

National Bank of Abu Dhabi PJSC

Condensed consolidated interim financial statements

30 September 2011

National Bank of Abu Dhabi PJSC

Condensed consolidated interim financial statements

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KPMG Lower Gulf Limited
Abu Dhabi Branch
P. O. Box 7613
Abu Dhabi
United Arab Emirates

Telephone +971 (2) 4014 800
Telefax +971 (2) 6327 612
Website www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
National Bank of Abu Dhabi PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of the National Bank of Abu Dhabi PJSC (the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 September 2011, the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income, changes in equity and cash flows for the Nine-month period then ended (the "condensed consolidated interim financial information"). The Board of Directors of the Group is responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 as at 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Munther Dajani
Registration No.: 268

23 October 2011

National Bank of Abu Dhabi PJSC

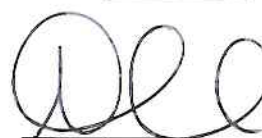
Condensed consolidated interim statement of financial position

As at 30 September 2011

		30 Sep '11	(Audited) 31 Dec '10
	Note	AED'000	AED'000
Assets			
Cash and balances with central banks	6	18,481,355	18,429,827
Investments at fair value			
through profit or loss		1,502,489	1,292,826
Due from banks and financial institutions		14,541,496	14,764,757
Reverse repurchase agreements		11,901,251	10,898,457
Loans and advances	7	155,836,509	136,833,496
Non-trading investments	8	26,982,768	21,396,005
Other assets		10,478,322	5,601,350
Premises and equipment		2,289,217	2,210,552
Total assets		242,013,407	211,427,270
Liabilities			
Due to banks and financial institutions	9	33,586,109	31,551,346
Repurchase agreements		4,871,558	2,542,896
Euro commercial paper	10	-	35,053
Customers' deposits	11	142,591,664	123,130,589
Medium-term borrowings	12	15,202,191	14,458,665
Other liabilities		11,547,786	7,283,019
		207,799,308	179,001,568
Subordinated notes	13	8,129,617	8,312,286
Total liabilities		215,928,925	187,313,854
Equity			
Share capital	14	2,870,043	2,391,703
Statutory and special reserves		3,324,105	3,324,105
Other reserves		11,889,991	10,089,739
Government of Abu Dhabi			
tier 1 capital notes	15	4,000,000	4,000,000
Share option scheme	16	71,124	52,739
Subordinated convertible notes			
- equity component	13	28,288	74,925
Retained earnings		3,900,931	4,180,205
Total equity		26,084,482	24,113,416
Total liabilities and equity		242,013,407	211,427,270



Nasser Ahmed Khalifa Alsowaidi
Chairman



Michael Tomalin
Group Chief Executive

The notes 1 to 24 are an integral part of these condensed consolidated interim financial statements. The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

National Bank of Abu Dhabi PJSC

Condensed consolidated interim income statement

For the nine month period ended 30 September (Unaudited)

	Note	Nine month period ended 30 Sep '11 AED'000	Nine month period ended 30 Sep '10 AED'000	Three month period ended 30 Sep '11 AED'000	Three month period ended 30 Sep '10 AED'000
Interest income		5,711,777	5,256,908	1,895,594	1,869,600
Interest expense		(1,639,640)	(1,558,013)	(516,739)	(584,270)
Net interest income		4,072,137	3,698,895	1,378,855	1,285,330
Income from Islamic financing contracts		279,534	203,156	91,294	76,223
Depositors' share of profits		(41,274)	(38,689)	(13,489)	(14,032)
Net income from Islamic financing contracts		238,260	164,467	77,805	62,191
Fee and commission income		1,190,894	1,085,344	396,731	384,027
Fee and commission expense		(166,714)	(119,041)	(56,040)	(45,637)
Net fee and commission income		1,024,180	966,303	340,691	338,390
Net gain / (loss) on investments		136,897	248,770	(27,764)	47,669
Net foreign exchange gain		353,017	229,432	206,636	66,301
Other operating income	20	64,993	53,115	24,970	13,376
		554,907	531,317	203,842	127,346
Operating income		5,889,484	5,360,982	2,001,193	1,813,257
General, administration and other operating expenses		(1,805,342)	(1,554,116)	(617,759)	(550,166)
Profit before net impairment charge and taxation		4,084,142	3,806,866	1,383,434	1,263,091
Net impairment charge	19	(1,016,798)	(782,976)	(320,574)	(319,532)
Profit before taxation		3,067,344	3,023,890	1,062,860	943,559
Overseas income tax expense		(83,657)	(72,491)	(32,013)	(23,808)
Net profit for the period		2,983,687	2,951,399	1,030,847	919,751
Basic earnings per share (AED)	21	0.96	0.95	0.32	0.28
Diluted earnings per share (AED)	21	0.94	0.91	0.31	0.27

The notes 1 to 24 are an integral part of these condensed consolidated interim financial statements.

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

National Bank of Abu Dhabi PJSC

Condensed consolidated interim statement of comprehensive income

For the nine month period ended 30 September (Unaudited)

		Nine month period ended	Nine month	Three month	Three month
	<i>Note</i>	30 Sep '11	period ended	30 Sep '11	period ended
		AED'000	30 Sep '10	AED'000	30 Sep '10
			AED'000		AED'000
Net profit for the period		2,983,687	2,951,399	1,030,847	919,751
Other comprehensive income					
Exchange difference on translation of foreign operations		(2,926)	(3,925)	4,608	(2,556)
Change in the fair value reserve	17	(58,719)	535,658	(146,661)	328,714
Directors' remuneration		(5,450)	(4,950)	-	-
Buy back of subordinated convertible notes		7,813	1,596	5,610	566
Other comprehensive (expense) / income		(59,282)	528,379	(136,443)	326,724
Total comprehensive income for the period		2,924,405	3,479,778	894,404	1,246,475

The notes 1 to 24 are an integral part of these condensed consolidated interim financial statements.

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

National Bank of Abu Dhabi PJSC

Condensed consolidated interim statement of changes in equity

For the nine month period ended 30 September (Unaudited)

					Government of Abu Dhabi						
	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	General reserve AED'000	Tier 1 capital notes AED'000	Share options scheme AED'000	Fair value reserve AED'000	Foreign currency translation reserve AED'000	Subordinated convertible notes - equity component AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2010	2,174,275	1,087,138	2,128,253	8,623,500	4,000,000	18,888	(845,223)	5,887	79,712	3,168,138	20,440,568
Net profit for the period	-	-	-	-	-	-	-	-	-	2,951,399	2,951,399
Net movement in fair value reserve (note 17)	-	-	-	-	-	-	535,658	-	-	-	535,658
Directors' remuneration	-	-	-	-	-	-	-	-	-	(4,950)	(4,950)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(3,925)	-	-	(3,925)
Buy back of subordinated convertible notes (note 13)	-	-	-	1,596	-	-	-	-	-	-	1,596
Total comprehensive income for the period	-	-	-	1,596	-	-	535,658	(3,925)	-	2,946,449	3,479,778
Buy back of subordinated convertible notes (note 13)	-	-	-	-	-	-	-	-	(4,522)	-	(4,522)
Payment on Tier 1 capital note (note 15)	-	-	-	-	-	-	-	-	-	(240,000)	(240,000)
Option granted to staff	-	-	-	-	-	19,377	-	-	-	-	19,377
Dividend paid for 2009 (note 14)	-	-	-	-	-	-	-	-	-	(217,428)	(217,428)
Bonus shares issued (note 14)	217,428	-	-	(217,428)	-	-	-	-	-	-	-
Transfer to general reserve (note 14)	-	-	-	2,100,000	-	-	-	-	-	(2,100,000)	-
Balance at 30 September 2010	2,391,703	1,087,138	2,128,253	10,507,668	4,000,000	38,265	(309,565)	1,962	75,190	3,557,159	23,477,773
Balance at 1 January 2011	2,391,703	1,195,852	2,128,253	10,507,798	4,000,000	52,739	(414,606)	(3,453)	74,925	4,180,205	24,113,416
Net profit for the period	-	-	-	-	-	-	-	-	-	2,983,687	2,983,687
Net movement in fair value reserve (note 17)	-	-	-	-	-	-	(58,719)	-	-	-	(58,719)
Directors' remuneration	-	-	-	-	-	-	-	-	-	(5,450)	(5,450)
Foreign currency translation adjustment	-	-	-	-	-	-	-	(2,926)	-	-	(2,926)
Buy back of subordinated convertible notes (note 13)	-	-	-	7,813	-	-	-	-	-	-	7,813
Total comprehensive income for the period	-	-	-	7,813	-	-	(58,719)	(2,926)	-	2,978,237	2,924,405
Buy back of subordinated convertible notes (note 13)	-	-	-	-	-	-	-	-	(14,213)	-	(14,213)
Payment on Tier 1 capital note (note 15)	-	-	-	-	-	-	-	-	-	(240,000)	(240,000)
Option granted to staff	-	-	-	-	-	18,385	-	-	-	-	18,385
Dividend paid for 2010 (note 14)	-	-	-	-	-	-	-	-	-	(717,511)	(717,511)
Bonus shares issued (note 14)	478,340	-	-	(478,340)	-	-	-	-	-	-	-
Transfer to general reserve (note 13,14)	-	-	-	2,332,424	-	-	-	-	(32,424)	(2,300,000)	-
Balance at 30 September 2011	2,870,043	1,195,852	2,128,253	12,369,695	4,000,000	71,124	(473,325)	(6,379)	28,288	3,900,931	26,084,482

The notes 1 to 24 are an integral part of these condensed consolidated interim financial statements.

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

National Bank of Abu Dhabi PJSC

Condensed consolidated interim statement of cash flows

For the nine month period ended 30 September (Unaudited)

	30 Sep '11 AED'000	30 Sep '10 AED'000
Cash flows from operating activities		
Profit before taxation	3,067,344	3,023,890
<i>Adjustments for:</i>		
Depreciation	108,886	88,040
Accreted interest	11,257	8,548
Profit on buy back of subordinated debt	(32,018)	(25,514)
Net impairment charge on assets	1,096,381	800,687
Foreign exchange translation adjustment	(6,320)	(14,325)
Share options scheme	18,385	19,377
	4,263,915	3,900,703
Change in investments at fair value through profit or loss	(209,663)	(158,096)
Change in due from banks and financial institutions and central banks	(340,519)	(430,627)
Change in reverse repurchase agreements	(1,002,794)	(8,945,925)
Change in loans and advances	(20,045,868)	(7,399,251)
Change in other assets	(4,653,499)	(1,911,010)
Change in due to banks	2,034,763	2,723,559
Change in repurchase agreements	2,328,662	1,117,824
Change in customers' deposits	19,461,075	4,831,687
Change in other liabilities	4,672,964	1,624,946
	6,509,036	(4,646,190)
Overseas income tax paid, net of recoveries	(77,973)	(65,349)
Net cash from / (used in) operating activities	6,431,063	(4,711,539)
Cash flows from investing activities		
Purchase of non-trading investments, net of proceeds from sale or maturity	(5,663,077)	(2,069,362)
Purchase of premises and equipment, net of disposals	(257,538)	(201,490)
Net cash used in investing activities	(5,920,615)	(2,270,852)
Cash flows from financing activities		
Dividends paid	(717,511)	(217,428)
Issue of medium term borrowing	537,662	4,074,932
Redemption of medium term borrowing	-	(974,164)
Redemption of euro commercial paper	(35,053)	(140,816)
Buy back of subordinated notes	(567,795)	(145,629)
Payment on tier 1 capital notes	(240,000)	(240,000)
Net cash (used in) / from financing activities	(1,022,697)	2,356,895
Net decrease in cash and cash equivalents	(512,249)	(4,625,496)
Cash and cash equivalents at 1 January	20,976,579	27,617,187
Cash and cash equivalents at 30 September	20,464,330	22,991,691
Cash and cash equivalents comprise:		
<i>Contractual maturity within three months:</i>		
Cash and balances with central banks	14,213,469	9,570,489
Due from banks and financial institutions	6,250,861	13,421,202
	20,464,330	22,991,691

The notes 1 to 24 are an integral part of these condensed consolidated interim financial statements.

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

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

1 Legal status and principal activities

National Bank of Abu Dhabi PJSC (the “Bank”) was established in Abu Dhabi in 1968 with limited liability and is registered as a Public Joint Stock Company in accordance with the United Arab Emirates Federal Law No. 8 of 1984 (as amended) relating to Commercial Companies.

Its registered office address is P. O. Box 4, Abu Dhabi, United Arab Emirates. These condensed consolidated interim financial statements as at and for the period ended 30 September 2011 comprise the Bank and its subsidiaries (together referred to as the “Group”). The Group is primarily engaged in corporate, retail, private and investment banking activities and Islamic banking activities; it carries out its operations through its local and overseas branches, subsidiaries and representative offices located in United Arab Emirates, Bahrain, Egypt, France, Oman, Kuwait, Sudan, Libya, the United Kingdom, Switzerland, Hong Kong, Jordan and the United States of America.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Bank’s registered office, P.O. Box 4, Abu Dhabi, United Arab Emirates or at <http://www.nbad.ae>.

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*. They do 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 Group as at and for the year ended 31 December 2010.

These condensed consolidated interim financial statements were approved on behalf of the Board of Directors on 23 October 2011.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010 except as disclosed below:

IAS 24 – “Related party disclosures” (revised 2009) supersedes the IAS 24, “Related party disclosures” issued in 2003. The revised standard is effective for periods beginning on or after 1 January 2011 and has been applied by the Group in the Group condensed consolidated interim financial statements.

4 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements of the group as at and for the year ended 31 December 2010.

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

5 Financial risk management

Credit risk

The Group measures its exposure to credit risk by reference to the gross carrying amount of financial assets less amounts offset, interest suspended and impairment losses, if any. The carrying amount of financial assets represents the maximum credit exposure.

	Due from Banks and financial institutions		Loans and advances		Non-trading investments	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 Sep	31 Dec	30 Sep	31 Dec	30 Sep	31 Dec
	2011	2010	2011	2010	2011	2010
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Individually impaired						
Substandard	-	-	2,093,515	2,054,985	-	-
Doubtful	979	979	1,636,288	558,651	20,055	20,055
Loss	-	-	1,262,735	994,079	-	-
Gross amount	979	979	4,992,538	3,607,715	20,055	20,055
Interest suspended	-	-	(456,888)	(358,624)	-	-
Specific allowance for impairment	(979)	(979)	(2,343,483)	(1,771,860)	(16,712)	(16,712)
Carrying amount	-	-	2,192,167	1,477,231	3,343	3,343
Past due but not impaired						
<i>Past due comprises:</i>						
Less than 30 days	-	-	81,490	202,089	-	-
31 – 60 days	-	-	110,683	45,979	-	-
61 – 90 days	-	-	112,698	443,935	-	-
More than 90 days	-	-	2,116,749	2,472,830	-	-
Carrying amount	-	-	2,421,620	3,164,833	-	-
Neither past due nor impaired	14,541,496	14,764,757	153,371,774	134,083,653	26,979,425	21,392,662
Collective allowance for impairment	-	-	(2,149,052)	(1,892,221)	-	-
Carrying amount	14,541,496	14,764,757	155,836,509	136,833,496	26,982,768	21,396,005

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

6 Cash and balances with central banks

Cash and balances with central banks include Certificates of Deposit with the Central Bank of UAE in the amount of AED 4,000 million (31 December 2010: AED 9,800 million).

7 Loans and advances

	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
Gross loans and advances	160,785,932	140,856,201
Less: allowance for impairment	(4,492,535)	(3,664,081)
Less: interest suspended	(456,888)	(358,624)
Net loans and advances	155,836,509	136,833,496

An analysis of gross loans and advances by sector at the reporting date is shown below:

	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
Government sector	18,713,857	16,949,791
Public sector	45,803,891	37,698,440
Banking sector	11,884,068	4,236,794
Corporate / private sector	59,401,714	57,029,154
Personal / retail sector	24,982,402	24,942,022
Gross loans and advances	160,785,932	140,856,201

The movement in the allowance for impairment during the nine month period is shown below:

	(Unaudited) Nine month period ended 30 Sep '11 AED'000	(Unaudited) Nine month period ended 30 Sep '10 AED'000	(Unaudited) Three month period ended 30 Sep '11 AED'000	(Unaudited) Three month period ended 30 Sep '10 AED'000
At the beginning of the period	3,664,081	2,657,510	4,231,437	3,050,073
Charge for the period				
- Collective provision	256,831	112,667	86,621	32,227
- Specific provision	907,694	762,769	284,527	351,828
Recoveries	(78,169)	(16,221)	(29,120)	(1,606)
Write-backs during the period	(151,756)	(151,507)	(49,342)	(83,273)
Write-offs during the period	(106,146)	(28,380)	(31,588)	(12,411)
Balance as at 30 September	4,492,535	3,336,838	4,492,535	3,336,838

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

7 Loans and advances (*continued*)

Islamic financing

Included in the above loans and advances are the following Islamic financing contracts:

	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
Ijara	6,764,726	6,183,730
Murabaha	533,085	517,883
Mudaraba	14,699	14,699
Others	2,255	1,106
Gross Islamic financing contracts	7,314,765	6,717,418
Less: allowance for impairment	(62,815)	(62,928)
Less: suspended profit	(2,904)	(3,239)
Net Islamic financing contracts	7,249,046	6,651,251

The movement in the allowance for impairment during the nine month period is shown below:

	(Unaudited) Nine month period ended 30 Sep '11 AED'000	(Unaudited) Nine month period ended 30 Sep '10 AED'000	(Unaudited) Three month period ended 30 Sep '11 AED'000	(Unaudited) Three month period ended 30 Sep '10 AED'000
At the beginning of the period	62,928	56,540	62,815	59,884
Collective charge for the period	-	6,008	-	2,027
Amounts written-off and other adjustments	(113)	(1,242)	-	(605)
At the reporting date	62,815	61,306	62,815	61,306

8 Non-trading investments

Non-trading investments include financial instruments of AED 2,627 million (31 December 2010: AED 2,361 million) given under repurchase agreements and derivative arrangements in the normal course of business.

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

9 Due to banks and financial institutions

Due to banks include balances due to central banks amounting to AED 7,359 million (31 December 2010: AED 5,808 million).

10 Euro commercial paper

The Bank established a USD 2 billion Euro commercial paper programme (the “ECP Programme”) for the issuance of Euro commercial paper under the agreement dated 13 September 2006 with CITIBANK, N.A.

There are no notes outstanding as at the reporting date (31 December 2010: Singapore Dollar 1.01% and maturing less than 12 months).

11 Customers’ deposits

	(Unaudited) 30 Sep’11 AED’000	(Audited) 31 Dec ‘10 AED’000
By account:		
Current account	33,671,227	28,195,567
Savings account	6,495,015	5,151,931
Notice and time deposit	97,393,962	84,877,678
Certificates of deposit	5,031,460	4,905,413
	142,591,664	123,130,589
By sector:		
Government sector	43,962,700	32,090,292
Public sector	24,329,147	22,140,648
Corporate / private sector	42,045,663	41,644,916
Retail sector	32,254,154	27,254,733
	142,591,664	123,130,589

Islamic customers’ deposits

Included in the above customers’ deposits are the following Islamic customer deposits:

	(Unaudited) 30 Sep ‘11 AED’000	(Audited) 31 Dec ‘10 AED’000
Wakala deposits	3,338,937	1,949,307
Mudaraba deposits	132,886	129,933
	3,471,823	2,079,240

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

12 Medium-term borrowings

	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
Club loan and other facilities	3,489,350	3,489,350
Medium-term notes	11,712,841	10,969,315
	<u>15,202,191</u>	<u>14,458,665</u>

The following medium-term notes were outstanding as at reporting dates:

Currency	Interest	Maturity	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
GBP	5.875 per cent (fixed)	Feb 2012	2,038,644	2,080,706
EUR	3 M EURIBOR + step up spread	Jun 2012	172,643	168,671
EUR	3 M EURIBOR + step up spread	Jul 2012	577,121	563,842
USD	3M USD LIBOR+ 120bps	Oct 2012	76,446	73,570
HKD	1.65 per cent (fixed)	Oct 2013	88,858	87,702
USD	4.5 per cent (fixed)	Sep 2014	3,292,143	3,229,021
HKD	3.8 per cent (fixed)	Sep 2014	197,761	194,713
HKD	3.9 per cent (fixed)	Oct 2014	121,042	119,055
USD	4.25 per cent (fixed)	Mar 2015	2,907,105	2,818,543
MYR	4.75 per cent (fixed)	Jun 2015	564,556	577,830
HKD	3.4 per cent (fixed)	Sep 2017	152,297	141,605
USD	3.71 per cent (fixed)	Sep 2017	113,524	104,732
HKD	4.32 per cent (fixed)	Sep 2017	155,446	145,857
HKD	4.45 per cent (fixed)	Sep 2019	166,533	150,844
MYR	4.9 per cent (fixed)	Dec 2020	542,244	512,624
JPY	2.60 per cent (fixed)	July 2026	473,018	-
USD	4.8 per cent (fixed)	Sep 2036	73,460	-
			<u>11,712,841</u>	<u>10,969,315</u>

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Notes to the condensed consolidated interim financial statements

13 Subordinated notes

	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
Subordinated note - Ministry of Finance Tier 2 note	6,029,817	5,626,908
Subordinated notes	2,099,800	2,685,378
	<u>8,129,617</u>	<u>8,312,286</u>

Ministry of Finance Tier 2 note

The notes mature in December 2016, carry a fixed step up coupon and are paid quarterly in arrears. The Bank has hedged the interest rate exposure on these notes.

Subordinated notes

	(Unaudited) 30 Sep '11 AED'000	(Audited) 31 Dec '10 AED'000
<i>Liability component</i>		
15 March 2006 issue	1,040,102	1,099,672
28 February 2008 issue	1,059,698	1,585,706
	<u>2,099,800</u>	<u>2,685,378</u>
<i>Equity component</i>		
15 March 2006 issue	72,926	72,926
28 February 2008 issue	52,984	52,984
Less: conversion of 15 March 2006 issue	(40,502)	(40,502)
Less: buy back of 28 February 2008 issue	(24,696)	(10,483)
Transfer to general reserve	(32,424)	-
	<u>28,288</u>	<u>74,925</u>

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Notes to the condensed consolidated interim financial statements

13 Subordinated notes (*continued*)

15 March 2006 issue

During the period, the conversion option for 15 March 2006 issue expired, accordingly, the equity component of AED 32,424 thousand related to this issue was transferred to general reserve.

During the period, the Bank purchased back AED 62,000 thousand (*30 September 2010: AED nil*) of this issue from the market for AED 54,405 thousand (*30 September 2010: AED nil*). As a result, the total outstanding liability components were decreased by AED 60,191 thousand (*30 September 2010: AED nil*). Further, a gain on the extinguishment in the amount of AED 7,022 thousand (*30 September 2010: AED nil*) was recognised in the condensed consolidated income statement.

28 February 2008 issue:

At the option of the holder, the notes may be converted into ordinary shares of the Bank at any time during the period beginning from 28 May 2008 and ending on the date falling 10 trading days prior to the first call date which being 28 February 2013 at the conversion price of AED 17.41 per ordinary share (subsequent to the issue of bonus shares). The Bank has the option to redeem these notes on the first call date being 28 February 2013.

During the period, the Bank purchased back AED 536,500 thousand (*30 September 2010: AED 170,710 thousand*) of this issue from the market for AED 513,390 thousand (*30 September 2010: AED 145,629 thousand*). As a result, the total outstanding liability and equity components were decreased by AED 522,287 thousand (*30 September 2010: AED 166,187 thousand*) and AED 14,213 thousand (*30 September 2010: AED 4,522 thousand*) respectively. Further, a gain on the extinguishment in the amount of AED 24,996 thousand (*30 September 2010: AED 25,514 thousand*) was recognised in the condensed consolidated income statement.

14 Share capital

At the Annual General Meeting held on 13 March 2011, the shareholders of the Bank approved a cash dividend of AED 0.3 per ordinary share (*2010: AED 0.1 per ordinary share*) and an increase in the share capital through a 20% bonus shares issue of 478,340 thousand ordinary shares of AED 1 each (*2010: 10% bonus shares issue of 217,428 thousand ordinary shares of AED 1 each*) amounting to AED 478,340 thousand (*2010: AED 217,428 thousand*). Accordingly, the issued and paid up share capital as at 30 September 2011 is comprised of 2,870,043 thousand ordinary shares of AED 1 each (*31 December 2010: 2,391,703 thousand ordinary shares of AED 1 each*).

The general reserve is available for distribution to the shareholders at the recommendation of the Board of Directors to the shareholders. On 13 March 2011 the AGM approved the transfer of AED 2.3 billion (*31 December 2010: AED 2.1 billion*) to general reserve.

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

15 Government of Abu Dhabi Tier 1 capital notes

Under the Government of Abu Dhabi 2009 Bank capitalisation programme, the Bank issued regulatory tier 1 capital notes (the “Notes”) in the amount of AED 4 billion. The Notes are perpetual, subordinated, unsecured and carry a fixed coupon during the initial period and are paid semi annually in arrears. After the initial period, the Notes attract a coupon rate of 6 month EIBOR plus a fixed margin. The Bank may elect not to pay a coupon at its own discretion. The note holders do not have a right to claim the coupon and an election by the Bank not to service coupon is not considered an event of default.

During the period, the Group elected to service coupon on the Government of Abu Dhabi tier 1 capital notes amounting to AED 240 million (30 Sep 2010: AED 240 million).

16 Share option scheme

As a result of the issue of bonus shares, the conversion price was revised on 13 March 2011 to AED 12.96 per share and communicated to option holders.

17 Fair value reserve

	(Unaudited) 30 Sep ‘11 AED’000	(Unaudited) 30 Sep ‘10 AED’000
<i>Revaluation reserve – non-trading investment</i>		
At 1 January	(414,606)	(845,223)
Net change in fair value	(76,314)	535,658
At 30 September	(490,920)	(309,565)
<i>Hedging reserve – cash flow hedges</i>		
At 1 January	-	-
Net change in fair value	17,595	-
At 30 September	17,595	-
Total at 30 September	(473,325)	(309,565)

18 Commitments and contingencies

The Group, in the ordinary course of business, enters into various types of transactions that involve undertaking certain commitments such as letters of credit, guarantees and un-drawn loan commitments.

Undrawn commitments to extend credit amounted to AED 23,471 million (31 December 2010: AED 24,365 million).

There were no other significant changes in contingent liabilities and commitments during the period.

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

19 Net impairment charge

	(Unaudited) Nine month period ended 30 Sep '11 AED'000	(Unaudited) Nine month period ended 30 Sep '10 AED'000	(Unaudited) Three month period ended 30 Sep '11 AED'000	(Unaudited) Three month period ended 30 Sep '10 AED'000
Collective provision for loans and advances	256,831	112,667	86,621	32,227
Specific provision for loans and advances	907,694	762,769	284,527	351,828
Write back of provisions for loans and advances	(151,756)	(151,507)	(49,342)	(83,273)
Recovery of loan loss provisions	(78,169)	(16,221)	(29,120)	(1,606)
Write-off of impaired loans and advances to consolidated income statement	13,624	3,504	3,694	796
Recovery of loans previously written off	(1,414)	(1,490)	(806)	(440)
Provisions for investment	-	16,253	-	-
Impairment of non financial assets	69,988	57,001	25,000	20,000
	<u>1,016,798</u>	<u>782,976</u>	<u>320,574</u>	<u>319,532</u>

20 Other operating income

	(Unaudited) Nine month period ended 30 Sep '11 AED'000	(Unaudited) Nine month period ended 30 Sep '10 AED'000	(Unaudited) Three month period ended 30 Sep '11 AED'000	(Unaudited) Three month period ended 30 Sep '10 AED'000
Profit on buy back of subordinated debt	32,018	25,514	22,102	8,161
Others	32,975	27,601	2,868	5,215
	<u>64,993</u>	<u>53,115</u>	<u>24,970</u>	<u>13,376</u>

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

21 Earnings per share

Earnings per share is calculated by dividing the net profit after deduction of Tier 1 capital note payment by the weighted average number of ordinary shares in issue during the period as set out below:

	(Unaudited) Nine month period ended 30 Sep '11	(Unaudited) Nine month period ended 30 Sep '10	(Unaudited) Three month period ended 30 Sep '11	(Unaudited) Three month period ended 30 Sep '10
Basic earnings per share:				
Net profit for the period (AED '000)	2,983,687	2,951,399	1,030,847	919,751
Less: Payment on Tier 1 capital note (AED '000)	(240,000)	(240,000)	(120,000)	(120,000)
Net profit after payment of Tier 1 capital note (AED '000)	2,743,687	2,711,399	910,847	799,751
Weighted average number of ordinary shares:				
Ordinary shares as at the beginning of the period ('000s)	2,391,703	2,174,275	2,391,703	2,174,275
Effect of bonus shares issued during 2011 ('000s)	478,340	478,340	478,340	478,340
Effect of bonus shares issued during 2010 ('000s)	-	217,428	-	217,428
Weighted average number of ordinary shares ('000s)	2,870,043	2,870,043	2,870,043	2,870,043
Basic earnings per share (AED)	0.96	0.95	0.32	0.28
Diluted earnings per share:				
Net profit after payment of Tier 1 capital note (AED '000)	2,743,687	2,711,399	910,847	799,751
Add: Interest on subordinated convertible notes (AED '000)	39,342	54,086	14,251	18,527
Net profit for the period for calculating diluted earnings per share (AED '000)	2,783,029	2,765,485	925,098	818,278
Weighted average number of ordinary shares ('000s)	2,870,043	2,870,043	2,870,043	2,870,043
Effect of subordinated convertible note in issue ('000s)	85,392	158,436	85,392	158,436
Weighted average number of ordinary shares in issue for diluted earnings per share ('000s)	2,955,435	3,028,479	2,955,435	3,028,479
Diluted earnings per share (AED)	0.94	0.91	0.31	0.27

National Bank of Abu Dhabi PJSC

Notes to the condensed consolidated interim financial statements

22 Segmental information

	Domestic Banking AED'000	Int'l Banking AED'000	Financial Markets AED'000	Corporate & Investment Banking AED'000	Global Wealth AED'000	Islamic Business AED'000	Head Office AED'000	Total AED'000
<i>As at and for the nine month period ended 30 Sep 2011:</i>								
Operating income	<u>1,385,895</u>	<u>834,716</u>	<u>764,412</u>	<u>2,027,770</u>	<u>180,174</u>	<u>180,428</u>	<u>516,089</u>	<u>5,889,484</u>
Net impairment charge	<u>(180,332)</u>	<u>(63,092)</u>	<u>-</u>	<u>(430,049)</u>	<u>(5,435)</u>	<u>113</u>	<u>(338,003)</u>	<u>(1,016,798)</u>
Profit / (loss) before taxation	<u>649,307</u>	<u>476,925</u>	<u>678,456</u>	<u>1,427,988</u>	<u>44,641</u>	<u>130,381</u>	<u>(340,354)</u>	<u>3,067,344</u>
Overseas taxation	<u>-</u>	<u>(81,119)</u>	<u>-</u>	<u>-</u>	<u>(2,538)</u>	<u>-</u>	<u>-</u>	<u>(83,657)</u>
Net profit / (loss) for the period	<u>649,307</u>	<u>395,806</u>	<u>678,456</u>	<u>1,427,988</u>	<u>42,103</u>	<u>130,381</u>	<u>(340,354)</u>	<u>2,983,687</u>
Segment total assets	<u>39,349,575</u>	<u>45,965,527</u>	<u>76,948,354</u>	<u>104,575,596</u>	<u>7,839,672</u>	<u>9,609,228</u>	<u>49,809,673</u>	<u>334,097,625</u>
Inter segment balances								<u>(92,084,218)</u>
Total assets								<u>242,013,407</u>

Note: Except for the Islamic subsidiary, the collective provision of the Group's United Arab Emirates operation are recognised centrally in the Head office accounts and are not allocated to the business units.

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Notes to the condensed consolidated interim financial statements

22 Segmental information *(continued)*

	Domestic Banking AED'000	Int'l Banking AED'000	Financial Markets AED'000	Corporate & Investment Banking AED'000	Global Wealth AED'000	Islamic Business AED'000	Head Office AED'000	Total AED'000
<i>As at and for the nine month period ended 30 Sep 2010:</i>								
Operating income	1,301,179	696,983	595,822	2,025,959	132,390	114,936	493,713	5,360,982
Net impairment charge	(150,677)	(42,613)	-	(423,468)	(238)	-	(165,980)	(782,976)
Profit / (loss) before taxation	701,197	397,918	517,160	1,452,017	19,008	70,408	(133,818)	3,023,890
Overseas taxation	-	(72,545)	-	-	54	-	-	(72,491)
Net profit / (loss) for the period	701,197	325,373	517,160	1,452,017	19,062	70,408	(133,818)	2,951,399
<i>As at 31 December 2010</i>								
Segment total assets	34,185,356	36,213,902	76,507,849	92,910,356	4,958,051	7,684,765	38,723,929	291,184,208
Inter segment balances								(79,756,938)
Total assets								211,427,270

Note: Except for the Islamic subsidiary, the collective provision of the Group's United Arab Emirates operation are recognised centrally in the Head office accounts and are not allocated to the business units.

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Notes to the condensed consolidated interim financial statements

23 Related parties

Identity of related parties

Related parties comprise major shareholders, directors and key management of the Group and their related concerns. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

Parent and ultimate controlling party

Pursuant to the provisions of Law No. 16 of 2006, Abu Dhabi Investment Council (the "Council") was established which holds 70.48% of the share capital of the Bank.

The ultimate controlling party is the Government of Abu Dhabi.

Terms and conditions

Interest rates earned on loans and advances extended to related parties during the period have ranged from 0.59% to 18.00% per annum (30 September 2010: 1.00% to 18.00% per annum).

Interest rates incurred on customers' deposits placed by related parties during the period have ranged from nil (non-interest bearing accounts) to 4.8% per annum (30 September 2010: nil (non-interest bearing accounts) to 2.00% per annum).

Fees and commissions earned on transactions with related parties during the period have ranged from 0.50% to 1.00% per annum (30 September 2010: 0.50% to 1.00% per annum).

Collaterals against lending to related parties range from being unsecured to fully secure.

Balances

Balances with related parties at the reporting date are shown below:

	Directors and key management 30 Sep '11 AED'000	Major shareholders 30 Sep '11 AED'000	Others 30 Sep '11 AED'000	(Unaudited) Total 30 Sep '11 AED'000	(Audited) Total 31 Dec '10 AED'000
Loans and advances	885,301	1,937,045	47,561,874	50,384,220	39,961,229
Customers' deposits	472,869	109,911	41,389,698	41,972,478	33,274,617
Commitments and contingencies	1,078,987	231,757	46,941,482	48,252,226	55,199,418

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Notes to the condensed consolidated interim financial statements

23 Related parties (*continued*)

Transactions

Transactions carried out during the nine months period with related parties are shown below:

	Directors and key management 30 Sep '11 AED'000	Major shareholders 30 Sep '11 AED'000	Others 30 Sep '11 AED'000	(Unaudited) Total 30 Sep '11 AED'000	(Unaudited) Total 30 Sep '10 AED'000
Fee and commission income	3,847	1,331	5,979	11,157	9,505
Interest income	38,151	30,245	1,084,897	1,153,293	1,177,705
Interest expense	3,218	986	205,382	209,586	165,257

No individual impairment has been recognised against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relations for the nine month period ended 30 September 2011 (*nine month period ended 30 September 2010: AED nil*).

Compensation of key management personal and director's remuneration.

Key management compensation is as shown below:

	(Unaudited) Nine month period ended 30 Sep '11 AED'000	(Unaudited) Nine month period ended 30 Sep '10 AED'000	(Unaudited) Three month period ended 30 Sep '11 AED'000	(Unaudited) Three month period ended 30 Sep '10 AED'000
Short term employment benefits	47,297	35,335	15,765	12,550
Post employment benefits	1,140	930	461	310
Termination benefits	1,134	988	378	376
	49,571	37,253	16,604	13,236
Directors' remuneration	5,450	4,950	-	-

Due to the pervasiveness of the ultimate controlling party and related concerns, it is impractical to fully disclose related party transactions as described by International Accounting Standard 24.

24 Comparative figures

Certain comparative figures have been reclassified and restated, where appropriate, to conform with the presentation and accounting policies adopted in these financial statements.