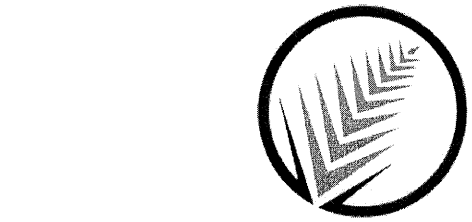
In the Name of Allah
The most Gracious and Merciful



مصرف الإمارات الإسلامي

EMIRATES ISLAMIC BANK

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Condensed Consolidated Interim Financial Statements

(un-audited)

As at 30 September 2010

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the nine-months period ended 30 September 2010

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Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders
Emirates Islamic Bank PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates Islamic Bank PJSC ("the Bank") and its subsidiaries (collectively referred as "the Group") as at 30 September 2010 and the related condensed consolidated interim statements of comprehensive income (comprising of a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim income statement), condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in shareholders' equity 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 International Financial Reporting Standards 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 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 and for the nine-month period ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

26 OCT 2010

KPMG
By: Munther Dajani
Registration No: 268

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Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 September 2010

	Note	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
ASSETS			
Cash and balances with U.A.E Central Bank		1,035,893	1,161,562
Due from banks	3	58,038	127,229
Due from Group Holding Company, net	4	10,382,721	1,656,526
Financing receivables	5	15,488,607	16,705,800
Investments	6	2,862,521	3,780,070
Investment properties	7	675,902	458,796
Investment properties under development	8	655,247	1,004,491
Prepayments and other assets		316,553	327,249
Fixed assets	9	108,423	67,916
TOTAL ASSETS		**31,583,905**	**25,289,639**
LIABILITIES			
Customers' accounts	10	23,652,724	19,418,087
Due to banks		3,149,759	1,207,526
Other liabilities		785,021	696,172
Zakat payable		-	13,121
Investment wakala	11	1,081,872	1,081,872
TOTAL LIABILITIES		**28,669,376**	**22,416,778**
SHAREHOLDERS' EQUITY			
Share capital	12	2,430,422	2,314,688
Statutory reserve		200,738	200,738
General reserve		106,517	106,517
Cumulative changes in fair value	13	(29,161)	(6,679)
Retained earnings		111,655	165,234
TOTAL SHAREHOLDERS' EQUITY		**2,820,171**	**2,780,498**
Non-controlling interest	14	94,358	92,363
TOTAL EQUITY		**2,914,529**	**2,872,861**
TOTAL LIABILITES AND EQUITY		**31,583,905**	**25,289,639**
COMMITMENTS AND CONTINGENT LIABILIITES		**3,876,602**	**4,077,092**
ASSETS UNDER MANAGEMENT	15	**1,485,550**	**1,485,550**

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 26 October 2010 and signed on its behalf by:

Chairman **Chief Executive Officer**

The attached notes 1 to 21 form an integral part of these condensed consolidated interim financial statements. The independent auditors' review report is set out on page 1

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UN-AUDITED)

For the nine-months period ended 30 September 2010

	Note	For three months period ended 30 September 2010	For three months period ended 30 September 2009	For the nine-months period ended 30 September 2010	For the nine-months period ended 30 September 2009
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from financing activities, net		227,563	264,513	711,246	794,781
Income/(loss) from investment securities, net		(13,169)	26,362	13,207	(8,372)
Income from Group Holding Company, net		105,690	30,982	207,684	52,304
Property related income, net		3,481	5,016	16,606	13,090
Commission and fee income, net		44,755	43,937	145,876	154,477
Other operating income, net		70,655	24,910	116,384	91,448
TOTAL INCOME		**438,975**	**395,720**	**1,211,003**	**1,097,728**
EXPENSES					
General and administrative expenses		(96,436)	(97,675)	(289,249)	(296,851)
Depreciation of investment properties		(4,447)	(3,020)	(12,134)	(7,146)
TOTAL EXPENSES		**(100,883)**	**(100,695)**	**(301,383)**	**(303,997)**
Net operating income before allowances for impairment		**338,092**	**295,025**	**909,620**	**793,731**
Allowances for impairment, net of recoveries and reversals		(146,862)	(102,111)	(380,375)	(191,045)
Net operating income after allowances for impairment		**191,230**	**192,914**	**529,245**	**602,686**
Investment, saving and wakala accounts' share of profit		(178,653)	(153,406)	(465,095)	(462,323)
Net profit before non-Controlling interest		**12,577**	**39,508**	**64,150**	**140,363**
Non-controlling interest		27	117	(1,995)	485
SHAREHOLDERS' PROFIT (NET INCOME)		**12,604**	**39,625**	**62,155**	**140,848**
Earnings per share (Dirham)	16	0.01	0.02	0.03	0.09

The attached notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.
The independent auditors' review report is set out on page 1

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine-months period ended 30 September 2010

	For three months period ended 30 September 2010	For three months period ended 30 September 2009	For the nine-months period ended 30 September 2010	For the nine-months period ended 30 September 2009
	AED'000	AED'000	AED'000	AED'000
Net operating profit	**12,577**	**39,508**	**64,150**	**140,363**
Other comprehensive income:				
Cumulative changes in fair value reserve	(6,079)	(2,135)	(22,482)	(17,124)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6,498**	**37,373**	**41,668**	**123,239**
Comprehensive income attributable to:				
Shareholders	6,525	37,490	39,673	123,724
Non-controlling interest	(27)	(117)	1,995	(485)
	6,498	**37,373**	**41,668**	**123,239**

The attached notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.
The independent auditors' review report is set out on page 1

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine-months period ended 30 September 2010

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK							
	Share capital	Statutory reserve	General reserve	Cumulative changes in fair value	Retained earnings	Total	Non-Controlling Interest	Group Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2010	2,314,688	200,738	106,517	(6,679)	165,234	2,780,498	92,363	2,872,861
Total comprehensive income for the period	-	-	-	(22,482)	62,155	39,673	1,995	41,668
Issue of bonus shares	115,734	-	-	-	(115,734)	-	-	-
As at 30 September 2010	**2,430,422**	**200,738**	**106,517**	**(29,161)**	**111,655**	**2,820,171**	**94,358**	**2,914,529**
As at 1 January 2009	934,375	187,659	93,438	11,693	354,032	1,581,197	92,889	1,674,086
Total comprehensive income for the period	-	-	-	(17,124)	140,848	123,724	(485)	123,239
Issue of bonus shares	280,313	-	-	-	(280,313)	-	-	-
Issue of right shares	1,100,000	-	-		-	1,100,000	-	1,100,000
As at 30 September 2009	**2,314,688**	**187,659**	**93,438**	**(5,431)**	**214,567**	**2,804,921**	**92,404**	**2,897,325**

The attached notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.
The independent auditors' review report is set out on page 1

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine-months period ended 30 September 2010

	For the nine-months period ended 30 September 2010 AED'000	For the nine-months period ended 30 September 2009 AED'000
OPERATING ACTIVITIES		
Profit for the period	62,155	140,848
Adjustments:		
Allowances for impairment on financing receivables, net	194,002	187,939
Allowances for impairment on investments	56,373	3,106
Allowances for impairment on investment properties	130,000	-
Dividend income	(11,531)	(23,491)
Gain on sale of investments	(18,360)	-
Gain on sale of investment properties	(3,772)	-
Loss on revaluation of investment securities	55,605	96,041
Depreciation on investment properties	12,134	7,146
Depreciation on fixed assets	19,039	17,280
Tax liability write back	-	(14,592)
	495,645	**414,277**
Change in reserve with U.A.E Central Bank	3,068	173,285
Change in due from Group Holding Company	103,127	18,237
Changes in financing receivables	1,023,191	916,157
Changes in prepayments and other assets	10,696	170,374
Changes in customers' accounts	4,234,637	780,904
Changes in due to banks' investment wakala accounts	1,896,792	(427,466)
Changes in other liabilities	88,849	(147,453)
Cumulative changes in fair value	(22,482)	(17,124)
Zakat paid	(13,121)	(17,185)
Net cash generated from operating activities	**7,820,402**	**1,864,006**
INVESTING ACTIVITIES		
Redemptions of investment securities' net of purchases	582,206	95,262
Proceeds from sale of investment securities	241,725	-
Dividend income received	11,531	23,491
Changes in investment properties	(239,171)	(65,659)
Proceeds from sale of investment properties	13,703	-
Changes in investment properties under development	219,244	(150,948)
Changes in fixed assets, net	(59,546)	(25,663)
Net cash generated from / (used in) investing activities	**769,692**	**(123,517)**
FINANCING ACTIVITIES		
Due to Group Holding Company (Investment Wakala)	-	(940,000)
Non-controlling interest	1,995	(485)
Issue of right shares	-	1,100,000
Net cash generated from financing activities	**1,995**	**159,515**
Net change in cash and cash equivalents	**8,592,089**	**1,900,004**
Cash and cash equivalents at the beginning of the period	5,929,364	5,293,475
Cash and cash equivalents at the end of the period	**14,521,453**	**7,193,479**

The attached notes 1 to 21 form an integral part of these condensed consolidated interim financial statements.
The independent auditors' review report is set out on page 1

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 NBD PJSC (the "Group Holding Company"). The Bank is listed at Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 30 branches in the UAE. The accompanying Condensed Consolidated Interim Financial Statements combine the activities of the Bank's head office and its branches and the following two subsidiaries (together referred as "the Group").

	Date of Incorporation & Country	Principal Activity	Ownership %
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%
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 provides full commercial and banking services and offers a variety of products through Islamic financing and investing instruments in accordance with Islamic Sharia.

As of 30 September 2010 the Bank employed 1,142 employees (31 December 2009: 1,153 employees).

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

2 BASIS OF PREPARATION

a) Statement of compliance

These 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 for the year ended 31 December 2009.

The Condensed consolidated interim financial statements have been presented in UAE Dirham (the official currency of the group) rounded to the nearest thousand.

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the following:
- Financial assets at fair value through statement of income are measured at fair value.
- Available- for-sale financial assets are measured at fair value.

2 BASIS OF PREPARATION *(Continued)*

c) 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 audited annual consolidated financial statements for the year ended 31 December 2009.

New and revised accounting standards and interpretations effective on or after January 01, 2010:

IFRS 9-Financial instrument- Standard issued as part of wider project to replace IAS 39.
IAS 24(Revised) – "Related Party Disclosures" – Amendment for disclosures required for entities that are controlled, jointly controlled or significantly influenced by the government.
IAS 32-Amendments regarding classification of right issues.
IAS 27- Amendments to IAS 27"Consolidated and separate financial statements".
IAS 19- (Amendments to IFRIC 14) "Prepayments of a minimum funding requirement".

Management is currently in the process of assessing the impact of the above standards on its financial statements.

d) Judgments and 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 reporting 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 sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

e) Financial Risk Management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2009.

3 DUE FROM BANKS

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Due from local banks	21	22
Due from foreign banks	58,017	127,207
	58,038	**127,229**

4 DUE FROM GROUP HOLDING COMPANY, NET

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Murabaha, short term	14,520,770	6,728,037
Wakala	(4,459,033)	(5,856,032)
Deposit exchange (profit free), net	50,408	624,922
Other balances	270,576	159,599
	10,382,721	**1,656,526**

5 FINANCING RECEIVABLES

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Commodities Murabaha	1,946,618	2,174,907
Vehicles Murabaha	2,471,570	2,708,570
Syndication Murabaha	221,067	99,761
Real Estates Murabaha	366,969	187,315
Total Murabaha	5,006,224	5,170,553
Istisna'a	1,648,879	1,939,609
Ijarah	6,046,910	6,083,581
Credit card receivables	553,368	529,520
Secured Overdrafts	-	-
Financing Wakala	2,801,748	3,270,782
Others	777,689	950,210
	16,834,818	17,944,255
Less: Deferred income	(603,063)	(699,381)
Less: Allowances for impairment	(733,075)	(539,074)
Less: Income in suspense	(10,073)	-
	15,488,607	**16,705,800**

5 FINANCING RECEIVABLES (Continued)

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Analysis by Economic Activity		
Agriculture and related activities	685	1,112
Mining and quarrying	180	4,744
Manufacturing	403,558	351,652
Construction	786,310	956,505
Trade	769,914	801,753
Transportation and communication	218,814	299,541
Services	1,584,051	1,755,595
Personal	4,495,749	4,747,416
Real estates	6,371,489	6,369,168
Financial institutions	2,026,367	2,418,948
Others	177,701	237,821
	16,834,818	17,944,255
Less: Deferred income	(603,063)	(699,381)
Less: Allowances for impairment	(733,075)	(539,074)
Less: Income in suspense	(10,073)	-
	15,488,607	**16,705,800**
Movements in allowances for specific impairment:		
Balance at the beginning of the year	345,026	201,320
Allowances for impairment made during the period/year	197,768	189,959
Recoveries/write back during the period/year	(26,584)	(11,526)
Provision transferred to loans & receivables	-	(34,727)
Balance at the end of the period/year	**516,210**	**345,026**
Movements in allowances for collective impairment:		
Balance at the beginning of the year	194,048	-
Allowances for impairment made during the period/year	22,817	194,048
Balance at the end of the period/year	**216,865**	**194,048**
	733,075	**539,074**

6 INVESTMENTS

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Fair value through profit or loss		
Equity shares	136,998	149,878
Funds	476,001	521,261
	612,999	671,139
Available-for-sale		
Equity shares	627,925	862,108
Funds	864,036	920,463
	1,491,961	1,782,571
Held-to-maturity		
Sukuk	831,805	1,344,231
	2,936,765	3,797,941
Less: Impairment on investments	(74,244)	(17,871)
	2,862,521	**3,780,070**
Investment securities comprise:		
Quoted	660,259	792,199
Unquoted	2,202,262	2,987,871
	2,862,521	**3,780,070**
Investments located at:		
Investments within UAE	1,098,093	1,419,451
Investments outside UAE	1,764,428	2,360,619
	2,862,521	**3,780,070**
Movements in allowances for specific impairment:		
Balance at the beginning of the year	17,871	27,591
Allowances for impairment made during the period/year	56,373	7,282
Write back during the period/year	-	(17,002)
Balance at the end of the period/year	**74,244**	**17,871**

7 INVESTMENT PROPERTIES

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Balance at the beginning of the year	494,419	409,404
Properties addition/ purchased during the period/year	-	65,659
Transfer from investment properties under development (note 8)	239,171	19,356
Properties sold	(9,931)	-
	723,659	494,419
Less: Accumulated depreciation	(37,474)	(25,340)
Less: Impairment loss on investment properties	(10,283)	(10,283)
	675,902	**458,796**
Investment properties comprise:		
Lands	146,172	156,090
Buildings, net	529,730	302,706
Balance at the end of the period/year	**675,902**	**458,796**

The management assessed that the fair value of the investment properties are not materially changed as compared with the fair value as of 31 December 2009.

All investment properties are located within the United Arab Emirates.

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Balance at the beginning of the year	1,004,491	859,546
Addition during the period/year	20,527	175,603
Transfer to investment properties (note 7)	(239,171)	(19,356)
Transfer to fixed assets/Other assets	(600)	(11,302)
	785,247	1,004,491
Less: Impairment loss on investment properties under development	(130,000)	-
	655,247	**1,004,491**

The management has reassessed the fair value of investment properties under development as at September 2010 and accordingly increased the impairment provision to reach AED 130,000,000.

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

9 FIXED ASSETS

The Government of Dubai has donated the Group a non-monetary asset in the form of land which has been recognized at a fair value of AED 46,200,000 as per International Accounting Standards, 20 "Accounting for Government Grants".

10 CUSTOMERS' ACCOUNTS

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Customers' accounts concentrated as follows:		
Resident customer accounts	22,060,151	18,647,609
Non-Resident customer accounts	1,592,573	770,478
	23,652,724	**19,418,087**

11 INVESTMENT WAKALA

The Bank has received funds, on Wakala basis, aggregating to AED 1,081,872,000 in December 2008 from the Ministry of Finance, Government of UAE, payable after five years (extendable up to seven years), subject to certain conditions as per the Wakala agreement.

12 SHARE CAPITAL

The Bank has authorized share capital of AED 3,000,000,000 and paid up capital of AED 2,430,422,000. During the period, the Bank has increased its share capital by issuing 115,734,000 bonus shares of AED 1 each as approved by shareholders in the Annual General Meeting dated 11th July 2010.

13 CUMULATIVE CHANGES IN FAIR VALUE

Cumulative changes in fair value represent the revaluation deficit on available-for-sale investment for the period. The shareholders' portion of the revaluation deficit as at 30 September 2010 is AED (29,161,000).

14 NON-CONTROLLING INTEREST

Non-controlling interest of AED 94,358,000 as at 30 September 2010 (31 December 2009: AED 92,363,000) represents the 60% of shares of Ithmar Real Estate Development Co. not owned by the Bank (note 1).

15 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 30 September 2010 is AED 200,000,000 (31 December 2009: AED 200,000,000) and belongs to the Group Holding Company which bears the risks of these assets.

16 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of AED 62,155,000 and AED 12,604,000 for the periods of nine months and three months respectively ended 30 September 2010 (30 September 2009: AED 140,848,000 and AED 39,625,000), divided by the weighted average of the number of the shares outstanding during the period 2,430,422,000 (30 September 2009: 1,605,422,000 shares).

17 RELATED PARTY TRANSACTIONS

The Bank has transactions carried out in the normal course of business with the Emirates NBD 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:

	Un-Audited 30 September 2010 AED'000	Un-Audited 30 September 2009 AED'000
Statement of income		
Loss from fund managed by Group Holding Company	(35,307)	(58,277)
Income from group holding company, net	207,684	52,304
Key management personnel compensations	9,809	10,815
Key management personnel compensations - Retirements benefits	313	281

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
Balance sheet		
Due from Group Holding Company, net	10,382,721	1,656,526
Investment in funds managed by the Group	476,001	521,261
Financing receivables - Directors & affiliates	96,613	128,965
Financing receivables - Key management personnel	8,995	11,298
Current and Investment accounts - Directors	17,764	21,618
Assets under management		
EIB Sukuk Company	1,285,550	1,285,550
Wakala- Group Holding Company	200,000	200,000

18 OPERATING SEGMENT

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 NBD PJSC.

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

	Assets	Liabilities	(Loss)/profit
	AED'000	AED'000	AED'000
Emirates Islamic Financial Brokerage Co. LLC	32,983	1,577	(2,574)
Ithmar Real Estate Development Co. PSC	168,938	10,258	3,325

18 OPERATING SEGMENT *(Continued)*

	Corporate & Investment		Retail		Treasury		Total	
	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	For the nine-months period ended 30 September 2010	For the nine-months period ended 30 September 2009	For the nine-months period ended 30 September 2010	For the nine-months period ended 30 September 2009	For the nine-months period ended 30 September 2010	For the nine-months period ended 30 September 2009	For the nine-months period ended 30 September 2010	For the nine-months period ended 30 September 2009
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Statement of income								
Segment income	551,503	582,325	214,184	229,582	202,582	52,304	968,269	864,211
Inter segment wakala income	(226,779)	(303,709)	250,871	269,433	(24,092)	34,276	-	-
Commission, Fees & Other Income	128,386	124,320	114,348	94,606	-	14,591	242,734	233,517
Total income	**453,110**	**402,936**	**579,403**	**593,621**	**178,490**	**101,171**	**1,211,003**	**1,097,728**
General and administrative expenses	(95,434)	(97,970)	(193,815)	(198,881)	-	-	(289,249)	(296,851)
Depreciation of investment properties	(12,134)	(7,146)	-	-	-	-	(12,134)	(7,146)
Total expenses	**(107,568)**	**(105,116)**	**(193,815)**	**(198,881)**	**-**	**-**	**(301,383)**	**(303,997)**
Net operating income	**345,542**	**297,820**	**385,588**	**394,740**	**178,490**	**101,171**	**909,620**	**793,731**
Allowances for impairment, net of recoveries and reversals	(281,356)	(111,281)	(99,019)	(79,764)	-	-	(380,375)	(191,045)
	64,186	**186,539**	**286,569**	**314,976**	**178,490**	**101,171**	**529,245**	**602,686**
Investment, saving and wakala accounts' share of profit	(213,102)	(186,881)	(251,993)	(275,442)	-	-	(465,095)	(462,323)
Non-controlling interest	(1,995)	485	-	-	-	-	(1,995)	485
Shareholders' (loss)/ profit (net income)	**(150,911)**	**143**	**34,576**	**39,534**	**178,490**	**101,171**	**62,155**	**140,848**

18 OPERATING SEGMENT *(Continued)*

	Corporate & Investment		Retail		Treasury		Total	
	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009	30 September 2010	31 December 2009
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Financial position								
Assets								
Segment assets	14,714,660	15,800,382	4,967,615	5,161,820	10,533,428	1,999,027	30,215,703	22,961,229
Central Bank Reserve Requirements	377,289	378,516	565,934	567,775	-	-	943,223	946,291
Unallocated assets	-	-	-	-		-	424,979	1,382,119
Total Assets	**15,091,949**	**16,178,898**	**5,533,549**	**5,729,595**	**10,533,428**	**1,999,027**	**31,583,905**	**25,289,639**
Liabilities and Equity								
Segment liabilities	11,662,167	6,832,606	16,350,010	15,019,842	2,871,004	2,782,014	30,883,181	24,634,462
Unallocated liabilities	-	-	-	-	-	-	606,366	562,814
Non-controlling interest	-	92,363	-	-	-	-	94,358	92,363
Total Liabilities and Equity	**11,662,167**	**6,924,969**	**16,350,010**	**15,019,842**	**2,871,004**	**2,782,014**	**31,583,905**	**25,289,639**

19 CAPITAL ADEQUACY RATIO

	Un-Audited 30 September 2010 AED'000	Audited 31 December 2009 AED'000
TIER I CAPITAL		
Share capital	2,430,422	2,314,688
Statutory reserve	200,738	200,738
General reserve	106,517	106,517
Retained earnings	111,655	165,234
Total tier I capital	**2,849,332**	**2,787,177**
TIER II CAPITAL		
Investment Wakala (Subordinated Term Loan)	1,081,872	1,081,872
Asset revaluation reserves	(29,161)	(6,679)
Total tier II capital	**1,052,711**	**1,075,193**
CAPITAL BASE	**3,902,043**	**3,862,370**
RISK WEIGHTED ASSETS		
Credit risk, on-balance sheet items	20,470,308	20,857,702
Credit risk, off-balance sheet items	1,575,558	1,675,837
	22,045,866	**22,533,539**
CAPITAL ADEQUACY RATIO	**17.70%**	**17.14%**

20 INTERIM MEASUREMENT

The nature of the Group's business is such that income earned or expenses incurred are in a manner which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements are prepared based upon an accrual concept, which requires income and expenses for the period to be recorded as earned or incurred in the same period not as received or paid throughout the period.

21 COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform to the current period presentation.