EMIRATES BANK INTERNATIONAL PJSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006

EMIRATES BANK INTERNATIONAL PJSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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The Board of Directors
Emirates Bank International PJSC

REVIEW REPORT

We have reviewed the accompanying condensed consolidated interim balance sheet of Emirates Bank International PJSC ("the Bank") as at 30 September 2006, and the related condensed consolidated interim statements of income, cash flows and changes in equity for the nine month period then ended.

These condensed consolidated interim financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Vijendra Nath Malhotra

Registration No: B 48

29 OCT 2006

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EMIRATES BANK INTERNATIONAL PJSC

GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2006

	Note	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
ASSETS				
Cash and deposits with Central Banks	3	4,044,770	2,067,870	1,982,218
Due from banks		3,556,469	7,770,730	8,329,391
Loans and receivables	4	52,539,932	38,567,246	32,606,467
Islamic financing and investment products	5	5,372,906	2,133,267	1,813,202
Investment securities	7	7,654,249	3,547,021	2,781,553
Investment in associate companies		2,137,822	1,980,239	1,743,981
Investment properties		255,696	128,729	49,127
Property and equipment		378,425	242,885	195,207
Positive fair value of derivatives		1,813,983	890,393	-
Customer acceptances		892,487	856,448	704,534
Intangibles		4,903	-	-
Other assets		1,227,446	1,208,039	1,688,481
TOTAL ASSETS		79,881,088	59,392,867	49,694,141
LIABILITIES				
Customer deposits		34,969,400	29,464,340	23,821,379
Islamic customer deposits		7,927,670	3,593,716	2,782,369
Due to banks		13,310,864	8,951,118	8,374,031
Deposits under repurchase agreement		355,087	355,087	355,087
Medium term borrowing	8	10,419,458	6,409,385	6,372,855
Initial Public Offering Share Applications received		-	-	202,964
Negative fair value of derivatives		1,830,795	923,578	-
Customer acceptances		892,487	856,448	704,534
Other liabilities		1,710,714	1,088,976	1,869,793
TOTAL LIABILITIES		71,436,475	51,642,648	42,482,832
EQUITY				
Issued capital		2,331,896	1,793,766	1,793,767
Legal and statutory reserve		792,205	792,205	619,205
Other reserves		3,240,484	3,778,614	2,743,613
Cumulative changes in fair value		424,276	647,135	682,978
Retained earnings		1,854,285	737,211	1,371,079
TOTAL EQUITY HOLDERS' FUNDS		8,443,146	7,748,931	7,210,642
Minority interests		1,467	1,288	667
TOTAL LIABILITIES AND EQUITY		79,881,088	59,392,867	49,694,141
CONTINGENT LIABILITIES		21,819,074	18,032,298	13,497,018

The notes set out on pages 6 to 20 form part of these condensed consolidated interim financial statements.
The Review report of the auditors is set out on page 1.

Chairman

29 OCT 2006

Chief Executive Officer

29 OCT 2006

EMIRATES BANK INTERNATIONAL PJSC

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006 (UNAUDITED)

	Note	Three months ended 30 September 2006 AED 000	Three months ended 30 September 2005 AED 000	Nine months ended 30 September 2006 AED 000	Nine months ended 30 September 2005 AED 000
Interest income		1,008,981	548,501	2,841,208	1,461,009
Income from Islamic financing and investment products		118,159	56,799	267,137	96,028
Total interest income and income from Islamic financing and investment products		1,127,140	605,300	3,108,345	1,557,037
Interest expense		(643,856)	(270,674)	(1,794,222)	(662,973)
Distribution to depositors		(68,877)	(14,000)	(133,949)	(25,440)
Net interest income and income from Islamic products net of distribution to depositors		414,407	320,626	1,180,174	868,624
Fees, commissions and other income		274,488	283,772	921,016	736,527
Property related income		591	269	3,468	7,956
Total income		689,486	604,667	2,104,658	1,613,107
General and administrative expenses		(288,380)	(191,197)	(796,745)	(521,285)
Net impairment allowances on loans and receivables	6	(48,130)	(5,105)	(83,871)	(18,424)
Share of profit of associate companies		40,680	28,846	141,575	76,665
Group profit for the period		393,656	437,211	1,365,617	1,150,063
Attributable to:					
Equity holders of the Bank		393,623	438,282	1,365,516	1,152,794
Minority interests		33	(1,071)	101	(2,731)
Group profit for the period		393,656	437,211	1,365,617	1,150,063

	Three months ended 30 September 2006 (AED)	Three months ended 30 September 2005 (AED)	Nine months ended 30 September 2006 (AED)	Nine months ended 30 September 2005 (AED)
EARNINGS PER SHARE				
Basic and diluted	**0.17**	**0.19**	**0.59**	**0.49**

The notes set out on pages 6 to 20 form part of these condensed consolidated interim financial statements.
The Review report of the auditors is set out on page 1.

EMIRATES BANK INTERNATIONAL PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006 (UNAUDITED)

	Note	30 September 2006 AED 000	30 September 2005 AED 000
OPERATING ACTIVITIES			
Group profit for the period		1,365,617	1,150,063
Adjustment for non cash items			
Impairment allowances on loans and receivables		127,043	49,374
Depreciation on property and equipment		62,724	32,103
Share of profit of associated companies		(141,575)	(76,665)
Operating profit before changes in operating assets and liabilities		1,413,809	1,154,875
Increase in statutory deposits		(638,299)	(194,299)
(Increase)/decrease in amounts due from banks maturing after three months		(60,850)	192,337
Decrease in amounts due to banks maturing after three months		(155,605)	(288,742)
Net change in other liabilities/other assets		585,956	242,967
Increase in customer deposits		9,859,015	6,231,391
Increase in loans and receivables		(14,080,273)	(5,619,765)
Increase in Islamic financing and investment products		(2,951,011)	(1,191,381)
Net cash flow used in operating activities		(6,027,258)	527,383
Investing activities			
Increase in trading and investment securities		(4,654,179)	(1,778,179)
(Increase)/decrease in investment and development properties		(126,967)	123,328
Additions to property and equipment (net)		(198,264)	(48,079)
Acquisition of a subsidiary		(4,903)	-
Net cash flow used in investing activities		(4,984,313)	(1,702,930)
Financing Activities			
Increase in medium term borrowing		4,010,073	808,060
Increase in minority interest		78	-
Dividends paid		(448,442)	(287,003)
Net cash flow from financing activities		3,561,709	521,057
Net (decrease)/increase in cash and cash equivalents	13	(7,449,862)	(654,490)

The notes set out on pages 6 to 20 form part of these condensed consolidated interim financial statements.
The Review report of the auditors is set out on page 1.

EMIRATES BANK INTERNATIONAL PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005 (UNAUDITED)

	Issued Capital AED '000	Legal & Statutory Reserve AED '000	Other Reserves AED '000	Cumulative changes in fair value AED '000	Retained Earnings AED '000	Total AED '000
Balance at 01 January 2005	1,435,014	619,205	3,102,366	154,575	505,288	5,816,448
Net profit for the period	-	-	-	-	1,152,794	1,152,794
Share of fair value reserve in an associate	-	-	-	6,035	-	6,035
Dividends paid	-	-	-	-	(287,003)	(287,003)
Net movement in cumulative changes in fair value	-	-	-	547,567	-	547,567
Net movement in cumulative cash flow hedge reserve	-	-	-	(25,199)	-	(25,199)
Issue of bonus shares	358,753	-	(358,753)	-	-	-
Balance as at 30 September 2005	1,793,767	619,205	2,743,613	682,978	1,371,079	7,210,642

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006 (UNAUDITED)

	Issued Capital AED '000	Legal & Statutory Reserve AED '000	Other Reserves AED '000	Cumulative changes in fair value AED '000	Retained Earnings AED '000	Total AED '000
Balance at 01 January 2006	1,793,766	792,205	3,778,614	647,135	737,211	7,748,931
Group profit for the period	-	-	-	-	1,365,516	1,365,516
Dividends paid	-	-	-	-	(448,442)	(448,442)
Net movement in cumulative changes in fair value	-	-	-	(233,998)	-	(233,998)
Net movement in cumulative cash flow hedge reserve	-	-	-	11,139	-	11,139
Issue of bonus shares	538,130	-	(538,130)	-	-	-
Balance as at 30 September 2006	2,331,896	792,205	3,240,484	424,276	1,654,285	8,443,146

Note : No allocation to legal and statutory and other reserves has been made for the nine months ended 30 September 2006 as this will be effected at the year end.

The notes set out on pages 6 to 20 form part of these condensed consolidated interim financial statements.

EMIRATES BANK INTERNATIONAL PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006

1 LEGAL STATUS AND ACTIVITIES

Emirates Bank International PJSC ("the Bank") was incorporated in Dubai as a commercial bank with limited liability by a decree of the Ruler of Dubai on 27 March 1977. The Bank was registered as a Public Joint Stock Company in June 1995.

The condensed consolidated interim financial statements of the Bank comprise the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The registered address of the Bank is Post Box No.2923, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

Except as described in paragraph (c) below, the accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements of the Bank as at and for the year ended 31 December 2005.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with financial statements as at and for the year ended 31 December 2005.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2005, except as described in paragraph (c) below.

(a) Estimates

The preparation of condensed consolidated interim financial statements require management to make judgements, 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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (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 31 December 2005.

(c) Employees' long term incentive scheme

With effect from 01 April 2006, the Group has introduced two Long Term Incentive Plans for selected key employees. These are cash settled share based incentive plans wherein participants are awarded with Long Term Incentive (LTI) units which will be converted into cash after vesting.

(i) Key employee long term incentive plan (LTIP)
This plan is applicable for selected key employees of the Group and the LTI units will vest over a period of three years from date of grant. Subject to continued employment with the Group, 30% of the LTI units can be cashed after two years and the remaining 70% after three years up to the fifth anniversary from the date of grant.

(ii) Executive long term incentive plan (ELTIP)
This plan is applicable for selected senior executives of the Group who are granted LTI units and performance units. Subject to continued employment with the Group, the LTI units will vest at the end of three years from date of grant. Performance units will vest based on pre-defined performance of the Group during the three year period and will range from 50% to 150% of the units granted. LTI units and performance units can be cashed within a period of two years from the vesting date.

The Group has applied IFRS 2 "Share Based Payment" to the LTI units granted. The expense of these plans is measured based on the fair value of the equity shares, its term, the risk free interest rate and the expected number of employees who will exercise the option rights. The fair valuation of the plan is carried out on a quarterly basis and is expensed on a straight line basis over the vesting period. The fair value charge for the six months to 30 September 2006 was AED 4.22 million for LTIP and AED 1.12 million for ELTIP.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Acquisition of Emirates Loyalty Company LLC ("ELCO")

On 13 June 2006 the Group acquired 100% of Emirates Loyalty Company LLC ("ELCO"), previously a 40% associate indirectly held through a 100% subsidiary, Network International LLC.

The Group has adopted provisional accounting in respect of this acquisition as permitted by IFRS 3 – Business combinations as certain fair values of assets acquired have not yet been finalised. The excess of purchase consideration over the net assets being AED 4.6 million has been recognized as an intangible asset.

The details of net assets acquired and intangibles are as follows :

	AED 000
Purchase consideration (cash paid)	4,162
Net liabilities acquired	741
Intangibles	4,903

The assets and liabilities arising from the acquisition are as follows:

	Pre-acquisition carrying amounts AED 000
Property and equipment	13
Cash in hand and at bank	225
Other assets	501
Other liabilities	(1,974)
Total	(1,235)
Portion of net liabilities acquired (60%)	(741)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The pre-acquisition carrying amounts have been adopted as the fair values recognised at the acquisition date.

From the date of acquisition to 30 September 2006 (nine month period), ELCO incurred a loss of AED 0.23 million. This is included in the condensed consolidated interim financial statements, as under the terms of the agreement, the Bank is entitled to all profits / losses from 1 January 2006.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
Cash	452,891	382,531	456,487
Interest free statutory and special deposits with Central Bank	2,323,879	1,635,339	1,591,754
Overdraft balance with Central Bank	-	-	(666,023)
Interest bearing certificates of deposits with Central Bank	1,268,000	50,000	600,000
	4,044,770	2,067,870	1,982,218

4 LOANS AND RECEIVABLES

	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
Overdrafts	16,565,723	11,242,488	8,828,238
Time loans	30,654,679	24,043,753	20,582,813
Loans against trust receipts	1,840,617	1,230,153	1,265,193
Bills discounted	541,012	544,678	592,840
Others	155,905	212,676	112,056
Gross loans and receivables	49,757,936	37,273,748	31,381,140
Allowances for impairment	(755,400)	(673,750)	(643,651)
Net loans and receivables	49,002,536	36,599,998	30,737,489
Other debt instruments	3,537,396	1,967,248	1,868,978
Total loans and receivables	52,539,932	38,567,246	32,606,467
Analysis by Economic Activity			
Agriculture and allied activities	49,462	50,094	53,761
Mining and quarrying	-	-	17,456
Manufacturing	3,134,949	3,116,359	3,228,253
Construction	3,019,026	2,509,620	2,392,146
Trade	2,926,636	2,899,508	3,182,374
Transport and communication	3,424,588	2,285,520	2,381,099
Services	11,155,312	8,923,713	6,134,115
Sovereign	9,299,226	4,614,904	3,112,353
Personal	16,360,393	12,374,747	10,407,470
Others	388,344	499,283	472,113
Loans and receivables before impairment allowances	49,757,936	37,273,748	31,381,140
Allowances for impairment	(755,400)	(673,750)	(643,651)
Net loans and receivables	49,002,536	36,599,998	30,737,489
Other debt instruments	3,537,396	1,967,248	1,868,978
Total loans and receivables	52,539,932	38,567,246	32,606,467

EMIRATES BANK INTERNATIONAL PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006

4 LOANS AND RECEIVABLES (continued)

	Nine months Unaudited 30 September 2006 AED 000	Twelve months Audited 31 December 2005 AED 000	Nine months Unaudited 30 September 2005 AED 000
Movement in allowances for impairment			
Balance as at 1 January	673,750	629,498	629,498
Impairment allowances made	107,587	98,735	47,297
Recoveries	(25,084)	(39,146)	(24,948)
Amounts written off	(3,785)	(15,337)	(8,196)
Amount transferred from Islamic financing and investment products (refer note 5)	2,932	-	-
Balance	755,400	673,750	643,651
Total of classified loans and receivables on which interest is not taken into income amounted to	541,199	574,814	491,559

5 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
Murabaha	3,404,888	1,696,681	748,392
Ijara	1,305,457	603,582	625,497
Secured overdraft and credit cards receivable	917,663	85,436	-
Istissna'a	202,311	12,949	422,823
Total Islamic financing and investment products	5,830,319	2,398,648	1,796,712
Deferred income	(370,967)	(195,459)	(119,778)
Allowances for impairment	(86,446)	(69,922)	(63,732)
Net Islamic financing and investment products	5,372,906	2,133,267	1,613,202
Analysis by Economic Activity			
Agriculture and allied activities	99,240	26,660	25,556
Manufacturing	163,499	130,244	148,031
Construction	1,138,724	130,062	39,429
Trade	1,469,898	419,231	263,644
Transport and communication	9,978	3,905	11,683
Services and personal	2,698,906	1,022,989	1,073,048
Others	250,074	665,557	235,321
	5,830,319	2,398,648	1,796,712
Deferred income	(370,967)	(195,459)	(119,778)
Allowances for impairment	(86,446)	(69,922)	(63,732)
	5,372,906	2,133,267	1,613,202

5 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	Nine months Unaudited 30 September 2006 AED 000	Twelve months Audited 31 December 2005 AED 000	Nine months Unaudited 30 September 2005 AED 000
Movement in allowances for impairment			
Balance as at 1 January	69,922	61,655	61,655
Impairment allowances made	19,456	8,267	2,077
Amount transferred to loans and receivables (refer note 4)	(2,932)	-	-
Balance	86,446	69,922	63,732
Total of classified Islamic financing and investing products on which fees is not taken into income amounted to	112,377	73,725	-

6 NET IMPAIRMENT ALLOWANCES ON LOANS AND RECEIVABLES

The charge to the Income Statement for net impairment allowances on loans and receivables is made up as follows :

	Three months ended 30 September		Nine months ended 30 September	
	Unaudited 2006 AED 000	Unaudited 2005 AED 000	Unaudited 2006 AED 000	Unaudited 2005 AED 000
Net impairment of loans and receivables	(55,922)	(7,628)	(95,560)	(22,349)
Net impairment of Islamic financing and investment products	(72)	(351)	(10,867)	(2,077)
Net special asset recoveries	7,864	2,874	22,556	6,002
Net allowances for impairment losses for the period	(48,130)	(5,105)	(83,871)	(18,424)

7 INVESTMENT SECURITIES

		Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
(a)	HOLD TO MATURITY:			
	Government securities	132,390	206,768	207,294
	Non-Government securities	802,773	543,322	250,910
		935,163	750,090	458,204
(b)	FAIR VALUE THROUGH PROFIT OR LOSS:			
	Held for trading	2,347,941	1,194,723	487,674
	Designated by Group as fair value through profit or loss	61,551	59,569	57,116
		2,409,492	1,254,292	544,790
(c)	AVAILABLE-FOR-SALE:			
	Government securities	1,019,079	127,192	139,649
	Non Government securities:			
	- Quoted	2,900,825	1,285,584	1,176,758
	- Unquoted	389,690	129,863	462,152
		4,309,594	1,542,639	1,778,559
	Total investment securities	7,654,249	3,547,021	2,781,553

7 INVESTMENT SECURITIES (continued)

Income from investment securities taken to the Income Statement is made up as follows:

	Three months ended 30 September		Nine months ended 30 September	
	Unaudited 2006 AED 000	Unaudited 2005 AED 000	Unaudited 2006 AED 000	Unaudited 2005 AED 000
Interest income				
Interest from investment securities	82,946	35,385	176,402	89,744
Other income				
(Loss)/profit on sale of investment securities	(4,855)	22,325	(458)	42,002
Revaluation (loss)/profit on investment securities held as fair value through profit or loss	36,445	36,439	(19,762)	48,415
Dividends received	3,796	817	25,648	21,147
	118,332	94,966	181,830	201,308

8 MEDIUM TERM BORROWING

	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
Eurobond issue	9,574,668	5,564,595	5,344,215
Syndicated borrowings from banks	844,790	844,790	1,028,440
	10,419,458	6,409,385	6,372,655

The Bank has outstanding medium term borrowing which will be repaid as follows:

	30 September 2006 USD million	31 December 2005 USD million	30 September 2005 USD million
2006	249	230	-
2007	373	230	460
2008	94	-	-
2009	665	550	550
2010	759	735	725
2011	697	-	-
	2,837	1,745	1,735

9 EQUITY HOLDERS' FUNDS

At the meeting of the equity holders' held on 18 March 2006, the following were approved :

(a) An issue of bonus shares for 2005 of 30% (2004 : 25%) of the issued and paid up capital amounting to AED 538 million (2004 : AED 358 million).

(b) A cash dividend of 25% (2004 : 20%) of the capital be paid which amounted to AED 448 million (2004 : AED 287 million).

(c) During the year, following a stock split the nominal value of the equity shares was changed from AED 2.50 per share to AED 1.00 per share. The comparative earnings per share calculations have been restated to reflect the revised nominal share price of AED 1.00 per share.

10 BUSINESS SEGMENT REPORTING (UNAUDITED)

	Government, Corporate & Commercial AED 000	Retail AED 000	Investment & Funds Management AED 000	Islamic Banking Activities AED 000	Other AED 000	Total AED 000
30 September 2006						
Net interest income	495,095	450,770	101,121	-	-	1,046,986
Income from Islamic products net of distribution to depositors	-	-	-	133,188	-	133,188
Net fees, commission and other income	634,270	117,163	126,161	43,422	-	921,016
Property related income	-	-	-	3,468	-	3,468
Total Income	1,129,365	567,933	227,282	180,078	-	2,104,658
General and administrative expenses						(796,745)
Net (allowances)/ recoveries on loans and receivables						(83,871)
Share of profit of associate companies						141,575
Group profit for the period						1,365,617
Segment Assets	44,559,306	9,194,784	16,013,645	7,917,674	2,195,679	79,881,088
Segment Liabilities	19,577,466	19,361,999	29,189,487	9,221,254	2,530,882	79,881,088

Included in segment liabilities are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

From 1 January 2006, a new Funds Transfer Pricing module was implemented whereby funding income and expenses for interest bearing assets and liabilities are calculated after taking account of their maturity profile and the relevant interest yield curve. Comparative figures for the nine months to 30 September 2005 have been restated and presented to make these comparable.

EMIRATES BANK INTERNATIONAL PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005 (UNAUDITED)

10 BUSINESS SEGMENT REPORTING

	Government, Corporate & Commercial AED 000	Retail AED 000	Investment & Funds Management AED 000	Islamic Banking Activities AED 000	Other AED 000	Total AED 000
30 September 2005						
Net interest income	428,436	322,871	46,729	-	-	798,036
Income from Islamic products net of distribution to depositors	-	-	-	70,588	-	70,588
Net fees, commission and other income	441,193	88,566	193,184	13,584	-	736,527
Property related income	-	-	-	7,956	-	7,956
Total Income	869,629	411,437	239,913	92,128	-	1,613,107
General and administrative expenses						(521,285)
Net (provisions)/ recoveries on loans and receivables						(18,424)
Share of profit of associate companies						76,665
Group profit for the period						1,150,063
Segment Assets	27,387,908	6,172,909	11,213,889	2,359,967	2,559,468	49,694,141
Segment Liabilities	18,174,942	10,835,317	14,834,833	2,872,398	2,976,651	49,694,141

Included in segment liabilities are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

11 COMMITMENTS AND CONTINGENCIES

The Group in the ordinary course of business enters into various types of transactions that involve undertaking certain commitments such as letters of credit and undrawn loan commitments.

12 RELATED PARTY TRANSACTIONS

Banking transactions are carried out with certain related parties. Such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party transactions are as follows:

	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
Loans to majority shareholder	8,764,566	4,004,715	2,751,358
Deposits from majority shareholder	312,762	380,348	222,694
Investment in Government of Dubai bonds	73,935	75,000	73,327
Loans to directors and related companies	582,216	485,600	424,470
Loans to and investments in funds managed by the Group	342,601	646,190	182,401
Fees received in respect of funds managed by the Group	29,895	66,043	50,753
Interest paid to funds managed by the Group	12,066	6,680	669

The total amount of compensation paid to directors and key management personnel during the period/year is as follows :

	Unaudited 30 September 2006 AED 000	Audited 31 December 2005 AED 000	Unaudited 30 September 2005 AED 000
Short term employee benefits	15,802	17,958	11,271
Post employment benefits	768	1,006	659

Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

13 NOTE TO THE CASH FLOW STATEMENT

		Unaudited 30 September 2006 AED 000	Unaudited 30 September 2005 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of period	(1,353,366)	721,229
	Net cash (outflow)	(7,449,862)	(654,490)
	Balance at end of period	(8,803,228)	66,739
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Banks	4,044,770	1,982,218
	Due from banks	3,558,469	6,329,391
	Due to banks	(13,310,864)	(6,374,031)
		(5,707,625)	1,937,578
	Less : deposits with Central Banks for regulatory purposes	(2,273,639)	(1,412,263)
	Less : amounts due from banks maturing after 3 months	(996,964)	(524,690)
	Add : amounts due to banks maturing after 3 months	175,000	66,114
		(8,803,228)	66,739

14 COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated where appropriate to conform with the presentation and accounting policies adopted in these financial statements.