Abu Dhabi Commercial Bank
Salam Street
P. O. Box: 939, Abu Dhabi
http://www.adcb.com

بنك أبوظبي التجاري
ADCB
LONG LIVE AMBITION

ABU DHABI COMMERCIAL BANK PJSC REPORTS SECOND QUARTER 2013 NET PROFIT OF AED 917 MN, FIRST HALF 2013 NET PROFIT OF AED 1,820 MN

Abu Dhabi Commercial Bank PJSC ("**ADCB**" or the "**Bank**") today reported its half year financial results for the period ended 30 June 2013 ("H1'13").

Further analysis of ADCB's first half results:

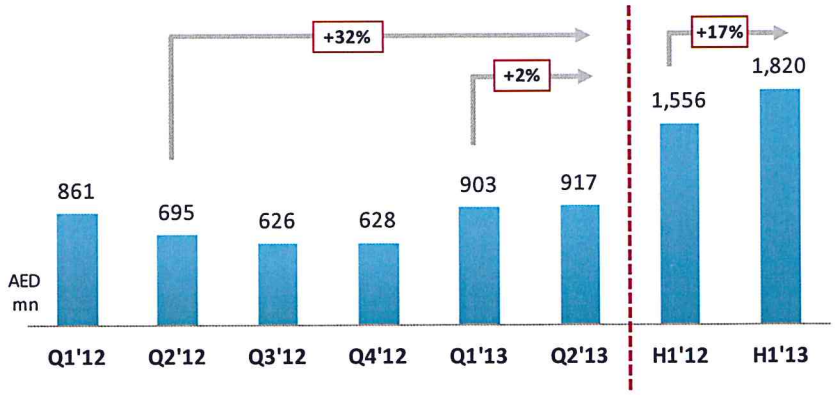
AED million	Quarterly trend					Half year trend		
				Q2'13 Change %				Change %
Income statement highlights	**Q2'13**	**Q1'13**	**Q2'12**	**QoQ**	**YoY**	**H1'13**	**H1'12**	**YoY**
Total net interest and Islamic financing income	**1,461**	1,259	1,374	16	6	**2,720**	2,605	4
Non - interest income	**531**	485	353	9	50	**1,016**	777	31
Operating income	**1,991**	1,744	1,727	14	15	**3,735**	3,382	10
Operating expenses	**(565)**	(517)	(537)	9	5	**(1,083)**	(1,043)	4
Operating profit before impairment allowances	**1,426**	1,227	1,190	16	20	**2,653**	2,339	13
Impairment allowances	**(507)**	(322)	(492)	58	3	**(829)**	(779)	6
Overseas income tax (expense)	**(2)**	(2)	(3)	(23)	(40)	**(4)**	(4)	(15)
Net profit for the period	**917**	903	695	2	32	**1,820**	1,556	17
Balance sheet highlights	**June'13**	**March'13**	**Dec'12**	**QoQ Change %**	**YTD Change %**	**June'13**	**June'12**	**YoY**
Total assets	**175,453**	179,993	180,796	(3)	(3)	**175,453**	180,797	(3)
Net loans and advances	**125,410**	124,378	123,195	1	2	**125,410**	123,463	2
Deposits from customers	**111,399**	111,056	109,217	0	2	**111,399**	111,227	0
Ratios (%)	**June'13**	**March'13**	**Dec'12**	**Change bps**	**Change bps**	**June'13**	**June'12**	**Change bps**
CAR	**20.96**	22.29	23.05	(133)	(209)	20.96	22.34	(138)
Tier I ratio	**16.35**	17.55	17.47	(120)	(112)	16.35	16.04	31
LTD	**112.58**	112.00	112.80	58	(22)	112.58	110.98	160

* The Bank early adopted IFRS 10 with a date of initial application of January 1, 2012. Accordingly, the comparative information of all the quarters for the year 2012 has been restated. Overall annual income statement for 2012 remains unchanged. For further details please refer to Note 2.1 of the Financial Statements for the period ended 30 June 2013.

Performance indicators

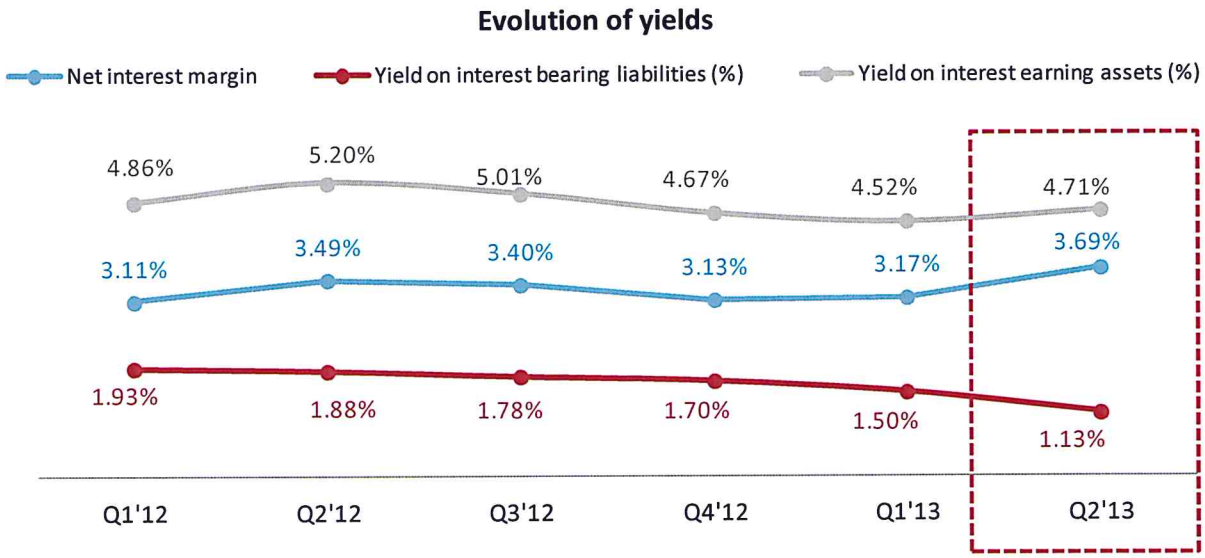
- ADCB reported first half 2013 net profit of AED 1,820 mn compared with AED 1,556 mn in H1'12, an increase of 17%.
- Net profit for the second quarter reached AED 917 mn compared with AED 695 mn in Q2'12 and AED 903 mn in Q1'13, an increase of 32% year on year and 2% quarter on quarter.
- As a result of the share buy back and improved financial performance, the Bank's ROE improved to 17.4% in Q2'13 from 15.5% in Q2'12 and EPS improved to AED 0.16 in Q2'13 from AED 0.13 in Q2'12.

Net profit



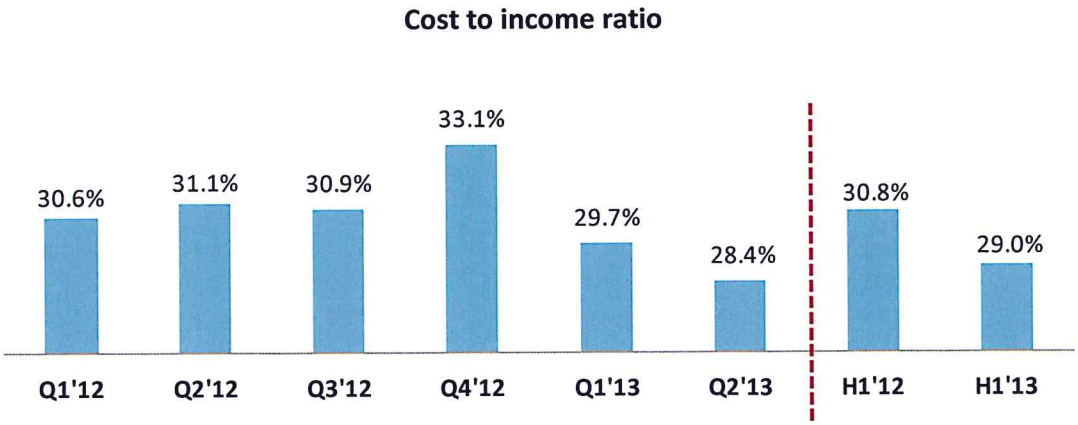
Total operating income

- Total operating income for the first half of the year reached AED 3,735 mn, an increase of 10% year on year. On a quarterly basis, Q2'13 total operating income of AED 1,991 mn was a record for the Bank and reflected an increase of 15% year on year and 14% over the previous quarter.
- Total net interest and Islamic financing income for the first half of the year in 2013 reached AED 2,720 mn, an increase of 4% over H1'12, primarily driven by 31% reduction in interest expense year on year, on account of the Bank's improved funding mix, increased CASA volumes and lower EIBOR. In Q2'13, total net interest income and Islamic financing income at AED 1,461 mn recorded an increase of 6% over Q2'12 and 16% over the previous quarter. Net interest margin in Q2'13 was 3.69% and cost of funds was reported at lowest level at 1.13%
- Non-interest income in the first half of 2013 was at AED 1,016 mn, an increase of 31% over H1'12. On a quarterly basis, at AED 531 mn, non-interest income was up 50% year on year and 9% higher over the previous quarter. This was primarily due to the retirement of financial liabilities and associated hedges on the repayment of the Tier 2 loan. Net fees and commission income totaled AED 474 mn in H1'13, compared to AED 515 mn in H1'12, 8% lower year on year, mainly due to higher fees and commission expenses on account of higher reward accruals. This was offset by strong increase in net trading income reported at AED 299 mn in H1'13, up 84% year on year, primarily due to consolidation of funds.



Cost to income ratio

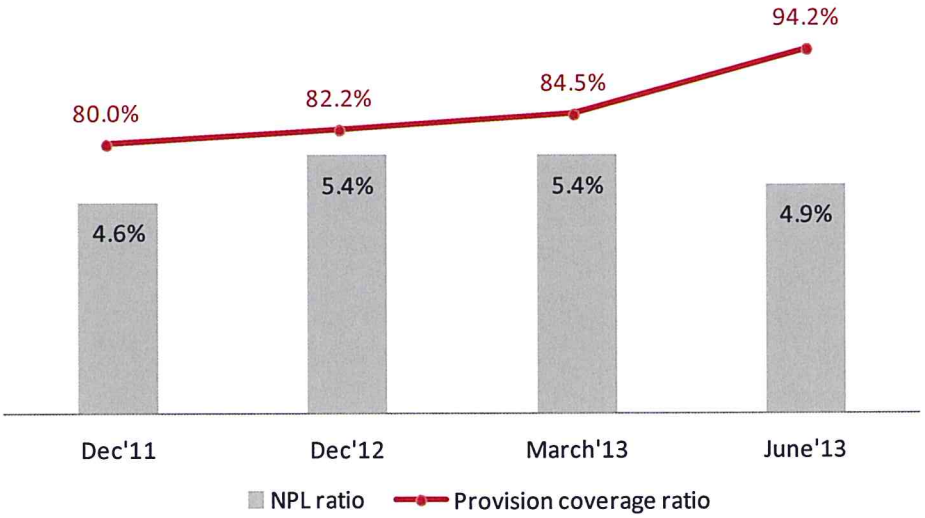
- Operating expenses totaled AED 1,083 mn in the first half of 2013, 4% higher compared to the corresponding period in 2012. Cost to income ratio improved to 29% in H1'13 from 30.8% in H1'12 driven by both improved top line momentum and proactive cost management. On a quarterly basis, in Q2'13, cost to income ratio was reported at 28.4%, recording an improvement of 270 bps over Q2'12 and an improvement of 130 bps over Q1'13.



Asset quality

- As at 30 June 2013, the NPL ratio was 4.9% and provision coverage ratio was 94.2% compared to 5.4% and 82.2% as at 31 December 2012. Non-performing loans as at 30 June 2013 was at AED 6.4 bn, compared to AED 6.9 bn as at 31 December 2012.
- Portfolio impairment allowance balance was AED 2,521 mn and 1.95% of credit risk weighted assets and Individual impairment balance stood at AED 4,210 mn as at 30 June 2013.
- Impairment allowance for the first half of 2013 was AED 829 mn compared to 779 mn, 6% higher over the same period previous year. Charges for impairment allowances on loans and advances, net of recoveries amounted to AED 855 mn in H1'13, compared to AED 749 mn in H1'12, 14% higher primarily on account of increased portfolio provisions.

NPL and provision coverage ratios*



* The above excludes the exposure and provision on Dubai World which was moved to performing category in 2011

Assets (30 June 2013)

- Total assets were at AED 175.4 bn compared with AED 180.8 bn as at 31 December 2012, 3% lower primarily on account of lower acceptances.
- Gross customer loans were reported at AED 132.1 bn compared with AED 129.7 bn as at 31 December 2012, reporting an increase of 2%. As at 30 June 2013, 96% of gross loans were within the UAE, in line with the Bank's UAE centric strategy.
- Investment securities portfolio (Available for sale investments) increased to AED 19.2 bn, compared with AED 18.7 bn as at 31 December 2012, an increase of 3%, mainly attributable to bonds invested in the UAE. 98.5% of the total portfolio was invested in bonds, issued by government, public sector, banks and financial institutions providing a liquidity pool for the Bank.

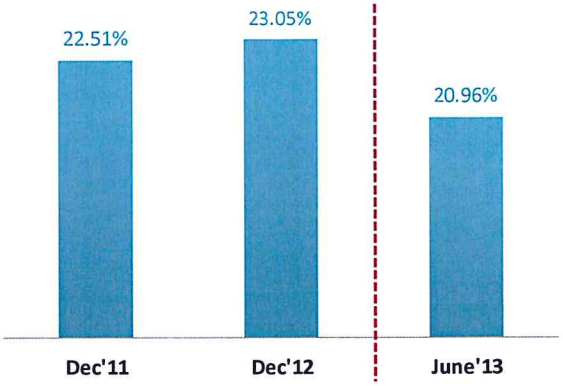
Customer deposits/Loan to deposit ratio (30 June 2013)

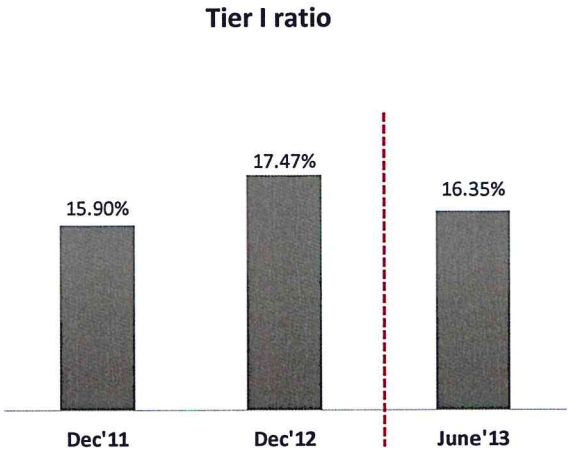
- Customer deposits were AED 111.4 bn compared with AED 109.2 bn, representing an increase of 2% over 31 December 2012.
- Significant improvement in customer deposit constitution, CASA deposits* were up AED 7.7 bn over 31 December 2012, increased from 33% of total deposits to 39% as at 30 June 2013.
- Loan to deposit ratio was at 112.58% compared with 112.80% as at 31 December 2012.
- Loans to stable resources ratio was at 90% compared with 86% as at 31 December 2012.

*Includes Islamic current account and savings deposits

Capital adequacy ratio (30 June 2013)

- During the period ended 30 June 2013, the Bank bought back 262,981,483 ordinary shares at a total consideration of AED 1,158 mn, which resulted in a lower capital adequacy ratio for the bank. As at 30 June 2013, the Bank's capital adequacy ratio was 20.96% compared with 23.05% as at 31 December 2012. The Bank's Tier I ratio stood at 16.35% compared with 17.47% as at 31 December 2012. In addition, the Bank repaid the entire amount of Tier 2 loan of AED 6.7 bn from the Ministry of Finance in the first half of 2013 substituted this with lower cost funding from the wholesale markets.





Awards - 2013

- 'Best Bank in Payments and Collections' in the Middle East region and the 'Best Bank in Trade Finance' in the UAE by Global Finance Magazine.
- The Human Resources Development Award in Emiratization in the banking industry by The Emirates Institute for Banking & Financial Studies (EIBFS), including the "The Best Emiratization CEO Award", "Honoring UAE Nationals in Higher Management positions in the Banking Sector Award" and "Distinguished Woman in the Banking & Finance sectors Award".
- The Banker Middle East Product Awards 2013, "Best New SME Product", "Best Trade Finance Offering" and "Best Cash Management".
- Group Business Services Division achieved ISO 9001:2008 certification as recognition of the quality management system standard of the bank.
- World Finance Magazine, "The Best Corporate Governance - United Arab Emirates 2013".
- Abu Dhabi Commercial Engineering Services (ADCE), a subsidiary of Abu Dhabi Commercial Bank (ADCB), was awarded ISO certification for its Environmental practices and OHSAS certification for its Occupational Health and Safety practices.
- The Banker 'Deals of the Year' 2013 Awards; Winner of Deal of the Year 2013: Middle East - Restructuring Category - Global Investment House Restructuring Deal, Winner of Deal of the Year 2013: Middle East - Islamic Finance Category Jebel Ali Free Zone Sukuk refinancing.
- Banker Middle East Industry Awards 2013; Best Transaction Bank, Best Corporate Bank.
- 'Highly Commended for the Best Trade Bank in the Middle East and North Africa' by Trade Finance Excellence Awards 2013.
- 'Best Trade Bank in the Middle East – Silver' by TFR Excellence Awards 2013.

Nabil Juma
Head of Strategic Relations