EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	**Page**

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

The Shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Emirates NBD PJSC ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2012, the condensed consolidated interim statements of comprehensive income (comprising a condensed consolidated income statement and a separate condensed consolidated statement of comprehensive income), changes in equity and cash flows for the nine month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

21 OCT 2012

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012 (UNAUDITED)

ASSETS	Notes	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Cash and deposits with Central Bank	3	29,751,377	21,526,137
Due from banks	4	18,439,572	19,851,579
Loans and receivables	5	184,387,776	176,815,034
Islamic financing receivables	6	28,113,083	26,325,279
Trading securities	7	768,644	588,679
Investment securities	8	17,337,338	15,883,727
Investments in associates and joint ventures		2,047,505	2,041,459
Positive fair value of derivatives		2,289,660	2,398,874
Investment properties		1,137,034	1,130,916
Goodwill and intangibles	10	5,771,018	5,831,018
Customer acceptances		6,346,077	3,777,759
Other assets	11	6,448,035	5,865,935
Property and equipment		2,545,401	2,576,990
TOTAL ASSETS		305,382,520	284,613,386
LIABILITIES			
Due to banks		14,755,407	26,105,233
Customer deposits		174,258,531	154,013,407
Islamic customer deposits		39,895,920	39,300,646
Repurchase agreements with banks		659,332	2,519,660
Debt issued and other borrowed funds	12	21,046,922	15,636,867
Sukuk payable		3,669,194	1,239,181
Negative fair value of derivatives		2,062,897	2,068,771
Customer acceptances		6,346,077	3,777,759
Other liabilities	13	6,788,621	4,970,808
TOTAL LIABILITIES		269,482,901	249,632,332
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	14	4,000,000	4,000,000
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		2,451,405	2,451,405
Other reserves		2,869,533	2,869,533
Fair value reserve		539,446	248,289
Currency translation reserve		1,798	(3,686)
Retained earnings		8,209,564	7,587,509
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	18	35,853,470	34,934,774
Non-controlling interest		46,149	46,280
TOTAL EQUITY		35,899,619	34,981,054
TOTAL LIABILITIES AND EQUITY		305,382,520	284,613,386

The notes set out on pages 8 to 32 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

Director

Director

21 OCT 2012

Chief Executive Officer

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	Notes	Unaudited three months period ended 30 Sept 2012 AED 000	Unaudited three months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Interest income		2,305,964	2,539,155	6,871,095	7,815,657
Interest expense		(751,623)	(751,052)	(2,198,892)	(2,844,255)
Net interest income		**1,554,341**	**1,788,103**	**4,672,203**	**4,971,402**
Income from Islamic financing and investment products		329,266	263,509	985,504	938,224
Distribution to depositors and profit paid to Sukuk holders		(153,414)	(101,795)	(511,820)	(580,834)
Net income from Islamic financing and investment products		**175,852**	**161,714**	**473,684**	**357,390**
Net interest income and income from Islamic financing and investment products net of distribution to depositors		**1,730,193**	**1,949,817**	**5,145,887**	**5,328,792**
Fee and commission income		431,712	449,240	1,401,074	1,320,992
Fee and commission expense		(41,562)	(28,595)	(99,379)	(70,937)
Net fee and commission income		**390,150**	**420,645**	**1,301,695**	**1,250,055**
Net gain on trading securities		30,981	3,525	53,170	12,636
Other operating income	15	369,356	231,247	1,205,103	847,444
Total operating income		**2,520,680**	**2,605,234**	**7,705,855**	**7,438,927**
General and administrative expenses	16	(874,232)	(849,536)	(2,710,344)	(2,482,910)
Net impairment loss on financial assets	17	(1,008,687)	(1,571,395)	(3,064,036)	(3,921,316)
Total operating expenses		**(1,882,919)**	**(2,420,931)**	**(5,774,380)**	**(6,404,226)**
Operating profit		**637,761**	**184,303**	**1,931,475**	**1,034,701**
Amortisation of intangibles		(20,000)	(23,465)	(60,000)	(70,395)
Impairment and share of profit / (loss) of associates & joint ventures		27,413	19,000	72,988	(426,322)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	9	-	-	-	1,812,798
Taxation charge		(5,075)	(5,226)	(15,798)	(19,064)
Group profit for the period		**640,099**	**174,612**	**1,928,665**	**2,331,718**
Attributable to:					
Equity holders of the Group		640,135	174,802	1,928,796	2,331,909
Non-controlling interest		(36)	(190)	(131)	(191)
Group profit for the period		**640,099**	**174,612**	**1,928,665**	**2,331,718**
Earnings per share	20	**0.10**	**0.02**	**0.31**	**0.38**

The notes set out on pages 8 to 32 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	Unaudited three months period ended 30 Sept 2012 AED 000	Unaudited three months period ended 30 Sept 2011 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Group profit for the period	640,099	174,612	1,928,665	2,331,718
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	26,672	153,127	56,668	259,545
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	129,418	(16,186)	561,828	302,978
- Net amount transferred to income statement	(108,589)	(96,068)	(327,339)	(167,059)
Currency translation reserve	8,372	-	5,484	-
Other comprehensive income for the period	55,873	40,873	296,641	395,464
Total comprehensive income for the period	695,972	215,485	2,225,306	2,727,182
Attributable to:				
Equity holders of the Group	696,008	215,675	2,225,437	2,727,373
Non-controlling interest	(36)	(190)	(131)	(191)
Total recognised income for the period	695,972	215,485	2,225,306	2,727,182

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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
OPERATING ACTIVITIES		
Group profit for the period	1,928,665	2,331,718
Adjustment for non cash items		
Impairment loss on loans and receivables	2,261,140	3,392,172
Impairment loss on Islamic financing receivables	694,230	383,159
Impairment loss on investment securities	97,419	122,764
Interest unwind on impaired loans	(63,557)	-
Amortisation of fair value gain	67,539	-
Fair value gain on debt issued and borrowed funds	-	(160,000)
Impairment loss on investment in associates	-	426,000
Amortisation of intangibles	60,000	70,395
Depreciation of property and equipment	221,471	189,073
Fixed assets written-off	-	27,740
Share of (gain)/loss of associates and joint ventures	(72,988)	322
Amortised portion of gain on sale of stake in subsidiary	(21,741)	-
Unrealized gain on investment securities	(73,393)	(43,637)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	-	(1,812,798)
Revaluation of investment properties	20,108	31,500
Operating profit before changes in operating assets and liabilities	**5,118,893**	**4,958,408**
Increase in interest free statutory deposits	(2,298,356)	(819,245)
(Increase)/decrease in certificates of deposit with Central Bank	(7,005,000)	18,550,000
Decrease in amounts due from banks maturing after 3 months	(2,063,587)	(5,305,962)
Increase/(decrease) in amounts due to banks maturing after 3 months	1,134,966	(168,561)
Net change in other liabilities/other assets	1,189,703	(789,815)
Net change in fair value of derivatives	160,008	248,732
Increase/(decrease) in customer deposits	20,840,398	(16,370,846)
Increase in loans and receivables	(9,770,325)	(5,526,732)
(Increase)/decrease in Islamic financing receivables	(2,482,034)	1,675,096
Net cash flows from/(used in) operating activities	**4,824,666**	**(3,548,925)**
INVESTING ACTIVITIES		
(Increase)/decrease in trading and investment securities (net of fair value movements)	(1,419,934)	526,297
Decrease in investments in associates and joint ventures	69,459	13,504
Sale of investment in subsidiary	-	1,551,300
Increase in investment properties (net)	(26,226)	(1,421)
Additions to property and equipment (net)	(189,882)	(221,265)
Net cash flows (used in)/from investing activities	**(1,566,583)**	**1,868,415**

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
FINANCING ACTIVITIES		
Decrease in deposits under repurchase agreements	(1,860,328)	(3,076)
Increase/(decrease) in debt issued and other borrowed funds	5,410,055	(3,140,448)
Increase/(decrease) in Sukuk borrowing	2,430,013	(20,603)
Interest on tier I capital notes	(196,367)	(195,650)
Dividends paid	(1,110,374)	(1,111,555)
Net cash flows from/(used in) financing activities	**4,672,999**	**(4,471,332)**
Increase/(decrease) in cash and cash equivalents (refer Note 23)	**7,931,082**	**(6,151,842)**

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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP											
	Issued capital	Treasury shares	Tier I capital notes	Share premium reserve	Legal and statutory reserve	Other reserves	Fair value reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Group total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	248,289	(3,686)	7,587,509	34,934,774	46,280	34,981,054
Total comprehensive income for the period	-	-	-	-	-	-	291,157	5,484	1,928,796	2,225,437	(131)	2,225,306
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(196,367)	(196,367)	-	(196,367)
Dividends paid	-	-	-	-	-	-	-	-	(1,110,374)	(1,110,374)	-	(1,110,374)
Balance as at 30 September 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	539,446	1,798	8,209,564	35,853,470	46,149	35,899,619
Balance as at 1 January 2011	5,557,775	(46,175)	4,000,000	12,270,124	2,198,205	2,869,533	105,899	-	6,700,409	33,655,770	93,820	33,749,590
Total comprehensive income for the period	-	-	-	-	-	-	395,464	-	2,331,909	2,727,373	(191)	2,727,182
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(195,650)	(195,650)	-	(195,650)
Dividends paid	-	-	-	-	-	-	-	-	(1,111,555)	(1,111,555)	-	(1,111,555)
Balance as at 30 September 2011	5,557,775	(46,175)	4,000,000	12,270,124	2,198,205	2,869,533	501,363	-	7,725,113	35,075,938	93,629	35,169,567

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2012 as this will be effected at the year end.

The notes set out on pages 8 to 32 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

Emirates NBD PJSC (the "Bank") was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Bank was incorporated principally to give effect to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"). The merger became effective from 16 October 2007, while the legal merger was completed on 4 February 2010. Post this date, EBI and NBD ceased to exist.

The condensed consolidated interim financial statements for the period ended 30 September 2012 comprise the Bank and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: "EMIRATESNBD"). The Group's principal business activity is corporate, consumer, treasury, investment banking, Islamic financing and asset management services. The Bank's website is www.emiratesnbd.com.

The registered address of the Bank is Post Box 777, Dubai, United Arab Emirates ("UAE").

The parent company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2011.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the financial statements as at and for the year ended 31 December 2011.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2011.

(a) Estimates

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

(b) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Cash	1,370,820	1,977,954
Interest free statutory and special deposits with Central Bank*	14,931,874	12,633,518
Interest bearing placements with Central Bank	743,683	1,214,665
Interest bearing certificates of deposit with Central Bank	12,705,000	5,700,000
	29,751,377	21,526,137

* The reserve requirements which are kept with the Central Bank of the UAE in AED and US Dollar, are not available for use in the Group's day to day operations and cannot be withdrawn without the Central Bank of the UAE's approval. The level of reserves requires changes every month in accordance with the Central Bank of the UAE's directives as per circular no. 21/99 dated 22/11/1999.

4 DUE FROM BANKS

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Due from local banks	2,731,356	7,037,112
Due from foreign banks	15,708,216	12,814,467
	18,439,572	19,851,579

5 LOANS AND RECEIVABLES

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Overdrafts	78,894,409	70,128,144
Time loans	109,451,494	108,758,368
Loans against trust receipts	3,289,563	2,978,058
Bills discounted	1,909,344	2,180,705
Credit card receivables	3,434,091	3,160,323
Others	600,029	591,882
Gross loans and receivables	197,578,930	187,797,480
Other debt instruments	427,578	501,786
Total loans and receivables	198,006,508	188,299,266
Less: Allowances for impairment	(13,618,732)	(11,484,232)
	184,387,776	176,815,034
Total of impaired loans and receivables	28,145,934	26,800,238

5 LOANS AND RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Agriculture and allied activities	16,129	21,115
Mining and quarrying	237,951	255,212
Manufacturing	6,198,955	6,370,662
Construction	7,209,206	7,267,404
Trade	7,620,354	7,032,929
Transport and communication	4,390,810	4,692,082
Services	17,651,705	15,656,417
Sovereign	71,944,376	60,274,508
Personal - Retail	19,574,926	19,332,707
Personal - Corporate	8,259,276	9,649,070
Real estate	23,517,797	25,368,420
Financial institutions and investment companies	26,138,653	27,103,549
Others	5,246,370	5,275,191
Total loans and receivables	198,006,508	188,299,266
Less: Allowances for impairment	(13,618,732)	(11,484,232)
	184,387,776	176,815,034

5 LOANS AND RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Balance as at 1 January	8,056,792	5,548,939
Allowances for impairment made during the period	2,589,276	2,203,976
Write back made during the period	(223,919)	(218,975)
Amount transferred to Islamic financing	-	(8,393)
Interest unwind on impaired loans	(63,557)	-
Amounts written off during the period	(66,897)	(10,597)
Exchange and other adjustments	3,814	1,362
Balance as at 30 September	10,295,509	7,516,312
Movement in allowances for collective impairment		
Balance as at 1 January	3,427,440	1,950,788
Allowances for impairment made during the period	20,783	1,721,571
Write back made during the period	(125,000)	(314,400)
Balance as at 30 September	3,323,223	3,357,959
Total	13,618,732	10,874,271

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Murabaha	13,951,806	11,645,843
Ijara	9,788,262	9,432,418
Credit card receivables	749,444	739,701
Wakala	4,203,720	4,229,574
Istissna'a	1,071,494	1,087,428
Others	1,353,947	1,390,749
Total Islamic financing receivables	31,118,673	28,525,713
Less: Deferred income	(905,763)	(787,648)
Less: Allowances for impairment	(2,099,827)	(1,412,786)
	28,113,083	26,325,279
Total of impaired Islamic financing receivables	4,758,036	2,913,630

Corporate Ijara assets amounting to AED 3.6 billion were securitised for the purpose of issuance of Sukuk liability.

6 ISLAMIC FINANCING RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Agriculture and allied activities	31,960	457
Manufacturing	377,860	384,066
Construction	647,897	648,618
Trade	1,040,474	1,217,967
Transport and communication	184,340	183,483
Services	2,121,167	1,820,396
Sovereign	253,640	251,173
Personal - Retail	10,382,652	8,546,485
Personal - Corporate	1,619,024	1,866,212
Real estate	7,865,110	8,042,686
Financial institutions and investment companies	6,023,445	5,039,482
Others	571,104	524,688
Total Islamic financing receivables	31,118,673	28,525,713
Less: Deferred income	(905,763)	(787,648)
Less: Allowances for impairment	(2,099,827)	(1,412,786)
	28,113,083	26,325,279

6 ISLAMIC FINANCING RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Balance as at 1 January	1,088,293	580,485
Allowances for impairment made during the period	669,550	304,865
Write back made during the period	(6,854)	(19,039)
Amount transferred from loans and receivables	-	8,393
Amounts written off during the period	(335)	-
Balance as at 30 September	1,750,654	874,704
Movement in allowances for collective impairment		
Balance as at 1 January	324,493	241,848
Allowances for impairment made during the period	24,680	78,294
Balance as at 30 September	349,173	320,142
Total	2,099,827	1,194,846

7 TRADING SECURITIES

30 September 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	103,827	-	-	103,827
Corporate bonds	195,726	-	-	195,726
Equity	72,592	3,273	94,576	170,441
Others	298,650	-	-	298,650
	670,795	3,273	94,576	768,644

7 TRADING SECURITIES (continued)

31 December 2011	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	49,991	-	-	49,991
Corporate bonds	97,576	-	-	97,576
Equity	91,534	-	-	91,534
Others	349,578	-	-	349,578
	588,679	-	-	588,679

Reclassifications out of trading securities

Under IAS 39 as amended, the reclassifications were made with effect from 1 July 2008 at fair value at that date. In addition, some trading securities purchased after 1 July 2008 were subsequently identified for reclassification. The table below sets out the trading securities reclassified to available-for-sale investment securities and their carrying and fair values.

	1 July 2008 AED 000		31 December 2011 AED 000		30 September 2012 AED 000	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Trading securities reclassified to available-for-sale investment securities	993,491	993,491	393,384	393,384	284,183	284,183
	993,491	993,491	393,384	393,384	284,183	284,183

7 TRADING SECURITIES (continued)

The table below sets out the amounts recognised in the income statement and equity in respect of financial assets reclassified out of trading securities into available-for-sale investment securities:

	Income statement AED 000	Equity AED 000
Period before reclassification (30 June 2008)		
Net trading loss	(16,661)	-
	(16,661)	-
Period after reclassification (1 July 2008 – 30 September 2012)		
Interest income	100,143	-
Net change in fair value	-	7,411
	100,143	7,411

The table below sets out the amounts that would have been recognised in the income statement for the period ended 30 September 2012 had the reclassifications not been made:

	Nine months period ended 30 Sept 2012 AED 000
Net trading profit	5,143

8 INVESTMENT SECURITIES

30 September 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	117,128	-	172,223
Corporate bonds	141,825	66,838	-	208,663
	196,920	183,966	-	380,886
AVAILABLE-FOR-SALE:				
Government bonds	682,920	1,465,317	5,369,845	7,518,082
Corporate bonds	4,085,467	567,339	972,415	5,625,221
Equity	497,626	899,157	419,153	1,815,936
Others	233,925	728,264	609,056	1,571,245
	5,499,938	3,660,077	7,370,469	16,530,484
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	75,380	71,036	-	146,416
Others	206,758	2,210	70,584	279,552
	282,138	73,246	70,584	425,968
	5,978,996	3,917,289	7,441,053	17,337,338

8 INVESTMENT SECURITIES (continued)

31 December 2011	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	115,353	-	170,448
Corporate bonds	-	117,665	70,998	188,663
	55,095	233,018	70,998	359,111
AVAILABLE-FOR-SALE:				
Government bonds	1,293,547	1,367,001	867,782	3,528,330
Corporate bonds	5,273,967	1,240,831	1,403,836	7,918,634
Equity	492,315	1,170,547	450,348	2,113,210
Others	240,608	811,945	469,250	1,521,803
	7,300,437	4,590,324	3,191,216	15,081,977
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	85,897	79,010	-	164,907
Others	188,143	2,377	87,212	277,732
	274,040	81,387	87,212	442,639
	7,629,572	4,904,729	3,349,426	15,883,727

Investment securities include investments in real estate funds as follows:

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Designated at fair value through profit or loss	13,145	13,831
Available-for-sale	1,008,697	952,655
	1,021,842	966,486

9 INVESTMENT IN / SALE OF SUBSIDIARIES

(i) ACQUISITION OF DUBAI BANK P.J.S.C

As per the decree issued by the Ruler of Dubai on 11 October 2011, the Group acquired 100% stake in Dubai Bank PJSC ("Dubai Bank"), a provider of Shariah compliant banking services in the UAE.

The fair value of the assets acquired as on 11 October 2011 is given below.

Net assets acquired	Fair Value AED million
Cash and deposits with Central Bank	1,348
Due from banks	1,367
Islamic financing and investment products	8,225
Investment securities	368
Investments in associates	19
Property and equipment	143
Other assets	524
Liabilities	
Customer deposits	(12,505)
Due to banks and other financial institutions	(184)
Other liabilities	(616)
Fair value of the net assets	(1,311)
Fair value of the deposit from Ministry of Finance of the UAE (a)	543
Fair value of the Guarantee from the Government of Dubai (b)	768
	-
Fair value of the consideration	AED 10

9 INVESTMENT IN / SALE OF SUBSIDIARIES (continued)

(i) ACQUISITION OF DUBAI BANK P.J.S.C (continued)

(a) Fair value of the deposit from Ministry of Finance of the UAE

In connection with the transaction, the Group has received a deposit from Ministry of Finance of the UAE amounting to AED 2.8 billion at a discount compared to the market available interest rate. As per the Group policy, the financial liability should be recognised initially at its fair value plus the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Since the above deposit was received at an interest rate which is below the market available interest rate, a fair value gain of AED 543 million was recognised in the 2011 financial statements, which is being amortised over the term of the deposit (8 years) at the effective interest rate.

(b) Fair value of the Guarantee from the Government of Dubai

In connection with the transaction, the Government of Dubai has provided a guarantee for any losses at the date of the acquisition and any future losses relating to the assets and liabilities that existed on the date of acquisition for the next 7 years. An amount of AED 768 million represents the fair value of the Guarantee as at the date of the acquisition (for subsequent movement after the acquisition date, refer note 11).

The fair value of the assets and liabilities was determined by an external expert through an estimate of the future cash flows of these assets and liabilities using market based discount rates.

(ii) TANFEETH

On 7 July 2011, Tanfeeth L.L.C. was incorporated as a fully owned subsidiary of the Group. The primary objective of the entity is to provide a platform to the Group's various back office operations with an objective to enhance the service delivery capability and achieve efficiencies.

(iii) SALE OF PARTIAL STAKE IN SUBSIDIARY

On 31 March 2011, the Group completed the sale of 49% shareholding in Network International L.L.C, a subsidiary of the Group, for a net consideration of AED 1,366 million. The gross assets and liabilities of Network International L.L.C were earlier disclosed as held for sale as at 31 December 2010 under IFRS 5 – Non-current assets held for sale and discontinued operations following the signing of the share purchase agreement with a strategic investor.

The consideration for the sale was part financed in cash and part by a term loan of AED 707 million from the Group to the purchaser. The sale transaction gave rise to a net gain on disposal of AED 957 million.

The term loan of AED 707 million has been discounted at the cost of equity of Emirates NBD group as at 31 December 2010, resulting in an un-amortised gain which is being recognised in the income statement over the tenor of the loan (5 years).

9 INVESTMENT IN / SALE OF SUBSIDIARIES (continued)

(iii) SALE OF PARTIAL STAKE IN SUBSIDIARY (continued)

	AED million
Net consideration received	1,366
Carrying value of share of net assets on date of disposal	(409)
Realised gain on disposal of 49% shareholding in subsidiary	957
Fair value gain on retained interest in joint venture*	856
	1,813

* The fair value of the retained stake of 51% in Network International L.L.C was estimated at AED 1,282 million as of 31 March 2011. The fair value gain on measurement of the retained shareholding was AED 856 million as of that date and the same has been recognised in the income statement in 2011.

Post completion of the sale transaction, Network International L.L.C, is now subject to joint management control as per the terms of the sale agreement.

10 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles			Total
30 September 2012	AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
Cost					
Balance as at 1 January	5,500,845	9,281	157,490	564,760	6,232,376
Amortisation and impairment					
Balance as at 1 January	4,903	9,281	131,174	256,000	401,358
Amortisation for the period	-	-	14,250	45,750	60,000
Balance as at 30 September	4,903	9,281	145,424	301,750	461,358
NET	5,495,942	-	12,066	263,010	5,771,018
31 December 2011					
Cost	5,500,845	9,281	157,490	564,760	6,232,376
Amortisation and impairment	4,903	9,281	131,174	256,000	401,358
NET	5,495,942	-	26,316	308,760	5,831,018

11 OTHER ASSETS

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Accrued interest receivable	1,546,209	1,377,940
Prepayments and other advances	236,968	246,999
Sundry debtors and other receivables	395,537	534,854
Inventory	1,407,698	1,433,417
Fair value of deposit	490,793	542,910
Fair value of guarantee*	822,814	768,114
Others	1,548,016	961,701
	6,448,035	5,865,935

* Fair value of guarantee increased by AED 54.7 million during the period which primarily relates to the increase in impairment provision on the assets that existed at the date of acquisition of Dubai Bank.

12 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Medium term note programme	13,943,583	8,340,640
Syndicated borrowings from banks	5,508,750	5,508,750
Borrowings raised from loan securitisations	1,594,589	1,787,477
	21,046,922	15,636,867

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Balance as at 1 January	15,636,867	19,415,809
New issues	8,241,531	3,799,461
Repayments	(2,867,698)	(7,627,951)
Other movements	36,222	49,548
Balance at end of period	21,046,922	15,636,867

12 DEBT ISSUED AND OTHER BORROWED FUNDS (continued)

The outstanding medium term borrowings totalling AED 21,047 million (2011: AED 15,637 million) will be repaid as follows:

	Unaudited 30 September 2012 AED million	Audited 31 December 2011 AED million
2012	6,671	8,465
2013	3,743	1,972
2014	1,046	231
2015	1,280	880
2016	569	618
2017	3,995	-
2018	2,525	2,564
2020	1,034	907
2022	184	-
	21,047	15,637

13 OTHER LIABILITIES

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Accrued interest payable	1,122,903	739,211
Profit payable to Islamic depositors	316,727	204,572
Managers' cheques	1,366,620	563,569
Trade and other payables	1,496,759	1,044,319
Staff related liabilities	707,153	761,679
Provision for taxation	14,658	8,346
Others	1,763,801	1,649,112
	6,788,621	4,970,808

14 TIER I CAPITAL NOTES

In June 2009, the Group issued regulatory tier I capital notes amounting to AED 4 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate for the first five years and on a floating rate basis thereafter. The Bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and the event will not be considered an event of default. The notes carry no maturity date and have been classified under equity.

15 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Dividend income	80,186	75,871
Gains from sale of available-for-sale investment securities	327,339	167,059
Gain / (loss) from investment securities designated at fair value through profit or loss	4,004	(123,803)
Rental income	36,379	28,921
Realized / revaluation loss on investment properties	(20,108)	(31,221)
Gain on sale of properties	15,658	-
Gain on interest rate instruments	26,738	76,087
Foreign exchange income*	663,704	491,155
Derivative income	100,401	118,589
Other (expense)/income	(29,198)	44,786
	1,205,103	847,444

Other operating income for the current period includes Dubai Bank related income amounting to AED 12.2 million.

* Foreign exchange income comprises of trading and translation gain and gain on dealings with customers.

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Staff cost	1,721,908	1,638,836
Occupancy cost	188,367	199,211
Equipment & supplies	61,780	59,831
Computer running cost	80,007	61,296
Communication cost	83,031	89,497
Service, legal and professional fees	122,262	77,297
Marketing related cost	82,179	59,842
Depreciation	221,471	189,073
Others	149,339	108,027
	2,710,344	2,482,910

General and administrative expenses for the current period include Dubai Bank related costs amounting to AED 224.5 million.

17 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

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

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Net impairment of loans and receivables	(2,261,140)	(3,392,172)
Net impairment of Islamic financing receivables	(687,376)	(364,120)
Net impairment of investment securities	(97,419)	(122,764)
Net impairment of due from banks	(3,256)	(1,377)
Net special asset recoveries	1,614	1,353
Bad debts written off	(16,459)	(42,236)
Net impairment loss for the period	(3,064,036)	(3,921,316)

18 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 25 March 2012, shareholders approved payment of a cash dividend of 20% of the issued and paid up capital and the dividend amount of AED 1,110 million was subsequently paid based on the share register on 4 April 2012.

19 COMMITMENTS AND CONTINGENCIES

At 30 September 2012, the Group's commitments and contingencies are as follows:

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Letters of credit	7,209,941	6,687,697
Guarantees	31,294,085	30,529,720
Liability on risk participations	2,410,095	2,449,906
Irrevocable loan commitments	13,350,776	16,483,259
	54,264,897	56,150,582

20 EARNINGS PER SHARE

The basic earnings per share of AED 0.31 (2011: AED 0.38) is based on the profit, attributable to equity holders, of AED 1,929 million (further adjusted for interest on tier I capital notes amounting to AED 196 million), for the period ended 30 September 2012 (2011: AED 2,332 million, further adjusted for interest on tier I capital notes amounting to AED 196 million), divided by 5,557,774,724 shares outstanding as at the reporting date.

21 OPERATING SEGMENTS

The Group is organised into the following main businesses:

(a) Corporate banking represents structured financing, current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate and commercial customers.

(b) Consumer banking represents retail loans and deposits, private banking, wealth management, asset management, equity broking services and consumer financing.

(c) Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations.

(d) Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries.

(e) Other operations of the Group include investment banking, property management, operations and support functions.

21 OPERATING SEGMENTS (continued)

30 September 2012	Corporate banking	Consumer banking	Treasury	Emirates Islamic Bank	Dubai Bank (a),(b)	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,268,571	2,341,743	(272,166)	551,113	51,669	204,957	5,145,887
Net fee, commission and other income	853,938	938,698	820,144	155,884	35,274	(243,970)	2,559,968
Total operating income	3,122,509	3,280,441	547,978	706,997	86,943	(39,013)	7,705,855
General and administrative expenses	(237,855)	(1,051,664)	(70,785)	(285,090)	(224,453)	(840,497)	(2,710,344)
Net specific impairment loss on financial assets	(2,355,719)	(205,341)	(95,054)	(468,267)	(28,906)	9,714	(3,143,573)
Net collective impairment loss on financial assets	(20,783)	122,517	-	4,611	-	(26,808)	79,537
Amortisation of intangibles	-	-	-	-	-	(60,000)	(60,000)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	2,296	70,692	72,988
Taxation charge	(8,895)	(2,979)	(3,895)	-	-	(29)	(15,798)
Group profit for the year	499,257	2,142,974	378,244	(41,749)	(164,120)	(885,941)	1,928,665
Segment assets	189,553,872	30,172,694	38,807,112	21,767,949	9,822,462	15,258,431	305,382,520
Segment liabilities and equity	84,584,433	91,525,203	59,801,758	24,858,123	8,768,707	35,844,296	305,382,520

(a) Dubai Bank was acquired by the Group in October 2011.

(b) Dubai Bank operating results are net of claims covered by the Government Guarantee (refer note 11).

21 OPERATING SEGMENTS (continued)

30 September 2011	Corporate banking	Consumer banking	Treasury	Emirates Islamic Bank	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,582,308	2,129,236	16,618	490,237	110,393	5,328,792
Net fee, commission and other income	781,527	732,660	466,715	60,908	68,325	2,110,135
Total operating income	3,363,835	2,861,896	483,333	551,145	178,718	7,438,927
General and administrative expenses	(234,942)	(1,070,586)	(55,141)	(309,515)	(812,726)	(2,482,910)
Net specific impairment loss on financial assets	(1,672,842)	(411,479)	(88,304)	(255,016)	(8,210)	(2,435,851)
Net collective impairment loss on financial assets	(1,494,707)	87,536	-	(78,294)	-	(1,485,465)
Amortisation of intangibles	-	-	-	-	(70,395)	(70,395)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	(426,322)	(426,322)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	-	-	-	-	1,812,798	1,812,798
Taxation charge	(4,304)	(8,035)	(1,213)	-	(5,512)	(19,064)
Group profit for the period	(42,960)	1,459,332	338,675	(91,680)	668,351	2,331,718
Segment assets	176,857,416	28,544,744	29,992,274	19,428,005	17,043,709	271,866,148
Segment liabilities and equity	81,435,467	78,754,492	55,265,739	21,240,720	35,169,730	271,866,148

22 RELATED PARTY TRANSACTIONS

Emirates NBD Group is owned by Investment Corporation of Dubai (55.6%), a company in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 10 % (September 2011: 8 %) and 18 % (September 2011: 19 %) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all financial dealings with the Group are on an arms-length basis.

The Group has also entered into transactions with certain other related parties who are non government related entities. Such transactions were also made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party transactions are as follows:

	Unaudited 30 September 2012 AED 000	Audited 31 December 2011 AED 000
Loans and receivables:		
To majority shareholder of the parent	72,198,016	60,517,811
To parent	2,205,522	2,204,220
To directors and related companies	1,963,221	2,363,996
To associates and joint ventures	3,146,497	3,198,998
	79,513,256	68,285,025
Customer and Islamic deposits:		
From majority shareholder of the parent	1,494,069	1,511,583
From parent	3,088,054	1,337,770
From associates and joint ventures	324,433	511,801
	4,906,556	3,361,154
Investment in Government of Dubai bonds	341,275	836,509
Loans to and investment in funds managed by the Group	994,866	1,005,079
Commitments to associates	426,098	452,891
Acceptances to associates	10,071	4,947
Purchase of property from associate	-	1,027,345

22 RELATED PARTY TRANSACTIONS (continued)

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Payments made to associates and joint ventures	171,837	144,199
Fees received in respect of funds managed by the Group	35,236	29,659
Interest paid to funds managed by the Group	9,338	18,069
Interest paid to joint ventures	1,193	1,829
Gain on transfer of shares from joint venture	-	41,043

The total amount of compensation paid to key management personnel of the Group during the period was as follows:

	Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
Key management compensation:		
Short term employee benefits	28,586	53,546
Post employment benefits	645	946

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

No impairment losses have been recorded 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 at the period end.

23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

		Unaudited nine months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2011 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of period	(2,335,214)	(589,330)
	Net cash inflow/(outflow)	7,931,082	(6,151,842)
	Balance at end of period	5,595,868	(6,741,172)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	29,751,377	20,979,027
	Due from banks	18,439,572	14,847,237
	Due to banks	(14,755,407)	(21,532,761)
		33,435,542	14,293,503
	Less : deposits with Central Bank for regulatory purposes	(14,931,874)	(11,541,064)
	Less : certificates of deposit with Central Bank	(12,705,000)	(5,700,000)
	Less : amounts due from banks maturing after three months	(5,045,531)	(5,534,827)
	Add : amounts due to banks maturing after three months	4,842,731	1,741,216
		5,595,868	(6,741,172)

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.