

**Press Release:** Immediate Release

**ABU DHABI COMMERCIAL BANK PJSC REPORTS**  
**FULL YEAR 2011 RECORD NET PROFIT OF AED 3,045 MN,**  
**RECOMMENDS CASH DIVIDEND OF 20%**

**Abu Dhabi, 26 January 2012** – Abu Dhabi Commercial Bank PJSC (“**ADCB**” or the “**Bank**”) today reported its financial results for the year ended 31 December 2011, subject to approval by the UAE Central Bank.

**Annual financial highlights**

**Delivering strong performance with record levels of income, net profit and improved margins:**

- Net profit at AED 3,045 mn, compared to AED 391 mn in 2010
- Total net interest income and Islamic financing income at AED 4,688 mn, up 27%
- Operating income at AED 6,069 mn, up 21%
- Operating profit before impairment allowances at AED 4,006 mn, up 20%
- Net interest margin at 3.10% compared to 2.57% in 2010

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

- Capital adequacy ratio at 22.51% compared to 16.65% in 2010
- Liquidity ratio at 22.13% compared to 17.45% in 2010
- Loan to deposit ratio at 113.53% compared to 115.68% in 2010
- Remain a net provider of liquidity to interbank markets, AED 18.7 bn as at 31 December 2011

**Improved asset quality and disciplined cost management**

- Non-performing loan ratio at 4.6% compared to 11.1%\* as at 31 December 2010 (\*5.8% excluding Dubai World exposure)
- Provision coverage ratio at 80.0% compared to 44.1%\* as at 31 December 2010 (\*69.6% excluding Dubai World exposure)
- Impairment allowances on doubtful loans and advances, net of recoveries amounted to AED 2,082 mn in 2011 compared to AED 2,860 mn in 2010
- Portfolio impairment allowance balance was AED 2,059 mn and 1.59% of credit risk weighted assets as at 31 December 2011. The UAE Central Bank Directive requires banks to increase the level of collective provisions to 1.50% of credit risk weighted assets by 2014
- Exposure to investments in CDS were substantially reduced from AED 1,457 mn as at 31 December 2010 to AED 55 mn as at 31 December 2011
- Cost to income ratio was 33% in 2011 compared to 31% in 2010

Commenting on the Bank’s strong performance, **H.E. Eissa Al Suwaidi**, Chairman of ADCB said “In 2011, the Bank continued to build on its strong position in the market and we are very pleased to report a net profit of AED 3,045 mn. This success confirms the effectiveness of our strategic pillars, which have proven fundamental in supporting and implementing our business objectives. The Bank remains committed to Emiratisation, actively recruiting and developing national talent, representing 41% of ADCB employees as of 31 December 2011, compared to 36% in 2010. As we move into 2012, we reaffirm our commitment to contribute to the development of the UAE Banking Sector as a whole and to continue to generate superior returns for our stakeholders. In the light of 2011 record financial results, the Board of Directors have recommended a 20% cash dividend to our shareholders of AED 1,119 mn equivalent to 37% of net profit.”

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, the Chairman and Governor of the UAE Central Bank for their continued support for ADCB and the future development of the UAE economy. Last but not least, I would like to thank our valued customers and the members of ADCB executive management team.”

**Ala'a Eraiqat**, Member of the Board and Chief Executive Officer commented on the results; "2011 was a momentous year for ADCB. We continued to deliver strong performance with record levels of income and profits for the year while remaining prudent in our risk management approach. During 2011, the Bank significantly strengthened its capital position, improved liquidity levels and funding profile, enhanced risk management capabilities and operating efficiency. We continued to pro-actively manage credit quality and we are pleased to see signs of improvement in asset quality with reported NPLs reducing to 4.6% in 2011, compared to 11.1%\* (\*5.8% excluding Dubai World exposure) in 2010.

In the second quarter of 2011, in line with our UAE centric growth strategy, ADCB sold its stake in RHB Capital Berhad in Malaysia resulting in an AED 1.3 bn gain and improved the Bank's overall capital and liquidity levels, which contributed to an increase in the Bank's ratings by Standard and Poor's in June 2011 to A/A-1. The recent acquisition and integration of the Royal Bank of Scotland's UAE Retail Banking, Wealth Management and SME Businesses were completed in the third quarter of 2011 and have further consolidated our position as one of the leading players within the UAE market. These successful initiatives have proven our ability to capitalise on value-adding opportunities for our shareholders.

In November 2011, the Bank completed the successful issuance of an Islamic Sukuk to the market, which was the first for the Bank and only the second Islamic issue by a conventional bank in the GCC. In February 2011, we made our second bond issue in the Swiss Franc market which was also positively received by investors. The strong appetite for ADCB risk confirms the trust that global investors have in ADCB.

We continuously strive to adopt global best practices to improve governance, efficiency and risk management across the Bank. Throughout 2011, we have continued to invest in our businesses in particular cash management, trade finance, treasury systems and also relaunched our Islamic Banking Business.

Understanding our customers' needs and in line with our commitment to providing the best and most innovative products and services to the market, we recently introduced free banking services for our retail banking customers, removing charges for a wide variety of personal banking services. As the first bank to introduce Free Banking in the UAE, we have gone over and above the recent Central Bank Directive on Retail Banking fees and charges. This pioneering move has renewed our pledge to be a socially responsible bank, focusing our efforts to optimise our products and services in a way which enriches the greater community.

We also recently launched the Offshore Banking service through our Jersey branch and during 2011 we expanded our global reach through a strategic alliance with Bank of America Merrill Lynch and continue to reap the benefits of this partnership.

On behalf of the Executive Management Team, I would like to express our sincere appreciation and gratitude to all of our shareholders and the Board of Directors for their support, our employees for their hard work, and our valued customers for their ongoing loyalty and trust. The Bank is well positioned to take advantage of future improvements in the economy and we move forward in 2012 by continuing to focus on our strategic objectives and building a stronger, more resilient ADCB for the future."

## **Awards in 2011**

'**The Best Retail Bank in UAE**' award for the fourth year in a row by The Asian Banker

The World Finance Award for '**Best Corporate Governance**' in the UAE for the second year in a row

'**The Best SME Account**' award by Banker Middle East for the Bank's "BusinessEdge" suite of products offered by the SME Banking Division

'**Best Credit Card Award**' for LuLu credit card and '**Best Co-branded Card Award**' for Etihad Guest Above credit card, presented at the Smart Card Awards Middle East 2011 ceremony, part of the Cards Middle East Conference and Exhibition

'**Best Commercial Bank**' award at the Banker Middle East Industry Awards

Ranked number seven, in '**The World's Safest Banks 2011 in the Middle East**' by Global Finance

'**The Financial Institution of the Year**' at the Allied Compliance Consultants third Annual International GRC and Financial Crimes Conference and Exhibition

'**The Most Improved Islamic Bank in the UAE**' by the Global Islamic Finance Awards (GIFA) committee, presented at the Oman Islamic Economic Forum

## **About ADCB:**

ADCB was formed in 1985 and as at 31 December 2011 employed over 4,000 people from 49 nationalities, serving approximately 455,000 retail customers and over 34,000 corporate and SME clients in 48 branches, 4 pay offices in the UAE, two 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 184 bn as at 31 December 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 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 2011, ADCB's market capitalisation was AED 16 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.*

*As a result, ADCB’s actual future condition, performance and results may differ materially from the plans, goals and expectations set out in ADCB’s forward-looking statements and persons reading this document should not place reliance on forward-looking statements. Such forward-looking statements are made only as at the date on which such statements are made and ADCB does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.*

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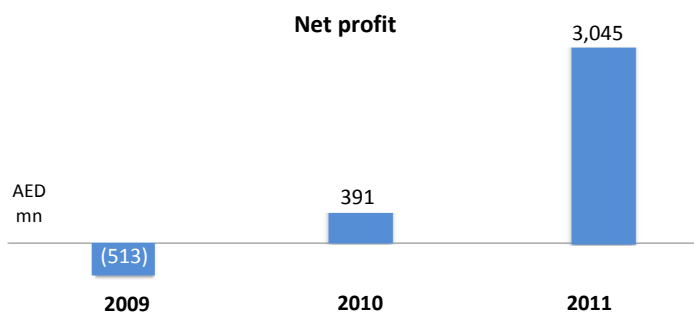
Abu Dhabi, 26 January 2012 – Abu Dhabi Commercial Bank PJSC (“ADCB” or the “Bank”) today reported its financial results for the year ended 31 December 2011, subject to approval by the UAE Central Bank.

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

AED mn	Full year			Quarterly trends				
	2011	2010	% Change	4Q'11	3Q'11	4Q'10	4Q'11 % Change	
<b>Income statement highlights</b>							3Q'11	4Q'10
Total net interest and Islamic financing income	4,688	3,682	27	1,391	1,335	1,034	4	35
Non-interest income	1,382	1,317	5	231	364	327	(37)	(29)
Operating income	6,069	5,000	21	1,623	1,699	1,361	(4)	19
Operating expenses	(2,063)	(1,649)	25	(548)	(528)	(379)	4	45
Operating profit before impairment allowances	4,006	3,351	20	1,075	1,171	982	(8)	9
Net impairment allowances	(2,398)	(3,287)	(27)	(549)	(514)	(647)	7	(15)
Share of (loss)/profit of associates	159	336	(53)	(9)	(8)	43	13	N/A
Net gain on sale of investment in associate	1,314	-	-	-	-	-	-	-
Overseas income tax expense	(36)	(9)	N/A	(2)	(35)	(7)	(94)	(71)
Net profit for the period	3,045	391	N/A	514	613	371	(16)	39
Basic earnings per share (AED)	0.51	0.04	AED 0.47	0.09	0.09	0.07	-	AED 0.02
<b>Balance sheet highlights</b>	Dec'11	Dec'10	YoY % Change	Dec'11	Sep'11	Dec'10	QoQ % Change	YoY % Change
Total assets	183,726	178,271	3	183,726	183,052	178,271	0	3
Gross loans and advances	130,467	129,068	1	130,467	130,279	129,068	0	1
Deposits from customers	109,887	106,134	4	109,887	108,032	106,134	2	4
<b>Ratios</b>	Dec'11	Dec'10	YoY bps change	Dec'11	Sep'11	Dec'10	QoQ bps change	YoY bps change
CAR (%)	22.51	16.65	586	22.51	22.18	16.65	33	586
Tier I ratio (%)	15.90	11.97	393	15.90	15.57	11.97	33	393
LTD (%)	113.53	115.68	(215)	113.53	114.97	115.68	(144)	(215)

**Net profit**

- ADCB reported a net profit of AED 3,045 mn in 2011, compared to AED 391 mn in 2010.
- Net profit in 2011 was boosted by the sale of stake in RHB Capital Berhad reported in Q2'11, resulting in an exceptional item gain of AED 1,314 mn.

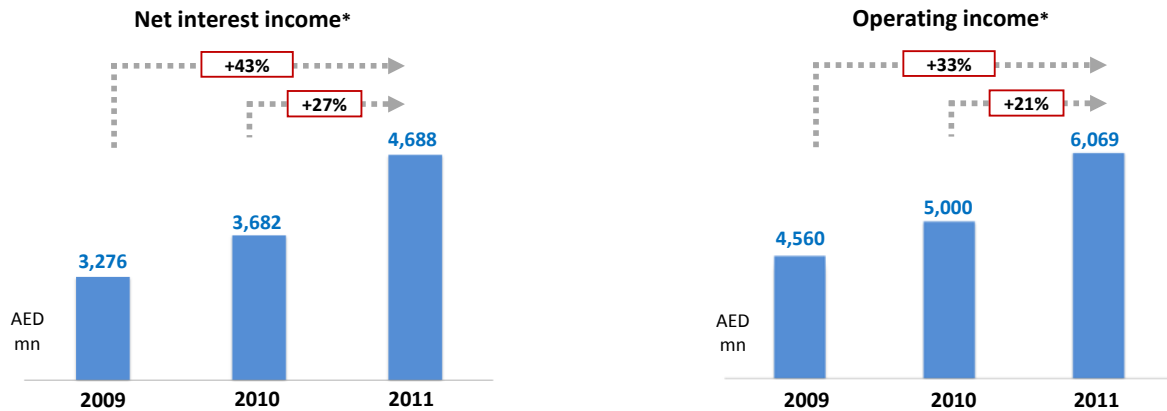


### Earnings per share (EPS)

- For the year ended 31 December 2011, basic earnings per share were AED 0.51 compared to AED 0.04 reported same period last year. EPS attributable to gain on sale of investment in associate was AED 0.24.

### Operating income

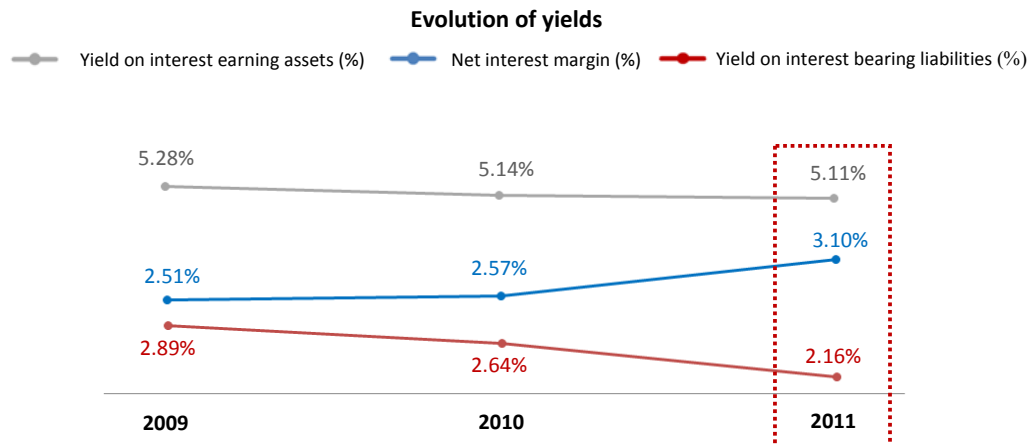
- Operating income in 2011 reached AED 6,069 mn, a record for the Bank, representing a strong growth of 21% over 2010.
- Non-interest income for the full year reported an increase of 5% over 2010, reaching AED 1,382 mn. Net fees and commission for the year were 6% lower compared to 2010 at AED 898 mn, whilst net trading income reported an increase of 9% year on year, reaching AED 336 mn.



\* Includes income from Islamic financing

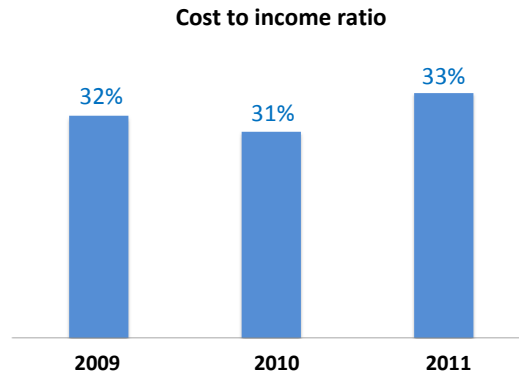
\* Excludes share of profit of associates

- The Bank reported a record total net interest and Islamic financing income at AED 4,688 mn, an increase of 27% compared to 2010. This was mainly driven by the Bank's improved funding profile, interest expenses were 18% lower at AED 3,028 mn and cost of funds reported an improvement of 48 bps at 2.16% in 2011.
- Gross interest and Islamic banking income for the full year represented an increase of 5% over 2010 at AED 7,716 mn. Yield on interest earning assets were at 5.11% compared to 5.14% in 2010.
- Net interest margin reported an increase of 53 bps reaching 3.10% compared to 2.57% in 2010.



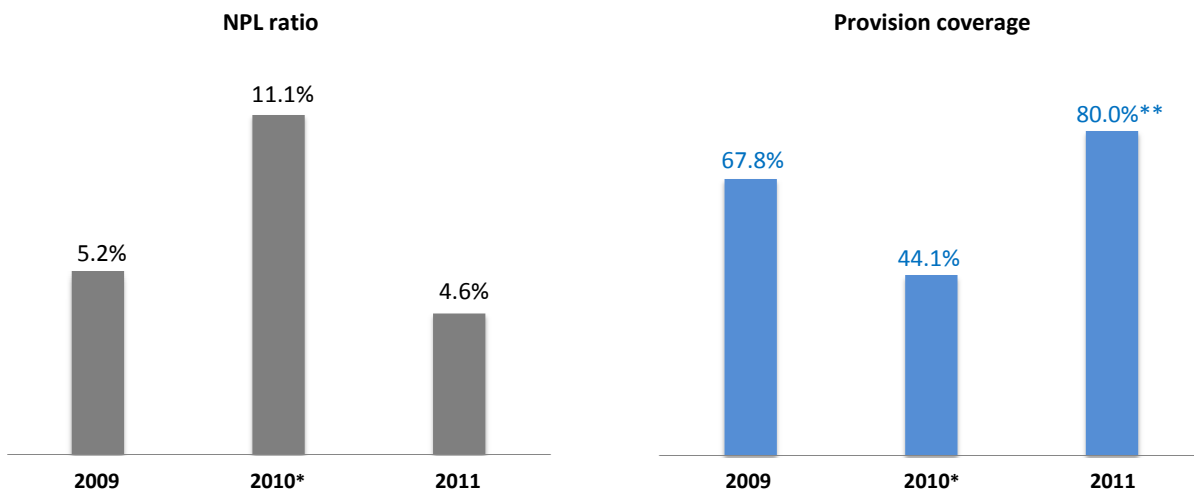
### Operating expenses and cost to income ratio

- Operating expenses totaled AED 2,063 mn in 2011, 25% higher compared to 2010, mainly attributed to the cost base of the acquired Retail Banking, Wealth Management and SME Businesses of the Royal Bank of Scotland in the UAE on 01 October 2010 and the Bank's on going commitment to invest in systems and technology infrastructure.
- Cost to income ratio was at 33% compared to 31% in 2010 and the percentage contribution of staff costs in relation to total operating expenses increased to 53% from 50% whilst the percentage contribution of general administration expenses to total expenses declined from 43% to 38% in 2011.



### Asset quality

- The NPL ratio declined to 4.6% from 11.1%\* (\*5.8% excluding Dubai World exposure) as at 31 December 2010 and provision coverage ratio increased to 80.0% compared to 44.1%\* (\*69.6% excluding Dubai World exposure) as at 31 December 2010. In 2011 a loan of AED 6,749 mn has been transferred from impaired to performing category based on the performance of agreed renegotiated terms.
- In 2011 the net impairment allowance charge was AED 2,398 mn, 27% lower compared to 2010. Provision for loans and advances were AED 2,082 mn (net) compared to AED 2,860 mn (net) in 2010, 27% lower. Provisions for the funded and unfunded investment portfolios totaled AED 315 mn compared to AED 427 mn in 2010, 26% lower.
- Portfolio impairment allowance balance was AED 2,059 mn and 1.59% of credit risk weighted assets as at 31 December 2011. 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 balance stood at AED 3,653 mn.
- Exposure to investments in CDS were substantially reduced from AED 1,457 mn as at 31 December 2010 to AED 55 mn as at 31 December 2011.
- Cost of risk reported an improvement of 84 bps at 1.77% compared to 2.61% in 2010.



\* Includes Dubai World exposure

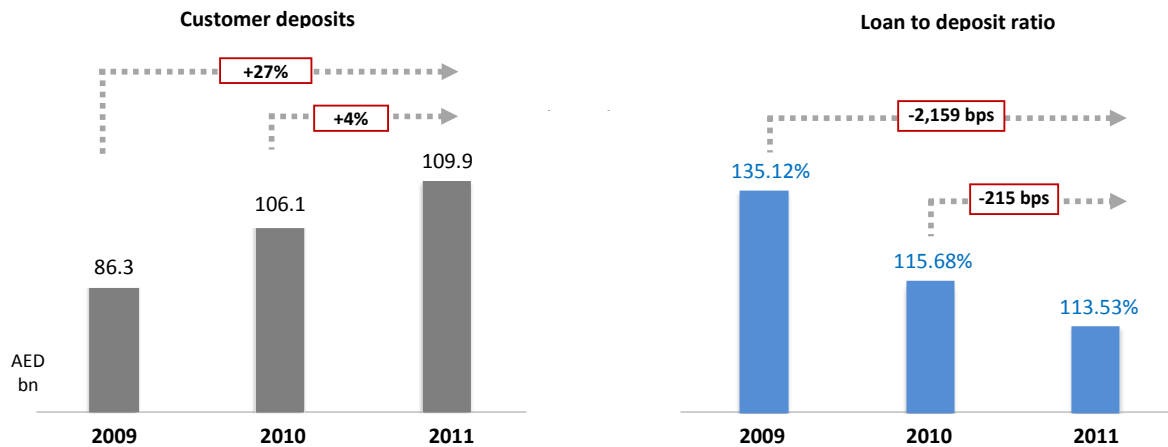
\*\* Excludes Dubai World exposure and related provision

### Assets

- Total assets aggregated to AED 184 bn as at 31 December 2011, representing a controlled growth of 3% over 31 December 2010.
- Gross customer loans as at 31 December 2011 were at 130 bn, representing an increase of 1% over 31 December 2010.

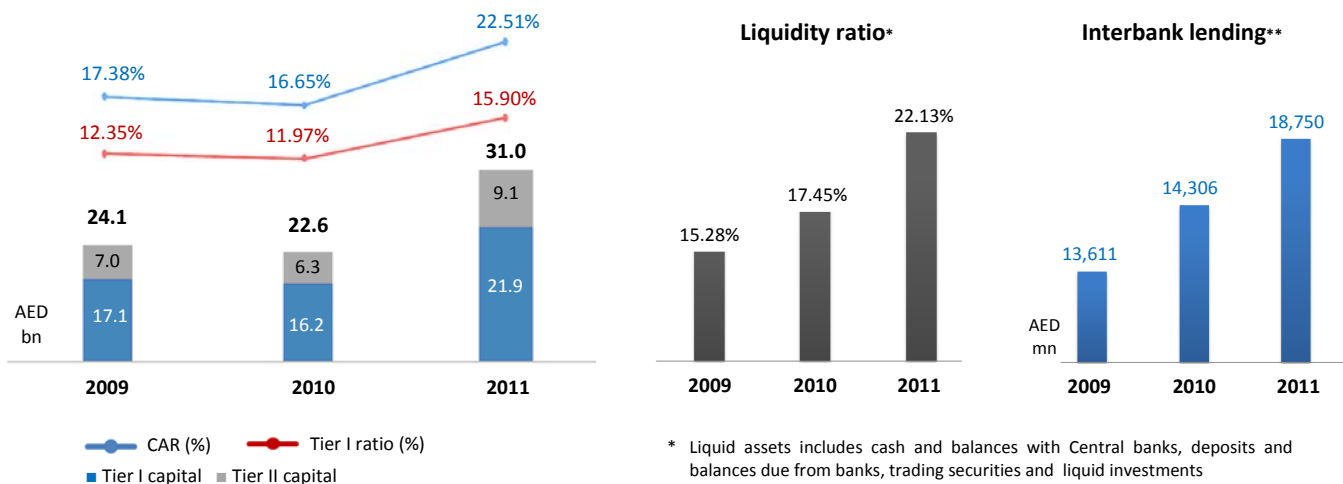
### Customer deposits

- Total customer deposits were AED 110 bn as at 31 December 2011, an increase of 4% over 31 December 2010.
- Loan to deposit ratio was at 113.53%, an improvement of 215 bps over 2010.
- Advances to stable resources ratio as defined by the UAE Central Bank was 92%, below the 100% maximum level set by the Central Bank.



### Capital and liquidity

- As at 31 December 2011, the Bank's capital adequacy ratio was 22.51%, compared to 16.65% as at 31 December 2010 and above the minimum requirement of 12% determined by the Central Bank.
- As at 31 December 2011, the Bank's Tier I ratio stood at 15.90% compared to 11.97% as at 31 December 2010, above the minimum requirement of 8% determined by the Central Bank.
- As at 31 December 2011, the Bank's liquidity ratio was 22.13%, compared to 17.45% as at 31 December 2010.



\* Liquid assets includes cash and balances with Central banks, deposits and balances due from banks, trading securities and liquid investments  
 \*\* Certificate of deposits with Central Bank is considered as due to banks for the purpose of calculating net position in interbank market



## Awards in 2011

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The World Finance Award for '**Best Corporate Governance**' in the UAE for the second year in a row

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