

In the Name of Allah
The most Gracious and Merciful



مصرف الإمارات الإسلامي

EMIRATES ISLAMIC BANK

(Public Joint Stock Company)

Head Office
13th Floor, Office Tower,
Dubai Festival City, Dubai
Tel.: +97 1 4 2287474
Fax: +97 1 4 2227321

P.O. Box: 6564, Dubai, United Arab Emirates
Website: www.emiratesislamicbank.ae

**Condensed Consolidated
Interim Financial Statements
(un-audited)
For the three month period ended
31 March 2011**

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

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P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders Emirates Islamic Bank PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates Islamic Bank PJSC ("the Bank") and its subsidiaries (collectively referred as "the Group") as at 31 March 2011 and the related condensed consolidated interim statements of comprehensive income (comprising of a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim income statement), condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in shareholders' equity for the three - month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 condensed consolidated interim financial information as at and for the three-month period ended 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

By: Vijendranath Malhotra
Registration No.:48B

21 APR 2011

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 31 March 2011

		Un-Audited	Audited
		31 March	31 December
		2011	2010
	Note	AED'000	AED'000
ASSETS			
Cash, and balances with U.A.E Central Bank		1,267,733	1,121,466
Due from banks	3	38,886	68,813
Due from Group Holding Company, net	4	11,043,389	12,372,274
Financing receivables	5	14,122,580	14,625,722
Investments	6	2,785,752	2,839,960
Investment properties	7	843,807	849,809
Investment properties under development	8	458,454	468,109
Prepayments and other assets		314,804	295,857
Fixed Assets		103,089	104,505
TOTAL ASSETS		30,978,494	32,746,515
LIABILITIES			
Customers' accounts	9	24,687,860	24,222,865
Due to banks		1,617,708	3,712,076
Other liabilities		683,946	790,822
Zakat payable		-	11,704
Investment wakala	10	1,081,872	1,081,872
TOTAL LIABILITIES		28,071,386	29,819,339
EQUITY			
Share capital	11	2,430,422	2,430,422
Statutory reserve		206,865	206,865
General reserve		112,644	112,644
Retained earnings		66,763	86,804
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		2,816,694	2,836,735
Non-controlling interest	12	90,414	90,441
TOTAL EQUITY		2,907,108	2,927,176
TOTAL LIABILITIES AND EQUITY		30,978,494	32,746,515
COMMITMENTS AND CONTINGENT LIABILITIES		4,182,382	4,208,558
ASSETS UNDER MANAGEMENT	13	1,285,550	1,285,550

These condensed consolidated interim financial statements were approved and authorised for issue on 21 April 2011 and signed on its behalf by:



Chairman



Chief Executive Officer

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements. The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UN-AUDITED)

For the three month period ended 31 March 2011

	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010
Note	AED'000	AED'000
INCOME		
Income from financing activities, net	191,800	241,755
(Loss)/Income from investment securities, net	(4,698)	29,097
Income from Group Holding Company, net	100,120	34,991
Property related income, net	3,953	5,251
Commission and fee income, net	48,226	50,197
Other operating income, net	13,657	20,857
TOTAL INCOME	353,058	382,148
EXPENSES		
General and administrative expenses	(99,147)	(97,681)
Depreciation of investment properties	(6,269)	(3,240)
TOTAL EXPENSES	(105,416)	(100,921)
NET OPERATING INCOME BEFORE ALLOWANCES FOR IMPAIRMENT	247,642	281,227
Allowances for impairment, net of recoveries	(108,507)	(75,421)
NET OPERATING INCOME AFTER ALLOWANCES FOR IMPAIRMENT	139,135	205,806
Investment, saving and wakala accounts' share of profit	(159,203)	(139,243)
GROUP (LOSS)/PROFIT FOR THE PERIOD	(20,068)	66,563
Attributable to:		
Equity holders of the Bank	(20,041)	66,629
Non-controlling interest	(27)	(66)
GROUP (LOSS)/PROFIT FOR THE PERIOD	(20,068)	66,563
(Loss)/Earnings per share (Dirham)	14 (0.01)	0.03

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements. The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the three month period ended 31 March 2011

	For the three month period ended 31 March 2011 AED'000	For the three month period ended 31 March 2010 AED'000
GROUP (LOSS)/PROFIT FOR THE PERIOD	(20,068)	66,563
Other comprehensive income:		
Cumulative changes in fair value reserve	-	(3,290)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(20,068)	63,273
Attributable to:		
Equity holders of the Bank	(20,041)	63,339
Non-controlling interest	(27)	(66)
TOTAL RECOGNISED (LOSS)/INCOME FOR THE PERIOD	(20,068)	63,273

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.
The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the three month period ended 31 March 2011

ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Cumulative changes in fair value AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interest AED'000	TOTAL EQUITY AED'000
As at 1 January 2011	2,430,422	206,865	112,644	-	86,804	2,836,735	90,441	2,927,176
Net loss for the period	-	-	-	-	(20,041)	(20,041)	(27)	(20,068)
As at 31 March 2011	2,430,422	206,865	112,644	-	66,763	2,816,694	90,414	2,907,108
As at 1 January 2010	2,314,688	200,738	106,517	(6,679)	165,234	2,780,498	92,363	2,872,861
Net profit for the Period	-	-	-	-	66,629	66,629	(66)	66,563
Other comprehensive loss for the period	-	-	-	(3,290)	-	(3,290)	-	(3,290)
Issue of bonus shares	115,734	-	-	-	(115,734)	-	-	-
As at 31 March 2010	2,430,422	200,738	106,517	(9,969)	116,129	2,843,837	92,297	2,936,134

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.
The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the three month period ended 31 March 2011

	For the three month period ended 31 March 2011 AED'000	For the three month period ended 31 March 2010 AED'000
OPERATING ACTIVITIES		
Group (loss)/profit for the period	(20,068)	66,563
<i>Adjustments:</i>		
Allowances for impairment on financing receivables, net	82,759	41,149
Allowances for impairment on investments, net	15,248	14,272
Allowances for impairment on investment properties	-	20,000
Allowances for impairment on investment properties under development, net	10,500	-
Dividend income	(8,868)	-
Gain on sale of investments	-	(18,360)
Unrealised loss on fair value of investment securities through statement of income	24,615	3,799
Depreciation on investment properties	6,269	3,240
Depreciation on fixed assets	5,369	6,309
Operating profit before changes in operating assets and liabilities	115,824	136,972
Changes in reserve with U.A.E Central Bank	35,484	(33,842)
Changes in due from Group Holding Company	585,401	(1,552,526)
Changes in financing receivables	420,383	282,109
Changes in prepayments and other assets	(18,947)	42,870
Changes in customers' accounts	464,995	(175,505)
Changes in due to banks' investment wakala accounts	(2,096,300)	(62,917)
Changes in other liabilities	(106,876)	(40,935)
Zakat paid	(11,704)	(13,121)
Net cash used in operating activities	(611,740)	(1,416,895)
INVESTING ACTIVITIES		
Redemptions of investment securities' net of purchases	14,345	118,309
Proceeds from sale of investment securities	-	241,500
Changes in investment properties	(267)	(249,088)
Dividend received	8,868	-
Changes in investment properties under development	(845)	250,453
Changes in fixed assets, net	(3,953)	(6,974)
Net cash generated from investing activities	18,148	354,200
Net change in cash and cash equivalents	(593,592)	(1,062,695)
Cash and cash equivalents at the beginning of the period	7,381,885	5,929,364
Cash and cash equivalents at the end of the period	6,788,293	4,866,669

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements. The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) For the three month period ended 31 March 2011

1 LEGAL STATUS AND ACTIVITIES

Emirates Islamic Bank formerly Middle East Bank (the "Bank") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with limited liability in the Emirate of Dubai on 3rd of October 1975. The Bank was re-registered as a Public Joint Stock Company in July 1995 and is regulated by Central Bank of United Arab Emirates.

At an extraordinary general meeting held on 10th of March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with the Islamic Sharia. The entire process was completed on 9th of October 2004 (the "Transformation Date") when the Bank obtained UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD PJSC, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai, the company in which the Government of Dubai is the major shareholders. The Bank is listed at Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 30 branches in the UAE. The Financial Statements combine the activities of the Bank's head office and its branches and the following two subsidiaries (together referred as "the Group").

	Date of incorporation & country	Principal activity	Ownership %
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%
Ithmar Real Estate Development Co. PSC	9 June 2008, UAE	Real estate holding and trust companies	40%

The Bank exercises the controls on the management of Ithmar Real Estate Development Co. PSC through holding the majority of votes of its Board of Directors.

The Bank provides full commercial and banking services and offers a variety of products through Islamic financing and investing instruments in accordance with Islamic Sharia.

As of 31 March 2011 the Bank employed 1,062 employees (31 December 2010: 1,097 employees).

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS") IAS 34, 'Interim Financial Reporting'. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

The Condensed consolidated interim financial statements have been presented in UAE Dirham (the official currency of the group) rounded to the nearest thousand.

b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the investment in financial assets which are measured at fair value.

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

2 BASIS OF PREPARATION (continued)

c) Significant accounting policies

Except for the requirement of IAS 24 (Revised) "Related Party Disclosures", the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its most recent audited annual consolidated financial statements for the year ended 31 December 2010.

The Group has adopted IAS 24 (Revised) "Related Party Disclosures". Management is currently in the process of assessing the impact of the above standard on its financial statements. The change will be applied retrospectively in accordance with the transitional provisions of the standard. As per the initial assessment, the change does not have any impact on the Group's condensed consolidated interim statement of financial position, its statement of income and earnings per share.

d) Judgments and Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reporting amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

e) Financial Risk Management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2010.

3 DUE FROM BANKS

	Un-Audited	Audited
	31 March	31 December
	2011	2010
	AED'000	AED'000
Due from local banks	22	46
Due from foreign banks	38,864	68,767
	<u>38,886</u>	<u>68,813</u>

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

4 DUE FROM GROUP HOLDING COMPANY, NET

	Un-Audited	Audited
	31 March	31 December
	2011	2010
	AED'000	AED'000
Murabaha, short term	11,246,780	15,447,417
Wakala	(61,131)	(3,370,420)
Deposit exchange (profit free), net	(250,000)	30,820
Other balances	107,740	264,457
	<u>11,043,389</u>	<u>12,372,274</u>

5 FINANCING RECEIVABLES

Commodities Murabaha	1,722,233	1,832,801
Vehicles Murabaha	2,449,614	2,443,028
Syndication Murabaha	213,335	215,884
Real Estates Murabaha	349,100	360,664
Total Murabaha	<u>4,734,282</u>	<u>4,852,377</u>
Istisna'a	1,503,040	1,570,624
Ijarah	5,866,184	5,829,779
Credit card receivables	521,896	531,474
Secured Overdrafts	570,413	608,540
Financing Wakala	2,383,076	2,631,590
	<u>15,578,891</u>	<u>16,024,384</u>
Less: Deferred income	(551,219)	(576,329)
Less: Allowances for impairment	(905,092)	(822,333)
	<u>14,122,580</u>	<u>14,625,722</u>

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

5 FINANCING RECEIVABLES (continued)

	Un-Audited	Audited
	31 March	31 December
	2011	2010
	AED'000	AED'000
Analysis by Economic Activity		
Agriculture and related activities	504	629
Mining and quarrying	-	46
Manufacturing	306,500	319,907
Construction	701,688	773,486
Trade	729,294	674,356
Transportation and communication	174,035	195,299
Services	1,004,370	1,010,152
Personal	4,286,578	4,339,120
Real estates	6,389,243	6,723,216
Financial institutions	1,922,247	1,893,208
Others	64,432	94,965
	<u>15,578,891</u>	<u>16,024,384</u>
Less: Deferred income	(551,219)	(576,329)
Less: Allowances for impairment	(905,092)	(822,333)
	<u><u>14,122,580</u></u>	<u><u>14,625,722</u></u>
Movements in allowances for specific impairment:		
Balance at the beginning of the period/year	580,485	345,026
Allowances for impairment made during the period/year	82,389	264,560
Recoveries/write backs during the period/year	(630)	(29,101)
Balance at the end of the period/year	<u>662,244</u>	<u>580,485</u>
Movements in allowances for collective impairment:		
Balance at the beginning of the period/year	241,848	194,048
Allowances for impairment made during the period/year	1,000	47,800
Balance at the end of the period/year	<u>242,848</u>	<u>241,848</u>
	<u>905,092</u>	<u>822,333</u>

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

6 INVESTMENTS

	Un-Audited	Audited
	31 March 2011	31 December 2010
	AED'000	AED'000
Fair value through profit and loss		
Equity shares	135,008	143,381
Funds	476,591	492,834
	<u>611,599</u>	<u>636,215</u>
Available-for-sale		
Equity shares	657,086	657,086
Funds	895,745	895,745
	<u>1,552,831</u>	<u>1,552,831</u>
Held-to-maturity		
Sukuks	762,366	776,710
	<u>762,366</u>	<u>776,710</u>
	<u>2,926,796</u>	<u>2,965,756</u>
Less: Impairment on investments	(141,044)	(125,796)
	<u>2,785,752</u>	<u>2,839,960</u>
Investment securities comprise:		
Quoted	662,427	702,287
Unquoted	2,123,325	2,137,673
	<u>2,785,752</u>	<u>2,839,960</u>
Investments located at:		
Investments within UAE, net	1,100,181	1,118,008
Investments outside UAE, net	1,685,571	1,721,952
	<u>2,785,752</u>	<u>2,839,960</u>
Movements in allowances for impairment:		
Balance at the beginning of the period/year	125,796	17,871
Allowances for impairment made during the period/year	15,248	107,925
	<u>141,044</u>	<u>125,796</u>

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

7 INVESTMENT PROPERTIES

	Un-Audited	Audited
	31 March	31 December
	2011	2010
	AED'000	AED'000
Balance at the beginning of the period/year	920,377	494,419
Addition during the period/year	267	-
Transfer from investment properties under development (note 8)	-	435,889
Properties sold	-	(9,931)
	<u>920,644</u>	<u>920,377</u>
Less: Accumulated depreciation	(48,798)	(42,529)
Less: Allowances for impairment	(28,039)	(28,039)
	<u>843,807</u>	<u>849,809</u>
Investment properties comprise:		
Lands, net	133,906	133,906
Buildings, net	709,901	715,903
Balance at the end of the period/year	<u>843,807</u>	<u>849,809</u>
Movements in allowances for impairment:		
Balance at the beginning of the period/year	28,039	10,283
Allowances for impairment made during the period/year	-	17,756
Balance at the end of the period/year	<u>28,039</u>	<u>28,039</u>

The management assessed that the fair value of the investment properties are not materially changed as compared with the fair value as of 31 December 2010.

All investment properties are located within the United Arab Emirates.

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) For the three month period ended 31 March 2011

8 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Un-Audited	Audited
	31 March 2011	31 December 2010
	AED'000	AED'000
Balance at the beginning of the period/year	589,695	1,004,491
Addition during the period/year	845	21,693
Transfer to investment properties (note 7)	-	(435,889)
Transfer to other assets/fixed assets	-	(600)
	<u>590,540</u>	<u>589,695</u>
Less: Allowance for impairment	(132,086)	(121,586)
	<u><u>458,454</u></u>	<u><u>468,109</u></u>

The management has reassessed the carrying value of investment properties under development and increase the allowances for impairment by AED 10,500,000.

All investment properties under development are located within the United Arab Emirates.

9 CUSTOMERS' ACCOUNTS

Customers' accounts concentrated as follows:

Resident customer accounts	24,164,961	23,136,315
Non-Resident customer accounts	522,899	1,086,550
	<u>24,687,860</u>	<u>24,222,865</u>

10 INVESTMENT WAKALA

The Bank has received funds, on Wakala basis, aggregating to AED 1,081,872,000 in December 2008 from the Ministry of Finance, Government of UAE, payable after five years (extendable up to seven years), subject to certain conditions as per the Wakala agreement.

11 SHARE CAPITAL

The Bank has authorised share capital of AED 3,000,000,000 and paid up capital of AED 2,430,422,000.

12 NON-CONTROLLING INTEREST

Non-controlling interest of AED 90,414,000 as at 31 March 2011 (31 December 2010: AED 90,441,000) represents the 60% of shares of Ithmar Real Estate Development Co. not owned by the Bank (note 1).

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

13 ASSETS UNDER MANAGEMENT

During June 2007, the Bank has facilitated issuance of "Investment Sukuk" aggregating to AED 1,285,550,000 (US\$ 350,000,000) through the sale of "Ijarah Assets" at carrying value to Emirates Islamic Bank Sukuk Company Limited ("the Issuer"). These Sukuk are issued by the Issuer who is also acting as the trustee for the Sukuk holders.

The issuer, by the virtue of the Management Agreement, has assigned the management of the Sukuk assets of the issuer to the Bank. The Bank is managing these assets for management fees in accordance with the provisions of this agreement.

On maturity of the Sukuk, the Sukuk holder has the option to redeem the Sukuk at face value. This option is guaranteed by the Group Holding Company of the Bank. Therefore the separate financial statements of the Bank and its subsidiaries have shown these assets as Off Balance Sheet as required by the Bank's Fatwa and Sharia Supervisory Board.

14 (LOSS)/EARNINGS PER SHARE

The calculation of earnings per share is based on loss of AED (20,041,000), for the period ended 31 March 2011 (31 March 2010: profit of AED 66,629,000) divided by the weighted average of the number of the shares outstanding during the period 2,430,422,000 (31 March 2010: 2,430,422,000 shares).

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

15 RELATED PARTY TRANSACTIONS

The Bank has transactions carried out in the normal course of business with the Emirates NBD Group and with certain staff, shareholders, directors and entities in which the Bank, its shareholders and directors have significant interests.

Related party transactions are as follows:

	31 March 2011	31 March 2010
	AED'000	AED'000
Consolidated statement of income		
Loss from funds managed by Group Holding Company, net of dividend	(10,672)	(2,842)
Income from Group Holding Company, net	100,120	34,991
Key management personnel compensations	6,068	3,283
Key management personnel compensations - retirements benefits	94	110
	Un-Audited	Audited
	31 March	31 December
	2011	2010
	AED'000	AED'000
Consolidated statement of financial position		
Due from Group Holding Company, net	11,043,389	12,372,274
Investment in funds managed by the Group	476,591	492,834
Financing receivables - Directors & affiliates	44,500	48,844
Financing receivables - Key management personnel & affiliates	20,314	14,404
Current and Investment accounts - Directors	11,233	15,546
Current and Investment accounts - Key management personal	17,761	14,512
Assets under management		
EIB Sukuk Company	1,285,550	1,285,550

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

16 OPERATING SEGMENT

The Bank's activities comprise the following main business segments:

Corporate and Investment

Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits. This segment invests in investment securities, Sukuk, Funds and Real Estate.

Retail

Retail segment provides a wide range of products and services to individuals and accepts their deposits.

Treasury

This segment mainly includes Murabaha deals with Emirates NBD PJSC.

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

16 OPERATING SEGMENT (Continued)

	<u>Corporate & Investment</u>		<u>Retail</u>		<u>Treasury</u>		<u>Total</u>	
	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010	For the three month period ended 31 March 2011	For the three month period ended 31 March 2010
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Consolidated statement of income								
Segment income	142,089	190,109	62,786	67,629	100,121	34,991	304,996	292,729
Inter segment wakala income	(20,179)	(88,804)	80,369	81,020	(60,190)	7,784	-	-
Commission, Fees & Other Income	17,643	50,387	28,460	39,032	1,959	-	48,062	89,419
Total income	139,553	151,692	171,615	187,681	41,890	42,775	353,058	382,148
General and administrative expenses	(31,889)	(32,836)	(64,458)	(64,845)	(2,800)	-	(99,147)	(97,681)
Depreciation of investment properties	(6,269)	(3,240)	-	-	-	-	(6,269)	(3,240)
Total expenses	(38,158)	(36,076)	(64,458)	(64,845)	(2,800)	-	(105,416)	(100,921)
Net operating income	101,395	115,616	107,157	122,836	39,090	42,775	247,642	281,227
Allowances for impairment, net of recoveries	(84,238)	(46,574)	(24,269)	(28,847)	-	-	(108,507)	(75,421)
Investment, saving and wakala accounts' share of profit	17,157	69,042	82,888	93,989	39,090	42,775	139,135	205,806
	(80,143)	(48,804)	(79,060)	(90,439)	-	-	(159,203)	(139,243)
Shareholders' (loss)/profit (net income)	(62,986)	20,238	3,828	3,550	39,090	42,775	(20,068)	66,563

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

16 OPERATING SEGMENT (Continued)

	Corporate & Investment		Retail		Treasury		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Consolidated statement of financial position								
Assets								
Segment assets	13,339,709	13,881,925	4,870,887	4,901,677	11,376,753	12,553,814	29,587,349	31,337,416
Central Bank Reserve Requirements	389,302	403,495	583,952	605,243	-	-	973,254	1,008,738
Unallocated assets	-	-	-	-	-	-	417,891	400,361
Total Assets	13,729,011	14,285,420	5,454,839	5,506,920	11,376,753	12,553,814	30,978,494	32,746,515
Liabilities and Equity								
Segment liabilities	11,537,451	12,262,204	15,993,654	16,928,118	2,816,694	2,875,983	30,347,799	32,066,305
Unallocated liabilities	-	-	-	-	-	-	540,281	589,769
Non-controlling interest	90,414	90,441	-	-	-	-	90,414	90,441
Total Liabilities and Equity	11,627,865	12,352,645	15,993,654	16,928,118	2,816,694	2,875,983	30,978,494	32,746,515

Emirates Islamic Bank (PJSC)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three month period ended 31 March 2011

17 CAPITAL ADEQUACY RATIO

	Un-Audited	Audited
	31 March 2011	31 December 2010
	AED'000	AED'000
TIER I CAPITAL		
Share capital	2,430,422	2,430,422
Statutory reserve	206,865	206,865
General reserve	112,644	112,644
Retained earnings	66,763	86,804
Total tier I capital	<u>2,816,694</u>	<u>2,836,735</u>
TIER II CAPITAL		
Investment Wakala (Subordinated Term Loan)	1,081,872	1,081,872
Asset revaluation reserves	-	-
Total tier II capital	<u>1,081,872</u>	<u>1,081,872</u>
CAPITAL BASE	<u>3,898,566</u>	<u>3,918,607</u>
RISK WEIGHTED ASSETS		
Credit risk, on-balance sheet items	19,505,630	20,284,321
Credit risk, off-balance sheet items	1,534,002	1,490,648
	<u>21,039,632</u>	<u>21,774,969</u>
CAPITAL ADEQUACY RATIO (BASEL 1)	<u>18.53%</u>	<u>18.00%</u>

18 INTERIM MEASUREMENT

The nature of the Group's business is such that income earned or expenses incurred are in a manner which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements are prepared based upon an accrual concept, which requires income and expenses for the period to be recorded as earned or incurred in the same period not as received or paid throughout the period.

19 COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform to the current period presentation.