DUBAI ISLAMIC BANK P.J.S.C.

Review report and interim financial information for the period ended 30 September 2011

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	Pages
Report on review of interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of income (unaudited)	3
Condensed consolidated statement of comprehensive income (unaudited)	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows (unaudited)	6
Notes to the condensed consolidated financial statements	7 - 30

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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 at 30 September 2011 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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.

Deloitte & Touche (M.E.)

Saba Y. Sindaha
Registration Number 410
27 October 2011

Condensed consolidated statement of financial position as at 30 September 2011

	Notes	30 September 2011 AED'000 (unaudited)	31 December 2010 AED'000 (audited)
ASSETS			
Cash and balances with Central Banks	4	17,817,441	11,247,225
Due from banks and financial institutions	5	1,538,520	2,356,531
Islamic financing and investing assets, net	6	52,716,685	57,171,067
Investments in Islamic sukuk	7	10,772,621	8,200,476
Other investments	8	1,218,180	1,772,946
Investments in associates		3,431,296	3,430,274
Investment properties	9	1,202,827	1,922,911
Assets held for sale	10	784,855	-
Properties under construction		546,555	524,165
Properties held for sale		511,912	544,959
Receivables and other assets		2,313,242	2,296,873
Property, plant and equipment		597,465	653,086
Goodwill		17,258	17,258
Total assets		93,468,857	90,137,771
LIABILITIES			
Customers' deposits	11	68,624,411	63,447,070
Due to banks and financial institutions		2,980,840	4,409,427
Sukuk financing instruments	12	4,169,900	4,176,015
Medium term wakala finance		3,752,543	3,752,543
Payables and other liabilities		3,544,816	3,679,923
Accrued zakat		-	146,336
Total liabilities		83,072,510	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		(97,338)	(91,541)
Investments fair value reserve		(808,222)	(243,166)
Hedging reserve		1,710	10,656
Retained earnings		1,182,356	748,428
Equity attributable to equity holders of the Parent		9,433,578	9,579,449
Non-controlling interest		962,769	947,008
Total equity		10,396,347	10,526,457
Total liabilities and equity		93,468,857	90,137,771
Contingent liabilities and commitments	14	21,545,247	24,266,184

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.

DUBAI ISLAMIC BANK P.J.S.C.

Condensed consolidated statement of income (unaudited) for the period ended 30 September 2011

	Notes	3 months ended 30 September 2011 AED'000	3 months ended 30 September 2010 AED'000	9 months ended 30 September 2011 AED'000	9 months ended 30 September 2010 AED'000
INCOME					
Income from Islamic financing and investing assets	15	834,665	803,346	2,600,330	2,371,767
Income from investments in Islamic sukuk		131,611	94,320	372,644	283,967
Income from international murabahat and wakala, short term		28,808	8,422	66,434	25,480
Income from other investments		6,983	18,958	36,635	28,934
Commissions, fees and foreign exchange income	16	163,202	143,920	548,482	521,319
Income from investment properties		19,295	29,324	47,804	51,652
Profit on sale of properties		6,025	4,153	12,751	8,035
Other income		22,602	25,505	93,104	85,579
Total income		1,213,191	1,127,948	3,778,184	3,376,733
EXPENSES					
Personnel expenses		(233,239)	(204,293)	(676,460)	(603,078)
General and administrative expenses		(130,499)	(136,239)	(401,780)	(388,494)
Depreciation of investment properties		(3,630)	(3,446)	(16,119)	(12,000)
Impairment loss on financial assets, net		(203,327)	(123,831)	(689,313)	(432,625)
Impairment loss on non-financial assets, net		(13,500)	-	(28,950)	(11,311)
Total expenses		(584,195)	(467,809)	(1,812,622)	(1,447,508)
Profit before depositors' share and tax		628,996	660,139	1,965,562	1,929,225
Depositors' share of profits		(328,543)	(337,887)	(1,090,777)	(1,051,180)
Operating profit for the period		300,453	322,252	874,785	878,045
Share of profit/(loss) of associates		6,274	(51,858)	13,630	(102,350)
Profit for the period before tax		306,727	270,394	888,415	775,695
Income tax		(1,559)	(67)	(6,168)	(2,865)
Profit for the period		305,168	270,327	882,247	772,830
Attributable to:					
Equity holders of the parent		298,004	269,583	850,143	770,947
Non-controlling interest		7,164	744	32,104	1,883
Profit for the period		305,168	270,327	882,247	772,830
Basic and diluted earning per share attributable to the equity holders of the parent	17	0.08	0.07	0.22	0.20

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

Condensed consolidated statement of comprehensive income (unaudited) for the period ended 30 September 2011

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000
Profit for the period	**305,168**	270,327	**882,247**	772,830
Other comprehensive (loss) /income items				
Fair value losses on available for sale investments	-	113,615	-	73,255
Reclassification of realised loss on disposal of available for sale in investments to profit or loss	-	(15,209)	-	(21,910)
Reclassification of cash flow hedging reserve to profit or loss	-	-	**(8,946)**	(23,045)
Fair value loss on other investments carried at FVTOCI	**(51,755)**	-	**(123,098)**	-
Currency translation differences of foreign operations	**(369)**	(2,562)	**(5,797)**	(13,685)
Other comprehensive (loss) / income for the period	**(52,124)**	95,844	**(137,841)**	14,615
Total comprehensive income for the period	**253,044**	366,171	**744,406**	787,445
Attributable to:				
Equity holders of the parent	**228,103**	365,427	**712,302**	785,562
Non-controlling interest	**24,941**	744	**32,104**	1,883
	253,044	366,171	**744,406**	787,445

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

Condensed consolidated statement of changes in equity for the period ended 30 September 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	-	-	-	-	-	770,947	770,947	1,883	772,830
Other comprehensive income for the period	-	-	(13,685)	51,345	(23,045)	-	14,615	-	14,615
Total comprehensive income for the period	-	-	(13,685)	51,345	(23,045)	770,947	785,562	1,883	787,445
Issuance of bonus shares	179,549	-	-	-	-	(179,549)	-	-	-
Dividend paid	-	-	-	-	-	(538,648)	(538,648)	(4,310)	(542,958)
Share based payments vested	-	-	-	-	-	478	478	-	478
Balance at 30 September 2010 (unaudited)	3,797,054	(70,901)	5,266,492	(672,368)	27,555	875,450	9,223,282	2,483	9,225,765
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	-	-	-	-	-	850,143	850,143	32,104	882,247
Reclassification of realized gain on disposal of investments carried at FVTOCI	-	-	-	15	-	(15)	-	-	-
Other comprehensive loss for the period	-	-	(5,797)	(123,098)	(8,946)	-	(137,841)	-	(137,841)
Total comprehensive income for the period	-	-	(5,797)	(123,083)	(8,946)	850,128	712,302	32,104	744,406
Dividend paid	-	-	-	-	-	(379,705)	(379,705)	(2,952)	(382,657)
Zakat paid	-	-	-	-	-	(425)	(425)	(13,391)	(13,816)
Balance at 30 September 2011 (unaudited)	**3,797,054**	**-**	**5,260,680**	**(808,222)**	**1,710**	**1,182,356**	**9,433,578**	**962,769**	**10,396,347**

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

Condensed consolidated statement of cash flows (unaudited) for the period ended 30 September 2011

	9 months ended 30 September	
	2011	2010
	AED'000	AED'000
Operating activities		
Profit for the period before tax	**888,415**	775,695
Adjustments for:		
Revaluation of investments at fair value through profit or loss	**(552)**	15,598
Dividend income	**(28,710)**	(23,869)
Share based payments	**-**	478
Impairment loss on financial assets, net	**689,313**	432,625
Impairment loss on non financial assets, net	**28,950**	11,311
Share of (profit)/ loss of associates	**(13,630)**	102,350
Depreciation of investment properties	**16,119**	12,000
Depreciation of property, plant and equipment	**89,150**	90,849
Gain on disposal of property, plant and equipment	**(189)**	(14)
Gain on disposal of properties held for sale	**(12,751)**	(8,035)
Gain on disposal of investment properties	**-**	(18,001)
Gain on sale of other investments	**(712)**	(19,858)
Property, plant and equipment written offs	**-**	3,416
Amortisation of hedging reserve	**(8,946)**	(23,044)
Amortisation of sukuk financing instruments issued by a subsidiary	**12,250**	-
Gain on buy back of sukuk financing instrument	**-**	(7,137)
Operating cash flow before changes in operating assets and liabilities	**1,658,707**	1,344,364
Decrease/(increase) in Islamic financing and investing assets	**3,777,225**	(737,306)
Increase in receivables and other assets	**(16,883)**	(55,828)
Net movement in deposits and international murabahat with over 3 month maturity	**(7,406,646)**	88,836
Increase / (decrease) in customers' deposits	**5,177,341**	(2,537,512)
(Decrease)/increase in due to banks and other financial institutions	**(1,428,587)**	554,264
Decrease in payables and other liabilities	**(141,766)**	(505,100)
Decrease in accrued zakat	**(146,336)**	(140,536)
Cash generated from / (used in) operations	**1,473,055**	(1,988,818)
Tax paid	**(1,605)**	(2,616)
Net cash generated from / (used in) operating activities	**1,471,450**	(1,991,434)
Investing activities		
Net movement in investments in Islamic sukuk	**(2,594,901)**	1,129,129
Net movement in other investments	**(38,766)**	(36,297)
Additions to properties under construction	**(22,390)**	(114,625)
Dividend received	**28,710**	23,869
Net movement in investments in associates	**-**	(2,655)
Dividends from associates	**10,658**	8,791
Proceeds from disposal of investment properties	**-**	22,504
Purchase of investment properties	**(77,753)**	-
Purchase of property, plant and equipment	**(35,881)**	(60,342)
Proceeds from disposal of property, plant and equipment	**1,061**	2,120
Proceeds from disposal of properties held for sale	**27,868**	17,750
Purchase of properties held for sale	**(9,070)**	(54)
Exchange differences arising on translation of foreign operations	**(32,770)**	21,731
Net cash (used in)/generated from investing activities	**(2,743,234)**	1,011,921
Financing activities		
Repayment of Sukuk financing instruments	**-**	(50,823)
Cash dividend paid	**(382,657)**	(538,648)
Non-controlling interests	**-**	(4,310)
Net cash used in financing activities	**(382,657)**	(593,781)
Decrease in cash and cash equivalents	**(1,654,441)**	(1,573.294)
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)	**8,829,240**	12,506,698

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

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. The Bank was subsequently registered as a Public Joint Stock Company in accordance with U.A.E. Federal Law No. (8) of 1984 (as amended).

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.

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.

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 statement of income.

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 that are 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 AED'000	Retained earnings AED'000
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 statement of income in earlier years	(14,658)	14,658
▪ Quoted AFS Investments – cumulative impairment losses accounted in consolidated statement of income 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)

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

IFRS 9 Financial Instruments: Recognition and Measurement (continued)

Had IFRS 9, not been adopted during the current period, the consolidated statement of income would have been impacted by a decrease in net profit by AED 29.14 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.

2.2 New and revised IFRSs applied with no material effect on 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 periods 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 1 relating to Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'	1 July 2011
▪ Amendments to IFRS 7 Financial Instruments: Disclosures, relating to Disclosures on Transfers of Financial Assets	1 July 2011
▪ IFRS 10 Consolidated Financial Statements	1 January 2013
▪ IFRS 11 Joint Arrangements	1 January 2013
▪ IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
▪ IFRS 13 Fair Value Measurement	1 January 2013

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

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

New and revised IFRSs	**Effective for annual periods beginning on or after**
▪ Amendments to IAS 12 Income Taxes - Limited scope amendment (recovery of underlying assets	1 January 2012
▪ Amendments to IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	1 July 2012
▪ Amendments to IAS 19 Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
▪ IAS 27 Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements	1 January 2013
▪ IAS 28 Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures	1 January 2013

Management anticipates that these amendments will be adopted in the Bank's consolidated financial statements in 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 do not include all the information required in full consolidated financial statements and should be read in conjunction with the Bank's consolidated financial statements for the year ended 31 December 2010. In addition, results for the period from 1 January 2011 to 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

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 in accordance with 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 Summary of significant accounting policies (continued)

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 statement of income.

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 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

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 statement of income.

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 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 statement of income.

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 statement of income.

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 statement of income.

3 Summary of significant accounting policies (continued)

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 statement of income. The net gain or loss recognised is included in the net investment income in the condensed consolidated statement of income.

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

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 statement of income, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in condensed consolidated statement of income 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 Summary of significant accounting policies (continued)

3.6 Other 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 statement of income.

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 statement of income is removed from equity and recognised in the condensed consolidated statement of income.

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 statement of income 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 Summary of significant accounting policies (continued)

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 statement of income 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 use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

3.8 Assets held for sale

Assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable and the assets are available for immediate sale in its present condition. These are stated at the lower of carrying amount and fair value less costs to sell.

4 Cash and balances with Central Banks

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Cash in hand	**1,159,342**	1,374,754
Balances with the Central Banks:		
- Current accounts	**517,724**	2,664,847
- Reserve requirements	**4,608,116**	3,905,838
- International murabahat with Central Bank - short term	**11,532,259**	3,301,786
	17,817,441	11,247,225

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

Within the U.A.E.	**17,686,847**	11,114,569
Outside the U.A.E.	**130,594**	132,656
	17,817,441	11,247,225

5 Due from banks and financial institutions

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Current accounts	**368,313**	336,541
Investment deposits	**666,918**	751,880
International murabahat - short term	**503,289**	1,268,110
	1,538,520	2,356,531

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

Within the U.A.E.	**1,219,097**	2,019,539
Outside the U.A.E.	**319,423**	336,992
	1,538,520	2,356,531

6 Islamic financing and investing assets, net

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Financing Assets:		
Commodities murabahat	**4,374,254**	5,495,201
International murabahat - long term	**1,687,656**	1,661,426
Vehicles murabahat	**5,971,729**	6,546,265
Real estate murabahat	**4,937,292**	5,187,596
Total Murabahat	**16,970,931**	18,890,488
Istisna'a	**6,427,556**	7,289,783
Home finance ijara	**9,124,153**	12,225,198
Other ijara	**12,404,085**	10,032,307
Salam	**2,806,040**	1,399,132
Islamic credit cards	**448,269**	431,953
	48,181,034	50,268,861
Less: Deferred income	**(3,190,189)**	(3,834,249)
Contractors and consultants' Istisna'a contracts	**(285,319)**	(524,002)
Provisions for impairment	**(3,390,151)**	(2,824,393)
	41,315,375	43,086,217

6 Islamic financing and investing assets, net (continued)

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Investing Assets:		
Musharakat	6,308,228	9,717,533
Mudaraba	3,693,818	3,709,791
Wakalat	1,641,578	790,207
	11,643,624	14,217,531
Less: Provisions for impairment	(242,314)	(132,681)
	11,401,310	14,084,850
Islamic financing and investing assets, net	52,716,685	57,171,067

Provision for impairment

Movements in the provision for impairment are as follows:

	30 September 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	701,891	160,855	862,746	834,493	94,470	928,963
Release to the statement of income	(154,353)	(30,632)	(184,985)	(217,206)	(58,321)	(275,527)
Write-offs during the period/year	(1,766)	-	(1,766)	(2,135)	(6,260)	(8,395)
Others	19,986	(20,590)	(604)	(89)	(253)	(342)
Balance at end of the period/year	3,390,151	242,314	3,632,465	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 at 30 September 2011 (classified in accordance with IFRS 9) is as follows:

	30 September 2011 (unaudited) AED'000
Investment in Islamic Sukuk measured at amortised cost	
Within U.A.E.	10,251,641
Other G.C.C. Countries	130,851
Rest of the World	390,129
Total	10,772,621

7 Investments in Islamic sukuk (continued)

7.2 The analysis of the Bank's investment in Islamic Sukuk as at 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 at 30 September 2011 (classified in accordance with IFRS 9).

	30 September 2011 (unaudited) AED'000
Investments carried at fair value through profit or loss	**50,811**
Investments carried at fair value through other comprehensive income	**1,167,369**
	1,218,180

The analysis of the other investments as at 30 September 2011 (classified in accordance with IFRS 9) by geography is as follows:

	30 September 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				
Quoted equity instruments	**884**	**-**	**49,927**	**50,811**
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**361,242**	**161,145**	**38,488**	**560,875**
Unquoted equity instruments	**130,693**	**61,685**	**58,854**	**251,232**
Unquoted investment funds	**122,822**	**6,035**	**226,405**	**355,262**
	614,757	**228,865**	**323,747**	**1,167,369**
Total	**615,641**	**228,865**	**373,674**	**1,218,180**

8 Other investments (continued)

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

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

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

	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				
Quoted 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

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Land		
Within U.A.E.	432,051	1,171,398
Rest of the world	51,733	51,733
	483,784	1,223,131
Other real estate		
Within U.A.E.	369,864	353,121
Rest of the World	534,598	519,856
	904,462	872,977
Less: Accumulated depreciation	(185,419)	(173,197)
	719,043	699,780
	1,202,827	1,922,911

10 Assets held for sale

The Bank intends to dispose off certain investment properties with a carrying value of AED 784.86 million. These investment properties were reclassified during the period to assets held for sale. No impairment loss was recognised at the time of the reclassification as the carrying amount of these assets approximate to fair values less costs to sell.

11 Customers' deposits

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Current accounts	16,593,342	15,087,566
Saving accounts	13,281,176	10,047,003
Investment deposits	38,518,637	38,124,012
Margin accounts	174,918	188,102
Profit equalisation provision	56,338	387
	68,624,411	63,447,070

11 Customers' deposits (continued)

Customers deposits by geography are as follows:

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Within the U.A.E.	**66,360,162**	61,122,089
Outside the U.A.E.	**2,264,249**	2,324,981
	68,624,411	63,447,070

12 Sukuk financing instruments

	30 September 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	**1,812,825**	1,818,940
	4,169,900	4,176,015

13 Share capital

	30 September 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:

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Contingent liabilities:		
Letters of guarantee	**7,963,527**	8,774,047
Letters of credit	**2,022,997**	2,535,666
	9,986,524	11,309,713
Commitments:		
Capital expenditure commitments	**367,295**	388,932
Irrevocable undrawn facilities commitments	**11,191,428**	12,567,539
	11,558,723	12,956,471
Total contingent liabilities and commitments	**21,545,247**	24,266,184

15 Income from Islamic financing and investing assets (unaudited)

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000
Financing assets:				
Commodities murabahat	**72,950**	105,450	**237,587**	319,196
International murabahat	**1,825**	2,673	**5,914**	7,759
Vehicles murabahat	**107,486**	121,837	**339,943**	366,835
Real estate murabahat	**52,485**	60,552	**169,710**	197,024
Total murabahat income	**234,746**	290,512	**753,154**	890,814
Istisna'a	**99,337**	115,567	**317,995**	349,149
Home finance ijara	**184,334**	46,547	**501,702**	126,857
Ijara	**105,201**	123,524	**314,695**	359,578
Salam	**72,429**	16,232	**181,907**	17,703
Income from financing assets	**696,047**	592,382	**2,069,453**	1,744,101
Investing assets:				
Musharakat	**73,347**	128,666	**339,998**	396,673
Mudarabat	**51,756**	73,105	**155,701**	203,186
Wakalat	**13,515**	9,193	**35,178**	27,807
Income from investing assets	**138,618**	210,964	**530,877**	627,666
Total income from Islamic financing and investing assets	**834,665**	803,346	**2,600,330**	2,371,767

16 Commissions, fees and foreign exchange income (unaudited)

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000
Trade related commission and fees	**38,809**	40,630	**147,623**	136,788
Other commission and fees	**91,794**	95,421	**310,833**	281,593
Gains on unilateral promise to buy/sell currencies	**23,952**	7,184	**71,558**	77,711
Fair value changes of Islamic derivatives	**8,647**	685	**9,504**	2,183
Amortisation of cash flow hedging reserve	-	-	**8,964**	23,044
	163,202	143,920	**548,482**	521,319

17 Basic and diluted earnings per share (unaudited)

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:

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	**2011**	2010
Profit for the period attributable to the equity holders of the Bank (AED'000)	**298,004**	269,583	**850,143**	770,947
Weighted average number of shares in issue throughout the period (000)	**3,797,054**	3,772,112	**3,797,054**	3,772,112
Basic and diluted earnings per share (AED)	**0.08**	0.07	**0.22**	0.20

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:

	Major shareholders AED'000	**Directors and key management personnel AED'000**	**Associates AED'000**	**Total AED'000**
As at 30 September 2011 (unaudited)				
Islamic financing and investing assets	**612,167**	**35,901**	**399,000**	**1,047,068**
Customers' deposits	**4,903,656**	**24,128**	**58,709**	**4,986,493**
Contingent liabilities	**-**	**5**	**700**	**705**
For the period ended 30 September 2011 (unaudited)				
Income from financing and investing assets	**30,263**	**1,729**	**19,140**	**51,132**
Depositors' share of profits	**64,825**	**147**	**1,418**	**66,390**

18 Related party transactions (continued)

	Major Shareholders AED'000	Directors and key management personnel AED'000	Associates AED'000	Total AED'000
As at 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 30 September 2010 (unaudited)				
Income from financing and investing assets	42,593	7,823	9,705	60,121
Depositors' share of profits	36,331	970	-	37,301

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

	9 months ended 30 September (unaudited)	
	2011 AED'000	2010 AED'000
Salaries and other benefits	**15,882**	23,092
End of service benefits	**1,785**	1,900

19 Cash and cash equivalents

	30 September (unaudited)	
	2011 AED'000	2010 AED'000
Cash and balances with Central Banks	**17,817,441**	7,680,623
Due from banks and financial institutions	**1,538,520**	4,826,075
	19,355,961	12,506,698
Less: Balances and deposits with banks and financial institutions with original maturity over 3 months	**(10,526,721)**	-
	8,829,240	12,506,698

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 than 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 30 September 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	
	30 September (unaudited)		30 September (unaudited)		30 September (unaudited)		30 September (unaudited)		30 September (unaudited)		30 September (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	**1,459,013**	1,183,266	**940,096**	777,323	**(214,374)**	(245,078)	**339,805**	288,083	**162,867**	321,959	**2,687,407**	2,325,553
Share of profit/(loss) of associates	**-**	-	**22,802**	(31,585)	**(9,172)**	(70,765)	**-**	-	**-**	-	**13,630**	(102,350)
Operating expenses	**(790,890)**	(619,670)	**(183,310)**	(270,609)	**(26,328)**	(25,349)	**(15,832)**	(16,560)	**(77,999)**	(71,384)	**(1,094,359)**	(1,003,572)
Provision for impairment	**(223,851)**	(111,077)	**(487,846)**	(325,468)	**-**	-	**-**	-	**(6,566)**	(7,391)	**(718,263)**	(443,936)
Profit for the period before tax	**444,272**	452,519	**291,742**	149,661	**(249,874)**	(341,192)	**323,973**	271,523	**78,302**	243,184	**888,415**	775,695
Income tax											**(6,168)**	(2,865)
Profit for the period											**882,247**	772,830

Notes to the condensed consolidated financial statements for the period ended 30 September 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	
	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000
Segment assets	**23,825,911**	23,718,232	**33,020,634**	37,999,806	**4,792,948**	4,748,006	**12,008,704**	9,598,156	**19,820,660**	14,073,571	**93,468,857**	90,137,771
Segment liabilities and equity	**47,499,646**	46,862,730	**24,677,698**	21,079,548	**981,516**	547,096	**7,713,883**	8,925,308	**12,596,114**	12,723,089	**93,468,857**	90,137,771
Capital expenditure	**10,764**	27,991	**10,764**	27,991	-	-	**7,176**	18,661	**7,177**	18,660	**35,881**	93,303

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 30 September 2011 and 2010 (unaudited).

	30 September (unaudited)					
	Domestic		International		Total	
	2011	2010	**2011**	2010	**2011**	2010
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Gross income	**3,477,597**	3,120,561	**300,587**	153,822	**3,778,184**	3,274,383

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

	Domestic		International		Total	
	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000	**30 September 2011 (unaudited) AED'000**	31 December 2010 (audited) AED'000
Total assets	**87,633,578**	84,110,228	**5,835,279**	6,027,543	**93,468,857**	90,137,771
Total liabilities and equity	**88,313,782**	84,757,343	**5,155,075**	5,380,428	**93,468,857**	90,137,771
Capital expenditure	**27,395**	78,869	**8,486**	14,434	**35,881**	93,303

Notes to the condensed consolidated financial statements for the period ended 30 September 2011 (continued)

21 Capital adequacy as per BASEL II guidelines

	30 September 2011 (unaudited) AED'000	31 December 2010 (audited) AED'000
Tier 1 Capital		
Share capital	3,797,054	3,797,054
Statutory reserves	2,731,879	2,731,879
Donated land reserve	276,139	276,139
General reserves	2,350,000	2,350,000
Retained earnings	756,661	368,723
Non-controlling interest	958,543	942,434
	10,870,276	10,466,229
Less:		
Goodwill and intangibles	(17,258)	(17,258)
Cumulative deferred exchange losses	(80,222)	(79,279)
	10,772,796	10,369,692
Tier 2 Capital		
Hedging reserves	770	4,795
Investments fair value reserve	(808,237)	(243,166)
Collective impairment	797,127	764,689
Medium term wakala finance	3,752,543	3,752,543
Deductions for associates	(569,014)	(551,053)
Others	(46,433)	(45,897)
	3,126,756	3,681,911
Total capital base	13,899,552	14,051,603
Risk weighted assets		
Credit risk	72,272,128	73,395,388
Market risk	1,689,569	1,986,235
Operational risk	3,772,256	3,772,256
Total risk weighted assets	77,733,953	79,153,879
Capital Ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	17.9%	17.8%
Tier 1 capital to total risk weighted assets after deductions for associates and others	13.5%	12.7%

The capital adequacy ratio was above the minimum requirement of 12% stipulated by U.A.E. Central Bank as at 30 September 2011 (31 December 2010: 12%).

22 Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the nine months period ended 30 September 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 27 October 2011.