DUBAI ISLAMIC BANK P.J.S.C.

Review report and interim financial information for the period ended 31 March 2011

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Deloitte.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors
Dubai Islamic Bank P.J.S.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Dubai Islamic Bank P.J.S.C. and its subsidiaries (together referred to as the "Bank") as of 31 March 2011 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. Management of the Bank is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS34"). 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"*.

Deloitte & Touche (M.E.)

SSindaha

Saba Y. Sindaha
Registration Number 410
24 April 2011

Condensed consolidated statement of financial position as at 31 March 2011

	Notes	31 March 2011 AED'000 (unaudited)	31 December 2010 AED'000 (audited)
ASSETS			
Cash and balances with Central Banks	4	**18,622,833**	11,247,225
Due from banks and financial institutions	5	**4,654,375**	2,356,531
Islamic financing and investing assets, net	6	**55,570,745**	57,171,067
Investments in Islamic sukuk	7	**10,649,305**	8,200,476
Other investments	8	**1,218,842**	1,772,946
Investments in associates		**3,418,063**	3,430,274
Properties under construction		**531,412**	524,165
Properties held for sale		**541,449**	544,959
Investment properties	9	**1,977,338**	1,922,911
Receivables and other assets		**2,567,916**	2,296,873
Property, plant and equipment		**630,057**	653,086
Goodwill		**17,258**	17,258
Total assets		**100,399,593**	90,137,771
LIABILITIES			
Customers' deposits	10	**72,934,564**	63,447,070
Due to banks and financial institutions		**5,513,073**	4,409,427
Sukuk financing instruments	11	**4,180,098**	4,176,015
Medium term wakala finance	12	**3,752,543**	3,752,543
Payables and other liabilities		**4,208,208**	3,679,923
Accrued zakat		**-**	146,336
Total liabilities		**90,588,486**	79,611,314
EQUITY			
Share capital	13	**3,797,054**	3,797,054
Statutory reserve		**2,731,879**	2,731,879
Donated land reserve		**276,139**	276,139
General reserve		**2,350,000**	2,350,000
Exchange translation reserve		**(90,605)**	(91,541)
Investments fair value reserve		**(761,012)**	(243,166)
Hedging reserve		**10,656**	10,656
Retained earnings		**554,236**	748,428
Equity attributable to equity holders of the Parent		**8,868,347**	9,579,449
Non-controlling interest		**942,760**	947,008
Total equity		**9,811,107**	10,526,457
Total liabilities and equity		**100,399,593**	90,137,771
Contingent liabilities and commitments	14	**23,030,726**	24,266,184

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H. E. Mohammad A. Al-Shaibani
Chairman

....
Abdullah Ali Al Hamli
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated income statement (unaudited) for the period ended 31 March 2011

	Notes	3 months ended 31 March 2011 AED'000 (Unaudited)	2010 AED'000 (Unaudited)
INCOME			
Income from Islamic financing and investing assets	15	918,923	773,553
Income from investments in Islamic sukuk		105,908	95,489
Income from international murabahat and wakala, short term		15,788	8,355
Income from other investments		20,607	12,107
Commissions, fees and foreign exchange income	16	165,659	170,412
Income from investment properties		13,229	12,441
Income from sale of properties held for sale		2,638	3,348
Other income		41,998	27,205
Total income		1,284,750	1,102,910
EXPENSES			
Personnel expenses		(223,183)	(225,576)
General and administrative expenses		(133,417)	(105,075)
Depreciation of investment properties		(5,620)	(5,015)
Impairment loss on financial assets, net		(289,050)	(161,922)
Impairment loss on non-financial assets, net		(511)	(12,298)
Total expenses		(651,781)	(509,886)
Profit before depositors' share and tax		632,969	593,024
Depositors' share of profits		(387,105)	(366,936)
Operating profit for the period		245,864	226,088
Share of loss of associates		(10,620)	(24,388)
Profit for the period before tax		235,244	201,700
Income tax expense		(1,566)	(1,454)
Profit for the period		233,678	200,246
Attributable to:			
Equity holders of the parent		221,583	200,023
Non-controlling interest		12,095	223
Profit for the period		233,678	200,246
Basic and diluted earning per share attributable to the equity holders of the parent	17	AED 0.058	AED 0.053

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income (unaudited) for the period ended 31 March 2011

	3 months ended 31 March	
	2011	2010
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Profit for the period	**233,678**	200,246
Other comprehensive (loss)/income items		
Fair value gain on available for sale investments	**-**	75,982
Fair value loss on other investments carried at FVTOCI	**(75,873)**	-
Currency translation differences of foreign operations	**936**	(1,242)
Other comprehensive (loss)/ income for the period	**(74,937)**	74,740
Total comprehensive income for the period	**158,741**	274,986
Attributable to:		
Equity holders of the parent	**146,646**	274,763
Non-controlling interest	**12,095**	223
	158,741	274,986

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity (unaudited)
for the period ended 31 March 2011

	Share capital AED'000	Treasury shares AED'000	Total reserves AED'000	Investments fair value reserve AED'000	Hedging reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non-controlling interest AED'000	Total equity AED'000
Balance at 1 January 2010 (audited)	3,617,505	(70,901)	5,280,177	(723,713)	50,600	822,222	8,975,890	4,910	8,980,800
Profit for the period	-	-	-	-	-	200,023	200,023	223	200,246
Other comprehensive (loss)/income for the period	-	-	(1,242)	75,982	-	-	74,740	-	74,740
Total comprehensive income for the period	-	-	(1,242)	75,982	-	200,023	274,763	223	274,986
Issuance of bonus shares	179,549	-	-	-	-	(179,549)	-	-	-
Dividend payable	-	-	-	-	-	(538,648)	(538,648)	-	(538,648)
Share based payments vested	-	-	-	-	-	478	478	-	478
Non controlling interest	-	-	-	-	-	-	-	(4,310)	(4,310)
Balance at 31 March 2010 (unaudited)	3,797,054	(70,901)	5,278,935	(647,731)	50,600	304,526	8,712,483	823	8,713,306
Balance at 1 January 2011 (audited)	3,797,054	-	5,266,477	(243,166)	10,656	748,428	9,579,449	947,008	10,526,457
Effect of the change in accounting policy for classification and measurement of financial assets - IFRS 9 (note 2)	-	-	-	(441,973)	-	(36,070)	(478,043)	-	(478,043)
Balance at 1 January 2011 (restated)	3,797,054	-	5,266,477	(685,139)	10,656	712,358	9,101,406	947,008	10,048,414
Profit for the period	-	-	-	-	-	221,583	221,583	12,095	233,678
Other comprehensive income/(loss) for the period	-	-	936	(75,873)	-	-	(74,937)	-	(74,937)
Total comprehensive income for the period	-	-	936	(75,873)	-	221,583	146,646	12,095	158,741
Dividend payable	-	-	-	-	-	(379,705)	(379,705)	-	(379,705)
Non-controlling interest	-	-	-	-	-	-	-	(16,343)	(16,343)
Balance at 31 March 2011 (unaudited)	**3,797,054**	-	**5,267,413**	**(761,012)**	**10,656**	**554,236**	**8,868,347**	**942,760**	**9,811,107**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows (unaudited) for the period ended 31 March 2011

	3 months ended 31 March	
	2011	2010
	AED'000	AED'000
	(Unaudited)	(Audited)
Operating activities		
Profit for the period before tax	**235,244**	201,700
Adjustments for:		
Revaluation of investments at fair value through profit or loss	**-**	4,036
Dividend income	**(16,475)**	(15,786)
Share based payments	**-**	478
Impairment loss on financial assets, net	**289,050**	161,922
Impairment loss on non financial assets, net	**511**	12,298
Share of loss of associates	**10,620**	24,388
Depreciation of investment properties	**5,620**	5,015
Depreciation of property, plant and equipment	**32,415**	30,700
Gain on disposal of properties held for sale	**(2,638)**	(3,348)
Gain on disposal of the item of property, plant and equipment	**(177)**	-
Gain on disposal of investments in Islamic sukuk	**(648)**	-
Amortisation of sukuk financing instruments issued by a subsidiary	**4,083**	-
Gain on buy back of sukuk financing instrument	**-**	(4,768)
Operating cash flow before changes in operating assets and liabilities	**557,605**	416,635
Decrease/(increase) in Islamic financing and investing assets	**1,313,856**	(1,230,586)
Increase in receivables and other assets	**(273,543)**	(85,472)
Increase in deposits and international murabahat with over three months maturity	**(5,890,455)**	-
Increase in customers' deposits	**9,487,494**	476,048
Increase/(decrease) in due to banks and other financial institutions	**1,103,646**	(127,616)
Increase in payables and other liabilities	**151,863**	77,677
Decrease in accrued zakat	**(146,336)**	-
Cash from/(used in) operations	**6,304,130**	(473,314)
Tax (paid)/refund	**(4,849)**	3,027
Net cash from /(used in) operating activities	**6,299,281**	(470,287)
Investing activities		
Net movement in investments in Islamic sukuk	**(2,452,713)**	225,403
Net movement in other investments	**5,403**	-
Proceeds from sale of properties under construction	**-**	6,965
Additions to properties under construction	**(7,247)**	(32,370)
Dividend received	**16,475**	15,786
Investments in associates	**1,080**	-
Purchase of investment property	**(27,365)**	-
Purchase of property, plant and equipment	**(9,160)**	(19,467)
Proceeds from disposal of properties held for sale	**6,148**	-
Proceeds from disposal of property, plant and equipment	**177**	3,511
Exchange differences arising on translation of foreign operations	**(32,739)**	15,377
Net cash (used in)/from investing activities	**(2,499,941)**	215,205
Financing activities		
Buy back of sukuk financing instrument	**-**	(27,444)
Non-controlling interest	**(16,343)**	(4,310)
Net cash used in financing activities	**(16,343)**	(31,754)
Increase/(decrease) in cash and cash equivalents	**3,782,997**	(286,836)
Cash and cash equivalents at the beginning of the period	**10,483,681**	14,079,992
Cash and cash equivalents at the end of the period (Note 19)	**14,266,678**	13,793,156

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements for the period ended 31 March 2011

1 General information

Dubai Islamic Bank (Public Joint Stock Company) (the "Bank") was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia'a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company.

In addition to its main office in Dubai, the Bank operates through its branches in the United Arab Emirates (U.A.E.). The accompanying condensed consolidated financial statements combine the activities of the Bank's head office, its branches and subsidiaries.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates (U.A.E.).

The Bank is registered as a P.J.S.C. in accordance with U.A.E. Federal Law No. (8) of 1984 (as amended).

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Revised IFRS affecting amounts reported in the current period

The following new and revised IFRSs have been applied in the current period and have affected the amounts reported in these condensed consolidated financial statements.

IFRS 9 *Financial instruments*	IFRS 9 prescribes the classification and measurement of financial assets and completes the first phase of the project to replace IAS 39 Financial instruments: Recognition and Measurement. The impact on the condensed consolidated financial statements is described below.

IFRS 9 Financial Instruments: Recognition and Measurement

The Bank has adopted IFRS 9 Financial Instruments (IFRS 9) in advance of its effective date. The Bank has chosen 1 January 2011 as its date of initial application (i.e. the date on which the Bank has assessed its existing financial assets). The Standard has been applied retrospectively and as permitted by IFRS 9, comparative amounts have not been restated.

IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortized cost or fair value.

The financing instruments (i.e. Islamic Sukuks) are measured at amortized cost only if;

(i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 Revised IFRS affecting amounts reported in the current period (continued)

IFRS 9 Financial Instruments: Recognition and Measurement (continued)

If either of the two criteria is not met the financial instrument is classified as at fair value through profit or loss (FVTPL). Additionally, even if the asset meets the amoritsed cost criteria the entity may choose at initial recognition to designate the financial asset as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. The Bank has elected not to designate any financing instruments (i.e. Islamic Sukuks) as FVTPL under the fair value option.

Only financial assets that are classified as measured at amortized cost are tested for impairment.

All Islamic derivatives are classified FVTPL, except if designated in an effective cash flow hedge or hedge of a foreign operation hedge accounting relationship. In accordance with IFRS 9, embedded derivatives within the scope of that Standard are not separately accounted for as financial assets.

Investments in equity instruments not held for trading are designated by the bank as at fair value through other comprehensive income (FVTOCI) as the equity investments are not held for trading. If the equity investment is designated as at FVTOCI, all gains and losses, except for dividend income are recognised in other comprehensive income and are not subsequently reclassified to income statement.

The management has reviewed and assessed all of the Bank's existing financial assets as at the date of initial application of IFRS 9. As a result:

- the Bank's investments in financing instruments meeting the required criteria are measured at amortized cost; and
- the Bank's equity investments not held for trading have been designated as at FVTOCI.

The change in accounting policy has been applied retrospectively, in accordance with the transitional provisions of IFRS 9, where no restatement of comparative figures was applied.

The impact of this change in accounting policy at the beginning of the current period (as at 1 January 2011) is as follows:

	Investments fair value reserve	Retained earnings
Investment in AFS Islamic Sukuks		
▪ Reversal of related revaluation reserve	(4,784)	-
▪ Impact of funded income at effective profit rate in previous period	-	252
Other Equity Investments		
▪ FVTPL Equity Investments – cumulative fair value impacts earlier accounted in consolidated income statement in earlier years	(14,658)	14,658
▪ Quoted AFS Investments – cumulative impairment losses accounted in consolidated income statement in earlier years	(422,531)	422,531
▪ Unquoted Equity investments – re-measured at FVTOCI	-	(473,511)
	(441,973)	(36,070)

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

Had IFRS 9, not been adopted during the current period, the consolidated income statement would have been impacted by a decrease in profit by AED 26 million resulting from fair value changes in FVTPL investments.

Additional disclosures required, reflecting the revised classification and measurement of financial assets of the Bank as a result of adopting IFRS 9, are shown in Notes 7 and 8 to the condensed consolidated financial statements.

The following new and revised IFRSs have also been adopted in these condensed consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 1 relating to Limited Exemption from comparative IFRS 7 Disclosure for First-time adoption.
- Amendments to IAS 32 Financial Instruments: Presentation, relating to Classification of Right Issues
- Amendment to IFRIC 14 relating to Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.3 New and revised IFRSs is in issue but not yet effective

The Bank has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
▪ Amendments to IFRS 7 *Financial Instruments: Disclosures*, relating to Disclosures on Transfers of Financial Assets.	1 July 2011

Management anticipates that these amendments will be adopted in the Bank's condensed consolidated financial statements for the initial period when they become effective. Management has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3 Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34. "*Interim Financial Reporting*" issued by the International Accounting Standards Board and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Bank's transactions are denominated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2010 except for adoption of the accounting policy related to classification and measurement of financial assets - IFRS 9 (Note 2).

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to investment securities and investment properties have been disclosed in the condensed consolidated financial statements.

3.2 Estimates

The preparation of these condensed consolidated 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 amount may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Bank's accounting policies, and the key sources of estimates uncertainty were the same as those were applied to the consolidated financial statements as at and for the year ended 31 December 2010.

3.3 Financial risk management

The Bank'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 2010.

3.4 Basis of consolidation

These condensed consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The condensed consolidated financial statements comprise the financial statements of the Bank and of the subsidiaries as disclosed in the annual audited financial statements for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

3.5 Investments in Islamic Sukuk

3.5.1 Investments in Islamic Sukuk - Per IFRS 9

Investments in Islamic Sukuk are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Investments in Islamic Sukuk meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective yield method less any impairment, with profit recognised on an effective yield basis in income from investments in Islamic Sukuk in the condensed consolidated income statement.

Subsequent to initial recognition, the Bank is required to reclassify investments in Islamic Sukuk from amortised cost to fair value through profit or loss, if the objective of the business model changes so that the amortised cost criteria is no longer met.

The Bank may irrevocably elect at initial recognition to classify investment in Islamic Sukuk that meets the amortised cost criteria above as at fair value through profit or loss, if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost. At the reporting date, the Bank has elected not to designate any investments in Islamic Sukuk as FVTPL under the fair value option.

3.5.2 Investments in Islamic Sukuk - Per IAS 39 - For comparatives only

Held to maturity

Investments in Islamic Sukuk which have fixed or determinable payments with fixed maturities which the Bank has the intention and ability to hold to maturity, are classified as held to maturity. Held to maturity investments in Islamic Sukuk are carried at amortised cost, using effective profit rate method less any impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition using an effective profit rate method.

If there is objective evidence that an impairment on held to maturity investments in Islamic Sukuk carried at amortised cost has been incurred, the amount of impairment loss recognised is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the investments original effective profit rate, with the resulting impairment loss, if any, in the condensed consolidated income statement.

3 Summary of significant accounting policies (continued)

3.5 Investments in Islamic Sukuk (continued)

3.5.2 Investments in Islamic Sukuk - Per IAS 39 - For comparatives only (continued)

Available for sale investments

Investments in Islamic Sukuk not classified as "held to maturity" are classified as "available for sale" and are stated at fair value.

Available for sale investments in Islamic Sukuk are initially recognised at fair value plus any directly attributable transaction cost and are subsequently measured at fair value.

After initial recognition, investments in Islamic Sukuk which are classified as "available for sale" are remeasured at fair value. Gains and losses arising from changes in fair value are recognised directly in condensed consolidated other comprehensive income and recorded in the cumulative changes in fair value with the exception of impairment losses, profit calculated using the effective yield method and foreign exchange gains and losses on monetary assets, which are recognised directly in the condensed consolidated income statement.

Where the investment in Islamic Sukuk is disposed of or is determined to be impaired, the cumulative gain or loss previously in condensed consolidated statement of changes in equity in the cumulative changes in fair value is reclassified to condensed consolidated income statement.

If available for sale investment is impaired, the difference between the acquisition cost (net if any principal repayment and amortisation) and the current fair value, less any previous impairment loss recognised in the condensed consolidated income statement.

3.6 Other investments

3.6.1 Other investments classification- Per IFRS 9

Investments carried at fair value through profit or loss

Investments in equity instruments are classified as financial assets measured at FVTPL, unless the Bank designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition.

Financial assets measured at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in the condensed consolidated income statement. The net gain or loss recognised is included in the net investment income in the condensed consolidated income statement.

Dividend income on investments in equity instruments at FVTPL is recognised in condensed consolidated income statement when the Bank's right to receive the dividends is established.

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

3 Summary of significant accounting policies (continued)

3.6 Other investments (continued)

3.6.1 Other investments classification- Per IFRS 9 (continued)

Investments carried at fair value through other comprehensive income

At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate other investments as at fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Other investments are held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair values. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the cumulative changes in fair value is not reclassified to the condensed consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in condensed consolidated income statement when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

3.6.2 Other investments classification - Per IAS 39 - For comparatives only

Investments carried at fair value through profit or loss

Other investments are classified at fair value through profit or loss ("FVTPL") where the financial assets is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short- term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss arising on re-measurement in the condensed consolidated income statement.

3 Summary of significant accounting policies (continued)

3.6 Other investments (continued)

3.6.2 Other investments classification - Per IAS 39 - For comparatives only (continued)

Available for sale investments

Investments not classified as "FVTPL" are classified as "available for sale" and are stated at fair value.

If available for sale investment is impaired, the difference between the acquisition cost and the current fair value, less any previous impairment loss recognised in the condensed consolidated income statement is removed from equity and recognised in the condensed consolidated income statement.

Once an impairment loss has been recognised on an available-for-sale financial asset, subsequent decline in the fair value of the instrument is recognised in the condensed consolidated income statement when there is further objective evidence of impairment as a result of further decreases in the estimated future cash flows of the financial asset. Where there is no further objective evidence of impairment, the decline in the fair value of the financial asset is recognised directly in equity.

Reclassification of other investments

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of other investments

The Bank derecognises an investment security only when the contractual rights to the cash flows from the investment expire, or when it transfers the investment and substantially all the risks and rewards of ownership of the investment to another entity. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognises a collateralized borrowing for the proceeds received.

3.7 Investment properties

Properties held for rental or capital appreciation purposes as well as those held for undetermined future use are classified as investment properties. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on investment in buildings is charged on a straight-line basis over 25 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the condensed consolidated income statement in the period of retirement or disposal.

Transfers are made to investment properties when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in used evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

4 Cash and balances with Central Banks

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Cash in hand	**1,348,760**	1,374,754
Balances with the Central Banks:		
- Current accounts	**4,277,697**	2,664,847
- Reserve requirements	**3,985,846**	3,905,838
- International murabahat with Central Bank – short term	**9,010,530**	3,301,786
	18,622,833	11,247,225

Cash and balances with Central Banks by geography is as follows:

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Within the U.A.E.	**18,491,367**	11,114,569
Outside the U.A.E.	**131,466**	132,656
	18,622,833	11,247,225

5 Due from banks and financial institutions

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Current accounts	**948,318**	336,541
Investment deposits	**159,989**	751,880
International murabahat - short term	**3,546,068**	1,268,110
	4,654,375	2,356,531

Due from banks and financial institution by geography is as follows:

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Within the U.A.E.	**2,670,581**	2,019,539
Outside the U.A.E.	**1,983,794**	336,992
	4,654,375	2,356,531

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

6 Islamic financing and investing assets, net

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Financing Assets:		
Commodities murabahat	**4,842,041**	5,495,201
International murabahat - long term	**1,651,444**	1,661,426
Vehicles murabahat	**6,429,546**	6,546,265
Real estate murabahat	**5,309,210**	5,187,596
Total Murabahat	**18,232,241**	18,890,488
Istisna'a	**6,934,915**	7,289,783
Home finance ijara	**12,173,300**	12,225,198
Other ijara	**9,511,491**	10,032,307
Salam	**1,871,744**	1,399,132
Islamic credit cards	**345,196**	431,953
	49,068,887	50,268,861
Less: Deferred income	**(3,591,536)**	(3,834,249)
Contractors and consultants' Istisna'a contract:	**(333,498)**	(524,002)
Provisions for impairment	**(3,012,077)**	(2,824,393)
	42,131,776	43,086,217
Investing Assets:		
Musharakat	**9,127,496**	9,717,533
Mudaraba	**3,742,890**	3,709,791
Wakalat	**799,489**	790,207
	13,669,875	14,217,531
Less: Provisions for impairment	**(230,906)**	(132,681)
	13,438,969	14,084,850
Islamic financing and investing assets, net	**55,570,745**	57,171,067

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

6 Islamic financing and investing assets, net (continued)

Provision for impairment

Movements in the provision for impairment are as follows:

	31 March 2011 (unaudited)			31 December 2010 (audited)		
	Financing AED'000	Investing AED'000	Total AED'000	Financing AED'000	Investing AED'000	Total AED'000
Balance at beginning of the period/year	2,824,393	132,681	2,957,074	1,845,257	103,045	1,948,302
Acquisition of controlling interest	-	-	-	364,073	-	364,073
Charge for the period/year	213,375	99,088	312,463	834,493	94,470	928,963
Release to the income statement	(25,709)	(427)	(26,136)	(217,206)	(58,321)	(275,527)
Write-offs during the period/year	(502)	-	(502)	(2,135)	(6,260)	(8,395)
Others	520	(436)	84	(89)	(253)	(342)
Balance at end of the period/year	3,012,077	230,906	3,242,983	2,824,393	132,681	2,957,074

7 Investments in Islamic sukuk

7.1 The analysis of the Bank's investment in Islamic Sukuk as of 31 March 2011 (classified in accordance with IFRS 9) is as follows:

	31 March 2011 (unaudited) AED'000
Investment in Islamic Sukuk measured at amortised cost	
Within U.A.E.	10,104,283
Other G.C.C. Countries	134,753
Rest of the World	410,269
Total	10,649,305

7.2 The analysis of the Bank's investment in Islamic Sukuk as of 31 December 2010 (classified in accordance with IAS 39) is as follows:

	31 December 2010 (audited) AED'000
Held to maturity – at amortised cost	
Within U.A.E.	6,567,730
Other G.C.C. Countries	136,705
Rest of the World	300,890
	7,005,325
Available for sale	
Within U.A.E.	1,195,151
Total	8,200,476

8 Other investments

8.1 The analysis of the other investments as of 31 March 2011 (classified in accordance with IFRS 9).

	31 March 2011 AED'000
Investments carried at fair value through profit or loss	**1,021**
Investments carried at fair value through other comprehensive income	**1,217,821**
	1,218,842

8.2 The analysis of the other investments as of 31 December 2010 (classified in accordance with IAS 39).

	31 December 2010 AED'000
Investments carried at fair value through profit or loss	108,406
Available for sale investments	1,664,540
	1,772,946

8.3 The analysis of the other investments as of 31 March 2011 (classified in accordance with IFRS 9) by geography is as follows:

	31 March 2011 (unaudited)			
	Within U.A.E. AED'000	**Other G.C.C. Countries AED'000**	**Rest of the World AED'000**	**Total AED'000**
Investments carried at fair value through profit or loss				
Equity instruments	**1,021**	**-**	**-**	**1,021**
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**410,977**	**179,147**	**40,205**	**630,329**
Unquoted equity instruments	**129,225**	**56,175**	**59,419**	**244,819**
Unquoted investment funds	**107,587**	**5,510**	**229,576**	**342,673**
	647,789	**240,832**	**329,200**	**1,217,821**
Total	**648,810**	**240,832**	**329,200**	**1,218,842**

8 Other investments (continued)

8.4 The analysis of the other investments as of 31December 2010 (classified in accordance with IAS 39) by geography is as follows (continued):

	31 December 2010 (audited)			
	Within U.A.E. AED'000	Other G.C.C. Countries AED'000	Rest of World AED'000	Total AED'000
Investments carried at fair value through profit or loss				
Equity instruments	1,013	78,185	29,208	108,406
Available for sale investments				
Quoted equity instruments	443,654	122,526	35,168	601,348
Unquoted equity instruments	223,148	124,430	191,624	539,202
Unquoted investment funds	157,855	9,182	356,953	523,990
	824,657	256,138	583,745	1,664,540
Total	825,670	334,323	612,953	1,772,946

9 Investment properties

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Land		
Within U.A.E.	**1,198,763**	1,171,398
Rest of the world	**51,733**	51,733
	1,250,496	1,223,131
Other real estate		
Within U.A.E.	**353,121**	353,121
Rest of the World	**555,178**	519,856
	908,299	872,977
Less: Accumulated depreciation	**(181,457)**	(173,197)
	726,842	699,780
	1,977,338	1,922,911

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

10 Customers' deposits

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Current accounts	**15,851,025**	15,087,566
Saving accounts	**10,735,864**	10,047,003
Investment deposits	**46,163,552**	38,124,012
Margin accounts	**183,736**	188,102
Profit equalisation provision	**387**	387
	72,934,564	63,447,070

Customers deposits by geography are as follows:

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Within the U.A.E.	**70,841,850**	61,122,089
Outside the U.A.E.	**2,092,714**	2,324,981
	72,934,564	63,447,070

11 Sukuk financing instruments

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Sukuk financing instruments issued by the Bank	**2,357,075**	2,357,075
Sukuks financing instruments issued by a subsidiary	**1,823,023**	1,818,940
	4,180,098	4,176,015

11.1 Sukuk financing instruments issued by the Bank

During 2007 the Bank, through a Sharia'a compliant Sukuk Financing arrangement, raised a US Dollar denominated medium term finance amounting to AED 2.75 billion (USD 750 million). The sukuk are listed on the NASDAQ Dubai and the London Stock Exchange.

The terms of the arrangement include transfer of certain identified assets ("the Co Owned Assets") including original leased and musharakat assets, Sharia'a compliant authorised investments and any replaced assets of the Bank to a Sukuk company, DIB Sukuk Company Limited – (the" Issuer"), especially formed for the sukuk transaction. The assets are in the control of the Bank and shall continue to be serviced by the Bank. The sukuk certificates mature in 2012.

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

11 Sukuk financing instruments (continued)

11.1 Sukuk financing instruments issued by the Bank (continued)

The Issuer will pay the quarterly distribution amount from returns received in respect of the Co Owned Assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to the sukuk holders on the quarterly distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the assets at the exercise price.

The sukuk bear a variable profit rate payable to the investors based on the rate of 3 months LIBOR plus 0.33% per annum. Such profits are payable on a quarterly basis.

During 2010, sukuk amounting to AED 58.0 million (USD 15.8 million) were bought back at a discount, including buy back through a cash tender offer to sukuk holders. The Bank has recognised AED 6.4 million as a related gain on sukuk buy back which was included under other income. These sukuk certificates will be cancelled upon maturity when the Bank will re-purchase the Co Owned Assets.

11.2 Sukuks financing instruments issued by a subsidiary

- During 2008, a subsidiary of the Bank issued Sharia'a compliant, non-convertible sukuk in the form of Trust Certificates for the total value of AED 1.1 billion (at a rate of 3 months EIBOR Plus 0.225% per annum) and convertible sukuk for a total value of USD 300 million (at a fixed profit rate of 4.31% per annum), which are listed on NASDAQ Dubai. The sukuk certificates mature in 2013.

- As at 31 March 2011, the sukuk held by third parties were AED 1.82 billion (31December 2010: AED 1.82 billion).

  In accordance with the terms of the subscription, each Trust Certificate may be redeemed at the option of the Certificate holder or the subsidiary as follows:

  a. At the option of the Certificate holder through "Voluntary Early Redemption" at any time one year after the issue date subject to satisfying certain conditions;
  b. At the option of the a subsidiary at any time 3 years after the issue date through "Optional Partial Redemption" subject to satisfying certain condition.

  In both of the options, the subsidiary will either issue shares at the relevant exchange price or cash will be paid.

  At the time of final maturity, any remaining Trust Certificates will be redeemed in full by a subsidiary in cash at face value plus any unpaid profit amount.

12 Medium term wakala finance

The Bank opted to re-categorise wakala deposits received in 2008 from U.A.E. Ministry of Finance amounting to AED 3.75 billion to Tier 2 qualifying finance ("Tier 2 finance"). The conversion process has been approved by the Shareholders in the Extraordinary General Meeting held in April 2009. The wakala capital provided by the U.A.E. Ministry of Finance (the "Muwakkil") to the Bank (the "Wakeel") will be used in investments for a tenor of seven years commencing from the date of reclassification and will mature in December 2016. Wakala profit will be paid every three months based on the expected profit rate range of 4.00% – 5.25% per annum.

In accordance with the terms of wakala agreement, Muwakkil's rights and claims on the Wakeel in respect of wakala are wholly subordinated to the rights and claims of all other non subordinated creditors.

13 Share capital

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Authorised capital:		
3,797,054,000 shares of AED 1 each (2010 : 3,797,054,000 shares of AED 1 each)	**3,797,054**	3,797,054
Issued and fully paid up:		
3,797,054,000 shares of AED 1 each (2010: 3,797,054,000 shares of AED 1 each)	**3,797,054**	3,797,054

14 Contingent liabilities and commitments

Financing-related financial instruments

Financing-related financial instruments include commitments to extend financing, standby letters of credit and guarantees which are designed to meet the requirements of the Bank's customers.

Commitments to extend financing represent contractual commitments to provide islamic financing. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The Bank has outstanding commitments and contingent liabilities under letters of credit and guarantees arising in the normal course of business, as follows:

	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Contingent liabilities:		
Letters of guarantee	**8,562,611**	8,774,047
Letters of credit	**2,375,352**	2,535,666
	10,937,963	11,309,713
Commitments:		
Capital expenditure commitments	**371,682**	388,932
Irrevocable undrawn facilities commitments	**11,721,081**	12,567,539
	12,092,763	12,956,471
Total contingent liabilities and commitments	**23,030,726**	24,266,184

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

15 Income from Islamic financing and investing assets

	31 March (unaudited)	
	2011	2010
	AED'000	AED'000
Financing assets:		
Commodities murabahat	**85,199**	104,497
International murabahat	**2,068**	1,813
Vehicles murabahat	**117,793**	121,001
Real estate murabahat	**60,043**	76,594
Total murabahat income	**265,103**	303,905
Istisna'a	**106,281**	110,048
Home finance ijara	**159,428**	30,146
Ijara	**107,981**	99,848
Salam	**48,863**	-
Income from financing assets	**687,656**	543,947
Investing assets:		
Musharakat	**154,189**	153,401
Mudarabat	**65,557**	63,658
Wakalat	**8,634**	9,447
Other	**2,887**	3,100
Income from investing assets	**231,267**	229,606
Total income from Islamic financing and investing assets	**918,923**	773,553

16 Commissions, fees and foreign exchange income

	31 March (unaudited)	
	2011	2010
	AED'000	AED'000
Trade related commission and fees	**46,901**	46,791
Other commission and fees	**94,145**	93,915
Gains on unilateral promise to buy/sell currencies	**24,339**	29,723
Fair value effects of Islamic derivatives	**274**	(17)
	165,659	170,412

17 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of shares outstanding during the period as follows:

	31 March (unaudited)	
	2011	2010
Profit for the period attributable to the equity holders of the Bank (AED'000)	**221,495**	200,246
Weighted average number of shares in issue throughout the period (000)	**3,797,054**	3,797,054
Basic and diluted earnings per share (AED)	**AED 0.058**	AED 0.053

The figures for basic and diluted earnings per share are the same as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

18 Related party transactions

The Bank enters into arms length transactions with Shareholders, directors, key management personnel and their related concerns in the ordinary course of business at commercial profit and commission rates. All facilities to related parties are performing facilities and are free of any provision for possible impairment.

Balances and transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note.

The significant balances and transactions of related parties included in the condensed consolidated financial statements are as follows:

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

18 Related party transactions (continued)

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates AED'000	Total AED'000
As of 31 March 2011 (unaudited)				
Islamic financing and investing assets	**1,836,500**	**182,008**	**453,650**	**2,472,158**
Customers' deposits	**4,252,183**	**42,374**	**121,184**	**4,415,741**
Contingent liabilities	**-**	**8**	**700**	**708**
For the period ended 31 March 2011 (unaudited)				
Income from financing and investing assets	**13,501**	**2,496**	**7,381**	**23,378**
Depositors' share of profits	**32,967**	**191**	**1,054**	**34,212**
As of 31 December 2010 (audited)				
Islamic financing and investing assets	1,836,500	183,701	463,475	2,483,676
Customers' deposits	2,847,087	43,772	172,052	3,062,911
Contingent liabilities	-	303	700	1,003
For the period ended 31 March 2010 (unaudited)				
Income from financing and investing assets	13,433	3,060	7,180	23,673
Depositors' share of profits	35,453	184	1,031	36,668

The compensation paid to key management personnel of the Bank is as follows:

	31 March (unaudited)	
	2011	2010
	AED'000	AED'000
Salaries and other benefits	**4,016**	10,122
End of service benefits	**1,281**	1,688

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

19 Cash and cash equivalents

	31 March (unaudited)	
	2011	2010
	AED'000	AED'000
Cash and balances with Central Banks	**18,622,833**	10,767,585
Due from banks and financial institutions	**4,654,375**	3,114,406
	23,277,208	13,881,991
Less: Balances and deposits with banks and financial institutions with original maturity over 3 months	**(9,010,530)**	(88,835)
	14,266,678	13,793,156

20 Segmental information

Operating Segments are identified on the basis of internal reports about the components of the Bank that are regularly reviewed by the Bank's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Bank is organised into five major business segments as follows:

i) Retail and business banking:	Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahats, ijarah, credit card and funds transfer facilities and trade finance facilities.
ii) Corporate and investment banking:	Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers and investment banking services.
iii) Real estate:	Property development and other real estate investments.
iv) Treasury:	Principally responsible for managing bank's overall liquidity and market risk and provides treasury services to customers. Treasury also run its own Islamic debt and specialise financial instruments book to manage the above risks.
v) Others:	Functions other then above core lines of businesses.

Transactions between segments are conducted at estimated profit rates which approximate to market rates on an arm's length basis.

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

20 Segmental information (continued)

Primary segment information - business segments

The following table presents income and profit information regarding the Bank's business segments:

	Retail and business banking		Wholesale banking		Real estate		Treasury		Others		Total	
	31 March (unaudited)		31 March (unaudited)		31 March (unaudited)		31 March (unaudited)		31 March (unaudited)		31 March (unaudited)	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net operating revenue	487,631	374,323	386,618	230,607	(166,682)	(61,127)	99,517	87,622	90,561	104,549	897,645	735,974
Share of loss of associates	-	-	7,559	18,612	(18,179)	(43,000)	-	-	-	-	(10,620)	(24,388)
Operating expenses	(221,512)	(207,896)	(102,264)	(85,313)	(8,735)	(12,086)	(5,253)	(5,378)	(24,456)	(24,993)	(362,220)	(335,666)
Provision for impairment	(78,777)	(33,775)	(209,321)	(138,188)	-	-	-	-	(1,463)	(2,257)	(289,561)	(174,220)
Profit for the period before tax	187,342	132,652	82,592	25,718	(193,596)	(116,213)	94,264	82,244	64,642	77,299	235,244	201,700
Income tax	-	-	-	-	-	-	-	-	-	-	(1,566)	(1,454)
Profit for the period	187,342	132,652	82,592	25,718	(193,596)	(116,213)	94,264	82,244	64,642	77,299	233,678	200,246

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

20 Segmental information (continued)

Primary segment information - business segments (continued)

The following is an analysis of the Bank's assets and liabilities by the Bank's business segment:

	Retail and business banking		Wholesale Banking		Real estate		Treasury		Others		Total	
	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000
Segment assets	**23,887,469**	23,718,232	**35,645,650**	37,999,806	**4,787,990**	4,748,006	**12,011,358**	9,598,156	**24,067,126**	14,073,571	**100,399,593**	90,137,771
Segment liabilities and equity	**47,048,412**	46,862,730	**29,840,164**	21,079,548	**505,007**	547,096	**10,082,158**	8,925,308	**12,923,852**	12,723,089	**100,399,593**	90,137,771
Capital expenditure	**2,748**	27,991	**2,748**	27,991	-	-	**1,832**	18,661	**1,832**	18,660	**9,160**	93,303

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

20 Segmental information (continued)

Secondary segment information - geographical segments

Although the management of the Bank is based primarily on business segments, the Bank operates in two geographic markets: U.A.E. which is designated as domestic and outside the U.A.E. which is designated as international. The following table shows the distribution of the Bank's operating income by geographical segment for the period ended 31 March 2011 and 2010 (unaudited).

	31 March (unaudited)					
	Domestic		**International**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Gross income	**1,186,147**	996,412	**98,603**	106,498	**1,284,750**	1,102,910

The following table shows the analysis of the Bank's total assets, total liabilities and capital expenditures by geographical segment:

	Domestic		**International**		**Total**	
	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000
Total assets	**93,066,819**	84,110,228	**7,332,774**	6,027,543	**100,399,593**	90,137,771
Total liabilities and equity	**95,232,182**	84,757,343	**5,167,411**	5,380,428	**100,399,593**	90,137,771
Capital expenditure	**7,778**	78,869	**1,382**	14,434	**9,160**	93,303

Notes to the condensed consolidated financial statements for the period ended 31 March 2011 (continued)

21 Capital adequacy as per BASEL I and BASEL II guidelines

	Basel I		Basel II	
	31 March 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000	**31 March 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000
Tier 1 Capital				
Share capital	**3,797,054**	3,797,054	**3,797,054**	3,797,054
Statutory reserves	**2,731,879**	2,731,879	**2,731,879**	2,731,879
Donated land reserve	**-**	-	**276,139**	276,139
General reserves	**2,350,000**	2,350,000	**2,350,000**	2,350,000
Retained earnings	**443,437**	368,723	**443,437**	368,723
Non-controlling interest	**942,760**	947,008	**940,418**	942,434
	10,265,130	10,194,664	**10,538,927**	10,466,229
Less:				
Goodwill and intangibles	**(17,258)**	(17,258)	**(17,258)**	(17,258)
Cumulative deferred exchange losses	**-**	-	**(78,453)**	(79,279)
	10,247,872	10,177,406	**10,443,216**	10,369,692
Tier 2 Capital				
Hedging reserves	**4,795**	4,795	**4,795**	4,795
Investments revaluation reserve	**(761,012)**	(243,166)	**(761,012)**	(243,166)
Collective impairment	**761,082**	764,689	**761,082**	764,689
Medium term wakala finance	**3,752,543**	3,752,543	**3,752,543**	3,752,543
Deductions for associates	**(555,161)**	(551,053)	**(555,161)**	(551,053)
Others	**-**	-	**(46,035)**	(45,897)
	3,202,247	3,727,808	**3,156,212**	3,681,911
Total capital base	**13,450,119**	13,905,214	**13,599,428**	14,051,603
Risk weighted assets				
On balance sheet	**65,463,067**	66,066,432	**-**	-
Off balance sheet	**6,726,381**	6,764,718	**-**	-
Credit risk	**-**	-	**72,179,453**	73,395,388
Market risk	**-**	-	**1,986,235**	1,986,235
Operational risk	**-**	-	**3,772,256**	3,772,256
Total risk weighted assets	**72,189,448**	72,831,150	**77,937,944**	79,153,879
Capital Ratios				
Total regulatory capital expressed as a percentage of total risk weighted assets	**18.6%**	19.1%	**17.5%**	17.8%
Tier 1 capital to total risk weighted assets after deductions for associates	**13.8%**	13.6%	**13.0%**	12.7%

The capital adequacy ratio was above the minimum requirement of 12% stipulated by U.A.E. Central Bank as of 31 March 2011 (2010: 11%).

22 Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated income statement for the three months period ended 31 March 2011 and 2010.

23 Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 24 April 2011.