

Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK PJSC REPORTS
SECOND QUARTER 2012 NET PROFIT OF AED 733 MN,
FIRST HALF 2012 NET PROFIT OF AED 1,535 MN

Abu Dhabi, 24 July 2012 – Abu Dhabi Commercial Bank PJSC (“**ADCB**” or the “**Bank**”) today reported its financial results for the second quarter of 2012 (“Q2’12”).

Year on year highlights (H1’12 vs. H1’11)

- Net profit of AED 1,535 mn compared with AED 1,918 mn in H1’11. H1’11 included AED 1,314 mn gain on the sale of ADCB’s stake in RHB Capital Berhad in June 2011
- Total operating income at AED 3,353 mn, up 22%
- Operating profit before impairment allowances at AED 2,311 mn, up 31%
- Cost to income ratio improved to 31.0% from 33.8%
- Net impairment allowance charges at AED 779 mn, 42% lower
- As at 30 June 2012, the NPL ratio was 4.7% and provision coverage was 86.3% compared to 4.6% and 80.0% as at 31 December 2011
- Stable and high quality capital base, CAR at 22.34% and Tier I capital at 16.04%, each as at 30 June 2012
- Comfortable liquidity levels, with liquidity ratio at 22.19% compared to 22.13% as at 31 December 2011
- Loan to deposit ratio* improved to 110.98% from 114.27% as at 31 December 2011

*Deposits from customers have been reclassified to show Euro commercial paper separately – see details in the further analysis

Commenting on the Bank’s performance, **Eissa Al Suwaidi**, Chairman of ADCB said: “I am pleased to report that the Bank has announced another profitable quarter, generating top line revenue growth for the first half of 2012. Our financial performance has demonstrated the strength and resilience of our business strategy. Our continued success is also rooted in the strength of our relationships with our stakeholders. We remain committed to our pledge to deliver long-term sustainable value for our customers and shareholders.”

Ala’a Eraiqat, member of the Board and Chief Executive Officer, commented on the results: “We have made significant progress during the second quarter of 2012, reporting record revenues and operating profit for the quarter at AED 1,769 mn and AED 1,232 mn, representing an increase of 24% and 43% respectively year on year. We remain focused on improving our operational efficiency; in particular our cost to income ratio improved to 30.4% in Q2’12 compared to 37.0% in Q2’11. Our disciplined approach to balance sheet and capital management resulted in improved loans to deposit ratio and tier I capital year to date and a strengthened funding profile. We have continued to gain widespread recognition for our leading market position in the UAE and for our regional leadership in corporate governance. We continue to take advantage of the improvements to build a stronger and more resilient ADCB in line with our strategy.”

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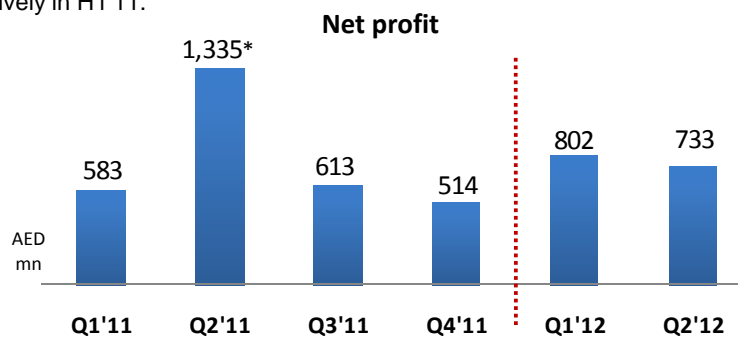
Further analysis of ADCB’s first half results:

AED million	Quarterly trend				Half year trend			
	Q2’12	Q1’12	Q2’11	Q2’12 Change %		H1’12	H1’11	Change %
Income statement highlights				QoQ	YoY			YoY
Total net interest and Islamic financing income	1,383	1,195	1,036	16	34	2,578	1,961	31
Non - interest income	386	389	386	(1)	0	775	787	(2)
Operating income	1,769	1,584	1,422	12	24	3,353	2,748	22
Operating expenses	(537)	(506)	(560)	6	(4)	(1,042)	(987)	6
Operating profit before impairment allowances	1,232	1,078	862	14	43	2,311	1,761	31
Net impairment allowances	(492)	(287)	(935)	71	(47)	(779)	(1,334)	(42)
Net gain on sale of investment in associate	-	-	1,314	-	NA	-	1,314	NA
Share of (loss)/profit of associates	(5)	12	91	(138)	(105)	8	176	(96)
Overseas income tax (expense)/refund	(3)	(2)	3	61	(202)	(4)	1	NM
Net profit for the period	733	802	1,335	(9)	(45)	1,535	1,918	(20)
Balance sheet highlights	June’12	March’12	Dec’11	QoQ Change %	YTD Change %	June’12	June’11	YoY Change %
Total assets	180,797	182,914	183,726	(1)	(2)	180,797	179,343	1
Net loans and advances	123,463	123,866	124,755	0	(1)	123,463	117,430	5
Deposits from customers*	111,247	112,829	109,171	(1)	2	111,247	105,470	5
Ratios (%)	June’12	March’12	Dec’11	Change bps	Change bps			Change bps
CAR	22.34	23.19	22.51	(85)	(17)	22.34	21.19	115
Tier I ratio	16.04	16.62	15.90	(58)	14	16.04	14.90	114
LTD*	110.98	109.78	114.27	120	(329)	110.98	111.34	(36)

*Deposits from customers have been reclassified to show Euro commercial paper separately

Net profit

- ADCB reported first half 2012 net profit of AED 1,535 mn compared to AED 1,918 mn in H1’11. H1’11 net profit included AED 1,314 mn gain on the sale of ADCB’s stake in RHB Capital Berhad in June 2011.
- Net profit for the second quarter reached AED 733 mn compared to AED 1,335 mn in Q2’11 and AED 802 mn in Q1’12, a decline of 9% over Q1’12.
- Basic earnings per share for the first half of 2012 was AED 0.26 compared to AED 0.33 reported in H1’11.
- As at 30 June 2012, for the first half of 2012 ROE was reported at 15.4% and ROAA at 1.56% compared to 14.2% and 1.31% respectively in H1’11.

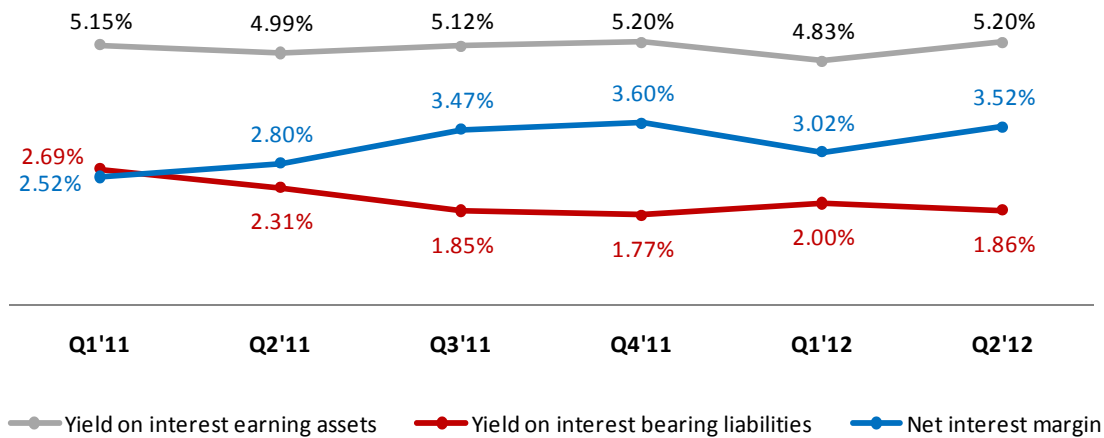


* Includes AED 1,315 mn gain on sale of stake in associate

Total operating income

- Total operating income for the first half of the year reached AED 3,353 mn, an increase of 22% year on year. On a quarterly basis, Q2'12 total operating income of AED 1,769 mn was a record for the Bank and reflected an increase of 24% year on year and 12% over the previous quarter.
- Total net interest and Islamic financing income for the first half of the year in 2012 reached AED 2,578 mn, an increase of 31% over H1'11. This strong growth was attributable to higher investment volumes coupled with the Bank's improved funding profile. Interest expenses for the first half of the year recorded an improvement of 22% over H1'11, primarily as a result of carefully managed cost of funds and lower EIBOR. In Q2'12, at AED 1,383 mn, total net interest income and Islamic financing income recorded an increase of 34% year on year and 16% quarter on quarter. The improving trends increased the net interest margin to 3.52% in Q2'12 compared to 2.80% in Q2'11 and 3.02% in Q1'12.
- Non-interest income in the first half of 2012 was at AED 775 mn, 2% lower over H1'11. On a quarterly basis, at AED 386 mn, non-interest income remained flat year on year and was 1% lower over Q1'12.

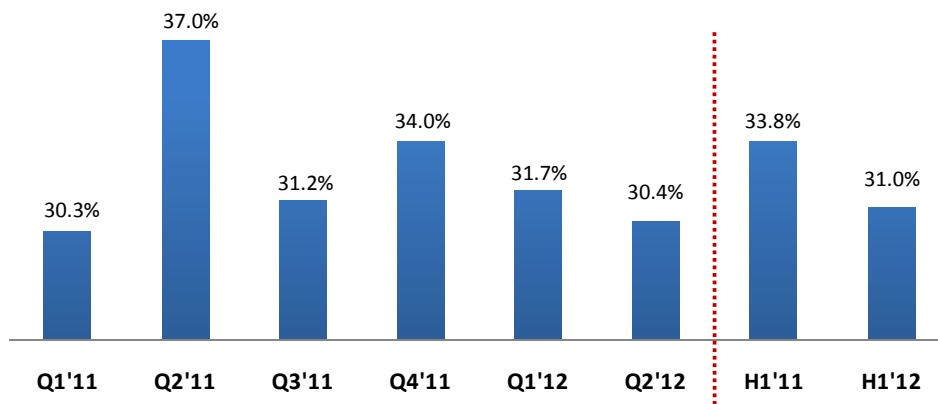
Evolution of yields



Cost to income ratio

- Operating expenses totaled AED 1,042 mn in the first half of 2012, 6% higher compared to the corresponding period in 2011. Cost to income ratio improved to 31.0% in H1'12 from 33.8% in H1'11 driven by both improved top line momentum and through proactive cost management. On a quarterly basis, cost to income ratio improved to 30.4% in Q2'12, recording an improvement of 660 bps over Q2'11 and an improvement of 130 bps over Q1'12.

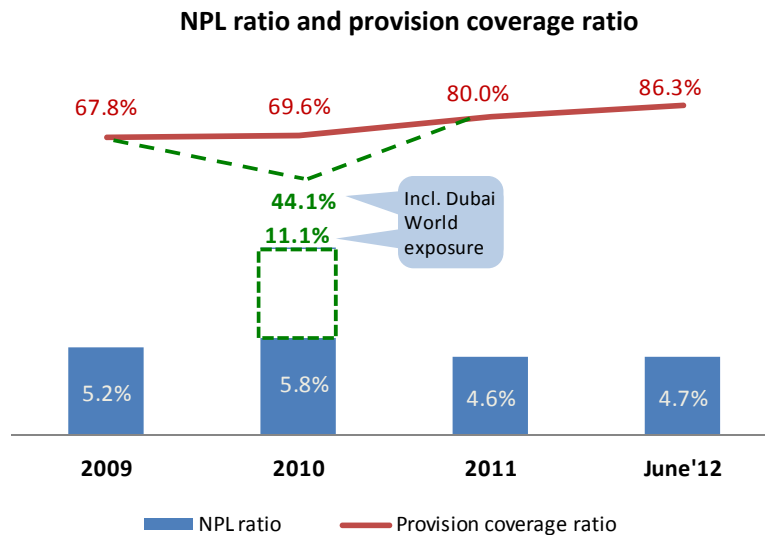
Cost to income ratio*



* 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 30 June 2012, the NPL ratio was 4.7% and provision coverage was 86.3% compared to 4.6% and 80.0% as at 31 December 2011.
- Portfolio impairment allowance balance was AED 2,353 mn and 1.78% of credit risk weighted assets as at 30 June 2012 (UAE Central Bank directive requires banks to increase the level of collective provisions to 1.50% of credit risk weighted assets by 2014.) Individual impairment balance stood at AED 3,733 mn as at 30 June 2012.
- Net impairment allowance charge for the first half of 2012 was 42% lower at AED 779 mn over the same period last year. Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 749 mn in H1'12, compared to AED 1,064 mn in H1'11.
- Provisions for the funded and unfunded investment portfolios totaled AED 8 mn in H1'12, compared to AED 270 mn in H1'11.



Assets

- As at 30 June 2012, total assets were AED 180,797 mn, 2% lower over 31 December 2011.
- As at 30 June 2012, gross customer loans declined 1% to AED 129,549 mn over 31 December 2011.
- As at 30 June 2012, 96% of loans were within the UAE.

Customer deposits*

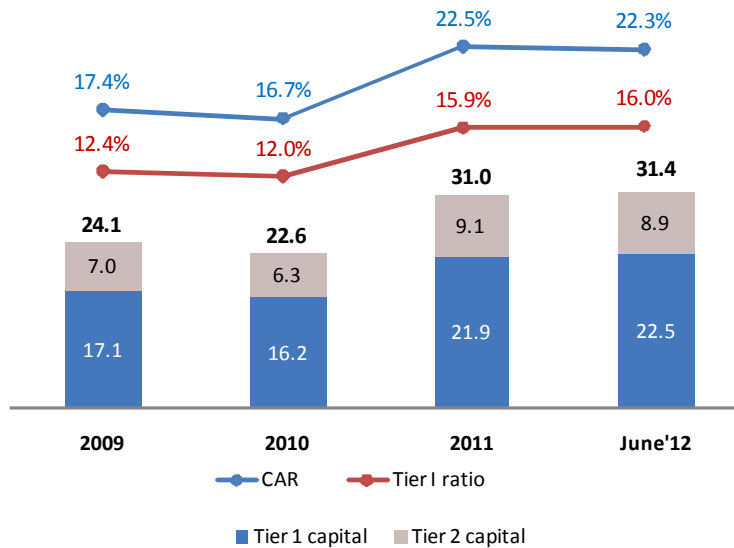
- As at 30 June 2012, total customer deposits were AED 111,247 mn, 2% higher over 31 December 2011.
- As at 30 June 2012, loans to deposit ratio was 110.98% compared to 114.27% as at 31 December 2011.
- As at 30 June 2012, advances to stable resources ratio was 84% compared to 92% as at 31 December 2011.

*Deposits from customers have been reclassified to show Euro commercial paper separately

Capital adequacy and liquidity ratios

- As at 30 June 2012, the Bank's capital adequacy ratio was 22.34% compared to 22.51% as at 31 December 2011 and above the minimum requirement of 12% determined by the Central Bank.
- The Bank's Tier I ratio stood at 16.04% as at 30 June 2012 compared to 15.90% as at 31 December 2011, above the minimum requirement of 8% determined by the Central Bank.
- As at 30 June 2012, the Bank's liquidity ratio was 22.19% compared to 22.13% as at 31 December 2011.

Capital position evolution (AED bn)



Awards

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. Also, awarded the

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’**

About ADCB:

ADCB was formed in 1985 and as at 30 June 2012 employed over 3,600 people from 54 nationalities, serving over 460,000 retail customers and over 35,000 wholesale clients in 48 branches, 4 pay offices in the UAE and 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 30 June 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, 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 June 2012, ADCB’s market capitalisation was AED 19 bn.

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