In the Name of Allah
The most Gracious and Merciful

مصرف الإمارات الإسلامي

EMIRATES ISLAMIC BANK

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) AS OF 30 SEPTEMBER 2008

Emirates Islamic Bank (PJSC)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT (un-audited)
For the nine months ended 30 September 2008

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Review Report of the Auditors' to the Shareholders of
EMIRATES ISLAMIC BANK PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Emirates Islamic Bank PJSC ("the Bank") and its subsidiaries (collectively referred as "the Group") as at 30 September 2008 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the nine-month period then ended (the condensed consolidated interim financial information). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 condensed consolidated 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 condensed consolidated interim financial information as at 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' also taking cognizance of relevant provision of Federal Law No. 6 of 1985 applicable to Islamic Banks.

21 OCT 2008

KPMG

By: Munther Dajani
Registration No.:268

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Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (un-audited)

For the nine months ended 30 September 2008

	Note	For the 3 months ended 30 September 2008 AED'000	For the 3 months ended 30 September 2007 AED'000	For the 9 months ended 30 September 2008 AED'000	For the 9 months ended 30 September 2007 AED'000
INCOME					
Income from financing activities, net		225,755	120,928	611,527	337,475
Income/(loss) from investment securities designated at fair value		19,234	(6,762)	57,847	7,534
Income from other investments		25,181	27,296	98,636	48,709
Income from Group Holding Company, net		13,763	43,140	50,788	92,077
Property related income, net		4,560	4,795	16,063	21,705
Commissions and fees income, net		45,908	53,882	214,173	82,541
Other operating income		56,340	10,090	121,476	63,934
TOTAL INCOME		**390,741**	**253,369**	**1,170,510**	**653,975**
EXPENSES					
General and administrative expenses		102,923	73,470	281,231	192,331
Depreciation of investment properties		2,058	1,319	6,184	3,892
Allowances for impairment net of recoveries		8,863	9,433	21,321	45,686
TOTAL EXPENSES		**113,844**	**84,222**	**308,736**	**241,909**
NET OPERATING INCOME		**276,897**	**169,147**	**861,774**	**412,066**
Depositors' share of profit		(152,910)	(100,461)	(418,499)	(267,673)
Minority interest		-	-	105	-
SHAREHOLDERS' PROFIT (NET INCOME)		**123,987**	**68,686**	**443,380**	**144,393**
Earnings per share (Dirham)	6	**0.13**	**0.07**	**0.47**	**0.15**

The attached notes 1 to 26 form part of these condensed consolidated interim financial statements.
The auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (un-audited)

At 30 September 2008

	Note	30 September 2008 AED'000	Audited 31 December 2007 AED'000
ASSETS			
Cash, and balances with U.A.E Central Bank		1,849,333	867,912
Due from banks	7	29,031	23,340
Due from Group Holding Company, net		895,347	985,482
Financing receivables	8	16,713,015	10,836,828
Loans and receivables		38,604	39,909
Investment securities designated at fair value	9	1,203,669	1,187,157
Other investments	10	2,685,898	1,592,993
Investment properties	11	327,862	262,472
Investment properties under development	12	680,015	427,470
Prepayments and other assets		803,745	536,353
Fixed assets	13	56,664	193,993
TOTAL ASSETS		**25,283,183**	**16,953,909**
LIABILITIES			
Customers' accounts	14	21,811,815	13,909,058
Due to banks		101,494	158,200
Other liabilities		865,233	800,319
Zakat payable		-	13,426
Investment wakala from Group Holding Company	15	740,000	740,000
TOTAL LIABILITIES		**23,518,542**	**15,621,003**
SHAREHOLDERS' EQUITY			
Share capital	16	934,375	747,500
Statutory reserve		147,599	147,599
General reserve		74,750	74,750
Fair value reserve	17	39,460	-
Revaluation reserve	18	-	144,000
Mudaraba pool reserve		6,175	6,175
Retained earnings		469,387	212,882
TOTAL SHAREHOLDERS' EQUITY		**1,671,746**	**1,332,906**
MINORITY INTEREST	19	**92,895**	**-**
TOTAL EQUITY		**1,764,641**	**1,332,906**
TOTAL LIABILITES AND EQUITY		**25,283,183**	**16,953,909**
COMMITMENTS AND CONTINGENT LIABILIITES		**3,751,231**	**2,827,222**
ASSETS UNDER MANAGEMENT	20	**1,485,550**	**2,785,550**
RESTRICTED INVESTMENT ACCOUNTS	21	**150,000**	**519,177**

These condensed consolidated interim financial statements were authorized for issue on 21st October 2008.

Chairman

Chief Executive Officer

The attached notes 1 to 26 form part of these condensed consolidated interim financial statements.
The auditors' report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (un-audited)

For the nine months ended 30 September 2008

	For the 9 months ended 30 September 2008 AED'000	For the 9 months ended 30 September 2007 AED'000
OPERATING ACTIVITIES		
Profit for the period	443,380	144,393
Adjustments:		
Allowances for impairment on financing receivables	21,321	45,687
Gain on sale of investment properties	(669)	(10,678)
Dividend Income	(31,933)	(10,731)
Depreciation on investment properties	6,184	3,892
Depreciation on fixed assets	12,791	10,723
Operating profit before changes in assets and liabilities	**451,074**	**183,286**
Change in reserves with U.A.E Central Bank	(580,064)	(234,752)
Change in due from Group Holding Company	(2,790,284)	1,806,211
Change in financing receivables	(5,897,508)	(2,253,257)
Change in loans and receivables	1,305	2,288
Change in prepayments and other assets	(267,392)	(122,666)
Change in customers' accounts	7,902,757	2,828,475
Change in other liabilities	89,412	219,899
Zakat paid	(13,426)	(6,432)
Net cash (used in)/provided by operating activities	**(1,104,126)**	**2,423,052**
INVESTING ACTIVITIES		
Purchase of investment securities	(1,085,182)	(996,307)
Proceeds from sale/repayment of investment securities	15,157	5,761
Dividend received	31,933	10,731
Purchase of investment properties	(76,409)	(32,129)
Proceeds from the sale of investment properties	5,500	35,047
Changes in investment properties under development	(252,545)	(42,732)
Additions to fixed assets	(19,461)	(49,886)
Net cash used in investing activities	**(1,381,007)**	**(1,069,515)**
FINANCING ACTIVITIES		
Due to Group Holding Company (Investment Wakala)	-	200,000
Minority interest	92,895	-
Net cash provided by financing activities	**92,895**	**200,000**
Net change in cash and cash equivalents	**(2,392,238)**	**1,553,537**
Cash and Cash equivalent at the beginning of the period	2,855,313	318,609
Cash and cash equivalents at the end of the period	**463,075**	**1,872,146**

The attached notes 1 to 26 form part of these condensed consolidated interim financial statements.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (un-audited)

For the nine months ended 30 September 2008

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Fair Value Reserve AED'000	Revaluation reserve AED'000	Mudaraba Pool Reserve AED'000	Retained earnings AED'000	Total AED'000
As of 1st January 2007	650,000	123,746	65,000	-	-	-	127,126	965,872
Fair value revaluation (total income and expenses recognized directly in equity)	-	-	-	-	120,000	-	-	120,000
Net income for the period	-	-	-	-	-	-	144,393	144,393
Total income and expenses recognised	-	-	-	-	120,000	-	144,393	264,393
Issue of bonus shares	97,500	-	-	-	-	-	(97,500)	-
As of 30th September 2007	**747,500**	**123,746**	**65,000**	**-**	**120,000**	**-**	**174,019**	**1,230,265**
As of 1st January 2008	747,500	147,599	74,750	-	144,000	6,175	212,882	1,332,906
Fair value revaluation	-	-	-	39,460	-	-	-	39,460
Revaluation reserve (Note 18)	-	-	-	-	(144,000)	-	-	(144,000)
Total income and expenses recognized directly in equity	-	-	-	39,460	(144,000)	-	-	(104,540)
Net income for the period	-	-	-	-	-	-	443,380	443,380
Total income and expenses recognised	-	-	-	39,460	(144,000)	-	443,380	338,840
Issue of bonus shares	186,875	-	-	-	-	-	(186,875)	-
As of 30th September 2008	**934,375**	**147,599**	**74,750**	**39,460**	**-**	**6,175**	**469,387**	**1,671,746**

The attached notes 1 to 26 form part of these condensed consolidated interim financial statements

1. ACTIVITIES

Emirates Islamic Bank formerly Middle East Bank (the "Bank") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with limited liability in the Emirate of Dubai on 3rd of October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by Central Bank of United Arab Emirates.

At an extraordinary general meeting held on 10th of March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with the Islamic Sharia. The entire process was completed on 9th of October 2004 (the "Transformation Date") when the Bank obtained UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates Bank International PJSC, Dubai (the "Group Holding Company") and Emirates Bank International is a subsidiary of Emirates NBD Company. The bank is listed at Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 23 branches in the UAE. The accompanying condensed consolidated interim financial statements combine the activities of the Bank's head office and its branches and its subsidiaries (together referred as "Group").

The Bank has the following subsidiaries:

	Date of Incorporation & Country	Activities	Ownership
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	99.99%
Ithmar Real Estate Development Co. PSC	9 June 2008, UAE	Real estate holding and trust companies	40%

The Bank exercises the controls on the management of Ithmar Real Estate Development Co. PSC through holding the majority of votes of its Board of Directors.

The Bank's provides full commercial Islamic banking services in accordance with Islamic Sharia and offers a variety of products through Islamic financing and investing instruments.

As of 30th of September 2008 the Bank employed 1172 employees (31 December 2007: 929 employees).

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting'. They do not include all the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

The Condensed consolidated interim financial statements have been presented in UAE Dirham, rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its most recent annual consolidated financial statements as at and for the year ended 31 December 2007.

4. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key bases of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2007.

5. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at 31 December 2007.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings for the period of nine months ended 30 September 2008 of AED 443,380,000 (30 September 2007: AED 144,393,000) and for the period three months ended 30 September 2008 of AED 123,987,000 (30 September 2007: AED 68,686,000) divided by the weighted average of the number of shares outstanding during the period 934,375,000 (30 September 2007: 934,375,000 shares).

7. DUE FROM BANKS

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Due from Local Banks	22	21
Due from Foreign Banks	29,009	23,319
	29,031	**23,340**

8. FINANCING RECEIVABLES

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Financing receivables comprise:		
Commodities murabaha	2,815,872	2,006,613
Vehicles murabaha	2,856,693	2,177,992
Syndication murabaha	180,988	360,589
Real Estate murabaha	252,567	261,262
Total murabaha	6,106,120	4,806,456
Istisnaa	1,284,155	739,659
Ijarah	4,425,932	2,578,078
Credit card receivables	427,100	292,089
Others	1,758,800	847,200
	14,002,107	9,263,482
Less: Deferred income	(776,411)	(545,594)
Less: Allowance for impairment	(182,425)	(157,748)
	13,043,271	**8,560,140**
Wakala	3,669,744	2,276,688
Total financing receivables	**16,713,015**	**10,836,828**

8. FINANCING RECEIVABLES (Continued)

Analysis by economic activity

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Agriculture and related activities	2,406	5,527
Manufacturing	496,798	582,542
Construction	2,040,567	1,098,848
Trade	1,053,000	703,908
Transportation and communication	519,697	469,637
Services and personal	4,878,447	3,011,535
Real estate	4,276,589	3,390,214
Others	4,404,347	2,277,959
	17,671,851	11,540,170
Less: Deferred income	(776,411)	(545,594)
Less: Allowance for impairment	(182,425)	(157,748)
	16,713,015	**10,836,828**

Movement in allowances for impairment:		
Balance at the beginning of the period/year	157,748	94,113
Allowances for impairment made during the period/year	46,194	73,728
Recoveries	(21,517)	(10,093)
Balance at the end of the period/year	**182,425**	**157,748**

9. INVESTMENT SECURITIES DESIGNATED AT FAIR VALUE

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Equity shares	340,723	317,223
Equity funds	677,548	665,388
Others	185,398	204,546
	1,203,669	**1,187,157**
Investment securities comprise:		
Quoted	877,506	862,516
Unquoted	326,163	324,641
	1,203,669	**1,187,157**
Investment securities located at:		
Local Investments within UAE	1,016,687	1,046,690
Foreign Investments outside UAE	186,982	140,467
	1,203,669	**1,187,157**

Unquoted investment securities of AED 326,163,000 included in investment securities designated at fair value are carried at cost due to non availability of reliable fair value. Management assess that fair value of these securities are not materially different from their carrying value.

10. OTHER INVESTMENTS

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Investments-held-to-maturity	419,432	509,253
Investments-available-for-sale	2,266,466	1,083,740
	2,685,898	**1,592,993**
Other investments comprise:		
Quoted	313,576	75,691
Unquoted	2,372,322	1,517,302
	2,685,898	**1,592,993**
Other investment located at:		
Local Investments within UAE	1,008,752	591,303
Foreign Investment	1,677,146	1,001,690
	2,685,898	**1,592,993**

Majority of the securities classified as investment-available-for sale are measured at cost as their fair value cannot be reliably measured. Management assess that fair value of these securities are not materially different from their carrying value.

11. INVESTMENT PROPERTIES

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Balance at the beginning of the period/ year	269,778	271,533
Properties purchased	76,409	367,045
Properties sold	(4,831)	(24,367)
Property reclassified as investment properties under development	-	(344,433)
	341,356	269,778
Less: Accumulated depreciation	(13,494)	(7,306)
	327,862	**262,472**
Investment properties comprise:		
Lands	96,525	24,947
Buildings, net	231,337	237,525
Balance at the end of the period/year	**327,862**	**262,472**

The Bank's management has reclassified investment properties totaling AED 344,433,000 as of 31 December 2007 to investment properties under development to better reflect the underlying nature of these assets.

The management also assessed that the fair value of the investment properties are not materially changed as compared with the fair value as of 31 December 2007.

All investment properties (land and buildings) are located within the United Arab Emirates.

12. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Property under development	474,455	-
Transfer from investment properties(note 11)	-	344,433
Transfer from fixed assets (note 13)	-	600
Civil work in progress (note 13)	205,560	82,437
	680,015	**427,470**

All investment properties under development are located within the United Arab Emirates.

13. FIXED ASSETS

Land previously donated by the Government of Dubai valued at AED 144,000,000 as of 31 December 2007, has been significantly affected by the infrastructure projects by the Government of Dubai, accordingly this land has been written-off during the period.

Civil works in progress of AED 82,437,000 and land of AED 600,000 at 31 December 2007 have been re-classified as investment property under development (note 12).

14. CUSTOMERS' ACCOUNTS

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Local customer accounts	21,388,369	13,524,256
Foreign customer accounts	423,446	384,802
	21,811,815	**13,909,058**

15. INVESTMENT WAKALA FROM GROUP HOLDING COMPANY

The Bank (the "Wakeel") has arranged an Investment Wakala agreement up to AED 1 billion for a term of 10 years, with effect from 27th September 2007 with Deutsche Trust Company Limited (the "Muwakkil"), which is registered in the United Kingdom. The Muwakkil is the trustee pursuant to the Trust Deed made on the same said date between the trustee and the Group Holding Company, a beneficial owner of this Investment Wakala. The Wakeel has received AED 740,000,000 in trenches under the Investment Wakala during the year ended 31st December 2007.

16. SHARE CAPITAL

The Bank has increased its paid-up capital to AED 934,375,000 through issuing 186,875,000 bonus shares based on the Annual General meeting resolution dated April 22nd 2008.

17. FAIR VALUE RESERVE

Fair value reserve represents revaluation surplus on available-for-sale investment for the period. AED 39,460,000 represents the shareholders' portion of the revaluation surplus.

18. REVALUATION RESERVE

Revaluation reserve of AED 144,000,000 represents revaluation reserve of land donated by the Government of Dubai.
The Bank has reversed the revaluation reserve as of 31 December 2007 during the period (note 13).

19. MINORITY INTREST

Minority interest of AED 92,895,000 represents the 60% of shares of Ithmar Real Estate Development Co. not owned by the Bank (note 1).

20. ASSETS UNDER MANAGEMENT

Assets under management comprise:

(a) Sukuk assets

During June 2007, the Bank has facilitated issuance of "Investment Sukuk" aggregating to AED 1,285,550,000 (US$ 350,000,000) through the sale of "Ijarah Assets" at carrying value to Emirates Islamic Bank Sukuk Company Limited ("the Issuer"). These Sukuk are issued by the Issuer who is also acting as the trustee for the Sukuk holders.

The issuer, by the virtue of the Management Agreement, has assigned the management of the sukuk assets of the issuer to the Bank. The Bank is managing these assets for management fees in accordance with the provisions of this agreement.

On maturity of the Sukuk, the Sukuk holder has the option to redeem the Sukuk at face value. This option is guaranteed by the Group Holding Company of the Bank. Therefore the separate financial statements of the Bank and its subsidiaries have shown these assets as Off Balance Sheet as required by the Bank's Fatwa and Sharia Supervisory Board.

(b) Wakala assets

The balance of Wakala assets under management as at 30th September 2008 is AED 200,000,000 (31st December 2007: AED 1,300,000,000) and belongs to the Group Holding Company which bears the risks of these assets.

21. RESTRICTED INVESTMENT ACCOUNTS

The Bank receives funds from certain customers to invest on their behalf in a specified projects or investment activities by virtue of Investment Wakala Agreements in return for management fees. The risk of such accounts is borne by the holders of these accounts except for the performance risk relating to cases of default or negligence or violation of the terms governing these agreements. Hence, these accounts have been treated as Off Balance Sheet.

22. RELATED PARTY BALANCES AND TRANSACTIONS

The Bank has transactions carried out in the normal course of business with the Emirates Bank International Group and with certain staff, shareholders, directors and entities in which the Bank, its shareholders and directors have significant interests. Related party transactions are as follows:

	For the 9 month period ended 30 September 2008	For the 9 month period ended 30 -September 2007
Statement of income		
Income from funds managed by Group Holding Company	23,142	34,633
Income from Group Holding company, net	50,788	92,077
Key management personnel compensation	7,725	6,009
Key management personnel compensation - retirements benefits	401	261

	30 September 2008 AED'000	Audited 31 December 2007 AED'000
Balance sheet		
Due from Group Holding Company, net	895,347	985,482
Investment wakala from Group Holding Company	740,000	740,000
Investment in funds managed by Group Holding Company	1,485,550	665,389
Financing receivables - directors	450,490	113,610
Financing receivables - key management personnel	53,420	31,382
Current and investment accounts – directors	37,990	-
Current and investment accounts - key management personnel	2,790	-
Assets under management		
EIB Sukuk Company	1,285,550	1,285,550
Wakala – Group Holding Company	200,000	1,300,000

23. SEGMENT REPORTING

The Bank's activities comprise the following main business segments:

Corporate and Investment
Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits. This segment invests in investment securities, Sukuk, Funds and Real Estate.

Retail
Retail segment provides a wide range of products and services to individuals and accepts their deposits.

Treasury
This segment mainly includes Murabaha deals with Emirates Bank International.

Subsidiaries
The condensed consolidated interim financial statements include the following figures related to subsidiaries:

	AED Assets	AED Liabilities	AED Net profit/(loss)
Emirates Islamic Financial Brokerage Co. LLC	115,706,000	82,464,000	3,334,000
Ithmar Real Estate Development Co. PSC *	-	-	(175,000)

* The Company is yet to commence its commercial operations.

23. SEGMENT REPORTING" (Continued)

	Corporate & Investment		Retail		Treasury		Total	
	9 month ended 30 September 2008 AED'000	9 month ended 30 September 2007 AED'000	9 month ended 30 September 2008 AED'000	9 month ended 30 September 2007 AED'000	9 month ended 30 September 2008 AED'000	9 month ended 30 September 2007 AED'000	9 month Ended 30 September 2008 AED'000	9 month ended 30 September 2007 AED'000
Statement of income								
Segment income	590,876	319,786	193,197	95,637	50,788	92,077	834,861	507,500
Inter segment wakala Income	(258,326)	(153,588)	248,379	166,035	9,947	(12,447)	-	-
Commission, fees and other income	212,923	77,535	122,726	68,940	-	-	335,649	146,475
Total income	**545,473**	**243,733**	**564,302**	**330,612**	**60,735**	**79,630**	**1,170,510**	**653,975**
General and administrative expenses	(99,421)	(61,016)	(181,810)	(131,314)	-	-	(281,231)	(192,330)
Depreciation of investment properties	(6,184)	(3,892)	-	-	-	-	(6,184)	(3,892)
Total expenses	**(105,605)**	**(64,908)**	**(181,810)**	**(131,314)**	**-**	**-**	**(287,415)**	**(196,222)**
Net operating income	**439,868**	**178,825**	**382,492**	**199,298**	**60,735**	**79,630**	**883,095**	**457,753**
Allowances for impairment net of recoveries	(6,711)	565	(14,610)	(46,252)	-	-	(21,321)	(45,687)
	433,157	**179,390**	**367,882**	**153,046**	**60,735**	**79,630**	**861,774**	**412,066**
Depositors' share of profit	(163,773)	(97,166)	(254,726)	(170,507)	-	-	(418,499)	(267,673)
Minority interest	-	-	-	-	-	-	105	-
Shareholders' profit (net income)	**269,384**	**82,224**	**113,156**	**(17,461)**	**60,735**	**79,630**	**443,380**	**144,393**

23. SEGMENT REPORTING" (Continued)

Balance Sheet	**Corporate & Investment**		**Retail**		**Treasury**		**Total**	
	30 September 2008 AED'000	**31 December 2007 AED'000**	**30 September 2008 AED'000**	**31 December 2007 AED'000**	**30 September 2008 AED'000**	**31 December 2007 AED'000**	**30 September 2008 AED'000**	**31 December 2007 AED'000**
Assets								
Segment assets	16,727,040	11,680,699	4,242,006	2,583,093	1,435,489	1,118,576	22,404,535	15,382,368
Central Bank reserve requirements	535,289	303,263	802,933	454,895	-	-	1,338,222	758,158
Unallocated assets	-	-	-	-	-	-	1,540,426	813,383
Total assets	**17,262,329**	**11,983,962**	**5,044,939**	**3,037,988**	**1,435,489**	**1,118,576**	**25,283,183**	**16,953,909**
Liabilities/equity								
Segment liabilities	8,226,133	4,248,028	13,773,892	9,661,030	2,513,240	2,231,106	24,513,265	16,140,164
Unallocated liabilities	-	-	-	-	-	-	677,023	813,745
Minority Interest	-	-	-	-	-	-	92,895	-
Total liabilities and equity	**8,226,133**	**4,248,028**	**13,773,892**	**9,661,030**	**2,513,240**	**2,231,106**	**25,283,183**	**16,953,909**

24. CAPITAL ADEQUACY RATIO

	As at 30 September 2008 AED'000	As at 31 December 2007 AED'000
TIER I CAPITAL		
Share capital	934,375	747,500
Legal reserves	147,599	147,599
General reserves	74,750	74,750
Mudaraba pool reserve	6,175	6,175
Retained earnings	469,387	212,882
Total tier I capital	**1,632,286**	**1,188,906**
TIER II CAPITAL		
Investment wakala (subordinated term Loan)	740,000	740,000
Asset revaluation reserves	17,757	54,000
Total tier II capital	**757,757**	**794,000**
CAPITAL BASE	**2,390,043**	**1,982,906**
RISK WEIGHTED ASSETS		
Credit risk (on-balance sheet)	20,093,198	15,266,397
Credit risk (off-balance sheet)	1,803,431	1,444,751
	21,896,629	**16,711,148**
CAPITAL ADEQUACY RATIO, BASEL I	**10.92 %**	**11.86 %**

25. EVENTS AFTER BALANCE SHEET DATE

The Bank holds investments in equity securities listed on the Dubai Financial Market, Dubai International Financial Exchange and Bahrain Stock exchange Markets classified as available-for-sale investments and investments designated at fair valued through profit and loss. There has been significant volatility in market values of these securities during the period ended 30 September 2008 and the same trend has continued subsequent to the same period. Consequently, the values disclosed at the balance sheet date relating to investments, investment fair value reserves, and unrealized loss on investments designated at fair valued through profit and loss may be subject to a material change after balance sheet date.

26. COMPARATIVE FIGURES

Certain prior period / year balances have been reclassified/ restated, wherever necessary to conform to the presentation adopted in these condensed consolidated interim financial statements.