

**Emirates Investment Bank P.J.S.C.
(Formerly Arab Emirates Investment
Bank P.J.S.C.)**

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2011 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMIRATES INVESTMENT BANK P.J.S.C. (FORMERLY ARAB EMIRATES INVESTMENT BANK P.J.S.C.)

Introduction

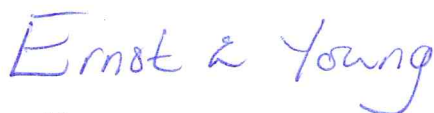
We have reviewed the accompanying interim condensed financial statements of Emirates Investment Bank P.J.S.C. (formerly Arab Emirates Investment Bank P.J.S.C.) (the “Bank”) as at 30 September 2011, comprising the interim statement of financial position as at 30 September 2011 and the related interim statements of income and comprehensive income for the three-month and nine-month periods then ended and the statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with 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. Consequently, it 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:

Joseph A. Murphy

Partner

Registration No. 492

For Ernst & Young

9 November 2011

Dubai, United Arab Emirates

Emirates Investment Bank P.J.S.C.
(Formerly Arab Emirates Investment Bank P.J.S.C.)

INTERIM STATEMENT OF INCOME

30 September 2011

	<i>Note</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		<i>2011 AED'000 Unaudited</i>	<i>2010 AED'000 Unaudited</i>	<i>2011 AED'000 Unaudited</i>	<i>2010 AED'000 Unaudited</i>
Interest income		864	739	1,895	2,101
Net income from investments		23,152	10,375	65,644	41,334
		<u>24,016</u>	<u>11,114</u>	<u>67,539</u>	<u>43,435</u>
Interest expense		(7,009)	(5,739)	(21,626)	(16,320)
		<u>(7,009)</u>	<u>(5,739)</u>	<u>(21,626)</u>	<u>(16,320)</u>
NET INTEREST INCOME AND INCOME FROM INVESTMENTS		17,007	5,375	45,913	27,115
Other income		775	809	2,963	2,694
Impairment loss on investments		(6,000)	(1,242)	(8,123)	(4,142)
Provision for Impairments on Loans and advances		(4)	-	(10)	-
Exchange loss net		(61)	(132)	(142)	(35)
		<u>(6,065)</u>	<u>(1,374)</u>	<u>(8,275)</u>	<u>(4,177)</u>
OPERATING INCOME		11,717	4,810	40,601	25,632
General and administrative expenses		(5,951)	(3,762)	(18,576)	(10,501)
		<u>(5,951)</u>	<u>(3,762)</u>	<u>(18,576)</u>	<u>(10,501)</u>
NET PROFIT FOR THE PERIOD		5,766	1,048	22,025	15,131
Basic and diluted earnings per share	3	<u>11.66</u>	<u>2.12</u>	<u>44.56</u>	<u>30.61</u>

The attached notes 1 to 10 form part of these interim condensed financial statements.

Emirates Investment Bank P.J.S.C.
(Formerly Arab Emirates Investment Bank P.J.S.C.)

INTERIM STATEMENT OF COMPREHENSIVE INCOME
30 September 2011

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
NET PROFIT FOR THE PERIOD	5,766	1,048	22,025	15,131
Other comprehensive (loss) / income				
Net unrealized (loss) / gain on available for sale investments	(52,209)	35,360	(14,511)	67,891
Net realized gain transferred to statement of income on disposal of available for sale investments	(11,654)	(1,188)	(21,942)	(10,613)
Impairment of available for sale investments	6,000	1,242	8,123	4,142
Other comprehensive (loss) / income for the period	(57,863)	35,414	(28,330)	61,420
Total comprehensive (loss) / income for the period	(52,097)	36,462	(6,305)	76,551

Emirates Investment Bank P.J.S.C.
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INTERIM STATEMENT OF FINANCIAL POSITION
At 30 September 2011

		<i>Unaudited 30 September 2011 AED'000</i>	<i>Audited 31 December 2010 AED'000</i>
	<i>Notes</i>		
ASSETS			
Cash and balances with UAE Central Bank		16,283	6,125
Due from banks	4	212,813	118,425
Loans and advances		9,385	11,751
Investments	5	1,057,594	906,453
Property and equipment		1,306	1,606
Other assets		12,714	11,419
TOTAL ASSETS		1,310,095	1,055,779
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	6	444,162	288,901
Customer deposits		664,354	565,330
Other liabilities		21,417	10,587
TOTAL LIABILITIES		1,129,933	864,818
EQUITY			
Share capital		49,432	44,938
Legal reserve		22,469	22,469
Special reserve		15,877	15,877
Cumulative changes in fair values		(8,723)	19,607
Retained earnings		101,107	88,070
TOTAL EQUITY		180,162	190,961
TOTAL LIABILITIES AND EQUITY		1,310,095	1,055,779


Khaled Sifri
(Chief Executive Officer)
09/NOV/ 2011

Emirates Investment Bank P.J.S.C.
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INTERIM STATEMENT OF CASH FLOWS
30 September 2011

	<i>Nine months ended 30 September</i>	
	<i>2011</i>	<i>2010</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
OPERATING ACTIVITIES		
Net profit for the period	22,025	15,131
Adjustments for:		
Depreciation	635	587
Impairment loss on investments	8,123	4,142
Impairment loss on loans and advances	10	-
Changes in due from banks	-	39,000
Changes in due to banks	155,261	260,901
Change in loans and advances	2,356	(5,012)
Change in investments (net)	(187,594)	(193,374)
Change in other assets	(1,295)	(5,854)
Change in customer deposits	99,024	10,718
Change in other liabilities	10,830	(1,532)
Net cash flow from operating activities	109,375	124,707
INVESTING ACTIVITIES		
Purchase of property and equipment	(335)	(161)
Proceeds from sale of property and equipment	-	-
Cash used in investing activities	(335)	(161)
FINANCING ACTIVITIES		
Cash dividend paid during the period	(4,494)	-
Cash used in financing activity	(4,494)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,546	124,546
Cash and cash equivalents at 1 January	85,550	64,102
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	190,096	188,648
Cash and cash equivalents comprise the following amounts included in the statement of financial position with original maturities of three months or less:		
Cash and cash balances with UAE Central Bank	16,283	126,283
Due from banks	173,813	62,365
	190,096	188,648
Operational cash flows from interest and dividend		
Interest paid	12,347	17,640
Interest received (including from investments)	32,977	25,806
Dividend received	10,342	7,852

The attached notes 1 to 10 form part of these interim condensed financial statements.

Emirates Investment Bank P.J.S.C.
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INTERIM STATEMENT OF CHANGES IN EQUITY
30 September 2011

	Share capital AED '000 Unaudited	Legal reserve AED '000 Unaudited	Special reserve AED '000 Unaudited	Cumulative changes in fair value AED '000 Unaudited	Retained earnings AED '000 Unaudited	Total AED '000 Unaudited
At 1 January 2011	44,938	22,469	15,877	19,607	88,070	190,961
Net profit for the period	-	-	-	-	22,025	22,025
Other comprehensive income for the period	-	-	-	(28,330)	-	(28,330)
Total comprehensive income for the period	-	-	-	(28,330)	22,025	(6,305)
Cash dividend (note 7)	-	-	-	-	(4,494)	(4,494)
Script dividend (note 7)	4,494	-	-	-	(4,494)	-
Balance at 30 September 2011	49,432	22,469	15,877	(8,723)	101,107	180,162
At 1 January 2010	44,938	21,539	13,842	(25,886)	70,202	124,635
Net profit for the period	-	-	-	-	15,131	15,131
Other comprehensive income for the period	-	-	-	61,420	-	61,420
Total comprehensive income for the period	-	-	-	61,420	15,131	76,551
Reversal of directors' Fee	-	-	-	-	485	485
Balance at 30 September 2010	44,938	21,539	13,842	35,534	85,818	201,671

Emirates Investment Bank P.J.S.C.
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2011 (Unaudited)

1 INCORPORATION AND ACTIVITIES

Emirates Investment Bank P.J.S.C. (formerly Arab Emirates Investment Bank P.J.S.C.) (the "Bank") was incorporated on 17 February 1976 in Dubai by a decree of HH The Ruler of Dubai as Arab Emirates Investment Bank Limited. In 1999, the Bank was registered under the UAE Commercial Companies Law No. (8) of 1984 (as amended) as a Public Joint Stock Company. The Bank is engaged in the business of private banking, investment banking and investment portfolio management. The address of the Bank's registered office is P. O. Box 5503, Dubai, United Arab Emirates.

The bank changed its legal name in the year 2010 from Arab Emirates Investment Bank P.J.S.C. to Emirates Investment Bank P.J.S.C.

The Bank is a subsidiary of Al Futtaim Private Company LLC which holds 50.26% of the banks shares.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Bank are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2010.

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 Bank's annual financial statements as at 31 December 2010. In addition, results for the nine months ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit of AED 22,025 thousand for the nine months period ended 30 September 2011 (30 September 2010: AED 15,131 thousand) by the weighted average number of shares outstanding during the period of 494,320 of AED 100 each (2010: 494,320 shares of AED 100 each).

The earnings per share of AED 30.61 as reported for the nine months ended 30 September 2010 has been adjusted for the effect of the shares issued in 2011 as a result of the stock dividend (refer note 7).

The figures for basic and diluted earnings per share are the same as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

4 DUE FROM BANKS

	<i>30 September 2011 AED'000</i>	<i>Audited 31 December 2010 AED'000</i>
Domestic	94,376	90,443
Regional	75,625	959
International	42,812	27,023
	<u>212,813</u>	<u>118,425</u>

Included in due from banks is a term deposit of AED 39,000 thousand (2010: AED 90,000 thousand) with a counter party in UAE which is under lien to the extent of AED 39,000 thousand (2010: AED 39,000 thousand) against facilities granted by the counter party to the Bank.

Emirates Investment Bank P.J.S.C.
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 30 September 2011 (Unaudited)

5 INVESTMENTS

	<i>30 September 2011 AED'000</i>	<i>Audited 31 December 2010 AED'000</i>
Equity investments:		
Domestic	126,613	123,180
Regional	17,010	8,562
International	262,002	35,341
	<u>405,625</u>	<u>167,083</u>
Debt investments:		
Domestic	581,749	688,494
Regional	15,960	19,651
International	27,445	23,321
	<u>625,154</u>	<u>731,466</u>
Investment in bullion	<u>26,815</u>	<u>7,904</u>
	<u>1,057,594</u>	<u>906,453</u>

Part of the proprietary debt investments portfolio of the bank having carrying value amounting to AED 437 million is pledged with banks against credit facility and repurchase agreements totaling to AED 284 million.

6 DUE TO BANKS

The Bank has borrowed an amount of AED 104 million under repurchase agreements, whereby the Bank's investments in certain bonds with a carrying value of AED 135 million as at 30 September 2011 are pledged under these agreements.

7 DIVIDENDS

At the Annual General Meeting of the Bank, held on 28 April 2011, the shareholders approved a cash dividend and a scrip dividend both at 10% of the paid up capital respectively amounting to AED 4,494 thousand each, which was paid / issued, subsequently.

8 SEGMENTAL INFORMATION

For operating purposes, the Bank is organized into two major business segments: (a) Private banking and Investment banking (PB and IB), which principally manages client's investment portfolio, provides credit facilities, accepts deposit from corporate and individual customers and provides advisory services on corporate finance and capital market transactions; and (b) Proprietary investments which is principally involved in managing the Bank's own investment portfolio and provides treasury services. These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds and an equitable allocation of expenses.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Emirates Investment Bank P.J.S.C.
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 30 September 2011 (Unaudited)

8 SEGMENTAL INFORMATION (continued)

	<i>Proprietary Investments Portfolio</i>		<i>PB and IB</i>		<i>Total</i>	
	<i>30 September 2011 AED'000 Unaudited</i>	<i>30 September 2010 AED'000 Unaudited</i>	<i>30 September 2011 AED'000 Unaudited</i>	<i>30 September 2010 AED'000 Unaudited</i>	<i>30 September 2011 AED'000 Unaudited</i>	<i>30 September 2010 AED'000 Unaudited</i>
Revenue *	58,437	38,632	3,800	3,320	62,237	41,952
Inter-segment adjustment	(20,065)	(15,689)	20,065	15,689	-	-
	<u>38,372</u>	<u>22,943</u>	<u>23,865</u>	<u>19,009</u>	<u>62,237</u>	<u>41,952</u>
Profit / (loss) for the period	<u>23,776</u>	<u>13,171</u>	<u>(1,752)</u>	<u>1,959</u>	<u>22,025</u>	<u>15,131</u>

* Revenue comprises interest income, net income from investments, other income and exchange (loss) / gain less impairment loss on investments

	<i>Proprietary Investment Portfolio</i>		<i>PB & IB</i>		<i>Total</i>	
	<i>30 September 2011 AED'000 Unaudited</i>	<i>30 September 2010 AED'000 Unaudited</i>	<i>30 September 2011 AED'000 Unaudited</i>	<i>30 September 2010 AED'000 Unaudited</i>	<i>30 September 2011 AED'000 Unaudited</i>	<i>30 September 2010 AED'000 Unaudited</i>
Segment assets	1,206,692	852,982	103,403	148,153	1,310,095	1,001,135
Segment liabilities and equity	<u>365,560</u>	<u>275,436</u>	<u>944,535</u>	<u>725,699</u>	<u>1,310,095</u>	<u>1,001,135</u>

9 CONTINGENT LIABILITIES AND COMMITMENTS

The Bank has the following credit related contingent liabilities and commitments:

	<i>30 September 2011 AED'000</i>	<i>Audited 31 December 2010 AED'000</i>
<i>Contingent liabilities:</i>		
Guarantees	<u>114,155</u>	<u>151,765</u>
Un-drawn loan commitments	<u>44,703</u>	<u>120,000</u>

The Bank has no further commitments (2010: AED 1,977 thousand) on account of investments made in securities and limited partnership funds.

Emirates Investment Bank P.J.S.C.
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 30 September 2011 (Unaudited)

10 RELATED PARTY TRANSACTIONS

The Bank enters into transactions in the ordinary course of business with related parties, defined as major shareholders, directors, key management personnel and their related companies. All loans and advances to related parties are performing advances and are free of any provision for possible loan losses.

The significant balances outstanding in respect of related parties included in the interim condensed financial statements are as follows:

<i>30 September 2011 AED'000 Unaudited</i>	<i>31 December 2010 AED'000 Audited</i>
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Directors, their related parties and key management personnel:

Loans and advances	3,514	1,837
Customers' deposits	392,768	223,581
Commitments and contingencies	90,473	126,919

The income and expenses in respect of related parties included in the interim condensed financial statements are as follows:

<i>30 September 2011 AED'000 Unaudited</i>	<i>Nine months ended 30 September 2010 AED'000 Unaudited</i>
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Directors, their related parties and key management personnel:

Interest income	64	-
Interest expense	7,593	6,532
Other income	1,078	1,003

Compensation of key management personnel:

<i>30 September 2011 AED'000 Unaudited</i>	<i>Nine months ended 30 September 2010 AED'000 Unaudited</i>
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Salaries and other benefits	3,253	3,795
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