Emirates NBD

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD

ENDED 31 MARCH 2008

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Independent report on review of condensed consolidated interim financial information

The shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Emirates NBD PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2008 and the related condensed consolidated interim statements of income, cash flows and changes in equity for the three-month period then ended ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim 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 financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

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GROUP CONSOLIDATED INTERIM BALANCE SHEET AS AT 31 MARCH 2008

	Notes	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
ASSETS			
Cash and deposits with Central Bank	3	37,849,617	29,226,054
Due from banks		16,449,078	12,800,902
Loans and receivables	4	157,859,790	151,952,233
Islamic financing and investment products	5	17,566,728	14,471,737
Trading securities	7	485,244	484,269
Investment securities	8	23,430,796	23,115,173
Investment in associates and joint venture		2,759,130	2,712,372
Investment properties		973,703	826,905
Property and equipment		1,776,027	1,638,254
Goodwill and intangibles	9 & 10	6,158,162	6,178,627
Positive fair value of derivatives		5,335,101	3,756,345
Customer acceptances		2,956,886	2,851,216
Other assets		4,064,001	3,798,165
TOTAL ASSETS		277,464,263	253,812,252
LIABILITIES			
Customer deposits		129,346,432	124,104,425
Islamic customer deposits		20,437,794	14,541,970
Collateral borrowings from Central Bank		7,797,179	-
Due to banks		48,385,003	48,583,966
Repurchase agreements with banks		4,858,988	5,610,043
Debt issued and other borrowed funds	11	28,793,373	25,406,321
Sukuk payable	12	1,267,185	1,267,185
Negative fair value of derivatives		3,480,359	2,750,833
Customer acceptances		2,956,886	2,851,216
Other liabilities		5,461,064	3,537,519
TOTAL LIABILITIES		252,784,263	228,653,478
EQUITY			
Issued capital		4,393,498	4,393,498
Treasury shares		(46,175)	(46,175)
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		1,260,205	1,260,205
Other reserves		3,917,410	3,917,410
Cumulative changes in fair value		726,578	863,890
Retained earnings		2,156,242	2,497,919
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	13	24,677,882	25,156,871
Minority interests		2,118	1,903
TOTAL EQUITY		24,680,000	25,158,774
TOTAL LIABILITIES AND EQUITY		277,464,263	253,812,252

The notes set out on pages 6 to 21 form part of these group condensed consolidated interim financial statements.
The independent report on review of condensed consolidated interim financial information is set on page 1.

Chairman

Chief Executive Officer

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008

	Notes	Unaudited Three months period ended 31 March 2008 AED 000	Unaudited Three months period ended 31 March 2007 AED 000
Interest income		2,954,017	1,298,628
Interest expense		(1,667,150)	(858,357)
Net interest income		1,286,867	440,271
Income from Islamic financing and investment products		241,635	129,671
Distribution to depositors and profit paid to Sukuk holders		(147,937)	(76,541)
Net income from Islamic financing and investment products		93,698	53,130
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,380,565	493,401
Fee and commission income		611,721	229,367
Fee and commission expense		(112,940)	(52,578)
Net fees and commission income		498,781	176,789
Net (loss) / gain on trading securities		(36,535)	1,608
Other operating income		355,297	223,176
Total operating income		2,198,108	894,974
General and administrative expenses		(835,046)	(331,252)
Impairment loss on financial assets	6	(262,929)	(60,020)
Total operating expenses		(1,097,975)	(391,272)
Operating profit		1,100,133	503,702
Amortisation of intangibles		(20,465)	(620)
Share of profit of associates and joint venture		116,594	71,585
Group profit for the period		1,196,262	574,667
Attributable to:			
Equity holders of the Group		1,196,047	574,600
Minority interests		215	67
Group profit for the period		1,196,262	574,667

	Notes	Three months period ended 31 March 2008 AED	Three months period ended 31 March 2007 AED
Earnings Per Share	15	0.27	0.20

The notes set out on pages 6 to 21 form part of these group condensed consolidated interim financial statements.
The independent report on review of condensed consolidated interim financial information is set on page 1.

GROUP CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008

	Notes	Unaudited 31 March 2008 AED 000	Unaudited 31 March 2007 AED 000
OPERATING ACTIVITIES			
Group profit for the period		1,196,262	574,667
Adjustment for non cash items			
Impairment allowances on loans and receivables		321,255	56,606
Impairment allowances on Islamic financing and investment products		7,858	20,421
Amortisation of intangibles		20,465	620
Depreciation on property and equipment		43,389	21,109
Share of profit of associates and joint venture		(116,594)	(71,585)
Operating profit before changes in operating assets and liabilities		1,472,635	601,838
Increase in statutory deposits		(874,353)	(302,968)
(Increase)/decrease in due from banks maturing after 3 months		(5,392,698)	106,191
Increase in collateral borrowings from Central Bank		7,797,179	-
Increase/(decrease) in due to banks maturing after 3 months		13,320,819	(2,991,299)
Net change in other liabilities/other assets		119,985	680,343
Net change in fair value of derivatives		(849,230)	(35,467)
Increase in customer deposits		11,137,831	4,333,113
Increase in IPO application money		-	316,834
Increase in loans and receivables		(6,228,812)	(3,719,399)
Increase in IPO leveraged loans		-	(177,533)
Increase in Islamic financing and investment products		(3,102,849)	(900,487)
Net cash inflow/(outflow) from operating activities		17,400,507	(2,088,834)
INVESTING ACTIVITIES			
Increase in trading and investment securities (net)		(384,075)	(749,000)
Increase in investment properties (net)		(146,798)	(22,347)
Acquisition of subsidiaries		-	(27,013)
Additions to property and equipment (net)		(181,162)	(54,348)
Net cash flows used in investing activities		(712,035)	(852,708)
FINANCING ACTIVITIES			
Increase in debt issued and other borrowed funds (net)		2,635,997	842,319
Dividends paid		-	(699,569)
Net cash flows from financing activities		2,635,997	142,750
Increase/(decrease) in cash and cash equivalents	17	19,324,469	(2,798,792)

The notes set out on pages 6 to 21 form part of these group condensed consolidated interim financial statements.
The independent report on review of condensed consolidated interim financial information is set on page 1.

GROUP CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2008

	Issued Capital AED 000	Treasury shares AED 000	Share premium reserve AED 000	Legal and Statutory reserve AED 000	Other reserves AED 000	Cumulative changes in fair value AED 000	Retained earnings AED 000	Total AED 000	Minority interests AED 000	Group Total AED 000
Balance as at 1 January 2007	2,331,896	-	-	982,205	4,294,484	343,285	924,611	8,876,481	1,566	8,878,047
Income and expense recognised directly in equity	-	-	-	-	-	15,376	-	15,376	-	15,376
Group profit for the period	-	-	-	-	-	-	574,600	574,600	67	574,667
Total income and expense for the period	-	-	-	-	-	15,376	574,600	589,976	67	590,043
Dividends paid	-	-	-	-	-	-	(699,569)	(699,569)	-	(699,569)
Issuance of bonus shares	582,974	-	-		(582,974)	-	-	-	-	-
Balance as at 31 March 2007	2,914,870	-	-	982,205	3,711,510	358,661	799,642	8,766,888	1,633	8,768,521
Balance as at 1 January 2008	4,393,498	(46,175)	12,270,124	1,260,205	3,917,410	863,890	2,497,919	25,156,871	1,903	25,158,774
Income and expense recognised directly in equity	-	-	-	-	-	(137,312)	-	(137,312)	-	(137,312)
Group profit for the period	-	-	-	-	-	-	1,196,047	1,196,047	215	1,196,262
Total income and expense for the period	-	-	-	-	-	(137,312)	1,196,047	1,058,735	215	1,058,950
Proposed dividend	-	-	-	-	-	-	(1,537,724)	(1,537,724)	-	(1,537,724)
Balance as at 31 March 2008	4,393,498	(46,175)	12,270,124	1,260,205	3,917,410	726,578	2,156,242	24,677,882	2,118	24,680,000

Note: No allocation to legal and statutory and other reserves has been made for the three months ended 31 March 2008 as this will be effected at the year end.

The notes set out on pages 6 to 21 form part of these condensed consolidated interim financial statements.

The independent report on review of condensed consolidated interim financial information is set out on Page 1.

1 LEGAL STATUS AND ACTIVITIES

Emirates NBD PJSC, ("ENBD" or "Emirates NBD" or the "Company") was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Company was incorporated principally to give effect to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"). The Company acts as holding company of both EBI and NBD (together referred to as the "Group"). The merger became effective from 16 October 2007.

The Company is listed on the Dubai Financial Market. The Company's principal business activity is investment holding.

The merger transaction was accounted for in accordance with IFRS 3 - Business Combinations. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. EBI was identified as the "deemed acquirer" in this transaction. The principles of reverse acquisition were used to reflect the acquisition of EBI by ENBD. No adjustments were made to the fair values of EBI's assets and liabilities in the consolidated balance sheet.

The registered address of the Company is Post Box 2923, Dubai, United Arab Emirates ("UAE").

The ultimate parent of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

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".

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 Group for the year ended 31 December 2007.

The results for the three months period ended 31 March 2008 includes the results of EBI and its subsidiaries and NBD and its subsidiaries. The comparative amounts for the three months period ended 31 March 2007 are those of EBI and its subsidiaries only.

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 the financial statements as at and for the year ended 31 December 2007.

In preparing these condensed consolidated interim financial statements, significant judgments made by the 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 2007.

(a) 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 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 2007.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Cash	1,309,685	1,493,275
Interest free statutory and special deposits with Central Bank	9,847,682	11,834,779
Interest bearing certificates of deposit with Central Bank	26,492,250	15,898,000
	37,649,617	29,226,054

The reserve requirements are kept with the Central Bank of the UAE in AED and US Dollar, are not available for use in the Group's day to day operations and cannot be withdrawn without its approval. The level of reserve required changes every month in accordance with the Central Bank of the UAE directives.

4 LOANS AND RECEIVABLES

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Overdrafts	48,195,346	46,610,793
Time loans	99,312,848	93,962,781
Loans against trust receipts	4,641,778	4,168,196
Bills discounted	1,969,237	1,875,634
Others	2,658,547	2,462,357
Gross loans and receivables	156,777,756	149,079,761
Other debt instruments	3,145,483	4,686,528
Total loans and receivables	159,923,239	153,766,289
Less: Allowances for impairment	(2,063,449)	(1,814,056)
Net loans and receivables	157,859,790	151,952,233
Total of classified loans and receivables on which interest is not taken into income	1,717,356	1,594,761

4 LOANS AND RECEIVABLES (continued)

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Analysis by economic activity		
Agriculture and allied activities	94,034	89,755
Mining and quarrying	502,963	484,941
Manufacturing	8,770,372	8,710,293
Construction	13,022,629	12,140,810
Trade	12,901,515	10,131,887
Transport and communication	6,700,507	9,963,258
Services	21,917,116	21,575,254
Sovereign	33,902,079	29,811,428
Personal	33,619,342	31,494,777
Real estate	8,751,751	8,908,929
Banks and other financial institutions	11,653,774	13,474,031
Others	8,087,157	6,980,926
Total loans and receivables	159,923,239	153,766,289
Less: Allowances for impairment	(2,063,449)	(1,814,056)
Net loans and receivables	157,859,790	151,952,233

Movement in allowances for impairment	Three months Unaudited 31 March 2008 AED 000	Three months Unaudited 31 March 2007 AED 000
Balance as at 1 January	1,814,056	806,964
Impairment allowances made	321,255	56,606
Recoveries	(51,858)	(5,017)
Amounts written off	(20,004)	(12,517)
Balance as at end of period	2,063,449	846,036

5 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Murabaha	5,683,920	5,403,504
Ijara	4,768,895	4,137,925
Credit cards receivables	312,671	292,089
Wakala	5,576,309	3,576,688
Istissna'a	777,277	739,659
Others	1,231,975	1,025,214
Total Islamic financing and investment products	18,351,047	15,175,079
Less: Deferred income	(621,568)	(545,594)
Less: Allowances for impairment	(162,751)	(157,748)
Net Islamic financing and investment products	17,566,728	14,471,737
Total of classified Islamic financing and investment products on which fees are not taken to income	266,961	246,644

<u>Analysis by economic activity</u>

	31 March 2008	31 December 2007
Agriculture and allied activities	8,370	8,017
Manufacturing	298,342	464,190
Construction	1,400,833	2,087,897
Trade	2,726,356	2,646,657
Transport and communication	152,232	137,308
Services and personal	5,784,814	3,853,787
Banks and other financial institutions	4,422,187	2,802,218
Real estate	2,819,798	2,472,700
Others	738,115	702,305
Total	18,351,047	15,175,079
Less: Deferred income	(621,568)	(545,594)
Less: Allowances for impairment	(162,751)	(157,748)
Net Islamic financing and investment products	17,566,728	14,471,737

5 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	Three months Unaudited 31 March 2008 AED 000	Three months Unaudited 31 March 2007 AED 000
Movement in allowances for impairment		
Balance as at 1 January	157,748	94,113
Impairment allowances made	7,858	20,421
Recoveries	(2,855)	(2,327)
Balance as at end of period	162,751	112,207

6 NET IMPAIRMENT ALLOWANCES

The charge to the income statement for net impairment allowances on loans and receivables and Islamic financing and investment products is made up as follows:

	Three months Unaudited 31 March 2008 AED 000	Three months Unaudited 31 March 2007 AED 000
Net impairment of loans and receivables	(269,397)	(51,589)
Net impairment of Islamic financing and investment products	(5,003)	(18,094)
Net special asset recoveries	11,471	9,663
Net allowances for impairment losses for the period	(262,929)	(60,020)

7 TRADING SECURITIES

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Equities	485,244	484,269

8 INVESTMENT SECURITIES

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
HELD TO MATURITY:		
Government bonds	237,507	235,235
Corporate bonds	705,684	799,327
	943,191	1,034,562
AVAILABLE-FOR-SALE:		
Government bonds	1,358,522	1,758,979
Corporate bonds	12,409,865	11,993,598
Equities	3,222,603	1,821,724
Others (including mutual funds)	688,845	1,504,190
	17,679,835	17,078,491
FAIR VALUE THROUGH PROFIT AND LOSS:		
Corporate Bonds	192,332	127,206
Equities	610,221	622,383
Hybrid	455,329	530,504
Others	3,549,888	3,722,027
	4,807,770	5,002,120
Total investment securities	23,430,796	23,115,173

9 BUSINESS COMBINATIONS

As stated in Note 1, ENBD was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Company was created to effect the merger between EBI and NBD. Emirates NBD acquired the share capital of EBI and NBD in exchange for the new shares in Emirates NBD with the following exchange ratio:

- 1 share in EBI for 1 new share in Emirates NBD.

- 1 share in NBD for 0.95 new shares in Emirates NBD.

The merger was completed on 16 October 2007 with 99.11% and 97.63% of shareholders of EBI and NBD respectively exchanging their shareholding in the respective banks with new shares issued by Emirates NBD. Subsequently, on the same date, both EBI and NBD's shares were delisted for trading from the Dubai Financial Market ("DFM") and Emirates NBD's shares were listed on the DFM.

Emirates NBD subsequently received requisite approval from Emirates Securities & Commodities Authority ("ESCA") to automatically exchange the shares of EBI and NBD for new shares of Emirates NBD for the remaining shareholders whose acceptance could not be obtained due to lack of response. As at 31 December 2007, EBI and NBD became wholly owned subsidiaries of Emirates NBD.

Under IFRS 3 - Business Combinations, EBI has been identified as the "deemed acquirer" for the purposes of accounting under the purchase accounting method.

9 BUSINESS COMBINATIONS (continued)

The provisional fair values of the identifiable assets and liabilities of NBD acquired by the Group are as follows:

	Fair value recognised on acquisition	Carrying value
Assets:	AED 000	AED 000
Cash and balances with Central Bank	7,652,229	7,652,229
Due from banks	5,660,775	5,660,775
Securities	18,097,473	18,097,473
Loans and advances	57,842,834	57,485,231
Investment properties	220,000	157,136
Fixed assets	864,318	364,752
Other assets	1,396,275	1,396,274
Total assets acquired	91,733,904	90,813,870
Liabilities:		
Due to banks	11,630,074	11,630,074
Customer deposits	61,288,982	61,262,683
Debt issued and other borrowed funds	10,087,276	10,145,912
Other liabilities	1,081,628	1,081,628
Total liabilities acquired	84,087,960	84,120,297
Fair value of net assets acquired by the Group	7,645,944	
Goodwill and intangibles arising on acquisition	6,161,628	
Total acquisition cost	13,807,572	

The total acquisition cost of AED 13,807 million comprised 1,478,328,029 shares issued by ENBD amounting to AED 13,748 million and costs of AED 59 million directly attributable to the acquisition.

9 BUSINESS COMBINATIONS (continued)

The acquisition cost was calculated on the basis of EBI's closing price of AED 9.30 per share on the Dubai Financial Market on 7 October 2007, being the last traded day prior to the suspension from trading.

Cash inflow on acquisition:

	AED 000
Values of shares issued on acquisition	13,748,452
Acquisition costs	59,120
Net assets acquired on business combination (excluding cash)	(6,155,343)
Net cash inflow	7,652,229

The Group has provisionally recognized the fair value of assets, liabilities, and contingent liabilities, acquired through the acquisition of NBD and has not performed an impairment test on goodwill. The goodwill is attributable to the synergies expected to arise from the business combination. The intangible assets are attributable mainly to brands/trademarks and core deposit intangible ("CDI").

Adjustment to the provisional values and intangibles acquired will be finalized within 12 months of the acquisition date and recorded retrospectively as allowed by IFRS 3 - Business Combinations. An impairment test on the carrying values of goodwill and intangibles acquired will also be performed at that stage.

Other acquisitions

In addition to the acquisition of NBD, the Group has also acquired the following during the year 2007:

(i) Acquisition of Egyptian Company for Electronic Systems Development ("NPC")

On 1 January 2007 the Group acquired 100% of Egyptian Company for Electronic Systems Development ("NPC").

(ii) Acquisition of AbAcAs

During 2007, the Group was in the process of entering into a joint venture agreement with NSM Capital Management LLC ("NSM"), for the administrating of AbAcAs Investments Limited ("AbAcAs"), a structured investment vehicle registered in the Cayman Islands. The joint venture resulted in the setting up of a 50:50 joint venture company, EBI/NSM Advisors Limited, which has a management agreement with AbAcAs. Subsequently, on 1 August 2007 the Group acquired the entire outstanding capital notes of AbAcAs.

9 BUSINESS COMBINATIONS (continued)

The Group has adopted the purchase method of accounting in respect of these acquisitions as required by IFRS 3 – Business Combinations.

10 GOODWILL AND INTANGIBLES

	Unaudited 31 March 2008 AED million	Unaudited 31 March 2007 AED million
<u>Cost:</u>		
Balance as at 1 January	6,202,545	14,184
Acquisition of subsidiaries	-	26,733
Balance as at end of period	6,202,545	40,917
<u>Amortisation and Impairment:</u>		
Balance as at 1 January	23,918	-
Amortisation for the period	20,465	620
Balance as at end of period	44,383	620
<u>Carrying Value:</u>		
Balance as at end of period	6,158,162	40,297

The specific criteria which need to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either:

- is separable, that is, is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are amortised using the straight-line method over the useful life of the asset, which is estimated to be between 2 and 5 years. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

11 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Medium term note programme	23,283,873	19,896,821
Syndicated borrowings from banks	5,509,500	5,509,500
	28,793,373	25,406,321

The Group has outstanding medium and short term borrowings totalling AED 28,793 million which will be repaid as follows:

	Unaudited 31 March 2008 AED million	Audited 31 December 2007 AED million
2008	668	695
2009	4,580	4,075
2010	5,940	5,906
2011	5,026	4,821
2012	7,852	7,849
2013	1,284	-
2014	235	247
2016	1,813	1,813
2018	1,395	-
	28,793	25,406

12 SUKUK PAYABLE

On 12 June 2007, Emirates Islamic Bank PJSC ("EIB"), a subsidiary of the Group, through a sharia'a compliant Sukuk financing arrangement, raised medium term finance amounting to AED 1,285 million (USD 350 million), which is listed on the London Stock Exchange. An amount of AED 18 million has been adjusted on consolidation.

The terms of the arrangement include the transfer of certain leased assets (Ijara) of EIB, on a co-ownership basis, to a Sukuk company (EIB Sukuk Company Limited – "the issuer") specially formed for this transaction. The assets are in the control of EIB and shall continue to be serviced by EIB. The Sukuk certificates mature on 11 June 2012.

The issuer will pay the quarterly distribution amount from the returns received in respect of the leased assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to Sukuk holders on each quarterly distribution date. Upon maturity of this Sukuk, EIB has undertaken to repurchase the assets at the exercise price of USD 350 million.

13 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 23 March 2008, the following were approved:

(a) Issue of bonus shares for 2007 of 15% of the issued and paid up capital amounting to AED 659 million.

(b) Payment of a cash dividend of 35% of the issued and paid up capital amounting to AED 1,538 million.

14 COMMITMENTS AND CONTINGENCIES

At 31 March 2008 the Group's contingent liabilities are as follows:

	Unaudited 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Letters of credit	20,129,348	19,405,990
Guarantees	38,055,005	34,064,323
Liability on risk participations	3,473,425	2,724,475
	61,657,778	56,194,788

15 EARNINGS PER SHARE

Earnings per share is computed by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding during the period of 4,393,497,806 (2007: 2,914,869,777) of AED 1 each.

16 BUSINESS SEGMENT REPORTING (UNAUDITED)

	Government & Corporate	Retail	Investment & Funds Management	Islamic Banking Activities	Other	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
31 March 2008						
Net interest income & income from Islamic products net of distribution to depositors	642,089	447,893	170,699	119,884	-	1,380,565
Net fees, commission and other income	334,519	140,731	(67,053)	110,950	298,396	817,543
Total Income	976,608	588,624	103,646	230,834	298,396	2,198,108
General and administrative expenses						(835,046)
Impairment allowance on financial assets						(262,929)
Amortisation of intangibles						(20,465)
Share of profit of associates and joint venture						116,594
Group profit for the period						1,196,262
Segment Assets	160,383,260	32,998,312	48,557,374	23,619,928	11,905,389	277,464,263
Segment Liabilities and Equity	98,495,786	45,094,644	104,013,065	23,827,156	6,033,612	277,464,263

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.

16 BUSINESS SEGMENT REPORTING (UNAUDITED) (continued)

	Government & Corporate	Retail	Investment & Funds Management	Islamic Banking Activities	Other	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
31 March 2007						
Net interest income & income from Islamic products net of distribution to depositors	217,032	190,252	32,987	53,130	-	493,401
Net fees, commission and other income	213,191	44,077	84,413	59,892	-	401,573
Total Income	430,223	234,329	117,400	113,022	-	894,974
General and administrative expenses						(331,252)
Impairment allowance on financial assets						(60,020)
Amortisation of intangibles						(620)
Share of profit of associates and joint venture						71,585
Group profit for the period						574,667
Segment Assets	51,211,289	14,564,034	24,585,097	10,435,039	3,316,277	104,111,736
Segment Liabilities and Equity	23,081,430	26,123,724	38,981,461	12,468,510	3,456,611	104,111,736

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.

17 RELATED PARTY TRANSACTIONS

The Group has entered into transactions 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 31 March 2008 AED 000	Audited 31 December 2007 AED 000
Loans to the majority shareholder of the ultimate parent	28,418,100	27,571,295
Deposits from the majority shareholder of the ultimate parent	2,132,743	2,428,970
Investment in ultimate parent	74,805	176,802
Investments in majority shareholder	367,300	-
Loans to directors and related companies	2,639,741	3,673,061
Loans to associates	2,271,855	3,196,065
Loans to and investments in funds managed by the Group	2,221,858	2,082,847

	Unaudited 31 March 2008 AED 000	Unaudited 31 March 2007 AED 000
Payments made to associates	7,559	9,115
Fees received in respect of funds managed by the Group	20,104	6,517

The total amount of compensation paid to directors and key management personnel of the Group during the period was as follows:

	Unaudited 31 March 2008 AED 000	Unaudited 31 March 2007 AED 000
Short term and post employment benefits	7,861	4,324

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.

18 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

		Unaudited 31 March 2008 AED 000	Unaudited 31 March 2007 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of period	(11,802,558)	(5,293,055)
	Net cash inflow/(outflow)	19,324,469	(2,798,792)
	Balance at end of period	7,521,911	(8,091,847)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	37,649,617	7,906,245
	Due from banks	16,449,078	7,915,421
	Due to banks	(48,385,003)	(21,806,812)
		5,713,692	(5,985,146)
	Less : deposits with Central Bank for regulatory purposes	(7,473,802)	(2,428,418)
	Less : amounts due from banks maturing after 3 months	(7,771,016)	(1,007,519)
	Add : amounts due to banks maturing after 3 months	17,053,037	1,329,236
		7,521,911	(8,091,847)

19 COMPARATIVE FIGURES

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