

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EMIRATES INVESTMENT BANK P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Emirates Investment Bank P.J.S.C. (the "Bank") as at 30 September 2013, comprising of the interim condensed statement of financial position as at 30 September 2013 and the related interim condensed statements of income and comprehensive income for the three month and nine month periods then ended, and the related interim condensed statements of cash flows and changes in equity for the nine month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

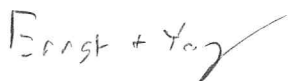
Scope of Review

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, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Ernst & Young



Signed by: 
Anthony O' Sullivan
Partner
Registration No. 687

7 November 2013

Dubai, United Arab Emirates

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED INCOME STATEMENT

30 September 2013 (Unaudited)

	<i>Note</i>	<u>Three months ended</u> <u>30 September</u>		<u>Nine months ended</u> <u>30 September</u>	
		2013 AED'000 Unaudited	2012 AED'000 Unaudited	2013 AED'000 Unaudited	2012 AED'000 Unaudited
Interest income		335	486	983	3,076
Net income from investments		19,370	16,571	85,333	62,498
		<u>19,705</u>	<u>17,057</u>	<u>86,316</u>	<u>65,574</u>
Interest expense		(10,967)	(7,672)	(27,234)	(23,032)
NET INTEREST INCOME AND NET INCOME FROM INVESTMENTS		8,738	9,385	59,082	42,542
Other income		1,815	994	3,779	3,065
Exchange gain, net		326	(57)	585	137
OPERATING INCOME		10,879	10,322	63,446	45,744
General and administrative expenses		(8,683)	(6,877)	(25,996)	(19,486)
Net impairment of investments		2,131	(2,107)	(5,356)	(3,152)
Impairment loss on loans and advances		(1,500)	-	(1,500)	(120)
OPERATING EXPENSES		(8,052)	(8,984)	(32,852)	(22,758)
PROFIT FOR THE PERIOD		2,827	1,338	30,594	22,986
BASIC AND DILUTED EARNINGS PER SHARE	3	4.71	2.23	50.99	38.31

The attached notes 1 to 11 form part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

30 September 2013 (Unaudited)

	<u>Three months ended</u> <u>30 September</u>		<u>Nine months ended</u> <u>30 September</u>	
	2013	2012	2013	2012
	AED'000	AED'000	AED'000	AED'000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	2,827	1,338	30,594	22,986
Other comprehensive income to be reclassified to income statement in subsequent periods				
Net unrealised gain (loss) on available for sale investments	42,548	31,537	(20,717)	72,721
Net realised gain transferred to income statement on disposal of available for sale investments	(1,822)	(2,727)	(32,333)	(19,851)
Net impairment of investments recognised in the income statement	(2,131)	2,107	5,356	3,152
Other comprehensive income (loss) for the period	38,595	30,917	(47,694)	56,022
Total comprehensive income (loss) for the period	41,422	32,255	(17,100)	79,008

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

		30 September 2013	31 December 2012
	<i>Notes</i>	AED'000	AED'000
		Unaudited	Audited
ASSETS			
Cash and balances with UAE Central Bank		38,320	15,716
Due from banks	4	187,960	60,843
Loans and advances, net		53,371	18,658
Investments	5	2,387,627	1,711,891
Investment in an associate		72	72
Property and equipment		5,034	1,464
Other assets		37,998	19,816
TOTAL ASSETS		2,710,382	1,828,460
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	6	844,876	698,569
Customer deposits		1,570,491	803,240
Other liabilities		26,190	35,226
TOTAL LIABILITIES		2,441,557	1,537,035
EQUITY			
Share capital		60,000	55,000
Legal reserve		27,330	27,330
Special reserve		20,738	20,738
Cumulative changes in fair values		33,203	80,897
Retained earnings		127,554	107,460
TOTAL EQUITY		268,825	291,425
TOTAL LIABILITIES AND EQUITY		2,710,382	1,828,460

The interim condensed financial statements were approved by the Board of Directors on 7th November 2013 and signed on its behalf by:


Khaled Sifri
(Chief Executive Officer)

The attached notes 1 to 11 form part of these interim condensed financial statements.

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

30 September 2013

		<i>Nine months ended 30 September</i>	
		<i>2013</i>	<i>2012</i>
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>
		<i>Unaudited</i>	<i>Unaudited</i>
OPERATING ACTIVITIES			
Profit for the period		30,594	22,986
Adjustments for:			
Depreciation		808	712
Gain on sale of property and equipment		(31)	-
Impairment loss on investments		5,356	3,152
Impairment loss on loans and advances		1,500	120
Change in due to banks with original maturities of over three months		177,957	285,444
Change in loans and advances (net)		(36,213)	2,028
Change in investments (net)		(728,786)	(469,028)
Change in other assets		(18,182)	(6,763)
Change in customers' deposits		767,251	(135,667)
Change in other liabilities		(9,036)	(2,078)
Net cash from (used in) operating activities		191,218	(299,094)
INVESTING ACTIVITIES			
Purchase of property and equipment		(4,378)	(468)
Investment in an associate		-	(72)
Proceeds from sale of property and equipment		31	-
Net cash used in investing activities		(4,347)	(540)
FINANCING ACTIVITIES			
Dividends paid	7	(5,500)	(4,944)
Net cash used in financing activities		(5,500)	(4,944)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		181,371	(304,578)
Cash and cash equivalents at 1 January		(236,283)	(69,463)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		(54,912)	(374,041)
Cash and cash equivalents comprise the following amounts included in the interim condensed statement of financial position with original maturities of three months or less:			
Cash and balances with UAE Central Bank		38,320	16,322
Due from banks		148,960	15,590
Due to banks		(242,192)	(405,953)
		(54,912)	(374,041)
Operational cash flows from interest and dividend			
Interest paid		20,957	28,194
Interest received (including from investments)		30,070	24,910
Dividend received		14,281	10,287

The attached notes 1 to 11 form part of these interim condensed financial statements.

Emirates Investment Bank P.J.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

30 September 2013

	Share capital AED '000 Unaudited	Legal reserve AED '000 Unaudited	Special reserve AED '000 Unaudited	Cumulative changes in fair value AED '000 Unaudited	Retained earnings AED '000 Unaudited	Total AED '000 Unaudited
At 1 January 2013	55,000	27,330	20,738	80,897	107,460	291,425
Profit for the period	-	-	-	-	30,594	30,594
Other comprehensive income (loss) for the period	-	-	-	(47,694)	-	(47,694)
Total comprehensive income (loss) for the period	-	-	-	(47,694)	30,594	(17,100)
Cash dividends paid (note 7)	-	-	-	-	(5,500)	(5,500)
Scrip dividends paid (note 7)	5,000	-	-	-	(5,000)	-
At 30 September 2013	60,000	27,330	20,738	33,203	127,554	268,825
At 1 January 2012	49,432	24,697	18,105	11,987	96,912	201,133
Profit for the period	-	-	-	-	22,986	22,986
Other comprehensive income for the period	-	-	-	56,022	-	56,022
Total comprehensive income for the period	-	-	-	56,022	22,986	79,008
Cash dividends paid (note 7)	-	-	-	-	(4,944)	(4,944)
Scrip dividends paid (note 7)	5,568	-	-	-	(5,568)	-
At 30 September 2012	55,000	24,697	18,105	68,009	109,386	275,197

The attached notes 1 to 11 form part of these interim condensed financial statements.

1 INCORPORATION AND ACTIVITIES

Emirates Investment Bank P.J.S.C. (the "Bank") was incorporated on 17 February 1976 in Dubai, United Arab Emirates by a decree of HH The Ruler of Dubai. In 1999, the Bank was registered under the UAE Commercial Companies Law No. (8) of 1984 (as amended) as a Public Joint Stock Company. The Bank is engaged in the business of private banking, investment banking and investment portfolio management. The address of the Bank's registered office is P. O. Box 5503, Dubai, United Arab Emirates.

The Bank is a subsidiary of Al Futtaim Private Company LLC which holds 52.35% of the shares in the Bank.

2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Bank are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2012. In addition, results for the nine months ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Bank applies, for the first time, certain standards and amendments. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 Disclosure of Interest in Other Entities would result in additional disclosures in the annual financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual financial statements of the Bank or the interim condensed financial statements of the Bank.

The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of other comprehensive income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Bank's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of interim condensed financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

2 ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments (continued)

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)

The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed financial statements of the Bank, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The Bank provides this disclosure as total segment assets were reported to the chief executive officer. As a result of this amendment, the Bank now also includes disclosure of total segment liabilities as these are reported to the chief executive officer. See Note 8.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In case of the Bank, the transition to IAS 19R did not have impact on the employees' end of service benefits obligations as the net impact of discount rates and future increases in benefits is not likely to be material.

IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Bank is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Bank.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The application of this new standard did not impact the financial position of the Bank.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard did not impact the financial position of the Bank.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

2 ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments (continued)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Bank has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Bank.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments, thereby affecting the interim condensed financial statements for the period. The Bank provides these disclosures in Note 5.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Bank is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Bank. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Bank has not early adopted the new accounting standards or interpretations that have been issued but are not yet effective.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit of AED 30,594 thousand for the nine months period ended 30 September 2013 (30 September 2012: AED 22,986 thousand) by the weighted average number of shares outstanding during the period of 600,000 of AED 100 each (30 September 2012: 600,000 of shares of AED 100 each).

The weighted average number of shares includes the impact of scrip dividend whereby the shares were issued during the period ended 30 June 2013.

The figures for basic and diluted earnings per share are the same as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

4 DUE FROM BANKS

	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
Domestic	56,330	39,795
Regional	4,243	1,369
International	127,387	19,679
	<u>187,960</u>	<u>60,843</u>

Included in due from banks is a term deposit of AED 39,000 thousand (2012: AED 39,000 thousand) with a counter party in the UAE. This deposit is under lien to the extent of AED 39,000 thousand (2012: AED 39,000 thousand) against facilities granted by the counter party to the Bank. Facilities availed by the Bank during the period is nil (2012: AED 6,495 thousand).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

5 INVESTMENTS

	30 September 2013 AED'000 Unaudited	31 December 2012 AED'000 Audited
<i>Available for sale investments</i>		
<i>Equity investments:</i>		
Quoted	769,555	473,231
Unquoted	20,224	27,985
	789,779	501,216
<i>Debt investments:</i>		
Quoted	1,486,234	1,129,187
Unquoted	86,714	46,520
	1,572,948	1,175,707
Total available for sale investments	2,362,727	1,676,923
Investment in bullion	24,900	34,968
Total investments	2,387,627	1,711,891
	30 September 2013 AED'000 Unaudited	31 December 2012 AED'000 Audited
Equity investments:		
Domestic	156,381	120,674
Regional	39,328	22,022
International	594,070	358,520
	789,779	501,216
Debt investments:		
Domestic	1,282,023	1,059,984
Regional	32,418	18,618
International	258,507	97,105
	1,572,948	1,175,707
Investment in bullion	24,900	34,968
	2,387,627	1,711,891

Part of the proprietary investment portfolio of the Bank having a carrying value of AED 1,167 million (2012: AED 922 million) is pledged with banks against credit facilities and repurchase agreements totaling AED 805 million (2012: AED 652 million).

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

5 INVESTMENTS (continued)

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 September 2013, the Bank held the following investments measured as follows:

	30 September 2013 AED'000 Unaudited	Investments carried at fair value			Investments carried at cost less impairment AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
Equity investments:					
Domestic	156,381	129,970	19,313	7,098	-
Regional	39,328	35,705	3,623	-	-
International	594,070	469,470	123,907	-	693
Debt investments:					
Domestic	1,282,023	1,195,309	-	-	86,714
Regional	32,418	32,418	-	-	-
International	258,507	258,507	-	-	-
Investment in bullion	24,900	-	-	-	24,900
	<u>2,387,627</u>	<u>2,121,379</u>	<u>146,843</u>	<u>7,098</u>	<u>112,307</u>

As at 31 December 2012, the Bank held the following investments measured as follows:

	31 December 2012 AED'000 Audited	Investments carried at fair value			Investments carried at cost less impairment AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
Equity investments:					
Domestic	120,674	43,621	69,822	7,231	-
Regional	22,022	18,886	3,136	-	-
International	358,520	336,600	21,218	-	702
Debt investments:					
Domestic	1,059,984	1,013,464	-	-	46,520
Regional	18,618	18,618	-	-	-
International	97,105	97,105	-	-	-
Investment in bullion	34,968	-	-	-	34,968
	<u>1,711,891</u>	<u>1,528,294</u>	<u>94,176</u>	<u>7,231</u>	<u>82,190</u>

During the current period, investments amounting to AED 41,735 thousand (2012: AED 4,325 thousand) were transferred from Level 2 to Level 1 fair value measurement. There are no other transfers into and out of level 3 and investments carried at cost category as at 30 September 2013.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

5 INVESTMENTS (continued)

The transfers from Level 2 to Level 1 were made as the market in respect of these securities was considered to be active again during the period. The following table shows a reconciliation of the opening and closing amounts of level 3 investments recorded at fair value:

	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
At 1 January	7,231	7,004
Net unrealised (loss) gain recorded in equity	(133)	227
	<u>7,098</u>	<u>7,231</u>

6 DUE TO BANKS

	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
Term placement	697,779	557,552
Overdraft facility	28,979	6,495
Repurchase agreements	118,118	134,522
	<u>844,876</u>	<u>698,569</u>

7 DIVIDENDS

On 25 March 2013, the shareholders have approved in the annual general meeting a cash dividend of 10% amounting to AED 5,500 thousand and a scrip dividend of 9.091% amounting to AED 5,000 thousand (2012: a cash dividend of 10% amounting to AED 4,944 thousand and a scrip dividend of 11.26% amounting to AED 5,568). The cash dividends and script dividends were issued on 1 April 2013.

8 SEGMENTAL INFORMATION

For operating purposes, the Bank is organised into two major business segments: (a) Proprietary investments which is principally involved in managing the Bank's own investment portfolio and provides treasury services; and (b) Investment and Private Banking Services, which principally manages client's investment portfolio, provides credit facilities, accepts deposit from corporate and individual customers and provides advisory services on corporate finance and capital market transactions. These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds and an equitable allocation of expenses.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

8 SEGMENTAL INFORMATION (continued)

	<i>Investments</i>		<i>Banking Services</i>		<i>Total</i>	
	<i>30 September 2013 AED'000 Unaudited</i>	<i>30 September 2012 AED'000 Unaudited</i>	<i>30 September 2013 AED'000 Unaudited</i>	<i>30 September 2012 AED'000 Unaudited</i>	<i>30 September 2013 AED'000 Unaudited</i>	<i>30 September 2012 AED'000 Unaudited</i>
Revenue *	79,945	60,184	3,879	5,320	83,824	65,504
Inter-segment adjustment	(20,869)	(18,870)	20,869	18,870	-	-
	<u>59,076</u>	<u>41,314</u>	<u>24,748</u>	<u>24,190</u>	<u>83,824</u>	<u>65,504</u>
Profit (loss) for the period	<u>29,910</u>	<u>24,076</u>	<u>684</u>	<u>(1,090)</u>	<u>30,594</u>	<u>22,986</u>

* Revenue comprises of interest income, net income from investments, other income and exchange (loss) gain less impairment loss on investments and impairment loss on loans and advances.

	<i>Investments</i>		<i>Banking Services</i>		<i>Total</i>	
	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 Dec 2012 AED'000 Audited</i>	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 Dec 2012 AED'000 Audited</i>	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 Dec 2012 AED'000 Audited</i>
Segment assets	2,598,306	1,786,596	112,076	41,864	2,710,382	1,828,460
Segment liabilities and equity	<u>953,079</u>	<u>861,615</u>	<u>1,757,303</u>	<u>966,845</u>	<u>2,710,382</u>	<u>1,828,460</u>

9 CONTINGENT LIABILITIES AND COMMITMENTS

The Bank has the following credit related contingent liabilities and commitments:

	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
Guarantees	<u>72,195</u>	<u>82,963</u>

Operating lease commitments:

	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
Future minimum lease payments		
Within one year	1,404	1,577
After one year but not more than five years	<u>5,833</u>	<u>7,298</u>
Total operating lease expenditure contracted for at the end of the reporting period	<u>7,237</u>	<u>8,875</u>
Nominal value of derivative – Credit default swaps	<u>36,730</u>	<u>36,730</u>

The Bank has no commitments on account of investments made in securities and limited partnership funds.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

10 RELATED PARTY TRANSACTIONS

The Bank enters into transactions in the ordinary course of business with related parties, defined as major shareholders, directors, key management personnel and their related companies. All loans and advances to related parties are performing advances and are free of any provision for possible loan losses.

The significant balances outstanding in respect of related parties included in the interim condensed financial statements are as follows:

<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
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Directors, their related parties and key management personnel:

Investments	<u>60,350</u>	<u>46,520</u>
Customers' deposits	<u>1,023,755</u>	<u>496,832</u>
Commitments and contingencies	<u>68,810</u>	<u>77,664</u>

The income and expenses in respect of related parties included in the interim condensed financial statements are as follows:

<i>Nine months ended 30 September 2013 AED'000 Unaudited</i>	<i>2012 AED'000 Unaudited</i>
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Directors, their related parties and key management personnel:

Interest income	<u>1,278</u>	<u>1,455</u>
Interest expense	<u>13,447</u>	<u>9,768</u>
Other income	<u>1,242</u>	<u>1,554</u>
General and administration expenses	<u>2,025</u>	<u>1,597</u>

Compensation of key management personnel:

<i>Nine months ended 30 September 2013 AED'000 Unaudited</i>	<i>2012 AED'000 Unaudited</i>
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Salaries and other benefits	<u>4,884</u>	<u>3,447</u>
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

11 FIDUCIARY ASSETS

	<i>30 September 2013 AED'000 Unaudited</i>	<i>31 December 2012 AED'000 Audited</i>
Balance of fiduciary assets	<u>1,112,596</u>	<u>668,826</u>

The Bank manages investments on behalf of its customers. These investments are held by the Bank in a fiduciary capacity and are, accordingly, not included in these financial statements as assets of the Bank.