

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

**Review report and condensed consolidated interim financial
information for the nine month period ended September 30, 2013**

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

**Review report and condensed consolidated interim financial information
for the nine month period ended September 30, 2013**

	Pages
Report on review of interim financial information	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim income statement (unaudited)	3
Condensed consolidated interim statement of comprehensive income (unaudited)	4
Condensed consolidated interim statement of changes in equity (unaudited)	5 - 6
Condensed consolidated interim statement of cash flows (unaudited)	7 - 8
Notes to the condensed consolidated interim financial information	9 - 47

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 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, 2013 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.

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.

PricewaterhouseCoopers

Jacques Fakhoury
Registration Auditor Number 379
October 23, 2013

**Condensed consolidated interim statement of financial position
as at September 30, 2013**

	Notes	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
ASSETS			
Cash and balances with Central Banks	3	10,552,960	9,337,874
Deposits and balances due from banks	4	14,446,996	16,517,118
Trading securities	5	672,169	641,877
Derivative financial instruments	6	4,059,900	4,993,226
Investment securities	7	19,668,779	18,712,916
Loans and advances, net	8	120,220,098	123,195,295
Investment properties	9	546,543	529,395
Other assets	10	3,638,072	5,925,962
Property and equipment, net		809,389	849,934
Intangible assets		68,481	92,126
Total assets		174,683,387	180,795,723
LIABILITIES			
Due to Central Bank		3,114	-
Due to banks	11	2,009,511	4,411,271
Derivative financial instruments	6	4,263,550	4,768,338
Deposits from customers	12	112,022,135	109,216,925
Euro commercial paper	13	6,170,143	4,557,108
Borrowings	14	21,447,430	26,139,647
Other liabilities	15	4,716,990	6,994,845
Total liabilities		150,632,873	156,088,134
EQUITY			
Share capital	16	5,595,597	5,595,597
Share premium		3,848,286	3,848,286
Other reserves, net of treasury shares	17	4,561,261	6,288,591
Retained earnings		5,476,934	4,537,315
Capital notes	18	4,000,000	4,000,000
Equity attributable to equity holders of the Bank		23,482,078	24,269,789
Non-controlling interests		568,436	437,800
Total equity		24,050,514	24,707,589
Total liabilities and equity		174,683,387	180,795,723

This condensed consolidated interim financial information were approved by the Board of Directors and authorised for issue on October 23, 2013.

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, 2013

	Notes	3 months ended September 30		9 months ended September 30	
		2013 AED'000	2012(*) AED'000	2013 AED'000	2012(*) AED'000
Interest income	19	1,596,545	1,888,887	4,972,864	5,692,733
Interest expense	20	(352,180)	(575,764)	(1,215,857)	(1,787,284)
Net interest income		1,244,365	1,313,123	3,757,007	3,905,449
Income from Islamic financing		152,413	87,130	437,099	248,659
Islamic profit distribution		(30,432)	(60,023)	(108,064)	(209,148)
Net income from Islamic financing		121,981	27,107	329,035	39,511
Total net interest and Islamic financing income		1,366,346	1,340,230	4,086,042	3,944,960
Net fees and commission income	21	276,670	211,287	750,514	725,823
Net trading income	22	110,692	87,437	409,332	249,364
Other operating income	23	66,923	32,520	310,209	132,982
Operating income		1,820,631	1,671,474	5,556,097	5,053,129
Operating expenses	24	(590,902)	(516,479)	(1,673,786)	(1,559,343)
Operating profit before impairment allowances		1,229,729	1,154,995	3,882,311	3,493,786
Impairment allowances	25	(308,030)	(528,973)	(1,136,530)	(1,307,698)
Profit before taxation		921,699	626,022	2,745,781	2,186,088
Overseas income tax (expense)/credit		(1,639)	253	(5,238)	(3,992)
Net profit for the period		920,060	626,275	2,740,543	2,182,096
Attributed to:					
Equity holders of the Bank		874,187	594,189	2,572,211	2,116,481
Non-controlling interests		45,873	32,086	168,332	65,615
Net profit for the period		920,060	626,275	2,740,543	2,182,096
Basic earnings per share (AED)	26	0.14	0.09	0.43	0.34
Diluted earnings per share (AED)	26	0.14	0.08	0.43	0.34

(*) Amounts have been restated as explained in Note 2.1

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, 2013**

	3 months ended September 30		9 months ended September 30	
	2013 AED'000	2012(*) AED'000	2013 AED'000	2012(*) AED'000
Net profit for the period	920,060	626,275	2,740,543	2,182,096
Items that may be reclassified subsequently to income statement:				
Exchange difference arising on translation of foreign operations	(9,982)	10,211	(26,789)	792
Fair value changes on cash flow hedges on financial assets	16,056	14,671	6,465	20,809
Fair value changes on available for sale investments	106,493	273,176	(90,390)	654,809
Other comprehensive income/ (loss) for the period	112,567	298,058	(110,714)	676,410
Total comprehensive income for the period	1,032,627	924,333	2,629,829	2,858,506
Attributed to:				
Equity holders of the Bank	986,903	892,247	2,461,497	2,792,891
Non-controlling interests	45,724	32,086	168,332	65,615
Total comprehensive income for the period	1,032,627	924,333	2,629,829	2,858,506

(*) Amounts have been restated as explained in Note 2.1

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, 2013**

	Share capital AED'000	Share premium AED'000	Other reserves, net of treasury shares AED'000	Retained earnings AED'000	Capital notes 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, 2013	5,595,597	3,848,286	6,288,591	4,537,315	4,000,000	24,269,789	437,800	24,707,589
Net profit for the period	-	-	-	2,572,211	-	2,572,211	168,332	2,740,543
Other comprehensive loss for the period	-	-	(110,714)	-	-	(110,714)	-	(110,714)
Other movements (Note 17)	-	-	(1,616,616)	-	-	(1,616,616)	-	(1,616,616)
Net decrease in non-controlling interests	-	-	-	-	-	-	(37,696)	(37,696)
Dividend paid to shareholders, net	-	-	-	(1,397,983)	-	(1,397,983)	-	(1,397,983)
Realised gain on treasury shares	-	-	-	5,391	-	5,391	-	5,391
Capital notes coupon paid (Note 18)	-	-	-	(240,000)	-	(240,000)	-	(240,000)
Balance at September 30, 2013	5,595,597	3,848,286	4,561,261	5,476,934	4,000,000	23,482,078	568,436	24,050,514

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, 2013 (continued)**

	Share capital AED'000	Share premium AED'000	Other reserves, net of treasury shares AED'000	Retained earnings AED'000	Capital notes 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, 2012	5,595,597	3,848,286	4,919,896	3,708,227	4,000,000	22,072,006	5,517	22,077,523
Net profit for the period	-	-	-	2,116,481	-	2,116,481	65,615	2,182,096
Other comprehensive income for the period	-	-	676,410	-	-	676,410	-	676,410
Arising on consolidation of Fund subsidiaries	-	-	-	-	-	-	397,565	397,565
Other movements (Note 17)	-	-	(43,242)	-	-	(43,242)	-	(43,242)
Net decrease in non-controlling interests	-	-	-	-	-	-	(29,708)	(29,708)
Dividend paid to shareholders, net	-	-	-	(1,118,300)	-	(1,118,300)	-	(1,118,300)
Realised gain on treasury shares	-	-	-	119	-	119	-	119
Capital notes coupon paid (Note 18)	-	-	-	(240,000)	-	(240,000)	-	(240,000)
Balance at September 30, 2012 (*)	5,595,597	3,848,286	5,553,064	4,466,527	4,000,000	23,463,474	438,989	23,902,463

(*) Amounts have been restated as explained in Note 2.1

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, 2013**

	9 months ended September 30	
	2013	2012(*)
	AED'000	AED'000
OPERATING ACTIVITIES		
Profit before taxation	2,745,781	2,186,088
Adjustments for:		
Depreciation on property and equipment (Note 24)	95,454	97,217
Amortisation of intangible assets (Note 24)	23,645	23,645
Impairment allowance on loans and advances, net (Note 8)	1,308,967	1,425,055
Discount unwind (Note 8)	(106,149)	(96,897)
Impairment (recoveries)/allowance on investment securities (Note 25)	(27,450)	7,274
Impairment allowance on property and equipment, net (Note 25)	-	21,337
Net (gain)/loss from disposal of available for sale securities (Note 23)	(34,526)	2,362
Net gains from trading securities (Note 22)	(210,838)	(88,667)
Ineffective portion of hedges – losses/(gains) (Note 6)	5,960	(35,803)
Employees' incentive plan benefit expense (Note 17)	30,051	37,724
Operating profit before changes in operating assets and liabilities	3,830,895	3,579,335
Decrease/(increase) in balance with Central Bank	775,000	(750,000)
Increase in due from banks	(6,418,145)	(897,666)
Decrease in net trading derivative financial instruments	16,772	23,721
Net proceeds from disposal of trading securities	180,546	28,038
Decrease/(increase) in loans and advances	1,778,230	(358,952)
Increase/(decrease) in other assets	(485,162)	584,738
(Decrease)/increase in due to banks	(237,746)	905,317
Increase/(decrease) in deposits from customers	2,617,140	(314,257)
Increase/(decrease) in other liabilities	509,190	(1,647,356)
Cash from operations	2,566,720	1,152,918
Directors' remuneration paid	(5,375)	-
Overseas tax paid	(7,379)	-
Net cash from operations	2,553,966	1,152,918
INVESTING ACTIVITIES		
Impairment recoveries on investment securities (Note 25)	27,450	2,668
Overseas tax paid, net	(33,262)	-
Net purchase of available for sale securities	(3,225,227)	(3,863,272)
Net proceeds from disposal of available for sale investment securities	2,067,926	689,658
Additions to investment properties	(17,148)	(82,225)
Purchase of property and equipment, net	(54,909)	(89,185)
Net cash used in investing activities	(1,235,170)	(3,342,356)

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, 2013 (continued)

	9 months ended September 30	
	2013	2012(*)
	AED'000	AED'000
FINANCING ACTIVITIES		
Increase in Euro commercial paper	1,711,059	3,796,179
Proceeds from borrowings	9,164,958	782,555
Repayment of borrowings	(13,222,576)	(6,521,997)
Net proceeds from sale/(purchase) of treasury shares by Funds subsidiaries (Note 2.1)	14,445	(1,817)
Dividends paid to shareholders, net	(1,397,983)	(1,118,300)
Shares buy back (Note 16)	(1,655,721)	-
Net movement in non-controlling interests	(37,696)	(29,708)
Purchase of employees' incentive plan shares	-	(40,000)
Capital notes coupon paid	(240,000)	(240,000)
	<hr/>	<hr/>
Net cash used in financing activities	(5,663,514)	(3,373,088)
	<hr/> <hr/>	<hr/> <hr/>
Net decrease in cash and cash equivalents	(4,344,718)	(5,562,526)
Cash and cash equivalents at the beginning of the period	19,180,314	19,261,633
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	14,835,596	13,699,107
	<hr/> <hr/>	<hr/> <hr/>

Operating activities includes dividend income and interest income on available for sale investment securities.

(*) Amounts have been restated as explained in Note 2.1

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 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Cash and balances with Central Banks	10,552,960	9,337,874
Deposits and balances due from banks	14,446,996	16,517,118
Due to Central Bank	(3,114)	-
Due to banks	(2,009,511)	(4,411,271)
	<hr/>	<hr/>
	22,987,331	21,443,721
Less: Deposits and balances due from banks and cash and balances with Central Banks – original maturity more than 3 months	(8,221,735)	(2,571,339)
Add: Due to banks – original maturity more than 3 months	70,000	307,932
	<hr/>	<hr/>
	14,835,596	19,180,314
	<hr/> <hr/>	<hr/> <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, 2013****1 Activities and areas of operations**

Abu Dhabi Commercial Bank P.J.S.C. ("ADCB" or the "Bank") is a public joint stock company with limited liability incorporated in the Emirate of Abu Dhabi, United Arab Emirates (U.A.E.). ADCB is principally engaged in the business of retail banking, commercial banking and Islamic banking and provision of other financial services through its network of fifty branches and three pay offices in the U.A.E., two branches in India, one offshore branch in Jersey and its subsidiaries.

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, 2012, 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, 2012.

For details of related party balances and transactions, refer to Note 36 in the consolidated financial statements for the year ended December 31, 2012. The related party balances and transactions for the quarter ended September 30, 2013 are similar in nature and magnitude. Note 8 provide the details of lending exposure to Government entities.

The results for the three and nine month periods ended September 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

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.

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, 2012.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)****2 Summary of significant accounting policies (continued)****2.1 Basis of preparation (continued)****Change in accounting policy**

As stated in note 3.1 to the consolidated financial statements for the year ended December 31, 2012, the Bank early adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, as well as the consequential amendments to IAS 28 Investments in Associates and to IAS 31 Joint Ventures (2011), with a date of initial application of January 1, 2012. Accordingly, the comparative information for the nine and three month periods ended September 30, 2012 have been restated in this condensed interim financial information – see below.

Subsidiaries

As a result of the adoption of IFRS 10, the Bank changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Bank controls the investee on the basis of de facto circumstances.

In accordance with the transitional provisions of IFRS 10, the Bank re-assessed the control conclusion for its investees at 1 January 2012. As a consequence, the Bank has changed its control conclusion in respect of its investments in Al Nokhitha Fund, ADCB MSCI UAE Index Fund and Arabian Index Fund (the “Funds”).

Although the Bank owns less than half of the units of these Funds, the management has determined that the Bank has de facto control over the Funds because it is exposed to significant variable returns from its involvement with the Funds and has power and rights given by the prospectus of the Funds to affect the amount of its returns. Accordingly, the Bank applied acquisition accounting to the investment at January 1, 2012, as if the investee had been consolidated from that date. Previously, two of the investments in the Funds were accounted for as associates using the equity method and one of the investments was accounted for as an available for sale investment using fair value accounting.

The following table summarises the adjustments made to the relevant line items of the Bank’s condensed consolidated interim statement of financial position as at September 30, 2012 and its condensed consolidated interim statements of income and cash flows and earnings per share for the nine month period ended September 30, 2012 as a result of the consolidation of the Funds.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Change in accounting policy (continued)

Condensed consolidated interim statement of financial position (extract)

	As at September 30, 2012 (unaudited)		
	As previously stated	Adjustments	As restated
	AED'000	AED'000	AED'000
Assets			
Trading securities	34,769	493,069	527,838
Investment securities	18,966,700	(37,513)	18,929,187
Other assets	8,367,667	4,244	8,371,911
Investment in associates	97,925	(97,925)	-
Overall impact on total assets		361,875	
Liabilities			
Deposits from customers	108,988,191	(26,077)	108,962,114
Other liabilities	9,189,984	1,126	9,191,110
Overall impact on total liabilities		(24,951)	
Equity			
Cumulative changes in fair value	248,154	1,897	250,051
Retained earnings	4,476,823	(10,296)	4,466,527
Treasury shares	-	(40,966)	(40,966)
Non-controlling interests	2,798	436,191	438,989
Overall impact on equity		386,826	

Condensed consolidated interim income statement (extract)

	9 months ended September 30, 2012 (unaudited)		
	As previously stated (*)	Adjustments	As restated
	AED'000	AED'000	AED'000
Net interest and Islamic financing income	3,945,087	(127)	3,944,960
Net fees and commission income	732,645	(6,822)	725,823
Net trading income	192,980	56,384	249,364
Other operating income	114,187	18,795	132,982
Overall impact on operating income		68,230	
Operating expenses	(1,558,804)	(539)	(1,559,343)
Share of profit of associates	16,108	(16,108)	-
Overall impact on net profit	2,130,513	51,583	2,182,096
Overall impact on net profit attributable to non-controlling interests	2,798	62,817	65,615

(*) Hedge ineffectiveness and gains on sale of available for sale investments reclassified from net trading income to net interest and Islamic financing income and other operating income respectively to match current period presentation.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Change in accounting policy (continued)

Condensed consolidated interim statement of cash flows (extract)

	9 months ended September 30, 2012 (unaudited)		
	As previously stated(*)	Adjustments	As restated
	AED'000	AED'000	AED'000
Net cash from operations	1,127,729	25,189	1,152,918
Net cash used in investing activity	(3,342,356)	-	(3,342,356)
Net cash used in financing activity	(3,347,899)	(25,189)	(3,373,088)
Overall impact on cash and cash equivalents		-	

(*)To match with current period presentation, net purchase of trading securities and dividend received have been reclassified from investment activities to operating activities.

Impact on Earnings per share (EPS)

The Funds consolidation had an immaterial impact on EPS for the nine month period ended September 30, 2012.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 New and revised IFRSs effective for accounting periods beginning January 1, 2013

IFRS 10 Consolidated Financial Statements and the other related Standards and amendments effective from January 1, 2013 were early adopted with a date of initial application of January 1, 2012. The impact of early adoption is set out in Note 2.1.

With effect from January 1, 2013, the Bank has adopted IFRS 13, Fair value Measurement which aims to improve consistency and reduce complexity by providing a precise definition of fair value and improving disclosure requirements for use across IFRSs. It applies to both financial and non-financial instruments carried at fair value and requires additional disclosures in the financial statements. The disclosure note requirements are set out in Note 30.

Other than the above, there are no other IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning January 1, 2013 that have had a material impact on Bank's condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

2 Summary of significant accounting policies (continued)

**2.2 Application of new and revised International Financial Reporting Standards (IFRSs)
(continued)**

2.2.2 Standards and Interpretations in issue not yet effective

The Bank has not early adopted new and revised IFRSs that have been issued but are not yet effective.

	Effective for annual periods beginning on or after
New Standards and amendments to Standards:	
Amendments to IAS 32 Financial Instruments requires presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:	January 1, 2014
<ul style="list-style-type: none"> • the meaning of 'currently has a legally enforceable right of set-off' • the application of simultaneous realisation and settlement • the offsetting of collateral amounts • the unit of account for applying the offsetting requirements 	
These amendments will not have a material impact on the Bank's condensed consolidated interim financial information.	
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements relate only to investment entities, therefore will not apply to the Bank.	January 1, 2014
Amendment to IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	January 1, 2014
Amendment to IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.	January 1, 2014
IFRS 9, Financial Instruments: Classification and Measurement (intended as complete replacement for IAS 39).	January 1, 2015

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

Management anticipates that these IFRSs and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The Bank is yet to assess IFRS 9's full impact because the hedging and impairment aspects of IFRS 9 are still outstanding, and intends to adopt IFRS 9 in the initial period when it becomes mandatorily effective.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (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 (collectively referred to as "ADCB" or the "Bank").

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the condensed consolidated interim financial information from the date that control commences until the date that control ceases.

Special Purpose Entities

Special Purpose Entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Bank, the Bank's power over the SPE, exposures or rights to variable returns from its involvement with the SPE and its ability to use its power over the SPE at inception and subsequently to affect the amount of its return, the Bank concludes that it controls the SPE.

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.

Funds under management

The Bank manages and administers assets held in unit trusts on behalf of investors. The financial statements of these entities are not included in the condensed consolidated interim financial information except when the Bank controls the entity, as referred to above, or is the principal investor.

Loss of control

Upon the loss of control, the Bank derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Bank retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Bank's accounting policy for financial instruments depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)****2 Summary of significant accounting policies (continued)****2.3 Basis of consolidation (continued)****Joint arrangements**

Joint arrangements are arrangements of which the Bank has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

Joint operation – when the Bank has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture – when the Bank has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates.

2.4 Investment securities

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

Investment securities are classified into the following categories depending on the nature and purpose of the investment:

- i) Investments at fair value through profit or loss;
- ii) Available for sale and
- iii) Held-to-maturity investments.

Financial assets and liabilities designated at fair value through profit or loss (FVTPL)

Financial assets and liabilities are classified as at FVTPL when either held for trading or when designated as at FVTPL.

A financial asset or liability 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.

A financial asset or liability other than 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 for measuring assets or liabilities on a different basis; or
- It 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 and liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in condensed consolidated interim income statement.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)****2 Summary of significant accounting policies (continued)****2.4 Investment securities (continued)****Held-to-maturity**

Investments which have fixed or determinable payments with fixed maturities which the Bank has the positive intention and ability to hold to maturity, are classified as held to maturity investments.

Held-to-maturity investments are initially recognised 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 recognised 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.

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 recognised in the condensed consolidated interim income statement is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the investments' original effective interest rate.

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

Investments not classified as either "fair value through profit or loss" or "held to maturity" are classified as "available for sale". Available for sale assets are intended to be held for an indefinite period of time and may be sold in response to liquidity requirements or changes in interest rates, commodity prices or equity prices.

Available for sale investments are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at fair value. The fair values of quoted financial assets in active markets are based on current prices. If the market for a financial asset is not active, and for unquoted securities, the Bank establishes fair value by using valuation techniques (e.g. recent arms length transactions, discounted cash flow analysis and other valuation techniques). Only in very rare cases where fair value cannot be measured reliably, investments are carried at cost and tested for impairment, if any.

Gains and losses arising from changes in fair value are recognised in the condensed consolidated interim statement of comprehensive income 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 equity in the cumulative changes in fair value is included in the condensed consolidated interim income statement for the period.

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

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)****2 Summary of significant accounting policies (continued)****2.4 Investment securities (continued)****Available for sale (continued)**

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.

For an available-for-sale equity security, a subsequent decline in the fair value of the instrument is 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.

Where there is no further objective evidence of impairment, the decline in the fair value of the financial asset is recognised in the condensed consolidated interim statement of comprehensive income.

- 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;
- 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 in condensed consolidated interim statement of comprehensive income, accumulating in equity.

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 valuation based on fair value at the statement of financial position date. 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 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 condensed consolidated interim 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, 2013 (continued)**

3 Cash and balances with Central Banks

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Cash on hand	420,452	552,773
Balances with Central Banks	376,437	666,128
Reserves maintained with Central Banks	7,000,785	5,618,973
Certificate of deposits with U.A.E. Central Bank	2,750,000	2,500,000
Reverse repo placements	5,286	-
	<hr/>	<hr/>
	10,552,960	9,337,874
	<hr/> <hr/>	<hr/> <hr/>

The geographical concentration is as follows:

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Within the U.A.E.	10,522,924	9,278,553
Outside the U.A.E.	30,036	59,321
	<hr/>	<hr/>
	10,552,960	9,337,874
	<hr/> <hr/>	<hr/> <hr/>

4 Deposits and balances due from banks

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Nostro balances	326,113	243,079
Margin deposits	298,718	480,291
Time deposits	9,221,368	12,757,803
Reverse repo placements	2,571,100	1,830,945
Murabaha placements	1,870,000	1,095,000
Wakala placements	159,697	110,000
	<hr/>	<hr/>
	14,446,996	16,517,118
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

4 Deposits and balances due from banks (continued)

The geographical concentration is as follows:

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Within the U.A.E.	5,696,853	7,496,926
Outside the U.A.E.	8,750,143	9,020,192
	14,446,996	16,517,118

The Bank hedges its foreign currency reverse repo placements for foreign currency exchange rate risk using foreign exchange forward contracts and designates these instruments as cash flow hedges. There are no outstanding swaps as at September 30, 2013 (December 31, 2012 – positive fair value AED 7,252 thousand).

5 Trading securities

Quoted:

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Bonds	15,311	117,070
Equity instruments	656,858	524,807
	672,169	641,877

Bonds represent investments in Government and public sector bonds. Equity instruments are equities held by the funds accounted for as subsidiaries and are mainly invested in U.A.E. and G.C.C. securities.

The fair value of trading investments is based on quoted market prices.

The geographical concentration is as follows:

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Within the U.A.E.	469,164	454,690
Outside the U.A.E.	203,005	187,187
	672,169	641,877

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (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, 2013 (unaudited)		
Derivatives held for trading:		
Foreign exchange contracts	190,187	181,264
Interest rate and cross currency swaps	3,139,615	3,079,993
Options	59,683	170,491
Futures	8,244	-
Commodity and energy swaps	85,671	85,333
Swaptions	66,886	22,867
	<u>3,550,286</u>	<u>3,539,948</u>
Derivatives held as fair value hedges:		
Interest rate and cross currency swaps	273,904	723,602
Derivatives held as cash flow hedges:		
Interest rate swaps	34,384	-
Foreign exchange swap contracts	201,326	-
	<u>4,059,900</u>	<u>4,263,550</u>

	Fair values	
	Assets AED'000	Liabilities AED'000
As at December 31, 2012 (audited)		
Derivatives held for trading:		
Foreign exchange contracts	182,709	178,041
Interest rate and cross currency swaps	3,990,096	4,000,297
Options	193,652	162,315
Futures	1,262	-
Commodity and energy swaps	191	147
Swaptions	8,964	8,964
	<u>4,376,874</u>	<u>4,349,764</u>
Derivatives held as fair value hedges:		
Interest rate and cross currency swaps	458,069	406,575
Derivatives held as cash flow hedges:		
Interest rate swaps	27,752	-
Foreign exchange swap contracts	130,531	11,999
	<u>4,993,226</u>	<u>4,768,338</u>

The net hedge ineffectiveness losses relating to the fair value and cash flow hedges amounting to AED 5,960 thousand (September 30, 2012 – gains of AED 35,803 thousand) have been recognised in the condensed consolidated interim income statement.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

7 Investment securities

	As at September 30, 2013 (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:				
Bonds – Government	2,581,545	1,401,083	228,854	4,211,482
Bonds – Public sector	5,325,379	448,800	905,601	6,679,780
Bonds – Banks and financial institutions	1,805,203	608,329	6,029,026	8,442,558
Bonds – Corporate	41,829	-	1,112	42,941
Equity instruments	853	-	-	853
Total quoted	9,754,809	2,458,212	7,164,593	19,377,614
Unquoted:				
Bonds – Banks and financial institutions	-	-	32	32
Equity instruments	218,837	-	720	219,557
Mutual funds	71,576	-	-	71,576
Total unquoted	290,413	-	752	291,165
Total available for sale investments	10,045,222	2,458,212	7,165,345	19,668,779
As at December 31, 2012 (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:				
Bonds – Government	2,604,477	1,236,175	246,697	4,087,349
Bonds – Public sector	5,082,037	453,951	923,606	6,459,594
Bonds – Banks and financial institutions	798,663	481,091	6,606,270	7,886,024
Bonds – Corporate	-	-	1,089	1,089
Equity instruments	424	-	-	424
Total quoted	8,485,601	2,171,217	7,777,662	18,434,480
Unquoted:				
Bonds – Banks and financial institutions	-	2,057	-	2,057
Equity instruments	204,921	-	701	205,622
Mutual funds	70,757	-	-	70,757
Total unquoted	275,678	2,057	701	278,436
Total available for sale investments	8,761,279	2,173,274	7,778,363	18,712,916

The Bank hedges interest rate risk on certain fixed rate investments through interest rate swaps and designates these as fair value hedges. The net negative fair value of these interest rate swaps at September 30, 2013 was AED 249,952 thousand (December 31, 2012 – net negative fair value AED 384,649 thousand). The hedge ineffectiveness gains and losses relating to these hedges were included in the condensed consolidated interim income statement.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

7 Investment securities (continued)

The Bank entered into repurchase agreements and total return swap agreements whereby bonds were pledged and held by counterparties 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, 2013 (unaudited)		As at December 31, 2012 (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
Repurchase financing	753,753	620,737	1,220,647	1,063,133

Further, the Bank pledged investment securities with fair value amounting to AED 1,587,729 thousand (December 31, 2012 – AED 1,651,988 thousand) as collateral against margin calls. The risks and rewards relating to the investments pledged remain with the Bank.

8 Loans and advances, net

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Overdrafts (Retail and Corporate)	4,792,320	5,775,020
Corporate loans	93,732,015	101,206,881
Retail loans	13,578,386	12,563,043
Credit cards	2,252,259	2,076,531
Islamic financing assets (see below)	10,258,426	6,600,046
Other facilities	2,462,148	1,437,494
	127,075,554	129,659,015
Less: Allowance for impairment	(6,855,456)	(6,463,720)
	120,220,098	123,195,295
Islamic financing assets		
	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Murabaha	859,266	720,544
Ijara financing	5,488,013	2,622,091
Mudaraba	483,350	471,696
Salam	3,337,137	2,720,103
Others	90,660	65,612
	10,258,426	6,600,046
Less: Allowance for impairment	(66,354)	(29,247)
	10,192,072	6,570,799

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

8 Loans and advances, net (continued)

The Bank hedges certain fixed rate / floating rate loans and advances for interest rate risk using interest rate swaps and designates these instruments as fair value and cash flow hedges respectively. The net positive fair value of these swaps at September 30, 2013 was AED 15,180 thousand (December 31, 2012 - positive fair value of AED 13,499 thousand).

Movement of the individual and collective impairment allowance on loans and advances

	September 30, 2013 (unaudited)			December 31, 2012 (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,	4,207,137	2,256,583	6,463,720	3,652,804	2,059,072	5,711,876
Charge for the period/year	1,019,203	289,764	1,308,967	1,676,510	197,613	1,874,123
Recoveries during the period/year	(144,987)	-	(144,987)	(183,015)	-	(183,015)
Net charge for the period/year	874,216	289,764	1,163,980	1,493,495	197,613	1,691,108
Discount unwind	(106,149)	-	(106,149)	(129,920)	-	(129,920)
Net amounts written-off, net	(665,790)	-	(665,790)	(809,111)	-	(809,111)
Currency translation	-	(305)	(305)	(131)	(102)	(233)
Balance as at	4,309,414	2,546,042	6,855,456	4,207,137	2,256,583	6,463,720

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

	As at September 30, 2013 (unaudited)			As at December 31, 2012 (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	10,605	-	10,605	10,803	-	10,803
Energy	2,408,112	335,923	2,744,035	9,863,141	423,428	10,286,569
Trading	2,409,370	158,068	2,567,438	983,414	39,633	1,023,047
Development & construction	18,905,526	273,983	19,179,509	20,005,790	267,207	20,272,997
Real estate investment	33,795,354	59,266	33,854,620	30,526,476	61,144	30,587,620
Transport	1,585,831	428,312	2,014,143	1,275,907	479,606	1,755,513
Personal – retail	20,342,020	12,828	20,354,848	17,622,127	10,245	17,632,372
Personal – collateralised	9,892,146	277,740	10,169,886	11,914,549	281,010	12,195,559
Government	2,955,170	-	2,955,170	3,149,773	-	3,149,773
Financial institutions (*)	8,222,523	2,181,288	10,403,811	8,113,300	1,583,274	9,696,574
Manufacturing	2,558,312	102,205	2,660,517	1,408,454	103,717	1,512,171
Services	18,342,429	1,818,543	20,160,972	19,834,167	1,701,850	21,536,017
	121,427,398	5,648,156	127,075,554	124,707,901	4,951,114	129,659,015
Less: Allowance for impairment			(6,855,456)			(6,463,720)
Total			120,220,098			123,195,295

(*) includes investment companies.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

8 Loans and advances, net (continued)

The Bank entered into repurchase agreements whereby loans are pledged and held by counter parties as collateral. The risks and rewards relating to the loans pledged will remain with the Bank.

The following table reflects the carrying value of these loans and the associated financial liabilities:

	As at September 30, 2013 (unaudited)		As at December 31, 2012 (audited)	
	Carrying value of pledged assets AED'000	Carrying value of associated liabilities AED'000	Carrying value of pledged assets AED'000	Carrying value of associated liabilities AED'000
Repurchase agreements	-	-	4,756,807	2,358,230

The pledged loan and related repurchase borrowing matured and settled in full in September 2013.

9 Investment properties

	Completed and in use AED'000	Under development AED'000	Total AED'000
At January 1, 2012	207,811	189,101	396,912
Additions during the year	-	85,625	85,625
Transfer from property and equipment, net	182,530	-	182,530
Transfer to property and equipment, net	(106,836)	-	(106,836)
Decrease in fair value	(18,810)	(10,026)	(28,836)
At January 1, 2013 (audited)	264,695	264,700	529,395
Additions during the period	-	17,148	17,148
Transfer to completed property on completion of construction	281,848	(281,848)	-
At September 30, 2013 (unaudited)	546,543	-	546,543

The fair value of the Bank's investment properties is 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 date of the last valuation was December 31, 2012 and the next valuation will be done during the last quarter of 2013.

The valuation methodologies considered by external valuers include

- Direct Comparable method: This method seeks to determine the value of the property from transactions of comparable properties.
- 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, 2013 (continued)**

10 Other assets	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Interest receivable	1,164,424	845,442
Withholding tax	79,891	45,880
Prepayments	63,293	59,766
Clearing receivables	1,651	1,148
Acceptances	1,929,588	4,738,044
Others	399,225	235,682
	<u>3,638,072</u>	<u>5,925,962</u>

Acceptances arise when the Bank is under an obligation to make payments against documents drawn under letters of credit. Acceptances specify the amount of money, the date, and the person to which the payment is due. After acceptance, the instrument becomes an unconditional liability (time draft) of the bank and is therefore recognised as a financial liability (Note 15) in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognised as a financial asset. The Bank generally receives cash collateral against these acceptances.

11 Due to banks

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Vostro balances	212,666	120,504
Margin deposits	423,710	351,054
Time deposits	1,373,135	3,939,713
	<u>2,009,511</u>	<u>4,411,271</u>

The Bank hedges certain time deposits for interest rate and foreign currency exchange risk using cross currency swaps and designate these as fair value hedges. There are no outstanding swaps as at September 30, 2013 (December 31, 2012 - positive fair value of AED 186 thousand).

12 Deposits from customers

By category	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Current account deposits	38,435,809	29,330,632
Margin deposits	411,763	345,079
Savings deposits	3,392,788	2,826,423
Time deposits	52,846,445	61,420,946
Murabaha deposits	8,563,274	6,578,970
Long term government deposits	436,008	449,569
Other Islamic deposits (see below)	7,936,048	8,265,306
	<u>112,022,135</u>	<u>109,216,925</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

12 Deposits from customers (continued)

Other Islamic deposits

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Current account deposits	1,498,352	1,184,523
Margin deposits	5,821	7,675
Mudaraba savings deposits	2,996,298	2,284,227
Mudaraba term deposits	1,976,592	1,806,767
Wakala deposits	1,458,985	2,982,114
	7,936,048	8,265,306

The Bank hedges its foreign currency risk on certain foreign currency time deposits using foreign exchange swap contracts and designates these as cash flow hedges. The net positive fair value of these contracts at September 30, 2013 was AED 84,649 thousand (December 31, 2012 – net positive fair value of AED 13,257 thousand).

13 Euro commercial paper

The Bank established a USD 4 billion Euro commercial paper programme (the ECP Programme) for the issuance of Euro commercial paper under the agreement dated September 5, 2007 with Banc of America Securities Limited.

The Bank hedges ECP for foreign currency exchange risk through foreign exchange swap contracts and designates these instruments as cash flow hedges. The net positive fair value of these hedge contracts at September 30, 2013 was AED 116,677 thousand (December 31, 2012: net positive fair value of AED 98,024 thousand).

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

14 Borrowings

The details of borrowings as at September 30, 2013 (unaudited) are as follows:

Instrument	Currency	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global Medium Term Notes	Chinese Renminbi (CNH)	-	-	173,580	-	173,580
	Malaysian Ringitt (MYR)	-	871,027	847,028	-	1,718,055
	Swiss Franc (CHF)	-	575,705	388,677	-	964,382
	Turkish Lira (TRY)	-	94,003	-	-	94,003
	U.A.E. Dirham (AED)	1,253,000	-	500,000	-	1,753,000
	US Dollar (US\$)	550,950	3,665,973	2,737,578	624,410	7,578,911
		1,803,950	5,206,708	4,646,863	624,410	12,281,931
Islamic sukuk notes	US Dollar (US\$)	-	-	1,831,014	-	1,831,014
Bilateral loans – floating rate	US Dollar (US\$)	1,651,978	-	-	-	1,651,978
Subordinated notes – floating rate – fixed rate	US Dollar (US\$)	-	1,057,984	-	-	1,057,984
	US Dollar (US\$)	-	-	-	3,814,619	3,814,619
	Swiss Franc (CHF)	-	-	-	380,130	380,130
Borrowings through repurchase agreements	US Dollar (US\$)	620,737	-	-	-	620,737
		4,076,665	6,264,692	6,477,877	4,819,159	21,638,393
Fair value adjustment on borrowings hedged						(190,963)
						21,447,430

Included in borrowings is AED 16,503,744 thousand which have been hedged using interest rate and cross currency swaps. These swaps are designated as either fair value or cash flow hedges. The net negative fair value of these swaps at September 30, 2013 was AED 180,541 thousand.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

14 Borrowings (continued)

The details of borrowings as at December 31, 2012 (audited) are as follows:

Instrument	Currency	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global Medium Term Notes	Chinese Renminbi (CNH)	-	-	173,580	-	173,580
	Malaysian Ringitt (MYR)	-	871,027	847,028	-	1,718,055
	Swiss Franc (CHF)	-	575,705	388,677	-	964,382
	Turkish Lira (TRY)	-	-	94,003	-	94,003
	U.A.E. Dirham (AED)	1,253,000	-	500,000	-	1,753,000
	US Dollar (US\$)	-	3,673,000	-	587,680	4,260,680
		<u>1,253,000</u>	<u>5,119,732</u>	<u>2,003,288</u>	<u>587,680</u>	<u>8,963,700</u>
Syndicated loans	US Dollar (US\$)	3,739,849	-	-	-	3,739,849
Islamic sukuk notes	US Dollar (US\$)	-	-	1,836,500	-	1,836,500
Subordinated floating rate notes	US Dollar (US\$)	-	-	1,117,143	-	1,117,143
Tier 2 Loan	U.A.E. Dirham (AED)	-	-	6,617,456	-	6,617,456
Borrowings through repurchase agreements	US Dollar (US\$)	1,450,631	620,737	-	-	2,071,368
	U.A.E. Dirham (AED)	1,349,995	-	-	-	1,349,995
		<u>7,793,475</u>	<u>5,740,469</u>	<u>11,574,387</u>	<u>587,680</u>	<u>25,696,011</u>
Fair value adjustment on borrowings hedged						<u>443,636</u>
						<u>26,139,647</u>

Included in borrowings is AED 15,347,201 thousand which have been hedged using interest rate and cross currency swaps. These swaps are designated as either fair value or cash flow hedges. The net positive fair value of these swaps at December 31, 2012 was AED 450,212 thousand.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
14 Borrowings (continued)

Interest on Global Medium Term Notes is payable quarterly, semi annually and annually in arrears and the contractual coupon rates as at September 30, 2013 (unaudited) are as follows:

<u>Currency</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Over 5 years</u>
CNH	-	-	Fixed rate of 3.7% p.a. & 4.125% p. a	-
MYR	-	Fixed rate of 5.2%p.a	Fixed rate 4.3% & 5.35% p.a.	-
CHF	-	Fixed rate of 3.01% p.a.	Quarterly coupons with 110 basis point over CHF LIBOR	-
TRY	-	Fixed rate of 12.75% p.a.	-	-
AED	Fixed rate of 6% p.a.	-	Fixed rate of 6% p.a.	-
US\$	Fixed rate of 0.905% p.a.	Fixed rate of 4.75% p.a.	Fixed rate of 2.5% p.a.	Fixed rate from 4.7% to 5.1% p.a.

Sukuk financing notes

The Sukuk carries an expected profit rate of 4.07% per annum payable semi annually.

Bilateral loans

US\$: Quarterly coupons with 58 to 78 basis points plus LIBOR.

Subordinated notes
Subordinated floating rate notes:

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 qualified as Tier 2 subordinated loan capital for the first 5 year period till 2011 and thereafter are amortised at the rate of 20% per annum until 2016 for capital adequacy calculation (Note 29). This has been approved by the Central Bank of the U.A.E.

Subordinated fixed rate notes:

Interest on the subordinated fixed rate notes is payable half yearly in arrears and the contractual coupon rates as at September 30, 2013 (unaudited) are as follows:

<u>Currency</u>	<u>Over 5 years</u>
USD	Fixed rate 3.125% to 4.5%
CHF	Fixed rate 1.875% with 1 basis point over coupon

The subordinated fixed rate notes were obtained from financial institutions outside the U.A.E. and qualified as Tier 2 subordinated loan capital for the first 5 year period till 2018 and thereafter are amortised at the rate of 20% per annum until 2023 for capital adequacy calculation (Note 29). This has been approved by the Central Bank of the U.A.E. Subordinated notes of AED 1,476,572 thousand mature in 2023 but are callable after 5 years from the issuance date at the option of the Bank.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

14 Borrowings (continued)

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 loans were to mature seven years from the date of the issue and interest was 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 provided that the Bank had 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 loans qualified as Tier 2 capital and were being amortised, starting 2012, at the rate of 20% per annum until maturity for capital adequacy calculation (Note 29).

The Bank repaid the entire amount of the Tier 2 loan in the first half of 2013.

Borrowings through repurchase agreements

US\$: Quarterly coupons in arrears with 300 basis points plus LIBOR.
Half yearly coupons in arrears with 86 to 300 basis points plus LIBOR.

The Bank has undrawn borrowing floating rate facilities of AED 1,469,200 thousand (December 31, 2012 – AED Nil).

15 Other liabilities

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Interest payable	462,103	752,030
Recognised liability for defined benefit obligations	248,487	213,631
Accounts payable and other creditors	177,642	247,759
Clearing payables	52	955
Deferred income	341,008	229,392
Acceptances (Note 10)	1,929,588	4,738,044
Others	1,558,110	813,034
	4,716,990	6,994,845

16 Share capital

	Authorised	Issued and fully paid	
		As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Ordinary shares of AED 1 each	5,595,597	5,595,597	5,595,597

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)****16 Share capital (continued)**

As at September 30, 2013, Abu Dhabi Investment Council held 58.083% (December 31, 2012: 58.083%) of the Bank's issued and fully paid up share capital.

Treasury shares

As at September 30, 2013, of the total issued shares of the Bank, its managed funds, now accounted for as subsidiaries, held 7,395 thousand shares (December 31, 2012 – 11,033 thousand shares).

During the period ended September 30, 2013, the Bank bought back 364,528,504 ordinary shares at a total consideration of AED 1,655,721 thousand – these shares are held as treasury shares at September 30, 2013. This buyback programme has been approved by the Securities & Commodities Authority and Central Bank of the U.A.E.

Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)

17 Other reserves, net of treasury shares (unaudited)

Reserves movement for the nine month period ended September 30, 2013:

	Treasury shares AED'000	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Hedge reserve AED'000	Cumulative changes in fair values AED'000	Total AED'000
Balance at January 1, 2013	(30,937)	(96,256)	1,950,650	1,905,863	2,000,000	150,000	(34,333)	26,756	416,848	6,288,591
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(26,789)	-	-	(26,789)
Fair value changes on cash flow hedges on financial assets	-	-	-	-	-	-	-	6,465	-	6,465
Net fair value changes on available for sale investments	-	-	-	-	-	-	-	-	(90,390)	(90,390)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(26,789)	6,465	(90,390)	(110,714)
Shares – vested portion	-	30,051	-	-	-	-	-	-	-	30,051
Buy back of own shares (Note 16)	(1,655,721)	-	-	-	-	-	-	-	-	(1,655,721)
Net movement in treasury shares held by funds	9,054	-	-	-	-	-	-	-	-	9,054
Balance at September 30, 2013	(1,677,604)	(66,205)	1,950,650	1,905,863	2,000,000	150,000	(61,122)	33,221	326,458	4,561,261

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

17 Other reserves, net of treasury shares (unaudited) (continued)

Reserves movement for the nine month period ended September 30, 2012:

	Treasury shares AED'000	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Hedge reserve AED'000	Cumulative changes in fair values AED'000	Total AED'000
Balance at January 1, 2012	-	(104,595)	1,677,069	1,632,282	2,000,000	150,000	(27,521)	(2,581)	(404,758)	4,919,896
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	792	-	-	792
Fair value changes on cash flow hedges on financial assets	-	-	-	-	-	-	-	20,809	-	20,809
Net fair value changes on available for sale investments	-	-	-	-	-	-	-	-	654,809	654,809
Other comprehensive income for the period	-	-	-	-	-	-	792	20,809	654,809	676,410
Shares purchased	-	(40,000)	-	-	-	-	-	-	-	(40,000)
Shares – vested portion	-	37,724	-	-	-	-	-	-	-	37,724
Treasury shares arising on consolidation of Fund subsidiaries	(40,966)	-	-	-	-	-	-	-	-	(40,966)
Balance at September 30, 2012 (*)	(40,966)	(106,871)	1,677,069	1,632,282	2,000,000	150,000	(26,729)	18,228	250,051	5,553,064

(*) Amounts have been restated as explained in Note 2.1

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
18 Capital notes

In February 2009, the Department of Finance, Government of Abu Dhabi subscribed to 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. Redemption is only at the option of the Bank. 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 the 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 Bank 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 Bank 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.

19 Interest income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
Loans and advances to banks	34,263	54,964	129,972	188,798
Loans and advances to customers	1,439,182	1,694,137	4,486,718	5,129,729
Investment securities	123,100	139,786	356,174	374,206
	1,596,545	1,888,887	4,972,864	5,692,733

20 Interest expense (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
Deposits from banks	5,100	4,193	17,752	10,162
Deposits from customers and euro commercial paper	207,693	386,183	750,673	1,299,512
Borrowings	139,387	185,388	447,432	477,610
	352,180	575,764	1,215,857	1,787,284

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
21 Net fees and commission income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
Fees and commission income				
Retail banking fees	186,522	165,302	565,946	510,223
Corporate banking fees	122,251	78,849	273,907	277,680
Brokerage fees	4,790	959	11,194	3,137
Fees from trust and other fiduciary activities	27,840	16,614	82,351	49,329
Other fees	8,475	8,240	29,829	35,984
Total fees and commission income	349,878	269,964	963,227	876,353
Fees and commission expenses	(73,208)	(58,677)	(212,713)	(150,530)
Net fees and commission income	276,670	211,287	750,514	725,823

22 Net trading income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
Net gains on dealing in derivatives	4,304	4,857	42,294	55,301
Net gains from dealing in foreign currencies	47,869	27,003	156,200	105,396
Net gains from trading securities	58,519	55,577	210,838	88,667
	110,692	87,437	409,332	249,364

23 Other operating income (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
(Losses)/gains arising on retirement of hedges	(2,804)	-	100,284	-
Net (losses)/gains on sale of investment securities	-	(8,098)	34,526	(2,362)
Property management income	30,990	25,368	88,900	79,754
Rental income	7,629	7,338	19,118	15,653
Income from retirement of long term debt	19,696	-	21,669	6,399
Dividends received	6,366	6,417	36,107	22,305
Others	5,046	1,495	9,605	11,233
	66,923	32,520	310,209	132,982

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

24 Operating expenses (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
Staff expenses	331,920	299,084	950,882	899,512
Depreciation	30,519	31,786	95,454	97,217
Amortisation of intangible assets	7,881	7,881	23,645	23,645
Others	220,582	177,728	603,805	538,969
	590,902	516,479	1,673,786	1,559,343

25 Impairment allowances (unaudited)

	3 months ended September 30		9 months ended September 30	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
Impairment allowance on loan and advances, net (Note 8)	308,817	529,719	1,163,980	1,279,087
Impairment (recoveries)/allowance on investment securities	(787)	(746)	(27,450)	7,274
Impairment allowance on property and equipment, net	-	-	-	21,337
	308,030	528,973	1,136,530	1,307,698

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
26 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 and treasury shares arising on consolidation of fund subsidiaries.

	3 months ended September 30		9 months ended September 30	
	2013	2012(*)	2013	2012(*)
Net profit for the period attributable to the equity holders of the Bank (AED'000)	874,187	594,189	2,572,211	2,116,481
Less: Capital notes coupon paid (AED'000)	(120,000)	(120,000)	(240,000)	(240,000)
Net adjusted profit for the period attributable to the equity holders of the Bank (AED'000) (a)	754,187	474,189	2,332,211	1,876,481
Weighted average number of shares in issue throughout the period (000's)	5,595,597	5,595,597	5,595,597	5,595,597
Less: Weighted average number of treasury shares arising on buy back (000's)	(335,795)	-	(169,917)	-
Less: Weighted average number of treasury shares arising on consolidation of funds (000's)	(7,285)	(14,647)	(8,090)	(14,472)
Less: Weighted average number of shares held on account of employees' incentive plan (000's)	(25,883)	(56,589)	(28,832)	(57,892)
Weighted average number of equity shares used for calculating basic earnings per share (000's) (b)	5,226,634	5,524,361	5,388,758	5,523,233
Add: Weighted average number of treasury shares arising on consolidation of funds (000's)	7,285	14,647	8,090	14,472
Add: Weighted average number of shares held on account of employees' incentive plan (000's)	25,883	56,589	28,832	57,892
Weighted average number of equity shares used for calculating diluted earnings per share (000's) (c)	5,259,802	5,595,597	5,425,680	5,595,597
Basic earnings per share (AED) (a)/(b)	0.14	0.09	0.43	0.34
Diluted earnings per share (AED) (a)/(c)	0.14	0.08	0.43	0.34

(*) Restated as explained in Note 2.1

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

27 Commitments and contingent liabilities

The Bank had the following commitments and contingent liabilities as at:

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Commitments on behalf of customers		
Letters of credit	6,693,984	6,251,347
Guarantees	12,218,927	12,250,409
Commitments to extend credit – Revocable	7,850,617	6,744,165
Commitments to extend credit – Irrevocable	3,535,493	3,210,238
Others	-	55,095
	30,299,021	28,511,254
Others		
Commitments for future capital expenditure	180,151	131,885
Commitments to invest in investment securities	174,204	212,764
	30,653,376	28,855,903

28 Operating Segments

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's Management Executive 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;

- Consumer banking - comprises of retail, wealth management and Islamic financing. It includes loans, deposits and other transactions and balances with retail customers and corporate and private accounts of high net worth individuals and funds management activities.
- Wholesale banking - comprises of business banking, cash management, trade finance, corporate finance, investment banking, Indian operations, Islamic financing, infrastructure and strategic client operations. It includes loans, deposits and other transactions and balances with corporate customers.
- Investments and treasury - comprises of central treasury operations, management of the Bank's investment portfolio and interest rate, currency and commodity derivative portfolio and Islamic financing. 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. and Abu Dhabi Commercial Engineering Services L.L.C., and rental income of ADCB.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
28 Operating segments (continued)

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.

The following is an analysis of the Bank's revenue and results by operating segment for the nine month period ended September 30, 2013 (unaudited):

	Consumer banking AED' 000	Wholesale banking AED' 000	Investments and treasury AED' 000	Property management AED' 000	Total AED' 000
Net interest and Islamic financing income	1,590,422	1,136,336	1,267,867	91,417	4,086,042
Non-interest income	683,324	326,005	339,499	121,227	1,470,055
Operating expenses	(1,013,380)	(447,190)	(141,623)	(71,593)	(1,673,786)
Operating profit before impairment allowances	1,260,366	1,015,151	1,465,743	141,051	3,882,311
Impairment (allowances)/ recoveries	(1,000,025)	(163,955)	27,450	-	(1,136,530)
Profit before taxation	260,341	851,196	1,493,193	141,051	2,745,781
Overseas income tax expense	-	(5,238)	-	-	(5,238)
Net profit for the period	260,341	845,958	1,493,193	141,051	2,740,543
Capital expenditure					72,057
As at September 30, 2013 (unaudited)					
Segment assets	59,839,115	65,879,234	48,411,669	553,369	174,683,387
Segment liabilities	32,652,449	43,063,747	74,527,664	389,013	150,632,873

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
28 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, 2012 (unaudited):

	Consumer banking(*) AED' 000	Wholesale banking AED' 000	Investments and treasury(*) AED' 000	Property management AED' 000	Total AED' 000
Net interest and Islamic financing income	1,773,334	1,109,227	971,489	90,910	3,944,960
Non-interest income	530,446	344,164	114,750	118,809	1,108,169
Operating expenses	(992,792)	(396,854)	(116,170)	(53,527)	(1,559,343)
Operating profit before impairment allowances	1,310,988	1,056,537	970,069	156,192	3,493,786
Impairment allowances	(1,056,118)	(222,749)	(7,494)	(21,337)	(1,307,698)
Profit before taxation	254,870	833,788	962,575	134,855	2,186,088
Overseas income tax expense	-	(3,992)	-	-	(3,992)
Net profit for the period	254,870	829,796	962,575	134,855	2,182,096
Capital expenditure					171,410
As at December 31, 2012 (audited)					
Segment assets	60,847,483	70,449,477	48,958,232	540,531	180,795,723
Segment liabilities	29,946,977	51,180,230	74,946,671	14,256	156,088,134

(*) Amounts have been restated as explained in Note 2.1

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
28 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, 2013 (unaudited):

	Consumer banking AED' 000	Wholesale banking AED' 000	Investments and treasury AED' 000	Property management AED' 000	Total AED' 000
Net interest and Islamic financing income	533,888	359,871	442,838	29,749	1,366,346
Non-interest income	234,239	121,529	56,048	42,469	454,285
Operating expenses	(356,318)	(159,340)	(48,240)	(27,004)	(590,902)
Operating profit before impairment allowances	411,809	322,060	450,646	45,214	1,229,729
Impairment (allowances)/recoveries	(198,123)	(110,694)	787	-	(308,030)
Profit before taxation	213,686	211,366	451,433	45,214	921,699
Overseas income tax expense	-	(1,639)	-	-	(1,639)
Net profit for the period	213,686	209,727	451,433	45,214	920,060
Capital expenditure					28,521

The following is an analysis of the Bank's revenue and results by operating segment for the three month period ended September 30, 2012 (unaudited):

	Consumer banking (*) AED' 000	Wholesale banking AED' 000	Investments and treasury (*) AED' 000	Property management AED' 000	Total AED' 000
Net interest and Islamic financing income	573,785	383,940	349,657	32,848	1,340,230
Non-interest income	185,031	93,730	13,035	39,448	331,244
Operating expenses	(328,440)	(131,759)	(37,583)	(18,697)	(516,479)
Operating profit before impairment allowances	430,376	345,911	325,109	53,599	1,154,995
Impairment (allowances)/recoveries	(583,372)	53,664	735	-	(528,973)
(Loss)/profit before taxation	(152,996)	399,575	325,844	53,599	626,022
Overseas income tax credit	-	253	-	-	253
Net (loss)/profit for the period	(152,996)	399,828	325,844	53,599	626,275
Capital expenditure					27,650

(*) Amounts have been restated as explained in Note 2.1

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
28 Operating segments (continued)

For the purpose of monitoring segment performance and allocating resources between segments, all assets and 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.

	External (unaudited)		Inter-segment (unaudited)	
	9 months ended September 30		9 months ended September 30	
	2013	2012(*)	2013	2012
	AED'000	AED'000	AED'000	AED'000
Consumer banking(*)	3,219,088	3,374,293	(945,342)	(1,070,513)
Wholesale banking	2,287,782	1,943,899	(825,441)	(490,508)
Investments and treasury	(72,001)	(383,874)	1,679,367	1,470,113
Property management	121,228	118,811	91,416	90,908
	5,556,097	5,053,129	-	-
	=====	=====	=====	=====

	External (unaudited)		Inter-segment (unaudited)	
	3 months ended September 30		3 months ended September 30	
	2013	2012(*)	2013	2012
	AED'000	AED'000	AED'000	AED'000
Consumer banking(*)	1,072,642	1,095,158	(304,515)	(336,342)
Wholesale banking	771,302	700,189	(289,902)	(222,519)
Investments and treasury	(65,783)	(163,323)	564,669	526,015
Property management	42,470	39,450	29,748	32,846
	1,820,631	1,671,474	-	-
	=====	=====	=====	=====

(*) Amounts have been restated as explained in Note 2.1

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

28 Operating segments (continued)

Geographical information

The Bank operates in two principal geographic areas i.e. 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 which represents the operations of the Bank that originates from its branches in India, Jersey and through its subsidiaries outside U.A.E.. The Bank's operations and information about its segment assets (non-current assets) by geographical location are detailed as follows:

	Domestic (unaudited)		International (unaudited)	
	9 months ended September 30		9 months ended September 30	
	2013	2012(*)	2013	2012
	AED'000	AED'000	AED'000	AED'000
Income				
Net interest and Islamic financing income	4,066,450	3,919,945	19,592	25,015
Non-interest income	1,469,857	1,104,579	198	3,590

	Domestic (unaudited)		International (unaudited)	
	3 months ended September 30		3 months ended September 30	
	2013	2012(*)	2013	2012
	AED'000	AED'000	AED'000	AED'000
Income				
Net interest and Islamic financing income	1,361,724	1,331,148	4,622	9,082
Non-interest income	458,847	329,125	(4,562)	2,119

(*) Amounts have been restated as explained in Note 2.1

Non-current assets	Domestic		International	
	As at	As at	As at	As at
	September 30	December 31	September 30	December 31
	2013	2012	2013	2012
	(unaudited)	(audited)	(unaudited)	(audited)
	AED'000	AED'000	AED'000	AED'000
Investment properties	546,543	529,395	-	-
Property and equipment, net	805,475	844,256	3,914	5,678
Intangible assets	68,481	92,126	-	-

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

29 Capital adequacy and capital management

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

	Basel II	
	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Tier 1 capital		
Share capital (Note 16)	5,595,597	5,595,597
Share premium	3,848,286	3,848,286
Other reserves, net of treasury shares (Note 17)	4,234,803	5,871,743
Retained earnings	5,476,934	4,537,315
Non-controlling interests in equity of subsidiaries	568,436	437,800
Capital notes (Note 18)	4,000,000	4,000,000
Less: Intangible assets	(68,481)	(92,126)
Less: Securitisation exposures	-	(27,547)
	23,655,575	24,171,068
Tier 2 capital		
Collective impairment allowance on loans and advances, net	1,643,346	1,601,418
Cumulative changes in fair value (Note 17)	146,906	187,582
Tier 2 loan (Note 14)	-	5,293,965
Subordinated notes (Note 14)	4,898,686	670,286
Less: Securitisation exposures	-	(27,547)
	6,688,938	7,725,704
Total regulatory capital	30,344,513	31,896,772
Risk-weighted assets:		
Credit risk	131,467,664	128,113,458
Market risk	4,838,938	3,749,544
Operational risk	7,216,753	6,526,611
	143,523,355	138,389,613
Total Capital adequacy ratio	21.14%	23.05%
Tier 1 ratio	16.48%	17.47%
Tier 2 ratio	4.66%	5.58%

The capital adequacy ratio was above the minimum requirement of 12% for September 30, 2013 (December 31, 2012 – 12%) stipulated by the Central Bank of the U.A.E.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)****30 Fair value hierarchy**

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs – Level 2

Financial instruments and investment properties classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs include financial instruments such as swaps and forwards which are valued using market standard pricing techniques and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

The category includes derivative financial instrument such certain OTC derivatives, commodity derivatives, foreign exchange spot and forward contracts and non derivative financial instruments such as investment properties.

These instruments are valued using the inputs observable in an active market. Valuation of the derivative financial instruments is made through discounted cash flow method using the applicable yield curve for the duration of the instruments for non optional derivatives and standard option pricing models for optional derivatives.

Level 2 investment properties include buildings completed and under development. Refer Note 9 in respect of the valuation technique used.

Valuation techniques using significant unobservable inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transaction in active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

The category includes certain equity instruments and mutual funds.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**
30 Fair value hierarchy (continued)

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible. The table below analyses recurring fair value measurements for assets and liabilities.

September 30, 2013 (unaudited)		Quoted market prices (Level 1) AED'000	Observable inputs (Level 2) AED'000	Significant Unobservable inputs (Level 3) AED'000	Total AED'000
	Note				
Assets at fair value					
Trading securities	5	672,169	-	-	672,169
Derivative financial instruments	6				-
- Exchange traded futures		8,244	-	-	8,244
- Others		-	4,051,656	-	4,051,656
Investment Securities	7				-
- Quoted		19,377,614	-	-	19,377,614
- Unquoted		-	-	291,165	291,165
Investment properties	9	-	546,543	-	546,543
Total assets at fair value		20,058,027	4,598,199	291,165	24,947,391
Liabilities at fair value					
Derivative financial instruments	6	-	4,263,550	-	4,263,550
Total liabilities at fair value		-	4,263,550	-	4,263,550
December 31, 2012 (audited)		Quoted market prices (Level 1) AED'000	Observable inputs (Level 2) AED'000	Significant unobservable inputs (Level 3) AED'000	Total AED'000
Assets at fair value					
Trading securities	5	641,877	-	-	641,877
Derivative financial instruments	6				
- Exchange traded futures		1,262	-	-	1,262
- Others		-	4,991,964	-	4,991,964
Investment Securities	7				
- Quoted		18,434,480	-	-	18,434,480
- Unquoted		-	-	278,436	278,436
Investment properties	9	-	529,395	-	529,395
Total assets at fair value		19,077,619	5,521,359	278,436	24,877,414
Liabilities at fair value					
Derivative financial instruments	6	-	4,768,338	-	4,768,338
Total liabilities at fair value		-	4,768,338	-	4,768,338

There is no significant transfer between Level 1 and Level 2 during the period.

**Notes to the condensed consolidated interim financial information
for the nine month period ended September 30, 2013 (continued)**

30 Fair value hierarchy (continued)

Level 3 movement analysis

Reconciliation showing the movement in fair values of Level 3 balances during the period is as follows:

	As at September 30 2013 (unaudited) AED'000	As at December 31 2012 (audited) AED'000
Opening balance	278,436	263,022
Acquisitions	7,009	17,245
Matured/sales during the period/year	(4,178)	(4,593)
Adjustment through comprehensive income	9,898	10,648
Transfer from Level 1 securities	-	2,057
Impairment loss	-	(9,943)
Closing balance	<u>291,165</u>	<u>278,436</u>

Net loss of AED 295 thousand on disposal were included in net (losses)/gains on sale of investment securities under other operating income in the consolidated interim income statement.

The Bank's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There is no change in valuation techniques during the period.

31 Legal proceedings

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.