

MASHREQBANK PSC GROUP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND REVIEW REPORT
FOR THE PERIOD FROM JANUARY 1, 2007
TO SEPTEMBER 30, 2007**

Mashreqbank psc Group

**Interim Condensed Consolidated Financial Information
and Review Report**

For the period from January 1, 2007 to September 30, 2007

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Ref.: 7848CFS07-September

Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors
Mashreqbank psc
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of **Mashreqbank psc** (the “Bank”) and its **Subsidiaries** (collectively the “Group”) as of September 30, 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the period from January 1, 2007 to September 30, 2007, and a summary of significant accounting policies and other explanatory notes. The management of the Bank is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting (“IAS 34”).’ Our responsibility is to express a conclusion on this interim condensed consolidated 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 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 information is not prepared, in all material respects, in accordance with International Accounting Standard No.34.

Deloitte & Touche



Anis F. Sadek (Reg. No. 521)

Dubai
October 11, 2007

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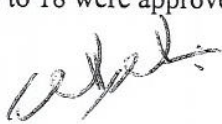
Interim Condensed Consolidated Balance Sheet
As of September 30, 2007
(In Thousand Arab Emirates Dirhams)

	<u>Note</u>	<u>September 30,</u> <u>2007</u> <u>(un-audited)</u>	<u>December 31,</u> <u>2006</u> <u>(audited)</u>
ASSETS			
Cash and balances with central banks		9,910,190	2,405,688
Deposits and balances due from banks		7,793,880	8,556,912
Loans and advances, net	3	34,224,302	28,572,233
Islamic financing and investment products	4	2,123,250	829,014
Customer acceptances		1,174,167	1,157,635
Interest receivable and other assets		3,192,919	1,624,170
Investment in securities	5	15,109,775	12,935,449
Investment property		345,707	361,739
Property and equipment		350,755	302,275
Total assets		74,224,945	56,745,115
LIABILITIES			
Customers' deposits		41,980,566	33,908,235
Islamic customers' deposits		1,930,602	747,890
Deposits and balances due to banks		9,863,349	6,988,150
Insurance and life assurance funds		522,654	373,940
Medium-term floating rate notes	6	5,234,025	3,397,525
Long-term loans		17,778	23,541
Customer acceptances		1,174,167	1,157,635
Interest payable and other liabilities		4,036,728	2,199,236
Total liabilities		64,759,869	48,796,152
EQUITY			
Share capital	7	1,126,054	866,195
Statutory and legal reserves		472,040	469,453
General reserves		312,000	312,000
Cumulative translation adjustment		(2,411)	(11,449)
Investment revaluation reserve		249,697	184,220
Retained earnings		6,646,367	5,557,149
Equity attributable to equity holders of the parent		8,803,747	7,377,568
Minority interest		661,329	571,395
Total equity		9,465,076	7,948,963
Total liabilities and equity		74,224,945	56,745,115

The accompanying notes are an integral part of these interim condensed consolidated financial information.

The interim condensed consolidated financial information on pages 2 to 18 were approved by the Board of Directors on October 11, 2007 and signed on their behalf by:

.....
Abdulla Ahmed Al Ghurair
Chairman


.....
Abdul Aziz Abdulla Al Ghurair
Chief Executive Officer

Interim Condensed Consolidated Income Statement
For the period from January 1, 2007 to September 30, 2007
(In Thousand Arab Emirates Dirhams)

	Note	<u>3 months ended</u> <u>September 30,</u>		<u>9 months ended,</u> <u>September 30,</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		(un-audited)	(un-audited)	(un-audited)	(un-audited)
Interest income		1,170,350	721,045	3,068,714	2,051,396
Income from Islamic financing and investment products		25,112	11,085	47,072	20,813
Total interest income and income from Islamic financing and investment products		1,195,462	732,130	3,115,786	2,072,209
Interest expense		(769,419)	(445,679)	(1,968,788)	(1,246,273)
Distribution to depositors – Islamic financing		(7,264)	(9,296)	(15,331)	(19,088)
Net interest income and income from Islamic products net of distribution to depositors		418,779	277,155	1,131,667	806,848
Net commission income		77,275	80,676	295,463	198,979
Other income		262,596	420,461	1,197,844	940,889
Operating income		758,650	778,292	2,624,974	1,946,716
General and administrative expenses		(318,172)	(250,748)	(981,223)	(708,909)
Allowance for doubtful loans and advances, net of recoveries		(22,268)	(50,407)	(203,036)	(100,964)
Income before taxes		418,210	477,137	1,440,715	1,136,843
Income tax		(1,216)	(1,358)	(3,030)	(3,890)
Net income for the period		416,994	475,779	1,437,685	1,132,953
Attributed to:					
Equity holders of the parent		395,764	453,724	1,351,664	1,113,383
Minority interest		21,230	22,055	86,021	19,570
		416,994	475,779	1,437,685	1,132,953
Earnings per share	10	3.51	4.03	12.00	9.89

The accompanying notes are an integral part of these interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Changes in Equity
For the period from January 1, 2007 to September 30, 2007
(In Thousand Arab Emirates Dirhams)**

	Share capital	Statutory and legal reserves	General reserves	Retained earnings	Cumulative translation adjustment	Investment revaluation reserves	Attributable to equity holders of the parent	Minority interest	Total
Balance at January 1, 2006 - audited	866,195	468,839	312,000	4,160,362	(16,005)	1,467,341	7,258,732	896,087	8,154,819
Changes in fair value of investments during the period	-	-	-	-	-	(1,056,619)	(1,056,619)	(282,797)	(1,339,416)
Overseas entities' translation adjustment	-	-	-	-	1,231	-	1,231	-	1,231
Total expense recognised directly in equity	-	-	-	-	1,231	(1,056,619)	(1055,388)	(282,797)	(1,338,185)
Net income for the period	-	-	-	1,113,383	-	-	1,113,383	19,570	1,132,953
Total income for the period	-	-	-	1,113,383	1,231	(1,056,619)	57,995	(263,227)	(205,232)
Dividend paid	-	-	-	(173,239)	-	-	(173,239)	(35,442)	(208,681)
Balance at September 30, 2006 – un-audited	866,195	468,839	312,000	5,100,506	(14,774)	410,722	7,143,488	597,418	7,740,906
Balance at January 1, 2007 - audited	866,195	469,453	312,000	5,557,149	(11,449)	184,220	7,377,568	571,395	7,948,963
Changes in fair value of investments during the period	-	-	-	-	-	65,477	65,477	45,293	110,770
Overseas entities' translation adjustment	-	-	-	-	9,038	-	9,038	-	9,038
Total income recognised directly in equity	-	-	-	-	9,038	65,477	74,515	45,293	119,808
Net income for the period	-	-	-	1,351,664	-	-	1,351,664	86,021	1,437,685
Total income for the period	-	-	-	1,351,664	9,038	65,477	1,426,179	131,314	1,557,493
Transfer to statutory and legal reserves	-	2,587	-	(2,587)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(31,011)	(31,011)
Bonus shares issued during the period	259,859	-	-	(259,859)	-	-	-	-	-
Reduction in minority's share capital	-	-	-	-	-	-	-	(10,369)	(10,369)
Balance at September 30, 2007 – un-audited	1,126,054	472,040	312,000	6,646,367	(2,411)	249,697	8,803,747	661,329	9,465,076

The accompanying notes are an integral part of these interim condensed consolidated financial information.

Interim Condensed Consolidated Cash Flow Statement
For the period from January 1, 2007 to September 30, 2007
(In Thousand Arab Emirates Dirhams)

	9 months ended September 30,	
	2007	2006
	(un-audited)	(un-audited)
Cash flows from operating activities		
Net income for the period	1,437,685	1,132,953
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property and equipment	49,330	37,377
Fair value adjustment – trading investments	(91,586)	(7,577)
Translation adjustment	9,038	1,231
Allowance for impairment of loans and advances	125,000	66,141
Profit on sale of property and equipment	(30)	(275)
Changes in operating assets and liabilities:		
Increase in deposits with central banks for regulatory purposes	(329,129)	(84,521)
(Increase)/decrease in deposits maturing after three months	(1,397,753)	342,226
Increase in advances to customers	(5,777,069)	(4,620,157)
Increase in Islamic financing and investing products	(1,294,236)	(824,220)
Increase in interest receivable and other assets	(1,568,749)	(480,422)
Increase in trading securities – net	(1,415,692)	(1,921,426)
Increase in customers' deposits	8,072,331	1,212,154
Increase in Islamic customers' deposits	1,182,712	786,022
Increase in medium-term floating rate notes	1,836,500	1,101,900
Decrease in long-term loans	(5,763)	(6,010)
Increase in deposits and balances due to banks	2,875,199	959,585
Increase in insurance and life assurance funds	148,714	70,660
Increase in interest payable and other liabilities	1,837,492	757,949
Net cash provided from/(used in) operating activities	5,693,994	(1,476,410)
Cash flows from investing activities		
Purchase of property and equipment	(98,379)	(86,392)
Proceeds from sale of property and equipment	599	18,504
Purchase of non-trading investments, net	(540,246)	(376,738)
Net cash used in investing activities	(638,026)	(444,626)
Cash flows from financing activities		
Dividend paid to shareholders	-	(173,239)
Dividend paid to minority	(31,011)	(35,442)
Capital redemption by minority	(10,369)	-
Net cash used in financing activities	(41,380)	(208,681)
Increase/(decrease) in cash and cash equivalents (Note 11)	5,014,588	(2,129,717)

The accompanying notes are an integral part of these interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information
For the period from January 1, 2007 to September 30, 2007

1. Status and activities

Mashreqbank psc (the "Bank") was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The Bank operates through its branches in the United Arab Emirates, Bahrain, Egypt, Hong Kong, India, Qatar, the United Kingdom and the United States of America.

At September 30, 2007, Mashreqbank psc Group (the "Group") comprises the Bank and its subsidiaries as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Osool - a Finance Company (PJSC)	United Arab Emirates	98	98	Finance company
Oman Insurance Company (PSC)	United Arab Emirates	63.65	63.65	Insurance company
Mindscape Information Technology LLC	United Arab Emirates	99	99	Software/Application provider
Mashreq Securities LLC	United Arab Emirates	99.98	99.98	Brokerage
Injaz Services FZ LLC	United Arab Emirates	100	100	Service provider
Al-Badr Islamic Finance (PJSC)	United Arab Emirates	99.70	99.70	Islamic finance company
Mashreq Capital Limited (DIFC)	United Arab Emirates	100	100	Brokerage, asset management & fund management
Al Yamama Services FZ LLC	United Arab Emirates	100	100	Service provider
Makaseb Funds Company BSC	Kingdom of Bahrain	99.90	99.90	Managing funds
Makaseb Funds Company BSC II	Kingdom of Bahrain	99.90	99.90	Managing funds
Makaseb Funds Company BSC III	Kingdom of Bahrain	99.90	99.90	Managing funds
Roya Executive Ltd.	British Virgin Islands	*	100	General activities
Bracebridge Limited	British Virgin Islands	*	100	General activities
Orriston Limited	British Virgin Islands	*	100	General activities

* Bank participation in capital is nominal, however the above subsidiaries are considered to be subsidiaries by virtue of 100% control.

The interim condensed consolidated financial information are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

2. Significant accounting policies

Basis of preparation

The interim condensed consolidated financial information have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment property, which are carried at fair value.

These interim condensed consolidated financial information are prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the audited annual consolidated financial statements for the year ended December 31, 2006.

All significant inter-group balances, income and expense items are eliminated on consolidation.

The interim condensed financial information of subsidiaries are prepared using similar policies as those used by the Bank.

These interim condensed consolidated financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's financial statements as at and for the year ended December 31, 2006.

For the purpose of these interim condensed consolidated financial information, the Bank has adopted the revised and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the IFRIC that are relevant to its operations for the period beginning January 1, 2007. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Bank.

(a) Estimates

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

In preparing these interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended December 31, 2006.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

2. Significant accounting policies (continued)

Basis of preparation (continued)

(b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2006.

3. Loans and advances, net

	September 30, 2007	December 31, 2006
	AED '000 (un-audited)	AED'000 (audited)
(a)		
Overdrafts	4,699,084	4,481,428
Loans	29,059,410	23,780,624
Credit Cards	1,326,648	1,090,454
Others	179,567	143,581
	<u>35,264,709</u>	<u>29,496,087</u>
Less: Allowance for impairment	(1,040,407)	(923,854)
	<u>34,224,302</u>	<u>28,572,233</u>
(b) Analysis by economic activities:		
Manufacturing	4,900,934	3,485,517
Construction	2,777,430	1,513,268
Trade	6,937,222	5,923,022
Transport and Communication	1,969,721	1,119,054
Services	3,847,108	2,320,828
Banks and Financial Institutions	4,678,623	4,313,330
Personal	8,935,753	8,405,769
Government/Public Sector	878,473	2,116,029
Others	339,445	299,270
	<u>35,264,709</u>	<u>29,496,087</u>
Less: Allowance for impairment	(1,040,407)	(923,854)
	<u>34,224,302</u>	<u>28,572,233</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

4. Islamic financing and investment products

	September 30, 2007 AED '000 (un-audited)	December 31, 2006 AED'000 (audited)
<u>Financing</u>		
Murabaha share	155,190	20,072
Ijara	716,358	75,595
	<u>871,548</u>	<u>95,667</u>
<u>Investing</u>		
Musharaka	561,396	128,969
Wakala	437,099	606,391
Sukuk	254,805	-
	<u>1,253,300</u>	<u>735,360</u>
	2,124,848	831,027
Less: Unearned income	(1,598)	(2,013)
	<u><u>2,123,250</u></u>	<u><u>829,014</u></u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

5. Investment in securities

	September 30, 2007 AED '000 (un-audited)	December 31, 2006 AED'000 (audited)
Trading portfolio		
Debt securities	8,332,122	7,065,331
Equities	248,490	201,945
Discretionary managed fund	1,977,278	1,852,963
Mutual and other funds	10,432	-
Other investments	1,033,412	974,217
	<u>11,601,734</u>	<u>10,094,456</u>
Available-for-sale		
Debt securities	895,967	425,201
Equities	2,332,916	2,313,092
Other investments	146,197	82,751
	<u>3,375,080</u>	<u>2,821,044</u>
Held-to-maturity		
Debt securities	147,247	34,235
	<u>15,124,061</u>	<u>12,949,735</u>
Less: Provision for impairment	(14,286)	(14,286)
Total	<u><u>15,109,775</u></u>	<u><u>12,935,449</u></u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

6. Medium-term floating rate notes

During 2004, the Bank has established a Euro Medium Term Note (EMTN) programme for US\$ 750 million (AED 2,754.75 million) under fiscal agency agreement dated February 4, 2004. The EMTN programme was increased to US\$ 2,000 million (AED 7,346 million) under fiscal agency agreement dated March 21, 2006.

The maturities are as follows:

		September 30,	December 31,
		2007	2006
		AED'000	AED'000
		(un-audited)	(audited)
<u>Due date</u>	<u>Interest rate</u>		
February 27, 2009	3 months Libor + 0.55%	1,101,900	1,101,900
March 23, 2010	3 months Libor + 0.40%	1,193,725	1,193,725
April 6, 2011	3 months Libor + 0.38%	1,101,900	1,101,900
* January 23, 2017	3 months Libor + 0.625%	1,836,500	-
		<u>5,234,025</u>	<u>3,397,525</u>

* The subordinated floating rate notes maturing January 23, 2017 qualify as Tier 2 subordinated loan capital for the first 5 year period till 2011 and thereafter it will be amortized at the rate of 20% per annum till 2016 for capital adequacy calculation (Note 16) if these are not redeemed during 2011. This has been approved by the Central Bank of the United Arab Emirates.

7. Share capital

During 2007, a proposed bonus share distribution, of 3 shares for each 10 shares on account of 2006, was approved by the Board of Directors and ratified by the shareholders at the Annual General Meeting.

As of September 30, 2007, 112,605,380 ordinary shares of AED 10 each (2006: 86,619,520 ordinary shares of AED 10 each) were issued and were fully paid up.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

8. Contra accounts and commitments

	September 30, 2007 AED '000 (un-audited)	December 31, 2006 AED'000 (audited)
(a) Contra accounts (memoranda)		
Guarantees	30,631,203	19,600,484
Letters of credit	5,684,576	4,821,188
	<u>36,315,779</u>	<u>24,421,672</u>
(b) Derivative financial instruments (Note 12)	218,492,156	153,833,802
	<u>218,492,156</u>	<u>153,833,802</u>
Total contra accounts and commitments (a + b)	<u><u>254,807,935</u></u>	<u><u>178,255,474</u></u>

9. General and administrative expenses

General and administrative expenses include senior management remuneration of AED 83 million for the nine month period ended September 30, 2007 (nine month period ended September 30, 2006: AED 62 million).

10. Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the number of shares outstanding during the period as follows:

	September 30, 2007 (un-audited)	September 30, 2006 (un-audited)
Net income for the period (AED'000) (Attributed to equity holders of the parent)	<u>1,351,664</u>	<u>1,113,383</u>
Number of ordinary shares outstanding	<u>112,605,380</u>	<u>112,605,380</u>
Earnings per share (AED)	<u><u>12.00</u></u>	<u><u>9.89</u></u>

The number of ordinary shares outstanding as of September 30, 2006 has been adjusted to reflect the bonus shares issued during 2007 (Note 7).

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

11. Cash and cash equivalents

	September 30, 2007 AED'000 (un-audited)	December 31, 2006 AED'000 (audited)
Cash on hand, current account and deposits with central banks	9,910,190	2,405,688
Deposits and balances due from banks	7,793,880	8,556,912
	<u>17,704,070</u>	<u>10,962,600</u>
Less: Deposits with central banks for regulatory purposes	(1,509,000)	(1,179,871)
Deposits maturing after three months	(3,973,619)	(2,575,866)
	<u>(a) 12,221,451</u>	<u>(b) 7,206,863</u>
Increase in cash and cash equivalents, September 30, 2007 (a) – (b)	<u><u>5,014,588</u></u>	

	September 30, 2006 AED'000 (un-audited)	December 31, 2005 AED'000 (audited)
Cash on hand, current account and deposits with central banks	2,666,552	4,004,935
Deposits and balances due from banks	6,017,456	7,066,495
	<u>8,684,008</u>	<u>11,071,430</u>
Less: Deposits with central banks for regulatory purposes	(1,047,256)	(962,735)
Deposits maturing after three months	(1,609,924)	(1,952,150)
	<u>(a) 6,026,828</u>	<u>(b) 8,156,545</u>
Decrease in cash and cash equivalents, September 30, 2006 (a) – (b)	<u><u>(2,129,717)</u></u>	

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

12. Derivatives

Derivative Financial instruments	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
Forward foreign exchange contracts	271,641	200,590	48,245,403
Foreign exchange options (bought)	-	1,621,014	80,713,799
Foreign exchange options (sold)	1,621,014	-	80,713,799
Interest rate swaps	261,029	257,740	8,169,609
Caps bought	-	14	114,950
Caps sold	14	-	114,950
Futures contracts purchased (customers)	-	1,185	67,609
Futures contracts sold (customers)	2,748	-	142,214
Futures contracts sold (bank)	1,185	-	67,609
Futures contracts purchased (bank)	-	2,748	142,214
At September 30, 2007 – un-audited	2,157,631	2,083,291	218,492,156
At December 31, 2006 – audited	838,808	790,409	153,833,802

13. Seasonality of results

No income of seasonal nature was recorded in the interim condensed consolidated financial information for the nine month periods ended September 30, 2007 and 2006.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

14. Related party transactions

- a) Certain "related parties" (such as, directors and major shareholders of the Bank and companies of which they are principal owners) are customers of the Bank and its subsidiaries in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties. Such related party transactions are disclosed below.
- b) Related party balances included in the balance sheet as of September 30, 2007 are as follows:

	September 30, 2007	December 31, 2006
	AED'000	AED'000
	(un-audited)	(audited)
Advances to customers	920,587	646,675
Deposits from customers	936,296	685,763
Letters of credit, guarantees and acceptances	1,991,321	1,562,630

- c) Net income for the period includes related party transactions as follows:

	9 months ended September 30, 2007	2006
	AED'000	AED'000
	(un-audited)	(un-audited)
Interest income	45,506	30,849
Interest expense	19,489	10,486
Other income	33,459	40,576

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

15. Segmental information – un-audited

	January 1, 2007 to September 30, 2007					
	Retail AED'000	Corporate AED'000	Financial Institutions AED'000	Treasury & Investment Banking AED'000	Islamic Banking AED'000	Head Office and Others AED'000
Net interest income and earnings from Islamic products	582,072	458,089	65,059	(127,748)	32,548	114,957
Other income	307,746	375,798	95,655	362,591	11,855	53,666
Operating income	889,818	833,887	160,714	234,843	44,403	168,623
General and administrative expenses						(981,223)
Allowances for loans and advances and other financial assets						(203,036)
Income before taxes						1,440,715
Taxation						(3,030)
Net income for the period						1,437,685
Attributed to:						
Equity holders of the parent						1,351,664
Minority interest						86,021
						1,437,685
Segment Assets	8,255,798	24,135,488	7,456,190	22,418,300	2,489,578	6,298,983
Segment Liabilities	8,920,400	35,089,267	2,676,800	3,917,400	1,933,051	10,522,420
						74,224,945
						64,759,869

15. Segmental information – un-audited (continued)

	January 1, 2006 to September 30, 2006						
	Treasury &			Head Office and			
	Retail	Corporate	Financial Institutions	Investment Banking	Islamic Banking	Insurance	Others
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
							Total
							AED'000
Net interest income and earnings from Islamic products	453,128	355,542	56,002	(106,688)	1,725	(1,828)	48,967
Other income	225,634	233,551	79,749	261,071	550	71,616	267,697
Operating income	678,762	589,093	135,751	154,383	2,275	69,788	316,664
General and administrative expenses							
Allowances for loans and advances and other financial assets							(708,909)
Income before taxes and minority interest							(100,964)
Taxation							1,136,843
Net income for the period							(3,890)
Attributed to:							
Equity holders of the parent							1,132,953
Minority interest							1,113,383
							19,570
Segment Assets	6,869,416	18,596,765	4,884,693	13,613,820	822,783	2,898,362	3,463,541
Segment Liabilities	7,181,700	25,057,900	2,103,300	2,556,900	786,022	955,603	4,767,049

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to September 30, 2007

16. Capital adequacy

The capital adequacy ratio is computed based on circulars issued by the U.A.E. Central Bank.

		September 30, 2007 AED'000 (un-audited)	December 31, 2006 AED'000 (audited)
Capital base			
Tier 1		7,725,077	7,725,077
Tier 2		<u>1,937,250</u>	<u>100,749</u>
	(a)	<u>9,662,327</u>	<u>7,825,826</u>
Risk-weighted assets:			
On-balance sheet assets		43,774,857	33,158,257
Off-balance sheet assets		<u>19,661,990</u>	<u>11,519,476</u>
Total risk-weighted assets	(b)	<u>63,436,847</u>	<u>44,677,733</u>
Capital adequacy ratio (%) [(a)/(b) x 100]		<u>15.23%</u>	<u>17.52%</u>

Tier 2 Capital at September 30, 2007 as shown above includes subordinated floating rate note balance of AED 1,836.50 million (Note 6).

17. Comparative figures

Certain amounts for the prior period were reclassified to conform to current period presentation.