



مصرف أبوظبي الإسلامي
Abu Dhabi Islamic Bank
RSC 2008

**BOARD OF DIRECTORS REPORT ON THE FINANCIAL POSITION AS OF 31/03/2008
AND FINANCIAL RESULTS FOR THE PERIOD FROM 01/01/2008 UP TO 31/03/2008**

Abu Dhabi Islamic Bank announces the first quarter of 2008 financials, which reflected the Bank's keenness on growth succession and achieving the best returns for both shareholders and depositors.

With respect to the Income statement ADIB made a Net Profit after Distribution to Depositors of AED 244 million at the end of the 1st Quarter of 2008; a 47% growth in comparison to AED 166 million in 2007 of same period. The operational income has recorded 10% growth from AED 657 million to AED 720 million as on 31st march 2008.

The shareholders' equity on March 31, 2008 has mounted to AED 5.27 billion, as opposed to the AED 4.94 billion of March 31, 2007 recording a growth of 7%.

It should also be stated that the Bank's major interest in selecting and providing specific financing products that accommodate all customers' needs irrespective of their category, whether they may be individuals, corporations, or establishments, whereby such products have enhanced the size of finances to ascend to AED 37.3 billion as of March 31, 2008 as opposed to AED 34.9 billion of the same period the previous year achieving a growth of 7%. The total assets also have grown up from AED 40.5 billion in March 2007 up to AED 44.3 billion as of 31/3/2008.

Customers' Deposits are amounting to AED 30 billion at the end of March 2008, a 15% growth in comparison to AED 26 billion on the same date last year.

The performance of the bank came as a result of integrated efforts by all its employees, customers' confidence and reputation of being a leading local Islamic bank, the expansion and development plan in U.A.E. and financing vital projects which have always reflected profits for shareholders and all other national sector, assuring the bank's tight conjunction with the local market business entities and organizations.

It is worth mentioning that the support the banking sector is receiving from the president of the U.A.E., H.H. Sheikh Khalifa Bin Zayed Al Nahyan, General Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, their Highnesses Rulers of the Emirates, supervisors of the Central Bank, as well as customers, shareholders and the joint efforts of all the Bank's employees have, combined, been the backbone of our success, which is expected to grow continuously throughout 2008 and the years to come, according to the plan.

The table below indicates the financial results as extracted from the Financial Statements as of 31/03/2008:

AED millions

Abu Dhabi Islamic Bank	As of 31/03/2008	As of 31/03/2007	Growth (%)
Total Assets	44,302	40,491	9.4%
Customers' Deposits	30,039	25,952	15%
Shareholders' Equity	5,267	4,944	7%
Islamic Financing	37,304	34,909	7%
Total Operating Income	720	657	10%
Total Operating Expense	232	135	72%
Net Income for the period	244	166	47%
Earning per share (After Split)	0.124	0.109	14%

Each ordinary share of AED 10 was split in to 10 shares of AED 1.

For The Board of Directors,



Khamis Buharoon
Managing Director

Abu Dhabi, Tuesday 22/04/2008

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Abu Dhabi Islamic Bank PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2008 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI ISLAMIC BANK PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Abu Dhabi Islamic Bank PJSC ("the Bank") and its subsidiaries (together "the Group") as at 31 March 2008, comprising of the interim consolidated balance sheet as at 31 March 2008 and the related interim consolidated statements of income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:
Richard Mitchell
Partner
Ernst & Young
Registration No. 446

23 April 2008
Abu Dhabi

Abu Dhabi Islamic Bank PJSC

INTERIM CONSOLIDATED BALANCE SHEET

At 31 March 2008 (Unaudited)

	<i>Three months ended 31 March 2008</i>	<i>Three months ended 31 March 2007</i>
<i>Note</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING INCOME		
Income from Murabaha and Mudaraba with financial institutions, net	146,838	219,452
Income from Murabaha, Mudaraba, Ijara and other Islamic financing, net	481,114	366,853
Fees, commissions and foreign exchange income, net	33,405	24,689
Gain from sale of investments	7,237	9,164
Investment and other income	<u>51,279</u>	<u>36,756</u>
	<u>719,873</u>	<u>656,914</u>
OPERATING EXPENSES		
Staff costs	(113,120)	(76,791)
General and administrative expenses	(72,931)	(35,428)
Depreciation	(7,558)	(5,429)
Provision for impairment	<u>(37,978)</u>	<u>(17,338)</u>
	<u>(231,587)</u>	<u>(134,986)</u>
PROFIT FROM OPERATIONS, BEFORE DISTRIBUTION TO DEPOSITORS AND SUKUK HOLDERS	488,286	521,928
Distribution to depositors and sukuk holders	<u>(243,826)</u>	<u>(356,196)</u>
PROFIT FOR THE PERIOD	<u>244,460</u>	<u>165,732</u>
Attributable to:		
Equity holders of the Bank	244,251	165,775
Minority interest	<u>209</u>	<u>(43)</u>
	<u>244,460</u>	<u>165,732</u>
Basic and diluted earning per share	5	<u>0.124</u>
		<u>0.109</u>

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Abu Dhabi Islamic Bank PJSC

INTERIM CONSOLIDATED BALANCE SHEET

At 31 March 2008 (Unaudited)

	<i>31 March 2008 AED '000</i>	<i>Audited 31 December 2007 AED '000</i>
ASSETS		
Balances with financial institutions, Central Bank and cash	2,408,829	2,298,850
Murabaha and Mudaraba with financial institutions	10,091,491	12,879,414
Murabaha and other Islamic financing	15,915,860	12,880,320
Ijara financing	11,297,056	11,895,702
Investments	1,603,171	1,226,092
Investment in associates	449,431	443,164
Investment properties	1,332,154	870,809
Development properties	14,234	301,214
Other assets	857,319	878,370
Property and equipment	<u>333,239</u>	<u>368,244</u>
TOTAL ASSETS	<u>44,302,784</u>	<u>44,042,179</u>
LIABILITIES		
Due to financial institutions	3,639,080	4,185,157
Depositors' accounts	30,039,012	29,628,826
Other liabilities	2,416,265	1,869,318
Sukuk payable	<u>2,938,000</u>	<u>2,938,000</u>
Total liabilities	<u>39,032,357</u>	<u>38,621,301</u>
SHAREHOLDERS' EQUITY		
Attributable to equity holders of the Bank		
Share capital	1,970,588	1,500,000
Share premium	1,529,412	-
Legal reserve	224,578	224,578
General reserve	224,578	224,578
Retained earnings	1,021,852	871,719
Proposed dividends	-	300,000
Proposed dividends to charity	-	1,028
Cumulative changes in fair values	167,019	166,703
Revaluation reserve	129,239	129,239
Convertible Islamic Sukuk	<u>-</u>	<u>2,000,000</u>
	5,267,266	5,417,845
Minority interests	<u>3,161</u>	<u>3,033</u>
Total equity	<u>5,270,427</u>	<u>5,420,878</u>
TOTAL LIABILITIES AND EQUITY	<u>44,302,784</u>	<u>44,042,179</u>

H E Jawaan Awaidha Suhail Al Khaili
Chairman of the Board



Khamis Baharoon
Managing Director

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Abu Dhabi Islamic Bank PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 31 March 2008 (Unaudited)

		<i>Attributable to the equity holders of the Bank</i>													
Note	Share capital AED '000	Share premium AED '000	Legal reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed bonus shares issue AED '000	Proposed dividends AED '000	Proposed dividends to charity AED '000	Cumulative changes in fair values AED '000	Revaluation reserve AED '000	Convertible Islamic Sukuk AED '000	Total AED '000	Minority interests AED '000	Total AED '000	
	1,500,000	-	224,578	224,578	871,719	-	300,000	1,028	129,239	166,703	2,000,000	5,417,845	3,033	5,420,878	
Balance at 1 January 2008 (audited)															
Realised gains and losses in available-for-sale investments	-	-	-	-	-	-	-	-	-	(7,237)	-	(7,237)	-	(7,237)	
Net movement in fair values of available-for-sale investments	-	-	-	-	-	-	-	-	-	7,553	-	7,553	(81)	7,472	
Total income and expense for the period recognised directly in equity	-	-	-	-	-	-	-	-	-	316	-	316	(81)	235	
Profit for the period	-	-	-	-	244,251	-	-	-	-	-	-	244,251	209	244,460	
Total income for the period	-	-	-	-	244,251	-	-	-	-	316	-	244,567	128	244,695	
Islamic sukuk converted to shares	6 470,588	-	-	-	-	-	-	-	-	-	(470,588)	-	-	-	
Shares premium on conversion of shares	6 -	1,529,412	-	-	-	-	-	-	-	-	(1,529,412)	-	-	-	
Dividends paid	6 -	-	-	-	(94,118)	-	(300,000)	-	-	-	-	(394,118)	-	(394,118)	
Dividends to charity paid	-	-	-	-	-	-	-	(1,028)	-	-	-	(1,028)	-	(1,028)	
Balance at 31 March 2008 (Unaudited)	1,970,588	1,529,412	224,578	224,578	1,021,852	-	-	-	129,239	167,019	-	5,267,266	3,161	5,270,427	
Balance at 1 January 2007	1,500,000	-	147,730	147,730	561,468	-	150,000	11,420	120,772	129,239	-	2,768,359	1,256	2,769,615	
Realised gains and losses in available-for-sale investments	-	-	-	-	-	-	-	-	(9,164)	-	-	(9,164)	-	(9,164)	
Net movement in fair values of available-for-sale investments	-	-	-	-	-	-	-	-	30,509	-	-	30,509	50	30,559	
Total income and expense for the period recognised directly in equity	-	-	-	-	-	-	-	-	21,345	-	-	21,345	50	21,395	
Profit for the period	-	-	-	-	165,775	-	-	-	-	-	-	165,775	(43)	165,732	
Total income for the period	-	-	-	-	165,775	-	-	-	21,345	-	-	187,120	7	187,127	
Convertible Islamic Sukuk issued	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000	-	2,000,000	
Dividends to charity paid	-	-	-	-	-	-	-	(11,420)	-	-	-	(11,420)	-	(11,420)	
Balance at 31 March 2007 (Unaudited)	1,500,000	-	147,730	147,730	727,243	-	150,000	-	142,117	120,239	2,000,000	4,944,059	1,263	4,945,322	

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Abu Dhabi Islamic Bank PJSC

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

31 March 2008 (Unaudited)

	<i>Three months ended 31 March 2008 AED '000</i>	<i>Three months ended 31 March 2007 AED '000</i>
Net cash used in operating activities	<u>(1,052,379)</u>	<u>(2,711,249)</u>
Net cash (used in) from investing activities	<u>(494,852)</u>	<u>61,335</u>
Net cash (used in) from financing activities	<u>(395,018)</u>	<u>1,988,630</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,942,249)</u>	<u>(661,284)</u>
Cash and cash equivalents at beginning of the period	<u>7,943,269</u>	<u>2,468,339</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>6,001,020</u>	<u>1,807,055</u>

The attached notes 1 to 6 form part of these interim condensed consolidated financial statements.

Abu Dhabi Islamic Bank PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

31 March 2008 (Unaudited)

1.1 ACTIVITIES

Abu Dhabi Islamic Bank PJSC (“the Bank”) is incorporated in the Emirate of Abu Dhabi, United Arab Emirates in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the Amiri Decree No. 9 of 1997.

The principal activities of the Bank consist of Islamic financing, investments, commercial and other banking services activities in accordance with Islamic Shari’a as approved by the Bank’s Fatwa and Shari’a Supervisory Board.

The interim condensed consolidated financial statements of the Abu Dhabi Islamic Bank and its subsidiaries (“the Group”) for the period ended 31 March 2008 comprise of the financial statements of the Bank and the following entities controlled by the Bank:

	<i>Activity of incorporation</i>	<i>Country</i>	<i>Percentage of holding</i>	
			2008	2007
Abu Dhabi Islamic Financial Services LLC	Equity brokerage services	United Arab Emirates	95%	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%	100%
ADIB Invest 1	Equity brokerage services	BVI	100%	100%
ADIB Sukuk Company Ltd	Issuance of Sukuk	Cayman Island	100%	100%
Kawader Services Company LLC	Manpower supply	United Arab Emirates	100%	-

The interim condensed consolidated financial statements of the Bank were authorised for issued by the Board of Directors on 23 April 2008.

1.2 DEFINITIONS

Murabaha

An agreement whereby the Group sells to a customer a commodity or asset, which the Group has purchased and acquired based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises the cost of the commodity and an agreed profit margin.

Istisna’a

An agreement between the Group and a customer whereby the Group would sell to the customer a developed property according to agreed upon specifications. The Group would develop the property either on its own or through a subcontractor and then hand it over to the customer against an agreed price.

Ijarah

An agreement whereby the Group (lessor) purchases or constructs an asset for lease according to the customer’s request (lessee), based on his promise to lease the asset for a specific period and against certain rent instalments. Ijarah could end by transferring the ownership of the asset to the lessee.

Qard Hasan

Qard Hasan is a non-profit bearing financing intended to allow the borrower to use the loaned funds for a period of time with the understanding that the same amount of the loaned funds would be repaid at the end of the Qard period.

Musharaka

An agreement between the Group and a customer to contribute to a certain investment enterprise, whether existing or new, or the ownership of a certain property either permanently or according to a diminishing arrangement ending up with the acquisition by the customer of the full ownership. The profit is shared as per the agreement set between both parties while the loss is shared in proportion to their shares of capital in the enterprise.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

31 March 2008 (Unaudited)

1.2 DEFINITIONS continued

Mudaraba

An agreement between the Group and a third party whereby one party would provide a certain amount of funds, which the other party (Mudarib) would then invest in a specific enterprise or activity against a specific share in the profit. The Mudarib would bear the loss in case of default, negligence or violation of any of the terms and conditions of the Mudaraba.

Wakalah

An agreement whereby the Group provides a certain sum of money to an agent, who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2007. In addition, results for the three months ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

The interim condensed consolidated financial statements are presented in UAE Dirhams ("AED"), which is the functional currency of the Bank and all values have been rounded to the nearest thousand (AED '000), except when otherwise indicated.

Accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007.

3 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2008 AED '000</i>	<i>Audited 31 December 2007 AED '000</i>
Letters of credit	1,644,803	1,458,197
Letters of guarantee	2,955,257	3,112,320
Acceptances	50,466	68,182
Buy back commitments	328,861	328,861
Commitment for future capital expenditure	<u>549,714</u>	<u>57,054</u>
	<u>5,529,101</u>	<u>5,024,614</u>

Abu Dhabi Islamic Bank PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

31 March 2008 (Unaudited)

4 SEGMENTAL INFORMATION

A segment represents a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Primary segment information

For management purposes the Bank is organised into three major business segments:

Retail and commercial banking - Principally handling individual customers' deposits, and providing consumer type financing, Islamic credit cards facilities and funds transfer facilities.

Corporate banking - Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers.

Treasury, including investment operations - Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of government securities and placements and deposits with other banks. It also includes real estate activities, principally the acquisition, leasing, brokerage, management and resale of properties carried out through its subsidiaries and associate companies.

Business segments information for the period was as follows:

	<i>Retail and commercial banking AED '000</i>	<i>Corporate banking AED '000</i>	<i>Investment and treasury AED '000</i>	<i>Total AED '000</i>
Three months ended 31 March 2008 (Unaudited)				
Operating income	243,910	245,826	230,137	719,873
Unallocated costs				(231,587)
Profit from operations				488,286
Profit distribution to depositors				(243,826)
Profit for the period before minority interests				244,460
Minority interests				(209)
				<u>244,251</u>
Profit for the period attributable to the parent				
Assets				
Segmental assets	8,132,123	18,764,583	16,871,822	43,768,528
Unallocated assets	-	-	-	534,256
Total assets	<u>8,132,123</u>	<u>18,764,583</u>	<u>16,871,822</u>	<u>44,302,784</u>
Liabilities				
Segmental liabilities	13,775,593	16,384,708	6,577,080	36,737,381
Unallocated liabilities	-	-	-	2,294,976
Total liabilities	<u>13,775,593</u>	<u>16,384,708</u>	<u>6,577,080</u>	<u>39,032,357</u>

Abu Dhabi Islamic Bank PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

31 March 2008 (Unaudited)

4 SEGMENTAL INFORMATION continued

	<i>Retail and commercial banking AED '000</i>	<i>Corporate banking AED '000</i>	<i>Investment and treasury AED '000</i>	<i>Total AED '000</i>
Three months ended 31 March 2007 (Unaudited)				
Operating income	181,886	204,971	270,057	656,914
Unallocated costs				<u>(134,986)</u>
Profit from operations				521,928
Profit distribution to depositors				<u>(356,196)</u>
Profit for the period before minority interests				165,732
Minority interests				<u>43</u>
Profit for the period attributable to the parent				<u>165,775</u>
Assets				
Segmental assets	8,204,892	12,745,255	19,159,892	40,110,039
Unallocated assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,982</u>
Total assets	<u>8,204,892</u>	<u>12,745,255</u>	<u>19,159,892</u>	<u>40,491,021</u>
Liabilities				
Segmental liabilities	9,322,550	17,731,664	8,103,137	35,157,351
Unallocated liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,348</u>
Total liabilities	<u>9,322,550</u>	<u>17,731,664</u>	<u>8,103,137</u>	<u>35,545,699</u>

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year and the number of shares that will be issued upon the conversion of mandatory convertible Islamic Sukuk in accordance with IAS 33 (revised).

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

The following reflects the income and shares data used in the earnings per share computations:

	<i>Three months ended 31 March 2008</i>	<i>Three months ended 31 March 2007</i>
Profit for the period attributable to equity holders (AED '000)	<u>244,251</u>	<u>165,775</u>
Weighted average number of ordinary shares in issue (millions) – note 6	<u>197,059</u>	<u>152,092</u>
Basic and diluted earnings per share (AED)	<u>0.124</u>	<u>0.109</u>

On 29 March 2007, the Bank has issued convertible Islamic Sukuk to a shareholder at a cost of AED 2 billion which has been fully paid by 29 March 2007 (note 6).

As of 31 March 2008, the Bank has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS

31 March 2008 (Unaudited)

6 SHARE CAPITAL

As of 31 March 2008, the authorised, issued and paid up share capital of the Bank is 1,970,588 thousand shares of AED 1 each (31 December 2007: 150,000 thousand shares of AED 10 each) amounting to AED 1,970,588 thousand (31 December 2007: AED 1,500,000).

On 26 February 2008, the shareholder exercised its rights to convert the mandatory convertible Islamic Sukuk of AED 2 billion to 47,059 thousand ordinary shares of AED 10 each at the rate of AED 42.50 per share. Accordingly, with effect from that date, the paid up share capital of the Bank increased by AED 470,588 thousand, with the balance of AED 1,529,412 thousand being credited to share premium.

A cash dividend of 20% (2007: 10%) of the paid up capital amounting to AED 394,118 thousand (2007: AED 150,000 thousand), which includes AED 94,118 thousand on the converted shares, was paid during the period after the approval of the shareholders in the Annual General Meeting held on 11 March 2008.

The Board of Directors approved a share split of 10 shares of AED 1 for each ordinary share of AED 10 in their meeting held on 18 March 2008.