

Press Release: Immediate Release

ABU DHABI COMMERCIAL BANK REPORTS

FIRST QUARTER 2011 NET PROFIT OF AED 583 MN

COMPARED TO AED 225 MN IN THE FIRST QUARTER 2010, ↑ 159%

Abu Dhabi, 26 April 2011 – Abu Dhabi Commercial Bank PJSC (“**ADCB**” or the “**Bank**”) today reported its financial results for the first quarter of 2011 (“Q1’11”).

Year on year comparison (Q1’11 vs. Q1’10)

- Net interest and Islamic financing income up 6% at AED 926 mn
- Non-interest income up 22% at AED 484 mn
- Net fees and commission income up 25% at AED 263 mn
- Operating profit before impairment allowances and taxation up 8% at AED 983 mn
- Impairment allowances were 41% lower at AED 399 mn and accumulated loan impairment allowances as at 31 March 2011 stood at AED 5 bn
- Customer deposit growth of 21% at AED 109 bn vs. gross loan growth of 3% at AED 126 bn
- Loan to deposit ratio at 111% down from 130%

Commenting on the Bank’s performance, **H.E. Eissa Al Suwaidi**, Chairman of ADCB said: “I am pleased to announce that the Bank declared a net profit of AED 583 mn for the first quarter of 2011. This good set of results is a reflection of the improving economy of the UAE and the strength of our core operations and solid client franchise. The Bank continues to move forward in 2011 by continuing to focus on our strategic objectives and building a stronger, more resilient ADCB for the future.”

Ala’a Eraiqat, member of the Board and Chief Executive Officer, commented on the results: “Such recorded top-line and bottom-line numbers clearly demonstrated by operating profit before impairment allowances of AED 983 mn and net profit of AED 583 mn were a result of our continuous focus on balance sheet management, achieving 21% deposit growth year on year and improving our loans to deposit ratio from 130% to 111%. The Bank’s mix of funding and revenue stream reflect the diversity of our businesses. Non-interest income contribution to operating income increased to 34%, with fees and commission income growth reflecting an increase of 25% year on year in the first quarter of 2011. We continue to pursue efforts to improve our operational performance in line with the highest international standards.”

Further analysis of ADCB’s first quarter results:

AED million	Q1’11*	Q4’10*	Q1’10	% Change	
				Q4’10	Q1’10
Income statement highlights					
Net interest and Islamic financing income	926	1,034	872	(10)	6
Non-interest income	484	370	398	31	22
Operating income	1,410	1,404	1270	0	11
Operating expenses	(427)	(379)	(362)	13	18
Operating profit before impairment allowances and taxation	983	1,025	908	(4)	8
Net impairment allowances	(399)	(647)	(681)	(38)	(41)
Income tax	(1)	(7)	(2)	(86)	(50)
Net profit	583	371	225	57	159
Basic earnings per share (AED)	0.09	0.07	0.02	29	350
Balance sheet highlights					
	March’11	Dec’10	March’10	QoQ % Change	YoY % Change
Total assets	180,705	178,271	163,701	1	10
Gross loans and advances	126,101	129,068	121,902	(2)	3
Deposits from customers	109,132	106,134	90,139	3	21
Ratios					
	March’11	Dec’10	March’10	From Dec’10 Change	YoY Change
Capital adequacy ratio %	17.03	16.65	17.47	38 bps	-44 bps
Tier I ratio (%)	12.39	11.97	12.43	42 bps	-4 bps
Net interest margin %	2.52	2.57	2.59	-5 bps	-7 bps
Loan to deposit ratio %	110.94	115.68	130.06	-474 bps	-1,912 bps

* Includes results of operations from the acquisition of RBS retail banking, wealth management and SME businesses in the UAE acquired in Q4’10

Net profit

ADCB reported first quarter 2011 net profit of AED 583 mn compared to AED 225 mn in Q1'10, an increase of 159% and increase of 57% over Q4'10 net profit.

Total operating income and net interest margins

Total operating income in the first quarter of 2011 reached AED 1,410 mn, an increase of 11% over the same period in 2010 at AED 1,270 mn and remained flat quarter on quarter. The growth in operating income was mainly attributed to stronger contribution of non-interest income. Non-interest income contribution to operating income in Q1'11 increased to 34% compared to 31% in Q1'10 and 26% in Q4'10.

Net interest and Islamic financing income

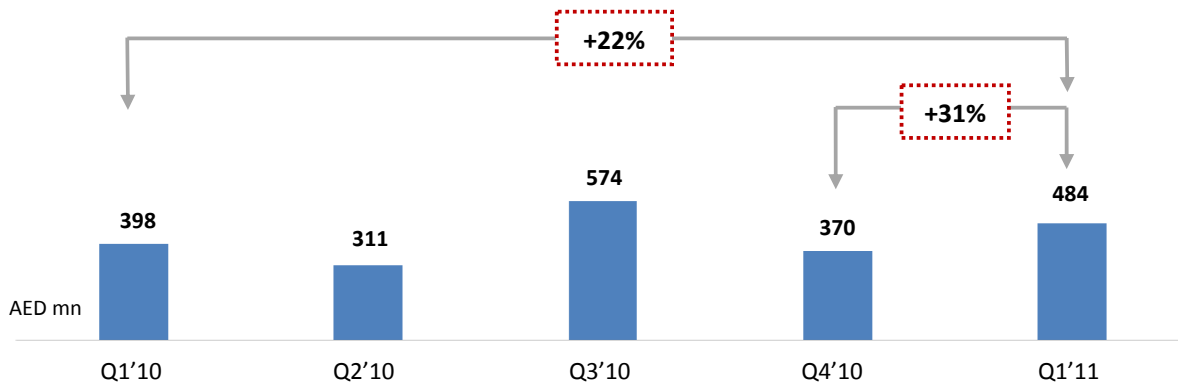
The Bank reported a 6% increase in net interest income for the first quarter of 2011 compared to Q1'10, reaching AED 926 mn on account of higher yields as a result of gradual repricing of the asset base during the course of 2010.

Net interest margin for Q1'11 was 2.52% compared to 2.59% in Q1'10, due to slightly increased cost of funds as a result of changes in funding mix.

Non-interest income

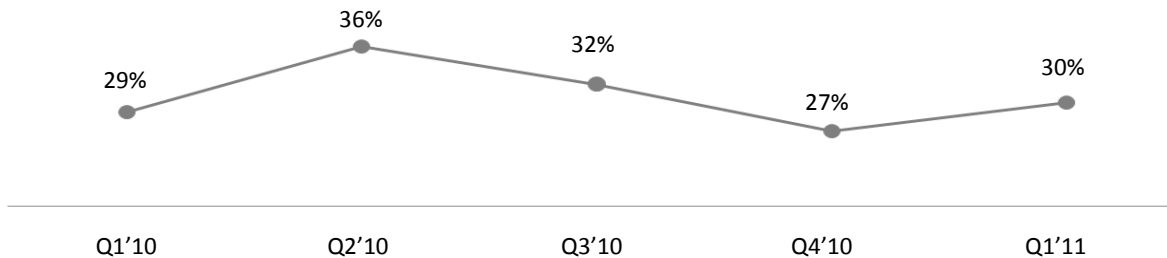
Non-interest income for the first quarter of 2011 reported a growth of 22% over Q1'10 and an increase of 31% over Q4'10 reaching AED 484 mn. This was on account of growth in fees and commission income which stood at AED 263 mn, reflecting an increase of 25% year on year and an increase of 4% quarter on quarter, coupled with higher gains in trading income at AED 102 mn, compared to AED 28 mn in Q1'10. Share of profit from RHB Capital Berhad stood at AED 93 mn in Q1'11, contributing 19% of the non-interest income.

Non-interest income



Cost to income ratio

Operating expenses were AED 427 mn in the first quarter of 2011, with cost to income ratio of 30% compared to 29% in Q1'10.



Provision and impairment allowances

Charges for the first quarter

The net impairment allowances for the first quarter were AED 399 mn, 41% lower compared to Q1'10 and 38% lower compared to Q4'10. Of this, AED 325 mn (net) was provisioned for loans and advances and AED 74 mn for other impairment.

Balance at first quarter end

Allowance for impairment as at 31 March 2011 was AED 5,028 mn compared to AED 6,296 mn as at 31 December 2010. The individual impairment balance in Q1'11 was AED 3,329 mn and collective impairment balance stood at AED 1,699 mn.

Non – performing loans and provision coverage

The NPL ratio declined to 4.9% from 5.8% as at 31 December 2010 and provision coverage ratio was at 63.8% compared to 69.6% as at 31 December 2010. Including the exposure to Dubai World, the NPL ratio stood at 10.3% and provision coverage at 38.6%, compared to NPL ratio of 11.1% and provision coverage of 44.1% as at 31 December 2010.

Assets

Total assets aggregated to AED 181 bn as at 31 March 2011, representing a controlled growth of 1% over 31 December 2010. Gross customer loans as at 31 March 2011 were at 126 bn, 2% lower over 31 December 2010 and 3% higher compared to 31 March 2010.

Customer deposits

Total customer deposits were AED 109 bn as at 31 March 2011, representing an increase of 3% over 31 December 2010 and an increase of 21% over 31 March 2010.

Ratios

As at 31 March 2011, the Bank's loans to deposit ratio was 111% and advances to stable resources ratio as defined by the UAE Central Bank was 93%.

Capital

As at 31 March 2011, the Bank's capital adequacy ratio was 17.03%, compared to 16.65% on 31 December 2010 and above the minimum requirement of 12% determined by the Central Bank. The Bank's Tier I ratio stood at 12.39% as at 31 March 2011 above the minimum requirement of 8% determined by the Central Bank.

Awards

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.

About ADCB:

ADCB was formed in 1985 and as at 31 March 2011 employed over 3,864 people from 48 nationalities, serving approximately 500,000 retail customers and approximately 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 181 bn as at 31 March 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 64.8% by the Abu Dhabi Government through the Abu Dhabi Investment Council. Its shares are traded on the Abu Dhabi Securities Market. As at 31 March 2011, ADCB's market capitalisation was AED 12 bn.

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