EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	**Page**

P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

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

The Shareholders
Emirates NBD PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emirates NBD PJSC ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2012, the condensed statements of comprehensive income (comprising a condensed income statement and a separate condensed statement of comprehensive income), changes in equity and cash flows for the six month period then ended, and notes to 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 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 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

22 JUL 2012

بنك الإمارات دبي الوطني
Emirates NBD

EMIRATES NBD PJSC

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

ASSETS	Notes	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Cash and deposits with Central Bank	3	27,449,706	21,526,137
Due from banks	4	21,358,605	19,851,579
Loans and receivables	5	180,489,375	176,815,034
Islamic financing receivables	6	27,664,970	26,325,279
Trading securities	7	1,222,546	588,679
Investment securities	8	14,352,705	15,883,727
Investments in associates and joint ventures		2,024,273	2,041,459
Positive fair value of derivatives		2,218,086	2,398,874
Investment properties		1,139,715	1,130,916
Goodwill and intangibles	10	5,791,018	5,831,018
Customer acceptances		5,877,633	3,777,759
Other assets	11	6,250,278	5,865,935
Property and equipment		2,557,940	2,576,990
TOTAL ASSETS		298,396,850	284,613,386
LIABILITIES			
Due to banks		18,290,661	26,105,233
Customer deposits		167,080,495	154,013,407
Islamic customer deposits		41,336,193	39,300,646
Repurchase agreements with banks		1,282,380	2,519,660
Debt issued and other borrowed funds	12	20,155,808	15,636,867
Sukuk payable		1,836,500	1,239,181
Negative fair value of derivatives		2,021,457	2,068,771
Customer acceptances		5,877,633	3,777,759
Other liabilities	13	5,246,142	4,970,808
TOTAL LIABILITIES		263,127,269	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		491,945	248,289
Currency translation reserve		(6,574)	(3,686)
Retained earnings		7,635,363	7,587,509
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	18	35,223,396	34,934,774
Non-controlling interest		46,185	46,280
TOTAL EQUITY		35,269,581	34,981,054
TOTAL LIABILITIES AND EQUITY		298,396,850	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

22 JUL 2012

Director

Chief Executive Officer

EMIRATES NBD PJSC

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

	Notes	Unaudited three months period ended 30 June 2012 AED 000	Unaudited three months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Interest income		2,214,570	2,567,112	4,565,131	5,276,502
Interest expense		(693,431)	(956,213)	(1,447,269)	(2,093,203)
Net interest income		**1,521,139**	**1,610,899**	**3,117,862**	**3,183,299**
Income from Islamic financing and investment products		283,180	322,688	656,238	674,715
Distribution to depositors and profit paid to Sukuk holders		(165,182)	(202,966)	(358,406)	(479,039)
Net income from Islamic financing and investment products		**117,998**	**119,722**	**297,832**	**195,676**
Net interest income and income from Islamic financing and investment products net of distribution to depositors		**1,639,137**	**1,730,621**	**3,415,694**	**3,378,975**
Fee and commission income		532,768	438,909	969,362	871,752
Fee and commission expense		(19,698)	(29,356)	(57,817)	(42,342)
Net fee and commission income		**513,070**	**409,553**	**911,545**	**829,410**
Net (loss)/gain on trading securities		(15,951)	(1,212)	22,189	9,111
Other operating income	15	362,778	434,690	835,747	616,197
Total operating income		**2,499,034**	**2,573,652**	**5,185,175**	**4,833,693**
General and administrative expenses	16	(893,873)	(825,471)	(1,836,112)	(1,633,374)
Net impairment loss on financial assets	17	(954,532)	(980,944)	(2,055,349)	(2,349,921)
Total operating expenses		**(1,848,405)**	**(1,806,415)**	**(3,891,461)**	**(3,983,295)**
Operating profit		**650,629**	**767,237**	**1,293,714**	**850,398**
Amortisation of intangibles		(19,535)	(23,465)	(40,000)	(46,930)
Impairment and share of profit / (loss) of associates & joint ventures		21,417	31,975	45,575	(445,322)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	9	-	(22,180)	-	1,812,798
Taxation charge		(5,091)	(9,086)	(10,723)	(13,838)
Group profit for the period		**647,420**	**744,481**	**1,288,566**	**2,157,106**
Attributable to:					
Equity holders of the Group		647,548	744,470	1,288,661	2,157,107
Non-controlling interest		(128)	11	(95)	(1)
Group profit for the period		**647,420**	**744,481**	**1,288,566**	**2,157,106**
Earnings per share	20	**0.10**	**0.12**	**0.21**	**0.36**

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 SIX MONTHS PERIOD ENDED 30 JUNE 2012 (UNAUDITED)

	Unaudited three months period ended 30 June 2012 AED 000	Unaudited three months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Group profit for the period	647,420	744,481	1,288,566	2,157,106
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	9,574	232,619	29,996	106,418
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	161,377	172,060	432,410	319,164
- Net amount transferred to income statement	(123,294)	(51,354)	(218,750)	(70,991)
Currency translation reserve	(4,292)	-	(2,888)	-
Other comprehensive income for the period	43,365	353,325	240,768	354,591
Total comprehensive income for the period	690,785	1,097,806	1,529,334	2,511,697
Attributable to:				
Equity holders of the Group	690,913	1,097,795	1,529,429	2,511,698
Non-controlling interest	(128)	11	(95)	(1)
Total recognised income for the period	690,785	1,097,806	1,529,334	2,511,697

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 CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2012 (UNAUDITED)

	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
OPERATING ACTIVITIES		
Group profit for the period	1,288,566	2,157,106
Adjustment for non cash items		
Impairment loss on loans and receivables	1,453,186	2,096,351
Impairment loss on Islamic financing receivables	529,434	144,501
Impairment loss on investment securities	67,238	95,722
Interest unwind on impaired loans	(40,691)	-
Amortisation of fair value gain	48,103	
Fair value gain on debt issued and borrowed funds	-	(160,000)
Impairment loss on investment in associates	-	426,000
Amortisation of intangibles	40,000	46,930
Depreciation of property and equipment	148,930	124,975
Fixed assets written-off	-	20,863
Share of (gain)/loss of associates and joint ventures	(45,575)	19,321
Amortised portion of gain on sale of stake in subsidiary	(14,494)	-
Unrealized gain on investment securities	(65,119)	(36,579)
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	12,937	21,000
Operating profit before changes in operating assets and liabilities	3,422,515	3,143,392
Increase in interest free statutory deposits	(1,702,960)	(4,810,115)
(Increase)/decrease in certificates of deposit with Central Bank	(5,205,000)	6,500,000
Increase in amounts due from banks maturing after 3 months	(1,333,457)	(5,233,837)
Decrease in amounts due to banks maturing after 3 months	(226,683)	(1,285,131)
Net change in other liabilities/other assets	(81,655)	(719,010)
Net change in fair value of derivatives	163,470	71,658
Increase in customer deposits	15,102,635	541,480
Increase in loans and receivables	(5,086,837)	(6,808)
(Increase)/decrease in Islamic financing receivables	(1,869,125)	1,703,901
Net cash flows from/(used in) operating activities	3,182,903	(94,470)
INVESTING ACTIVITIES		
Decrease/(increase) in trading and investment securities (net of fair value movements)	1,099,349	(1,145,827)
Decrease in investments in associates and joint ventures	8,259	13,504
Sale of investment in subsidiary	-	1,551,300
Increase in investment properties (net)	(21,736)	(5,423)
Additions to property and equipment (net)	(129,880)	(148,111)
Net cash flows from investing activities	955,992	265,443

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

	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
FINANCING ACTIVITIES		
Decrease in deposits under repurchase agreements	(1,237,280)	(32,944)
Increase/(decrease) in debt issued and other borrowed funds	4,518,941	(2,859,332)
Increase in Sukuk borrowing	597,319	-
Interest on tier I capital notes	(130,433)	(129,717)
Dividends paid	(1,110,374)	(1,111,555)
Net cash flows from/(used in) financing activities	2,638,173	(4,133,548)
Increase in cash and cash equivalents (refer Note 23)	6,777,068	(3,962,575)

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 CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	243,656	(2,888)	1,288,661	1,529,429	(95)	1,529,334
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(130,433)	(130,433)	-	(130,433)
Dividends paid	-	-	-	-	-	-	-	-	(1,110,374)	(1,110,374)	-	(1,110,374)
Balance as at 30 June 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	491,945	(6,574)	7,635,363	35,223,396	46,185	35,269,581
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	-	-	-	-	-	-	354,591	-	2,157,107	2,511,698	(1)	2,511,697
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(129,717)	(129,717)	-	(129,717)
Dividends paid	-	-	-	-	-	-	-	-	(1,111,555)	(1,111,555)	-	(1,111,555)
Balance as at 30 June 2011	5,557,775	(46,175)	4,000,000	12,270,124	2,198,205	2,869,533	460,490	-	7,616,244	34,926,196	93,819	35,020,015

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 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 June 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 June 2012 AED 000	Audited 31 December 2011 AED 000
Cash	1,386,263	1,977,954
Interest free statutory and special deposits with Central Bank*	14,336,478	12,633,518
Interest bearing placements with Central Bank	821,965	1,214,665
Interest bearing certificates of deposit with Central Bank	10,905,000	5,700,000
	27,449,706	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 June 2012 AED 000	Audited 31 December 2011 AED 000
Due from local banks	5,052,748	7,037,112
Due from foreign banks	16,305,857	12,814,467
	21,358,605	19,851,579

5 LOANS AND RECEIVABLES

	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Overdrafts	73,549,560	70,128,144
Time loans	110,372,495	108,758,368
Loans against trust receipts	3,364,088	2,978,058
Bills discounted	1,684,562	2,180,705
Credit card receivables	3,324,526	3,160,323
Others	600,810	591,882
Gross loans and receivables	192,896,041	187,797,480
Other debt instruments	426,026	501,786
Total loans and receivables	193,322,067	188,299,266
Less: Allowances for impairment	(12,832,692)	(11,484,232)
	180,489,375	176,815,034
Total of impaired loans and receivables	27,441,601	26,800,238

5 LOANS AND RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Agriculture and allied activities	16,785	21,115
Mining and quarrying	226,897	255,212
Manufacturing	6,659,547	6,370,662
Construction	8,085,465	7,267,404
Trade	7,450,961	7,032,929
Transport and communication	4,185,197	4,692,082
Services	17,972,184	15,656,417
Sovereign	65,843,448	60,274,508
Personal - Retail	19,604,826	19,332,707
Personal - Corporate	8,522,247	9,649,070
Real estate	23,471,682	25,276,127
Financial institutions and investment companies	25,935,961	27,103,549
Others	5,346,867	5,367,484
Total loans and receivables	193,322,067	188,299,266
Less: Allowances for impairment	(12,832,692)	(11,484,232)
	180,489,375	176,815,034

5 LOANS AND RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Balance as at 1 January	8,056,792	5,548,939
Allowances for impairment made during the period	1,702,355	701,401
Write back made during the period	(144,590)	(196,883)
Amount transferred to Islamic financing	-	(8,393)
Interest unwind on impaired loans	(40,691)	-
Amounts written off during the period	(63,571)	(3,598)
Exchange and other adjustments	(464)	7,978
Balance as at 30 June	9,509,831	6,049,444
Movement in allowances for collective impairment		
Balance as at 1 January	3,427,440	1,950,788
Allowances for impairment made during the period	20,421	1,639,833
Write back made during the period	(125,000)	(48,000)
Balance as at 30 June	3,322,861	3,542,621
Total	12,832,692	9,592,065

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Murabaha	13,617,121	11,645,843
Ijara	9,416,678	9,432,418
Credit card receivables	741,630	739,701
Wakala	4,263,361	4,229,574
Istissna'a	1,105,106	1,087,428
Others	1,314,373	1,390,749
Total Islamic financing receivables	30,458,269	28,525,713
Less: Deferred income	(852,949)	(787,648)
Less: Allowances for impairment	(1,940,350)	(1,412,786)
	27,664,970	26,325,279
Total of impaired Islamic financing receivables	4,543,058	2,913,630

6 ISLAMIC FINANCING RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Agriculture and allied activities	35,599	457
Manufacturing	306,587	384,066
Construction	627,556	648,618
Trade	1,325,114	1,217,967
Transport and communication	205,795	183,483
Services	1,992,367	1,820,396
Sovereign	260,635	251,173
Personal - Retail	9,506,372	8,546,485
Personal - Corporate	1,793,613	1,866,212
Real estate	7,954,248	8,042,686
Financial institutions and investment companies	5,935,708	5,039,482
Others	514,675	524,688
Total Islamic financing receivables	30,458,269	28,525,713
Less: Deferred income	(852,949)	(787,648)
Less: Allowances for impairment	(1,940,350)	(1,412,786)
	27,664,970	26,325,279

6 ISLAMIC FINANCING RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Balance as at 1 January	1,088,293	580,485
Allowances for impairment made during the period	526,348	127,216
Write back made during the period	(1,406)	(17,741)
Amount transferred from loans and receivables	-	8,393
Amounts written off during the period	(464)	-
Balance as at 30 June	1,612,771	698,353
Movement in allowances for collective impairment		
Balance as at 1 January	324,493	241,848
Allowances for impairment made during the period	3,086	17,285
Balance as at 30 June	327,579	259,133
Total	1,940,350	957,486

7 TRADING SECURITIES

30 June 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	205,862	60,925	-	266,787
Corporate bonds	396,445	71,668	94,262	562,375
Equity	19,899	2,172	15,132	37,203
Others	356,181	-	-	356,181
	978,387	134,765	109,394	1,222,546

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 June 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	282,204	282,204
	993,491	993,491	393,384	393,384	282,204	282,204

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 June 2012)		
Interest income	98,431	-
Net change in fair value	-	5,433
	98,431	5,433

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

	Six months period ended 30 June 2012 AED 000
Net trading profit	3,431

8 INVESTMENT SECURITIES

30 June 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	105,095	116,963	-	222,058
Corporate bonds	91,825	115,765	36,707	244,297
	196,920	232,728	36,707	466,355
AVAILABLE-FOR-SALE:				
Government bonds	947,333	900,769	490,496	2,338,598
Corporate bonds	5,042,448	1,315,558	1,302,204	7,660,210
Equity	488,220	889,583	396,928	1,774,731
Others	245,473	734,791	701,737	1,682,001
	6,723,474	3,840,701	2,891,365	13,455,540
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	75,119	79,916	-	155,035
Others	191,957	2,351	81,467	275,775
	267,076	82,267	81,467	430,810
	7,187,470	4,155,696	3,009,539	14,352,705

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 June 2012 AED 000	Audited 31 December 2011 AED 000
Designated at fair value through profit or loss	13,046	13,831
Available-for-sale	929,276	952,655
	942,322	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

* Realised gain on disposal of AED 957 million is net of the AED 22 million adjustment considered in the income statement as of June 2011.

The fair value of the retained stake of 51% in Network International LLC 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, which has been recognised in the income statement.

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 June 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	-		9,500	30,500	40,000
Balance as at 30 June	4,903	9,281	140,674	286,500	441,358
NET	5,495,942	-	16,816	278,260	5,791,018
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 June 2012 AED 000	Audited 31 December 2011 AED 000
Accrued interest receivable	1,359,326	1,377,940
Prepayments and other advances	246,281	246,999
Sundry debtors and other receivables	362,655	534,854
Inventory	1,430,458	1,433,417
Fair value of deposit	505,007	542,910
Fair value of guarantee*	805,033	768,114
Others	1,541,518	961,701
	6,250,278	5,865,935

* Fair value of guarantee increased by AED 36.9 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 June 2012 AED 000	Audited 31 December 2011 AED 000
Medium term note programme	12,994,178	8,340,640
Syndicated borrowings from banks	5,508,750	5,508,750
Borrowings raised from loan securitisations	1,652,880	1,787,477
	20,155,808	15,636,867

	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Balance as at 1 January	15,636,867	19,415,809
New issues	6,991,435	3,799,461
Repayments	(2,440,709)	(7,627,951)
Other movements	(31,785)	49,548
Balance at end of period	20,155,808	15,636,867

12 DEBT ISSUED AND OTHER BORROWED FUNDS (continued)

The outstanding medium term borrowings totalling AED 20,156 million (2011: AED 15,637 million) will be repaid as follows:

	Unaudited 30 June 2012 AED million	Audited 31 December 2011 AED million
2012	7,067	8,465
2013	2,457	1,972
2014	1,027	231
2015	1,361	880
2016	603	618
2017	3,995	-
2018	2,525	2,564
2020	1,011	907
2022	110	-
	20,156	15,637

13 OTHER LIABILITIES

	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Accrued interest payable	884,433	739,211
Profit payable to Islamic depositors	253,440	204,572
Managers' cheques	349,540	563,569
Trade and other payables	1,371,281	1,044,319
Staff related liabilities	659,527	761,679
Provision for taxation	12,612	8,346
Others	1,715,309	1,649,112
	5,246,142	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 six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Dividend income	48,065	59,257
Gains from sale of available-for-sale investment securities	218,750	70,991
Gain / (loss) from investment securities designated at fair value through profit or loss	5,523	(54,510)
Rental income	25,484	18,112
Realized / revaluation loss on investment properties	(12,937)	(21,000)
Gain on sale of properties	6,919	-
Gain on interest rate instruments	24,175	51,910
Foreign exchange income*	498,541	321,468
Derivative income	23,067	69,903
Other income / expense	(1,840)	100,066
	835,747	616,197

Other operating income for the current period includes Dubai Bank related income amounting to AED 9 million.

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

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Staff cost	1,178,957	1,088,263
Occupancy cost	122,576	148,627
Equipment & supplies	37,921	35,838
Computer running cost	50,182	41,982
Communication cost	57,542	58,746
Service, legal and professional fees	84,886	49,559
Marketing related cost	57,257	43,002
Depreciation	148,930	124,975
Others	97,861	42,382
	1,836,112	1,633,374

General and administrative expenses for the current period include Dubai Bank related costs amounting to AED 156 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 six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Net impairment of loans and receivables	(1,453,186)	(2,096,351)
Net impairment of Islamic financing receivables	(528,028)	(126,760)
Net impairment of investment securities	(67,238)	(95,722)
Net impairment of due from banks	(4,508)	-
Net special asset recoveries	1,229	195
Bad debts written off	(3,618)	(31,283)
Net impairment loss for the period	(2,055,349)	(2,349,921)

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 June 2012, the Group's commitments and contingencies are as follows:

	Unaudited 30 June 2012 AED 000	Audited 31 December 2011 AED 000
Letters of credit	7,878,212	6,687,697
Guarantees	30,712,167	30,529,720
Liability on risk participations	2,889,580	2,449,906
Irrevocable loan commitments	13,866,016	16,483,259
	55,345,975	56,150,582

20 EARNINGS PER SHARE

The basic earnings per share of AED 0.21 (2011: AED 0.36) is based on the profit, attributable to equity holders, of AED 1,289 million (further adjusted for interest on tier I capital notes amounting to AED 130.4 million), for the period ended 30 June 2012 (2011: AED 2,157 million (further adjusted for interest on tier I capital notes amounting to AED 129.7 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 June 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	1,503,365	1,570,455	(153,892)	345,194	15,300	135,272	3,415,694
Net fee, commission and other income	566,257	650,466	596,730	108,944	26,885	(179,801)	1,769,481
Total operating income	2,069,622	2,220,921	442,838	454,138	42,185	(44,529)	5,185,175
General and administrative expenses	(159,782)	(715,391)	(48,250)	(183,169)	(155,791)	(573,729)	(1,836,112)
Net specific impairment loss on financial assets	(1,580,496)	(186,115)	(58,430)	(330,560)	(3,552)	2,311	(2,156,842)
Net collective impairment loss on financial assets	(20,000)	122,756	-	25,542	-	(26,805)	101,493
Amortisation of intangibles	-	-	-	-	-	(40,000)	(40,000)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	919	44,656	45,575
Taxation charge	(5,966)	(1,889)	(2,840)	-	-	(28)	(10,723)
Group profit for the year	303,378	1,440,282	333,318	(34,049)	(116,239)	(638,124)	1,288,566
Segment assets	179,902,105	29,632,120	43,080,040	20,534,274	9,956,846	15,291,465	298,396,850
Segment liabilities and equity	78,363,651	89,299,650	63,038,797	22,754,501	9,672,596	35,267,655	298,396,850

(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 June 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	1,587,880	1,349,463	35,197	316,588	89,847	3,378,975
Net fee, commission and other income	513,359	498,751	292,653	60,712	89,243	1,454,718
Total operating income	2,101,239	1,848,214	327,850	377,300	179,090	4,833,693
General and administrative expenses	(178,630)	(680,244)	(36,948)	(202,121)	(535,431)	(1,633,374)
Net specific impairment loss on financial assets	(204,962)	(326,476)	(66,345)	(135,895)	(7,125)	(740,803)
Net collective impairment loss on financial assets	(1,681,107)	89,274	-	(17,285)	-	(1,609,118)
Amortisation of intangibles	-	-	-	-	(46,930)	(46,930)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	(445,322)	(445,322)
Gain on disposal of partial stake (49%) in subsidiary	-	-	-	-	1,812,798	1,812,798
Taxation charge	(3,016)	(4,669)	(656)	-	(5,497)	(13,838)
Group profit for the period	33,524	926,099	223,901	21,999	951,583	2,157,106
Segment assets	179,216,456	29,422,685	38,540,393	19,751,759	21,154,836	288,086,129
Segment liabilities and equity	95,929,280	79,457,781	50,970,804	26,802,066	34,926,198	288,086,129

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 8% (June 2011: 11 %) and 19% (June 2011: 21 %) 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 June 2012 AED 000	Audited 31 December 2011 AED 000
Loans and receivables:		
To majority shareholder of the parent	66,097,088	60,517,811
To parent	2,205,059	2,204,220
To directors and related companies	1,971,726	2,363,996
To associates and joint ventures	3,317,780	3,198,998
	73,591,653	68,285,025
Customer and Islamic deposits:		
From majority shareholder of the parent	2,064,194	1,511,583
From parent	2,822,473	1,337,770
From associates and joint ventures	649,980	511,801
	5,536,647	3,361,154
Investment in Government of Dubai bonds	372,115	836,509
Loans to and investment in funds managed by the Group	1,012,367	1,005,079
Commitments to associates	438,532	452,891
Acceptances to associates	9,505	4,947
Purchase of property from associate	-	1,027,345

22 RELATED PARTY TRANSACTIONS (continued)

	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Payments made to associates and joint ventures	115,450	101,649
Fees received in respect of funds managed by the Group	13,639	20,076
Interest paid to funds managed by the Group	3,151	10,043
Interest paid to joint ventures	986	1,495
Gain on transfer of shares from joint venture	-	41,043

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

	Unaudited six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
Key management compensation:		
Short term employee benefits	21,423	41,362
Post employment benefits	389	487

Key management personnel are those persons, including non-executive directors, 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 six months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2011 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of period	(2,335,214)	(1,760,630)
	Net cash inflow/(outflow)	6,777,068	(3,962,575)
	Balance at end of period	4,441,854	(5,723,205)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	27,449,706	35,872,931
	Due from banks	21,358,605	17,539,743
	Due to banks	(18,290,661)	(19,844,586)
		30,517,650	33,568,088
	Less : deposits with Central Bank for regulatory purposes	(14,336,478)	(16,703,234)
	Less : certificates of deposit with Central Bank	(10,905,000)	(17,750,000)
	Less : amounts due from banks maturing after three months	(4,315,400)	(5,462,701)
	Add : amounts due to banks maturing after three months	3,481,082	624,642
		4,441,854	(5,723,205)

24 EVENTS AFTER THE BALANCE SHEET DATE

In July 2012, Emirates Islamic Bank (EIB), a fully owned subsidiary of the Group, has successfully completed the issuance of US$ 500 million Sukuk Certificates, maturing in 2018 under their US$ 1,000 million Trust Certificate Issuance Programme.

25 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.