

# Investor Presentation

## 30 June 2010

Abu Dhabi: 20 July 2010

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# ADIB at a glance

## Overview

- Incorporated in **1997** to serve as first Islamic Bank in the Emirate of Abu Dhabi.
- Owned (40 %) by Emirates International Investment Co. LLC.
- Listed on Abu Dhabi Securities Exchange (ADX).

## Credit Rating

	<u>Fitch</u> (Re-affirmed 23 Feb 2010)	<u>Moody's</u> (Re-affirmed 21 Feb 2010)
LT	A+	A-2
ST	F1	P-1
Outlook	Stable	Stable

## Presence

- UAE - 57 Branches
- 262 ATMs in all the 7 emirates
- First 24 hour branch at Abu Dhabi International Airport

## Stock Info

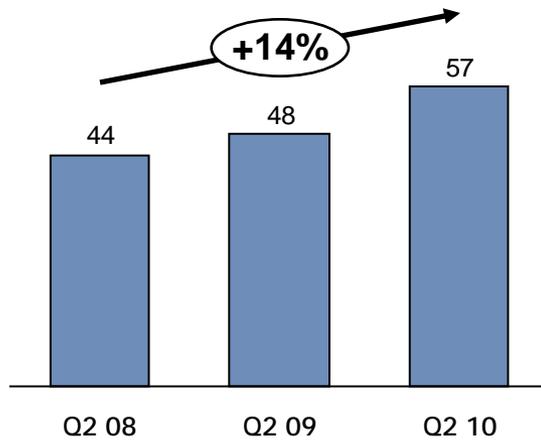
(Price as of 30 June 2010; ratios based on Q2 10 financials)

Market Cap (Price @ AED 2.48)	AED 5.9 bn (US\$1.6 bn)
EPS / share (AED) - (half year)	0.226
PE Ratio (on annualised EPS)	5.5 times
Price / Book Ratio	0.76
Shares Issued (@ AED 1)	2,365 Mn

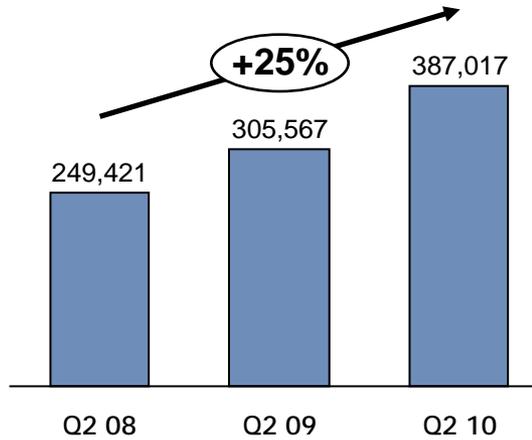
# Focus on networking expansion continues

ADIB continues to investment in coverage during the downturn

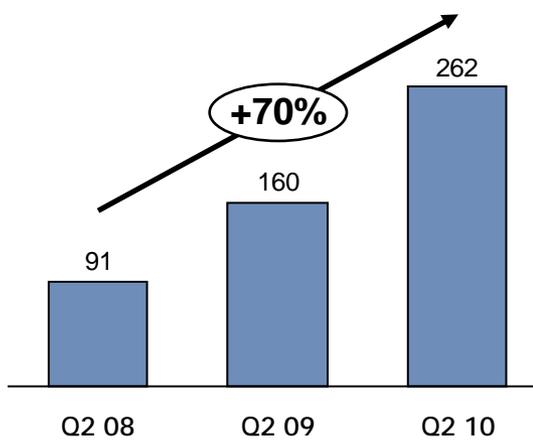
Branch Network



Customers



ATM



- 57 Branches in 11 years.
- 25% CAGR growth in Customers from Q2 2008 to Q2 2010 to reach at 387,017 customers.
- ATM revamped; 188% more machines from 91 at Q2 2008 to 262 in Q2 2010.
- Service Quality ranking improved by 27% from 23 in 2008 to 18 in 2009.
- Awarded "Best Islamic Bank in the Middle East" award by Banker Middle East
- Introduced '24 Hour' Banking ; '10 to 10' Banking and 'Anywhere' Banking.
- First Islamic Business Covered Card.
- Launched new brand identity in line with its vision to become a top tier global Islamic financial services group and to deliver on its mission of providing "Islamic financial solutions for the Global community".

# Financial targets over the medium term

1

Core business ROE of 25% over the medium term

2

Cost to Income Ratio of less than 33%

3

Earnings increase of 20% p.a. over the medium term

# Q2 2010 - Highlights

Consolidated Balance Sheet	30 June '10 AED (bn)	% chg (vs June '09)	
Assets	<b>68.3</b>	 18%	■ Total Assets increased by 18% from Q2 2009 to reach AED 68.3 bn.
Customer Financing	<b>45.2</b>	 21%	■ Customer financing increased by 21% from Q2 2009 to reach AED 45.2 bn.
Customers' Deposits <sup>(1)</sup>	<b>51.9</b>	 19%	■ Customer deposits showed a healthy growth of 19% over Q2 2009 and Stable Funds Ratio at 30 June 2010 was 88.2% (one of the few banks to meet UAE CB guidelines).
Total Equity	<b>7.7</b>	 1%	■ Capital adequacy ratio at 30 June 10 was 16.64% - Basel II.
Total Capital resources	<b>12.8</b>	 21%	■ Capital resources reached AED 12.8 bn, up 21% over end Q2 2009.

Note : (1) Customer deposits growth rate is conservative in that includes the UAE Federal Government AED 2.2 bn deposit in the June 2009 base but not in Q2 2010 since it converted to Tier 2 capital on 31 December 2009.

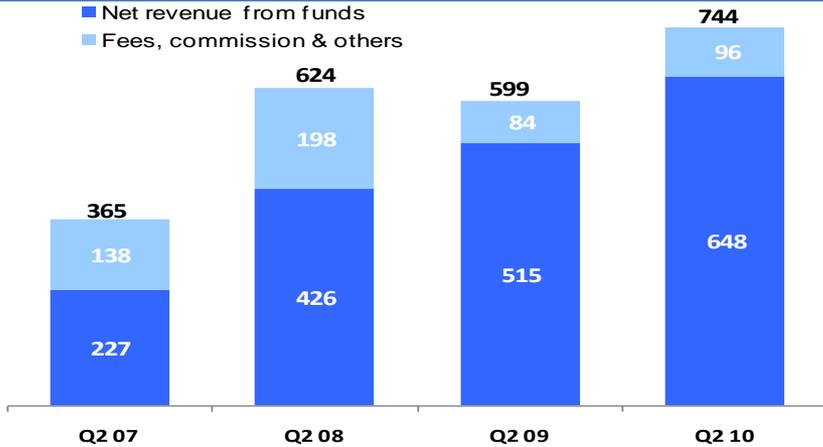
# Consolidated Statement of Income

AED Mn	Q2 09	Q1 10	Q2 10	% chg Q2 10 vs Q2 09	% chg Q2 10 vs Q1 10	H1 09	H1 10	% chg H1 10 vs H1 09
<b>Revenues</b>	599.4	680.7	<b>744.2</b>	<b>24.1%</b>	<b>9.3%</b>	1,178.4	<b>1,424.8</b>	<b>20.9%</b>
Net Revenue from Funds	515.3	571.6	<b>647.6</b>	25.7%	13.3%	1,016.7	<b>1,219.2</b>	19.9%
Fees & commission	35.1	56.1	<b>79.0</b>	125.1%	40.8%	68.7	<b>135.1</b>	96.5%
Investment income	40.0	40.7	<b>7.2</b>	-82.1%	-82.3%	66.1	<b>47.8</b>	-27.6%
Foreign Exchange	8.9	11.3	<b>10.0</b>	11.8%	-11.9%	24.2	<b>21.3</b>	-12.0%
Other income	0.1	1.0	<b>0.4</b>	233.6%	-58.0%	2.7	<b>1.4</b>	-45.7%
<b>Expenses</b>	234.6	282.1	<b>307.9</b>	<b>31.3%</b>	<b>9.1%</b>	452.2	<b>590.1</b>	<b>30.5%</b>
Employee cost	157.1	174.1	<b>189.5</b>	20.6%	8.8%	304.3	<b>363.6</b>	19.5%
Premises	23.6	25.6	<b>28.6</b>	21.2%	11.7%	42.3	<b>54.3</b>	28.2%
Depreciation	10.9	18.4	<b>21.0</b>	92.7%	13.5%	21.3	<b>39.4</b>	84.7%
Other Operating expenses	43.0	64.0	<b>68.8</b>	60.0%	7.5%	84.3	<b>132.8</b>	57.7%
<b>Operating Profit - Margin</b>	364.8	398.6	<b>436.2</b>	<b>19.6%</b>	<b>9.5%</b>	726.2	<b>834.7</b>	<b>14.9%</b>
<b>Credit Loss Provisions</b>	171.4	105.2	<b>134.6</b>	<b>-21.5%</b>	<b>28.0%</b>	264.4	<b>239.8</b>	<b>-9.3%</b>
- Individual / Specific	154.7	82.5	<b>82.5</b>	-46.7%	-	237.2	<b>165.0</b>	-30.4%
- Collective / General	16.7	22.7	<b>52.1</b>	212.0%	129.5%	27.2	<b>74.8</b>	175.0%
<b>Net Profit</b>	193.4	293.3	<b>301.6</b>	<b>55.9%</b>	<b>2.8%</b>	461.8	<b>594.9</b>	<b>28.8%</b>

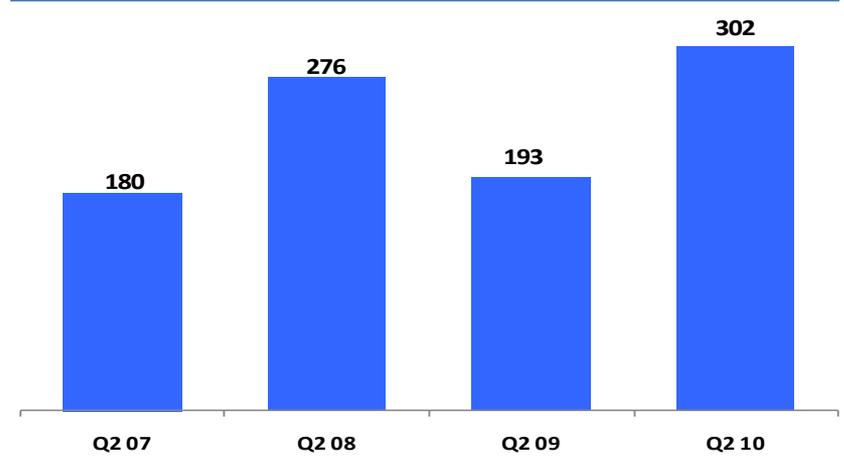
# Key income parameters

## Revenues (AED Mn)

- Net revenue from funds
- Fees, commission & others

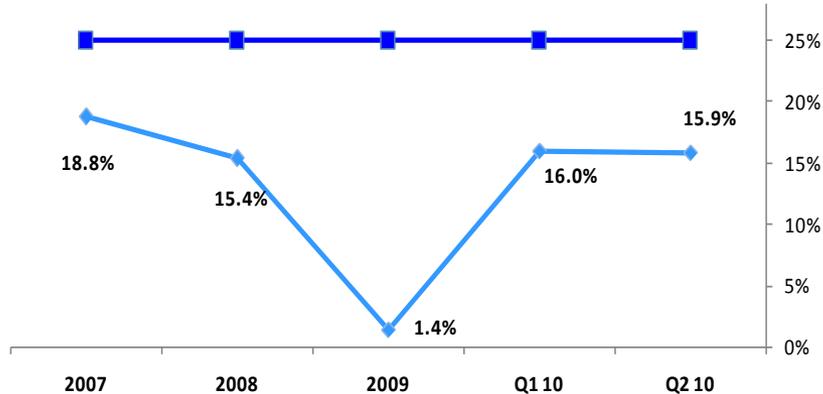


## Net Profit (AED Mn)



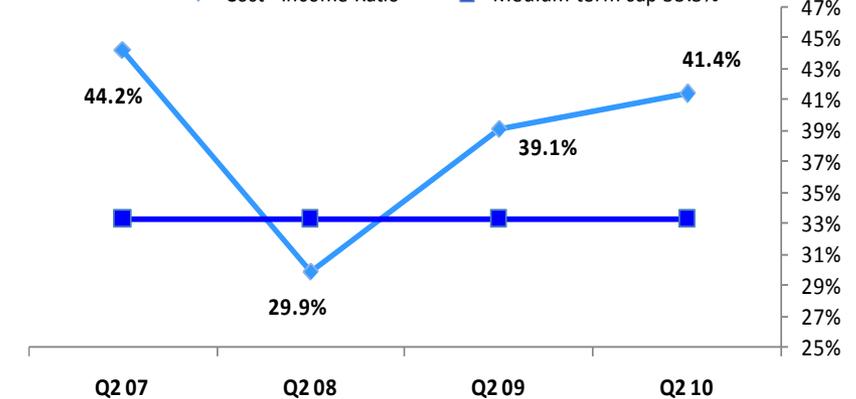
## Return on shareholders' Equity (%)

- Return on Average Equity
- Medium-term Cap 25%



## Cost to income ratio (%)

- Cost - Income Ratio
- Medium-term cap 33.3%



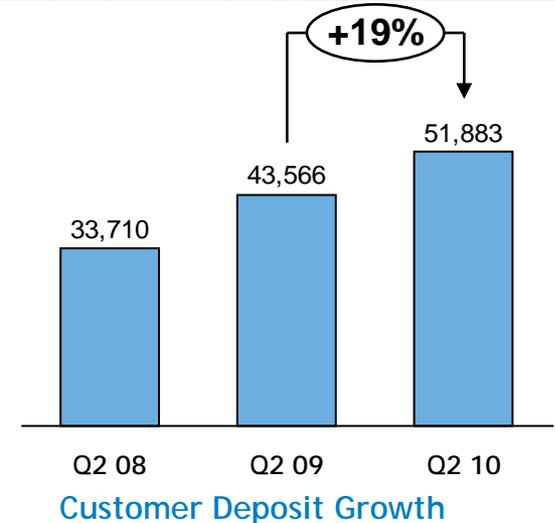
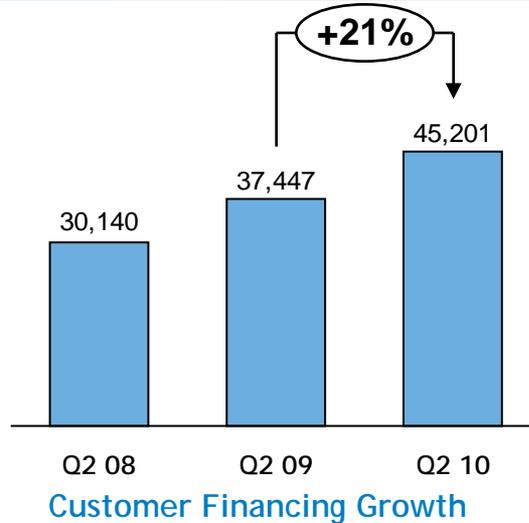
# Consolidated Balance Sheet

AED Mn	30 June 2009	31 Dec 2009	30 June 2010	% chg 30 June 2010 vs 30 June 2009	% chg 30 June 2010 vs 31 Dec 2009
Cash and balances with Central Banks	3,482	3,331	<b>4,291</b>	23.2%	28.8%
Due from financial institutions	11,842	14,658	<b>12,670</b>	7.0%	-13.6%
Net Customer financing	37,447	40,474	<b>45,201</b>	20.7%	11.7%
Investments	942	1,010	<b>1,341</b>	42.4%	32.8%
Investment in associates	748	738	<b>825</b>	10.3%	11.8%
Investment, development and properties held for sale	960	1,138	<b>1,155</b>	20.3%	1.5%
Other assets / fixed assets	2,683	2,735	<b>2,849</b>	6.2%	4.2%
<b>TOTAL ASSETS</b>	<b>58,104</b>	<b>64,084</b>	<b>68,332</b>	<b>17.6%</b>	<b>6.6%</b>
Due to financial institutions	2,196	1,278	<b>1,067</b>	-51.4%	-16.5%
Customers' deposits	43,566	48,220	<b>51,883</b>	19.1%	7.6%
Other liabilities	1,740	2,296	<b>2,536</b>	45.7%	10.5%
Tier 2 wakala capital	-	2,207	<b>2,207</b>	100.0%	-
Sukuk payable	2,938	2,938	<b>2,938</b>	-	-
<b>TOTAL LIABILITIES</b>	<b>50,440</b>	<b>56,939</b>	<b>60,631</b>	<b>20.2%</b>	<b>6.5%</b>
Share capital	1,971	1,971	<b>2,365</b>	20.0%	20.0%
Tier 1 sukuk	2,000	2,000	<b>2,000</b>	-	-
Proposed dividend	-	394	-	-	-100%
Reserves	3,693	2,780	<b>3,336</b>	-9.7%	20.0%
<b>TOTAL EQUITY</b>	<b>7,664</b>	<b>7,145</b>	<b>7,701</b>	<b>0.5%</b>	<b>7.8%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>58,104</b>	<b>64,084</b>	<b>68,332</b>	<b>17.6%</b>	<b>6.6%</b>

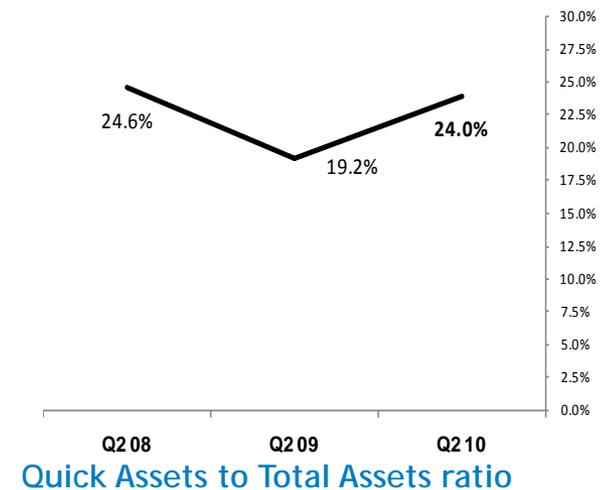
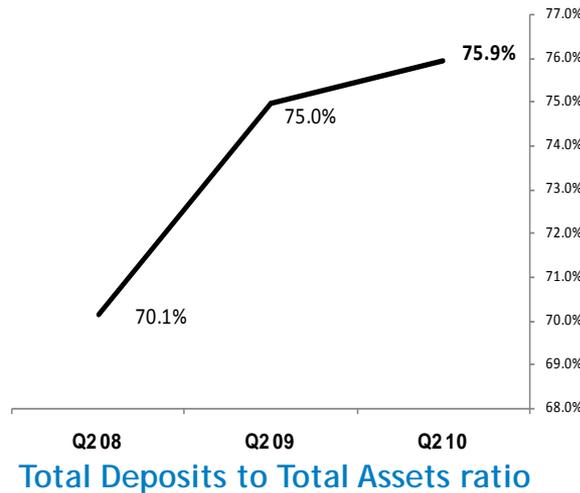
# Balance Sheet Strength

Remains one of the most liquid bank's in the UAE on the back of above market balance sheet growth

- Total Assets increased by 18% in Q2 2010 to reach AED 68.3 Bn.
- Net Customer financing increased by 21% in Q2 2010 to reach 45.2 Bn.
- Customer deposits showed a healthy growth of 19% over Q2 2009.

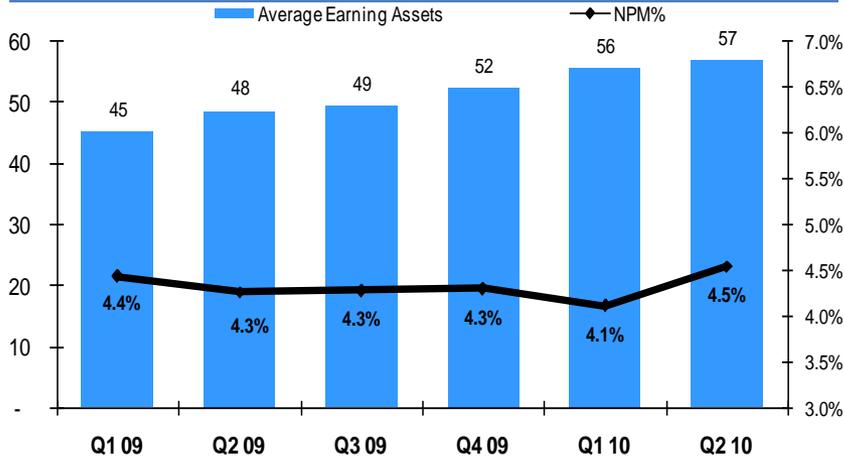


- Strong Financing to Deposit ratio at 87.1%
- Stable Funds Ratio is at 88.2%

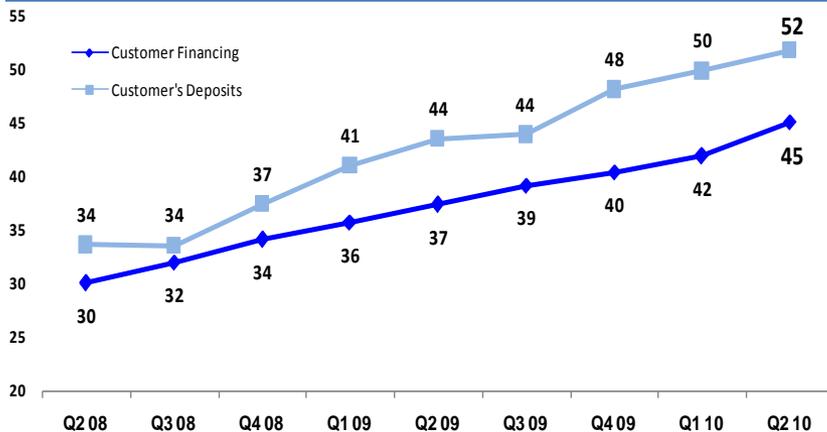


# Assets and Liquidity

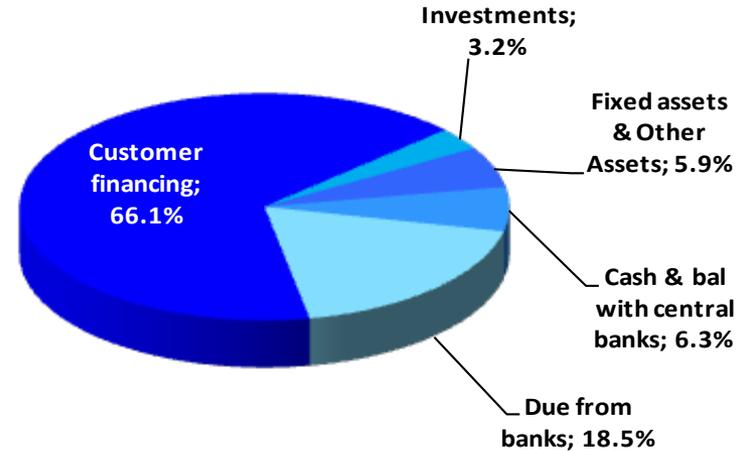
Average Earning Assets (AED bn) and Net Profit Margin (%)



Net Customer Financing and Customers' Deposits (AED bn)



Composition of Assets - AED 68 bn

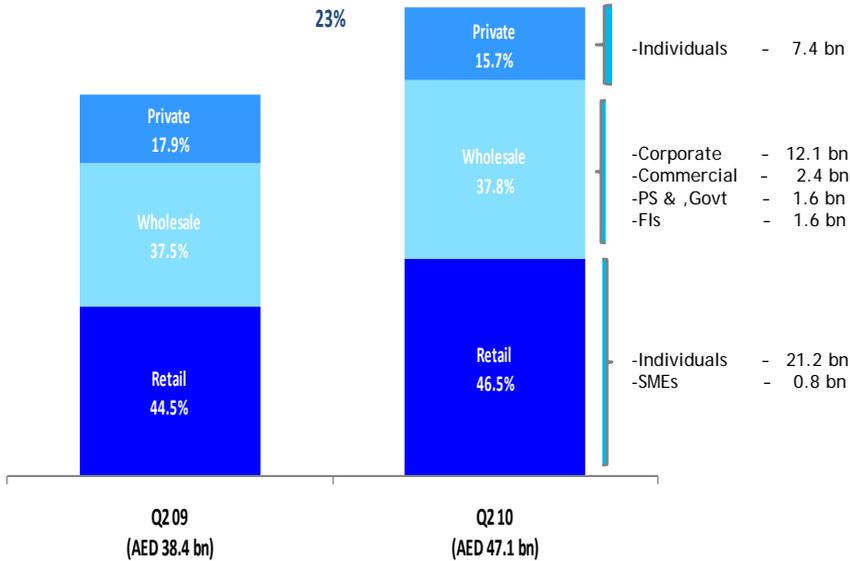


## Key points

- Strong asset quality and liquidity.
- CAGR (Q2 08 - Q2 10)
  - Total Assets 19.2%
  - Customer financing 22.5%
  - Customers' Deposits 24.1%
- Net Profit Margin (NPM) was 4.5% for Q2 10 and 4.1% for Q1 10.

# Customer Financing

Gross Customer financing by Segment



Gross Customer financing by Geographic Region

**Middle East; 1.8%**

**Europe; 0.8%**

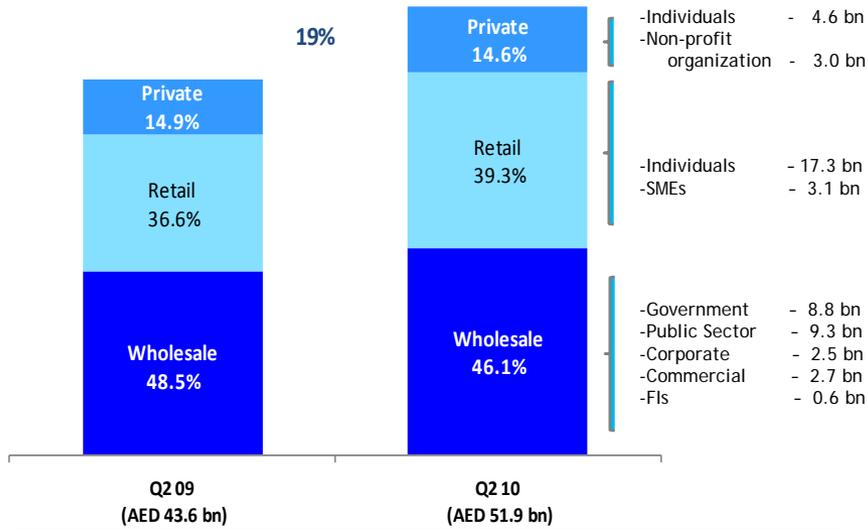
**Others; 2.2%**

## Key points

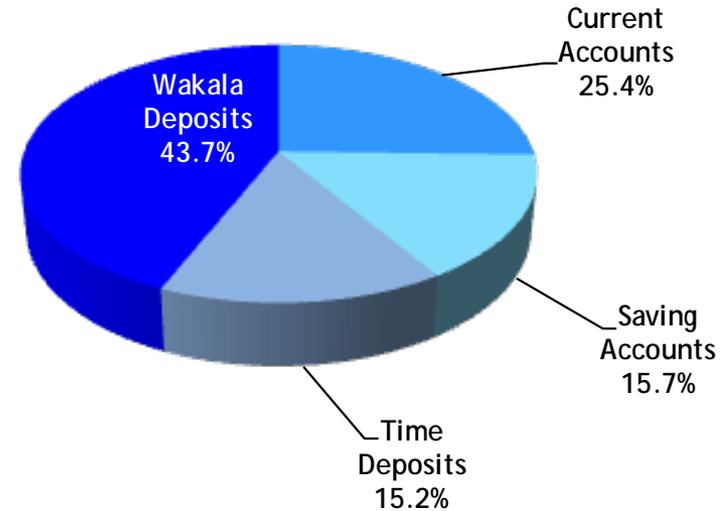
- Retail and Wholesale remains ADIBs niche market.
- ADIB leader in car financing in UAE.
- Support the vision of Govt. of Abu Dhabi and development of UAE.
- Diversified portfolio across various segment.

# Customers' Deposits

Gross Customers' Deposits by Segment



Gross Customers' Deposits by Type



## Key points

- Wholesale and Retail segment to remain as major source of Deposits.
- Diversified deposits by type.

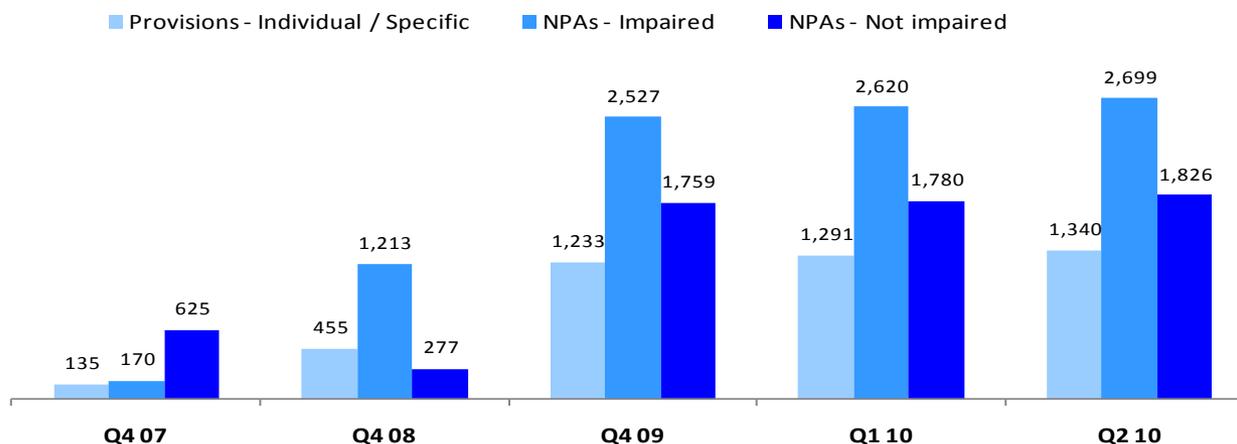
# NPAs & Provisions

NPA growth rate of 3.0% was below the customer asset portfolio growth rate of 7.6% for the quarter

Provisions (AED Mn)	2008	2009	30 June 10
<b>Financing Portfolio</b>			
Individual/Specific	455	1,233	1,340
Collective/General	135	518	592
<b>Total financing provisions</b>	<b>589</b>	<b>1,751</b>	<b>1,932</b>
Investments	129	58	58
Placements	-	186	244
Others	144	186	168
<b>Total</b>	<b>862</b>	<b>2,181</b>	<b>2,402</b>

## Key points

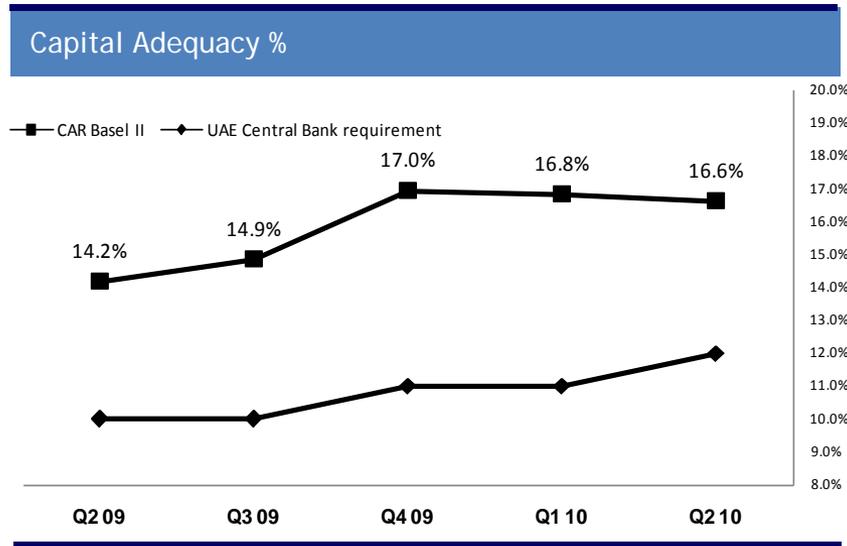
- NPAs increase by AED 78.3 Mn in Q2 2010 to AED 2,699 Mn at end of Q2 2010.
- NPAs ratio at 5.7% as at end Q2 2010 (6.0% at end 09) with a coverage of 71.6% (2009: 69.3%).
- Collective provisions of AED 592.3 Mn at end of Q2 2010 represents a minimum of 1.25% of performing financing portfolio.
- Individual provisions of AED 1,339.6 Mn at 49.6% of NPAs at end of Q2 2010 (2009: 48.8%).
- Total provisions of AED 1,932 Mn, represents 4.10% (2009: 4.15%) of Gross Financing portfolio.



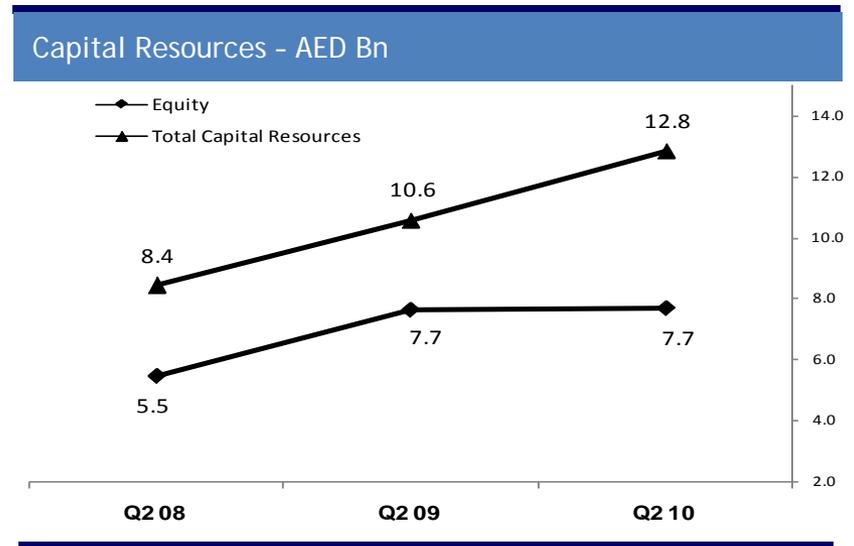
Note: NPA classification till 2007: 180 days and above.  
NPA classification 2008 onwards ; 90 days and above.

# Capital Adequacy

Remains above the new Central Bank threshold of 12% for Total Capital Adequacy ratio



- Basel-II total Capital Adequacy ratio at end of Q2 '10 at 16.6% comfortably above the minimum UAE Central Bank requirement of 12%.
- Basel-II Tier I ratio at 13.4% at the end of Q2 '10 above the 7% minimum required by UAE Central Bank.

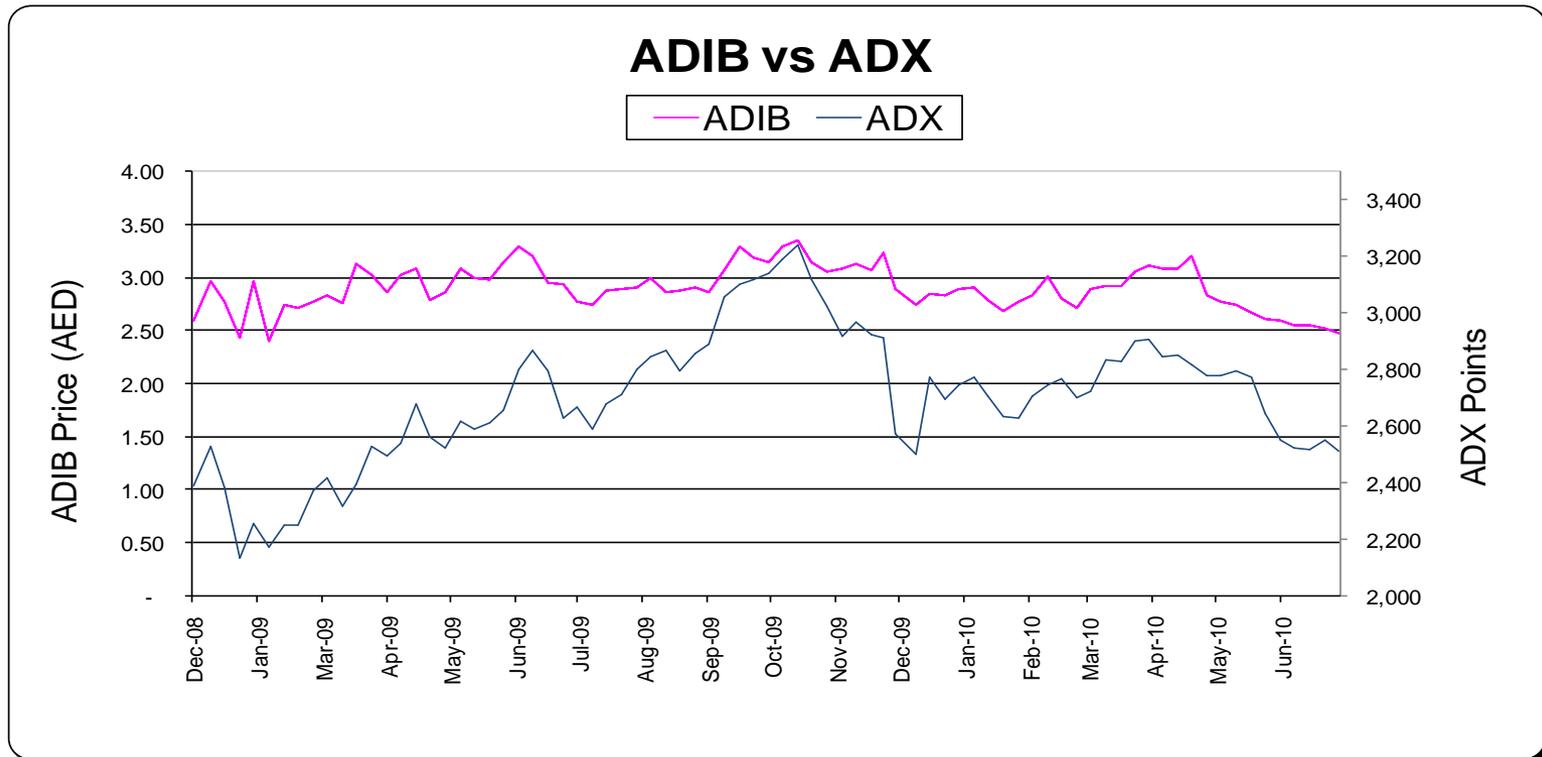


- Capital resources include:
  - Tier I from Abu Dhabi Department of Finance of AED 2 bn.
  - Tier II from the UAE Ministry of Finance of AED 2.2 bn.
- Sukuk payable AED 2.9 bn @ LIBOR + 40bps maturing in Dec 2011 [This program has been updated ].

# Shareholders Return

Despite the economic downturn ADIB still delivered a total shareholder return of 19% in 2009

- 30 June 2010 Share price was AED 2.48 per share.
- 31 Mar 2010 Share price was AED 3.12 per share (includes impact of 20 % bonus share dividend - Dec 09 Share price AED 2.89).
- Bonus share dividend of 20% for 2009 (Cash dividend of AED 21.6% for 2008).
- 2009 Total Yield of ADIB share was 19%.



# Outlook - 2010

1

On the back of our rebranding we are implementing a broad range of initiatives to enhance our product portfolio, improve our processes and introduce new banking channels, all of which is designed to provide support to our customers, with best in market service and Shari'a inspired solutions.

2

We continue increasing our reserves as a leading credit policy bank .

3

Continue to maintain collective provisions at 1.25% of performing customer financing.

4

We will continue to grow our Retail Banking presence across the UAE where we want to be the leading financial services provider to UAE nationals.

5

We continue to invest intelligently in our franchise and people to reach our stated objective and as evidenced by our cost to income ratio.

6

We are committed to acting in accordance with best practices and in a transparent manner for the benefit of all our stakeholders.

7

We continue to focus on enhancing customer service and improving delivery channels, including more ATMs and e-solutions.

# Disclaimer

The information contained herein has been prepared by Abu Dhabi Islamic Bank PJSC (ADIB). ADIB relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

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## Executive Management Biographies

# Executive Management Profile (I)

Tirad Marouf Mahmoud  
Chief Executive Officer

Joined ADIB in March 2008. He holds a Bachelor degree (major in Corporate Finance) from Loyola of Concordia University in Montreal, Canada and has also completed the Executive Management Program at Wharton. He has previously worked at Citibank for 22 years on various assignments. His previous position was General Manager and Head of the Corporate and Investment Banking with Samba Financial Group, KSA.

Sarvesh Sarup  
Global Head of  
Retail Banking

Joined ADIB on Dec 2008. He holds Master of Business Administration from University of Delhi, India. He has 23 years of banking experience. Previously worked Citibank as Country Manager, India; Division Executive, UK / Germany and Retail Banking Head, EMEA.

Nuhad Saliba  
Global Head of  
Wholesale Banking

Joined ADIB on 1 September 2008. He holds MBA from Wake Forest University, NC USA and BS, Biology from American University of Beirut. He has previously worked for 27 years at Citibank (1982-2008). His previous position was Chief Executive Officer with Citibank N.A. Egypt.

Masarrat Husain  
Global Head of Risk

Joined ADIB on 3 June 2008. He holds a Masters in Business Administration from Tulane University, Louisiana, USA and BS of Science Chemical Engineering from Texas A&M University, Texas, USA. He has 33 years experience working with Citibank and SAMBA Financial Group, Riyadh. His previous position was GM/Deputy Chief Risk Officer with SAMBA Financial Group, Riyadh.

Majaz Khan  
Global Head of Operations  
& Technology

Joined ADIB on November 08, 2009. He holds an MBA from Central Michigan University and a Bachelors in Commerce from University of Karachi. He has worked with Citigroup in 5 countries (1981-2007). His previous position was Chief Operating Officer for Arab Bank, Plc - Amman Jordan (2007-2009).

Andrew Moir  
Global Head of Strategy  
& Finance

Joined ADIB on 1 October 2007. He holds B.Com (Hons.) Degree from Rhodes University and MBA from University of Cape Town. He previously worked at HSBC (1990-2007). His previous position was Chief Operating Officer, Sub Saharan Africa with HSBC Bank (2003-2007).

Osaid Kilani  
Global Head of Shari'a

Holds a B.A. in Shari'a and Law and a Diploma in Islamic law. He has 15 years of banking experience. He is a member of Shari'a Standard Committee related to Accounting and Auditing Organisation for Islamic Financial Institutions in Bahrain

## Executive Management Profile (II)

Abdul Rahman Abdullah  
Co-Head of Private Banking  
& Wealth Management, UAE

Joined ADIB on 12 September 1998. He holds a Bachelor in Science. He has 28 years banking experience. His previous position was Deputy Head of Private Banking Department at the National Bank of Abu Dhabi.

Malik Sarwar  
Co-Head of Private Banking  
& Wealth Management, UAE

Joined ADIB on 31 May 2009. He holds a post MBA Specialization in Corporate Finance from New York University, USA. He has 15 years banking experience. His previous positions were SVP / Head of US Business at Permal, New York; USA, President & Chairman, Citicorp Investment Services, New York, USA.

Bashar Jallad  
Treasurer, UAE

Joined ADIB on 20 Jan 2008. He holds BA in Finance from Hillsdale College - Michigan, USA - 1989. He has 18 years banking experience. His previous position was Head of GCC Money Market - Financial Market Group with National Bank of Abu Dhabi.

Badaruzzaman Ahmed  
Global Head of Corporate  
Governance & Compliance

Joined ADIB on 12 January 1998. He holds a Bachelor of Commerce degree and professional certifications from The Institute of Internal Auditors (USA), Institute of Chartered Accountants (PAK), He has 18 years banking experience. His previous position was Assistant Manager - Internal Audit with Kuwait Finance House

Noor Imam Beck  
Project Management Office  
Head - New Country Expansion  
& Other Initiatives

Joined ADIB on 30 September 1999. He holds a Diploma in International Securities from ISMA, England and an Executive Management Program Certificates from the Institute of Banking and Finance, Singapore. His previous positions was Vice President and Team Leader at Arab Banking Corporation, Bahrain

Abdulla Al Shahi  
Project Management Office  
-New Country Expansion  
-and Strategic Initiatives

Joined ADIB in November 1998. He holds an MBA from the UAE University. He has 18 years banking experience. His previous position was as a branch manager for Oman Housing Bank.

Dr. Abdulrahman Yousif Habil  
Head of Legal, UAE

Joined ADIB on 3 August 2000. He holds a PhD. (Islamic Legal Theory) and a Master of Laws from Indiana University, USA. He has 10 years of banking experience. His previous positions were Legal and Shari'a Consultant for ABC Islamic Bank and Legal Consultant for the Department of Ports and Customs, Dubai.

## Executive Management Profile (III)

Waheeb Al Khazraji  
Human Resource, UAE

Joined ADIB on 10 December 2005 . He holds Chemical Engineering and MBA degrees along with Chartered Human Resource Consultant (CHRC), Canada and Chartered in Personal Development (CIPD), UK. He has 5 years banking experience. His previous position was HR & Training Manager with ADCO, Abu Dhabi.

Ahsan Ahmad Akhtar  
Group Financial Controller

Joined ADIB on 9 April 2008. He is a Chartered Accountant from the UK and holds a Bachelor of Science degree in Accounting & Finance from the London School of Economics and Political Science. He has previously worked with Pricewaterhouse Coopers (1991- 1998) and Citibank (1998-2008). His previous position was Country CFO with Citibank, Pakistan.

Abdul Hakim Kanan  
Chief Internal Auditor, UAE

Joined ADIB on 18 April 2010. He holds a Certified Public Accountant (CPA) from State Board of Accountancy, New Hampshire, US. He also holds professional qualification CIA, CISA, CITP, CFSA, CFE and CGEIT. He has over 24 years of experience. His previous positions were Group Chief Internal Auditor of Dubai Islamic Bank.