

ABU DHABI COMMERCIAL BANK P.J.S.C.

**Review report and condensed consolidated interim financial
information for the nine month period ended September 30, 2011**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of
Abu Dhabi Commercial Bank P.J.S.C.
Abu Dhabi, U.A.E.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Commercial Bank P.J.S.C. and its subsidiaries (together referred to as "the Bank") as of September 30, 2011 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting (IAS 34)". Our responsibility is to express a conclusion on this interim financial information based on our review.

The financial information and annual financial statements of the Bank for the period ended September 30, 2010 and the year ended December 31, 2010 were reviewed and audited respectively by another auditor who expressed unqualified review and audit opinions in their reports dated October 26, 2010 and January 25, 2011, respectively.

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 is not prepared, in all material respects in accordance with IAS 34.

For PricewaterhouseCoopers

Jacques Fakhoury
Registration Auditor Number 379
25 October 2011

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W Hunt, AH Nasser, P Suddaby and JE Fakhoury are registered as practising auditors with the UAE Ministry of Economy

**Condensed consolidated interim statement of financial position
as at September 30, 2011**

		As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
	Notes		
ASSETS			
Cash and balances with Central Banks	3	6,157,883	5,887,630
Deposits and balances due from banks	4	19,542,141	18,397,534
Loans and advances, net	5	124,210,088	122,771,870
Derivative financial instruments	6	4,946,651	3,588,973
Investment securities	7	15,156,201	8,263,138
Investment in associates	8	90,723	5,358,199
Investment properties	9	367,388	289,192
Other assets	10	11,409,897	12,489,157
Property and equipment, net		1,037,316	1,070,321
Intangible assets		134,120	155,180
Total assets		183,052,408	178,271,194
LIABILITIES			
Due to banks	11	3,964,226	4,841,865
Deposits from customers	12	108,032,435	106,134,185
Mandatory convertible securities – liability component	16	-	29,131
Short and medium term borrowings	13	23,535,777	21,019,694
Derivative financial instruments	6	5,053,026	3,487,764
Long term borrowings	14	7,886,143	8,906,109
Other liabilities	15	12,996,505	14,279,098
Total liabilities		161,468,112	158,697,846
EQUITY			
Share capital	16	5,595,597	4,810,000
Share premium	16	3,848,286	-
Statutory and legal reserves		2,704,179	2,704,179
General and contingency reserves		2,150,000	2,150,000
Employees' incentive plan shares, net		(109,346)	(36,677)
Foreign currency translation reserve		(16,023)	136,676
Hedge reserve		445	(537,904)
Cumulative changes in fair values		(393,788)	174,799
Other reserve		-	5,630
Retained earnings		3,804,443	1,524,201
Capital notes	17	4,000,000	4,000,000
Mandatory convertible securities – equity component	16	-	4,633,883
Equity attributable to equity holders of the parent		21,583,793	19,564,787
Non-controlling interests		503	8,561
Total equity		21,584,296	19,573,348
Total liabilities and equity		183,052,408	178,271,194

Eissa Al Suwaidi
Chairman

Ala'a Eraiqat
Chief Executive Officer

Deepak Khullar
Chief Financial Officer

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim income statement (unaudited)
for the nine month period ended September 30, 2011**

		3 months ended September 30		9 months ended September 30	
	Notes	2011	2010	2011	2010
		AED'000	AED'000	AED'000	AED'000
Interest income	18	1,874,579	1,857,241	5,447,938	5,213,682
Interest expense	19	(575,921)	(983,383)	(2,245,128)	(2,587,758)
Net interest income		1,298,658	873,858	3,202,810	2,625,924
Income from Islamic financing		93,954	60,414	259,724	146,925
Distribution to depositors		(57,634)	(57,234)	(166,227)	(124,193)
Net income from Islamic financing		36,320	3,180	93,497	22,732
Total net interest and Islamic financing income		1,334,978	877,038	3,296,307	2,648,656
Net fees and commission income	20	205,820	286,789	715,363	702,060
Net trading income	21	116,099	145,247	322,531	191,107
Decrease in fair value of investment properties		-	-	-	(35,000)
Other operating income		42,052	43,509	112,597	131,826
Operating income		1,698,949	1,352,583	4,446,798	3,638,649
Staff costs		(300,174)	(265,113)	(815,017)	(703,148)
Depreciation		(40,209)	(23,169)	(113,186)	(70,148)
Amortisation of intangible assets		(7,020)	-	(21,060)	-
Other operating expenses		(180,853)	(181,650)	(566,080)	(496,901)
Operating expenses		(528,256)	(469,932)	(1,515,343)	(1,270,197)
Operating profit before impairment allowances		1,170,693	882,651	2,931,455	2,368,452
Impairment allowances on loans and advances, net	5	(542,903)	(609,174)	(1,606,596)	(2,295,928)
Other impairment allowances	22	29,042	(46,713)	(241,198)	(344,194)
Share of (loss)/profit of associates	8	(8,285)	98,882	167,565	293,018
Net gain on sale of investment in associate	8	-	-	1,314,315	-
Profit before taxation		648,547	325,646	2,565,541	21,348
Overseas income tax expense		(35,372)	(644)	(34,400)	(2,289)
Net profit for the period		613,175	325,002	2,531,141	19,059

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim income statement (unaudited)
for the nine month period ended September 30, 2011 (continued)

		<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
		2011	2010	2011	2010
	Notes	AED'000	AED'000	AED'000	AED'000
Attributed to:					
Equity holders of the parent		607,566	317,724	2,516,909	8,956
Non-controlling interests		5,609	7,278	14,232	10,103
Net profit for the period		613,175	325,002	2,531,141	19,059
Basic earnings/(loss) per share					
(AED)	23	0.09	0.04	0.42	(0.03)
Diluted earnings/(loss) per share					
(AED)	23	0.09	0.04	0.41	(0.03)

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of comprehensive income (unaudited)
for the nine month period ended September 30, 2011**

	3 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
Net profit for the period	613,175	325,002	2,531,141	19,059
Exchange difference arising on translation of foreign operations	(9,713)	240,914	51,694	500,552
Fair value changes on cash flow hedges on financial assets	(119)	-	445	-
Fair value changes on net investment in foreign operation hedges	-	(190,432)	(66,561)	(419,120)
Fair value changes on available for sale investments	(335,172)	66,166	(495,177)	169,455
Fair value changes reversed on disposal of available for sale investments	-	99,757	(129)	110,143
Share in other comprehensive income statement items of associate	-	14,560	(19,098)	45,190
Reversal on sale of associate of related reserve balances (Note 8)	-	-	399,309	-
Reversal of share in other comprehensive income statement items of associate on disposal of associate (Note 8)	-	-	(59,050)	-
Total comprehensive income for the period	268,171	<u>555,967</u>	2,342,574	<u>425,279</u>
Attributed to:				
Equity holders of the parent	262,562	548,689	2,328,342	415,176
Non-controlling interests	5,609	7,278	14,232	10,103
Total comprehensive income for the period	268,171	<u>555,967</u>	2,342,574	<u>425,279</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of changes in equity (unaudited)
for the nine month period ended September 30, 2011**

	Share Capital AED'000	Share premium AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Employees' incentive plan shares, net AED'000	Foreign currency translation reserve AED'000	Hedge reserve AED'000	Cumulative changes in fair values AED'000	Other reserve AED'000	Retained earnings AED'000	Capital notes AED'000	Mandatory convertible securities - equity component AED'000	Equity attributable to equity holders of the parent AED'000	Non - controlling interests AED'000	Total Equity AED'000
Balance at January 1, 2011	4,810,000	-	1,374,483	1,329,696	2,000,000	150,000	(36,677)	136,676	(537,904)	174,799	5,630	1,524,201	4,000,000	4,633,883	19,564,787	8,561	19,573,348
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	2,516,909	-	-	2,516,909	14,232	2,531,141
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	51,694	-	-	-	-	-	-	51,694	-	51,694
Fair value changes on cash flow hedges on financial assets	-	-	-	-	-	-	-	-	445	-	-	-	-	-	445	-	445
Fair value changes on net investment in foreign operation hedges	-	-	-	-	-	-	-	-	(66,561)	-	-	-	-	-	(66,561)	-	(66,561)
Fair value changes on available for sale investments	-	-	-	-	-	-	-	-	-	(495,177)	-	-	-	-	(495,177)	-	(495,177)
Fair value changes reversed on disposal of available for sale investments	-	-	-	-	-	-	-	-	-	(129)	-	-	-	-	(129)	-	(129)
Share in other comprehensive income statement items of associate	-	-	-	-	-	-	-	763	-	(20,072)	211	-	-	-	(19,098)	-	(19,098)
Reversal on sale of associate of related reserve balances (Note 8)	-	-	-	-	-	-	-	(205,156)	604,465	-	-	-	-	-	399,309	-	399,309
Reversal of share in other comprehensive income statement items of associate on disposal of associate (Note 8)	-	-	-	-	-	-	-	-	-	(53,209)	(5,841)	-	-	-	(59,050)	-	(59,050)
Total comprehensive profit/(loss) for the period the period	-	-	-	-	-	-	-	(152,699)	538,349	(568,587)	(5,630)	2,516,909	-	-	2,328,342	14,232	2,342,574
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,290)	(22,290)
Shares issued on conversion of MCS (Note 16)	785,597	3,848,286	-	-	-	-	-	-	-	-	-	-	-	(4,633,883)	-	-	-
Capital notes coupon paid	-	-	-	-	-	-	-	-	-	-	-	(236,667)	-	-	(236,667)	-	(236,667)
Shares granted	-	-	-	-	-	-	(100,800)	-	-	-	-	-	-	-	(100,800)	-	(100,800)
Shares – vested portion	-	-	-	-	-	-	28,131	-	-	-	-	-	-	-	28,131	-	28,131
Balance at September 30, 2011	5,595,597	3,848,286	1,374,483	1,329,696	2,000,000	150,000	(109,346)	(16,023)	445	(393,788)	-	3,804,443	4,000,000	-	21,583,793	503	21,584,296

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of changes in equity (unaudited)
for the nine month period ended September 30, 2011 (continued)**

	Share capital AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Employees' incentive plan shares, net AED'000	Foreign currency translation reserve AED'000	Hedge reserve AED'000	Cumulative changes in fair values AED'000	Other reserve AED'000	Retained earnings AED'000	Capital notes AED'000	Mandatory convertible securities - equity component AED'000	Attributable to equity holders of the parent AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at January 1, 2010	4,810,000	1,336,383	1,291,596	2,000,000	150,000	(13,438)	(353,736)	(107,360)	(194,279)	-	1,467,983	4,000,000	4,633,883	19,021,032	69,087	19,090,119
Net profit for the period	-	-	-	-	-	-	-	-	-	-	8,956	-	-	8,956	10,103	19,059
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	500,552	-	-	-	-	-	-	500,552	-	500,552
Fair value changes on net investment in foreign operation hedges	-	-	-	-	-	-	-	(419,120)	-	-	-	-	-	(419,120)	-	(419,120)
Fair value changes on available for sale investments	-	-	-	-	-	-	-	-	169,455	-	-	-	-	169,455	-	169,455
Fair value changes reversed on disposal of available for sale investments	-	-	-	-	-	-	-	-	110,143	-	-	-	-	110,143	-	110,143
Share in other comprehensive income statement items of associate	-	-	-	-	-	-	(11,670)	-	51,160	5,700	-	-	-	45,190	-	45,190
Total comprehensive profit/(loss) for the period	-	-	-	-	-	-	488,882	(419,120)	330,758	5,700	8,956	-	-	415,176	10,103	425,279
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66,562)	(66,562)
Capital notes coupon paid	-	-	-	-	-	-	-	-	-	-	(243,333)	-	-	(243,333)	-	(243,333)
Shares granted	-	-	-	-	-	(47,085)	-	-	-	-	-	-	-	(47,085)	-	(47,085)
Shares – vested portion	-	-	-	-	-	21,613	-	-	-	-	-	-	-	21,613	-	21,613
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76,648	76,648
Balance at September 30, 2010	4,810,000	1,336,383	1,291,596	2,000,000	150,000	(38,910)	135,146	(526,480)	136,479	5,700	1,233,606	4,000,000	4,633,883	19,167,403	89,276	19,256,679

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of cash flows (unaudited)
for the nine month period ended September 30, 2011**

	9 months ended September 30	
	2011	2010
	AED'000	AED'000
OPERATING ACTIVITIES		
Profit before tax and non-controlling interests	2,565,541	21,348
Adjustments for:		
Depreciation	113,186	70,148
Amortisation of intangible assets	21,060	-
Dividends income	(8,668)	(11,008)
Decrease in fair value of investment properties	-	35,000
Impairment allowance on loans and advances	1,787,804	2,464,540
Recovery of doubtful loans and advances	(181,208)	(168,612)
Discount unwind	(146,334)	-
Impairment allowance on credit default swaps	195,688	120,707
Impairment allowance on investment securities	45,510	223,487
Realised and unrealised net gain from available for sale and trading securities	(30,145)	7,880
Share of profit of associates, net	(167,565)	(293,018)
Imputed interest on mandatory convertible securities	(29,131)	(55,488)
Net gain on sale of investment in associate	(1,314,315)	-
Ineffective portion of hedges	(35,779)	-
Employees' incentive plan benefit expense	28,131	21,613
Operating profit before changes in operating assets and liabilities	2,843,775	2,436,597
Increase in balance with Central Bank	(750,000)	-
Increase in due from banks	(488,888)	(3,722,476)
Increase in net trading derivative financial instruments	(42,282)	(66,989)
Increase in loans and advances	(2,898,480)	(6,028,916)
Increase in other assets	(161,182)	(1,070,601)
Increase in due to banks	188,411	332,357
Increase in deposits from customers	2,053,559	14,323,200
Decrease in other liabilities	(526,059)	(38,858)
Cash from operations	218,854	6,164,314
Board of Directors' remuneration paid	(5,250)	-
Net cash from operations	213,604	6,164,314
INVESTING ACTIVITIES		
Net proceeds from disposal of associate	7,111,817	-
Dividends received from associate	36,697	133,819
Dividends income	8,668	11,008
Purchase of trading and available for sale investment securities	(8,731,567)	(5,637,954)
Net proceeds from disposal of trading and available for sale investment securities	1,840,532	1,834,952
Additions to investment properties	(78,196)	-
Purchase of property and equipment, net	(80,181)	(128,213)
Net cash from/(used in) investing activities	107,770	(3,786,388)
FINANCING ACTIVITIES		
Increase/(decrease) in short, medium and long term borrowings	1,308,872	(5,758,243)
Dividends paid to non-controlling interests	(22,290)	(66,562)
Capital notes coupon paid	(236,667)	(243,333)
Increase in non-controlling interests	-	76,648
Purchase of employees' incentive plan shares	(100,800)	(47,085)
Net cash from/(used in) financing activities	949,115	(6,038,575)
Net increase/(decrease) in cash and cash equivalents	1,270,489	(3,660,649)
Cash and cash equivalents at the beginning of the period	16,676,284	19,373,919
Cash and cash equivalents at the end of the period	17,946,773	15,713,270

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (unaudited)
for the nine month period ended September 30, 2011 (continued)

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated interim statement of cash flows comprise the following statement of financial position amounts:

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Cash and balances with Central Banks	6,157,883	5,887,630
Deposits and balances due from banks	19,542,141	18,397,534
Due to banks	(3,964,226)	(4,841,865)
	<hr/> 21,735,798	<hr/> 19,443,299
Less: Deposits and balances due from banks and cash and balances with Central Banks – maturity more than 3 months	(6,451,814)	(5,218,400)
Add: Due to banks – maturity more than 3 months	2,662,789	2,451,385
	<hr/> 17,946,773 <hr/>	<hr/> 16,676,284 <hr/>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011****1 General**

Abu Dhabi Commercial Bank P.J.S.C. ("ADCB") is a public joint stock company with limited liability incorporated in the Emirate of Abu Dhabi, United Arab Emirates (U.A.E.). ADCB carries on retail, commercial, investment and Islamic banking, brokerage and asset management activities through its network of forty seven branches and four pay offices in the U.A.E., two branches in India, its subsidiaries, joint venture and associates.

The registered head office of ADCB is at Abu Dhabi Commercial Bank Head Office Building, Salam Street, Plot C- 33, Sector E-11, P. O. Box 939, Abu Dhabi, U.A.E.

ADCB is registered as a public joint stock company in accordance with the U.A.E. Federal Commercial Companies Law No. (8) of 1984 (as amended).

2 Summary of significant accounting policies**2.1 Basis of preparation**

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 "Interim Financial reporting". It does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank for the year ended December 31, 2010, which were prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretations.

The same accounting policies, presentation and methods of computation have been followed in this condensed consolidated interim financial information as were applied in the preparation and presentation of the Bank's consolidated financial statements for the year ended December 31, 2010 except that the Bank's share of profit of associates has been presented below operating profit rather than, as previously, as a component of operating income.

For details of related party balances and transactions, refer to Note 36 in the consolidated financial statements for the year ended December 31, 2010. The related party balances and transactions in 2011 are similar in nature and magnitude. Note 5 provides the details of lending exposure to Government entities.

The Bank has applied the following accounting policy in respect of the sale of its associate during the period: A disposal of the Bank's associate is not disclosed as a 'discontinued operation' under IFRS 5 as none of the Bank's investment in associates meet the IFRS 5 criteria of being a major line of the Bank's business or geographical area of operations. The sale of investment in associate is recognised when the risks and rewards of ownership have transferred to the acquirer.

The results for the three and nine months periods ended September 30, 2011 are not necessary indicative of the results that may be expected for the financial year ending December 31, 2011.

This condensed consolidated interim financial information is prepared and presented in United Arab Emirates Dirhams (AED) which is the Bank's functional and presentation currency and are rounded off to the nearest thousand ("000") unless otherwise indicated.

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated October 12, 2008, accounting policies relating to investment securities and investment properties have been disclosed in the condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of the condensed consolidated interim financial information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The main areas of judgments, estimates and assumptions applied in the condensed consolidated interim financial information, including the key sources of estimation uncertainty were the same as those applied in the Bank's consolidated financial statements for the year ended December 31, 2010.

2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of this condensed consolidated interim financial information, the following new and revised Standards were in issue but not yet effective:

New Standards and amendments to Standards:	Effective for annual periods beginning on or after
• IFRS 9 Financial Instruments: Classification and Measurement (intended as complete replacement for IAS 39 and IFRS 7)	January 1, 2015
• Amendments to IAS 1, Presentation of Financial Statements - revise the way other comprehensive income is presented	July 1, 2012
• Amendments to IAS 12, Income Taxes — Limited scope amendment (recovery of underlying assets)	January 1, 2012
• Amendments to IAS 19, Employee Benefits — Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
• IFRS 10, Consolidated Financial Statements - Replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities	January 1, 2013
• IFRS 11, Joint Arrangements - Replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers.	January 1, 2013
• IFRS 12, Disclosure of Interests in Other Entities - Replaces the requirements previously included in IAS 27 – Consolidated and Separate Financial Statements, IAS 31 – Interests in Joint Ventures and IAS 28 - Investments in Associates	January 1, 2013
• IFRS 13, Fair Value measurement - represents the completion of the joint project to establish a single source for the requirements on how to measure fair value under IFRS	January 1, 2013
• IAS 27 Separate Financial Statements (revised 2011) and IAS 28 Investments in Associates and Joint Ventures (revised 2011) – Revision as required by IFRS 10, IFRS 11 and IFRS 12.	January 1, 2013

Management anticipates that these amendments will be adopted in the Bank's consolidated financial statements for the initial period when they become effective. Management is in the process of considering the potential impact of the adoption of these amendments.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)**2 Summary of significant accounting policies** (continued)**2.3 Basis of consolidation**

This condensed consolidated interim financial information incorporates the financial statements of Abu Dhabi Commercial Bank P.J.S.C. and its subsidiaries, associates and joint venture (collectively referred to as the “Bank”). The entities controlled by the Bank have been treated as subsidiaries. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. All inter-company balances, income and expense items are eliminated on consolidation.

Changes in the Bank’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Bank’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

The Special Purpose Entities (SPEs) controlled by the Bank are consolidated. The assessment of whether the Bank has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Bank and the SPE except whenever there is a change in the substance of the relationship between the Bank and an SPE.

The Bank manages and administers assets held in unit trusts on behalf of investors. The financial statements of these entities are not included in this condensed consolidated financial information except when the Bank controls the entity.

This condensed consolidated financial information also include the attributable share of the results and reserves of joint ventures and associates.

2.4 Trading and investment securities

Trading and investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for based on their classification as either held to maturity, fair value through profit or loss or available for sale.

The Bank’s investments are classified into the following categories depending on the nature and purpose of the investment:

- i) Trading securities which include investments at fair value through profit or loss (FVTPL)
- ii) Investment securities which include available for sale (AFS) and held-to-maturity investments (HTM)

Fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)**2 Summary of significant accounting policies** (continued)**2.4 Trading and Investment securities** (continued)**Fair value through profit or loss (FVTPL)** (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are subsequently stated at fair value, with any gains or losses arising on re-measurement recognized in condensed consolidated interim income statement.

Held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed maturities which the Bank has the intention and ability to hold to maturity, are classified as held to maturity investments.

Held-to-maturity investments are initially recognized at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses, with revenue recognized on an effective yield basis. Amortised cost is calculated by taking into account any discount or premium on acquisition using an effective interest rate method.

Any gain or loss on such investments is recognised in condensed consolidated interim income statement when the investment is derecognised or impaired.

If there is objective evidence that an impairment on held to maturity investments carried at amortised cost has been incurred, the amount of impairment loss recognized is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the investments original effective interest rate, with the resulting impairment loss, if any, in the condensed consolidated interim income statement.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)**2 Summary of significant accounting policies** (continued)**2.4 Trading and Investment securities** (continued)**Held-to-maturity** (continued)

Investments classified as held to maturity and not close to their maturity, cannot ordinarily be sold or reclassified without impacting the Bank's ability to use this classification and cannot be designated as a hedged item with respect to interest rate or prepayment risk, reflecting the longer-term nature of these investments.

Available for sale

Available for sale assets are non-derivative financial assets that are not classified as either "fair value through profit or loss" or "held to maturity".

Available for sale investments are initially recognized at fair value plus any directly attributable transaction cost and are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and tested for impairment, if any.

Gains and losses arising from changes in fair value are recognised in other comprehensive income statement and recorded in cumulative changes in fair value with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the condensed consolidated interim income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in statement of comprehensive income in the cumulative changes in fair value is included in the condensed consolidated interim income statement for the period.

Dividends on available for sale equity instruments are recognised in the condensed consolidated interim income statement when the Bank's right to receive the dividends is established.

If available for sale investment is impaired, the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value, less any previous impairment loss recognised in the condensed consolidated interim income statement is removed from condensed consolidated interim statement of comprehensive income and recognized in the condensed consolidated interim income statement.

Once an impairment loss has been recognised on an available-for-sale financial asset, the subsequent accounting treatment for changes in the fair value of that asset differs depending on the nature of the available for sale investments:

- for an available for sale debt security, a subsequent decline in the fair value of the instrument is recognised in the condensed consolidated interim income statement when there is further objective evidence of impairment as a result of further decreases in the estimated future cash flows of the financial asset. Where there is no further objective evidence of impairment, the decline in the fair value of the financial asset is recognised directly in other comprehensive income statement. If the fair value of a debt security increases in a subsequent period, and the increase can be objectively related to an event occurring after the impairment loss was recognised in the condensed consolidated interim income statement, the impairment loss is reversed through the condensed consolidated interim income statement to the extent of the increase in fair value.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)**2 Summary of significant accounting policies** (continued)**2.4 Trading and Investment securities** (continued)**Available for sale** (continued)

- for an available for sale equity security, all subsequent increases in the fair value of the instrument are treated as a revaluation and are recognised directly in equity. Subsequent decreases in the fair value of the available for sale equity security are recognised in the condensed consolidated interim income statement, to the extent that further cumulative impairment losses have been incurred in relation to the acquisition cost of the equity security.

Reclassifications

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of investment securities

The Bank derecognizes an investment security only when the contractual rights to the cash flows from the investment expire, or when it transfers the investment and substantially all the risks and rewards of ownership of the investment to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognises a collateralized borrowing for the proceeds received.

2.5 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is reflected at fair value. The fair values are the estimated amounts for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller at an arm's length transaction. The fair value is determined on periodic basis by independent professional valuers. Fair value adjustments on investment property are included in the condensed consolidated interim income statement in the period in which these gains or losses arise.

Investment properties under development that are being constructed or developed for future use as investment property are measured initially at cost including all direct costs attributable to the design and construction of the property including related staff costs. Subsequent to initial recognition, investment properties under development are measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the income statement in the period in which they arise. Upon completion of construction or development, such properties are transferred to investment properties.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

3 Cash and balances with Central Banks

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Cash on hand	397,685	524,961
Balances with Central Banks (*)	4,760,198	4,612,669
Certificate of deposits with Central Bank	1,000,000	750,000
	<u>6,157,883</u>	<u>5,887,630</u>

(*) Balances with Central Banks include reserve requirements of AED 4,542,874 thousand as at September 30, 2011 (December 31, 2010 – AED 4,022,286 thousand) with the Central Bank of the U.A.E.

The geographical concentration is as follows:

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Within the U.A.E.	6,124,619	5,861,148
Outside the U.A.E.	33,264	26,482
	<u>6,157,883</u>	<u>5,887,630</u>

4 Deposits and balances due from banks

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Current and demand deposits	161,434	280,314
Murabaha placements	1,624,000	1,624,000
Placements	17,756,707	16,493,220
	<u>19,542,141</u>	<u>18,397,534</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

4 Deposits and balances due from banks (continued)

The geographical concentration is as follows:

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Within the U.A.E.	9,392,726	8,898,826
Outside the U.A.E.	10,149,415	9,498,708
	<u>19,542,141</u>	<u>18,397,534</u>

5 Loans and advances, net

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Overdrafts (Retail and Corporate)	10,183,079	15,192,902
Corporate Loans	100,097,720	94,090,395
Retail Loans	12,319,169	12,994,545
Credit Cards	2,653,153	2,662,505
Islamic financing	4,066,588	3,226,256
Other facilities	959,521	901,704
	<u>130,279,230</u>	<u>129,068,307</u>
Less: Allowance for impairment	(6,069,142)	(6,296,437)
	<u>124,210,088</u>	<u>122,771,870</u>

Islamic financing related include the following:

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Overdrafts (Retail and Corporate)	14,847	9,728
Corporate Loans	846,039	613,229
Retail Loans	3,151,680	2,558,266
Credit Cards	50,370	43,269
Other facilities	3,652	1,764
	<u>4,066,588</u>	<u>3,226,256</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

5 Loans and advances, net (continued)

Movement of the individual and collective impairment allowance on loans and advances is as follows:

	As at September 30, 2011 (unaudited)			As at December 31, 2010 (audited)		
	Individual impairment AED'000	Collective impairment AED'000	Total AED'000	Individual Impairment AED'000	Collective impairment AED'000	Total AED'000
At January 1	4,653,146	1,643,291	6,296,437	2,727,403	1,504,854	4,232,257
On acquisition of business	-	-	-	114,368	-	114,368
Charge for the period/year	1,371,637	416,167	1,787,804	3,004,536	138,511	3,143,047
Recoveries during the period/year	(181,208)	-	(181,208)	(283,469)	-	(283,469)
Net charge for the period/year	1,190,429	416,167	1,606,596	2,721,067	138,511	2,859,578
Discount unwind	(146,334)	-	(146,334)	-	-	-
Net amounts written off	(1,686,306)	(35)	(1,686,341)	(910,130)	(168)	(910,298)
Currency translation	(1,004)	(212)	(1,216)	438	94	532
Balance at	4,009,931	2,059,211	6,069,142	4,653,146	1,643,291	6,296,437

The economic sector composition of the loans and advances portfolio is as follows:

	As at September 30, 2011 (unaudited)			As at December 31, 2010 (audited)		
	Within the U.A.E. AED'000	Outside the U.A.E. AED'000	Total AED'000	Within the U.A.E. AED'000	Outside the U.A.E. AED'000	Total AED'000
Economic sector						
Agriculture	9,638	-	9,638	9,162	-	9,162
Energy	10,754,578	270,603	11,025,181	3,476,648	275,344	3,751,992
Trading	602,049	17,698	619,747	798,734	7,313	806,047
Contractor finance	1,536,184	72,255	1,608,439	2,368,407	222,824	2,591,231
Real estate development & construction	23,698,084	97,546	23,795,630	22,443,398	-	22,443,398
Real estate investment	12,761,243	201,778	12,963,021	12,277,648	685,593	12,963,241
Transport	2,179,274	520,842	2,700,116	2,439,560	555,336	2,994,896
Personal – retail loans	18,043,226	13,989	18,057,215	18,210,472	291,015	18,501,487
Personal – collateralised	14,786,420	376,389	15,162,809	19,428,356	300,382	19,728,738
Government	3,443,511	-	3,443,511	4,640,851	-	4,640,851
Financial institutions (*)	8,477,541	1,301,993	9,779,534	5,432,391	1,166,205	6,598,596
Manufacturing	1,944,978	134,301	2,079,279	2,275,492	123,976	2,399,468
Services	26,798,787	2,236,287	29,035,074	26,979,736	4,658,219	31,637,955
Others	36	-	36	1,245	-	1,245
	125,035,549	5,243,681	130,279,230	120,782,100	8,286,207	129,068,307
Less: Allowance for impairment			(6,069,142)			(6,296,437)
Total			124,210,088			122,771,870

(*) includes investment companies.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

6 Derivative financial instruments

The fair values of derivative financial instruments held are set out below:

	Fair values	
	Assets AED'000	Liabilities AED'000
As at September 30, 2011 (unaudited)		
Derivatives held for trading		
Interest rate and cross currency swaps	4,454,611	4,349,374
Options	182,122	188,691
Commodity and Energy swaps	24,541	24,003
Swaptions	5,438	5,239
	<u>4,666,712</u>	<u>4,567,307</u>
Derivatives held as fair value hedges		
Interest rate and cross currency swaps	279,461	485,719
Derivatives held as cash flow hedges		
Interest rate swaps	478	-
	<u>4,946,651</u>	<u>5,053,026</u>

	Fair values	
	Assets AED'000	Liabilities AED'000
As at December 31, 2010 (audited)		
Derivatives held for trading		
Interest rate and cross currency swaps	3,132,076	3,078,142
Options	160,063	164,061
Commodity and Energy swaps	53,348	46,579
Exotic swaps	2,091	1,673
Swaptions	25,628	25,628
	<u>3,373,206</u>	<u>3,316,083</u>
Derivatives held as fair value hedges		
Interest rate and cross currency swaps	215,767	-
Derivatives held as net investment hedges		
Forward foreign exchange contracts	-	171,681
	<u>3,588,973</u>	<u>3,487,764</u>

The net hedge ineffectiveness gains relating to the fair value hedges amounting to AED 35,779 thousand (Nine month period ended September 30, 2010 – gains of AED 18,761 thousand) have been recognised in the condensed consolidated interim income statement under “Net gains on dealing in derivatives” (Note 21).

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

7 Investment securities

	As at September 30, 2011 (unaudited)			
	U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
Available for sale investments				
Quoted:				
Floating rate notes (FRNs)	640,376	-	-	640,376
Collateralised debt obligations (CDOs)	-	-	44,458	44,458
Equity instruments	7,230	-	-	7,230
Bonds	4,855,840	864,097	5,509,671	11,229,608
Mutual funds	34,696	-	-	34,696
Government securities	1,633,975	1,150,511	170,266	2,954,752
Total Quoted	7,172,117	2,014,608	5,724,395	14,911,120
Unquoted:				
Equity instruments	167,909	-	315	168,224
Mutual funds	76,857	-	-	76,857
Total Unquoted	244,766	-	315	245,081
Total available for sale investments	7,416,883	2,014,608	5,724,710	15,156,201
As at December 31, 2010 (audited)				
	U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
Available for sale investments				
Quoted:				
Floating rate notes (FRNs)	393,319	-	7,346	400,665
Collateralised debt obligations (CDOs)	-	-	30,921	30,921
Equity instruments	12,242	-	-	12,242
Bonds	3,064,324	635,257	1,209,852	4,909,433
Mutual funds	39,149	-	-	39,149
Government securities	1,233,093	1,145,648	230,403	2,609,144
Total Quoted	4,742,127	1,780,905	1,478,522	8,001,554
Unquoted:				
Equity instruments	194,035	-	343	194,378
Mutual funds	67,206	-	-	67,206
Total Unquoted	261,241	-	343	261,584
Total available for sale investments	5,003,368	1,780,905	1,478,865	8,263,138

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

7 Investment securities (continued)

At September 30, 2011 quoted bond investments include bonds with fair value AED 1,221,273 thousand (December 31, 2010 : AED 1,006,116 thousand) in public sector companies.

Of the unquoted investments, equity instruments with carrying value of AED 28,224 thousand (December 31, 2010 – AED 37,079 thousand) have been carried at cost since the fair value cannot be measured reliably in absence of any observable market or any other relevant information.

The Bank hedges interest rate risk on certain fixed rate investments through interest rate swaps and designates these as fair value hedges. The negative fair value of these interest rate swaps at September 30, 2011 was AED 485,719 thousand (December 31, 2010 – positive fair value of interest rate swaps AED 48,286 thousand). The hedge ineffectiveness gains and losses relating to these hedges were included in the condensed consolidated interim income statement under ‘Net gains on dealing in derivatives’ (Note 21).

The Bank enters into repurchase agreements and total return swap agreements whereby bonds are pledged and held by counter parties as collateral. The risks and rewards relating to the investments pledged remain with the Bank. The following table reflects the carrying value of these bonds and the associated financial liabilities:

	As at September 30, 2011 (unaudited)		As at December 31, 2010 (audited)	
	Fair value of pledged assets AED’000	Carrying value of associated liabilities AED’000	Fair value of pledged assets AED’000	Carrying value of associated liabilities AED’000
Total return swaps	634,742	622,374	625,232	622,374
Repurchase financing	4,497,536	4,019,047	603,645	440,760
	<u>5,132,278</u>	<u>4,641,421</u>	<u>1,228,877</u>	<u>1,063,134</u>

Further, the Bank has also pledged investment securities with fair value amounting to AED 1,336,949 thousand (December 31, 2010 – AED 1,203,022 thousand) as collateral against margin calls. The risks and rewards relating to the investments pledged will remain with the Bank.

The Bank has appointed an independent advisor of repute to act as asset manager and advisor in respect of its holding of structured investments. The investment advisor advises on restructuring as well as potential divestments and provides the assessments of the realizable economic value of these securities.

The impairment losses on investments other than structured investments mentioned above have been estimated by the Banks’ management based on the present market and the expected economic conditions of the underlying investments.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

8 Investment in associates

Name of associate	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
RHB Capital Berhad ("RHB")*	-	5,253,664
Al Nokhitha Fund	61,431	71,330
ADCB MSCI U.A.E. Index Fund	29,292	33,205
Carrying value	90,723	5,358,199

* See note below on sale of investment in associate

Details of Bank's investment in associates are as follows:

	Name of associate	Principal activities	Country of incorporation	Ownership Interest	
				September 30 2011	December 31 2010
(a)	RHB Capital Berhad	Wholesale, retail and Islamic banking, financial advisory and underwriting, insurance and property investment.	Malaysia	-	25%
(b)	Al Nokhitha Fund	Investing in Equities listed in Abu Dhabi Exchange, Dubai Financial Market and in any other recognised stock exchanges of the GCC countries.	U.A.E.	21%	21%
(c)	ADCB MSCI U.A.E. Index Fund	Investing in Equities listed in Abu Dhabi Exchange, Dubai Financial Market, Dubai International Financial Exchange determined by MSCI UAE Index ("Index Securities").	U.A.E.	28%	29%

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

8 Investment in associates (continued)

The latest available financial information in respect of the Bank's associates is as at and for the nine month period ended September 30, 2011 for Al Nokhitha Fund and ADCB MSCI U.A.E. Index Fund as follows:

	AED'000
Total assets	388,550
Total liabilities	1,823
	<hr/>
Net assets	386,727
	<hr/>
Bank's share in net assets of associates	90,723
	<hr/>
Total interest and other operating income	(55,079)
	<hr/>
Total loss for the period	(60,432)
	<hr/>
Bank's share in loss of associates	(13,811)
	<hr/>
Bank's share in contingent liabilities of associates	-
	<hr/>

Sale of investment in associate

In June 2011, the Bank's subsidiary ADCB Malaysia (Holdings) Ltd. Malaysia, entered into a binding sale and purchase agreement ("agreement") for the disposal of its entire equity holding held in RHB for a consideration of AED 7,111,817 thousand. Through this agreement the Bank transferred its risks and rewards with respect to the ownership of RHB to the purchaser and recognized the disposal and gain on disposal in the second quarter of 2011. This investment was treated as an associate until the date the disposal was approved. The total share of profits from RHB recognized in the income statement during the current period amounted to AED 181,376 thousand (For the nine month period ended September 30, 2010: AED 306,641 thousand). On September 30, 2011, the Bank received the sale consideration and the shares were transferred to the buyer.

The excess of sale consideration over the net carrying value of the investment in associate, net of hedge reserves and translation reserves recycled as on the date of disposal has been included in the 'Net gain on sale of investment in associate' in the condensed consolidated interim income statement.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

8 Investment in associates (continued)

Sale of investment in associate (continued)

Net gain on sale of investment in associate recognised on sale date

	AED'000
Sale consideration	7,111,817
Less: Carrying value of investment in associate	(5,343,098)
Less: Hedge reserve recycled from comprehensive income	(604,465)
Add: Foreign currency translation reserve recycled from comprehensive income	205,156
Less: Cost associated with disposal	(55,095)
	<hr/>
	1,314,315
	<hr/> <hr/>

9 Investment properties

	Completed and in use AED'000	Under development AED'000	Total AED'000
As at January 1, 2010	549,492	-	549,492
Additions during the year	-	73,583	73,583
Decrease in fair value during the year	(116,412)	-	(116,412)
Transfer to property and equipment, net	(217,471)	-	(217,471)
	<hr/>	<hr/>	<hr/>
As at January 1, 2011 (audited)	215,609	73,583	289,192
Additions during the period	-	78,196	78,196
	<hr/>	<hr/>	<hr/>
As at September 30, 2011 (unaudited)	215,609	151,779	367,388
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The fair value of the Bank's investment properties are estimated by reference to current market prices for similar properties, adjusted as necessary for condition and location, or by reference to recent transactions updated to reflect current economic conditions. Valuations are carried out by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Discounted cash flow techniques may be used to calculate fair value in certain situations where there have been no recent transactions using current external market inputs such as market rents and interest rates. The effective date of the last formal valuation is June 30, 2011.

The valuation methodologies considered by external valuers include

- a) Direct Comparable method : This method seeks to determine the value of the property from transactions of comparable properties
- b) Residual method : This method is used to assess the value of the property with a development potential where there is inadequate comparable evidence. This method is commonly used in the valuation of the site under development in the local market.

All investment properties of the Bank are located within the U.A.E.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

10 Other assets

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Interest receivable	1,060,433	1,237,727
Withholding tax	165,695	65,082
Prepayments	88,586	77,390
Clearing receivables	-	1,848
Acceptances	9,157,102	9,367,982
Others	938,081	1,739,128
	<hr/> 11,409,897 <hr/>	<hr/> 12,489,157 <hr/>

Acceptances arise when the Bank is under an obligation to make payments against documents drawn under letters of credit and are therefore recognised as a financial liability in the condensed consolidated interim statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as financial asset. The Bank generally receives cash collateral against these acceptances.

11 Due to banks

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Current and demand deposits	782,540	1,001,602
Deposits – banks	3,181,686	3,840,263
	<hr/> 3,964,226 <hr/>	<hr/> 4,841,865 <hr/>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

12 Deposits from customers

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Call and demand deposits	24,631,509	21,440,127
Savings deposits	2,241,745	1,565,403
Time deposits	62,709,771	67,041,989
Long term government deposits	458,940	470,865
Islamic product related deposits	16,777,751	14,984,133
Euro commercial papers	1,212,719	631,668
	<hr/>	<hr/>
	108,032,435	106,134,185
	<hr/> <hr/>	<hr/> <hr/>

The Euro commercial papers are issued globally with the majority issued in the United Kingdom and other countries of Europe.

Islamic product related deposits include the following:

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Product		
Mudaraba savings and deposits	3,241,065	974,371
Wakala deposits	12,639,723	13,160,868
Wadiah	896,963	848,894
	<hr/>	<hr/>
	16,777,751	14,984,133
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

13 Short and medium term borrowings

The details of short and medium term borrowings as at September 30, 2011 (unaudited) are as follows:

Instrument	Currency	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Total AED'000
Unsecured notes	Australian Dollar (AUD)	72,128	-	-	72,128
	Hong Kong Dollar (HKD)	94,332	-	-	94,332
	Japanese Yen (JPY)	155,386	-	-	155,386
	Malaysian Ringitt (MYR)	-	-	871,027	871,027
	Pound Sterling (GBP)	3,500,002	-	-	3,500,002
	Slovak Koruna (SKK)	103,757	-	-	103,757
	South African Rand (ZAR)	51,299	-	-	51,299
	Swiss Franc (CHF)	-	-	575,705	575,705
	Turkish Lira (TRY)	-	-	94,003	94,003
	U.A.E. Dirham (AED)	-	1,253,000	-	1,253,000
	US Dollar (US\$)	36,730	-	3,673,000	3,709,730
		4,013,634	1,253,000	5,213,735	10,480,369
Syndicated loans	US Dollar (US\$)	3,238,851	3,739,849	-	6,978,700
	Euro (EUR)	192,950	135,065	-	328,015
Subordinated floating rate notes	US Dollar (US\$)	-	-	1,172,789	1,172,789
Borrowings through total return swaps	US Dollar (US\$)	-	429,374	-	429,374
	U.A.E. Dirham (AED)	-	193,000	-	193,000
Borrowings through repurchase agreements	US Dollar (US\$)	3,578,287	440,760	-	4,019,047
		11,023,722	6,191,048	6,386,524	23,601,294
Fair value adjustment on short and medium term borrowings being hedged					(65,517)
					23,535,777

Included in short and medium term borrowings is AED 8,908,771 thousand which have been hedged using interest rate and cross currency swaps. These swaps are designated as fair value hedges.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

13 Short and medium term borrowings (continued)

The details of short and medium term borrowings as at December 31, 2010 (audited) are as follows:

Instrument	Currency	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Total AED'000
Unsecured notes	Australian Dollar (AUD)	-	144,257	-	144,257
	Hong Kong Dollar (HKD)	47,363	94,333	-	141,696
	Japanese Yen (JPY)	155,388	-	-	155,388
	Malaysian Ringitt (MYR)	-	-	868,261	868,261
	Pound Sterling (GBP)	3,500,001	-	-	3,500,001
	Slovak Koruna (SKK)	-	103,758	-	103,758
	South African Rand (ZAR)	-	51,299	-	51,299
	Swiss Franc (CHF)	837,946	-	-	837,946
	U.A.E. Dirham (AED)	1,300,000	1,253,000	-	2,553,000
	US Dollar (US\$)	73,460	-	3,673,000	3,746,460
Syndicated loans		5,914,158	1,646,647	4,541,261	12,102,066
	US Dollar (US\$)	550,950	6,978,700	-	7,529,650
	Euro (EUR)	-	328,015	-	328,015
Borrowings through total return swaps	US Dollar (US\$)	-	-	429,374	429,374
	U.A.E. Dirham (AED)	-	-	193,000	193,000
Borrowings through repurchase agreements	US Dollar (US\$)	-	-	440,760	440,760
		6,465,108	8,953,362	5,604,395	21,022,865
Fair value adjustment on short and medium term borrowings being hedged					(3,171)
					21,019,694

Included in short and medium term borrowings is AED 9,823,819 thousand which have been hedged using interest rate and cross currency swaps. These swaps are designated as fair value hedges.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

13 Short and medium term borrowings (continued)

Interest on unsecured notes is payable quarterly and half yearly in arrears and the coupon rates as at September 30, 2011 (unaudited) are as follows:

<u>Currency</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>
AUD	3 months AUD-BBSW plus 30 basis points	-	-
HKD	3 months HIBOR offer rate plus 29 basis points	-	-
JPY	Fixed rate of 1.66% p.a.	-	-
GBP	Fixed rate of 5.625% p.a.	-	-
SKK	3 months BRIBOR plus 11 basis points	-	-
ZAR	3 months JIBAR plus 41 basis points	-	-
CHF	-	-	Fixed rate of 3.01% p.a.
MYR	-	-	Fixed rate of 5.2% p.a.
TRY	-	-	Fixed rate of 12.75% p.a.
AED	-	Fixed rate of 6% p.a.	-
US\$	3 months LIBOR plus 110 basis points	-	Fixed rate of 4.75% p.a.

Interest on the syndicated loans are payable in monthly coupons in arrears with 25 basis points over 1 month LIBOR and quarterly coupons in arrears with 27.5 basis points to 110 basis points over 3 months LIBOR. The Bank has option to roll over the syndicated loan for a further period of two years from the date of maturity.

Interest on the subordinated floating rate notes is payable quarterly in arrears at a coupon rate of 110 basis points over 3 months LIBOR. The subordinated floating rate notes were obtained from financial institutions outside the U.A.E. and qualify as Tier 2 subordinated loan capital for the first 5 year period till 2011 and thereafter it will be amortised at the rate of 20% per annum till 2016 for capital adequacy calculation (Note 26) if these are not redeemed during 2011. This has been approved by the Central Bank of the U.A.E.

Interest on borrowings through total return swaps are payable in quarterly coupons in arrears with 300 basis points over 3 months LIBOR and EIBOR and half yearly coupons in arrears with 300 basis points over 6 months LIBOR.

Interest on borrowings through repurchase agreements are payable in half yearly coupons in arrears with 86 to 128 basis points over 6 months LIBOR and on maturity along with principal at fixed rate from 60 basis points to 96 basis points.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

14 Long term borrowings

Instrument	Currency	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Unsecured notes	Turkish Lira (TRY)	-	94,003
	U.A.E. Dirham (AED)	500,000	500,000
	Malaysian Ringitt (MYR)	473,706	476,472
	US Dollar (US\$)	73,460	73,460
		<hr/>	<hr/>
		1,047,166	1,143,935
Subordinated floating rate notes	US Dollar (US\$)	-	1,172,789
Tier 2 loan	U.A.E. Dirham (AED)	6,617,456	6,617,456
Fair value adjustment on long term borrowings being hedged		221,521	(28,071)
		<hr/>	<hr/>
		7,886,143	8,906,109
		<hr/>	<hr/>

Included in long term borrowings is AED 2,424,844 thousand (December 31, 2010 – AED 570,475 thousand) which have been hedged using interest rate and cross currency swaps. These swaps are designated as fair value hedges.

Interest on unsecured notes is payable half yearly in arrears and the coupon rates as at September 30, 2011 (unaudited) are as follows:

<u>Currency</u>	<u>Over 5 years</u>
AED	Fixed rate of 6% p.a.
MYR	Fixed rate of 5.35% p.a.
US\$	Fixed rate of 5.3875% p.a.

Tier 2 loan

In March 2009, the Bank converted AED 6,617,456 thousand government deposits into Tier 2 qualifying loans. The Tier 2 qualifying loan will mature seven years from the date of the issue and interest is payable on a quarterly basis at a fixed rate of 4 percent per annum commencing March 31, 2009 for the first two years, 4.5 percent per annum for the third year, 5 percent per annum for the fourth year and 5.25 percent per annum for the remaining period. The terms also provide that ADCB will have a call option to repay the loans partially or fully at the end of five years from the date of issue. For regulatory purposes, the loan qualifies as Tier 2 capital.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

15 Other liabilities

	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Interest payable	1,130,285	1,281,661
Employees' end of service benefits	171,589	166,863
Accounts payable and other creditors	1,007,207	870,885
Clearing payables	1,110	12,704
Current income tax payable	-	9,232
Deferred income	240,551	245,450
Acceptances (Note 10)	9,157,102	9,367,982
Others	1,288,661	2,324,321
	12,996,505	14,279,098

16 Share capital

	Authorised AED'000	Issued and fully paid As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Ordinary shares of AED 1 each	5,595,597	5,595,597	4,810,000
	September 30, 2011(unaudited)	December 31, 2010 (audited)	
	Number of shares	Number of shares	AED'000
As of January 1	4,810,000,000	4,810,000,000	4,810,000
Shares issued on conversion of mandatory convertible securities	785,597,381	-	-
As at	5,595,597,381	4,810,000,000	4,810,000

In April 2011, the mandatory convertible securities ("MCS") with a nominal value of AED 4,800,000 thousand were converted into ordinary equity shares of the Bank. On conversion, 785,597,381 equity shares were issued at the conversion price of AED 6.11 per share. The difference between the nominal value of the shares and conversion price resulted in share premium.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

16 Share capital (continued)

Reconciliation of share premium is as follows:

	AED' 000
Nominal value of MCS	4,800,000
Less: Nominal value of shares issued on conversion of MCS	(785,597)
Share premium	4,014,403
Less: Mandatory convertible securities – liability component	(144,482)
Less: Issue expenses of MCS	(21,635)
Balance of share premium	3,848,286

As at September 30, 2011, Abu Dhabi Investment Council held 58.079% (December 31, 2010 : 64.843%) of the Bank's issued and fully paid up share capital. The change in percentage is due to issue of new equity shares on conversion of mandatory convertible securities in April 2011.

17 Capital notes

In February 2009, the Department of Finance, Government of Abu Dhabi subscribed for ADCB's Tier I regulatory capital notes with a principal amount of AED 4 billion (the "Notes").

The Notes are non-voting, non-cumulative perpetual securities for which there is no fixed redemption date. The Notes are direct, unsecured, subordinated obligations of the Bank and rank pari passu without any preference among themselves and the rights and claims of the Note holders will be subordinated to the claims of Senior Creditors. The Notes bear interest at the rate of 6% per annum payable semi-annually until February 2014, and a floating interest rate of 6 month EIBOR plus 2.3% per annum thereafter. However the Bank may at its sole discretion elect not to make a coupon payment. The Note holders do not have a right to claim the coupon and an election by the Bank not to service coupon is not considered an event of default. In addition, there are certain circumstances under which the Bank is prohibited from making a coupon payment on a relevant coupon payment date ("Non-Payment Event").

If the Bank makes a non-payment election or a non-payment event occurs, then the Issuer will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Issuer ranking pari passu with or junior to the Notes except securities, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until two consecutive coupon payments have been paid in full.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

18 Interest income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
Loans and advances to banks	42,444	58,691	163,906	112,449
Loans and advances to customers	1,744,185	1,750,012	5,065,497	4,975,099
Investment securities	87,950	48,538	218,535	126,134
	1,874,579	1,857,241	5,447,938	5,213,682

19 Interest expense (unaudited)

	3 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
Deposits from banks	1,856	27,212	28,374	96,784
Deposits from customers	427,155	681,408	1,693,979	1,832,731
Debt securities issued and subordinated liabilities	103,225	114,782	291,349	329,731
Interest on mandatory convertible securities and long term notes	43,685	159,981	231,426	328,512
	575,921	983,383	2,245,128	2,587,758

20 Net fees and commission income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
Fees and commission income				
Retail banking fees	158,009	138,869	502,843	397,000
Corporate banking fees	66,178	146,173	224,805	309,964
Brokerage fees	695	1,430	3,022	4,106
Fees from trust and other fiduciary activities	9,870	6,766	39,592	22,278
Other fees	12,192	16,682	36,286	36,430
Total fees and commission income	246,944	309,920	806,548	769,778
Fees and commission expenses	(41,124)	(23,131)	(91,185)	(67,718)
Net fees and commission income	205,820	286,789	715,363	702,060

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

21 Net trading income (unaudited)

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	2011 AED'000	2010 AED'000	2011 AED'000	2010 AED'000
Net gains on dealing in derivatives	61,014	84,740	167,989	99,066
Net gains from dealing in foreign currencies	51,187	71,063	124,397	99,921
Net gains/(losses) from trading and investment securities	3,898	(10,556)	30,145	(7,880)
	<u>116,099</u>	<u>145,247</u>	<u>322,531</u>	<u>191,107</u>

22 Other impairment allowances (unaudited)

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	2011 AED'000	2010 AED'000	2011 AED'000	2010 AED'000
Impairment allowance on investment securities	41,837	5,188	45,510	223,487
Impairment allowance/(release) on credit default swaps (Note 24)	(70,879)	41,525	195,688	120,707
	<u>(29,042)</u>	<u>46,713</u>	<u>241,198</u>	<u>344,194</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

23 Earnings per share (unaudited)

Basic and diluted earnings per share

The calculation of basic earnings per share is based on the net profit attributable to equity holders of the Bank and the weighted average number of equity shares outstanding. Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding for the dilutive effects of potential equity shares held on account of employees' incentive plan.

	3 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
Net profit for the period attributable to the equity holders of the Bank (AED'000)	607,566	317,724	2,516,909	8,956
Add: Interest on MCS for the period (AED'000)	-	25,527	25,564	77,634
Less: Capital notes coupon paid (AED'000)	(120,000)	(120,666)	(236,667)	(243,333)
Net adjusted profit/(loss) for the period attributable to the equity holders of the Bank (AED'000) (a)	487,566	222,585	2,305,806	(156,743)
Weighted average number of shares in issue throughout the period (000's)	5,595,597	4,810,000	5,595,597	4,810,000
Add: Weighted average number of shares resulting from conversion of MCS (000's)	-	785,597	-	785,597
Less: Weighted average number of shares held on account of Employees' incentive plan (000's)	(50,424)	(40,232)	(45,538)	(34,051)
Weighted average number of equity shares used for calculating basic earnings per share (000's) (b)	5,545,173	5,555,365	5,550,059	5,561,546
Add: Weighted average number of shares held on account of Employees' incentive plan (000's)	50,424	40,232	45,538	34,051
Weighted average number of equity shares used for calculating diluted earnings per share (000's) (c)	5,595,597	5,595,597	5,595,597	5,595,597
Basic earnings/(loss) per share (AED) (a)/(b)	0.09	0.04	0.42	(0.03)
Diluted earnings/(loss) per share (AED) (a)/(c)	0.09	0.04	0.41	(0.03)

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

24 Commitments and contingent liabilities

The Bank had the following commitments and contingent liabilities at:

	September 30 2011 (unaudited) AED'000	December 31 2010 (audited) AED'000
Commitments on behalf of customers		
Letters of credit	2,246,170	2,261,976
Guarantees	10,207,266	13,705,166
Commitments to extend credit – Revocable	4,770,626	5,590,046
Commitments to extend credit – Irrevocable	6,382,974	8,257,407
Credit default swaps	114,781	412,295
	<hr/> 23,721,817	<hr/> 30,226,890
Others		
Commitments for future capital expenditure	335,648	425,319
Commitments to invest in investment securities	235,348	246,380
Commitments to invest in associate	-	387,133
	<hr/> 24,292,813 <hr/>	<hr/> 31,285,722 <hr/>

The Bank's total exposure in credit default swaps is net of provisions.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

25 Operating segments

Effective April 1, 2011, the Bank introduced property management as a separate operating segment. This includes real estate and property management activities which on an aggregated basis meets the reporting threshold as a separate operating component and the results are reviewed regularly by the Bank's chief operating decision maker. Prior to April 1, 2011, these activities were included in corporate support along with other activities. The residual balance in corporate support after reclassification of real estate and property management activities is allocated to other operating segments in proportion to the segmental assets and prior period results have been reclassified to meet the new reporting requirement.

The Bank has four reportable segments, as described below, which are the Bank's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. For each of the strategic divisions, the Bank Management Committee reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Bank's reportable segments

- | | |
|----------------------------|---|
| Wholesale banking - | comprises of business banking, cash management, trade finance, corporate finance, investment banking, Indian operations, infrastructure and strategic client operations. It includes loans, deposits and other transactions and balances with corporate customers. |
| Consumer banking - | comprises of consumer, retail, wealth management and Islamic operations. It includes loans, deposits and other transactions and balances with retail customers and corporate and private accounts of high networth individuals and funds management activities. |
| Investments and treasury - | comprises of central treasury operations, management of the Bank's investment portfolio and interest rate, currency and commodity derivative portfolio. Investments and treasury undertakes the Bank's funding and centralized risk management activities through borrowings, issues of debt securities, use of derivatives for risk management and investing in liquid assets such as short-term placements and corporate and government debt securities and trading and corporate finance activities. |
| Property management - | comprises of real estate management and engineering service operations of subsidiaries - Abu Dhabi Commercial Properties L.L.C., Abu Dhabi Commercial Engineering Services L.L.C., ADCB Real Estate Fund operations and rental income. |

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Management Executive Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

25 Operating segments (continued)

The following is an analysis of the Bank's revenue and results by operating segment for the nine month period ended September 30, 2011 (unaudited):

	Consumer banking	Wholesale banking	Investments and treasury	Property management	Total
	AED' 000	AED' 000	AED' 000	AED' 000	AED' 000
Net interest and Islamic financing income	1,629,273	881,589	705,789	79,656	3,296,307
Non-interest income	519,710	218,092	314,402	98,287	1,150,491
Operating expenses	(991,362)	(354,283)	(115,834)	(53,864)	(1,515,343)
Operating profit before impairment allowances	1,157,621	745,398	904,357	124,079	2,931,455
Impairment allowance on loans and advances, net	(956,162)	(650,434)	-	-	(1,606,596)
Other impairment allowances	(40,000)	-	(201,198)	-	(241,198)
Share of (loss)/profit of associates	(13,811)	181,376	-	-	167,565
Profit before taxation	147,648	276,340	703,159	124,079	1,251,226
Overseas income tax expense	-	(34,400)	-	-	(34,400)
Profit for the period	147,648	241,940	703,159	124,079	1,216,826
Net gain on sale of investment in associate	-	1,314,315	-	-	1,314,315
Net profit for the period	147,648	1,556,255	703,159	124,079	2,531,141
Capital expenditure					158,377
As at September 30, 2011 (unaudited)					
Segment assets	66,032,110	76,884,640	39,758,465	377,193	183,052,408
Segment liabilities	26,924,496	55,783,492	77,904,919	855,205	161,468,112

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

25 Operating segments (continued)

The following is an analysis of the Bank's revenue and results by operating segment for the nine month period ended September 30, 2010 (unaudited):

	Consumer banking	Wholesale banking	Investments and treasury	Property management	Total
	AED' 000	AED' 000	AED' 000	AED' 000	AED' 000
Net interest and Islamic financing income	1,233,851	864,622	481,582	68,601	2,648,656
Non-interest income	413,031	388,460	134,905	53,597	989,993
Operating expenses	(769,351)	(342,584)	(106,682)	(51,580)	(1,270,197)
Operating profit before impairment allowances	877,531	910,498	509,805	70,618	2,368,452
Impairment allowance on loans and advances, net	(667,099)	(1,628,829)	-	-	(2,295,928)
Other impairment allowances	-	(29,232)	(314,962)	-	(344,194)
Share of (loss)/profit of associates	(13,623)	306,641	-	-	293,018
Profit/(loss) before taxation	196,809	(440,922)	194,843	70,618	21,348
Overseas income tax expense	-	(2,289)	-	-	(2,289)
Net profit/(loss) for the period	196,809	(443,211)	194,843	70,618	19,059
Capital expenditure					128,213
As at December 31, 2010 (audited)					
Segment assets	68,462,361	72,605,790	36,898,903	304,140	178,271,194
Segment liabilities	27,070,006	58,496,837	72,301,161	829,842	158,697,846

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

25 Operating segments (continued)

The following is an analysis of the Bank's revenue and results by operating segment for the three month period ended September 30, 2011 (unaudited):

	Consumer banking	Wholesale banking	Investments and treasury	Property management	Total
	AED' 000	AED' 000	AED' 000	AED'000	AED' 000
Net interest and Islamic financing income	<u>566,413</u>	<u>401,076</u>	<u>340,490</u>	<u>26,999</u>	<u>1,334,978</u>
Non-interest income	<u>146,816</u>	<u>89,312</u>	<u>95,317</u>	<u>32,526</u>	<u>363,971</u>
Operating expenses	<u>(337,135)</u>	<u>(129,844)</u>	<u>(43,961)</u>	<u>(17,316)</u>	<u>(528,256)</u>
Operating profit before impairment allowances	<u>376,094</u>	<u>360,544</u>	<u>391,846</u>	<u>42,209</u>	<u>1,170,693</u>
Impairment allowance on loans and advances, net	<u>(303,081)</u>	<u>(239,822)</u>	<u>-</u>	<u>-</u>	<u>(542,903)</u>
Other impairment allowances	<u>(40,000)</u>	<u>-</u>	<u>69,042</u>	<u>-</u>	<u>29,042</u>
Share of loss of associates	<u>(8,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,285)</u>
Profit before taxation	<u>24,728</u>	<u>120,722</u>	<u>460,888</u>	<u>42,209</u>	<u>648,547</u>
Overseas income tax expense	<u>-</u>	<u>(35,372)</u>	<u>-</u>	<u>-</u>	<u>(35,372)</u>
Net profit for the period	<u>24,728</u>	<u>85,350</u>	<u>460,888</u>	<u>42,209</u>	<u>613,175</u>
Capital expenditure					<u>74,716</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

25 Operating segments (continued)

The following is an analysis of the Bank's revenue and results by operating segment for the three month period ended September 30, 2010 (unaudited):

	Consumer banking	Wholesale banking	Investments and treasury	Property management	Total
	AED' 000	AED' 000	AED' 000	AED' 000	AED' 000
Net interest and Islamic financing income	433,576	335,098	85,403	22,961	877,038
Non-interest income	154,894	173,435	116,256	30,960	475,545
Operating expenses	(289,318)	(129,248)	(34,722)	(16,644)	(469,932)
Operating profit before impairment allowances	299,152	379,285	166,937	37,277	882,651
Impairment allowance on loans and advances, net	(270,931)	(338,243)	-	-	(609,174)
Other impairment allowances	-	-	(46,713)	-	(46,713)
Share of profit of associates	1,075	97,807	-	-	98,882
Profit before taxation	29,296	138,849	120,224	37,277	325,646
Overseas income tax expense	-	(644)	-	-	(644)
Net profit for the period	29,296	138,205	120,224	37,277	325,002
Capital expenditure					78,338

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

25 Operating segments (continued)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments.
- all liabilities are allocated to reportable segments.

Other disclosures

The following is the analysis of the total operating income of each segment between income from external parties and inter-segment.

Nine month period ended September 30, 2011 (unaudited)		Consumer banking	Wholesale banking	Investments and treasury	Property management	Total
		AED' 000	AED' 000	AED' 000	AED' 000	AED' 000
External		3,463,605	1,354,302	(468,588)	97,479	4,446,798
Inter-segment		(1,314,622)	(254,621)	1,488,779	80,464	-
Nine month period ended September 30, 2010 (unaudited)						
External		2,973,428	1,811,971	(1,198,904)	52,154	3,638,649
Inter-segment		(1,326,546)	(558,889)	1,815,391	70,044	-
Three month period ended September 30, 2011 (unaudited)		Consumer banking	Wholesale banking	Investments and treasury	Property management	Total
		AED' 000	AED' 000	AED' 000	AED' 000	AED' 000
External		1,127,757	639,719	(101,052)	32,525	1,698,949
Inter-segment		(414,528)	(149,331)	536,859	27,000	-
Three month period ended September 30, 2010 (unaudited)						
External		1,051,180	631,841	(360,678)	30,240	1,352,583
Inter-segment		(462,710)	(123,308)	562,337	23,681	-

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

25 Operating segments (continued)

Geographical information

The Bank operates in two principal geographic areas that is Domestic and International. The United Arab Emirates is designated as Domestic area which represents the operations of the Bank that originates from the U.A.E. branches and subsidiaries; and International area represents the operations of the Bank that originates from its branches in India and through its subsidiaries and associate outside U.A.E. The Bank's operations and information about its segment assets (non-current assets excluding investments in associates and other financial instruments) by geographical location are detailed as follows:

	Domestic (unaudited)		International (unaudited)	
	9 months ended		9 months ended	
	September 30	September 30	September 30	September 30
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
Income				
Net interest and Islamic financing income	3,202,922	2,638,689	93,385	9,967
Non-interest income	1,225,987	970,693	(75,496)	19,300
Share of (loss)/profit of associates	(13,811)	(13,623)	181,376	306,641
Net gain from sale of investment in associate	-	-	1,314,315	-

	Domestic (unaudited)		International (unaudited)	
	3 months ended		3 months ended	
	September 30	September 30	September 30	September 30
	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000
Income				
Net interest and Islamic financing income	1,254,328	876,296	80,650	742
Non-interest income	365,849	460,554	(1,878)	14,991
Share of (loss)/profit of associates	(8,285)	1,075	-	97,807
Net gain from sale of investment in associate	-	-	-	-

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011 (continued)**

25 Operating segments (continued)

Geographical information (continued)

Non-current assets	Domestic		International	
	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000	As at September 30 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Investment properties	367,388	289,192	-	-
Property and equipment, net	1,030,887	1,064,670	6,429	5,651
Intangible assets	134,120	155,180	-	-

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)

26 Capital adequacy

The ratio calculated in accordance with Basel II is as follows:

	Basel II	
	As at September 30, 2011 (unaudited) AED'000	As at December 31 2010 (audited) AED'000
Tier 1 capital		
Share capital	5,595,597	4,810,000
Share premium	3,848,286	-
Statutory and legal reserves	2,704,179	2,704,179
General and contingency reserves	2,150,000	2,150,000
Employees' incentive plan shares, net	(109,346)	(36,677)
Foreign currency translation reserve	(16,023)	136,676
Retained earnings and other reserves	3,804,888	991,927
Non-controlling interests in equity of subsidiaries	503	8,561
Capital notes (Note 17)	4,000,000	4,000,000
Mandatory convertible securities	-	4,663,014
Cumulative changes in fair value	(393,788)	-
Less: Investment in associates (50%)	(45,362)	(2,679,100)
Less: Intangible assets	(134,120)	-
Less: Securitization exposures (due to rating migration)	(68,079)	(532,475)
	21,336,735	16,216,105
Tier 2 capital		
Collective impairment allowance on loans and advances	1,612,496	1,581,985
Cumulative changes in fair value	-	174,799
Tier 2 loan (Note 14)	6,617,456	6,617,456
Subordinated floating rate notes (Note 13)	938,231	1,172,789
Less: Investment in associates (50%)	(45,361)	(2,679,099)
Less: Securitization exposures (due to rating migration)	(68,079)	(532,475)
	9,054,743	6,335,455
Total regulatory capital	30,391,478	22,551,560
Risk-weighted assets:		
Credit risk	128,999,704	126,558,829
Market risk	2,207,626	3,464,224
Operational risk	5,805,137	5,405,406
Total risk-weighted assets	137,012,467	135,428,459
Total Capital adequacy ratio	22.18%	16.65%
Tier 1 ratio	15.57%	11.97%
Tier 2 ratio	6.61%	4.68%

The capital adequacy ratio was above the minimum requirement of 12% for September 30, 2011 (December 31, 2010 – 12%) stipulated by the U.A.E. Central Bank.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2011** (continued)**27 Legal proceeding**

The Bank is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Bank's condensed consolidated interim financial information if disposed unfavorably.

28 Approval of financial statements

This condensed consolidated financial information was approved by the Board of Directors and authorised for issue on October 25, 2011.