EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	**Page**

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

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 September 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 nine-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 nine-month period ended 30 September 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

2 4 OCT 2010

KPMG, registered in the UAE and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved

EMIRATES NBD PJSC

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

	Notes	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
ASSETS			
Cash and deposits with Central Bank	3	32,600,947	19,670,666
Due from banks	4	15,068,436	10,046,949
Loans and receivables	5	182,095,658	194,702,689
Islamic financing and investment products	6	19,049,954	19,911,611
Trading securities	8	1,276,339	611,093
Investment securities	9	13,062,618	16,152,520
Investments in associates and joint ventures	11	2,282,999	2,444,550
Positive fair value of derivatives		2,431,568	2,819,686
Investment properties		1,553,338	1,707,611
Property and equipment		2,522,793	2,301,115
Goodwill and intangibles	12	5,975,076	6,045,471
Customer acceptances		3,447,462	2,562,869
Other assets		2,854,932	2,599,652
TOTAL ASSETS		284,222,120	281,576,482
LIABILITIES			
Due to banks		20,973,368	29,995,062
Customer deposits		163,274,904	157,976,541
Islamic customer deposits		35,494,044	23,185,850
Repurchase agreements with banks		915,407	3,615,441
Debt issued and other borrowed funds	13	19,116,216	24,072,172
Sukuk payable		1,267,185	1,267,185
Negative fair value of derivatives		1,892,031	2,424,224
Customer acceptances		3,447,462	2,562,869
Other liabilities		5,076,607	4,506,494
TOTAL LIABILITIES		251,457,224	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		(563,983)	(728,772)
Retained earnings		6,615,618	5,989,809
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	15	32,667,097	31,876,499
Non-controlling interest		97,799	94,145
TOTAL EQUITY		32,764,896	31,970,644
TOTAL LIABILITIES AND EQUITY		284,222,120	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 | Chief Executive Officer

24 OCT 2010

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

	Notes	Unaudited three months period ended 30 Sept 2010 AED 000	Unaudited three months period ended 30 Sept 2009 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000	Unaudited nine months period ended 30 Sept 2009 AED 000
Interest income		2,910,570	2,713,729	8,463,639	8,934,456
Interest expense		(1,273,449)	(1,011,211)	(3,655,144)	(3,916,329)
Net interest income		1,637,121	1,702,518	4,808,495	5,018,127
Income from Islamic financing and investment products		357,742	331,247	1,000,282	1,014,902
Distribution to depositors and profit paid to Sukuk holders		(272,003)	(188,612)	(634,106)	(544,696)
Net income from Islamic financing and investment products		85,739	142,635	366,176	470,206
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,722,860	1,845,153	5,174,671	5,488,333
Fee and commission income		607,320	607,083	1,923,688	1,919,203
Fee and commission expense		(195,933)	(165,168)	(552,077)	(492,633)
Net fee and commission income		411,387	441,915	1,371,611	1,426,570
Net (loss)/gain on trading securities		(2,317)	44,499	20,514	186,779
Other operating income		457,162	467,319	892,486	1,196,364
Total operating income		2,589,092	2,798,886	7,459,282	8,298,046
General and administrative expenses		(729,783)	(881,132)	(2,307,719)	(2,687,037)
Net impairment loss on financial assets	7	(1,241,230)	(762,485)	(2,988,844)	(2,373,810)
Total operating expenses		(1,971,013)	(1,643,617)	(5,296,563)	(5,060,847)
Operating profit		618,079	1,155,269	2,162,719	3,237,199
Amortisation of intangibles		(23,465)	(23,465)	(70,395)	(70,395)
Share of loss of associates and joint ventures		(170,651)	(78,509)	(155,656)	(2,449)
Group profit for the period		423,963	1,053,295	1,936,668	3,164,355
Attributable to:					
Equity holders of the Group		423,929	1,053,187	1,933,014	3,164,235
Non-controlling interest		34	108	3,654	120
Group profit for the period		423,963	1,053,295	1,936,668	3,164,355

	Notes	Unaudited three months period ended 30 Sept 2010	Unaudited three months period ended 30 Sept 2009	Unaudited nine months period ended 30 Sept 2010	Unaudited nine months period ended 30 Sept 2009
Earnings per share	17	0.06	0.18	0.31	0.56

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.

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

	Unaudited nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
Group profit for the period	1,936,668	3,164,355
Other comprehensive income		
Cash flow hedges:		
- Effective portion of changes in fair value	151,665	(325,554)
Fair value reserve (available-for-sale investment securities):		
- Net change in fair value	277,319	878,239
- Net amount transferred to profit or loss	(264,195)	(74,558)
Other comprehensive income for the period	164,789	478,127
Total comprehensive income for the period	2,101,457	3,642,482
Attributable to:		
Equity holders of the Group	2,097,803	3,642,362
Non-controlling interest	3,654	120
Total recognised income for the period	2,101,457	3,642,482

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.

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

	Unaudited nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
OPERATING ACTIVITIES		
Group profit for the period	1,936,668	3,164,355
Adjustment for non cash items		
Impairment loss on loans and receivables	2,619,659	2,152,831
Impairment loss on Islamic financing and investment products	236,464	210,077
Impairment loss on investment securities	181,493	140,548
Impairment loss on due from banks	-	32,139
Revaluation of investment properties	162,664	-
Amortisation of intangibles	70,395	70,395
Depreciation of property and equipment	197,705	156,025
Share of loss of associates and joint ventures	155,656	2,449
Operating profit before changes in operating assets and liabilities	5,560,704	5,928,819
(Increase)/decrease in statutory deposits with Central Bank	(14,037,158)	867,105
Decrease in amounts due from banks maturing after 3 months	78,616	1,495,966
Decrease in amounts due to banks maturing after 3 months	(158,843)	(1,373,885)
Net change in other liabilities/other assets	314,833	4,953,599
Net change in fair value of derivatives	7,590	(309,921)
Increase in customer deposits	17,606,557	21,326,443
Decrease/(increase) in loans and receivables	9,987,372	(11,521,838)
Decrease in Islamic financing and investment products	625,193	978,626
Net cash flows from operating activities	19,984,864	22,344,914
INVESTING ACTIVITIES		
Decrease in trading and investment securities (net of fair value movements)	2,256,287	2,792,721
Increase in investments in associates and joint ventures	5,895	2,650
Increase in investment properties (net)	(8,391)	(8,383)
Additions to property and equipment (net)	(419,383)	(535,716)
Net cash flows from investing activities	1,834,408	2,251,272
FINANCING ACTIVITIES		
Decrease in deposits under repurchase agreements	(2,700,034)	(3,100,941)
Decrease in debt issued and other borrowed funds (net)	(4,955,956)	(3,143,116)
Increase in non-controlling interest	-	680
Issue of tier I capital notes	-	4,000,000
Interest on tier I capital notes	(195,650)	(66,650)
Dividends paid	(1,111,555)	(1,010,505)
Net cash flows used in financing activities	(8,963,195)	(3,320,532)
Increase in cash and cash equivalents [refer note 20]	12,856,077	21,275,654

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 CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	478,127	3,164,235	3,642,362	120	3,642,482
Issue of tier I capital notes	-	-	4,000,000	-	-	-	-	-	4,000,000	-	4,000,000
Interest on tier I capital notes	-	-	-	-	-	-	-	(66,650)	(66,650)	-	(66,650)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	680	680
Dividends paid	-	-	-	-	-	-	-	(1,010,505)	(1,010,505)	-	(1,010,505)
Issue of bonus shares	505,252	-	-	-	-	(505,252)	-	-	-	-	-
Balance as at 30 September 2009	5,557,775	(46,175)	4,000,000	12,270,124	1,629,205	2,819,133	(279,852)	6,280,142	32,230,352	97,576	32,327,928
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	-	-	-	-	-	-	164,789	1,933,014	2,097,803	3,654	2,101,457
Interest on tier I capital notes	-	-	-	-	-	-	-	(195,650)	(195,650)	-	(195,650)
Dividends paid	-	-	-	-	-	-	-	(1,111,555)	(1,111,555)	-	(1,111,555)
Balance as at 30 September 2010	5,557,775	(46,175)	4,000,000	12,270,124	1,964,205	2,869,533	(563,983)	6,615,618	32,667,097	97,799	32,764,896

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 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 September 2010 comprise the bank and its subsidiaries (together referred to as the "Group") and the Group's 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 for the year ended 31 December 2009.

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 were applied to the consolidated financial statements as at and for the year ended 31 December 2009.

(a) <u>Estimates</u>

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) <u>Financial risk management</u>

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 September 2010 AED 000	Audited 31 December 2009 AED 000
Cash	1,148,931	2,255,808
Interest free statutory and special deposits with Central Bank	12,702,016	10,714,858
Interest bearing certificates of deposit with Central Bank	18,750,000	6,700,000
	32,600,947	19,670,666

The reserve requirements which 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 reserves required change every month in accordance with the Central Bank of the UAE's directives.

4 DUE FROM BANKS

	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Due from local banks	1,032,919	559,775
Due from foreign banks	14,035,517	9,487,174
	15,068,436	10,046,949

5 LOANS AND RECEIVABLES

	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Overdrafts	68,076,376	70,472,893
Time loans	113,820,919	120,671,472
Loans against trust receipts	2,488,249	2,717,347
Bills discounted	1,171,885	1,511,562
Credit card receivables	2,540,410	2,386,520
Others	727,438	783,395
Gross loans and receivables	188,825,277	198,543,189
Other debt instruments	774,916	1,568,821
Total loans and receivables	189,600,193	200,112,010
Less: Allowances for impairment	(7,504,535)	(5,409,321)
	182,095,658	194,702,689

5 LOANS AND RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Agriculture and allied activities	99,341	93,637
Mining and quarrying	274,120	343,671
Manufacturing	7,909,859	8,542,742
Construction	6,141,473	7,391,491
Trade	6,864,234	8,252,355
Transport and communication	6,303,497	6,262,372
Services	15,527,486	19,387,761
Sovereign	51,864,640	49,021,516
Personal - Retail	21,561,174	24,497,978
Personal - Corporate	10,391,346	11,785,532
Real estate	26,727,004	27,056,045
Banks	118,173	376,098
Other financial institutions and investment companies	26,414,104	27,369,574
Others	9,403,742	9,731,238
Total loans and receivables	189,600,193	200,112,010
Less: Allowances for impairment	(7,504,535)	(5,409,321)
	182,095,658	194,702,689

Movement in allowances for net impairment	Unaudited nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
Balance as at 1 January	5,409,321	3,112,470
Allowances for impairment made during the period	2,619,659	2,152,831
Write back /recoveries made during the period	(50,295)	(170,014)
Amounts written off during the period	(474,150)	(319)
Balance as at 30 September	7,504,535	5,094,968

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Murabaha	5,050,089	5,264,249
Ijara	6,686,314	6,627,114
Sukuk funds	1,285,550	1,285,550
Credit card receivables	553,368	529,520
Wakala	3,670,382	3,804,343
Istissna'a	1,648,879	1,946,817
Others	1,504,849	1,677,884
Total Islamic financing and investment products	20,399,431	21,135,477
Less: Deferred income	(616,402)	(684,852)
Less: Allowances for impairment	(733,075)	(539,014)
	19,049,954	19,911,611

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Analysis by economic activity	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Agriculture and allied activities	685	1,112
Mining and quarrying	180	4,744
Manufacturing	408,058	356,152
Construction	786,310	956,505
Trade	769,914	801,753
Transport and communication	220,714	302,396
Services	1,584,051	1,689,803
Personal - Retail	2,672,861	2,787,332
Personal - Corporate	1,908,331	2,042,069
Real estate	8,908,223	8,841,653
Banks	37,267	39,421
Other financial institutions and investment companies	2,925,135	3,074,716
Others	177,702	237,821
Total Islamic financing and investment products	20,399,431	21,135,477
Less: Deferred income	(616,402)	(684,852)
Less: Allowances for impairment	(733,075)	(539,014)
	19,049,954	19,911,611

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Movement in allowances for net impairment	Unaudited nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
Balance as at 1 January	539,014	201,320
Allowances for impairment made during the period	236,464	210,077
Write back/recoveries during the period	(42,403)	(6,937)
Balance as at 30 September	733,075	404,460

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 nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
Net impairment of loans and receivables	(2,569,364)	(1,982,817)
Net impairment of Islamic financing and investment products	(194,061)	(203,140)
Net impairment of investment securities	(181,493)	(140,548)
Net impairment of due from banks	15,348	(32,139)
Net special asset recoveries	3,651	11,571
Bad debt written off	(62,925)	(26,737)
Net impairment loss for the period	(2,988,844)	(2,373,810)

8 TRADING SECURITIES

30 September 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	209,819	25,781	-	235,600
Corporate bonds	585,415	21,695	-	607,110
Equity	156,013	77,098	200,518	433,629
	951,247	124,574	200,518	1,276,339

31 December 2009	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
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 September 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	354,560	354,560
	993,491	993,491	541,239	541,239	354,560	354,560

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 September 2010)		
Interest income	86,345	-
Net change in fair value	-	(105,160)
	86,345	(105,160)

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

	Period after reclassification AED 000
Net trading loss	(59,354)

9 INVESTMENT SECURITIES

30 September 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	114,301	-	169,396
Corporate bonds	18,365	128,468	71,436	218,269
	73,460	242,769	71,436	387,665
AVAILABLE-FOR-SALE:				
Government bonds	633,712	742,562	823,422	2,199,696
Corporate bonds	2,381,130	690,425	2,536,107	5,607,662
Equity	527,759	867,894	929,835	2,325,488
Others	275,809	277,764	911,829	1,465,402
	3,818,410	2,578,645	5,201,193	11,598,248
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	45,427	95,550	-	140,977
Others	751,579	2,377	181,772	935,728
	797,006	97,927	181,772	1,076,705
	4,688,876	2,919,341	5,454,401	13,062,618

9 INVESTMENT SECURITIES (continued)

31 December 2009	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
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
AVAILABLE-FOR-SALE:				
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
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
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 September 2010 AED 000	Audited 31 December 2009 AED 000
Designated at fair value through profit or loss	239,293	284,852
Available-for-sale	1,010,389	1,006,782
	1,249,682	1,291,634

10 INVESTMENT IN / SALE OF SUBSIDIARIES

(i) Incorporation of Emirates NBD Auto Finance Limited and Emirates NBD Auto Financing Limited for asset securitisation.

On 10 September 2010, Emirates NBD Auto Finance Limited ("APC") was incorporated under the Companies (Jersey) Law, 1991 and registered in Jersey as a limited company. The principal activity of the Company is to purchase portfolios of loan receivables through the issuance of notes.

On 10 September 2010, Emirates NBD Auto Financing Limited ("Repack") was incorporated under the Companies (Jersey) Law, 1991 and registered in Jersey as a limited company. The principal activity of the Company is to invest in notes and securities through the issuance of notes.

APC and Repack are consolidated within the Group in compliance with SIC Interpretation 12 – Consolidation – special purpose entities.

(ii) Business Combination of Emirates International Securities and NBD Securities LLC – ("Common Control")

On 8 November 2009, Emirates International Securities LLC ("EIS"), a subsidiary of the Group, received regulatory approval to acquire 100% stake in NBD Securities LLC, another subsidiary of the Group and changed its name to Emirates NBD Securities LLC. The acquisition has been accounted for as a common control transaction at carrying amount.

On 21 November 2009, NBD Securities LLC transferred all its assets and liabilities to EIS to complete the acquisition.

(iii) Liquidation of Al Watani Al Islami PJSC

During the month of September 2009, Al Watani Al Islami 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.

12 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles			Total
30 September 2010	AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
Cost					
Balance as at 1 January	5,527,578	9,281	157,490	564,760	6,259,109
Amortisation and impairment					
Balance as at 1 January	4,903	5,735	69,000	134,000	213,638
Amortisation and impairment for the period	-	1,395	23,250	45,750	70,395
Balance as at 30 September	4,903	7,130	92,250	179,750	284,033
NET	5,522,675	2,151	65,240	385,010	5,975,076
31 December 2009					
Cost	5,527,578	9,281	157,490	564,760	6,259,109
Amortisation and impairment	4,903	5,735	69,000	134,000	213,638
NET	5,522,675	3,546	88,490	430,760	6,045,471

13 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Medium term note programme	13,607,466	18,563,422
Syndicated borrowings from banks	5,508,750	5,508,750
	19,116,216	24,072,172

The Group has outstanding medium term borrowings totalling AED 19,116 million (2009: AED 24,072 million) which will be repaid as follows:

	Unaudited 30 September 2010 AED million	Audited 31 December 2009 AED million
2010	3,017	7,239
2011	3,095	4,090
2012	7,630	7,760
2013	1,040	1,052
2014	242	220
2016	1,916	2,332
2018	1,344	1,379
2020	832	-
	19,116	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, a cash dividend of 20% of the issued and paid up capital was approved for the year 2009 and AED 1,112 million was subsequently paid based on the share register on 4 April 2010.

16 COMMITMENTS AND CONTINGENCIES

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

	Unaudited 30 September 2010 AED 000	Audited 31 December 2009 AED 000
Letters of credit	9,702,216	11,263,371
Guarantees	33,183,691	36,079,962
Liability on risk participations	1,117,206	1,201,415
Irrevocable loan commitments	7,123,757	10,092,483
	51,126,870	58,637,231

17 EARNINGS PER SHARE

The basic earnings per share is based on the profit attributable to equity holders of AED 1,933 million (further adjusted for interest on tier I capital notes amounting to AED 196 million), for the period ended 30 September 2010 (2009: AED 3,164 million [further adjusted for interest on tier I capital notes amounting to AED 67 million]), divided by 5,557,774,724 shares outstanding as at the reporting date.

The earnings per share of AED 0.56 as reported for the period ended 30 September 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 brokerage services, property management, certain overseas branches, operations and support functions.

18 BUSINESS SEGMENT REPORTING (continued)

30 September 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	2,477,489	1,765,141	(12,033)	529,385	8,545	406,144	5,174,671
Net fee, commission and other income	854,915	698,513	501,548	60,037	272,745	(103,147)	2,284,611
Total operating income	3,332,404	2,463,654	489,515	589,422	281,290	302,997	7,459,282
General and administrative expenses	(250,480)	(826,250)	(46,199)	(278,185)	(136,022)	(770,583)	(2,307,719)
Net impairment loss on financial assets	(1,616,580)	(604,079)	(99,336)	(250,435)	-	(418,414)	(2,988,844)
Amortisation of intangibles	-	-	-	-	-	(70,395)	(70,395)
Share of profit/(loss) of associates and joint ventures	-	-	-	-	169	(155,825)	(155,656)
Group profit for the period	1,465,344	1,033,325	343,980	60,802	145,437	(1,112,220)	1,936,668
Segment assets	180,183,447	27,349,347	46,925,274	22,502,009	700,301	6,561,742	284,222,120
Segment liabilities and equity	99,916,749	65,512,311	28,524,502	30,082,318	490,696	59,695,544	284,222,120

18 BUSINESS SEGMENT REPORTING (continued)

30 September 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	2,470,054	1,920,816	342,080	479,969	1,463	273,951	5,488,333
Net fee, commission and other income	1,054,698	593,862	312,437	155,358	272,812	420,546	2,809,713
Total operating income	3,524,752	2,514,678	654,517	635,327	274,275	694,497	8,298,046
General and administrative expenses	(285,750)	(946,510)	(51,272)	(296,851)	(129,446)	(977,208)	(2,687,037)
Net impairment loss on financial assets	(684,928)	(1,226,168)	(266,102)	(191,045)	-	(5,567)	(2,373,810)
Amortisation of intangibles	-	-	-	-	-	(70,395)	(70,395)
Share of loss of associates and joint ventures	-	-	-	-	-	(2,449)	(2,449)
Group profit for the period	2,554,074	342,000	337,143	147,431	144,829	(361,122)	3,164,355
Segment assets	179,009,677	29,493,164	51,577,738	25,011,174	528,858	5,424,223	291,044,834
Segment liabilities and equity	95,433,150	58,877,248	47,178,709	25,692,610	211,809	63,651,308	291,044,834

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 September 2010 AED 000	Audited 31 December 2009 AED 000
Loans to the majority shareholder of the ultimate parent	51,825,603	48,982,478
Deposits from the majority shareholder of the ultimate parent	1,243,000	606,285
Investment in bonds of the majority shareholder of the ultimate parent	799,411	738,109
Loans to the ultimate parent	918,250	920,386
Deposits by the ultimate parent	7,600,139	6,736,377
Loans to directors and related companies	3,061,877	3,955,459
Loans to associates	3,915,667	3,782,210
Commitments to associates	541,488	567,836
Loans to and investments in funds managed by the Group	1,024,901	1,661,145

	Unaudited nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
Payments made to associates	78,396	51,369
Fees received in respect of funds managed by the Group	40,112	72,175

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

	Unaudited nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 2009 AED 000
Short term and post employment benefits	36,631	31,417

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 nine months period ended 30 September 2010 AED 000	Unaudited nine months period ended 30 September 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	12,856,077	21,275,654
	Balance at end of period	(3,957,258)	(11,941,767)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	32,600,947	18,784,002
	Due from banks	15,068,436	16,413,577
	Due to banks	(20,973,368)	(38,533,352)
		26,696,015	(3,335,773)
	Less : deposits with Central Bank for regulatory purposes	(31,452,016)	(8,909,298)
	Less : amounts due from banks maturing after three months	(229,859)	(794,853)
	Add : amounts due to banks maturing after three months	1,028,602	1,098,157
		(3,957,258)	(11,941,767)

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.