

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Report on review of condensed consolidated interim financial information

The Shareholders
Emirates NBD PJSC

Introduction


We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates NBD PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2009, 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 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


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25 OCT 2009

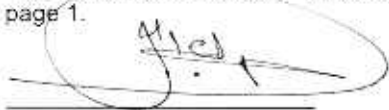
25 OCT 2009

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2009 (UNAUDITED)

| | Notes | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|---------------------------------------------------------------------|-------|-------------------------------------------|----------------------------------------|
| ASSETS | | | |
| Cash and deposits with Central Bank | 3 | 18,784,002 | 16,707,194 |
| Due from banks | 4 | 16,413,577 | 8,128,342 |
| Loans and receivables | 5 | 197,375,796 | 188,006,789 |
| Islamic financing and investment products | 6 | 19,734,670 | 20,923,373 |
| Trading securities | 8 | 333,823 | 244,445 |
| Investment securities | 9 | 17,171,835 | 19,390,801 |
| Investments in associates and joint ventures | 11 | 2,919,709 | 2,924,808 |
| Investment properties | | 753,282 | 796,107 |
| Property and equipment | | 3,223,517 | 2,792,618 |
| Goodwill and intangibles | 12 | 6,068,936 | 6,139,331 |
| Positive fair value of derivatives | | 2,182,276 | 6,323,494 |
| Customer acceptances | | 1,989,596 | 2,860,654 |
| Other assets | | 4,093,815 | 7,175,720 |
| TOTAL ASSETS | | 291,044,834 | 282,413,676 |
| LIABILITIES | | | |
| Customer deposits | | 159,997,933 | 139,979,804 |
| Islamic customer deposits | | 23,643,451 | 22,335,137 |
| Due to banks | | 38,533,352 | 48,425,638 |
| Repurchase agreements with banks | | 159,478 | 3,260,419 |
| Debt issued and other borrowed funds | 13 | 25,659,714 | 28,802,830 |
| Sukuk payable | | 1,267,185 | 1,267,185 |
| Negative fair value of derivatives | | 1,628,882 | 5,754,467 |
| Customer acceptances | | 1,989,596 | 2,860,654 |
| Other liabilities | | 5,837,315 | 3,965,621 |
| TOTAL LIABILITIES | | 258,716,906 | 256,651,755 |
| EQUITY | | | |
| Issued capital | | 5,557,775 | 5,052,523 |
| Treasury shares | | (46,175) | (46,175) |
| Tier I capital notes | 14 | 4,000,000 | - |
| Share premium reserve | | 12,270,124 | 12,270,124 |
| Legal and statutory reserves | | 1,629,205 | 1,629,205 |
| Other reserves | | 2,819,133 | 3,324,385 |
| Cumulative changes in fair value | | (279,852) | (757,979) |
| Retained earnings | | 6,280,142 | 4,193,062 |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP | 15 | 32,230,352 | 25,665,145 |
| Minority interests | | 97,576 | 96,776 |
| TOTAL EQUITY | | 32,327,928 | 25,761,921 |
| TOTAL LIABILITIES AND EQUITY | | 291,044,834 | 282,413,676 |


The notes set out on pages 7 to 30 form part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of Group condensed consolidated interim financial statements is set out on page 1.



Chairman



Director



Chief Executive Officer

25 OCT 2009

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

| | Notes | Unaudited three months period ended 30 September 2009 AED 000 | Unaudited three months period ended 30 September 2008 AED 000 | Unaudited nine months period ended 30 September 2009 AED 000 | Unaudited nine months period ended 30 September 2008 AED 000 |
|-----------------------------------------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Interest income | | 2,713,729 | 2,675,248 | 8,934,456 | 8,086,115 |
| Interest expense | | (1,011,211) | (1,394,579) | (3,916,329) | (4,295,697) |
| Net interest income | | 1,702,518 | 1,280,669 | 5,018,127 | 3,790,418 |
| Income from Islamic financing and investment products | | 331,247 | 340,282 | 1,014,902 | 865,088 |
| Distribution to depositors and profit paid to Sukuk holders | | (188,612) | (221,684) | (544,696) | (514,344) |
| Net income from Islamic financing and investment products | | 142,635 | 118,598 | 470,206 | 350,744 |
| Net interest income and income from Islamic financing and investment products net of distribution to depositors | | 1,845,153 | 1,399,267 | 5,488,333 | 4,141,162 |
| Fee and commission income | | 611,494 | 654,245 | 1,933,511 | 2,113,617 |
| Fee and commission expense | | (195,810) | (160,733) | (528,512) | (520,545) |
| Net fee and commission income | | 415,684 | 493,512 | 1,404,999 | 1,593,072 |
| Net gain/(loss) on trading securities | | 44,499 | (24,955) | 186,779 | (34,932) |
| Other operating income | | 462,295 | 117,369 | 1,198,349 | 964,584 |
| Total operating income | | 2,767,631 | 1,985,193 | 8,278,460 | 6,663,886 |
| General and administrative expenses | | (849,876) | (773,634) | (2,667,451) | (2,524,781) |
| Net impairment loss on financial assets | 7 | (762,485) | (297,875) | (2,373,810) | (809,542) |
| Total operating expenses | | (1,612,361) | (1,071,509) | (5,041,261) | (3,334,323) |
| Operating profit | | 1,155,270 | 913,684 | 3,237,199 | 3,329,563 |
| Amortisation of intangibles | | (23,465) | (20,465) | (70,395) | (61,395) |
| Share of (loss)/profit of associates and joint ventures | | (78,509) | 125,588 | (2,449) | 398,545 |
| Group profit for the period | | 1,053,296 | 1,018,807 | 3,164,355 | 3,666,713 |
| Attributable to: | | | | | |
| Equity holders of the Group | | 1,053,188 | 1,018,381 | 3,164,235 | 3,665,734 |
| Minority interests | | 108 | 426 | 120 | 979 |
| Group profit for the period | | 1,053,296 | 1,018,807 | 3,164,355 | 3,666,713 |
| | | ===== | ===== | ===== | ===== |
| | | Unaudited three months period ended 30 September 2009 AED | Unaudited three months period ended 30 September 2008 AED | Unaudited nine months period ended 30 September 2009 AED | Unaudited nine months period ended 30 September 2008 AED |
| <u>Earnings Per Share</u> | 17 | 0.19 | 0.18 | 0.57 | 0.66 |
| | | ===== | ===== | ===== | ===== |

The notes set out on pages 7 to 30 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
AS AT 30 SEPTEMBER 2009 (UNAUDITED)

| | Unaudited nine months period ended 30 September 2009 AED 000 ----- | Unaudited nine months period ended 30 September 2008 AED 000 ----- |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Group profit for the period | 3,164,355 | 3,666,713 |
| Other comprehensive income | | |
| Cash flow hedges: | | |
| - Effective portion of changes in fair value | (325,554) | 171,730 |
| Fair value reserve (available-for-sale investment securities): | | |
| - Net change in fair value | 878,239 | (224,635) |
| - Net amount transferred to profit or loss | (74,558) | (106,702) |
| Other comprehensive income for the period | 478,127 | (159,607) |
| Total comprehensive income for the period | 3,642,482 ===== | 3,507,106 ===== |
| Attributable to: | | |
| Equity holders of the Bank | 3,642,362 | 3,506,129 |
| Minority interest | 120 | 977 |
| Total recognised income and expense for the period | 3,642,482 ===== | 3,507,106 ===== |

The notes set out on pages 7 to 30 form part of these Group condensed consolidated interim financial statements.
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EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

| Note | Unaudited nine months period ended 30 September 2009 AED 000 | Unaudited nine months period ended 30 September 2008 AED 000 |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| ----- | ----- | ----- |
| <u>OPERATING ACTIVITIES</u> | | |
| Group profit for the period | 3,164,355 | 3,666,713 |
| <u>Adjustment for non cash items</u> | | |
| Impairment loss on loans and receivables | 2,152,831 | 852,061 |
| Impairment loss on Islamic financing and investment products | 210,077 | 46,058 |
| Impairment loss on investment securities | 140,548 | 42,200 |
| Impairment loss on due from banks | 32,139 | - |
| Amortisation of intangibles | 70,395 | 61,395 |
| Depreciation of property and equipment | 156,025 | 115,653 |
| Share of loss/(profit) of associates and joint ventures | 2,449 | (398,545) |
| Operating profit before changes in operating assets and liabilities | 5,928,819 | 4,385,535 |
| Decrease/(increase) in statutory deposits | 867,105 | (3,638,446) |
| Decrease in due from banks maturing after 3 months | 1,495,966 | 290,786 |
| (Decrease)/increase in due to banks maturing after 3 months | (1,373,885) | 3,643,327 |
| Net change in other liabilities/other assets | 4,953,599 | 677,143 |
| Net change in fair value of derivatives | (309,921) | 516,472 |
| Increase in customer deposits | 21,326,443 | 27,271,791 |
| Increase in loans and receivables | (11,521,838) | (31,298,274) |
| Decrease/(increase) in Islamic financing and investment products | 978,626 | (5,398,071) |
| Net cash flows from/(used in) operating activities | 22,344,914 | (3,549,737) |
| <u>INVESTING ACTIVITIES</u> | | |
| Decrease/(increase) in trading and investment securities (net) | 2,792,721 | (739,524) |
| Sale of investments in joint venture | - | 18,083 |
| Increase in investment in associates and joint ventures | 2,650 | - |
| Decrease/(increase) in investment properties (net) | 42,825 | (65,390) |
| Additions to property and equipment (net) | (586,924) | (725,750) |
| Net cash flows from/(used in) investing activities | 2,251,272 | (1,512,581) |
| <u>FINANCING ACTIVITIES</u> | | |
| (Decrease)/increase in debt issued and other borrowed funds (net) | (3,143,116) | 3,336,033 |
| Decrease in deposits under repurchase agreements | (3,100,941) | (2,357,420) |
| Increase in minority interest | 680 | 94,205 |
| Issue of tier I capital notes | 4,000,000 | - |
| Interest on tier I capital notes | (66,650) | - |
| Dividends paid | (1,010,505) | (1,537,724) |
| Net cash flows used in financing activities | (3,320,532) | (464,906) |
| Increase/(decrease) in cash and cash equivalents | 21,275,654 | (5,527,224) |
| 20 | ===== | ===== |

The notes set out on pages 7 to 30 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of 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 2009 (UNAUDITED)

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP | | | | | | | | | | |
|-------------------------------------------|---------------------------------------------|----------------------------|---------------------------------|----------------------------------|----------------------------------------|---------------------------|---------------------------------------------|------------------------------|------------------|-------------------------------|------------------------|
| | Issued capital AED 000 | Treasury shares AED 000 | Tier I capital notes 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 2008 | 4,393,498 | (46,175) | - | 12,270,124 | 1,260,205 | 3,917,410 | 863,890 | 2,497,919 | 25,156,871 | 1,903 | 25,158,774 |
| Total comprehensive income 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) |
| Issue 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 |
| 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 minority 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 |

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2009 as this will be effected at the year end.

The notes set out on pages 7 to 30 form part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of Group condensed consolidated interim financial statements 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 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 2008, except as detailed in note 2(c).

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

IAS 1 Presentation of Financial Statements (Revised)

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

IFRS 8 Operating Segments

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The results for the nine months period ended 30 September 2009 include the results of EBI and its subsidiaries and NBD and its subsidiaries.

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 2008.

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 2008.

(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 2008.

(c) Changes in accounting estimates

(i) Change in accounting estimate of fixed assets:

The policy for depreciation of property, plant and equipment remains the same as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2008. In order to align the useful lives of the property, plant and equipment of EBI and NBD, the estimated useful lives applied in the current period have been revised as below:

| | |
|------------------------------------------|----------|
| Freehold premises | 25 years |
| Freehold improvements | 10 years |
| Leasehold improvements | 7 years |
| Furniture, fixtures and office equipment | 5 years |
| Computer hardware and software | 4 years |
| Motor vehicles | 3 years |

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting estimates (continued)

(i) Change in accounting estimate of fixed assets (continued)

Freehold land and fixed assets not commissioned are not depreciated. Fixed assets not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

A change in the estimate of the useful life of property, plant and equipment is accounted for prospectively as a change in estimate by adjusting depreciation in the current and future periods.

(ii) Change in accounting estimate of retail loan provisioning:

During the period, the Group has introduced a revised portfolio impairment provision ('PIP') methodology to cover the inherent risk of losses which, although not specifically identified, are known through experience to be present in the loan portfolio.

The PIP is set with reference to past experience using a flow rate methodology, as well as taking account of judgmental factors such as the economic environment and trends in portfolio indicators such as flow rates across all delinquency buckets and collections and recovery performance (including residential real estate price trends).

The PIP has been calculated to cover both loans for which payments are current and loans overdue for less than 180 days. Following the introduction of the PIP, specific provisions booked on loans overdue for less than 180 days have been reversed.

3 CASH AND DEPOSITS WITH CENTRAL BANK

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|-------------------------------------------------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| Cash | 1,878,141 | 1,780,638 |
| Interest free statutory and special deposits with Central Bank | 9,510,799 | 10,401,849 |
| Interest bearing certificates of deposit with Central Bank | 7,395,062 | 4,524,707 |
| | ----- | ----- |
| | 18,784,002 | 16,707,194 |
| | ===== | ===== |

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

4 DUE FROM BANKS

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| Due from local banks | 4,315,731 | 322,727 |
| Due from foreign banks | 12,097,846 | 7,805,615 |
| | ----- | ----- |
| | 16,413,577 | 8,128,342 |
| | ===== | ===== |

5 LOANS AND RECEIVABLES

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|-----------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| Overdrafts | 69,451,344 | 59,438,355 |
| Time loans | 123,519,535 | 119,039,605 |
| Loans against trust receipts | 3,527,670 | 5,508,583 |
| Bills discounted | 2,503,449 | 2,014,525 |
| Others | 1,285,447 | 2,744,403 |
| Gross loans and receivables | 200,287,445 | 188,745,471 |
| Other debt instruments | 2,183,319 | 2,373,788 |
| Total loans and receivables | 202,470,764 | 191,119,259 |
| Less: Allowances for impairment | (5,094,968) | (3,112,470) |
| | 197,375,796 | 188,006,789 |
| | ===== | ===== |
| Total of classified loans and receivables on which interest is not taken into income | 4,700,425 | 3,084,995 |
| | ===== | ===== |

5 LOANS AND RECEIVABLES (continued)

| | Unaudited 30 September 2009 AED 000 ----- | Audited 31 December 2008 AED 000 ----- |
|----------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| Analysis by economic activity | | |
| ----- | | |
| Agriculture and allied activities | 104,251 | 164,575 |
| Mining and quarrying | 351,318 | 397,739 |
| Manufacturing | 10,073,492 | 10,828,330 |
| Construction | 7,045,208 | 8,217,445 |
| Trade | 9,807,342 | 10,992,032 |
| Transport and communication | 6,202,380 | 7,313,519 |
| Services | 31,962,472 | 26,810,474 |
| Sovereign | 46,999,786 | 36,175,267 |
| Personal – Retail | 23,860,968 | 25,759,725 |
| Personal – Corporate | 13,002,314 | 14,341,194 |
| Real estate | 26,419,974 | 24,367,923 |
| Banks | 779,720 | 527,258 |
| Financial institutions and investment companies | 18,654,116 | 18,541,477 |
| Others | 7,207,423 | 6,682,301 |
| | ----- | ----- |
| Total loans and receivables | 202,470,764 | 191,119,259 |
| Less: Allowances for impairment | (5,094,968) | (3,112,470) |
| | ----- | ----- |
| | 197,375,796 | 188,006,789 |
| | ===== | ===== |

5 LOANS AND RECEIVABLES (continued)

| | Unaudited nine months period ended 30 September 2009 AED 000 | Unaudited nine months period ended 30 September 2008 AED 000 |
|---------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| | ----- | ----- |
| <u>Movement in allowances for specific impairment</u> | | |
| Balance as at 1 January | 2,541,597 | 1,454,515 |
| Allowances for impairment during the period | 1,244,831 | 772,568 |
| Write back/recoveries during the period | (170,014) | (97,371) |
| Amounts written off during the period | (319) | (62,634) |
| Balance as at 30 September | ----- 3,616,095 ----- | ----- 2,067,078 ----- |
| <u>Movement in allowances for collective impairment</u> | | |
| Balance as at 1 January | 570,873 | 359,541 |
| Allowances for impairment during the period | 908,000 | 79,493 |
| Balance as at 30 September | ----- 1,478,873 ----- 5,094,968 ===== | ----- 439,034 ----- 2,506,112 ===== |

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| Murabaha | 5,797,219 | 7,151,783 |
| Ijara | 6,564,495 | 5,254,283 |
| Sukuk funds | 1,285,550 | 1,285,550 |
| Credit cards receivables | 527,957 | 471,789 |
| Wakala | 3,846,588 | 4,403,500 |
| Istissna'a | 1,950,827 | 1,486,386 |
| Others | 903,433 | 1,929,316 |
| | ----- | ----- |
| Total Islamic financing and investment products | 20,876,069 | 21,982,607 |
| Less: Deferred income | (736,939) | (857,914) |
| Less: Allowances for impairment | (404,460) | (201,320) |
| | ----- | ----- |
| | 19,734,670 | 20,923,373 |
| | ===== | ===== |
| | | |
| Total of classified Islamic financing and investment products on which profit is not taken into income | 560,910 | 207,320 |
| | ===== | ===== |

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|-------------------------------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| <u>Analysis by economic activity</u> | | |
| Agriculture and allied activities | 1,820 | 1,698 |
| Mining and Quarrying | 4,411 | 382 |
| Manufacturing | 413,199 | 573,404 |
| Construction | 1,580,645 | 1,939,238 |
| Trade | 772,980 | 1,130,533 |
| Transport and communication | 597,267 | 594,246 |
| Services | 1,890,355 | 1,469,242 |
| Sovereign | - | 112,641 |
| Personal - Retail | 673,985 | 681,557 |
| Personal - Corporate | 1,348,230 | 1,303,754 |
| Banks | 105,543 | 72,429 |
| Financial institutions and investment companies | 1,891,896 | 3,055,328 |
| Real estate | 7,167,908 | 5,859,033 |
| Others | 4,427,830 | 5,189,122 |
| Total Islamic financing and investment products | ----- 20,876,069 | ----- 21,982,607 |
| Less: Deferred income | (736,939) | (857,914) |
| Less: Allowances for impairment | (404,460) | (201,320) |
| | ----- 19,734,670 ===== | ----- 20,923,373 ===== |

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

| | Unaudited nine months period ended 30 September 2009 AED 000 ----- | Unaudited nine months period ended 30 September 2008 AED 000 ----- |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Movement in allowances for specific impairment ----- | | |
| Balance as at 1 January | 201,320 | 157,748 |
| Allowances for impairment during the period | 161,061 | 46,058 |
| Write back/recoveries during the period | (6,937) | (21,517) |
| Balance as at 30 September | 355,444 ----- | 182,289 ----- |
| Movement in allowances for collective impairment ----- | | |
| Balance as at 1 January | - | - |
| Allowances for impairment during the period | 49,016 ----- | - ----- |
| Balance as at 30 September | 49,016 ----- 404,460 ===== | - ----- 182,289 ===== |

7 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

| | Unaudited 30 September 2009 AED 000 | Unaudited 30 September 2008 AED 000 |
|------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| | ----- | ----- |
| Net impairment loss on loans and receivables | (1,982,817) | (754,690) |
| Net impairment loss on Islamic financing and investment products | (203,140) | (24,541) |
| Net impairment loss on investment securities | (140,548) | (42,200) |
| Net impairment loss on due from banks | (32,139) | - |
| Net special asset recoveries | 11,571 | 14,310 |
| Bad debt written off | (27,329) | (3,810) |
| Bad debt written off recovered | 592 | 1,389 |
| Net impairment loss for the period | ----- ===== | ----- ===== |

8 TRADING SECURITIES

| 30 September 2009 | Domestic AED 000 | International AED 000 | Total AED 000 |
|-------------------|---------------------|--------------------------|------------------|
| | ----- | ----- | ----- |
| Government bonds | 16,425 | - | 16,425 |
| Corporate bonds | 212,489 | - | 212,489 |
| Equity | 100,119 | 4,790 | 104,909 |
| | ----- ===== | ----- ===== | ----- ===== |

8 TRADING SECURITIES (continued)

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 2009) | | |
| Interest income | 22,702 | - |
| Net change in fair value | - | (67,203) |
| | ----- 22,702 ===== | ----- (67,203) ===== |

The table below sets out the amounts that would have been recognised during the period ended 30 September 2009, had the reclassifications not been made:

| | Period ended 30 September 2009 AED 000 ----- |
|------------------|-------------------------------------------------------|
| Net trading loss | (44,501) ===== |

9 INVESTMENT SECURITIES

| 30 September 2009 ----- | Domestic AED 000 ----- | Regional AED 000 ----- | International AED 000 ----- | Total AED 000 ----- |
|-------------------------------------------------------------|------------------------------|------------------------------|-----------------------------------|---------------------------|
| <u>HELD TO MATURITY:</u> | | | | |
| Government bonds | - | 100,744 | - | 100,744 |
| Corporate bonds | 97,946 | 267,372 | 72,252 | 437,570 |
| | ----- | ----- | ----- | ----- |
| | 97,946 | 368,116 | 72,252 | 538,314 |
| | ----- | ----- | ----- | ----- |
| <u>AVAILABLE-FOR-SALE:</u> | | | | |
| Government bonds | 736,258 | - | 1,064,863 | 1,801,121 |
| Corporate bonds | 4,149,159 | 727,074 | 4,071,754 | 8,947,987 |
| Equity | 659,447 | 1,686,923 | 503,745 | 2,850,115 |
| Others | 89,447 | 316,797 | 889,601 | 1,295,845 |
| | ----- | ----- | ----- | ----- |
| | 5,634,311 | 2,730,794 | 6,529,963 | 14,895,068 |
| | ----- | ----- | ----- | ----- |
| <u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u> | | | | |
| Government bonds | 19,676 | - | - | 19,676 |
| Corporate bonds | 50,077 | - | - | 50,077 |
| Equity | 56,076 | 102,953 | 50,111 | 209,140 |
| Hybrid instruments | - | - | 28,645 | 28,645 |
| Others | 922,866 | 1,427 | 506,622 | 1,430,915 |
| | ----- | ----- | ----- | ----- |
| | 1,048,695 | 104,380 | 585,378 | 1,738,453 |
| | ----- | ----- | ----- | ----- |
| | 6,780,952 | 3,203,290 | 7,187,593 | 17,171,835 |
| | ===== | ===== | ===== | ===== |

9 INVESTMENT SECURITIES (continued)

| 31 December 2008 ----- | Domestic AED 000 ----- | Regional AED 000 ----- | International AED 000 ----- | Total AED 000 ----- |
|-------------------------------------------------------------|------------------------------|------------------------------|-----------------------------------|---------------------------|
| <u>HELD TO MATURITY:</u> | | | | |
| Government bonds | - | 100,076 | 31,734 | 131,810 |
| Corporate bonds | 122,433 | 272,841 | 105,801 | 501,075 |
| | ----- | ----- | ----- | ----- |
| | 122,433 | 372,917 | 137,535 | 632,885 |
| | ----- | ----- | ----- | ----- |
| <u>AVAILABLE-FOR-SALE:</u> | | | | |
| Government bonds | 593,480 | 79,431 | 614,866 | 1,287,777 |
| Corporate bonds | 4,132,855 | 779,541 | 5,752,750 | 10,665,146 |
| Equity | 652,419 | 1,710,870 | 1,240,766 | 3,604,055 |
| Others | 140,898 | 43,064 | 451,311 | 635,273 |
| | ----- | ----- | ----- | ----- |
| | 5,519,652 | 2,612,906 | 8,059,693 | 16,192,251 |
| | ----- | ----- | ----- | ----- |
| <u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u> | | | | |
| Government bonds | 19,331 | - | - | 19,331 |
| Corporate bonds | 89,174 | - | - | 89,174 |
| Equity | 34,242 | 151,174 | 38,645 | 224,061 |
| Hybrid instruments | - | - | 28,149 | 28,149 |
| Others | 965,070 | 94,318 | 1,145,562 | 2,204,950 |
| | ----- | ----- | ----- | ----- |
| | 1,107,817 | 245,492 | 1,212,356 | 2,565,665 |
| | ----- | ----- | ----- | ----- |
| | 6,749,902 | 3,231,315 | 9,409,584 | 19,390,801 |
| | ===== | ===== | ===== | ===== |

Investment securities include investments in real estate funds as follows:

| | Unaudited 30 September 2009 AED 000 ----- | Audited 31 December 2008 AED 000 ----- |
|-------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| Designated at fair value through profit or loss | 297,080 | 420,826 |
| Available-For-Sale | 1,025,914 | 994,585 |
| | ----- | ----- |
| | 1,322,994 | 1,415,411 |
| | ===== | ===== |

10 INVESTMENT IN / SALE OF SUBSIDIARIES

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

On 9 June 2008, Emirates Islamic Bank PJSC ("EIB"), a subsidiary of the Group, 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 Group, 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 Group 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.

11 INVESTMENTS IN ASSOCIATES AND 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.

On 23 November 2008, Network International LLC ("NI"), a subsidiary of the Group, set up Obernet L.L.C., a joint venture with Oberthur Cards Systems. NI holds 51% of the share capital and exercises joint control of the management of the company.

On 5 May 2008, the Group completed the 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 GOODWILL AND INTANGIBLES

| | Goodwill | Intangibles | | Total | |
|-----------------------------------------------|------------------|---------------------|----------------------------------------|--------------------------------------|------------------|
| | AED 000 | Software AED 000 | Core deposit intangibles AED 000 | Customer relationships AED 000 | AED 000 |
| 30 September 2009 | | | | | |
| <u>Cost</u> | | | | | |
| Balance as at 1 January | 5,527,578 | 9,281 | 564,760 | 157,490 | 6,259,109 |
| <u>Amortisation and impairment</u> | | | | | |
| Balance as at 1 January | 4,903 | 3,875 | 74,000 | 37,000 | 119,778 |
| Amortisation and impairment for the period | - | 1,395 | 45,000 | 24,000 | 70,395 |
| Balance as at 30 September | 4,903 | 5,270 | 119,000 | 61,000 | 190,173 |
| NET | 5,522,675 | 4,011 | 445,760 | 96,490 | 6,068,936 |
| 31 December 2008 | | | | | |
| <u>Cost</u> | | | | | |
| | 5,527,578 | 9,281 | 564,760 | 157,490 | 6,259,109 |
| <u>Amortisation and impairment</u> | | | | | |
| | 4,903 | 3,875 | 74,000 | 37,000 | 119,778 |
| NET | 5,522,675 | 5,406 | 490,760 | 120,490 | 6,139,331 |

13 DEBT ISSUED AND OTHER BORROWED FUNDS

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|----------------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| Medium term note programme | 20,150,964 | 23,293,330 |
| Syndicated borrowings from banks | 5,508,750 | 5,509,500 |
| | ----- | ----- |
| | 25,659,714 | 28,802,830 |
| | ===== | ===== |

The Group has outstanding medium term and syndicated borrowings totalling AED 25,660 million (2008 – AED 28,803 million) which will be repaid as follows:

| | Unaudited 30 September 2009 AED million | Audited 31 December 2008 AED million |
|------|-----------------------------------------------|--------------------------------------------|
| | ----- | ----- |
| 2009 | 2,262 | 5,837 |
| 2010 | 7,009 | 5,929 |
| 2011 | 3,482 | 2,941 |
| 2012 | 7,774 | 7,384 |
| 2013 | 1,047 | 1,408 |
| 2014 | 220 | 213 |
| 2016 | 2,433 | 3,651 |
| 2018 | 1,433 | 1,440 |
| | ----- | ----- |
| | 25,660 | 28,803 |
| | ===== | ===== |

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 is not 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 25 March 2009, the following were approved and issued/paid subsequently, based on the share register at 5 April 2009.

- (a) Issue of bonus shares for 2008 of 10% of the issued and paid up capital amounting to AED 505 million.
- (b) Payment of a cash dividend of 20% of the issued and paid up capital amounting to AED 1,010 million.

16 COMMITMENTS AND CONTINGENCIES

At 30 September 2009 the Group's contingent liabilities and commitments are as follows:

| | Unaudited 30 September 2009 AED 000 | Audited 31 December 2008 AED 000 |
|--------------------------------------|-------------------------------------------|----------------------------------------|
| | ----- | ----- |
| Letters of credit | 10,861,032 | 17,955,417 |
| Guarantees | 40,580,882 | 50,693,534 |
| Liability on risk participation | 1,402,652 | 2,938,259 |
| Irrevocable undrawn loan commitments | 13,871,983 | 24,126,946 |
| | ----- | ----- |
| | 66,716,549 | 95,714,156 |
| | ===== | ===== |

17 EARNINGS PER SHARE

Earnings per share is computed by dividing the profit attributable to the shareholders by the number of shares outstanding during the period of 5,557,774,725.

The earnings per share of AED 0.66 as reported for the period ended 30 September 2008 has been adjusted for the effect of the bonus shares issued in 2009.

EMIRATES NBD PJSC
 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

18 BUSINESS SEGMENT REPORTING

| | Government, corporate and commercial AED 000 | Retail AED 000 | Investment & funds management AED 000 | Islamic banking activities AED 000 | Others AED 000 | Total AED 000 |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------|------------------------------------------------|---------------------------------------------|-------------------|------------------|
| 30 September 2009 ----- | | | | | | |
| Net interest income & income from Islamic products net of distribution to depositors | 3,337,656 | 1,496,249 | 184,222 | 470,206 | - | 5,488,333 |
| Net fee, commission and other income | 1,097,451 | 594,115 | 649,919 | 155,845 | 292,797 | 2,790,127 |
| Total income | 4,435,107 | 2,090,364 | 834,141 | 626,051 | 292,797 | 8,278,460 |
| General and administrative expenses | | | | | | (2,667,451) |
| Net impairment loss on financial assets | | | | | | (2,373,810) |
| Amortisation of intangibles | | | | | | (70,395) |
| Share of profit of associates and joint ventures | | | | | | (2,449) |
| Group profit for the period | | | | | | 3,164,355 |
| Segment assets | 183,375,555 | 31,230,136 | 41,234,644 | 20,889,718 | 14,314,781 | 291,044,834 |
| Segment liabilities and equity | 112,692,286 | 58,207,572 | 83,097,630 | 30,613,744 | 6,433,602 | 291,044,834 |

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

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)**18 BUSINESS SEGMENT REPORTING (continued)**

| | Government, corporate and commercial | 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 loss on financial assets | | | | | | (809,542) |
| Amortisation of intangibles | | | | | | (61,395) |
| Share of profit of associates and joint ventures | | | | | | 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 are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

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 2009 AED 000 ----- | Audited 31 December 2008 AED 000 ----- |
|------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| Loans to the majority shareholder of the ultimate parent | 46,501,624 | 34,780,551 |
| Deposits from the majority shareholder of the ultimate parent | 143,026 | 229,467 |
| Investment in bonds of the majority shareholder of the ultimate parent | 666,171 | 528,979 |
| Loans to the ultimate parent | 920,797 | 927,669 |
| Deposits by the ultimate parent | 6,722,066 | 6,747,215 |
| Loans to directors and related companies | 2,171,696 | 3,637,679 |
| Loans to associates | 3,556,785 | 3,296,387 |
| Loans to and investments in funds managed by the Group | 1,601,759 | 1,791,057 |

19 RELATED PARTY TRANSACTIONS (continued)

| | Unaudited nine months period ended 30 September 2009 AED 000 | Unaudited nine months period ended 30 September 2008 AED 000 |
|-----------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| | ----- | ----- |
| Payments made to associates | 51,369 | 47,245 |
| Fees received in respect of funds managed by the Group | 72,175 | 90,302 |
| Interest paid to funds managed by the Group | 17,434 | 36,201 |

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 2009 AED 000 | Unaudited nine months period ended 30 September 2008 AED 000 |
|-----------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|
| | ----- | ----- |
| Short term and post employment benefits | 39,865 | 25,707 |

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.

20 NOTE TO THE CASH FLOW STATEMENT

| | Unaudited nine months period ended 30 September 2009 AED 000 ----- | Unaudited nine months period ended 30 September 2008 AED 000 ----- |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| (a) Analysis of changes in cash and cash equivalents during the period | | |
| Balance at beginning of period | (33,217,421) | (11,802,558) |
| Net cash inflow/(outflow) | 21,275,654 | (5,527,224) |
| Balance at end of period | (11,941,767) ===== | (17,329,782) ===== |
| (b) Analysis of cash and cash equivalents | | |
| Cash and deposits with Central Bank | 18,784,002 | 21,007,824 |
| Due from banks | 16,413,577 | 14,928,824 |
| Due to banks | (38,533,352) ----- | (48,316,548) ----- |
| | (3,335,773) | (12,379,900) |
| Less : deposits with Central Bank for regulatory purposes | (8,909,298) | (10,237,895) |
| Less : amounts due from banks maturing after 3 months | (794,853) | (2,087,532) |
| Add : amounts due to banks maturing after 3 months | 1,098,157 | 7,375,545 |
| | (11,941,767) ===== | (17,329,782) ===== |

21 COMPARATIVE FIGURES

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