



Management Discussion and Analysis

Abu Dhabi Islamic Bank posts AED 239.5 million third quarter profit, up 11% vs same period of last year

Income Statement – third quarter 2009 vs. 2008:

- Net Profit for Q3 2009 reached AED 239.5 million vs. AED 216.5 million for Q3 2008, an increase of 11% and also higher by 24% compared to Q2 2009.
- The increase in Net Profit in Q3 2009 over Q3 2008 is mainly driven by growth of 17% in Net Revenues from Funding and effective cost control measures which resulted in expenses going down in Q3 2009 vs. Q3 2008 by 5.2%.
- Credit loss provisions increased by AED 121.5 million in 3Q 2009.

Income Statement – Nine months ending 2009 vs. 2008:

- Net Revenue from Funding activities for the first nine months of 2009 up 23% to AED 1,545.8 million over same period of 2008.
- Non-banking Revenues recorded a year-on-year decline of 82.2% mainly due to an AED 233.4 million fall in revenues from the real estate subsidiary.
- Net Revenues for the nine months of 2009 increased to AED 1,786.9 million, up 6% over same period of 2008.
- Net Profit for the nine months of 2009 at AED 701.3 million, down 4.8% compared to same period of 2008 due to lower investment income of AED 244.4 million mainly in the real estate subsidiary and increased credit loss provisions amounting to AED 121.5 million in Q3 2009.
- Credit loss provisions increased by AED 385.9 million in the first nine months of 2009.

Balance Sheet:

- Total assets as of 30th September 2009 were AED 58.7 billion representing an increase of 19.4% compared to AED 49.1 billion at the same point last year.
- Customer Financing has increased to AED 39.2 billion with a growth ratio of 22.3%, compared to AED 32.1 billion at the end of September 2008.
- Customer deposits have shown a healthy growth of 30.8% to AED 44.0 billion, from AED 33.6 billion at the same point last year.

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مصرف أبوظبي الإسلامي
Abu Dhabi Islamic Bank

Capital Adequacy and Liquidity:

- Capital Adequacy ratio at the end of September 2009 stood at 15.48% without including the Federal Government's deposit in Tier II Capital as ADIB is still in the process of converting the AED 2.2 billion of deposits. After the conversion of the deposit, the Capital Adequacy ratio will increase to 20.3%.
- Customer financing to deposits ratio improved to 89.2%.
- Stable funds ratio improved to 91.7%.

Abu Dhabi, 28 October 2009 – Abu Dhabi Islamic Bank (ADIB), a leading regional Islamic financial services group today announced its results for the nine months of 2009. Net profit for the third quarter at AED 239.5 million rose by 24% compared to the previous quarter of the current year and 11% vs. the same period last year despite the decline in real estate revenues of AED 77.2 million.

Putting the significance of these results in perspective, Tiram Mahmoud, CEO, said: "Despite the major Credit Loss Provisions (AED 121.5 million) that were taken in Q3, 2009 and the major decrease in real estate Investment Income (AED 77.2 million); our profitability has remained strong in the third quarter. The strong performance of our banking activities provided a 40% increase in net profit versus the nine months of last year and a 58% increase over the third quarter of 2008."

In keeping with ADIB's prudent practice, provisions at the Bank continue to grow. During Q3 2009 the bank took additional credit loss provisions of AED 121.5 million and total provisions now stand at AED 960 million versus AED 589.3 million on 31 December 2008. Provisions now cover 2.39% of the Gross Customer Financing portfolio.

Explaining the reason for increasing credit loss provisions, Tiram said: "The GCC credit environment remains under pressure and we expect the rest of this year and next year to remain challenging with further provisioning necessary. In early 2008 we started to build our provisions given our then view of the deepening economic downturn. While there are some encouraging signs of recovery we will continue with our conservative approach. We are actively engaged with our clients who have been impacted by the current economic conditions and are working with them to develop solutions that will enable them to meet their commitments. Notwithstanding this,

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Providing guidance on the Bank's direction for the rest of this year, Tiraad said: "ADIB's strategy is sound and is inspired by the principles of Shari'a in maintaining customer and shareholder trust. We see ourselves as integral to the UAE's economic future and are thankful for the support we receive from the government, shareholders, customers, the community and staff. We are committed to expanding our branches and ATM network by the end of the year and are on track, having recently opened our 50th branch. Our Private Banking and Wealth Management business is starting to gain momentum and we expect to start rolling out an enhanced value proposition to our high net worth customers towards the end of this year. We have already seen a pick-up in our Business Banking unit and expect our Corporate Banking and Commercial Banking to follow suit. Continued growth in core business activities, robust liquidity and a well capitalized balance sheet are some key positives we aim to build on."

Outlook

Turning to ADIB's brokerage subsidiary, we are pleased to see that Abu Dhabi Islamic Financial Services has continued to be profitable with net profit of AED 4.9 million in the third quarter of 2009 versus AED 1.4 million during the same period last year. ADIFS is now the 8th largest share brokerage house, by market share, in the UAE and we expect it to consolidate its position in the over the course of the rest of the year.

ADIFS

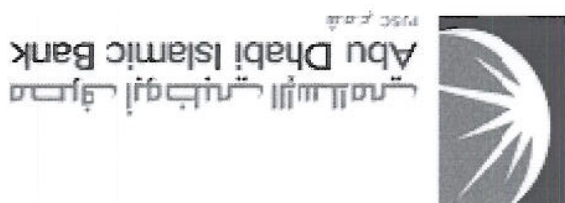
Burooj, the Group's real estate subsidiary, has been negatively impacted by market conditions and prudent measures are being adopted as reflected by Burooj posting a net loss of AED 43.0 million during the first nine months of 2009. This stands in contrast with the profit of AED 194.8 million Burooj posted in the same period of 2008 and reflects the prevailing challenges in the real estate sector. While the sector remains under pressure, Abu Dhabi is resilient and the future is starting to look promising. We expect Burooj to complete the restructuring of their projects in the fourth quarter and then to start making a positive contribution in the year ahead.

Burooj

Tiraad said:
Commenting on the performance of other Group companies besides the core Bank business,

GROUP COMPANIES

ADIB will maintain the prudent policy to take proactive provisions against the credit risk portfolio as circumstances require."



ADIB Financials summary – Nine months period ending 2009 vs. Nine months period ending 2008

Financials	Banking		Consolidated Group	
	Nine months period ending 2009	Nine months period ending 2008	Nine months period ending 2009	Nine months period ending 2008
	AED Mn	AED Mn	AED Mn	AED Mn
Net Revenue from Funding	1,625.6	1,298.9	1,625.6	1,298.9
Fees, Commissions and FX	90.7	44.2	90.7	44.2
Investment Revenues	19.9	56.5	19.9	56.5
Net Banking Revenues	1,736.2	1,399.6	1,736.2	1,399.6
Brokerage Revenues (ADIFS - subsidiary)	-	-	15.8	20.0
Real Estate Revenues (Burooj - subsidiary)	-	-	24.0	257.4
Revenue from Other Minor Activities	-	-	10.9	8.4
Net Non-banking Revenues	-	-	50.7	285.8
				-82.2%
Consolidated Group				
Total Revenues	1,736.2	1,399.6	1,786.9	1,685.4
Margin	1,123.7	838.2	1,087.2	1,043.9
Credit Loss Provisions and Impairments	381.4	307.3	385.9	307.3
Net Profit	742.2	530.9	701.3	736.7
				-4.8%
Total Assets in AED (Billion)	58.0	47.1	58.7	49.1
Customer Financing in AED (Billion)	41.2	33.3	39.2	32.1
				22.3%
Customer Deposits in AED (Billion)	44.2	33.7	44.0	33.6
				30.8%

ADIB Financials summary – Third Quarter 2009 vs. Third Quarter 2008

Financials	Banking		Consolidated Group	
	Third Quarter 2009	Third Quarter 2008	Third Quarter 2009	Third Quarter 2008
	AED Mn	AED Mn	AED Mn	AED Mn
Net Revenue from Funding	558.8	467.6	558.8	467.6
Fees, Commissions and FX	48.9	32.7	48.9	32.7
Investment Revenues	(4.0)	7.2	(4.0)	7.2
Net Banking Revenues	603.7	507.5	603.7	507.5
Brokerage Revenues (ADIFS - subsidiary)	-	-	6.0	5.3
Real Estate Revenues (Burooj - subsidiary)	-	-	(5.3)	71.9
Revenue from Other Minor Activities	-	-	4.1	0.5
Net Non-banking Revenues	-	-	4.8	77.7
				-93.8%
Consolidated Group				
Total Revenues	603.7	507.5	608.5	585.2
Margin	387.1	274.1	361.0	324.1
				11.4%



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

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 Shar'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.

About ADIB:

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Credit Loss Provisions and Impairments	124.0	107.6	15.3%	121.5	107.6	12.9%
Net Profit	263.1	166.5	58.0%	239.5	216.5	10.6%

