EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED

INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Independent report on review of condensed consolidated interim financial information

The shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Emirates NBD PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2008 and the related condensed consolidated interim statements of income, cash flows and changes in equity for the nine-month period then ended ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting 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 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG

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Registration No: 48 B

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22 OCT 2008

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22 OCT 2008

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2008 (UNAUDITED)

	Notes	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
ASSETS			
Cash and deposits with Central Banks	3	21,007,824	29,226,054
Due from banks	4	14,928,824	12,800,902
Loans and receivables	5	182,341,882	151,952,233
Islamic financing and investment products	6	19,823,750	14,471,737
Trading securities	8	77,203	253,787
Investment securities	9	23,994,991	23,345,655
Investment in associates and joint venture	11	2,986,071	2,712,372
Investment properties		547,862	482,472
Property and equipment		2,592,784	1,982,687
Goodwill and intangibles	12 & 13	6,173,796	6,178,627
Positive fair value of derivatives		4,282,159	3,756,345
Customer acceptances		2,786,883	2,851,216
Other assets		3,784,184	3,798,165
TOTAL ASSETS		285,328,213	253,812,252
LIABILITIES			
Customer deposits		144,392,631	124,104,425
Islamic customer deposits		21,525,555	14,541,970
Collateral and other borrowings from Central Bank		5,331,102	-
Due to banks		42,985,446	48,583,966
Repurchase agreements with banks		3,252,623	5,610,043
Debt issued and other borrowed funds	14	28,742,354	25,406,321
Sukuk payable	15	1,267,185	1,267,185
Negative fair value of derivatives		3,621,389	2,750,833
Customer acceptances		2,786,883	2,851,216
Other liabilities		4,200,684	3,537,519
TOTAL LIABILITIES		258,105,852	228,653,478
EQUITY			
Issued capital		5,052,523	4,393,498
Treasury shares		(46,175)	(46,175)
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserves		1,260,205	1,260,205
Other reserves		3,258,385	3,917,410
Cumulative changes in fair value		704,285	863,890
Retained earnings		4,625,929	2,497,919
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	16	27,125,276	25,156,871
Minority interests		97,085	1,903
TOTAL EQUITY		27,222,361	25,158,774
TOTAL LIABILITIES AND EQUITY		285,328,213	253,812,252

The notes set out on pages 6 to 24 form part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of Group condensed consolidated interim financial information is set out on page 1.

Chairman Director Chief Executive Officer

22 OCT 2008

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Notes	Unaudited three months period ended 30 Sept 2008 AED 000	Unaudited three months period ended 30 Sept 2007 AED 000	Unaudited nine months period ended 30 Sept 2008 AED 000	Unaudited nine months period ended 30 Sept 2007 AED 000
Interest income		2,675,248	1,611,091	8,086,115	4,356,975
Interest expense		(1,394,579)	(1,063,346)	(4,295,697)	(2,922,150)
Net interest income		1,280,669	547,745	3,790,418	1,434,825
Income from Islamic financing and investment products		340,282	179,432	865,088	476,969
Distribution to depositors and profit paid to Sukuk holders		(221,684)	(96,674)	(514,344)	(267,674)
Net income from Islamic financing and investment products		118,598	82,758	350,744	209,295
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,399,267	630,503	4,141,162	1,644,120
Fee and commission income		654,245	319,012	2,113,617	798,687
Fee and commission expense		(160,733)	(76,508)	(520,545)	(195,553)
Net fee and commission income		493,512	242,504	1,593,072	603,134
Net (loss)/ gain on trading securities		(24,955)	(6,699)	(34,932)	21,685
Other operating income		117,369	134,718	964,584	619,015
Total operating income		1,985,193	1,001,026	6,663,886	2,887,954
General and administrative expenses		(773,634)	(397,825)	(2,524,781)	(1,109,075)
Net impairment allowances on financial assets	7	(297,875)	(116,180)	(809,542)	(248,902)
Total operating expenses		(1,071,509)	(514,005)	(3,334,323)	(1,357,977)
Operating profit		913,684	487,021	3,329,563	1,529,977
Amortisation of intangibles		(20,465)	(465)	(61,395)	(1,550)
Share of profit of associates & joint venture		125,588	91,088	398,545	249,807
Group profit for the period		1,018,807	577,644	3,666,713	1,778,234
Attributable to:					
Equity holders of the Group		1,018,381	577,535	3,665,734	1,778,004
Minority interests		426	109	979	230
Group profit for the period		1,018,807	577,644	3,666,713	1,778,234

		Unaudited three months period ended 30 Sept 2008 AED	Unaudited three months period ended 30 Sept 2007 AED	Unaudited nine months period ended 30 Sept 2008 AED	Unaudited nine months period ended 30 Sept 2007 AED
Earnings Per Share	18	0.20	0.11	0.73	0.35

The notes set out on pages 6 to 24 form part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of Group condensed consolidated interim financial information is set out on page 1.

GROUP CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Note	Unaudited 30 September 2008 AED 000	Unaudited 30 September 2007 AED 000
OPERATING ACTIVITIES			
Group profit for the period		3,666,713	1,778,234
Adjustment for non cash items			
Impairment allowance on loans and receivables		852,061	251,451
Impairment allowance on Islamic financing and investment products		46,058	52,919
Impairment allowances on Investment securities		42,200	-
Amortisation of intangibles		61,395	1,550
Depreciation on property and equipment		115,653	66,230
Share of profit of associates and joint venture		(398,545)	(249,807)
Operating profit before changes in operating assets and liabilities		4,385,535	1,900,577
Increase in statutory deposits		(3,638,446)	(870,522)
Decrease in due from banks maturing after 3 months		290,786	141,573
Increase/(decrease) in due to banks maturing after 3 months		3,643,327	(3,970,008)
Net change in other liabilities/other assets		677,143	(10,193)
Net change in fair value of derivatives		516,472	(158,254)
Increase in customer deposits		27,271,791	25,040,519
Increase in loans and receivables		(31,298,274)	(16,195,240)
Increase in Islamic financing and investment products		(5,398,071)	(4,846,037)
Net cash (outflows) / inflows from operating activities		(3,549,737)	1,032,415
INVESTING ACTIVITIES			
Increase in trading and investment securities (net)		(739,524)	(118,775)
Sale of investment in joint venture		18,083	-
Increase in investment properties (net)		(65,390)	(139,547)
Acquisition of subsidiaries		-	(118,312)
Additions to property and equipment (net)		(725,750)	(159,882)
Net cash flows used in investing activities		(1,512,581)	(536,516)
FINANCING ACTIVITIES			
Increase in Sukuk Borrowings		-	1,285,550
Increase in debt issued and other borrowed funds (net)		3,336,033	1,007,957
Decrease in deposits under repurchase agreement		(2,357,420)	-
Increase in minority interest		94,205	-
Dividends paid		(1,537,724)	(699,569)
Net cash (outflows)/inflows from financing activities		(464,906)	1,593,938
(Decrease)/Increase in cash and cash equivalents	21	(5,527,224)	2,089,837

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GROUP CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2008 (UNAUDITED)

	Issued capital AED 000	Treasury shares AED 000	Share premium reserve AED 000	Legal and Statutory reserve AED 000	Other reserves AED 000	Cumulative changes in fair value AED 000	Retained earnings AED 000	Total AED 000	Minority interests AED 000	Group total AED 000
Balance as at 1 January 2007	2,331,896	-	-	982,205	4,294,484	343,285	924,611	8,876,481	1,566	8,878,047
Income and expense recognised directly in equity for available-for-sale securities	-	-	-	-	-	8,523	-	8,523	-	8,523
Income and expense recognised directly in equity for cash flow hedges	-	-	-	-	-	66,761	-	66,761	-	66,761
Group profit for the period	-	-	-	-	-	-	1,778,004	1,778,004	230	1,778,234
Total income and expense for the period	-	-	-	-	-	75,284	1,778,004	1,853,288	230	1,853,518
Dividends paid	-	-	-	-	-	-	(699,569)	(699,569)	-	(699,569)
Issuance of bonus shares	582,974	-	-	-	(582,974)	-	-	-	-	-
Balance as at 30 September 2007	2,914,870	-	-	982,205	3,711,510	418,569	2,003,046	10,030,200	1,796	10,031,996
Balance as at 1 January 2008	4,393,498	(46,175)	12,270,124	1,260,205	3,917,410	863,890	2,497,919	25,156,871	1903	25,158,774
Income and expense recognised directly in equity for available-for-sale securities	-	-	-	-	-	(331,335)	-	(331,335)	(2)	(331,337)
Income and expense recognised directly in equity for cash flow hedges	-	-	-	-	-	171,730	-	171,730	-	171,730
Group profit for the period	-	-	-	-	-	-	3,665,734	3,665,734	979	3,666,713
Total income and expense for the period	-	-	-	-	-	(159,605)	3,665,734	3,506,129	977	3,507,106
Dividends paid	-	-	-	-	-	-	(1,537,724)	(1,537,724)	-	(1,537,724)
Issuance of bonus shares	659,025	-	-	-	(659,025)	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	-	94,205	94,205
Balance as at 30 September 2008	5,052,523	(46,175)	12,270,124	1,260,205	3,258,385	704,285	4,625,929	27,125,276	97,085	27,222,361

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2008 as this will be effected at the year end.

The notes set out on pages 6 to 24 form part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of Group condensed consolidated interim financial information is set out on Page 1.

1 LEGAL STATUS AND ACTIVITIES

Emirates NBD PJSC, ("ENBD" or "Emirates NBD" or the "Company") 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 Company was incorporated principally to give effect to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"). The Company acts as the holding company of both EBI and NBD (together referred to as the "Group"). The merger became effective from 16 October 2007.

The Company is listed on the Dubai Financial Market. The Company's principal business activity is investment holding.

The merger transaction was accounted for in accordance with IFRS 3 - Business Combinations. IFRS 3 requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. EBI was identified as the "deemed acquirer" in this transaction. The principles of reverse acquisition were used to reflect the acquisition of EBI by ENBD. No adjustments were made to the fair values of EBI's assets and liabilities in the consolidated balance sheet.

The registered address of the Company is Post Box 2923, Dubai, United Arab Emirates ("UAE").

The ultimate parent 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 2007.

The results for the nine months period ended 30 September 2008 include the results of EBI and its subsidiaries and NBD and its subsidiaries. The comparative amounts in the income statement and the statement of cash flows and changes in equity for the nine months period ended 30 September 2007 are those of EBI and its subsidiaries only.

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 2007.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2007.

(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 2007.

3 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Cash	1,421,541	1,493,275
Interest free statutory and special deposits with Central Bank (a)	11,066,283	11,834,779
Interest bearing certificates of deposit with Central Bank	8,520,000	15,898,000
	21,007,824	29,226,054

(a) 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 its approval. The level of reserve required changes every month in accordance with the Central Bank of the UAE directives.

4 DUE FROM BANKS

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Due from local banks	3,636,636	1,279,365
Due from foreign banks	11,292,188	11,521,537
	14,928,824	12,800,902

5 LOANS AND RECEIVABLES

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Overdrafts	56,357,672	46,861,129
Time loans	116,602,321	93,962,781
Loans against trust receipts	5,295,170	4,168,196
Bills discounted	1,895,865	1,875,634
Others	2,109,935	2,212,021
Gross loans and receivables	182,260,963	149,079,761
Other debt instruments	2,587,031	4,686,528
Total loans and receivables	184,847,994	153,766,289
Less: Allowances for impairment	(2,506,112)	(1,814,056)
Net loans and receivables	182,341,882	151,952,233
Total of classified loans and receivables on which interest is not taken into income	1,857,799	1,594,761

5 LOANS AND RECEIVABLES (continued)

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Analysis by economic activity		
Agriculture and allied activities	160,630	89,755
Mining and quarrying	412,354	500,228
Manufacturing	11,421,542	8,710,293
Construction	12,715,893	12,225,947
Trade	11,148,552	10,131,887
Transport and communication	5,915,234	7,360,719
Services	25,677,299	24,570,753
Sovereign	33,374,291	29,811,428
Personal – Retail	25,126,817	18,171,402
Personal – Corporate	18,678,452	13,488,168
Real estate	9,280,379	9,258,703
Financial institutions and investment companies	27,125,381	15,420,791
Others	3,811,170	4,026,215
Total loans and receivables	184,847,994	153,766,289
Less: Allowances for impairment	(2,506,112)	(1,814,056)
Net loans and receivables	182,341,882	151,952,233

Movement in allowances for impairment	Unaudited nine months period ended 30 September 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
Balance as at 1 January	1,814,056	806,964
Impairment allowances during the period	852,061	251,451
Recoveries	(97,371)	(36,314)
Amounts written off	(62,634)	(20,834)
Balance as at end of period	2,506,112	1,001,267

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Murabaha	6,644,754	5,403,504
Ijara	5,859,080	4,137,925
Credit card receivables	427,100	292,089
Wakala	4,589,072	3,576,688
Istissna'a	1,284,155	739,659
Others	1,990,802	1,025,214
Total Islamic financing and investment products	20,794,963	15,175,079
Less: Deferred income	(788,924)	(545,594)
Less: Allowances for impairment	(182,289)	(157,748)
Net Islamic financing and investment products	19,823,750	14,471,737
Total of classified Islamic financing and investment products on which fee is not taken into income	222,887	246,644

<u>Analysis by economic activity</u>

Agriculture and allied activities	2,843	8,017
Manufacturing	496,363	464,190
Construction	1,670,521	1,605,897
Trade	1,053,000	2,646,657
Transport and communication	519,697	137,308
Services and personal	5,430,895	3,853,787
Financial institutions and investment companies	2,019,187	2,802,218
Real estate	5,198,045	2,954,700
Others	4,404,412	702,305
Total	20,794,963	15,175,079
Less: Deferred income	(788,924)	(545,594)
Less: Allowances for impairment	(182,289)	(157,748)
Net Islamic financing and investment products	19,823,750	14,471,737

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

	Unaudited nine months period ended 30 September 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
Movement in allowances for impairment		
Balance as at 1 January	157,748	94,113
Impairment allowances during the period	46,058	52,919
Recoveries	(21,517)	(6,115)
Balance as at end of period	182,289	140,917

7 NET IMPAIRMENT ALLOWANCES ON FINANCIAL ASSETS

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

	Unaudited nine months period ended 30 September 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
Net impairment of loans and receivables	(754,690)	(215,137)
Net impairment of Islamic financing and investment products	(24,541)	(46,804)
Net impairment of investment securities	(42,200)	-
Net special asset recoveries	14,310	13,039
Bad debts written off	(3,810)	-
Bad debts written off recovered	1,389	-
Net allowances for impairment losses for the period	(809,542)	(248,902)

8 TRADING SECURITIES

	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Equities - 30 September 2008	76,857	-	346	77,203
Equities - 31 December 2007	251,594	1,038	1,155	253,787

9 INVESTMENT SECURITIES

30 September 2008	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	99,493	-	32,018	131,511
Corporate bonds	172,919	-	372,185	545,104
	272,412	-	404,203	676,615
AVAILABLE-FOR-SALE:				
Government bonds	647,357	79,751	1,801,609	2,528,717
Corporate bonds	3,714,693	680,308	7,107,776	11,502,777
Equities	763,363	1,575,138	997,588	3,336,089
Others (including mutual funds)	112,352	48,002	445,926	606,280
	5,237,765	2,383,199	10,352,899	17,973,863
FAIR VALUE THROUGH PROFIT AND LOSS:				
Government bonds	145,665	-	-	145,665
Corporate bonds	858,527	59,456	-	917,983
Equities	183,017	168,617	-	351,634
Hybrid instruments	367,799	35,720	189,257	592,776
Others (including mutual funds)	1,319,829	188,872	1,827,754	3,336,455
	2,874,837	452,665	2,017,011	5,344,513
Total investment securities	8,385,014	2,835,864	12,774,113	23,994,991

9 INVESTMENT SECURITIES (continued)

31 December 2007	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	174,129	-	61,106	235,235
Corporate bonds	328,874	314,995	155,458	799,327
	503,003	314,995	216,564	1,034,562
AVAILABLE-FOR-SALE:				
Government bonds	177,908	257,630	1,016,422	1,451,960
Corporate bonds	3,198,836	681,010	9,381,102	13,260,948
Equities	798,912	714,034	539,260	2,052,206
Others (including mutual funds)	65,613	44,249	433,996	543,858
	4,241,269	1,696,923	11,370,780	17,308,972
FAIR VALUE THROUGH PROFIT AND LOSS:				
Government bonds	39,151	53,925	-	93,076
Corporate bonds	61,840	14,335	51,031	127,206
Equities	188,728	140,467	930	330,125
Hybrid instruments	426,417	-	208,006	634,423
Others (including mutual funds)	1,261,700	191,369	2,364,222	3,817,291
	1,977,836	400,096	2,624,189	5,002,121
Total investment securities	6,722,108	2,412,014	14,211,533	23,345,655

Investment securities include investments in real estate funds as follows:

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Fair value through profit and loss	428,000	416,418
Available-For-Sale	187,352	163,370
	615,352	579,788

10 INVESTMENT IN / SALE OF SUBSIDIARIES

On 9 June 2008, Emirates Islamic Bank PJSC ("EIB"), a subsidiary of the Company, set up and subscribed to a 40% stake in Ithmar Real Estate Development PSC ('Ithmar'), a company engaged in real estate development, for a consideration of AED 62 million. Ithmar is being consolidated with the Group's financial statements under IAS 27 'Consolidated and Separate Financial Statements' (as the Group has the majority of the votes in the Board of Directors, which signifies management control).

On 6 February 2008, NBD Investment Bank Limited, a subsidiary of the Company, set up and subscribed to a 56.2% stake in NBD Sana Capital Limited, a DIFC registered company engaged in Private Equity management, for an initial cash consideration of AED 1.5 million.

On 31 July 2008, the bank sold its investment by way of capital notes in AbAcAs, an SIV registered in the Cayman Islands. The bank realised a gain of AED 4.1 million on the sale. Subsequent to this redemption, the income statement and balance sheet of AbAcAs is not being consolidated as part of these financial statements as the bank no longer exercises management control.

11 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

On 5 May 2008, the Group completed sale of its investment in a joint venture, Mena Factors Limited, for a total consideration of AED 19.3 million. A profit of AED 0.6 million, being the proceeds received on sale less the carrying value of the investment, was recognised.

12 BUSINESS COMBINATIONS

As stated in Note 1, ENBD 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 Company was created to effect the merger between EBI and NBD. Emirates NBD acquired the share capital of EBI and NBD in exchange for the new shares in Emirates NBD with the following exchange ratio:

- 1 share in EBI for 1 new share in Emirates NBD.
- 1 share in NBD for 0.95 new shares in Emirates NBD.

The merger was completed on 16 October 2007 with 99.11% and 97.63% of shareholders of EBI and NBD respectively exchanging their shareholding in the respective banks with new shares issued by Emirates NBD. Subsequently, on the same date, both EBI and NBD's shares were delisted for trading from the Dubai Financial Market ("DFM") and Emirates NBD's shares were listed on the DFM.

Emirates NBD subsequently received requisite approval from Emirates Securities & Commodities Authority ("ESCA") to automatically exchange the shares of EBI and NBD for new shares of Emirates NBD for the remaining shareholders whose acceptance could not be obtained due to lack of response. As at 31 December 2007, EBI and NBD became wholly owned subsidiaries of Emirates NBD.

12 BUSINESS COMBINATIONS (continued)

Under IFRS 3 - Business Combinations, EBI has been identified as the "deemed acquirer" for the purposes of accounting under the purchase accounting method.

The provisional fair values of the identifiable assets and liabilities of NBD acquired by the Group are as follows:

	Fair value recognised on acquisition	Carrying value
Assets:	AED 000	AED 000
Cash and balances with Central Bank	7,652,229	7,652,229
Due from banks	5,660,775	5,660,775
Securities	18,097,473	18,097,473
Loans and advances	57,842,834	57,485,231
Investment properties	220,000	157,136
Property and equipment	864,318	364,752
Other assets	1,396,275	1,396,275
Total assets acquired	91,733,904	90,813,871
Liabilities:		
Due to banks	11,630,074	11,630,074
Customer deposits	61,288,982	61,262,683
Debt issued and other borrowed funds	10,087,276	10,145,912
Other liabilities	1,081,628	1,081,628
Total liabilities acquired	84,087,960	84,120,297
Fair value of net assets acquired by the Group	7,645,944	
Goodwill and intangibles arising on acquisition	6,161,628	
Total acquisition cost	13,807,572	

The total acquisition cost of AED 13,807 million comprised 1,478,328,029 shares issued by ENBD amounting to AED 13,748 million and costs of AED 59 million directly attributable to the acquisition.

12 BUSINESS COMBINATIONS (continued)

The acquisition cost was calculated on the basis of EBI's closing price of AED 9.30 per share on the Dubai Financial Market on 7 October 2007, being the last traded day prior to the suspension from trading.

Cash inflow on acquisition:

	AED 000
Values of shares issued on acquisition	13,748,452
Acquisition costs	59,120
Net assets acquired on business combination (excluding cash)	(6,155,343)
Net cash inflow	7,652,229

The Group has provisionally recognized the fair value of assets, liabilities, and contingent liabilities, acquired through the acquisition of NBD and has not performed an impairment test on goodwill. The goodwill is attributable to the synergies expected to arise from the business combination. The intangible assets are attributable mainly to brands/trademarks and core deposit intangible ("CDI").

Adjustment to the provisional values and intangibles acquired will be finalized within 12 months of the acquisition date and recorded retrospectively as allowed by IFRS 3 - Business Combinations. An impairment test on the carrying values of goodwill and intangibles acquired will also be performed at that stage.

Other acquisition

In addition to the acquisition of NBD, the Group has also acquired 100% of Egyptian Company for Electronic Systems Development ("NPC").

The Group has adopted the purchase method of accounting in respect of these acquisitions as required by IFRS 3 – Business Combinations.

13 GOODWILL AND INTANGIBLES

	Unaudited nine months period ended 30 September 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
Cost:		
Balance as at 1 January	6,202,545	14,184
Reassessment of fair value	56,564	-
Acquisition of subsidiaries	-	26,733
Balance as at end of period	6,259,109	40,917
Amortisation and Impairment:		
Balance as at 1 January	23,918	-
Amortisation for the period	61,395	1,550
Balance as at end of period	85,313	1,550
Carrying Value:		
Balance as at end of period	6,173,796	39,367

The specific criteria which need to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either:

- is separable, that is, is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are amortised using the straight-line method over the useful life of the asset, which is estimated to be between 2 and 14 years. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

14 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Medium term note programme	23,232,854	19,896,821
Syndicated borrowings from banks	5,509,500	5,509,500
	28,742,354	25,406,321

The Group has outstanding medium term and syndicated borrowings totalling AED 28,742 million, which will be repaid as follows:

	Unaudited 30 September 2008 AED million	Audited 31 December 2007 AED million
2008	-	695
2009	5,295	4,075
2010	6,302	5,906
2011	4,879	4,821
2012	7,390	7,849
2013	1,408	-
2014	215	247
2016	1,813	1,813
2018	1,440	-
	28,742	25,406

15 SUKUK PAYABLE

On 12 June 2007, EIB, through a sharia'a compliant Sukuk financing arrangement, raised medium term finance amounting to AED 1,285 million (USD 350 million), which is listed on the London Stock Exchange. An amount of AED 18 million has been adjusted on consolidation.

The terms of the arrangement include the transfer of certain leased assets (Ijara) of EIB, on a co-ownership basis, to a Sukuk company (EIB Sukuk Company Limited – "the issuer") specially formed for this transaction. The assets are in the control of EIB and shall continue to be serviced by EIB. The Sukuk certificates mature on 11 June 2012.

The issuer will pay the quarterly distribution amount from the returns received in respect of the leased assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to Sukuk holders on each quarterly distribution date. Upon maturity of this Sukuk, EIB has undertaken to repurchase the assets at the exercise price of USD 350 million.

16 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 23 March 2008, the following were approved and issued/paid subsequently:

(a) Issue of bonus shares for 2007 of 15% of the issued and paid up capital amounting to AED 659 million.

(b) Payment of a cash dividend of 35% of the issued and paid up capital amounting to AED 1,538 million.

17 COMMITMENTS AND CONTINGENCIES

At 30 September 2008 the Group's contingent liabilities and commitments were as follows:

	Unaudited 30 September 2008 AED 000	Audited 31 December 2007 AED 000
Letters of credit	18,826,066	19,405,990
Guarantees	43,070,316	34,064,323
Liability on risk participation	4,241,947	2,724,475
Irrevocable undrawn loan Commitments	15,630,914	22,712,030
	81,769,243	78,906,818

18 EARNINGS PER SHARE

Earnings per share is computed by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding during the period of 5,052,522,477 (2007: 5,052,522,477) of AED 1 each.

19 BUSINESS SEGMENT REPORTING

	Government & Corporate	Retail	Investment & Funds Management	Islamic Banking Activities	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
30 September 2008						
Net interest income & income from Islamic products net of distribution to depositors	1,846,697	1,662,511	281,210	350,744	-	4,141,162
Net fee, commission and other income	1,128,089	624,301	(359,152)	425,510	703,976	2,522,724
Total income	2,974,786	2,286,812	(77,942)	776,254	703,976	6,663,886
General and administrative expenses						(2,524,781)
Net impairment allowances on financial assets						(809,542)
Amortisation of intangibles						(61,395)
Share of profit of associates and joint venture						398,545
Group profit for the period						3,666,713
Segment assets	165,727,161	32,080,335	47,909,452	27,498,571	12,112,694	285,328,213
Segment liabilities and equity	110,079,496	51,319,251	91,969,821	27,169,687	4,789,958	285,328,213

Included in segment liabilities and equity are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

19 BUSINESS SEGMENT REPORTING (continued)

	Government & Corporate	Retail	Investment & Funds Management	Islamic Banking Activities	Other	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
30 September 2007						
Net interest income & income from Islamic products net of distribution to depositors	714,655	618,120	102,050	209,295	-	1,644,120
Net fee, commission and other income	477,288	183,166	283,587	173,113	126,680	1,243,834
Total Income	1,191,943	801,286	385,637	382,408	126,680	2,887,954
General and administrative expenses						(1,109,075)
Net impairment allowances on financial assets						(248,902)
Amortisation of intangibles						(1,550)
Share of profit of associates and joint venture						249,807
Group profit for the period						1,778,234
Segment Assets	68,579,215	15,195,419	31,241,159	15,574,483	2,730,768	133,321,044
Segment Liabilities and Equity	45,713,234	17,426,380	53,134,441	14,976,049	2,070,940	133,321,044

Included in segment liabilities and equity are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

20 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 2008 AED 000	Audited 31 December 2007 AED 000
Loans to the majority shareholder of the ultimate parent	27,796,489	23,785,828
Deposits from the majority shareholder of the ultimate parent	1,574,849	295,402
Investment in bonds of the majority shareholder of the ultimate parent	699,672	194,704
Loans to the ultimate parent	2,603,135	-
Deposit by the ultimate parent	10,699,200	-
Loans to directors and related companies	2,049,821	3,673,061
Loans to associates	3,036,339	2,462,950
Loans to and investments in funds managed by the Group	2,093,740	2,180,796

	Unaudited nine months period ended 30 September 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
Payments made to associates	47,245	30,010
Fees received in respect of funds managed by the Group	90,302	23,136
Interest paid to funds managed by the Group	36,201	80

20 RELATED PARTY TRANSACTIONS (continued)

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 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
Short term and post employment benefits	25,707	21,942

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.

21 NOTE TO THE CASH FLOW STATEMENT

		Unaudited nine months period ended 30 September 2008 AED 000	Unaudited nine months period ended 30 September 2007 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of period	(11,802,558)	(9,528,277)
	Net cash outflow	(5,527,224)	2,089,837
	Balance at end of period	(17,329,782)	(7,438,440)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	21,007,824	12,504,877
	Due from banks	14,928,824	11,505,848
	Due to banks	(42,985,446)	(27,722,158)
	Collateral and other borrowings from Central Bank	(5,331,102)	-
		(12,379,900)	(3,711,433)
	Less : deposits with Central Bank for regulatory purposes	(10,237,895)	(2,995,972)
	Less : amounts due from banks maturing after 3 months	(2,087,532)	(911,823)
	Add : amounts due to banks maturing after 3 months	7,375,545	180,788
		(17,329,782)	(7,438,440)

22 COMPARATIVE FIGURES

A strategic investment, which on acquisition had been classified as available for sale, was grouped under investments carried at fair value through profit and loss. Since there had been no change in the decision to continue to hold this investment as a strategic investment, the same was regrouped as part of investment securities held as available for sale in the second quarter of 2008. This regrouping did not result in any changes to reported income or shareholder's equity.

Certain other comparative figures have been reclassified and restated wherever appropriate. The reclassifications and restatements have been carried out in the financial statements for better presentation.

23 EVENTS SUBSEQUENT TO REPORTING DATE

The Group holds investments in quoted securities. Subsequent to the period end, there has been significant volatility in the market values of these securities. Consequently, the values disclosed at the balance sheet date may not be representative of values at subsequent dates and movements in such values may be material.