EMIRATES BANK INTERNATIONAL PJSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005

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 consolidated balance sheet of Emirates Bank International PJSC ("the Bank") at 30 September 2005, and the related consolidated statements of income, changes in equity and cash flows 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 provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The comparative figures for the nine month period ended 30 September 2004 have not been reviewed as this is the first time condensed consolidated interim financial statements for a nine month period have been reviewed.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects in accordance with International Accounting Standard No. 34.

Munther Dajani
Registration No. 268

25 October 2005

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EMIRATES BANK INTERNATIONAL PJSC

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2005

	Note	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Restated Unaudited 30 September 2004 AED 000
ASSETS				
Cash and deposits with Central Banks		1,982,218	2,570,809	1,739,310
Due from banks		6,329,391	4,510,074	2,067,979
Loans and receivables	3	32,606,467	27,036,401	28,405,460
Islamic financing and investment products	4	1,613,202	421,496	-
Investment securities	6	4,525,514	2,142,267	1,321,678
Investment and development properties		49,127	172,455	1,993,052
Property and equipment		195,207	179,231	242,174
Other assets		1,688,481	1,027,896	1,163,503
TOTAL ASSETS		48,989,607	38,060,629	36,933,156
LIABILITIES				
Customer deposits		23,821,379	19,138,703	20,343,977
Islamic customer deposits		2,782,369	1,233,654	-
Due to banks		6,374,031	4,779,519	3,759,209
Deposits under repurchase agreement		355,087	355,087	355,087
Medium term borrowing	7	6,372,655	5,564,595	5,252,390
IPO Share Application Funds received		202,984	-	-
Other liabilities		1,869,793	1,169,223	1,129,236
TOTAL LIABILITIES		41,778,298	32,240,781	30,839,899
EQUITY				
Issued capital	8	1,793,767	1,435,014	1,435,014
Legal and statutory reserve		619,205	619,205	521,205
Other reserves		2,743,613	3,102,366	2,602,366
Cumulative changes in fair value		682,978	154,575	103,837
Retained earnings		1,371,079	505,288	720,767
TOTAL EQUITY HOLDERS' FUNDS		7,210,642	5,816,448	5,383,189
Minority interests		667	3,400	710,068
TOTAL LIABILITIES AND EQUITY HOLDERS' FUNDS		48,989,607	38,060,629	36,933,156

The notes set out on pages 6 to 17 form part of these condensed consolidated interim financial statements.

Chairman

Group Chief Financial Officer

EMIRATES BANK INTERNATIONAL PJSC

CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Three months ended 30 September		Nine months ended 30 September	
		Reviewed 2005 AED 000	Restated Unaudited 2004 AED 000	Reviewed 2005 AED 000	Restated Unaudited 2004 AED 000
Interest income		548,501	313,197	1,461,009	839,138
Income from Islamic financing and investment products		56,799	-	96,028	-
Total interest income and income from Islamic financing and investment products		605,300	313,197	1,557,037	839,138
Interest expense		(270,674)	(98,058)	(662,973)	(244,757)
Distribution to depositors		(14,000)	-	(25,440)	-
Net interest income and income from Islamic products net of distribution to depositors		320,626	215,139	868,624	594,381
Fees, commissions and other income		283,772	113,104	736,527	335,808
Property related income		269	31,366	7,956	86,857
Total income		604,667	359,609	1,613,107	1,017,046
General and administrative expenses		(191,197)	(160,713)	(521,285)	(435,442)
Net (provisions)/recoveries on loans and receivables	5	(5,105)	20,729	(18,424)	20,088
Share of profit of associate companies		28,846	10,627	76,665	15,791
Group profit for the period before minority interests		437,211	230,252	1,150,063	617,483
Minority interests		1,071	(11,941)	2,731	(29,977)
Group profit for the period		438,282	218,311	1,152,794	587,506

	Three months ended 30 September		Nine months ended 30 September	
	Reviewed 2005 (AED)	Restated Unaudited 2004 (AED)	Reviewed 2005 (AED)	Restated Unaudited 2004 (AED)
EARNINGS PER SHARE				
Basic and diluted	**0.61**	**0.30**	**1.61**	**0.82**

The notes set out on pages 6 to 17 form part of these condensed consolidated interim financial statements.

EMIRATES BANK INTERNATIONAL PJSC

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005

	Reviewed 30 September 2005 AED 000	Restated Unaudited 30 September 2004 AED 000
OPERATING ACTIVITIES		
Group profit for the period	1,152,794	587,506
Adjustment for non cash items		
Impairment losses on loans and receivables	49,374	42,996
Depreciation on property and equipment	32,103	27,036
Share of profit of associated companies	(76,665)	(15,791)
Operating profit before changes in operating assets and liabilities	1,157,606	641,747
(Increase) in statutory deposits	(194,299)	(148,358)
Decrease in amounts due from banks maturing after three months	192,337	434,984
(Decrease) in amounts due to banks maturing after three months	(288,742)	(233,192)
Net change in other liabilities/other assets/IPO share application funds	242,969	84,708
Increase/(decrease) in customer deposits	6,231,391	(199,594)
(Increase) in loans and receivables	(6,811,146)	(5,121,925)
Increase in property development receivables	-	(68,086)
Net cash flow from/(used in) operating activities	530,116	(4,609,716)
Investing activities		
(Increase)/decrease in trading and investment securities	(1,778,179)	634,360
Decrease/(increase) in investment and development properties	123,328	(357,727)
Additions to property and equipment (net)	(48,079)	(57,098)
Net cash flow (used in)/from investing activities	(1,702,930)	219,535
Financing Activities		
Increase in medium term borrowing	808,060	2,350,720
(Decrease)/increase in minority interests	(2,733)	155,166
Dividends paid	(287,003)	(229,602)
Net cash flow from financing activities	518,324	2,276,284
Decrease in cash and cash equivalents	(654,490)	(2,113,897)

The notes set out on pages 6 to 17 form part of these condensed consolidated interim financial statements.

EMIRATES BANK INTERNATIONAL PJSC

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2004 (RESTATED UNAUDITED)

	Share Capital AED '000	Legal & Statutory Reserve AED '000	Other Reserves AED '000	Cumulative changes in fair value AED '000	Retained Profits AED '000	Total AED '000
Restated balance at 01 January 2004	1,148,011	521,205	2,889,369	38,253	362,863	4,959,701
Net profit for the period	-	-	-	-	587,506	587,506
Share of fair value reserve in an associate	-	-	-	1,517	-	1,517
Net movement in cumulative changes in fair value	-	-	-	64,067	-	64,067
Dividends paid	-	-	-	-	(229,602)	(229,602)
Issue of bonus shares	287,003	-	(287,003)	-	-	-
Balance as at 30 September 2004	1,435,014	521,205	2,602,366	103,837	720,767	5,383,189

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005 (REVIEWED)

	Share Capital AED '000	Legal & Statutory Reserve AED '000	Other Reserves AED '000	Cumulative changes in fair value AED '000	Retained Profits 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

Note : No allocation to legal and statutory and other reserves has been made for the nine months ended 30 September 2005 as this will be effected at the year end.

The notes set out on pages 6 to 17 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 ENDED 30 SEPTEMBER 2005

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.

- In August 2004, the Bank commenced operations in the Kingdom of Saudi Arabia by opening a branch in Riyadh. The Bank also has a branch in London and representative offices in Mumbai and Teheran.

- In October 2004, Middle East Bank PJSC converted from a conventional bank to an Islamic Bank called Emirates Islamic Bank PJSC. The financial results of the Islamic Bank and the results of Middle East Bank PJSC up to the date of conversion have been included in the Group consolidated financial results for 2004.

- During 2004, the Bank gradually reduced its shareholding in Union Properties PJSC ("the company") from 61.5% at 31 December 2003 to 48.9% at 31 December 2004. The company has thus moved from being a subsidiary to an associate company of the Bank and the accounting treatment has changed accordingly. As at 30 September 2004 Union Properties was treated as a subsidiary and accordingly was consolidated on a line-by-line basis. Effective December 2004, the assets and liabilities of Union Properties were no longer consolidated on a line-by-line basis; the results of the company are now accounted on an equity basis at cost plus share of post acquisition profits.

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". Consolidated financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and financial liabilities held at fair value through profit and loss, investment properties, and available-for-sale assets. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the annual consolidated financial statements of the Bank for the year ended 31 December 2004. In 2004, the Bank early adopted IAS 39 (Revised) – "Financial Instruments – Recognition and Measurement". The early adoption of IAS 39 has necessitated the restatement of the Group Income Statement and Balance Sheet of 2003 so as to ensure consistency in comparison of performance between current and prior years.

These condensed consolidated interim financial statements should be read in conjunction with financial statements for the year ended 31 December 2004.

(a) Basis of consolidation

Subsidiaries are consolidated on a line-by-line basis and full provision is made for the minority interest's share in the results for the year and for their share of the net assets of the subsidiaries. The effects of intra group transactions are eliminated in preparing these consolidated financial statements.

Investments in associates are stated on an equity basis at cost plus an appropriate share of the associate's profits and losses post acquisition.

(b) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant provisions and fair value. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required for impaired credit facilities as well as impairment provision of unquoted investments. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may differ resulting in future changes in provisions.

3 LOANS AND RECEIVABLES

	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Restated Unaudited 30 September 2004 AED 000
Overdrafts	8,828,238	7,588,964	10,035,570
Time loans	20,582,813	17,669,076	16,734,042
Loans against trust receipts	1,265,193	936,359	924,591
Bills discounted	592,840	603,841	642,755
Others	112,056	157,716	114,762
Gross loans and advances	31,381,140	26,955,956	28,451,720
Allowances for impairment	(643,651)	(629,498)	(680,295)
Net Loans and Receivables	30,737,489	26,326,458	27,771,425
Originated debt securities	1,868,978	709,943	634,035
Total Loans and Receivables	32,606,467	27,036,401	28,405,460
Analysis by Economic Activity			
Agriculture and allied activities	53,761	51,670	40,091
Mining and quarrying	17,456	233,446	233,465
Manufacturing	3,228,253	2,798,000	2,634,921
Construction	2,392,146	2,223,925	1,808,153
Trade	3,182,374	2,548,591	2,587,608
Transport and communication	2,381,099	2,027,425	1,605,329
Services	6,134,115	5,635,383	4,738,731
Sovereign	3,112,353	3,353,726	6,767,605
Personal	10,407,470	7,559,458	7,460,810
Others	472,113	524,332	575,007
Loans and Receivables before impairment	31,381,140	26,955,956	28,451,720
Allowances for impairment	(643,651)	(629,498)	(680,295)
Net Loans and Receivables	30,737,489	26,326,458	27,771,425
Originated debt securities	1,868,978	709,943	634,035
Total Loans and Receivables	32,606,467	27,036,401	28,405,460

3 LOANS AND RECEIVABLES (continued)

	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Unaudited 30 September 2004 AED 000
Movement in allowances for impairment			
Balance as at 1 January	629,498	705,851	705,851
Impairment allowances made	47,297	81,093	42,996
Recoveries	(24,948)	(77,706)	(52,707)
Amounts written off	(8,196)	(18,085)	(15,845)
Transfer to Islamic financing and investment products	-	(61,655)	-
Balance	643,651	629,498	680,295

4 ISLAMIC FINANCING AND INVESTING PRODUCTS

	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Unaudited 30 September 2004 AED 000
Murabaha	748,392	384,252	-
Ijara	625,497	129,456	-
Istissna'a	422,823	-	-
Total Islamic financing and investment products	1,796,712	513,708	-
Less deferred income	(119,778)	(30,557)	-
Less allowances for impairment	(63,732)	(61,655)	-
Net Islamic financing and investment products	1,613,202	421,496	-
Analysis by Economic Activity			
Agriculture and allied activities	25,556	163,316	-
Manufacturing	148,031	49,547	-
Construction	39,429	49,753	-
Trade	263,644	51,293	-
Transport and communication	11,683	18,343	-
Services and personal	1,073,048	156,601	-
Others	235,321	24,855	-
	1,796,712	513,708	-
Less deferred income	(119,778)	(30,557)	-
Less allowances for impairment	(63,732)	(61,655)	-
	1,613,202	421,496	-

4 ISLAMIC FINANCING AND INVESTING PRODUCTS

	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Unaudited 30 September 2004 AED 000
Movement in allowances for impairment			
Balance as at 1 January	61,655	-	-
Impairment allowances made	2,077	-	-
Transfer from loans and receivables	-	61,655	-
Recoveries	-	-	-
Amounts written off	-	-	-
Balance	63,732	61,655	-

5 NET PROVISION ON LOANS AND RECEIVABLES

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

	Three months ended 30 September		Nine months ended 30 September	
	Reviewed 2005 AED 000	Unaudited 2004 AED 000	Reviewed 2005 AED 000	Unaudited 2004 AED 000
Net impairment of loans and receivables	(7,628)	18,274	(22,349)	9,711
Net impairment of Islamic financing and investment products	(351)	-	(2,077)	-
Net special asset recoveries	2,874	2,455	6,002	10,377
Net recoveries/ (charge) for the period	(5,105)	20,729	(18,424)	20,088

6 INVESTMENT SECURITIES

		Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Restated Unaudited 30 September 2004 AED 000
(a)	HOLD TO MATURITY:			
	Government securities	207,294	145,089	215,280
	Non-Government securities	250,910	267,541	338,246
		458,204	412,630	553,526
(b)	FAIR VALUE THROUGH PROFIT AND LOSS	544,790	67,531	-
(c)	AVAILABLE-FOR-SALE:			
	Government securities	139,649	216,756	241,441
	Non Government securities :			
	- Quoted	1,176,758	516,288	247,464
	- Unquoted	462,152	133,969	229,167
		1,778,559	867,013	718,072
	Total investment securities	2,781,553	1,347,174	1,271,598
	Investment in associate companies	1,743,961	795,093	50,080
	Total investments	4,525,514	2,142,267	1,321,678

6 INVESTMENT SECURITIES (continued)

Income from investments charged to the Income Statement is made up as follows :

	Three months ended 30 September		Nine months ended 30 September	
	Reviewed 2005 AED 000	Restated Unaudited 2004 AED 000	Reviewed 2005 AED 000	Restated Unaudited 2004 AED 000
Interest income				
Interest from investments	35,385	20,878	89,744	66,642
Other income				
Profit on trading securities	22,325	780	42,002	2,812
Profit on investment securities	36,439	2,345	48,415	9,873
Dividends received	817	1,056	21,147	4,888
	94,966	25,059	201,308	84,215

7 MEDIUM TERM BORROWING

	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000	Unaudited 30 September 2004 AED 000
Eurobond issue	5,344,215	2,681,290	2,681,290
Syndicated borrowings from banks	1,028,440	2,883,305	2,571,100
	6,372,655	5,564,595	5,252,390

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

	30 September 2005 USD million	31 December 2004 USD million
2005	-	255
2006	-	300
2007	460	460
2008	-	-
2009	550	500
2010	725	-
2011	-	-
	1,735	1,515

8 EQUITY HOLDERS' FUNDS

At the meeting of the equity holders' held on 20 March 2005, the following were approved :

(a) An issue of bonus shares for 2004 of 25% of the issued and paid up capital amounting to AED 358 million (2003 : AED 287 million).

(b) A cash dividend of 20% of the capital be paid which amounted to AED 287 million (2003 : AED 229 million).

EMIRATES BANK INTERNATIONAL PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005 (REVIEWED)

9 BUSINESS SEGMENT REPORTING

	Government, Corporate & Commercial AED 000	Retail AED 000	Investment & Funds Management AED 000	Real Estate Activities AED 000	Islamic Banking Activities AED 000	Other AED 000	Total AED 000
30 September 2005							
Interest Income	1,022,295	240,756	197,958	-	-	-	1,461,009
Income from Islamic financing	-	-	-	-	96,028	-	96,028
Interest Expense	(305,399)	(43,293)	(314,281)	-	-	-	(662,973)
Distribution to depositors	-	-	-	-	(25,440)	-	(25,440)
	716,896	197,463	(116,323)	-	70,588	-	868,624
Fees, commission and other income	143,621	230,604	202,186	-	-	160,116	736,527
Property related income	-	-	-	-	7,956	-	7,956
Total Income	860,517	428,067	85,863	-	78,544	160,116	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 before minority interests							1,150,063
Minority interests							2,731
Group Profit for the period							1,152,794
Segment Assets	27,387,908	6,172,909	11,213,889	-	2,359,967	1,854,934	48,989,607
Segment Liabilities	18,174,942	10,835,317	14,834,833	-	2,872,398	2,272,117	48,989,607

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.

EMIRATES BANK INTERNATIONAL PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2004 (RESTATED UNAUDITED)

9 BUSINESS SEGMENT REPORTING

	Government, Corporate & Commercial AED 000	Retail AED 000	Investment & Funds Management AED 000	Real Estate Activities AED 000	Islamic Banking Activities AED 000	Other AED 000	Restated Total AED 000
30 September 2004							
Interest Income	551,861	192,893	94,384	-	-	-	839,138
Income from Islamic financing	-	-	-	-	-	-	-
Interest Expense	(131,914)	(20,526)	(92,317)				(244,757)
Distribution to depositors	-	-	-	-	-	-	-
	419,947	172,367	2,067	-	-	-	594,381
Fees, commission and other income	125,734	134,049	27,169	2,936	-	45,920	335,808
Property related income	-	-	-	86,857	-	-	86,857
Total Income	545,681	306,416	29,236	89,793	-	45,920	1,017,046
General and administrative expenses							(435,442)
Net (provisions)/ recoveries on loans and receivables							20,088
Share of profit of associate companies							15,791
Group profit for the period before minority interests							617,483
Minority interests							(29,977)
Group Profit for the period							587,506
Segment Assets	25,700,318	4,144,452	3,689,657	2,350,471	-	1,048,258	36,933,156
Segment Liabilities	16,859,094	7,834,905	9,904,472	1,048,523	-	1,286,162	36,933,156

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.

10 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 acceptances and undrawn loan commitments.

As at 30 September 2005 the Group had undrawn loan commitments towards IPO related loans of AED 18.13 billion (31 December 2004 - nil).

11 RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	Reviewed 30 September 2005 AED 000	Audited 31 December 2004 AED 000
Loans to directors and related companies	424,470	382,932
Loans to and investments in funds managed by the Group	28,703	60,664
Fees received in respect of funds managed by the Group	50,753	8,120
Interest paid to funds managed by the Group	669	243