

MASHREQBANK PSC GROUP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND REVIEW REPORT
FOR THE PERIOD FROM JANUARY 1, 2007
TO JUNE 30, 2007**

Mashreqbank psc Group

Interim Condensed Consolidated Financial Information and Review Report For the period from January 1, 2007 to June 30, 2007

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Ref.: 7848CFS07-June

Report on Review of Interim Condensed Consolidated Financial Information

**To the Board of Directors
Mashreqbank psc
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of **Mashreqbank psc** (the “**Bank**”) and its **Subsidiaries** (collectively the “**Group**”) as of June 30, 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The management of the Bank is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting (“IAS 34”).’ Our responsibility is to express a conclusion on this interim condensed consolidated 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 condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No.34.

Deloitte & Touche



Anis F. Sadek (Reg. No. 521)

**Dubai
July 30, 2007**

Interim Condensed Consolidated Balance Sheet

As of June 30, 2007

(In Thousand Arab Emirates Dirhams)

	Note	June 30, 2007 (reviewed)	December 31, 2006 (audited)
ASSETS			
Cash and balances with central banks		11,572,758	2,405,688
Deposits and balances due from banks		8,086,016	8,556,912
Loans and advances, net	3	30,927,672	28,572,233
Islamic financing and investment products	4	1,446,497	829,014
Customer acceptances		1,189,407	1,157,635
Interest receivable and other assets		2,272,876	1,624,170
Investment in securities	5	14,413,294	12,935,449
Investment property		345,041	361,739
Property and equipment		343,624	302,275
Total assets		70,597,185	56,745,115
LIABILITIES			
Customers' deposits		44,383,420	33,908,235
Islamic customers' deposits		558,500	747,890
Deposits and balances due to banks		6,568,911	6,988,150
Insurance and life assurance funds		477,116	373,940
Medium-term floating rate notes	6	5,234,025	3,397,525
Long-term loans		19,337	23,541
Customer acceptances		1,189,407	1,157,635
Interest payable and other liabilities		3,133,061	2,199,236
Total liabilities		61,563,777	48,796,152
EQUITY			
Share capital	7	1,126,054	866,195
Statutory and legal reserves		471,988	469,453
General reserves		312,000	312,000
Cumulative translation adjustment		(5,090)	(11,449)
Investment revaluation reserve		258,870	184,220
Retained earnings		6,250,655	5,557,149
Equity attributable to equity holders of the parent		8,414,477	7,377,568
Minority interest		618,931	571,395
Total equity		9,033,408	7,948,963
Total liabilities and equity		70,597,185	56,745,115

The accompanying notes are an integral part of these interim condensed consolidated financial information.

The interim condensed consolidated financial information on pages 2 to 18 were approved by the Board of Directors on July 19, 2007 and signed on their behalf by:

.....
Abdulla Ahmed Al Ghurair
Chairman

.....
Abdul Aziz Abdulla Al Ghurair
Chief Executive Officer

Interim Condensed Consolidated Income Statement
For the period from January 1, 2007 to June 30, 2007
(In Thousand Arab Emirates Dirhams)

	Note	3 months ended June 30,		6 months ended June 30,	
		2007	2006	2007	2006
		(reviewed)	(reviewed)	(reviewed)	(reviewed)
Interest income		1,011,090	690,380	1,898,364	1,330,351
Income from Islamic financing and investment products		15,086	8,059	21,960	9,728
Total interest income and income from Islamic financing and investment products		1,026,176	698,439	1,920,324	1,340,079
Interest expense		(640,464)	(399,198)	(1,199,369)	(800,594)
Distribution to depositors – Islamic financing		(4,323)	(8,138)	(8,067)	(9,792)
Net interest income and income from Islamic products net of distribution to depositors		381,389	291,103	712,888	529,693
Net commission income		97,345	43,236	218,188	118,303
Other income		482,466	182,241	935,248	520,436
Operating income		961,200	516,580	1,866,324	1,168,432
General and administrative expenses		(339,124)	(238,244)	(663,051)	(458,161)
Doubtful loans (allowance)/recovered for loans and advances and other financial assets		(80,898)	1,192	(180,768)	(50,557)
Income before taxes		541,178	279,528	1,022,505	659,714
Income tax		(530)	(1,299)	(1,814)	(2,532)
Net income for the period		540,648	278,229	1,020,691	657,182
Attributed to:					
Equity holders of the parent		510,824	317,459	955,900	659,659
Minority interest		29,824	(39,230)	64,791	(2,477)
		540,648	278,229	1,020,691	657,182
Earnings per share	10	4.54	2.82	8.49	5.86

The accompanying notes are an integral part of these interim condensed consolidated financial information.

Mashreqbank psc Group

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Interim Condensed Consolidated Statement of Changes in Equity For the period from January 1, 2007 to June 30, 2007 (In Thousand Arab Emirates Dirhams)

	Share capital	Statutory and legal reserves	General reserves	Retained earnings	Cumulative translation adjustment	Investment revaluation reserves	Attributable to equity holders of the parent	Minority interest	Total
Balance at January 1, 2006 - audited	866,195	468,839	312,000	4,160,362	(16,005)	1,467,341	7,258,732	896,087	8,154,819
Changes in fair value of investments during the period	-	-	-	-	-	(1,018,902)	(1,018,902)	(300,136)	(1,319,038)
Overseas entities' translation adjustment	-	-	-	-	(54)	-	(54)	-	(54)
Total expense recognised directly in equity	-	-	-	-	(54)	(1,018,902)	(1,018,956)	(300,136)	(1,319,092)
Net income for the period	-	-	-	659,659	-	-	659,659	(2,477)	657,182
Total income for the period	-	-	-	659,659	(54)	(1,018,902)	(359,297)	(302,613)	(661,910)
Transfer to statutory and legal reserves	-	586	-	(586)	-	-	-	-	-
Dividend paid	-	-	-	(173,239)	-	-	(173,239)	(35,442)	(208,681)
Balance at June 30, 2006 - reviewed	866,195	469,425	312,000	4,646,196	(16,059)	448,439	6,726,196	558,032	7,284,228
Balance at January 1, 2007 - audited	866,195	469,453	312,000	5,557,149	(11,449)	184,220	7,377,568	571,395	7,948,963
Changes in fair value of investments during the period	-	-	-	-	-	74,650	74,650	23,932	98,582
Overseas entities' translation adjustment	-	-	-	-	6,359	-	6,359	-	6,359
Total income recognised directly in equity	-	-	-	-	6,359	74,650	81,009	23,932	104,941
Net income for the period	-	-	-	955,900	-	-	955,900	64,791	1,020,691
Total income for the period	-	-	-	955,900	6,359	74,650	1,036,909	88,723	1,125,632
Transfer to statutory and legal reserves	-	2,535	-	(2,535)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(31,011)	(31,011)
Bonus shares issued during the period	259,859	-	-	(259,859)	-	-	-	-	-
Reduction in minority's share capital	-	-	-	-	-	-	-	(10,176)	(10,176)
Balance at June 30, 2007 - reviewed	1,126,054	471,988	312,000	6,250,655	(5,090)	258,870	8,414,477	618,931	9,033,408

The accompanying notes are an integral part of these interim condensed consolidated financial information.

Interim Condensed Consolidated Cash Flow Statement
For the period from January 1, 2007 to June 30, 2007
(In Thousand Arab Emirates Dirhams)

	6 months ended June 30,	
	2007	2006
	(reviewed)	(reviewed)
Cash flows from operating activities		
Net income for the period	1,020,691	657,182
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property and equipment	32,148	22,754
Fair value adjustment – trading investments	(153,502)	17,730
Translation adjustment	6,359	(54)
Allowance for impairment of loans and advances	125,000	25,991
Profit on sale of property and equipment	(30)	(37)
Changes in operating assets and liabilities:		
Increase in deposits with central banks for regulatory purposes	(207,687)	(358,494)
(Increase)/decrease in deposits maturing after three months	(835,527)	311,831
Increase in advances to customers	(2,480,439)	(2,744,293)
Increase in Islamic financing and investing products	(617,483)	(774,494)
Increase in interest receivable and other assets	(648,706)	(572,396)
Increase in trading securities – net	(1,211,354)	(1,409,274)
Increase/(decrease) in customers' deposits	10,475,185	(2,248,101)
(Decrease)/increase in Islamic customers' deposits	(189,390)	711,025
Increase in medium-term floating rate notes	1,836,500	1,101,900
Decrease in long-term loans	(4,204)	(4,972)
(Decrease)/increase in deposits and balances due to banks	(419,239)	1,983,536
Increase in insurance and life assurance funds	103,176	61,803
Increase in interest payable and other liabilities	933,825	491,159
Net cash provided from/(used in) operating activities	7,765,323	(2,727,204)
Cash flows from investing activities		
Purchase of property and equipment	(84,927)	(44,801)
Proceeds from sale of property and equipment	11,460	115
Sale/(purchase) of non-trading investments, net	2,291	(494,679)
Net cash used in investing activities	(71,176)	(539,365)
Cash flows from financing activities		
Dividend paid to shareholders	-	(173,239)
Dividend paid to minority	(31,011)	(35,442)
Capital redemption by minority	(10,176)	-
Net cash used in financing activities	(41,187)	(208,681)
Increase/(decrease) in cash and cash equivalents (Note 11)	7,652,960	(3,475,250)

The accompanying notes are an integral part of these interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information
For the period from January 1, 2007 to June 30, 2007

1. Status and activities

Mashreqbank psc (the “Bank”) was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The Bank operates through its branches in the United Arab Emirates, Bahrain, Egypt, Hong Kong, India, Qatar, the United Kingdom and the United States of America.

At June 30, 2007, Mashreqbank psc Group (the “Group”) comprises the Bank and its subsidiaries as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Osool - a Finance Company (PJSC)	United Arab Emirates	98	98	Finance company
Oman Insurance Company (PSC)	United Arab Emirates	63.65	63.65	Insurance company
Mindscape Information Technology LLC	United Arab Emirates	99	99	Software/Application provider
Mashreq Securities LLC	United Arab Emirates	99.98	99.98	Brokerage
Injaz Services FZ LLC	United Arab Emirates	100	100	Service provider
Al-Badr Islamic Finance (PJSC)	United Arab Emirates	99.70	99.70	Islamic finance company
Mashreq Capital Limited (DIFC)	United Arab Emirates	100	100	Brokerage, asset management & fund management
Al Yamama Services FZ LLC	United Arab Emirates	100	100	Service provider
Makaseb Funds Company BSC	Kingdom of Bahrain	99.90	99.90	Managing funds
Makaseb Funds Company BSC II	Kingdom of Bahrain	99.90	99.90	Managing funds
Makaseb Funds Company BSC III	Kingdom of Bahrain	99.90	99.90	Managing funds
Roya Executive Ltd.	British Virgin Islands	*	100	General activities
Bracebridge Limited	British Virgin Islands	*	100	General activities
Orriston Limited	British Virgin Islands	*	100	General activities

* Bank participation in capital is nominal, however the above subsidiaries are considered to be subsidiaries by virtue of 100% control.

The interim condensed consolidated financial information are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

2. Significant accounting policies**Basis of preparation**

The interim condensed consolidated financial information have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment property, which are carried at fair value.

These interim condensed consolidated financial information are prepared in accordance with International Accounting Standard No. 34 - *Interim Financial Reporting* issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the audited annual consolidated financial statements for the year ended December 31, 2006.

All significant inter-group balances, income and expense items are eliminated on consolidation.

The interim condensed financial information of subsidiaries are prepared using similar policies as those used by the Bank.

These interim condensed consolidated financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's financial statements as at and for the year ended December 31, 2006.

For the purpose of these interim condensed consolidated financial information, the Bank has adopted the revised and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the IFRIC that are relevant to its operations for the period beginning January 1, 2007. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Bank.

(a) Estimates

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

In preparing these interim condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended December 31, 2006.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

2. Significant accounting policies (continued)

Basis of preparation (continued)

(b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2006.

3. Loans and advances, net

	June 30, 2007	December 31, 2006
	AED '000	AED'000
	(reviewed)	(audited)
(a)		
Overdrafts	5,389,902	4,481,428
Loans	25,206,253	23,780,624
Credit Cards	1,234,939	1,090,454
Others	137,728	143,581
	<hr/>	<hr/>
	31,968,822	29,496,087
Less: Allowance for impairment	(1,041,150)	(923,854)
	<hr/>	<hr/>
	30,927,672	28,572,233
	<hr/> <hr/>	<hr/> <hr/>
(b) Analysis by economic activities:		
Manufacturing	3,315,794	3,485,517
Construction	2,261,521	1,513,268
Trade	6,920,313	5,923,022
Transport and Communication	1,443,909	1,119,054
Services	3,273,108	2,320,828
Banks and Financial Institutions	4,071,238	4,313,330
Personal	8,649,747	8,405,769
Government/Public Sector	1,991,663	2,116,029
Others	41,529	299,270
	<hr/>	<hr/>
	31,968,822	29,496,087
Less: Allowance for impairment	(1,041,150)	(923,854)
	<hr/>	<hr/>
	30,927,672	28,572,233
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

4. Islamic financing and investment products

	June 30, 2007	December 31, 2006
	AED '000 (reviewed)	AED'000 (audited)
<u>Financing</u>		
Murabaha share	139,729	20,072
Ijara	179,053	75,595
	<u>318,782</u>	<u>95,667</u>
<u>Investing</u>		
Musharaka	501,962	128,969
Wakala	400,623	606,391
Sukuk	226,043	-
	<u>1,128,628</u>	<u>735,360</u>
	1,447,410	831,027
Less: Unearned income	(913)	(2,013)
	<u>1,446,497</u>	<u>829,014</u>

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

5. Investment in securities

	June 30, 2007	December 31, 2006
	AED '000 (reviewed)	AED'000 (audited)
Trading portfolio		
Debt securities	8,280,803	7,065,331
Equities	212,104	201,945
Discretionary managed fund	1,891,898	1,852,963
Other investments	1,074,507	974,217
	11,459,312	10,094,456
Available-for-sale		
Debt securities	399,128	425,201
Equities	2,297,146	2,313,092
Other investments	197,532	82,751
	2,893,806	2,821,044
Held-to-maturity		
Debt securities	74,462	34,235
Less: Provision for impairment	(14,286)	(14,286)
	60,176	19,949
Total	14,413,294	12,935,449

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

6. Medium-term floating rate notes

During 2004, the Bank has established a Euro Medium Term Note (EMTN) programme for US\$ 750 million (AED 2,754.75 million) under fiscal agency agreement dated February 4, 2004. The EMTN programme was increased to US\$ 2,000 million (AED 7,346 million) under fiscal agency agreement dated March 21, 2006.

The maturities are as follows:

		<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
		<u>AED'000</u> <u>(reviewed)</u>	<u>AED'000</u> <u>(audited)</u>
<u>Due date</u>	<u>Interest rate</u>		
February 27, 2009	3 months Libor + 0.55%	1,101,900	1,101,900
March 23, 2010	3 months Libor + 0.40%	1,193,725	1,193,725
April 6, 2011	3 months Libor + 0.38%	1,101,900	1,101,900
* January 23, 2017	3 months Libor + 0.625%	<u>1,836,500</u>	-
		<u>5,234,025</u>	<u>3,397,525</u>

* The subordinated floating rate notes maturing January 23, 2017 qualify as Tier 2 subordinated loan capital for the first 5 year period till 2011 and thereafter it will be amortized at the rate of 20% per annum till 2016 for capital adequacy calculation (Note 16) if these are not redeemed during 2011. This has been approved by the Central Bank of the United Arab Emirates.

7. Share capital

During 2007, a proposed bonus share distribution, of 3 shares for each 10 shares on account of 2006, was approved by the Board of Directors and ratified by the shareholders at the Annual General Meeting.

As of June 30, 2007, 112,605,380 ordinary shares of AED 10 each (2006: 86,619,520 ordinary shares of AED 10 each) were issued and were fully paid up.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

8. Contra accounts and commitments

	June 30, 2007	December 31, 2006
	AED '000 (reviewed)	AED'000 (audited)
(a) Contra accounts (memoranda)		
Guarantees	27,999,130	19,600,484
Letters of credit	5,608,255	4,821,188
	<u>33,607,385</u>	<u>24,421,672</u>
(b) Derivative financial instruments (Note 12)	226,608,827	153,833,802
	<u>226,608,827</u>	<u>153,833,802</u>
Total contra accounts and commitments (a + b)	260,216,212	178,255,474
	<u><u>260,216,212</u></u>	<u><u>178,255,474</u></u>

9. General and administrative expenses

General and administrative expenses include senior management remuneration of AED 55.50 million for the six month period ended June 30, 2007 (six month period ended June 30, 2006: AED 45.71 million).

10. Earnings per share

Earnings per share are calculated by dividing the net profit for the period by the number of shares outstanding during the period as follows:

	June 30, 2007	June 30, 2006
	(reviewed)	(reviewed)
Net income for the period (AED'000) (Attributed to equity holders of the parent)	955,900	659,659
	<u>955,900</u>	<u>659,659</u>
Number of ordinary shares outstanding	112,605,380	112,605,380
	<u>112,605,380</u>	<u>112,605,380</u>
Earnings per share (AED)	8.49	5.86
	<u>8.49</u>	<u>5.86</u>

The number of ordinary shares outstanding as of June 30, 2006 has been adjusted to reflect the bonus shares issued during 2007 (Note 7).

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

11. Cash and cash equivalents

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	AED'000	AED'000
	(reviewed)	(audited)
Cash on hand, current account and deposits with central banks	11,572,758	2,405,688
Deposits and balances due from banks	8,086,016	8,556,912
	<u>19,658,774</u>	<u>10,962,600</u>
Less: Deposits with central banks for regulatory purposes	(1,387,558)	(1,179,871)
Deposits maturing after three months	(3,411,393)	(2,575,866)
	<u>(a) 14,859,823</u>	<u>(b) 7,206,863</u>
Increase in cash and cash equivalents, June 30, 2007 (a) – (b)	<u><u>7,652,960</u></u>	
	<u>June 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	AED '000	AED'000
	(reviewed)	(audited)
Cash on hand, current account and deposits with central banks	2,030,379	4,004,935
Deposits and balances due from banks	5,612,464	7,066,495
	<u>7,642,843</u>	<u>11,071,430</u>
Less: Deposits with central banks for regulatory purposes	(1,321,229)	(962,735)
Deposits maturing after 3 months	(1,640,319)	(1,952,150)
	<u>(a) 4,681,295</u>	<u>(b) 8,156,545</u>
Decrease in cash and cash equivalents, June 30, 2006 (a) – (b)	<u><u>(3,475,250)</u></u>	

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

12. Derivatives

Derivative Financial instruments	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
Forward foreign exchange contracts	216,447	98,118	56,090,500
Foreign exchange options (bought)	-	750,099	81,416,346
Foreign exchange options (sold)	750,099	-	81,416,346
Interest rate swaps	331,421	322,435	7,259,919
Caps bought	-	26	125,400
Caps sold	26	-	125,400
Futures contracts purchased (customers)	-	366	36,677
Futures contracts sold (customers)	314	-	50,781
Futures contracts sold (bank)	366	-	36,677
Futures contracts purchased (bank)	-	314	50,781
	<hr/>	<hr/>	<hr/>
At June 30, 2007 – reviewed	1,298,673	1,171,358	226,608,827
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At December 31, 2006 – audited	838,808	790,409	153,833,802
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. Seasonality of results

No income of seasonal nature was recorded in the interim condensed consolidated financial information for the six month periods ended June 30, 2007 and 2006.

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

14. Related party transactions

- a) Certain “related parties” (such as, directors and major shareholders of the Bank and companies of which they are principal owners) are customers of the Bank and its subsidiaries in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties. Such related party transactions are disclosed below.
- b) Related party balances included in the balance sheet as of June 30, 2007 are as follows:

	June 30, 2007	December 31, 2006
	AED’000	AED’000
	(reviewed)	(audited)
Advances to customers	827,344	646,675
Deposits from customers	810,158	685,763
Letters of credit, guarantees and acceptances	2,013,714	1,562,630

- c) Net income for the period includes related party transactions as follows:

	6 months ended June 30,	
	2007	2006
	AED’000	AED’000
	(reviewed)	(reviewed)
Interest income	29,295	23,128
Interest expense	13,904	5,447
Other income	39,862	31,510

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

15. Segmental information - reviewed

	January 1, 2007 to June 30, 2007						Total AED'000
	Retail AED'000	Corporate AED'000	Financial Institutions AED'000	Treasury & Investment Banking AED'000	Islamic Banking AED'000	Insurance AED'000	
Net interest income and earnings from Islamic products	373,740	287,201	40,753	(82,753)	13,893	7,902	712,888
Other income	196,379	246,701	63,219	373,871	5,236	224,427	1,153,436
Operating income	570,119	533,902	103,972	291,118	19,129	232,329	1,866,324
General and administrative expenses							(663,051)
Allowances for loans and advances and other financial assets							(180,768)
Income before taxes							1,022,505
Taxation							(1,814)
Net income for the period							1,020,691
Attributed to:							955,900
Equity holders of the parent							64,791
Minority interest							1,020,691
Segment Assets	8,032,701	21,089,701	7,663,384	24,420,100	1,464,764	3,056,540	70,597,185
Segment Liabilities	8,637,600	37,817,107	3,169,200	1,807,400	914,347	1,620,419	61,563,777

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

15. Segmental information – reviewed (continued)

	January 1, 2006 to June 30, 2006						Total AED'000	
	Retail AED'000	Corporate AED'000	Financial Institutions AED'000	Investment Banking AED'000	Islamic Banking AED'000	Insurance AED'000		Head Office and Others AED'000
Net interest income and earnings from Islamic products	291,844	227,455	36,671	(44,225)	(64)	2,422	15,590	529,693
Other income	140,867	161,912	54,720	147,326	540	43,548	89,826	638,739
Operating income	432,711	389,367	91,391	103,101	476	45,970	105,416	1,168,432
General and administrative expenses								(458,161)
Allowances for loans and advances and other financial assets								(50,557)
Income before taxes								659,714
Taxation								(2,532)
Net income for the period								657,182
Attributed to:								659,659
Equity holders of the parent								(2,477)
Minority interest								657,182
Segment Assets	6,702,447	16,576,074	5,329,938	11,486,780	773,086	2,701,976	3,397,925	46,968,226
Segment Liabilities	7,401,800	21,224,600	1,652,200	2,859,800	711,025	1,227,221	4,607,352	39,683,998

Notes to the Interim Condensed Consolidated Financial Information (continued)
For the period from January 1, 2007 to June 30, 2007

16. Capital adequacy

The capital adequacy ratio is computed based on circulars issued by the U.A.E. Central Bank.

		June 30, 2007	December 31, 2006
		AED'000	AED'000
		(reviewed)	(audited)
Capital base			
Tier 1		7,725,077	7,725,077
Tier 2		<u>1,937,249</u>	<u>100,749</u>
	(a)	<u>9,662,326</u>	<u>7,825,826</u>
Risk-weighted assets:			
On-balance sheet assets		38,248,180	33,158,257
Off-balance sheet assets		<u>20,883,980</u>	<u>11,519,476</u>
Total risk-weighted assets	(b)	<u>59,132,160</u>	<u>44,677,733</u>
Capital adequacy ratio (%) [(a)/(b) x 100]		<u>16.34%</u>	<u>17.52%</u>

Tier 2 Capital at June 30, 2007 as shown above includes subordinated floating rate note balance of AED 1,836.50 million (Note 6).

17. Comparative figures

Certain amounts for the prior period were reclassified to conform to current period presentation.