

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

**Review report and interim financial
information for the period
ended September 30, 2009**

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

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for the period ended September 30, 2009**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated 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, 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair 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.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.


Deloitte & Touche

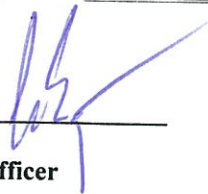


Saba Y. Sindaha
Registration Number 410
October 27, 2009

Condensed consolidated statement of financial position
as at September 30, 2009

	Notes	As at September 30 2009 (unaudited) AED'000	As at December 31 2008 (audited) AED'000
ASSETS			
Cash and balances with Central Banks		3,822,836	3,911,009
Deposits and balances due from banks	3	16,070,230	17,528,422
Loans and advances, net	4	116,703,041	109,081,089
Derivative financial instruments	5	5,679,486	6,202,686
Investment securities	6	4,535,594	3,422,794
Investments in associates	7	4,385,185	4,427,529
Investment properties	8	582,492	632,492
Other assets	9	6,043,997	2,210,122
Property and equipment, net		803,247	580,186
Total assets		158,626,108	147,996,329
LIABILITIES			
Due to banks		3,752,296	6,905,263
Customers' deposits		83,504,180	84,360,821
Mandatory convertible securities – liability component		127,486	168,435
Short and medium term borrowings	10	29,159,275	28,435,361
Derivative financial instruments	5	5,332,504	6,363,966
Long term borrowings	11	8,611,351	2,131,187
Other liabilities	12	7,988,478	3,716,144
Total liabilities		138,475,570	132,081,177
EQUITY			
Share capital	13	4,810,000	4,810,000
Statutory and legal reserves		2,627,979	2,627,979
General and contingency reserves		2,150,000	2,150,000
Employees' incentive plan shares, net		(16,506)	(25,708)
Foreign currency translation reserve		(399,484)	(392,022)
Proposed dividends	14	-	481,000
Hedging reserve		(72,239)	-
Cumulative changes in fair values		(330,307)	(625,014)
Retained earnings		2,710,771	2,147,431
Capital notes	15	4,000,000	-
Mandatory convertible securities – equity component		4,633,883	4,633,883
Equity attributable to equity holders of the parent		20,114,097	15,807,549
Non-controlling interest		36,441	107,603
Total equity		20,150,538	15,915,152
Total liabilities and equity		158,626,108	147,996,329
Commitments and contingent liabilities	21	51,964,139	52,161,266


Eissa Al Suwaidi
Chairman


Ala'a Eraiqat
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated income statement (unaudited)
for the period ended September 30, 2009**

	Notes	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
		2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Interest income	16	1,717,459	1,514,719	5,239,471	4,153,496
Interest expense	17	(858,577)	(863,216)	(2,728,997)	(2,365,853)
Net interest income		858,882	651,503	2,510,474	1,787,643
Distribution to depositors		(35,524)	(775)	(92,559)	(775)
Net interest income net of distribution to depositors		823,358	650,728	2,417,915	1,786,868
Net fees and commission income	18	252,666	237,086	748,763	746,928
Net gain on dealing in derivatives		15,267	23,754	45,183	96,492
Net gains from dealing in foreign currencies		31,203	64,046	78,434	232,123
Dividend income		14	-	4,647	11,075
Net gain/(loss) from trading and investment securities		17,649	(3,689)	18,638	33,728
(Decrease)/increase in fair value of investment properties		-	-	(50,000)	178,148
Other operating income		30,560	25,961	124,001	55,366
Share of profit of associate		73,244	140,370	181,650	140,370
Operating income		1,243,961	1,138,256	3,569,231	3,281,098
Staff expenses		(206,099)	(202,468)	(646,733)	(575,090)
Depreciation		(17,916)	(13,894)	(55,151)	(40,999)
Other operating expenses		(164,651)	(160,763)	(462,827)	(427,700)
Impairment allowances on financial assets	19	(810,711)	(312,485)	(1,700,802)	(610,457)
Operating expenses		(1,199,377)	(689,610)	(2,865,513)	(1,654,246)
Profit from operations before taxation		44,584	448,646	703,718	1,626,852
Overseas income tax expense		(644)	(1,054)	(3,061)	(6,757)
Net profit for the period		43,940	447,592	700,657	1,620,095
Attributed to:					
Equity holders of the parent		34,774	419,507	683,340	1,500,643
Non-controlling interest		9,166	28,085	17,317	119,452
Net profit for the period		43,940	447,592	700,657	1,620,095
Basic earnings per share (AED)	20	(0.01)	0.09	0.12	0.31

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended September 30, 2009**

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Net profit for the period	43,940	447,592	700,657	1,620,095
Exchange difference arising on translation of foreign operations	76,838	(247,605)	(4,595)	(418,795)
Fair value changes on hedges	(32,587)	-	(72,239)	-
Fair value changes on available for sale investments	234,969	(200,169)	320,929	(291,181)
Share in comprehensive income statement items of associate (RHB Capital Berhad)	(29,509)	-	(29,089)	-
Net comprehensive income/(loss) for the period	293,651	(182)	915,663	910,119
Attributed to:				
Equity holders of the parent	284,485	(28,267)	898,346	790,667
Non-controlling interest	9,166	28,085	17,317	119,452
Net comprehensive income/(loss) for the period	293,651	(182)	915,663	910,119

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity (unaudited)
for the period ended September 30, 2009**

	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	Proposed dividends AED'000	Hedging reserve AED'000	Cumulative changes in fair values 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, 2009	4,810,000	1,336,383	1,291,596	2,000,000	150,000	(25,708)	(392,022)	481,000	-	(625,014)	2,147,431	-	4,633,883	15,807,549	107,603	15,915,152
Net profit for the period	-	-	-	-	-	-	-	-	-	-	683,340	-	-	683,340	17,317	700,657
Exchange difference arising on translation of foreign	-	-	-	-	-	-	(4,595)	-	-	-	-	-	-	(4,595)	-	(4,595)
Fair value changes on hedges	-	-	-	-	-	-	-	-	(72,239)	-	-	-	-	(72,239)	-	(72,239)
Fair value changes on available for sale investments	-	-	-	-	-	-	-	-	-	308,440	-	-	-	308,440	-	308,440
Realised loss on sale of available for sale investments	-	-	-	-	-	-	-	-	-	12,489	-	-	-	12,489	-	12,489
Share of comprehensive income statement items of associate (RHB Capital Berhard)	-	-	-	-	-	-	(2,867)	-	-	(26,222)	-	-	-	(29,089)	-	(29,089)
Total comprehensive income for the period	-	-	-	-	-	-	(7,462)	-	(72,239)	294,707	683,340	-	-	898,346	17,317	915,663
Dividends paid	-	-	-	-	-	-	-	(481,000)	-	-	-	-	-	(481,000)	(88,479)	(569,479)
Issue of capital notes (Note 15)	-	-	-	-	-	-	-	-	-	-	-	4,000,000	-	4,000,000	-	4,000,000
Capital notes coupon paid	-	-	-	-	-	-	-	-	-	-	(120,000)	-	-	(120,000)	-	(120,000)
Shares – vested portion	-	-	-	-	-	9,202	-	-	-	-	-	-	-	9,202	-	9,202
Balance at September 30, 2009	4,810,000	1,336,383	1,291,596	2,000,000	150,000	(16,506)	(399,484)	-	(72,239)	(330,307)	2,710,771	4,000,000	4,633,883	20,114,097	36,441	20,150,538

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity (unaudited)
for the period ended September 30, 2009 (continued)**

	Share capital AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Proposed dividends AED'000	Cumulative changes in fair values AED'000	Retained earnings 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, 2008	4,000,000	1,212,724	1,167,937	2,000,000	150,000	8,253	1,210,000	(94,854)	1,643,452	-	11,297,512	114,231	11,411,743
Net profit for the period	-	-	-	-	-	-	-	-	1,500,643	-	1,500,643	119,452	1,620,095
Exchange difference arising on translation of foreign	-	-	-	-	-	(418,795)	-	-	-	-	(418,795)	-	(418,795)
Fair value changes on available for sale investments	-	-	-	-	-	-	-	(291,181)	-	-	(291,181)	-	(291,181)
Total comprehensive income for the period	-	-	-	-	-	(418,795)	-	(291,181)	1,500,643	-	790,667	119,452	910,119
Dividends paid	-	-	-	-	-	-	(400,000)	-	-	-	(400,000)	(128,509)	(528,509)
Bonus issue of shares	810,000	-	-	-	-	-	(810,000)	-	-	-	-	-	-
Issue of mandatory convertible securities	-	-	-	-	-	-	-	-	-	144,482	144,482	-	144,482
Realised loss on sale of available for sale investments (previously included in retained earnings) on	-	-	-	-	-	-	-	(496)	496	-	-	-	-
Balance at September 30, 2008	4,810,000	1,212,724	1,167,937	2,000,000	150,000	(410,542)	-	(386,531)	3,144,591	144,482	11,832,661	105,174	11,937,835

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (unaudited)
for the period ended September 30, 2009**

	9 months ended September 30	
	2009	2008
	AED'000	AED'000
OPERATING ACTIVITIES		
Net profit before taxation and non-controlling interest	703,718	1,626,852
Adjustments for:		
Depreciation on property and equipment	55,151	40,999
Dividend income	(4,647)	(11,075)
Loss/(gain) on revaluation of investment properties	50,000	(178,148)
Allowance for doubtful loans and advances	1,327,534	273,488
Recovery of allowance for doubtful loans and advances	(82,894)	(145,700)
Impairment allowance on credit default swaps	164,619	298,650
Impairment allowance on investment securities	291,543	184,019
Net gain from trading and investment securities	(18,638)	(33,728)
Share of profit of associates	(181,650)	(140,370)
Employees' incentive plan benefit expense	9,202	-
Operating profit before changes in operating assets and liabilities	2,313,938	1,914,987
Decrease/(increase) in due from banks	1,612	(4,368,383)
Increase in net trading derivative financial instruments	(127,061)	(136,693)
Increase in loans and advances	(8,866,592)	(27,894,154)
(Increase)/decrease in other assets	(80,623)	234,933
(Decrease)/increase in due to banks	(144,720)	277,645
Increase in customers' deposits	5,760,815	12,907,947
Increase in other liabilities	357,859	169,564
Cash used in operations	(784,772)	(16,894,154)
Overseas taxation paid	(3,061)	(6,757)
Net cash used in operations	(787,833)	(16,900,911)
INVESTING ACTIVITIES		
Investments in associates	-	(4,677,851)
Dividend received from associate	65,966	38,101
Dividend income	4,647	11,075
Net movement in investment securities	(984,776)	(1,132,290)
Purchase of property and equipment, net	(278,212)	(107,366)
Net cash used in investing activities	(1,192,375)	(5,868,331)
FINANCING ACTIVITIES		
Net proceeds from short and medium term borrowings	133,182	9,527,575
Dividends paid to equity shareholders	(481,000)	(400,000)
Dividends paid to non-controlling interest	(88,479)	(128,509)
Interest paid on capital notes	(120,000)	-
Proceeds from issue of Tier 1 regulatory capital notes	4,000,000	-
Proceeds from issue of mandatory convertible securities	-	4,783,916
Net cash from financing activities	3,443,703	13,782,982
Increase/(decrease) in cash and cash equivalents	1,463,495	(8,986,260)
Cash and cash equivalents at the beginning of the period	15,144,109	17,851,889
Cash and cash equivalents at the end of the period	16,607,604	8,865,629

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009****1 General**

Abu Dhabi Commercial Bank P.J.S.C. (the “Bank”) is a public joint stock company with limited liability incorporated in the Emirate of Abu Dhabi, United Arab Emirates (U.A.E.). The Bank changed its name from Khalij Commercial Bank to Abu Dhabi Commercial Bank after merging with Emirates Commercial Bank and Federal Commercial Bank on July 1, 1985. The Bank carries on retail banking, commercial banking, investment banking, Islamic banking, brokerage and asset management activities through its network of forty eight branches in the U.A.E., two branches in India, its subsidiaries, joint ventures and associates.

The registered head office of the Bank is at P. O. Box 939, Abu Dhabi, U.A.E.

The Bank 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**

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB) and also comply with the applicable requirements of the laws in the U.A.E..

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended December 31, 2008, except for the impact of the adoption of the Standards and Interpretations described below:

IFRS 8 Operating Segments *(effective for annual periods beginning on or after 1 January 2009)*

IFRS 8 is a disclosure Standard that requires re-designation of the Bank’s reportable segments based on the segments used by the chief operating decision maker to allocate resources and assess performance. There was no material impact of this Standard on the previous disclosures and reported results or the financial position of the Bank.

IFRS 2 (revised) Share-based payments – Amendment relating to vesting conditions and cancellations *(effective for annual periods beginning on or after 1 January 2009)*

The revised Standard clarifies the definition of vesting condition, introduces the concept of ‘non-vesting’ conditions, and clarifies the accounting treatment for cancellations. However, the revised Standard has had no impact on the reported results or financial position of the Bank.

IAS 1 (revised 2007) Presentation of financial statements *(effective for annual periods beginning on or after 1 January 2009)*

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Bank.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)****2 Summary of significant accounting policies (continued)****2.1 Basis of preparation (continued)**

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 financial statements.

The condensed consolidated financial statements are prepared and presented in United Arab Emirates Dirhams (AED), which is the Bank’s functional and presentation currency.

2.2 Basis of consolidation

These condensed consolidated financial statements incorporate the financial statements of Abu Dhabi Commercial Bank P.J.S.C. and its subsidiaries, associates and joint ventures (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 significant inter-company balances, income and expense items are eliminated on consolidation.

2.3 Investment securities

As at the balance sheet date all investments securities held by the Bank were classified as available for sale.

All investments are initially recognised at cost, being the fair value of consideration paid plus transaction costs that are directly attributable to the acquisition.

Available for sale

Investments not classified as either “held for trading” or “held to maturity” are classified as “available for sale”.

After initial recognition, investments which are classified as “available for sale” are remeasured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the 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 income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity in the cumulative changes in fair value is included in the condensed consolidated income statement for the period.

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

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

2 Summary of significant accounting policies (continued)

2.3 Investment securities (continued)

Available for sale (continued)

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the date of the statement of financial position. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the condensed consolidated income statement, and other changes are recognised in equity.

2.4 Investment properties

Investment properties are held to earn rental income and/or capital appreciation. Investment property is reflected at valuation based on fair value at the date of the statement of financial position. 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 in 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 income statement in the period in which these gains or losses arise.

3 Deposits and balances due from banks

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Within the U.A.E.	9,751,384	6,910,198
Outside the U.A.E.	6,318,846	10,618,224
	<u>16,070,230</u>	<u>17,528,422</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

4 Loans and advances, net

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Overdrafts (Retail and Corporate)	19,373,297	22,376,570
Retail loans	11,541,795	11,376,290
Corporate loans	84,738,338	74,777,891
Credit cards	1,431,060	1,138,426
Islamic financing	1,067,768	46,188
Other facilities	1,161,467	1,355,735
	<hr/>	<hr/>
	119,313,725	111,071,100
Less: Impairment allowance	(2,610,684)	(1,990,011)
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	116,703,041	109,081,089
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The Bank's risk classification of loans and advances which is in adherence with the recommendation of the Central bank of the United Arab Emirates and Basel II guidelines is as follows:

Risk Category

Performing loans	Less than 30 days
Overdue but not impaired loans	Between 30 and 90 days
Non performing loans	Over 90 days

The risk classification of loans and advances are as follows:

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Performing loans	109,397,898	104,615,487
Overdue but not impaired loans	4,922,318	5,195,330
Non performing loans	4,993,509	1,260,283
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	119,313,725	111,071,100
Less: Impairment allowance	(2,610,684)	(1,990,011)
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	116,703,041	109,081,089
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**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

4 Loans and advances, net (continued)

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

	September 30, 2009 (unaudited)			December 31, 2008 (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	930,739	1,059,272	1,990,011	716,492	433,465	1,149,957
Charge for the period/year	1,277,597	49,937	1,327,534	292,079	642,643	934,722
Recoveries	(82,894)	-	(82,894)	(176,282)	-	(176,282)
Net amounts written (off)/back	(610,683)	(13,522)	(624,205)	105,193	(16,403)	88,790
Currency translation	208	30	238	(6,743)	(433)	(7,176)
Balance at	1,514,967	1,095,717	2,610,684	930,739	1,059,272	1,990,011

The economic sector composition of the loans and advances portfolio net of interest in suspense is as follows:

	September 30, 2009 (unaudited)			December 31, 2008 (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	11,186	-	11,186	13,743	-	13,743
Energy	2,952,468	199,314	3,151,782	505,545	181,377	686,922
Trading	1,510,005	7,470	1,517,475	2,198,587	-	2,198,587
Contractor finance	3,330,077	246,868	3,576,945	4,115,205	165,285	4,280,490
Development & construction	17,015,856	-	17,015,856	16,189,232	-	16,189,232
Real Estate investment	9,814,995	-	9,814,995	6,785,561	-	6,785,561
Transport	3,687,053	1,645	3,688,698	3,713,724	104,270	3,817,994
Personal	8,178,247	897	8,179,144	8,105,591	1,617	8,107,208
Personal – Retail loans	15,746,267	7,923	15,754,190	14,331,441	-	14,331,441
Personal – Loans against securities trading	13,553,169	-	13,553,169	14,427,247	-	14,427,247
Government	1,580,822	-	1,580,822	3,137,112	-	3,137,112
Financial institutions	6,403,044	1,043,287	7,446,331	12,203,923	1,336,473	13,540,396
Manufacturing	1,871,850	123,072	1,994,922	1,705,157	206,382	1,911,539
Services	30,103,725	1,883,139	31,986,864	17,939,048	2,944,920	20,883,968
Others	41,346	-	41,346	722,930	36,730	759,660
	115,800,110	3,513,615	119,313,725	106,094,046	4,977,054	111,071,100
Less: Impairment allowance			(2,610,684)			(1,990,011)
Total			116,703,041			109,081,089

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

5 Derivative financial instruments

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

	<u>Fair values</u>	
	Assets	Liabilities
	AED'000	AED'000
At September 30, 2009 (unaudited)		
Derivatives held for trading		
Forward foreign exchange contracts	941,765	943,638
Interest rate swaps and forward rate agreements	3,693,824	3,621,428
Options	292,488	292,302
Futures	3,652	3,349
Commodity forwards	243,531	224,101
Energy swaps	176,052	175,447
	<hr/>	<hr/>
	5,351,312	5,260,265
Derivatives held for hedging	328,174	72,239
	<hr/>	<hr/>
	5,679,486	5,332,504
	<hr/> <hr/>	<hr/> <hr/>
 <u>Fair values</u>		
	Assets	Liabilities
	AED'000	AED'000
At December 31, 2008 (audited)		
Derivatives held for trading		
Forward foreign exchange contracts	1,036,452	1,044,644
Interest rate swaps and forward rate agreements	3,743,250	3,812,645
Options	457,996	442,632
Futures	13,224	11,773
Commodity forwards	558,356	534,015
Energy swaps	393,408	392,991
	<hr/>	<hr/>
	6,202,686	6,238,700
Derivatives held for hedging	-	125,266
	<hr/>	<hr/>
	6,202,686	6,363,966
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The derivatives held for hedging consist of interest rate swaps and cross currency swaps. These derivatives are treated as fair value hedges.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

6 Investment securities

	September 30, 2009 (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)	-	-	163,014	163,014
Collateralised debt obligations (CDOs)	-	-	411,314	411,314
Impairment allowance	-	-	(322,673)	(322,673)
Sub total	-	-	251,655	251,655
Equity instruments	65,217	-	341	65,558
Bonds	1,362,346	2,057	48,366	1,412,769
Mutual funds	98,276	-	122,164	220,440
Government securities	721,853	247,825	318,330	1,288,008
Total Quoted	2,247,692	249,882	740,856	3,238,430
Unquoted:				
Floating rate notes (FRNs)	-	-	163,353	163,353
Equity instruments	359,714	-	66	359,780
Impairment allowance	-	-	(18,365)	(18,365)
Sub total	359,714	-	145,054	504,768
Bonds	753,772	-	-	753,772
Mutual funds	38,567	-	57	38,624
Total Unquoted	1,152,053	-	145,111	1,297,164
Total Available for sale investments	3,399,745	249,882	885,967	4,535,594

During the period, the Bank entered into repurchase agreements and total return swap agreements whereby Bonds with carrying value of AED 1,200,114 thousand were pledged and held by counter parties as collateral. The following table reflects the carrying value of these Bonds and the associated financial liabilities as at September 30, 2009.

	Carrying value of pledged assets (unaudited) AED'000	Carrying value of associated liabilities (unaudited) AED'000
Total return swaps	611,518	636,030
Repurchase financing	588,596	440,760
	1,200,114	1,076,790

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

6 Investment securities (continued)

	December 31, 2008 (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)	-	-	170,746	170,746
Collateralised debt obligations (CDOs)	-	-	575,007	575,007
Impairment allowance	-	-	(385,395)	(385,395)
Sub total	-	-	360,358	360,358
Equity instruments	89,620	-	326	89,946
Bonds	912,124	2,057	-	914,181
Mutual funds	71,283	-	-	71,283
Government securities	72,377	105,782	281,509	459,668
Total Quoted	1,145,404	107,839	642,193	1,895,436
Unquoted:				
Floating rate notes (FRNs)	-	-	165,285	165,285
Equity instruments	352,795	-	94	352,889
Impairment allowance	(10,309)	-	(14,905)	(25,214)
Sub total	342,486	-	150,474	492,960
Bonds	1,034,341	-	-	1,034,341
Mutual funds	-	-	57	57
Total Unquoted	1,376,827	-	150,531	1,527,358
Total Available for sale investments	2,522,231	107,839	792,724	3,422,794

The movement in impairment allowance is as follows :

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
At January 1	410,609	493,535
Provided on Available for sale investments	291,543	296,070
Reversed on disposal of Available for sale investments	(89,438)	(13,532)
Investments written off	(271,676)	(365,464)
Balance at	341,038	410,609

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

6 Investment securities (continued)

The investment securities include Structured Finance Assets, such as Collateralized Debt Obligations (CDOs), and Cashflow CDOs which are dependent on the performance of collateral located outside the U.A.E., primarily investment grade corporate credit assets in the U.S.A. and Western Europe.

As at September 30, 2009, the nominal value and fair value of these Structured Finance Assets and Floating rate notes (FRNs) amounted to AED 936,597 thousand and AED 737,681 thousand respectively. These securities have been negatively impacted by the global financial crisis that stemmed from the U.S.A. subprime situation, recent corporate credit events in both the U.S.A. and Europe, negative market sentiment which significantly widened credit default spreads and re-priced credit risk, as well as ongoing liquidity shortages. As a result, the Bank has made collective impairment allowance amounting to AED 341,038 thousand against the total above exposure.

The impairment allowances have been estimated by the Banks' management based on the present market and the expected economic conditions of the underlying investments.

7 Investments in associates

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
RHB Capital Berhad	4,385,185	4,327,529
Abu Dhabi Finance P.J.S.C.	-	100,000
Carrying value	4,385,185	4,427,529

- (a) In 2008, the Bank acquired through its wholly owned subsidiary ADCB Holdings (Malaysia) Sdn Berhad a 25% equity stake in RHB Capital Berhad, Malaysia ("Associate"). The principal activities of the Associate are providing wholesale, retail and Islamic banking, financial advisory and underwriting, insurance and property investment.
- (b) In 2008, the Bank contributed to the extent of 20% of equity in Abu Dhabi Finance P.J.S.C., United Arab Emirates ("Associate"). The principal activities of the Associate is mortgage finance. During the period, the Bank disposed 4% of its investment in Abu Dhabi Finance P.J.S.C. , reducing the Bank's equity stake to 16%. The transaction has not resulted in any gain or loss on disposal and accordingly, the investment has been transferred to available-for-sale investments.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

8 Investment properties

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
At January 1	632,492	445,730
Transfer from property and equipment, net (Decrease)/increase in fair value of investment properties	- (50,000)	8,614 178,148
Balance at	582,492	632,492

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

The fair value of the Bank's investment properties at September 30, 2009 has been estimated by management by considering recent prices for similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature.

9 Other Assets

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Interest receivable	784,213	775,711
Withholding taxation	35,652	17,591
Prepayments	118,687	145,437
Clearing receivables	14,160	70,562
Acceptances	4,599,250	887,669
Others	492,035	313,152
	6,043,997	2,210,122

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

10 Short and medium term borrowings

The details of short and medium term borrowings as at September 30, 2009 (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)	-	161,465	-	161,465
	Hong Kong Dollar (HKD)	-	142,179	-	142,179
	Japanese Yen (JPY)	-	204,818	-	204,818
	Pound Sterling (GBP)	-	2,933,258	-	2,933,258
	Slovak Koruna (SKK)	-	127,695	-	127,695
	South African Rand (ZAR)	-	48,529	-	48,529
	Swiss Franc (CHF)	529,709	1,059,418	-	1,589,127
	Singapore Dollar (SGD)	377,613	-	-	377,613
	U.A.E. Dirham (AED)	1,668,000	2,200,000	1,253,000	5,121,000
US Dollar (US\$)	3,746,460	36,730	-	3,783,190	
		6,321,782	6,914,092	1,253,000	14,488,874
Syndicated loans	US Dollar (US\$)	3,803,392	4,730,089	3,739,849	12,273,330
	Euro (EUR)	858,013	-	-	858,013
Borrowings through total return swaps	US Dollar (US\$)	-	-	404,030	404,030
	U.A.E. Dirham (AED)	-	-	232,000	232,000
Borrowings through repurchase agreements	US Dollar (US\$)	-	-	440,760	440,760
		10,983,187	11,644,181	6,069,639	28,697,007
Fair value adjustment on short and medium term borrowings being hedged					462,268
					29,159,275

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

10 Short and medium term borrowings (continued)

The details of short and medium term borrowings as at December 31, 2008 (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)	-	-	126,489	126,489
	Euro (EUR)	256,366	-	-	256,366
	Hong Kong Dollar (HKD)	-	47,394	94,787	142,181
	Japanese Yen (JPY)	-	202,917	-	202,917
	Pound Sterling (GBP)	-	2,677,158	-	2,677,158
	Slovak Koruna (SKK)	-	-	127,629	127,629
	South African Rand (ZAR)	-	-	39,083	39,083
	Swiss Franc (CHF)	-	1,550,225	-	1,550,225
	Singapore Dollar (SGD)	-	369,749	-	369,749
	UAE Dirham (AED)	4,160,000	-	1,253,000	5,413,000
	US Dollar (US\$)	238,745	3,783,190	-	4,021,935
Syndicated loans		4,655,111	8,630,633	1,640,988	14,926,732
	US Dollar (US\$)	1,819,972	3,474,658	6,978,700	12,273,330
	Euro (EUR)	820,372	-	-	820,372
		7,295,455	12,105,291	8,619,688	28,020,434
Fair value adjustment on short and medium term borrowings being hedged					414,927
					28,435,361

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

10 Short and medium term borrowings (continued)

Interest on unsecured notes are payable in arrears and the coupon rates at September 30, 2009 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 - 35 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	3 months LIBOR plus 10 basis points	Fixed rate of 2.76% p.a.	-
SGD	Fixed rate of 4.08% p.a.	-	-
AED	3 months EIBOR plus 27 to 52 basis points	3 months EIBOR plus 200 - 250 basis points	Fixed rate of 6% p.a
US\$	Fixed rate of 5.25% p.a. & 3 months LIBOR plus 35 basis points	3 months LIBOR plus 30 basis points	-

Interest on the syndicated loans are payable in monthly coupons in arrears with 25 basis points to 27.5 basis points over 1 month LIBOR, quarterly coupons in arrears with 27.5 basis points to 110 basis points over 3 months LIBOR and yearly coupons in arrears with 115 basis points over 12 months EURIBOR. The Bank has the option to roll over the syndicated loan for a further period of two years from the date of maturity.

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.

The Bank also has an unsecured standby facility of US\$ 25,000 thousand (December 31, 2008 – US\$ 175,000 thousand) from a consortium of banks with a drawdown period of six months with an option to extend.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

11 Long term borrowings

Instrument	Currency	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Unsecured notes	Turkish Lira (TRY)	91,544	88,527
	U.A.E Dirham (AED)	500,000	500,000
	US Dollar (US\$)	73,460	73,460
		665,004	661,987
Subordinated floating rate notes	US Dollar (US\$)	1,328,891	1,469,200
Tier II loan	U.A.E Dirham (AED)	6,617,456	-
		8,611,351	2,131,187

Interest on unsecured notes are payable in arrears and the coupon rates at September 30, 2009 are as follows:

<u>Currency</u>	<u>Over 5 years</u>
TRY	Fixed rate of 12.75% p.a.
AED	Fixed rate of 6% p.a.
US\$	Fixed rate of 5.3875% p.a.

Interest on the subordinated floating rate notes is payable quarterly in arrears at a coupon rate of 60 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 23) if these are not redeemed during 2011. This has been approved by the Central Bank of the U.A.E..

Tier II loan

In 2008 the UAE federal government provided liquidity support in the form of new government deposits to the UAE's major commercial banks, including ADCB. Late in 2008, the UAE federal government made an offer to convert these deposits into Tier II qualifying loans. In March 2009, the Bank accepted this offer to convert approximately AED 6,617,456 thousand government deposits the Bank had received into Tier II qualifying loans. As of September 30, 2009, the confirmatory legal documentation relating to Tier II conversion is pending. As per this offer, the Tier II qualifying loan will mature seven years from the date of the issue and will carry interest rate payable on a quarterly basis at a fixed rate of 4.5 percent per annum. 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 for Tier 2 capital for the first three year period and thereafter it will be amortised at the rate of 20% per annum till 2016 for capital adequacy calculation (Note 23) if it is not repaid earlier.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

12 Other liabilities

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Interest payable	1,037,525	673,782
Employees' end of service benefits	123,653	109,906
Accounts payable and other creditors	749,299	503,968
Clearing payables	203,932	271,194
Deferred income	176,141	108,863
Acceptances	4,599,250	887,669
Others	1,098,678	1,160,762
	<u>7,988,478</u>	<u>3,716,144</u>

13 Share capital

	Authorised	Issued and fully paid	
		September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Ordinary shares of AED 1 each	<u>4,810,000</u>	<u>4,810,000</u>	<u>4,810,000</u>

14 Proposed dividends

Following the Annual General Meeting held on March 31, 2009, the Shareholders approved the distribution of proposed cash dividends of AED 481,000 thousand representing 10% of the paid up capital for the year 2008 (2007 : cash dividends of AED 400,000 thousand and bonus shares of AED 810,000 thousand representing 10% and 20.25% of the paid up capital respectively).

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

15 Capital notes

In February 2009, as part of the Government's strategy to respond to the global financial crisis, the Government subscribed for ADCB's Tier I regulatory capital notes with a principal amount of AED 4 billion (the "Notes"), along with such capital notes from other major commercial banks in Abu Dhabi.

The Notes are non-voting, non-cumulative perpetual securities for which there is no fixed redemption date, and are callable by the Issuer subject to certain conditions. 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 circumstance 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.

16 Interest income

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Loans and advances to banks	30,571	285,704	122,653	618,490
Loans and advances to customers	1,646,597	1,197,065	4,999,169	3,436,837
Investment securities	40,291	31,950	117,649	98,169
	<hr/>	<hr/>	<hr/>	<hr/>
	1,717,459	1,514,719	5,239,471	4,153,496
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**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

17 Interest expense

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	(unaudited)		(unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Deposits from banks	51,867	90,027	117,970	239,591
Deposits from customers	568,997	380,592	1,905,570	1,139,415
Debt securities issued and subordinated liabilities	123,572	340,139	425,420	905,328
Interest on securities and notes	114,141	52,458	280,037	81,519
	<u>858,577</u>	<u>863,216</u>	<u>2,728,997</u>	<u>2,365,853</u>

18 Net fees and commission income

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	(unaudited)		(unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Fees and commission income				
Retail banking fees	113,216	119,413	337,452	348,277
Corporate banking fees	98,164	71,058	300,447	232,191
Investment banking fees	17,775	34,333	68,676	116,779
Brokerage fees	4,107	5,890	15,399	28,066
Fees from trust and other fiduciary activities	28,365	14,222	42,949	43,772
Other fees	11,263	14,081	28,875	33,347
	<u>272,890</u>	<u>258,997</u>	<u>793,798</u>	<u>802,432</u>
Total fees and commission income	272,890	258,997	793,798	802,432
Fees and commission expenses	(20,224)	(21,911)	(45,035)	(55,504)
	<u>252,666</u>	<u>237,086</u>	<u>748,763</u>	<u>746,928</u>
Net fees and commission income	252,666	237,086	748,763	746,928

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

19 Impairment allowances on financial assets

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	<u>(unaudited)</u>		<u>(unaudited)</u>	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Impairment allowance on doubtful loans and advances, net of recoveries (Note 4)	708,239	75,026	1,244,640	127,788
Impairment allowance on investment securities (Note 6)	22,038	53,516	291,543	184,019
Impairment allowance on credit default swaps (Note 21)	80,434	183,943	164,619	298,650
	<u>810,711</u>	<u>312,485</u>	<u>1,700,802</u>	<u>610,457</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

20 Earnings per share (unaudited)

Basic

Basic earnings per share is calculated by dividing the net profit for the period attributable to the equity holders of the Bank by the weighted average number of shares outstanding during the period.

Ordinary shares that will be issued upon the conversion of mandatory convertible securities (MCS) are included in the calculation of basic earnings per share.

	<u>3 months ended September 30</u>		<u>9 months ended September 30</u>	
	2009	2008	2009	2008
Net profit for the period attributable to the equity holders of the Bank (AED'000)	34,774	419,507	683,340	1,500,643
Add: Interest on MCS for the period (AED'000)	38,039	52,458	127,835	81,519
Less: Interest paid on Tier 1 regulatory capital notes (AED'000)	(120,000)	-	(120,000)	-
Net adjusted profit for the period attributable to the equity holders of the Bank (AED'000) (a)	<u>(47,187)</u>	<u>471,965</u>	<u>691,175</u>	<u>1,582,162</u>
Weighted average number of shares in issue throughout the period (000's)	4,810,000	4,810,000	4,810,000	4,810,000
Add: Weighted average number of shares resulting from conversion of MCS (000's)	785,597	653,061	785,597	371,617
Less: Weighted average number of shares resulting from Employees' incentive share plan (000's)	(13,173)	-	(5,642)	-
Weighted average number of potential equity shares in issue during the period (000's) (b)	<u>5,582,424</u>	<u>5,463,061</u>	<u>5,589,955</u>	<u>5,181,617</u>
Basic earnings per share (AED) (a)/(b)	<u>(0.01)</u>	<u>0.09</u>	<u>0.12</u>	<u>0.31</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

21 Commitments and contingent liabilities

The Bank had the following commitments and contingent liabilities at:

	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Commitments on behalf of customers		
Letters of credit	4,875,039	8,682,852
Guarantees	17,530,254	15,989,632
Commitments to extend credit – Revocable	6,277,621	6,144,487
Commitments to extend credit – Irrevocable	20,709,263	18,324,032
Credit default swaps	2,119,409	2,395,094
	51,511,586	51,536,097
Others		
Commitments for future capital expenditure	195,493	505,590
Commitments to invest in investment securities	257,060	119,579
	51,964,139	52,161,266

The Bank's total exposure in credit default swaps net of provisions amounted to AED 2,119,409 thousand. During the period, an amount of AED 164,619 thousand (Note 19) has been provided (September 30, 2008 – AED 298,650 thousand) towards expected calls against impaired credit default swaps based on the independent advisors' reports and recommendations.

22 Business segments

The Bank has adopted IFRS 8 *Operating Segments* with effect from January 1, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 *Segmental Reporting*) required an entity to identify two set of segments that is business and geographical segment. As a result, following the adoption of IFRS 8, the identification of the Bank's reportable segment has changed.

In prior years, segment information reported externally was analysed on the basis of commercial banking and investment banking. However, information reported to the Executive Committee of the Bank as the Chief Operating Decision Maker of the Bank, for the purpose of resource allocation and assessment of performance is more specifically focused on the business segments of the Bank. The business segments as reported under IFRS 8 are wholesale banking, consumer banking and investment and treasury banking. Assets, liabilities and performance information that are not allocated to segments are presented in the following table as corporate support.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of IFRS 8.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

22 Business segments (continued)

The following is an analysis of the Bank's revenue and results by operating segment:

	Consumer Banking AED' 000	Wholesale Banking AED' 000	Investments and Treasury AED' 000	Corporate Support AED' 000	Total AED' 000
For the 9 months period ended September 30, 2009 – unaudited					
Net interest income after distribution to depositors	<u>1,553,521</u>	<u>1,220,137</u>	<u>(355,743)</u>	<u>-</u>	<u>2,417,915</u>
Other operating income, excluding share of profit of associate	<u>412,227</u>	<u>448,829</u>	<u>111,215</u>	<u>(2,605)</u>	<u>969,666</u>
Share of profit of associate	<u>-</u>	<u>181,650</u>	<u>-</u>	<u>-</u>	<u>181,650</u>
Provision for impairment of loans & advances	<u>(542,945)</u>	<u>(701,695)</u>	<u>-</u>	<u>-</u>	<u>(1,244,640)</u>
Impairment of funded and unfunded investments	<u>-</u>	<u>-</u>	<u>(456,162)</u>	<u>-</u>	<u>(456,162)</u>
Depreciation and amortisation	<u>(24,811)</u>	<u>(2,053)</u>	<u>(3,351)</u>	<u>(24,936)</u>	<u>(55,151)</u>
Other operating expenses	<u>(483,519)</u>	<u>(176,764)</u>	<u>(88,255)</u>	<u>(361,022)</u>	<u>(1,109,560)</u>
Net profit before taxation	<u>914,473</u>	<u>970,104</u>	<u>(792,296)</u>	<u>(388,563)</u>	<u>703,718</u>
Taxation	<u>-</u>	<u>(3,061)</u>	<u>-</u>	<u>-</u>	<u>(3,061)</u>
Net profit after taxation	<u>914,473</u>	<u>967,043</u>	<u>(792,296)</u>	<u>(388,563)</u>	<u>700,657</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,212</u>	<u>278,212</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

22 Business segments (continued)

	Consumer Banking AED' 000	Wholesale Banking AED' 000	Investments and Treasury AED' 000	Corporate Support AED' 000	Total AED' 000
For the 9 months period ended September 30, 2008 – unaudited					
Net interest income after distribution to depositors	<u>1,038,240</u>	<u>705,650</u>	<u>42,978</u>	<u>-</u>	<u>1,786,868</u>
Other operating income, excluding share of profit of associate	<u>432,129</u>	<u>496,672</u>	<u>253,270</u>	<u>171,789</u>	<u>1,353,860</u>
Share of profit of associate	<u>-</u>	<u>140,370</u>	<u>-</u>	<u>-</u>	<u>140,370</u>
Provision for impairment of loans & advances	<u>(155,796)</u>	<u>28,008</u>	<u>-</u>	<u>-</u>	<u>(127,788)</u>
Impairment of funded and unfunded investments	<u>-</u>	<u>-</u>	<u>(482,669)</u>	<u>-</u>	<u>(482,669)</u>
Depreciation and amortisation	<u>(16,191)</u>	<u>(1,553)</u>	<u>(3,303)</u>	<u>(19,952)</u>	<u>(40,999)</u>
Other operating expenses	<u>(463,867)</u>	<u>(155,601)</u>	<u>(32,139)</u>	<u>(351,183)</u>	<u>(1,002,790)</u>
Net profit before taxation	<u>834,515</u>	<u>1,213,546</u>	<u>(221,863)</u>	<u>(199,346)</u>	<u>1,626,852</u>
Taxation	<u>-</u>	<u>(6,757)</u>	<u>-</u>	<u>-</u>	<u>(6,757)</u>
Net profit after taxation	<u>834,515</u>	<u>1,206,789</u>	<u>(221,863)</u>	<u>(199,346)</u>	<u>1,620,095</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,366</u>	<u>107,366</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

22 Business segments (continued)

	Consumer Banking AED' 000	Wholesale Banking AED' 000	Investments and Treasury AED' 000	Corporate Support AED' 000	Total AED' 000
For the 3 months period ended September 30, 2009 – unaudited					
Net interest income after distribution to depositors	<u>560,411</u>	<u>417,603</u>	<u>(154,656)</u>	<u>-</u>	<u>823,358</u>
Other operating income, excluding share of profit of associate	<u>136,318</u>	<u>200,599</u>	<u>30,109</u>	<u>(19,667)</u>	<u>347,359</u>
Share of profit of associate	<u>-</u>	<u>73,244</u>	<u>-</u>	<u>-</u>	<u>73,244</u>
Provision for impairment of loans & advances	<u>(248,497)</u>	<u>(459,742)</u>	<u>-</u>	<u>-</u>	<u>(708,239)</u>
Impairment of funded and unfunded investments	<u>-</u>	<u>-</u>	<u>(102,472)</u>	<u>-</u>	<u>(102,472)</u>
Depreciation and amortisation	<u>(7,872)</u>	<u>(127)</u>	<u>(1,122)</u>	<u>(8,795)</u>	<u>(17,916)</u>
Other operating expenses	<u>(163,172)</u>	<u>(49,449)</u>	<u>(38,147)</u>	<u>(119,982)</u>	<u>(370,750)</u>
Net profit before taxation	<u>277,188</u>	<u>182,128</u>	<u>(266,288)</u>	<u>(148,444)</u>	<u>44,584</u>
Taxation	<u>-</u>	<u>(644)</u>	<u>-</u>	<u>-</u>	<u>(644)</u>
Net profit after taxation	<u>277,188</u>	<u>181,484</u>	<u>(266,288)</u>	<u>(148,444)</u>	<u>43,940</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,893</u>	<u>104,893</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

22 Business segments (continued)

	Consumer Banking AED' 000	Wholesale Banking AED' 000	Investments and Treasury AED' 000	Corporate Support AED' 000	Total AED' 000
For the 3 months period ended September 30, 2008 – unaudited					
Net interest income after distribution to depositors	<u>424,264</u>	<u>221,582</u>	<u>4,882</u>	<u>-</u>	<u>650,728</u>
Other operating income, excluding share of profit of associate	<u>145,614</u>	<u>142,061</u>	<u>49,416</u>	<u>10,067</u>	<u>347,158</u>
Share of profit of associate	<u>-</u>	<u>140,370</u>	<u>-</u>	<u>-</u>	<u>140,370</u>
Provision for impairment of loans & advances	<u>(88,295)</u>	<u>13,269</u>	<u>-</u>	<u>-</u>	<u>(75,026)</u>
Impairment of funded and unfunded investments	<u>-</u>	<u>-</u>	<u>(237,459)</u>	<u>-</u>	<u>(237,459)</u>
Depreciation and amortisation	<u>(5,638)</u>	<u>(527)</u>	<u>(1,107)</u>	<u>(6,622)</u>	<u>(13,894)</u>
Other operating expenses	<u>(176,876)</u>	<u>(52,628)</u>	<u>(13,229)</u>	<u>(120,498)</u>	<u>(363,231)</u>
Net profit before taxation	<u>299,069</u>	<u>464,127</u>	<u>(197,497)</u>	<u>(117,053)</u>	<u>448,646</u>
Taxation	<u>-</u>	<u>(1,054)</u>	<u>-</u>	<u>-</u>	<u>(1,054)</u>
Net profit after taxation	<u>299,069</u>	<u>463,073</u>	<u>(197,497)</u>	<u>(117,053)</u>	<u>447,592</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,546</u>	<u>77,546</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

22 Business segments (continued)

	Consumer Banking AED' 000	Wholesale Banking AED' 000	Investments and Treasury AED' 000	Corporate Support AED' 000	Total AED' 000
As of September 30, 2009 – unaudited					
Segment assets	<u>59,210,759</u>	<u>68,250,467</u>	<u>29,768,216</u>	<u>1,396,666</u>	<u>158,626,108</u>
Segment liabilities	<u>27,249,973</u>	<u>33,647,583</u>	<u>76,815,234</u>	<u>762,780</u>	<u>138,475,570</u>
As at December 31, 2008 - audited					
Segment assets	<u>53,690,122</u>	<u>57,907,721</u>	<u>35,220,190</u>	<u>1,178,296</u>	<u>147,996,329</u>
Segment liabilities	<u>15,003,698</u>	<u>20,328,181</u>	<u>95,795,201</u>	<u>954,097</u>	<u>132,081,177</u>

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

22 Business 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 2009 AED'000	September 30 2008 AED'000	September 30 2009 AED'000	September 30 2008 AED'000
Income				
Net interest income after distribution to depositors	2,509,472	1,819,388	(91,557)	(32,520)
Other operating income	968,234	1,349,927	183,082	144,303
	Domestic (unaudited)		International (unaudited)	
	3 months ended		3 months ended	
	September 30 2009 AED'000	September 30 2008 AED'000	September 30 2009 AED'000	September 30 2008 AED'000
Income				
Net interest income after distribution to depositors	848,302	681,834	(24,944)	(31,106)
Other operating income	347,111	346,545	73,492	140,983
	Domestic (unaudited)		International (unaudited)	
	9 months ended		9 months ended	
	September 30 2009 AED'000	September 30 2008 AED'000	September 30 2009 AED'000	September 30 2008 AED'000
Investment properties	582,492	632,492	-	-
Property and equipment, net	798,352	575,278	4,895	4,908

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)**

23 Capital adequacy

The ratios calculated in accordance with Basel II and Basel I are as follows:

	Basel II		Basel I	
	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000	September 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Tier 1 capital				
Share capital	4,810,000	4,810,000	4,810,000	4,810,000
Statutory and legal reserves	2,627,979	2,627,979	2,627,979	2,627,979
General and contingency reserves	2,150,000	2,150,000	2,150,000	2,150,000
Employees' incentive plan shares, net	(16,506)	(25,708)	(16,506)	(25,708)
Foreign currency translation reserve	(399,484)	(392,022)	(399,484)	(392,022)
Proposed dividends	-	481,000	-	481,000
Retained earnings	2,638,532	1,837,125	2,638,532	1,837,125
Non-controlling interest in equity of subsidiaries	36,441	107,603	36,441	107,603
Mandatory convertible securities	4,761,369	4,802,318	4,761,369	4,802,318
Capital notes (Note 15)	4,000,000	-	4,000,000	-
Less: Investments in associates (50%)	(2,192,593)	(2,213,765)	(2,192,593)	(2,213,765)
	18,415,738	14,184,530	18,415,738	14,184,530
Tier 2 capital				
Collective impairment allowance on loans and advances	1,095,717	1,059,272	1,095,717	1,059,272
Cumulative changes in fair value	(330,307)	(314,708)	(330,307)	(314,708)
Tier II loan (Note 11)	6,617,456	-	6,617,456	-
Subordinated floating rate notes (Note 11)	1,328,891	1,469,200	1,328,891	1,469,200
Less: Investments in associates (50%)	(2,192,592)	(2,213,764)	(2,192,592)	(2,213,764)
	6,519,165	-	6,519,165	-
Total regulatory capital	24,934,903	14,184,530	24,934,903	14,184,530
Risk-weighted assets:				
On-balance sheet	-	-	121,212,731	114,152,139
Off-balance sheet	-	-	16,823,531	16,399,817
Credit risk	117,164,512	114,377,569	-	-
Market risk	5,594,801	4,383,896	-	-
Operational risk	5,657,608	5,966,913	-	-
Total risk-weighted assets	128,416,921	124,728,378	138,036,262	130,551,956
Capital adequacy ratio	19.42%	11.37%	18.06%	10.87%

In accordance with the U.A.E. Central Bank guidelines, the collective impairment allowance on loans and advances is adjusted from the carrying value of loans and advances for computing the risk weighted assets. The capital adequacy ratio under these guidelines was 17.41% (2008 – 10.14%).

The capital adequacy ratio was above the minimum requirement of 11% for September 30, 2009 (December 31, 2008 – 10%) stipulated by the U.A.E. Central Bank.

**Notes to the condensed consolidated financial statements
for the period ended September 30, 2009 (continued)****24 Subsequent events**

On October 8, 2009 the Bank received new funds amounting to AED 3,673,000 thousand (USD 1,000,000 thousand) from the issuance of new bonds under its Global Medium Term Note (the "Notes") programme. The Notes will mature on October 8, 2014 and will carry interest payable on a half yearly basis at a fixed rate of 4.75 per cent per annum.

On October 19, 2009 the Bank signed a sale agreement with the U.A.E. Federal Government to sell one of the bank's investments classified as available for sale. This sale has resulted in a gain of AED 48,420 thousand.

25 Approval of financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on October 27, 2009.

26 Comparative figures

Certain comparative figures were reclassified to conform with current period presentation.