EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

The Shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emirates NBD PJSC ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2011, the condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

2 3 OCT 2011

بنك الإمارات دبي الوطني
Emirates NBD

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011 (UNAUDITED)

ASSETS	Notes	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Cash and deposits with Central Bank	3	20,979,027	37,682,944
Due from banks	4	14,847,237	13,850,467
Loans and receivables	5	180,033,464	177,898,904
Islamic financing and investment products	6	16,403,930	18,462,185
Trading securities	8	135,705	1,329,907
Investment securities	9	15,090,500	14,365,803
Investments in associates and joint ventures	10	2,253,647	1,411,687
Positive fair value of derivatives		2,909,908	2,445,559
Investment properties		1,877,212	1,907,291
Property and equipment		2,341,312	2,336,860
Goodwill and intangibles	13	5,854,483	5,924,878
Customer acceptances		5,281,920	4,632,810
Other assets		3,857,803	3,138,764
Assets held for sale	11	-	827,829
TOTAL ASSETS		271,866,148	286,215,888
LIABILITIES			
Due to banks		21,532,761	18,856,725
Customer deposits		160,006,301	162,782,309
Islamic customer deposits		23,594,861	37,189,699
Repurchase agreements with banks		889,233	892,309
Debt issued and other borrowed funds	14	16,275,361	19,415,809
Sukuk payable		1,246,582	1,267,185
Negative fair value of derivatives		2,422,882	1,969,346
Customer acceptances		5,281,920	4,632,810
Other liabilities		5,446,680	4,976,389
Liabilities held for sale	11	-	483,717
TOTAL LIABILITIES		236,696,581	252,466,298
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	4,000,000	4,000,000
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		2,198,205	2,198,205
Other reserves		2,869,533	2,869,533
Fair value reserve		501,363	105,899
Retained earnings		7,725,113	6,700,409
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	16	35,075,938	33,655,770
Non-controlling interest		93,629	93,820
TOTAL EQUITY		35,169,567	33,749,590
TOTAL LIABILITIES AND EQUITY		271,866,148	286,215,888

The notes set out on pages 7 to 27 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.

Vice Chairman

Director

Chief Executive Officer

23 OCT 2011

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Notes	Unaudited three months period ended 30 Sept 2011 AED 000	Unaudited three months period ended 30 Sept 2010 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Interest income		2,585,180	2,910,570	7,965,647	8,463,639
Interest expense		(791,839)	(1,273,449)	(2,981,183)	(3,655,144)
Net interest income		1,793,341	1,637,121	4,984,464	4,808,495
Income from Islamic financing and investment products		246,795	357,742	889,709	1,000,282
Distribution to depositors and profit paid to Sukuk holders		(90,319)	(272,003)	(545,381)	(634,106)
Net income from Islamic financing and investment products		156,476	85,739	344,328	366,176
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,949,817	1,722,860	5,328,792	5,174,671
Fee and commission income		465,876	597,720	1,365,216	1,923,688
Fee and commission expense		(45,231)	(186,333)	(115,161)	(552,077)
Net fee and commission income		420,645	411,387	1,250,055	1,371,611
Net gain/(loss) on trading securities		3,525	(2,317)	12,636	20,514
Other operating income		231,247	457,162	847,444	892,486
Total operating income		2,605,234	2,589,092	7,438,927	7,459,282
General and administrative expenses		(849,536)	(724,428)	(2,482,910)	(2,291,415)
Net impairment loss on financial assets	7	(1,571,395)	(1,241,230)	(3,921,316)	(2,988,844)
Total operating expenses and impairment loss		(2,420,931)	(1,965,658)	(6,404,226)	(5,280,259)
Operating profit		184,303	623,434	1,034,701	2,179,023
Amortisation of intangibles		(23,465)	(23,465)	(70,395)	(70,395)
Impairment and share of profit/(loss) of associates and joint ventures		19,000	(170,651)	(426,322)	(155,656)
Gain on disposal of partial stake (49%) in subsidiary	11	-	-	956,581	-
Fair value gain on retained interest (51%) in subsidiary	10	-	-	856,217	-
Taxation charge		(5,226)	(5,355)	(19,064)	(16,304)
Group profit for the period		174,612	423,963	2,331,718	1,936,668
Attributable to:					
Equity holders of the Group		174,802	423,929	2,331,909	1,933,014
Non-controlling interest		(190)	34	(191)	3,654
Group profit for the period		174,612	423,963	2,331,718	1,936,668
Earnings per share (AED)	18	0.02	0.06	0.38	0.31

The notes set out on pages 7 to 27 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 CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Unaudited three months period ended 30 Sept 2011 AED 000	Unaudited three months period ended 30 Sept 2010 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Group profit for the period	174,612	423,963	2,331,718	1,936,668
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	153,127	(48,831)	259,545	151,665
Fair value reserve (available-for-sale investment securities):				
- Net change in fair value	(16,186)	(190,799)	302,978	277,319
- Net amount transferred to profit or loss	(96,068)	(137,760)	(167,059)	(264,195)
Other comprehensive income for the period	40,873	(377,390)	395,464	164,789
Total comprehensive income for the period	215,485	46,573	2,727,182	2,101,457
Attributable to:				
Equity holders of the Group	215,675	46,539	2,727,373	2,097,803
Non-controlling interest	(190)	34	(191)	3,654
Total recognised income for the period	215,485	46,573	2,727,182	2,101,457

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EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011 (UNAUDITED)

	Notes	Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
OPERATING ACTIVITIES			
Group profit for the period		2,331,718	1,936,668
Adjustment for non cash items			
Impairment loss on loans and receivables		3,392,172	2,619,659
Impairment loss on Islamic financing and investment products		383,159	236,464
Impairment loss on investment securities		122,764	181,493
Fair value gain on debt issued and borrowed funds		(160,000)	-
Impairment allowances on Investments in associates and joint ventures		426,000	-
Amortisation of intangibles		70,395	70,395
Depreciation of property and equipment		189,073	197,705
Fixed assets written-off		27,740	-
Share of loss/(gain) of associates and joint ventures		322	155,656
Gain on disposal of partial stake (49%) in subsidiary		(956,581)	-
Fair value gain on retained interest (51%) in subsidiary		(856,217)	-
Revaluation of investment properties		31,500	162,664
Operating profit before changes in operating assets and liabilities		5,002,045	5,560,704
Change in statutory deposits with Central Bank		(819,245)	123,532
Change in certificates of deposit with Central Bank		18,550,000	(12,050,000)
Change in amounts due from banks maturing after 3 months		(5,305,962)	78,616
Change in amounts due to banks maturing after 3 months		(168,561)	(158,843)
Net change in other liabilities/other assets		(789,815)	314,833
Net change in fair value of derivatives		248,732	7,590
Change in customer deposits		(16,370,846)	17,606,557
Change in loans and receivables		(5,526,732)	9,987,372
Change in Islamic financing and investment products		1,675,096	625,193
Net cash flows (used in)/from operating activities		(3,505,288)	22,095,554
INVESTING ACTIVITIES			
Decrease in trading and investment securities (net of fair value movements)		482,660	2,256,287
Decrease in investments in associates and joint ventures		13,504	5,895
Sale of investment in subsidiary		1,551,300	-
Additions to investment properties		(1,421)	(8,391)
Additions to property and equipment (net)		(221,265)	(419,383)
Net cash flows from investing activities		1,824,778	1,834,408
FINANCING ACTIVITIES			
Change in deposits under repurchase agreements		(3,076)	(2,700,034)
Repayment of debt issued and other borrowed funds		(3,140,448)	(4,955,956)
Decrease in Sukuk borrowing		(20,603)	-
Interest on tier I capital notes		(195,650)	(195,650)
Dividends paid		(1,111,555)	(1,111,555)
Net cash flows used in financing activities		(4,471,332)	(8,963,195)
(Decrease)/increase in cash and cash equivalents	21	(6,151,842)	14,966,767

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EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2011 (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	Fair value reserve	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 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
Balance as at 1 January 2011	5,557,775	(46,175)	4,000,000	12,270,124	2,198,205	2,869,533	105,899	6,700,409	33,655,770	93,820	33,749,590
Total comprehensive income for the period	-	-	-	-	-	-	395,464	2,331,909	2,727,373	(191)	2,727,182
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 2011	5,557,775	(46,175)	4,000,000	12,270,124	2,198,205	2,869,533	501,363	7,725,113	35,075,938	93,629	35,169,567

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2011 as this will be effected at the year end.

The notes set out on pages 7 to 27 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 (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 ceased to exist.

The consolidated financial statements for the period ended 30 September 2011 comprise the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

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

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 2010.

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 2010.

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 2010.

(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 2010.

(c) New standards effective

IAS 24 – "Related party disclosures" (revised 2009) supersedes the IAS 24, "Related party disclosures" issued in 2003. The revised standard is effective for periods beginning on or after 1 January 2011 and has been applied by the Group in the Group condensed consolidated interim financial statements.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Cash	1,229,012	1,539,825
Interest free statutory and special deposits with Central Bank	11,541,064	10,721,819
Interest bearing placements with Central Bank	2,508,951	1,171,300
Interest bearing certificates of deposit with Central Bank	5,700,000	24,250,000
	20,979,027	37,682,944

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 changes every month in accordance with the Central Bank of the UAE's directives as per circular no. 21/99 dated 22/11/1999.

4 DUE FROM BANKS

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Due from local banks	3,371,246	329,450
Due from foreign banks	11,475,991	13,521,017
	14,847,237	13,850,467

5 LOANS AND RECEIVABLES

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Overdrafts	70,613,540	68,175,059
Time loans	111,692,816	109,587,461
Loans against trust receipts	3,207,123	2,564,316
Bills discounted	1,227,698	1,110,205
Credit card receivables	3,010,501	2,611,255
Others	597,859	690,773
Gross loans and receivables	190,349,537	184,739,069
Other debt instruments	558,198	659,562
Total loans and receivables	190,907,735	185,398,631
Less: Allowances for impairment	(10,874,271)	(7,499,727)
	180,033,464	177,898,904
Total of impaired loans and receivables	24,146,417	18,902,512

5 LOANS AND RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Agriculture and allied activities	27,813	36,076
Mining and quarrying	232,124	273,336
Manufacturing	6,875,265	7,755,030
Construction	5,511,609	5,510,423
Trade	6,988,493	6,840,720
Transport and communication	4,392,525	4,279,938
Services	16,052,926	16,819,154
Sovereign	57,243,252	54,015,057
Personal - Retail	21,638,451	21,310,040
Personal - Corporate	9,310,113	10,209,843
Real estate	24,743,734	25,926,913
Banks	43,854	44,737
Other financial institutions and investment companies	30,756,563	25,483,622
Others	7,091,013	6,893,742
Total loans and receivables	190,907,735	185,398,631
Less: Allowances for impairment	(10,874,271)	(7,499,727)
	180,033,464	177,898,904

5 LOANS AND RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Balance as at 1 January	5,548,939	3,745,448
Allowances for impairment made during the period	2,203,976	1,934,659
Write back /recoveries made during the period	(218,975)	(50,295)
Amounts written off during the period	(10,597)	(474,150)
Transfer to Islamic financing	(8,393)	-
Exchange and other adjustments	1,362	-
Balance as at 30 September	7,516,312	5,155,662
Movement in allowances for collective impairment		
Balance as at 1 January	1,950,788	1,663,873
Allowances for impairment made during the period	1,721,571	685,000
Write back /recoveries made during the period	(314,400)	-
Balance as at 30 September	3,357,959	2,348,873
	10,874,271	7,504,535

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Murabaha	5,379,763	4,895,949
Ijara	6,116,360	6,407,413
Sukuk funds	1,285,550	1,285,550
Credit card receivables	552,879	531,474
Wakala	2,712,307	3,837,714
Istissna'a	1,159,383	1,570,624
Others	975,699	1,332,913
Total Islamic financing and investment products	18,181,941	19,861,637
Less: Deferred income	(583,165)	(577,119)
Less: Allowances for impairment	(1,194,846)	(822,333)
	16,403,930	18,462,185
Total of impaired Islamic financing and investment products	2,794,427	1,659,860

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Analysis by economic activity	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Agriculture and allied activities	110	629
Mining and quarrying	-	46
Manufacturing	240,352	390,499
Construction	568,941	780,350
Trade	794,363	714,382
Transport and communication	184,477	196,906
Services	1,816,933	1,482,603
Personal - Retail	4,337,761	4,447,559
Personal - Corporate	1,257,220	1,838,455
Real estate	6,083,687	6,704,993
Financial institutions and investment companies	2,264,880	3,117,052
Others	633,217	188,163
Total Islamic financing and investment products	18,181,941	19,861,637
Less: Deferred income	(583,165)	(577,119)
Less: Allowances for impairment	(1,194,846)	(822,333)
	16,403,930	18,462,185

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Movement in allowances for specific impairment	Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Balance as at 1 January	580,485	344,966
Allowances for impairment made during the period	304,865	197,828
Write back / recoveries made during the period	(19,039)	(26,584)
Amount transferred from loans and receivables	8,393	-
Balance as at 30 September	874,704	516,210
Movement in allowances for collective impairment		
Balance as at 1 January	241,848	194,048
Allowances for impairment made during the period	78,294	38,636
Write back / recoveries made during the period	-	(15,819)
Balance as at 30 September	320,142	216,865
	1,194,846	733,075

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 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Net impairment of loans and receivables	(3,392,172)	(2,569,364)
Net impairment of Islamic financing and investment products	(364,120)	(194,061)
Net impairment of investment securities	(122,764)	(181,493)
Net impairment of due from banks	(1,377)	15,348
Net special asset recoveries	1,353	3,651
Bad debt written off	(42,236)	(62,925)
Net impairment loss for the period	(3,921,316)	(2,988,844)

8 TRADING SECURITIES

30 September 2011	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	50,144	-	-	50,144
Corporate bonds	14,663	-	-	14,663
Equity	70,898	-	-	70,898
	135,705	-	-	135,705

31 December 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	187,101	-	-	187,101
Corporate bonds	772,424	46,273	186,762	1,005,459
Equity	114,035	12,177	11,135	137,347
	1,073,560	58,450	197,897	1,329,907

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 to available-for-sale investment securities and their carrying and fair values.

	1 July 2008 AED 000		31 December 2010 AED 000		30 September 2011 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	378,518	378,518	391,118	391,118
	993,491	993,491	378,518	378,518	391,118	391,118

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 2011)		
Interest income	93,099	-
Net change in fair value	-	(10,969)
	93,099	(10,969)

The table below sets out the amounts that would have been recognised in the income statement for the period ended 30 September 2011 had the reclassifications not been made:

	Nine months period ended 30 Sept 2011 AED 000
Net trading profit	26,455

9 INVESTMENT SECURITIES

30 September 2011	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	115,069	-	170,164
Corporate bonds	18,365	165,137	34,380	217,882
	73,460	280,206	34,380	388,046
AVAILABLE-FOR-SALE:				
Government bonds	1,139,456	787,502	980,697	2,907,655
Corporate bonds	4,617,892	1,387,167	1,362,634	7,367,693
Equity	446,835	852,025	750,460	2,049,320
Others	238,241	259,824	981,298	1,479,363
	6,442,424	3,286,518	4,075,089	13,804,031
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	39,335	82,634	-	121,969
Others	679,184	2,377	94,893	776,454
	718,519	85,011	94,893	898,423
	7,234,403	3,651,735	4,204,362	15,090,500

9 INVESTMENT SECURITIES (continued)

31 December 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	114,389	-	169,484
Corporate bonds	18,365	165,135	34,643	218,143
	73,460	279,524	34,643	387,627
AVAILABLE-FOR-SALE:				
Government bonds	1,121,929	841,548	701,662	2,665,139
Corporate bonds	3,320,158	793,017	2,441,473	6,554,648
Equity	509,208	848,785	847,576	2,205,569
Others	228,836	297,528	970,288	1,496,652
	5,180,131	2,780,878	4,960,999	12,922,008
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	47,974	98,845	-	146,819
Others	765,372	2,377	141,600	909,349
	813,346	101,222	141,600	1,056,168
	6,066,937	3,161,624	5,137,242	14,365,803

Investment securities include investments in real estate funds as follows:

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Designated at fair value through profit or loss	157,097	204,599
Available-for-sale	1,003,642	982,429
	1,160,739	1,187,028

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As referred to in note 11, post completion of the sale transaction, Network International L.L.C is now subject to joint management control as per the terms of the sale agreement.

The fair value of the 51% shareholding retained by Emirates NBD in Network International L.L.C as Investment in Joint venture was AED 1,282 million as at 31 March 2011.

The fair value gain on measurement of the 51% shareholding retained by the Group in Network International L.L.C was AED 856 million as at 31 March 2011, which is recognised in the income statement.

Apart from the above, there were no other significant changes to investments in associates and joint ventures during the period.

11 SALE OF PARTIAL STAKE IN SUBSIDIARY

On 31 March 2011, the Group completed the sale of 49% shareholding in Network International L.L.C, a subsidiary of the Group, for a net consideration of AED 1,388 million. The gross assets and liabilities of Network International L.L.C were earlier disclosed as held for sale as at 31 December 2010 under IFRS 5 – Non-current assets held for sale and discontinued operations following the signing of the share purchase agreement with a strategic investor.

The consideration for the sale has been part financed in cash and part by a term loan of AED 707 million from the Group to the purchaser. The sale transaction gave rise to a net gain on disposal of AED 957 million.

The term loan of AED 707 million has been discounted at the cost of equity of Emirates NBD group as at 31 December 2010, resulting in an un-amortised gain which will be recognised in the income statement over the tenor of the loan (5 years).

	AED million
Net consideration received	1,388
Consideration settlement adjustment*	(22)
Final adjusted consideration	1,366
Carrying value of share of net assets on date of disposal	(409)
Realised gain on disposal of 49% shareholding in subsidiary	957

*The consideration settlement adjustment of AED 22 million comprises of a change in estimates used to arrive at the final price calculation, and is reflected in the Group condensed consolidated interim income statement.

12 INVESTMENT IN SUBSIDIARIES

On 7 July 2011, Tanfeeth L.L.C. was incorporated as a fully owned subsidiary of the Group. The primary objective of the entity is to provide a platform to the Group's various back office operations with an objective to enhance the service delivery capability and achieve efficiencies.

13 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles			Total
30 September 2011	AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
Cost					
Balance as at 1 January	5,500,845	9,281	157,490	564,760	6,232,376
Amortisation and impairment					
Balance as at 1 January	4,903	7,595	100,000	195,000	307,498
Amortisation for the period	-	1,395	23,250	45,750	70,395
Balance as at 30 September	4,903	8,990	123,250	240,750	377,893
NET	5,495,942	291	34,240	324,010	5,854,483
31 December 2010					
Cost	5,500,845	9,281	157,490	564,760	6,232,376
Amortisation and impairment	4,903	7,595	100,000	195,000	307,498
NET	5,495,942	1,686	57,490	369,760	5,924,878

14 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Medium term note programme	8,703,357	10,856,743
Syndicated borrowings from banks	5,508,750	5,508,750
Borrowings raised from loan securitisations	2,063,254	3,050,316
	16,275,361	19,415,809

14 DEBT ISSUED AND OTHER BORROWED FUNDS (continued)

The Group has outstanding medium term borrowings totalling AED 16,275 million (2010: AED 19,416 million) which will be repaid as follows:

	Unaudited 30 September 2011 AED million	Audited 31 December 2010 AED million
2011	853	3,799
2012	8,018	8,051
2013	1,872	1,036
2014	239	244
2015	1,157	2,193
2016	665	1,892
2018	2,564	1,344
2020	907	857
	16,275	19,416

15 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.

16 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 23 March 2011, shareholders approved payment of a cash dividend of 20% of the issued and paid up capital. The above dividend amount of AED 1,112 million was subsequently paid based on the share register on 3 April 2011.

17 COMMITMENTS AND CONTINGENCIES

At 30 September 2011, the Group's commitments and contingencies are as follows:

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Letters of credit	7,046,427	8,760,513
Guarantees	29,465,955	32,001,466
Liability on risk participations	2,001,228	1,179,009
Irrevocable loan commitments	16,517,123	9,301,142
	55,030,733	51,242,130

18 EARNINGS PER SHARE

The basic earnings per share is based on the profit attributable to equity holders of AED 2,332 million (further adjusted for interest on tier I capital notes amounting to AED 196 million), for the period ended 30 September 2011 (2010: AED 1,933 million [further adjusted for interest on tier I capital notes amounting to AED 196 million]), divided by 5,557,774,724 shares outstanding as at the reporting date.

19 OPERATING SEGMENTS

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) Other operations of the Group include investment banking, asset management, equity broking services, property management, certain overseas branches, operations and support functions.

19 OPERATING SEGMENTS (continued)

30 September 2011	Corporate banking	Consumer banking	Treasury	Islamic banking	Others	Total
	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	2,582,308	2,129,236	16,618	446,160	154,470	5,328,792
Net fee, commission and other income	781,527	732,660	466,715	115,798	13,435	2,110,135
Total operating income	3,363,835	2,861,896	483,333	561,958	167,905	7,438,927
General and administrative expenses	(234,942)	(1,070,586)	(55,141)	(309,353)	(812,888)	(2,482,910)
Net specific impairment loss on financial assets	(1,672,842)	(411,479)	(88,304)	(286,517)	23,291	(2,435,851)
Net collective impairment loss on financial assets	(844,707)	87,536	-	(78,294)	(650,000)	(1,485,465)
Amortisation of intangibles	-	-	-	-	(70,395)	(70,395)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	(426,322)	(426,322)
Gain on disposal of partial stake (49%) in subsidiary	-	-	-	-	956,581	956,581
Fair value gain on retained interest (51%) in subsidiary	-	-	-	-	856,217	856,217
Taxation charge	(4,304)	(8,035)	(1,213)	-	(5,512)	(19,064)
Group profit for the period	607,040	1,459,332	338,675	(112,206)	38,877	2,331,718
Segment assets	176,857,416	28,544,744	29,988,421	19,431,855	17,043,712	271,866,148
Segment liabilities and equity	81,435,467	78,754,492	55,261,887	21,244,732	35,169,570	271,866,148

Operating segments for 2011, does not include cards processing following the sale of partial stake in Network International (refer note no.11).

19 OPERATING SEGMENTS (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)	488,096	8,545	447,433	5,174,671
Net fee, commission and other income	854,915	698,513	501,548	253,961	272,745	(297,071)	2,284,611
Total operating income	3,332,404	2,463,654	489,515	742,057	281,290	150,362	7,459,282
General and administrative expenses	(250,480)	(826,250)	(46,199)	(289,248)	(136,022)	(743,216)	(2,291,415)
Net specific impairment loss on financial assets	(1,186,580)	(749,079)	(99,336)	(357,560)	-	111,528	(2,281,027)
Net collective impairment loss on financial assets	(430,000)	145,000	-	(22,817)		(400,000)	(707,817)
Amortisation of intangibles	-	-	-	-	-	(70,395)	(70,395)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	169	(155,825)	(155,656)
Taxation charge	-	-	-	-	-	(16,304)	(16,304)
Group profit for the period	1,465,344	1,033,325	343,980	72,432	145,437	(1,123,850)	1,936,668
Segment assets	180,523,092	29,241,262	32,357,606	22,502,009	700,301	18,897,850	284,222,120
Segment liabilities and equity	99,924,395	67,234,529	43,484,629	29,958,314	292,294	43,327,959	284,222,120

*As at 30 September 2010, total assets and liabilities amounting to AED 12,158 million pertaining to Saudi Arabia branch is included in the “Others” operating segment. The Group adopted segmental reporting for the international branches in 2011 whereby the segment assets and liabilities of the overseas branches have been reclassified from “Others” to the respective operating segments.

20 RELATED PARTY TRANSACTIONS

Emirates NBD Group is owned by Investment Corporation of Dubai (55.6%), a company in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 10% (June 2011: 9%) and 16% (June 2011: 17%) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all financial dealings with the Group are on an arms-length basis.

The Group has also entered into transactions with certain other related parties who are non government related entities. Such transactions were also 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 2011 AED 000	Audited 31 December 2010 AED 000
Loans and receivables:		
To majority shareholder of the ultimate parent	56,670,649	54,015,057
To ultimate parent	3,706,083	918,250
To directors and related companies*	2,149,136	2,969,728
To associates and joint ventures	3,745,025	3,908,633
	66,270,893	61,811,668

* The composition of the Board of directors (including Chairman and Vice Chairman) underwent a change in June 2011, whereby six existing directors were retired and five new directors were appointed as part of the reconstituted Board.

	Unaudited 30 September 2011 AED 000	Audited 31 December 2010 AED 000
Customer and Islamic deposits:		
From majority shareholder of the ultimate parent	521,682	235,297
From ultimate parent	2,901,925	10,303,666
From associates and joint ventures	543,519	547,488
	3,967,126	11,086,451
Investment in Government of Dubai bonds	788,509	900,636
Loans to and investment in funds managed by the Group	946,048	1,011,126
Commitments to associates	2,432,869	3,022,827
Acceptances to associates	6,335	2,451
Purchase of property from associate	-	406,072

20 RELATED PARTY TRANSACTIONS (continued)

	Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Payments made to associates and joint ventures	144,199	78,396
Fees received in respect of funds managed by the Group	29,659	40,112
Interest paid to funds managed by the Group	18,069	9,642
Gain on transfer of shares from joint venture	41,043	-

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 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
Short term and post employment benefits	54,492	27,963

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. The compensation paid to directors and key management personnel includes four additional members who have been inducted as key management personnel in 2011 compared to the previous year.

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.

21 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

		Unaudited nine months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2010 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of year	(589,330)	(16,395,503)
	Net cash (outflow)/inflow	(6,151,842)	14,966,767
	Balance at end of period	(6,741,172)	(1,428,736)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	20,979,027	32,600,947
	Due from banks	14,847,237	15,068,436
	Due to banks	(21,532,761)	(20,973,368)
		14,293,503	26,696,015
	Less : deposits with Central Bank for regulatory purposes	(11,541,064)	(10,173,494)
	Less : certificates of deposits with Central Bank	(5,700,000)	(18,750,000)
	Less : amounts due from banks maturing after three months	(5,534,827)	(229,859)
	Add : amounts due to banks maturing after three months	1,741,216	1,028,602
		(6,741,172)	(1,428,736)

22 EVENTS AFTER THE REPORTING PERIOD

As per the decree issued by the Ruler of Dubai on 11 October 2011, it was decided that the Group will take over the operations of Dubai Bank P.J.S.C. The Group currently expects that the take-over transaction will be completed by the year end.

23 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.