



مصرف أبوظبي الإسلامي
Abu Dhabi Islamic Bank
 بنك إسلامي

Management Discussion & Analysis

Abu Dhabi Islamic Bank reports 27.9% growth in top line operating profit (margin) in the first quarter of 2009 and 37% growth in customer deposits

- Operating profit (margin) grows 27.9% to AED 361.3 million vs Q1 2008
- Total assets grew 24% from AED 44.3 billion in Q1 2008 to AED 55.1 billion in Q1 2009
- Customer Deposits grew 37% from AED 30 billion in Q1 2008 to AED 41.1 billion in Q1 2009
- Continued conservative planning sees provisioning grow by a further AED 75.8 million in Q1 2009 to AED 664.7 million.
- Net income for Q1 2009 is up 9.8% on same period in 2008, to AED 268.3 million

Abu Dhabi, 29th April 2009 – Abu Dhabi Islamic Bank (ADIB), one of the leading Islamic banks in the region, has released its financial results for the first quarter (Q1) 2009, showing a healthy growth in operating profit (margin) of 28% compared to Q1 2008, to AED 361.3 million (AED 282.5 million in Q1 2008). Overall, net income also increased by a solid 9.8% to AED 268.3 million for the first three months of 2009 ending March 2009, compared to AED 244.5 million in the same period in 2008.

Please see below table for 1st Quarter Results Summary

Results for Q1 2009	AED (Mn)		
	Q1 08	Q1 09	%Change (variance)
Banking Revenues	414.9	552.9	33%
Investment Revenues	61.1	26.0	-57%
Total Revenues	476.0	578.9	22%
Margin	282.5	361.3	28%
Credit Loss Provisions including impairment	38.0	93.0	145%
Net Income	244.5	268.3	9.8%
Total Assets in AED (Billion)	44.3	55.1	24%
Customer Deposits in AED (Billion)	30.0	41.1	37%

Continuing with its conservative approach to business planning, ADIB continued to increase its Credit Loss Provisioning in Q1 2009, with total provisions now standing at AED 664.7 million compared to AED 389.3 million at the end of Q1 2008. This prudence, now a corporate hallmark of the ADIB Group is designed to support the steady long-term business growth.

Commenting on the financial results, Tirad Mahmoud, Chief Executive Officer at ADIB, said: "We are satisfied with our Q1 results, which show positive and sustained growth despite a challenging environment. First quarter of 2009 saw revenue grow by 22% to AED 578.9 million vs. the same period in 2008 supported by growth in our core business activities, where net revenue from financing grew 31% to AED 501.4 million. Our total assets have grown by 24% from a total of AED 44.3 billion as of end March 2008, to AED 55.1 billion at the end of March 2009 and by 7.5% as compared to December 2008. Customer assets are AED 35.8 billion as of March 2009, representing an increase of 31% over first quarter of 2008 and 4.7% over December 2008. Customer deposits are AED 41.1 billion as of March 2009, representing an increase of 37% over first quarter of 2008 and 9.6% over December 2008.

"ADIB remains liquid, with our stable fund ratio at 95.3%. This means our capacity to finance remains strong and we will continue to play a leading role in reestablishing business confidence and supporting economic growth."

Mr. Tirad continues: "We have again applied a conservative approach to both provisioning and expense management and will continue to do so. Our investment in restructuring the business is ongoing and is vital to ensure that we remain highly competitive and customer-oriented.

We are concerned about the impact of the economy on our customer base and as a result we continue to take a conservative approach to provisioning. This is expected to continue for the rest of the year.

Looking forward: we are cautiously optimistic about the balance of 2009. Our chief concern stems from a) the increasing credit default rate and b) the divergence between customer deposit rates and Ebor which is increasing funding costs for all banks.

"While we clearly cannot ignore what is happening in the wider environment, our focus is clear. We remain committed to expanding our business, particularly in the Retail Banking space, and to

ensuring that we have a superb team at all levels to drive this growth. As such, we continue to invest in existing and new talent across the business."

ADIB's Capital Adequacy Ratio at the end of March 2009 was 10.8% excluding the Tier 1 Capital Sukuk and the conversion of the Federal Government's deposits to Tier II Capital. After the issuance of Tier-1 Capital Sukuk for a total amount of AED 2 billion and after converting the liquidity support totaling AED 2.2 billion provided by the Ministry of Finance as Tier II Capital, the Capital Adequacy Ratio will increase to 19.8%.

-Ends-

About ADIB

Abu Dhabi Islamic Bank (ADIB) was established on 20th May 1997 as a Public Joint Stock Company following the Amiri Decree No. 9 of 1997. The Bank commenced commercial operations on 11th November 1998, and was formally inaugurated by His Highness Sheikh Abdullah Bin Zayed Al Nahyan, on 18th April 1999. The Bank carries out all contracts, operations and transactions in accordance with Islamic Shari'a principles. ADIB's mission is to offer financial solutions for the global community, and its vision is to become a top tier Islamic financial services group.

ADIB prides itself on its values which reflect the Bank's commitment to the Islamic Shari'a, and the guidelines of the Bank's practices adhere to the principles of Islam.

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