

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010



EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Report on review of condensed consolidated interim financial information

The Shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates NBD PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2010, and the condensed consolidated interim statement of comprehensive income (comprising a condensed consolidated income statement and a condensed consolidated statement of other comprehensive income), condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended (the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. 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 as at and for the six-month period ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Name: Vijendra Nath Malhotra
Registration No: 48 B

KPMG
Dubai
United Arab Emirates

25 JUL 2010

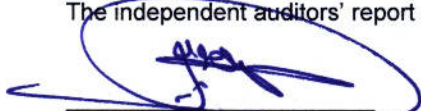
EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010 (UNAUDITED)

	Notes	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
ASSETS			
Cash and deposits with Central Bank	3	22,220,001	19,670,666
Due from banks	4	18,988,212	10,046,949
Loans and receivables	5	184,081,297	194,702,689
Islamic financing and investment products	6	19,646,946	19,911,611
Trading securities	8	467,725	611,093
Investment securities	9	15,786,193	16,152,520
Investments in associates and joint ventures	11	2,459,545	2,444,550
Positive fair value of derivatives		2,269,352	2,819,686
Investment properties		1,550,920	1,707,611
Property and equipment		2,394,642	2,301,115
Goodwill and intangibles	12	5,998,541	6,045,471
Customer acceptances		3,416,744	2,562,869
Other assets		3,060,034	2,599,652
TOTAL ASSETS		282,340,152	281,576,482
LIABILITIES			
Due to banks		21,505,055	29,995,062
Customer deposits		171,849,919	157,976,541
Islamic customer deposits		25,737,835	23,185,850
Repurchase agreements with banks		957,937	3,615,441
Debt issued and other borrowed funds	13	18,350,329	24,072,172
Sukuk payable		1,267,185	1,267,185
Negative fair value of derivatives		1,984,065	2,424,224
Customer acceptances		3,416,744	2,562,869
Other liabilities		4,486,827	4,506,494
TOTAL LIABILITIES		249,555,896	249,605,838
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	14	4,000,000	4,000,000
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		1,964,205	1,964,205
Other reserves		2,869,533	2,869,533
Cumulative changes in fair value		(186,593)	(728,772)
Retained earnings		6,257,622	5,989,809
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	15	32,686,491	31,876,499
Non-controlling interest		97,765	94,145
TOTAL EQUITY		32,784,256	31,970,644
TOTAL LIABILITIES AND EQUITY		282,340,152	281,576,482

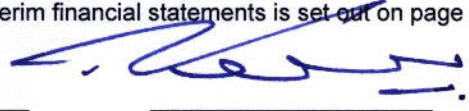
The notes set out on pages 7 to 24 form part of these Group condensed consolidated interim financial statements.

The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.


Chairman


Director

25 JUL 2010


Chief Executive Officer

EMIRATES NBD PJSC

**GROUP CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)**

	Notes	Unaudited three months period ended 30 June 2010 AED 000	Unaudited three months period ended 30 June 2009 AED 000	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
Interest income		2,803,172	3,028,075	5,553,069	6,220,727
Interest expense		(1,219,583)	(1,479,213)	(2,381,695)	(2,905,118)
Net interest income		1,583,589	1,548,862	3,171,374	3,315,609
Income from Islamic financing and investment products		324,767	337,565	642,540	683,655
Distribution to depositors and profit paid to Sukuk holders		(185,198)	(170,789)	(362,103)	(356,084)
Net income from Islamic financing and investment products		139,569	166,776	280,437	327,571
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,723,158	1,715,638	3,451,811	3,643,180
Fee and commission income		679,502	661,390	1,325,968	1,320,690
Fee and commission expense		(192,722)	(169,924)	(365,744)	(336,035)
Net fee and commission income		486,780	491,466	960,224	984,655
Net (loss)/gain on trading securities		(36,728)	132,229	22,831	142,280
Other operating income		140,578	545,558	435,324	729,045
Total operating income		2,313,788	2,884,891	4,870,190	5,499,160
General and administrative expenses		(711,348)	(892,619)	(1,577,936)	(1,805,905)
Net impairment loss on financial assets	7	(1,192,892)	(1,149,275)	(1,747,614)	(1,611,325)
Total operating expenses		(1,904,240)	(2,041,894)	(3,325,550)	(3,417,230)
Operating profit		409,548	842,997	1,544,640	2,081,930
Amortisation of intangibles		(23,465)	(23,465)	(46,930)	(46,930)
Share of profit of associates and joint ventures		16,559	32,472	14,995	76,060
Group profit for the period		402,642	852,004	1,512,705	2,111,060
		=====	=====	=====	=====
Attributable to:					
Equity holders of the Group		398,151	852,062	1,509,085	2,111,048
Non-controlling interest		4,491	(58)	3,620	12
Group profit for the period		402,642	852,004	1,512,705	2,111,060
		=====	=====	=====	=====
		Unaudited three months period ended 30 June 2010	Unaudited three months period ended 30 June 2009	Unaudited six months period ended 30 June 2010	Unaudited six months period ended 30 June 2009
<u>Earnings per share</u>	17	0.07	0.15	0.27	0.38
		=====	=====	=====	=====

The notes set out on pages 7 to 24 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
	-----	-----
Group profit for the period	1,512,705	2,111,060
Other comprehensive income		
Cash flow hedges:		
- Effective portion of changes in fair value	200,496	(241,389)
Fair value reserve (available-for-sale investment securities):		
- Net change in fair value	468,118	485,791
- Net amount transferred to profit or loss	(126,435)	36,580
	-----	-----
Other comprehensive income for the period	542,179	280,982
	-----	-----
Total comprehensive income for the period	2,054,884	2,392,042
	=====	=====
Attributable to:		
Equity holders of the Group	2,051,264	2,392,030
Non-controlling interest	3,620	12
	-----	-----
Total recognised income for the period	2,054,884	2,392,042
	=====	=====

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EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
	-----	-----
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	1,512,705	2,111,060
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	1,543,486	1,550,821
Impairment loss on Islamic financing and investment products	156,529	108,893
Impairment loss on investment securities	111,802	109,585
Impairment loss on due from banks	-	13,774
Amortisation of intangibles	46,930	46,930
Depreciation of property and equipment	129,020	109,998
Share of loss of associates and joint ventures	(14,995)	(76,060)
	-----	-----
Operating profit before changes in operating assets and liabilities	3,485,477	3,975,001
(Increase)/decrease in statutory deposits	(3,776,034)	1,147,117
(Increase)/decrease in amounts due from banks maturing after 3 months	(430,009)	1,591,114
Increase/(decrease) in amounts due to banks maturing after 3 months	475,764	(1,031,933)
Net change in other liabilities/other assets	(480,049)	5,203,263
Net change in fair value of derivatives	310,671	(189,384)
Increase in customer deposits	16,425,363	8,225,826
Decrease/(increase) in loans and receivables	9,077,906	(10,164,890)
Decrease in Islamic financing and investment products	108,136	803,196
	-----	-----
Net cash flows from operating activities	25,197,225	9,559,310
	-----	-----
<u>INVESTING ACTIVITIES</u>		
Decrease in trading and investment securities (net of fair value movements)	739,575	2,580,790
Decrease in investments in associates and joint ventures	-	2,651
Decrease/(increase) in investment properties (net)	156,691	(210,430)
Additions to property and equipment (net)	(222,547)	(151,092)
	-----	-----
Net cash flows from investing activities	673,719	2,221,919
	-----	-----
<u>FINANCING ACTIVITIES</u>		
Decrease in deposits under repurchase agreements	(2,657,504)	(3,100,941)
Decrease in debt issued and other borrowed funds (net)	(5,721,843)	(3,824,619)
Increase in non-controlling interest	-	1,500
Issue of tier I capital notes	-	4,000,000
Interest on tier I capital notes	(129,717)	-
Dividends paid	(1,111,555)	(1,010,505)
	-----	-----
Net cash flows used in financing activities	(9,620,619)	(3,934,565)
	=====	=====
Increase in cash and cash equivalents [refer note 20]	16,250,325	7,846,664
	=====	=====

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EMIRATES NBD PJSC

**GROUP CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)**

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP										
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserves	Cumulative changes in fair value	Retained earnings	Total	Non-controlling interest	Group total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2009	5,052,523	(46,175)	-	12,270,124	1,629,205	3,324,385	(757,979)	4,193,062	25,665,145	96,776	25,761,921
Total comprehensive income for the period	-	-	-	-	-	-	280,982	2,111,048	2,392,030	12	2,392,042
Issue of tier I capital notes	-	-	4,000,000	-	-	-	-	-	4,000,000	-	4,000,000
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	1,500	1,500
Dividends paid	-	-	-	-	-	-	-	(1,010,505)	(1,010,505)	-	(1,010,505)
Issue of bonus shares	505,252	-	-	-	-	(505,252)	-	-	-	-	-
Balance as at 30 June 2009	5,557,775	(46,175)	4,000,000	12,270,124	1,629,205	2,819,133	(476,997)	5,293,605	31,046,670	98,288	31,144,958
Balance as at 1 January 2010	5,557,775	(46,175)	4,000,000	12,270,124	1,964,205	2,869,533	(728,772)	5,989,809	31,876,499	94,145	31,970,644
Total comprehensive income for the period	-	-	-	-	-	-	542,179	1,509,085	2,051,264	3,620	2,054,884
Interest on tier I capital notes	-	-	-	-	-	-	-	(129,717)	(129,717)	-	(129,717)
Dividends paid	-	-	-	-	-	-	-	(1,111,555)	(1,111,555)	-	(1,111,555)
Balance as at 30 June 2010	5,557,775	(46,175)	4,000,000	12,270,124	1,964,205	2,869,533	(186,593)	6,257,622	32,686,491	97,765	32,784,256

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2010 as this will be effected at the year end.

The notes set out on pages 7 to 24 form part of these Group condensed consolidated interim financial statements.

The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

1 LEGAL STATUS AND ACTIVITIES

Emirates NBD PJSC, ("ENBD" or the "Bank") was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The bank was incorporated principally to give effect to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"). The merger became effective from 16 October 2007, while the legal merger was completed on 4 February 2010. Post this date, EBI and NBD as banks, ceased to exist.

The Bank is listed on the Dubai Financial Market. The Company's principal business activity is corporate, consumer, treasury and investment banking and asset management services.

The consolidated financial statements for the period ended 30 June 2010 comprise the bank and its subsidiaries (together referred to as the "Group") and the Groups' interest in associates and joint ventures.

The registered address of the bank is Post Box 777, Dubai, United Arab Emirates ("UAE").

The ultimate parent company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements of the Group for the year ended 31 December 2009.

During the previous period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009:

IAS 1 Presentation of Financial Statements (Revised)

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in equity) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 Operating Segments

The new standard, which replaced IAS 14 'Segment Reporting', requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the financial statements as at and for the year ended 31 December 2009.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

(a) 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 the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(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 31 December 2009.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Cash	1,029,109	2,255,808
Interest free statutory and special deposits with Central Bank	10,390,892	10,714,858
Interest bearing certificates of deposit with Central Bank	10,800,000	6,700,000
	22,220,001	19,670,666
	=====	=====

The reserve requirements are kept with the Central Bank of the UAE in AED and US Dollar, are not available for use in the Group's day to day operations and cannot be withdrawn without the Central Bank of the UAE's approval. The level of reserve required changes every month in accordance with the Central Bank of the UAE's directives.

4 DUE FROM BANKS

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Due from local banks	2,928,750	559,775
Due from foreign banks	16,059,462	9,487,174
	18,988,212	10,046,949
	=====	=====

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

5 LOANS AND RECEIVABLES

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Overdrafts	69,329,439	72,354,260
Time loans	115,042,636	120,671,472
Loans against trust receipts	2,855,170	2,717,347
Bills discounted	1,502,312	1,511,562
Others	1,063,474	1,288,548
Gross loans and receivables	189,793,031	198,543,189
Other debt instruments	791,440	1,568,821
Total loans and receivables	190,584,471	200,112,010
Less: Allowances for impairment	(6,503,174)	(5,409,321)
	184,081,297	194,702,689
	=====	=====

EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)
5 LOANS AND RECEIVABLES (continued)

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Analysis by economic activity		
Agriculture and allied activities	104,749	93,637
Mining and quarrying	286,819	343,671
Manufacturing	7,666,739	8,542,742
Construction	6,837,548	7,391,491
Trade	7,380,377	8,252,355
Transport and communication	5,700,669	6,262,372
Services	16,427,064	19,387,761
Sovereign	50,443,603	49,021,516
Personal - Retail	22,361,739	24,497,978
Personal - Corporate	11,286,235	11,785,532
Real estate	26,435,909	27,056,045
Banks	118,617	376,098
Other financial institutions and investment companies	26,072,345	27,369,574
Others	9,462,058	9,731,238
Total loans and receivables	190,584,471	200,112,010
Less: Allowances for impairment	(6,503,174)	(5,409,321)
	184,081,297	194,702,689
	=====	=====
	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
Movement in allowances for net impairment		
Balance as at 1 January	5,409,321	3,112,470
Allowances for impairment made during the period	1,543,486	1,550,821
Write back /recoveries made during the period	(49,450)	(166,182)
Amounts written off during the period	(400,183)	(850)
Balance as at 30 June	6,503,174	4,496,259
	=====	=====

EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)
6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Murabaha	5,188,394	5,264,249
Ijara	6,732,765	6,627,114
Sukuk funds	1,285,550	1,285,550
Credit card receivables	542,219	529,520
Wakala	3,741,064	3,804,343
Istissna'a	1,654,960	1,946,817
Others	1,829,430	1,677,884
Total Islamic financing and investment products	20,974,382	21,135,477
Less: Deferred income	(678,975)	(684,852)
Less: Allowances for impairment	(648,461)	(539,014)
	19,646,946	19,911,611
	=====	=====

EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)
6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Analysis by economic activity		
-----	-----	-----
Agriculture and allied activities	696	1,113
Mining and quarrying	4,830	4,164
Manufacturing	418,361	405,994
Construction	924,397	1,618,892
Trade	759,490	713,356
Transport and communication	264,426	325,404
Services	1,820,884	1,862,519
Personal - Retail	3,243,799	3,260,934
Personal - Corporate	1,753,681	1,568,318
Real estate	8,142,788	7,470,326
Banks	37,908	39,421
Other financial institutions and investment companies	3,064,029	3,345,971
Others	539,093	519,065
	-----	-----
Total Islamic financing and investment products	20,974,382	21,135,477
Less: Deferred income	(678,975)	(684,852)
Less: Allowances for impairment	(648,461)	(539,014)
	-----	-----
	19,646,946	19,911,611
	=====	=====

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
Movement in allowances for net impairment		
-----	-----	-----
Balance as at 1 January	539,014	201,320
Allowances for impairment made during the period	140,710	108,893
Write back/recoveries during the period	(31, 263)	(4,758)
	-----	-----
Balance as at 30 June	648,461	305,455
	=====	=====

EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

7 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The charge to the income statement for the net impairment loss on financial assets is made up as follows:

	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
Net impairment of loans and receivables	(1,494,036)	(1,384,639)
Net impairment of Islamic financing and investment products	(109,447)	(104,135)
Net impairment of investment securities	(111,802)	(109,585)
Net impairment of due from banks	4,897	(13,774)
Net special asset recoveries	3,591	11,009
Bad debt (written off)/recovered	(40,817)	(10,201)
Net impairment loss for the period	(1,747,614)	(1,611,325)
	=====	=====

8 TRADING SECURITIES

	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
30 June 2010	-----	-----	-----	-----
Government bonds	57,516	-	-	57,516
Corporate bonds	314,520	-	-	314,520
Equity	83,107	4,393	8,189	95,689
	455,143	4,393	8,189	467,725
	=====	=====	=====	=====
31 December 2009	-----	-----	-----	-----
Government bonds	142,942	-	-	142,942
Corporate bonds	349,045	-	-	349,045
Equity	118,860	-	246	119,106
	610,847	-	246	611,093
	=====	=====	=====	=====

8 TRADING SECURITIES (continued)

Reclassifications out of trading securities

Under IAS 39 as amended, the reclassifications were made with effect from 1 July 2008 at fair value at that date. In addition, some trading securities purchased after 1 July 2008 were subsequently identified for reclassification. The table below sets out the trading securities reclassified and their carrying and fair values.

	1 July 2008 AED 000		31 December 2009 AED 000		30 June 2010 AED 000	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Trading securities reclassified to available- for-sale investment securities	993,491	993,491	541,239	541,239	357,552	357,552
	993,491	993,491	541,239	541,239	357,552	357,552
	=====	=====	=====	=====	=====	=====

The table below sets out the amounts recognised in the income statement and equity in respect of financial assets reclassified out of trading securities into available-for-sale investment securities:

	Income statement AED 000	Equity AED 000
Period before reclassification (30 June 2008)		
Net trading loss	(16,661)	-
	(16,661)	-
	=====	=====
Period after reclassification (1 July 2008 – 30 June 2010)		
Interest income	102,530	-
Net change in fair value	-	(107,098)
	102,530	(107,098)
	=====	=====

The table below sets out the amounts that would have been recognised for the period ended 30 June 2010 had the reclassifications not been made:

	Period after reclassification AED 000
Net trading loss	(45,107)
	=====

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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9 INVESTMENT SECURITIES

30 June 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
-----	-----	-----	-----	-----
<u>HELD TO MATURITY:</u>				
Government bonds	55,095	114,213	-	169,308
Corporate bonds	85,703	128,468	71,524	285,695
	-----	-----	-----	-----
	140,798	242,681	71,524	455,003
	-----	-----	-----	-----
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	633,320	724,793	2,267,212	3,625,325
Corporate bonds	2,395,853	698,582	3,381,008	6,475,443
Equity	456,834	1,215,913	855,202	2,527,949
Others	265,259	277,873	909,862	1,452,994
	-----	-----	-----	-----
	3,751,266	2,917,161	7,413,284	14,081,711
	-----	-----	-----	-----
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	38,155	102,798	-	140,953
Hybrid instruments	-	-	28,998	28,998
Others	791,063	1,427	287,038	1,079,528
	-----	-----	-----	-----
	829,218	104,225	316,036	1,249,479
	-----	-----	-----	-----
	4,721,282	3,264,067	7,800,844	15,786,193
	=====	=====	=====	=====

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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9 INVESTMENT SECURITIES (continued)

31 December 2009	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
-----	-----	-----	-----	-----
<u>HELD TO MATURITY:</u>				
Government bonds	55,095	99,714	-	154,809
Corporate bonds	97,947	251,141	71,699	420,787
	-----	-----	-----	-----
	153,042	350,855	71,699	575,596
	-----	-----	-----	-----
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	637,663	-	1,987,812	2,625,475
Corporate bonds	2,854,539	713,796	3,764,538	7,332,873
Equity	554,519	1,403,061	831,847	2,789,427
Others	86,633	293,952	1,020,072	1,400,657
	-----	-----	-----	-----
	4,133,354	2,410,809	7,604,269	14,148,432
	-----	-----	-----	-----
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	43,339	110,396	-	153,735
Hybrid instruments	-	-	28,704	28,704
Others	855,139	1,427	389,487	1,246,053
	-----	-----	-----	-----
	898,478	111,823	418,191	1,428,492
	-----	-----	-----	-----
	5,184,874	2,873,487	8,094,159	16,152,520
	=====	=====	=====	=====

Investment securities include investments in real estate funds as follows:

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
	-----	-----
Designated at fair value through profit or loss	210,267	284,852
Available-for-sale	963,451	1,006,782
	-----	-----
	1,173,718	1,291,634
	=====	=====

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10 INVESTMENT IN / SALE OF SUBSIDIARIES

(i) Merger of Emirates International Securities and NBD Securities LLC

On 8 November 2009, Emirates International Securities LLC ("EIS"), a subsidiary of the Group, received regulatory approval to merge with NBD Securities LLC, another subsidiary of the Group and changed its name from Emirates International Securities LLC to Emirates NBD Securities LLC.

On 21 November 2009 (the effective date), NBD Securities LLC transferred all its assets and liabilities to EIS to complete the merger of the two entities.

(ii) Liquidation of Al Watani Al Islamic PJSC

During the month of September 2009, Al Watani Al Islamic PJSC, a subsidiary of the Group, was liquidated and the assets and liabilities have been settled.

11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Joint ventures:

On 28 January 2009, Network International LLC ("NI"), a subsidiary of the Group, set up Sinnad W.L.L., a joint venture with Bahrain Electronic Network, to provide third party ATM and card processing services for banks in Bahrain and the Gulf Cooperation Council States. NI holds 49% of the share capital and exercises joint control of the management of the company.

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

12 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles			Total
	-----	-----	-----	-----	-----
30 June 2010	AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
-----	-----	-----	-----	-----	-----
<u>Cost</u>					
Balance as at 1 January	5,527,578	9,281	157,490	564,760	6,259,109
<u>Amortisation and impairment</u>					
Balance as at 1 January	4,903	5,735	69,000	134,000	213,638
Amortisation and impairment for the period	-	930	15,500	30,500	46,930
	-----	-----	-----	-----	-----
Balance as at 30 June	4,903	6,665	84,500	164,500	260,568
	-----	-----	-----	-----	-----
NET	5,522,675	2,616	72,990	400,260	5,998,541
	=====	=====	=====	=====	=====
 31 December 2009					

<u>Cost</u>	5,527,578	9,281	157,490	564,760	6,259,109
<u>Amortisation and impairment</u>	4,903	5,735	69,000	134,000	213,638
	-----	-----	-----	-----	-----
NET	5,522,675	3,546	88,490	430,760	6,045,471
	=====	=====	=====	=====	=====

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13 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Medium term note programme	12,841,579	18,563,422
Syndicated borrowings from banks	5,508,750	5,508,750
	18,350,329	24,072,172
	=====	=====

The Group has outstanding medium term borrowings totalling AED 18,350 million (2009: AED 24,072 million) which will be repaid as follows:

	Unaudited 30 June 2010 AED million	Audited 31 December 2009 AED million
2010	3,381	7,239
2011	2,830	4,090
2012	7,513	7,760
2013	1,040	1,052
2014	228	220
2016	2,012	2,332
2018	1,346	1,379
	18,350	24,072
	=====	=====

14 TIER I CAPITAL NOTES

In June 2009, the Group issued regulatory tier I capital notes amounting to AED 4 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate for the first five years and on a floating rate basis thereafter. The bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and the event will not be considered an event of default. The notes carry no maturity date and have been classified under equity.

15 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 24 March 2010, the following were approved and issued/paid subsequently, based on the share register on 4 April 2010.

Payment of a cash dividend of 20% of the issued and paid up capital amounted to AED 1,112 million for the year 2009.

16 COMMITMENTS AND CONTINGENCIES

At 30 June 2010, the Group's commitments and contingencies are as follows:

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Letters of credit	9,550,763	11,263,371
Guarantees	34,730,490	36,079,962
Liability on risk participations	1,261,097	1,201,415
Irrevocable loan commitments	6,824,615	10,092,483
	-----	-----
	52,366,965	58,637,231
	=====	=====

17 EARNINGS PER SHARE

The basic earnings per share is based on earnings of AED 1,509 million, being the profit attributable to the equity holders for the period ended 30 June 2010 (2009: AED 2,111 million), divided by 5,557,774,724 shares, outstanding as at the reporting date.

The earnings per share of AED 0.38 as reported for the period ended 30 June 2009 has been adjusted for the effect of the bonus shares issued in 2009.

18 BUSINESS SEGMENT REPORTING

The Group is organised into the following main businesses:

- (a) Corporate banking represents structured financing, current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate and commercial customers.
- (b) Consumer banking represents retail loans and deposits, private banking and wealth management, consumer financing, card services and call center operations.
- (c) Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations.
- (d) Islamic banking activities represents the income and fees earned and expenses paid by the Islamic banking subsidiary.
- (e) Cards processing represents business pertaining to merchant acquiring and cards processing.
- (f) Other operations of the Group include investment banking, asset management, equity broking services, property management, certain overseas branches, operations and support functions.

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

18

30 June 2010 -----	Corporate banking	Consumer banking	Treasury	Islamic banking	Cards processing	Others	Total
	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----
Net interest income and income from Islamic products net of distribution to depositors	1,628,344	1,191,571	21,838	355,918	4,706	249,434	3,451,811
Net fee, commission and other income	579,574	463,896	312,135	(33,592)	187,555	(91,189)	1,418,379
Total operating income	2,207,918	1,655,467	333,973	322,326	192,261	158,245	4,870,190
General and administrative expenses	(172,355)	(612,810)	(29,578)	(181,809)	(92,507)	(488,877)	(1,577,936)
Net impairment loss on financial assets	(787,846)	(563,676)	(58,353)	(130,513)	-	(207,226)	(1,747,614)
Amortisation of intangibles	-	-	-	-	-	(46,930)	(46,930)
Share of loss of associates and joint ventures	-	-	-	-	52	14,943	14,995
Group profit for the period	1,247,717 =====	478,981 =====	246,042 =====	10,004 =====	99,806 =====	(569,845) =====	1,512,705 =====
Segment assets	171,965,896 =====	27,794,619 =====	37,652,945 =====	23,211,991 =====	606,965 =====	21,107,736 =====	282,340,152 =====
Segment liabilities and equity	101,315,626 =====	62,196,328 =====	49,041,644 =====	26,374,826 =====	386,720 =====	43,025,008 =====	282,340,152 =====

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

18 BUSINESS SEGMENT REPORTING (continued)

30 June 2009 -----	Corporate banking	Consumer banking	Treasury	Islamic banking	Cards processing	Others	Total
	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----	AED 000 -----
Net interest income and income from Islamic products net of distribution to depositors	1,512,522	1,301,232	402,676	300,181	8	126,561	3,643,180
Net fee, commission and other income	702,178	375,177	405,751	95,136	180,964	96,774	1,855,980
Total operating income	2,214,700	1,676,409	808,427	395,317	180,972	223,335	5,499,160
General and administrative expenses	(191,650)	(644,738)	(36,908)	(201,399)	(82,837)	(648,373)	(1,805,905)
Net impairment loss on financial assets	(494,072)	(810,679)	(217,639)	(88,935)	-	-	(1,611,325)
Amortisation of intangibles	-	-	-	-	-	(46,930)	(46,930)
Share of profit of associates and joint ventures	-	-	-	-	-	76,060	76,060
Group profit for the period	1,528,978 =====	220,992 =====	553,880 =====	104,983 =====	98,135 =====	(395,908) =====	2,111,060 =====
Segment assets	175,143,210 =====	30,030,373 =====	43,351,288 =====	25,719,653 =====	611,529 =====	7,037,469 =====	281,893,522 =====
Segment liabilities and equity	82,321,304 =====	53,817,834 =====	63,280,602 =====	23,626,178 =====	247,804 =====	58,599,800 =====	281,893,522 =====

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

19 RELATED PARTY TRANSACTIONS

The Group has entered into transactions with certain related parties. Such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party transactions are as follows:

	Unaudited 30 June 2010 AED 000	Audited 31 December 2009 AED 000
Loans to the majority shareholder of the ultimate parent	50,404,565	48,982,478
Deposits from the majority shareholder of the ultimate parent	163,081	606,285
Investment in bonds of the majority shareholder of the ultimate parent	647,206	653,925
Loans to the ultimate parent	918,250	920,386
Deposits by the ultimate parent	9,337,325	6,736,377
Loans to directors and related companies	1,153,990	1,713,817
Loans to associates	3,820,040	3,782,210
Loans to and investments in funds managed by the Group	1,750,506	1,661,145
	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
Payments made to associates	29,440	18,401
Fees received in respect of funds managed by the Group	29,384	24,975

The total amount of compensation paid to directors and key management personnel of the Group during the period was as follows:

	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
Short term and post employment benefits	36,441	32,960

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

19 RELATED PARTY TRANSACTIONS (continued)

Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relations at the period end.

20 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2009 AED 000
	-----	-----
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of year	(16,813,335)	(33,217,421)
Net cash inflow	16,250,325	7,846,664
Balance at end of period	(563,010)	(25,370,757)
	=====	=====
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	22,220,001	12,799,147
Due from banks	18,988,212	15,045,847
Due to banks	(21,505,055)	(45,308,504)
	-----	-----
	19,703,158	(17,463,510)
Less : deposits with Central Bank for regulatory purposes	(21,190,892)	(8,629,286)
Less : amounts due from banks maturing after three months	(738,485)	(718,070)
Add : amounts due to banks maturing after three months	1,663,209	1,440,109
	-----	-----
	(563,010)	(25,370,757)
	=====	=====

21 COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated where appropriate to conform with the presentation and accounting policies adopted in these financial statements.