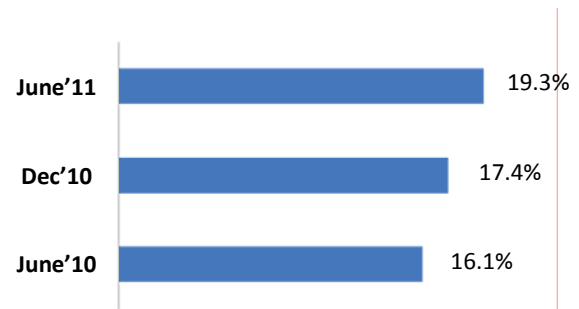
Capital adequacy and liquidity ratios

- As at 30 June 2011, the Bank's capital adequacy ratio was 21.2%, compared to 16.7% as at 31 December 2010 and above the minimum requirement of 12% determined by the Central Bank
- The Bank's Tier I ratio stood at 14.9% as at 30 June 2011 compared to 12.0% as at 31 December 2010, above the minimum requirement of 8% determined by the Central Bank



● CAR (%) ● Tier I ratio (%)
■ Tier I capital (AED bn) ■ Tier II capital (AED bn)

Liquidity ratio*



* Liquid assets includes cash and balances with Central banks, deposits and balances due from banks, trading securities and liquid investments

Awards

First quarter

In March 2011, ADCB won two awards; “The Best Retail Bank in UAE” award for the fourth year in a row by The Asian Banker along with the World Finance Award for “Best Corporate Governance” in the UAE for the second year in a row.

In April 2011, ADCB won “The Best SME Account” award by Banker Middle East for the Bank’s “BusinessEdge” suite of products offered by the SME (Small and Medium Enterprises) Banking Division.

Second quarter

In May 2011, ADCB won the coveted “Best Credit Card Award” for its LuLu Credit Card and the “Best Co-branded Card Award” for its Etihad Guest Above Credit Card. The awards were presented to ADCB at the Smart Card Awards Middle East 2011 ceremony, part of the Cards Middle East 2011 Conference and Exhibition.

ADCB’s Credit Cards were judged to be the best across the Middle East in both categories, having demonstrated strong customer value propositions and rewards, product innovation, a high level of customer acceptance in the market, customer segmentation, targeting and positioning strategy as well as strong partnerships with its co-brand partners.

In June 2011, ADCB was awarded the ‘Best Commercial Bank’ award at the prestigious Banker Middle East Industry Awards.

About ADCB:

ADCB was formed in 1985 and as at 30 June 2011 employed over 3,813 people from 49 nationalities, serving over 480,000 retail customers and over 33,000 wholesale clients in 45 branches, 4 pay offices and 1 kiosk in the UAE and two branches in India. It is the third largest bank in the UAE and second largest in Abu Dhabi by assets, at AED 179 bn as at 30 June 2011.

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 Market. As at 30 June 2011, ADCB’s market capitalisation was AED 17 bn.

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