In the Name of Allah
The most Gracious and Merciful



(Public Joint Stock Company)

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Condensed Consolidated Interim Financial Statements

(un-audited)

As at 31 March 2010

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
for the three-months period ended 31 March 2010

Contents *Page*

Independent Auditors' report on the review of interim financial information	1
Condensed consolidated interim statement of financial position (un-audited)	2
Condensed consolidated interim statement of income (un-audited)	3
Condensed consolidated interim statement of comprehensive income (un-audited)	4
Condensed consolidated interim statement of changes in equity (un-audited)	5
Condensed consolidated interim statement of cash flows (un-audited)	6
Notes to the condensed consolidated interim financial statements	7 - 19

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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 31 March 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 three-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 31 March 2010 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

KPMG
By: Munther Dajani
Registration No: 268
20 APR 2010

Emirates Islamic Bank (PJSC)

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

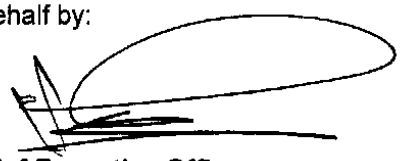
As at 31 March 2010

	Note	Un-Audited 31 March 2010 AED'000	Audited 31 December 2009 AED'000
ASSETS			
Cash, and balances with U.A.E Central Bank		1,065,540	1,161,562
Due from banks	3	106,923	127,229
Due from Group Holding Company, net		2,542,949	1,656,526
Financing receivables	4	16,382,542	16,705,800
Investments	5	3,417,260	3,780,070
Investment properties	6	684,644	458,796
Investment properties under development	7	754,038	1,004,491
Prepayments and other assets		284,379	327,249
Fixed assets		68,581	67,916
TOTAL ASSETS		**25,306,856**	**25,289,639**
LIABILITIES			
Customers' accounts	8	19,242,582	19,418,087
Due to banks		1,391,031	1,207,526
Other liabilities		655,237	696,172
Zakat payable		-	13,121
Investment wakala	9	1,081,872	1,081,872
TOTAL LIABILITIES		**22,370,722**	**22,416,778**
SHAREHOLDERS' EQUITY			
Share capital	10	2,430,422	2,314,688
Statutory reserve		200,738	200,738
General reserve		106,517	106,517
Cumulative changes in fair value	11	(9,969)	(6,679)
Retained earnings		116,129	165,234
TOTAL SHAREHOLDERS' EQUITY		**2,843,837**	**2,780,498**
NON-CONTROLLING INTEREST	12	92,297	92,363
TOTAL EQUITY		**2,936,134**	**2,872,861**
TOTAL LIABILITES AND EQUITY		**25,306,856**	**25,289,639**
COMMITMENTS AND CONTINGENT LIABILIITES		**4,433,597**	**4,077,092**
ASSETS UNDER MANAGEMENT	13	**1,485,550**	**1,485,550**

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 20 April 2010 and signed on its behalf by:



Chairman



Chief Executive Officer

The attached notes 1 to 19 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 three-months period ended 31 March 2010

	Note	For 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009
		AED'000	AED'000
INCOME			
Income from financing activities, net		241,755	262,548
Income/(Loss) from investment securities, net		29,097	(32,252)
Income from Group Holding Company, net		34,991	4,962
Property related income, net		5,251	4,116
Commission and fee income, net		50,197	47,987
Other operating income, net		20,857	56,315
TOTAL INCOME		**382,148**	**343,676**
EXPENSES			
General and administrative expenses		(97,681)	(98,112)
Depreciation of investment properties		(3,240)	(2,063)
TOTAL EXPENSES		**(100,921)**	**(100,175)**
NET OPERATING INCOME BEFORE ALLOWANCES FOR IMPAIRMENT		**281,227**	**243,501**
Allowances for impairment, net of recoveries		(75,421)	(27,419)
NET OPERATING INCOME AFTER ALLOWANCES FOR IMPAIRMENT		**205,806**	**216,082**
Investment, saving and wakala accounts' share of profit		(139,243)	(150,308)
NET OPERATING PROFIT BEFORE NON-CONTROLLING INTEREST		**66,563**	**65,774**
Non-controlling interest		66	-
SHAREHOLDERS' PROFIT (NET INCOME)		**66,629**	**65,774**
Earnings per share (Dirham)	14	0.03	0.05

The attached notes 1 to 19 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 three-months period ended 31 March 2010

	For 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009
	AED'000	AED'000
SHAREHOLDERS' PROFIT (NET INCOME)	**66,629**	**65,774**
Other comprehensive income:		
Cumulative changes in fair value reserve	(3,290)	(17,281)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**63,339**	**48,493**
Comprehensive income attributable to:		
Shareholders	63,273	48,493
Non-controlling interest	66	-
	63,339	**48,493**

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.
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Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three-months period ended 31 March 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	-	-	-	(3,290)	66,629	63,339	-	63,339
Issue of bonus shares	115,734	-	-	-	(115,734)	-	-	-
Investment in Subsidiaries	-	-	-	-	-	-	(66)	(66)
As at 31 March 2010	**2,430,422**	**200,738**	**106,517**	**(9,969)**	**116,129**	**2,843,837**	**92,297**	**2,936,134**
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	-	-	-	(17,281)	65,774	48,493	-	48,493
Issue of bonus shares	280,313	-	-	-	(280,313)	-	-	-
Investment in Subsidiaries	-	-	-	-	-	-	-	-
As at 31 March 2009	**1,214,688**	**187,659**	**93,438**	**(5,588)**	**139,493**	**1,629,690**	**92,889**	**1,722,579**

The attached notes 1 to 19 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 three-months period ended 31 March 2010

	Note	For 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009
OPERATING ACTIVITIES		**AED'000**	**AED'000**
Profit for the period		66,629	65,774
Adjustments:			
Allowances for impairment on financing receivables, net		41,149	27,419
Allowances for impairment on other investments		14,272	-
Allowances for impairment on investment properties		20,000	-
Gain on sale of investments		(18,360)	-
Loss on revaluation of investment securities		3,799	72,819
Depreciation on investment properties		3,240	2,063
Depreciation on fixed assets		6,309	5,114
		137,038	**173,189**
Change in reserves with U.A.E Central Bank		(33,842)	53,348
Change in due from Group Holding Company		(1,552,526)	(4,070,357)
Changes in financing receivables		282,109	720,380
Changes in prepayments and other assets		42,870	47,205
Changes in customers' accounts		(175,505)	770,397
Changes in due to banks' investment wakala accounts		(62,917)	(1,131,410)
Changes in other liabilities		(40,935)	(182,805)
Zakat paid		(13,121)	(17,185)
Net cash used in operating activities		**(1,416,829)**	**(3,637,238)**
INVESTING ACTIVITIES			
Purchase of investment securities net of redemptions		118,309	69,415
Proceeds from sale/repayment of investment securities		241,500	-
Changes in investment properties		(249,088)	-
Changes in investment properties under development		250,453	(65,410)
Changes in fixed assets, net		(6,974)	(10,735)
Net cash generated from / (used in) investing activities		**354,200**	**(6,730)**
FINANCING ACTIVITIES			
Non-controlling interest		(66)	-
Net cash used in financing activities		**(66)**	**-**
Net change in cash and cash equivalents		**(1,062,695)**	**(3,643,968)**
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		**4,866,669**	**1,649,507**

The attached notes 1 to 19 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 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 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 31 March 2010 the Bank employed 1,145 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 1 January 2010.

IFRS 3 – "Business Combinations"
IAS - 32 – "Financial Instruments - Presentations and Disclosures"
IAS - 39 – "Financial Instruments

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	Audited
	31 March 2010	31 December 2009
	AED'000	AED'000
Due from local banks	22	22
Due from foreign banks	106,901	127,207
	106,923	**127,229**

4 FINANCING RECEIVABLES

	Un-Audited 31 March 2010 AED'000	Audited 31 December 2009 AED'000
Commodities Murabaha	2,029,789	2,174,907
Vehicles Murabaha	2,599,905	2,708,570
Syndication Murabaha	230,611	99,761
Real Estates Murabaha	179,717	187,315
Total Murabaha	5,040,022	5,170,553
Istisna'a	1,740,827	1,939,609
Ijarah	6,163,801	6,083,581
Credit card receivables	527,365	529,520
Others	1,047,205	950,210
	14,519,220	14,673,473
Less: Deferred income	(615,813)	(678,982)
Less: Allowances for Impairment	(580,223)	(539,074)
	13,323,184	**13,455,417**
Financing Wakala	3,059,358	3,250,383
	16,382,542	**16,705,800**

4 FINANCING RECEIVABLES (Continued)

	Un-Audited 31 March 2010 AED'000	Audited 31 December 2009 AED'000
Analysis by Economic Activity		
Agriculture and related activities	1,600	1,503
Mining and quarrying	5,489	4,240
Manufacturing	377,736	432,372
Construction	1,532,447	1,638,712
Trade	685,188	806,986
Transportation and communication	462,548	529,648
Services	1,927,838	1,967,000
Personal	3,814,475	3,664,803
Real estates	5,639,949	5,719,179
Financial institutions	2,586,462	2,690,993
Others	544,846	468,420
	17,578,578	17,923,856
Less: Deferred income	(615,813)	(678,982)
Less: Allowances for Impairment	(580,223)	(539,074)
	16,382,542	**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	68,925	189,959
Recoveries/write back during the period/year	(20,546)	(11,526)
Provision transferred to loans & receivables	-	(34,727)
Balance at the end of the period/year	**393,405**	**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	-	194,048
Write back/ recoveries during the period/year	(7,230)	-
Balance at the end of the period/year	**186,818**	**194,048**
	580,223	**539,074**

5 INVESTMENTS

	Un-Audited 31 March 2010 AED'000	Audited 31 December 2009 AED'000
Fair value through statement of income		
Equity shares	149,910	149,878
Funds	514,671	521,261
	664,581	671,139
Available-for-sale		
Equity shares	633,504	862,108
Funds	918,135	920,463
	1,551,639	1,782,571
Held-to-maturity		
Sukuk	1,233,183	1,344,231
	3,449,403	3,797,941
Less: Impairment on investments	(32,143)	(17,871)
	3,417,260	**3,780,070**
Investment securities comprise:		
Quoted	777,416	792,199
Unquoted	2,639,844	2,987,871
	3,417,260	**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	14,272	7,282
Recoveries/write back during the period/year	-	(17,002)
Balance at the end of the period/year	**32,143**	**17,871**
Investments located at:		
Investments within UAE	1,401,387	1,419,451
Investments outside UAE	2,015,873	2,360,619
	3,417,260	**3,780,070**

6 INVESTMENT PROPERTIES

	Un-Audited 31 March 2010 AED'000	Audited 31 December 2009 AED'000
Balance at the beginning of the year	494,419	409,404
Properties purchased	-	65,659
Transfer from investment properties under development (note 7)	239,020	19,356
Properties sold	(9,932)	-
	723,507	494,419
Less: Accumulated depreciation	(28,580)	(25,340)
Less: Impairment loss on investment properties	(10,283)	(10,283)
	684,644	**458,796**
Investment properties comprise:		
Lands	146,159	156,090
Buildings, net	538,485	302,706
Balance at the end of the period/year	**684,644**	**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.

7 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Un-Audited 31 March 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	8,567	175,603
Transfer to investment properties (note 6)	(239,020)	(19,356)
Transfer to fixed assets	-	(11,302)
	774,038	1,004,491
Less: Impairment loss on investment properties under development	(20,000)	-
	754,038	**1,004,491**

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

8 CUSTOMERS' ACCOUNTS

	Un-Audited 31 March 2010	Audited 31 December 2009
	AED'000	AED'000
Customers' accounts concentrated as follows:		
Resident customer accounts	18,641,908	18,835,514
Non-Resident customer accounts	600,674	582,573
	19,242,582	**19,418,087**

9 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.

10 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 as approved by shareholders in the Annual General Meeting dated 23rd March 2010.

11 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 during the period is AED 3,290,000.

12 NON-CONTROLLING INTEREST

Non-controlling interest of AED 92,297,000 as at 31 March 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).

13 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 31 March 2010 is AED 200,000,000 (31st December 2009: AED 200,000,000) and belongs to the Group Holding Company which bears the risks of these assets.

14 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings of AED 66,629,000 for the period of three months ended 31 March 2010 (31 March 2009: 65,774,000) divided by the weighted average of the number of the shares outstanding during the period 2,430,422,000 (31March 2009: 1,330,422,000).

15 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 31 March 2010 AED'000	Un-Audited 31 March 2009 AED'000
Statement of income		
(Loss)/Income from fund managed by Group Holding Company	(2,842)	1,057
Income from group holding company, net	34,991	4,962
Key management personnel compensations	3,283	2,153
Key management personnel compensations - Retirements benefits	110	86

	Un-Audited 31 March 2010 AED'000	Audited 31 December 2009 AED'000
Balance sheet		
Due from Group Holding Company, net	2,542,949	1,656,526
Investment in funds managed by the Group	514,671	521,261
Financing receivables - Directors & affiliates	99,919	128,965
Financing receivables - Key management personnel	9,082	11,298
Current and Investment accounts - Directors	20,946	21,618
Assets under management		
EIB Sukuk Company	1,285,550	1,285,550
Wakala- Group Holding Company	200,000	200,000

16 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 Bank International.

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

	Assets	Liabilities	Net loss
	AED'000	AED'000	AED'000
Emirates Islamic Financial Brokerage Co. LLC	34,684	1,063	(359)
Ithmar Real Estate Development Co. PSC	180,863	26,158	(110)

16 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 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009	For 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009	For 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009	For 3 months period ended 31 March 2010	For 3 months period ended 31 March 2009
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Statement of income								
Segment income	190,109	172,153	67,629	75,218	34,991	4,962	292,729	252,333
Inter segment wakala income	(88,804)	(123,482)	81,020	107,647	7,784	15,835	-	-
Commission, Fees & Other Income	50,387	64,469	39,032	26,874	-	-	89,419	91,343
Total income	**151,692**	**113,140**	**187,681**	**209,739**	**42,775**	**20,797**	**382,148**	**343,676**
General and administrative expenses	(32,836)	(32,627)	(64,845)	(65,485)	-	-	(97,681)	(98,112)
Depreciation of investment properties	(3,240)	(2,063)	-	-	-	-	(3,240)	(2,063)
Total expenses	**(36,076)**	**(34,690)**	**(64,845)**	**(65,485)**	**-**	**-**	**(100,921)**	**(100,175)**
Net operating income	**115,616**	**78,450**	**122,836**	**144,254**	**42,775**	**20,797**	**281,227**	**243,501**
Allowances for impairment, net of recoveries	(46,574)	(15,423)	(28,847)	(11,996)	-	-	(75,421)	(27,419)
	69,042	**63,027**	**93,989**	**132,258**	**42,775**	**20,797**	**205,806**	**216,082**
Investment, saving and wakala accounts' share of profit	(48,804)	(58,977)	(90,439)	(91,331)	-	-	(139,243)	(150,308)
Non-controlling interest	-	-	-	-	-	-	66	-
Shareholders' profit (net income)	**20,238**	**4,050**	**3,550**	**40,927**	**42,775**	**20,797**	**66,629**	**65,774**

16 OPERATING SEGMENT *(Continued)*

	Corporate & Investment		Retail		Treasury		Total	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 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	15,348,312	15,800,382	5,136,197	5,161,820	2,735,278	1,999,027	23,219,787	22,961,229
Central Bank Reserve Requirements	392,053	378,516	588,080	567,775	-	-	980,133	946,291
Unallocated assets	-	-	-	-	-	-	1,106,936	1,382,119
Total Assets	**15,740,365**	**16,178,898**	**5,724,277**	**5,729,595**	**2,735,278**	**1,999,027**	**25,306,856**	**25,289,639**
Liabilities and Equity								
Segment liabilities	7,205,798	6,832,606	14,394,614	15,019,842	3,095,399	2,782,014	24,695,811	24,634,462
Unallocated liabilities	-	-	-	-	-	-	518,748	562,814
Non-controlling interest		92,363	-	-	-	-	92,297	92,363
Total Liabilities and Equity	**7,205,798**	**6,924,969**	**14,394,614**	**15,019,842**	**3,095,399**	**2,782,014**	**25,306,856**	**25,289,639**

17 CAPITAL ADEQUACY RATIO

	Un-Audited 31 March 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	116,129	165,234
Total tier I capital	**2,853,806**	**2,787,177**
TIER II CAPITAL		
Investment Wakala (Subordinated Term Loan)	1,081,872	1,081,872
Asset revaluation reserves	(9,969)	(6,679)
Total tier II capital	**1,071,903**	**1,075,193**
CAPITAL BASE	**3,925,709**	**3,862,370**
RISK WEIGHTED ASSETS		
Credit risk, on-balance sheet items	20,170,600	20,857,702
Credit risk, off-balance sheet items	1,633,927	1,675,837
	21,804,527	**22,533,539**
CAPITAL ADEQUACY RATIO	**18.00%**	**17.14%**

18 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.

19 COMPARATIVE FIGURES

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