EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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 31 March 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 three 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 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 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG 24 APR 2012

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

بنك الإمارات دبي الوطني
Emirates NBD

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012 (UNAUDITED)

ASSETS	Notes	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Cash and deposits with Central Bank	3	27,366,945	21,526,137
Due from banks	4	24,785,514	19,851,579
Loans and receivables	5	177,693,130	176,815,034
Islamic financing and investment products	6	26,437,019	26,325,279
Trading securities	7	1,009,525	588,679
Investment securities	8	15,813,312	15,883,727
Investments in associates and joint ventures		2,068,139	2,041,459
Positive fair value of derivatives		2,992,422	2,398,874
Investment properties		1,131,236	1,130,916
Goodwill and intangibles	10	5,810,553	5,831,018
Customer acceptances		2,751,387	3,777,759
Other assets	11	6,271,708	5,865,935
Property and equipment		2,559,658	2,576,990
TOTAL ASSETS		296,690,548	284,613,386
LIABILITIES			
Due to banks		18,630,108	26,105,233
Customer deposits		166,714,300	154,013,407
Islamic customer deposits		41,827,115	39,300,646
Repurchase agreements with banks		968,204	2,519,660
Debt issued and other borrowed funds	12	19,181,884	15,636,867
Sukuk payable		3,074,225	1,239,181
Negative fair value of derivatives		2,857,343	2,068,771
Customer acceptances		2,751,387	3,777,759
Other liabilities	13	6,043,151	4,970,808
TOTAL LIABILITIES		262,047,717	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		444,288	248,289
Currency translation reserve		(2,282)	(3,686)
Retained earnings		7,051,850	7,587,509
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	18	34,596,518	34,934,774
Non-controlling interest		46,313	46,280
TOTAL EQUITY		34,642,831	34,981,054
TOTAL LIABILITIES AND EQUITY		296,690,548	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

2 4 APR 2012

Director

Chief Executive Officer

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2012 (UNAUDITED)

	Notes	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Interest income		2,381,086	2,762,002
Interest expense		(784,363)	(1,189,664)
Net interest income		**1,596,723**	**1,572,338**
Income from Islamic financing and investment products		373,058	336,288
Distribution to depositors and profit paid to Sukuk holders		(193,224)	(260,272)
Net income from Islamic financing and investment products		**179,834**	**76,016**
Net interest income and income from Islamic financing and investment products net of distribution to depositors		**1,776,557**	**1,648,354**
Fee and commission income		450,730	448,738
Fee and commission expense		(52,255)	(28,881)
Net fee and commission income		**398,475**	**419,857**
Net gain on trading securities		38,140	10,323
Other operating income	15	472,969	181,507
Total operating income		**2,686,141**	**2,260,041**
General and administrative expenses	16	(942,239)	(807,903)
Net impairment loss on financial assets	17	(1,100,817)	(1,368,977)
Total operating expenses		**(2,043,056)**	**(2,176,880)**
Operating profit		**643,085**	**83,161**
Amortisation of intangibles		(20,465)	(23,465)
Impairment and share of profit / (loss) of associates & joint ventures		24,158	(477,297)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	9	-	1,834,978
Taxation charge		(5,632)	(4,752)
Group profit for the period		**641,146**	**1,412,625**
Attributable to:			
Equity holders of the Group		641,113	1,412,637
Non-controlling interest		33	(12)
Group profit for the period		**641,146**	**1,412,625**
Earnings per share	20	**0.10**	**0.24**

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 THREE MONTHS PERIOD ENDED 31 MARCH 2012 (UNAUDITED)

	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Group profit for the period	641,146	1,412,625
Other comprehensive income		
Cash flow hedges:		
- Effective portion of changes in fair value	20,422	(126,201)
Fair value reserve (available-for-sale financial assets):		
- Net change in fair value	271,033	147,104
- Net amount transferred to income statement	(95,456)	(19,637)
Currency translation reserve	1,404	-
Other comprehensive income for the period	197,403	1,266
Total comprehensive income for the period	838,549	1,413,891
Attributable to:		
Equity holders of the Group	838,516	1,413,903
Non-controlling interest	33	(12)
Total recognised income for the period	838,549	1,413,891

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 THREE MONTHS PERIOD ENDED 31 MARCH 2012 (UNAUDITED)

	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
OPERATING ACTIVITIES		
Group profit for the period	641,146	1,412,625
Adjustment for non cash items		
Impairment loss on loans and receivables	940,173	1,250,750
Impairment loss on Islamic financing and investment products	125,403	98,007
Impairment loss on investment securities	17,618	20,221
Interest unwind on impaired loans	(20,345)	-
Amortisation of fair value gain	28,759	-
Impairment loss on investment in associates	-	426,000
Amortisation of intangibles	20,465	23,465
Depreciation of property and equipment	75,145	60,732
Share of (gain)/loss of associates and joint ventures	(24,158)	51,538
Amortised portion of gain on sale of joint ventures	(7,247)	-
Unrealized gain on investment securities	(91,074)	(13,918)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	-	(1,834,978)
Revaluation of investment properties	6,468	10,500
Operating profit before changes in operating assets and liabilities	1,712,353	1,504,942
(Increase)/decrease in interest free statutory deposits	(251,218)	1,624,226
Increase in certificate of deposits with Central Bank	(2,955,000)	(4,000,000)
Increase in amounts due from banks maturing after 3 months	(4,262,915)	(1,011,226)
Increase/(decrease) in amounts due to banks maturing after 3 months	256,735	(666,521)
Net change in other liabilities/other assets	(467,614)	(566,024)
Net change in fair value of derivatives	215,446	(106,450)
Increase in customer deposits	15,227,362	12,047,768
(Increase)/decrease in loans and receivables	(1,797,924)	896,680
(Increase)/decrease in Islamic financing and investment products	(237,143)	405,059
Net cash flows from operating activities	7,440,082	10,128,454
INVESTING ACTIVITIES		
Increase in trading and investment securities (net of fair value movements)	(101,399)	(321,219)
Decrease in investments in associates and joint ventures	-	13,262
Sale of investment in subsidiary	-	1,551,300
Increase in investment properties (net)	(6,788)	(4,213)
Additions to property and equipment (net)	(57,813)	(97,635)
Net cash flows (used in)/from investing activities	(166,000)	1,141,495

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2012 (UNAUDITED)

	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
FINANCING ACTIVITIES		
Decrease in deposits under repurchase agreements	(1,551,456)	(20,542)
Increase/(decrease) in debt issued and other borrowed funds	3,545,017	(162,982)
Increase in Sukuk borrowing	1,835,044	-
Interest on tier I capital notes	(65,217)	(64,500)
Net cash flows from/(used in) financing activities	3,763,388	(248,024)
Increase in cash and cash equivalents (refer Note 23)	11,037,470	11,021,925

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 THREE MONTHS PERIOD ENDED 31 MARCH 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	-	-	-	-	-	-	195,999	1,404	641,113	838,516	33	838,549
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(65,217)	(65,217)	-	(65,217)
Dividends payable	-	-	-	-	-	-	-	-	(1,111,555)	(1,111,555)	-	(1,111,555)
Balance as at 31 March 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	444,288	(2,282)	7,051,850	34,596,518	46,313	34,642,831
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	-	-	-	-	-	-	1,266	-	1,412,637	1,413,903	(12)	1,413,891
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(64,500)	(64,500)	-	(64,500)
Dividends payable	-	-	-	-	-	-	-	-	(1,111,555)	(1,111,555)	-	(1,111,555)
Balance as at 31 March 2011	5,557,775	(46,175)	4,000,000	12,270,124	2,198,205	2,869,533	107,165	-	6,936,991	33,893,618	93,808	33,987,426

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 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 31 March 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 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Cash	1,470,793	1,977,954
Interest free statutory and special deposits with Central Bank	12,884,736	12,633,518
Interest bearing placements with Central Bank	4,356,416	1,214,665
Interest bearing certificates of deposit with Central Bank	8,655,000	5,700,000
	27,366,945	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 required 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 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Due from local banks	8,286,179	7,037,112
Due from foreign banks	16,499,335	12,814,467
	24,785,514	19,851,579

5 LOANS AND RECEIVABLES

	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Overdrafts	70,970,158	70,128,144
Time loans	109,241,404	108,758,368
Loans against trust receipts	3,448,002	2,978,058
Bills discounted	2,126,801	2,180,705
Credit card receivables	3,204,478	3,160,323
Others	592,741	591,882
Gross loans and receivables	189,583,584	187,797,480
Other debt instruments	504,838	501,786
Total loans and receivables	190,088,422	188,299,266
Less: Allowances for impairment	(12,395,292)	(11,484,232)
	177,693,130	176,815,034
Total of impaired loans and receivables	27,832,717	26,800,238

5 LOANS AND RECEIVABLES (continued)

Analysis by economic activity	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Agriculture and allied activities	18,233	21,115
Mining and quarrying	803,262	897,868
Manufacturing	5,469,479	5,728,006
Construction	7,311,590	7,067,917
Trade	6,916,732	7,032,929
Transport and communication	4,147,002	4,380,201
Services	16,547,008	15,712,306
Sovereign	61,937,982	59,081,392
Personal - Retail	20,850,419	20,781,814
Personal - Corporate	9,146,248	9,649,070
Real estate	24,488,953	25,276,127
Banks	65,776	46,126
Other financial institutions and investment companies	27,031,839	26,995,227
Others	5,353,899	5,629,168
Total loans and receivables	190,088,422	188,299,266
Less: Allowances for impairment	(12,395,292)	(11,484,232)
	177,693,130	176,815,034

5 LOANS AND RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Balance as at 1 January	8,056,792	5,548,939
Allowances for impairment made during the period	815,235	617,086
Write back /recoveries made during the period	(55,280)	(9,142)
Amount transferred to Islamic financing	-	(8,393)
Interest unwind on impaired loans	(20,345)	-
Amounts written off during the period	(11,826)	(2,838)
Exchange and other adjustments	3,058	7,033
Balance as at 31 March	8,787,634	6,152,685
Movement in allowances for collective impairment		
Balance as at 1 January	3,427,440	1,950,788
Allowances for impairment made during the period	180,218	675,107
Write back /recoveries made during the period	-	(48,000)
Balance as at 31 March	3,607,658	2,577,895
Total	12,395,292	8,730,580

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Murabaha	12,103,725	11,645,843
Ijara	8,015,191	8,146,868
Sukuk funds	1,285,550	1,285,550
Credit card receivables	727,242	739,701
Wakala	4,204,552	4,229,574
Istissna'a	1,090,595	1,087,428
Others	1,350,763	1,390,749
Total Islamic financing and investment products	28,777,618	28,525,713
Less: Deferred income	(805,469)	(787,648)
Less: Allowances for impairment	(1,535,130)	(1,412,786)
	26,437,019	26,325,279
Total of impaired Islamic financing and investment products	2,926,690	2,913,630

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Analysis by economic activity	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Agriculture and allied activities	39,600	457
Manufacturing	420,331	384,066
Construction	447,450	648,618
Trade	1,239,826	1,217,967
Transport and communication	180,934	183,483
Services	1,911,398	1,820,396
Sovereign	253,640	251,173
Personal - Retail	8,903,674	8,546,485
Personal - Corporate	1,737,805	1,866,212
Real estate	8,066,887	8,042,686
Financial institutions and investment companies	4,907,232	5,039,482
Others	668,841	524,688
Total Islamic financing and investment products	28,777,618	28,525,713
Less: Deferred income	(805,469)	(787,648)
Less: Allowances for impairment	(1,535,130)	(1,412,786)
	26,437,019	26,325,279

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Movement in allowances for specific impairment	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Balance as at 1 January	1,088,293	580,485
Allowances for impairment made during the period	71,590	82,389
Write back / recoveries made during the period	(3,059)	(630)
Amount transferred from loans and receivables	-	8,393
Balance as at 31 March	1,156,824	670,637
Movement in allowances for collective impairment		
Balance as at 1 January	324,493	241,848
Allowances for impairment made during the period	53,813	1,000
Balance as at 31 March	378,306	242,848
	1,535,130	913,485

7 TRADING SECURITIES

31 March 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	43,534	43,701	-	87,235
Corporate bonds	357,214	68,992	87,720	513,926
Equity	20,273	1,247	7,193	28,713
Others	379,651	-	-	379,651
	800,672	113,940	94,913	1,009,525

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		31 March 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	327,603	327,603
	993,491	993,491	393,384	393,384	327,603	327,603

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 – 31 March 2012)		
Interest income	96,815	-
Net change in fair value	-	4,097
	96,815	4,097

The table below sets out the amounts that would have been recognised in the income statement for the period ended 31 March 2012 had the reclassifications not been made:

	Three months period ended 31 Mar 2012 AED 000
Net trading profit	1,815

8 INVESTMENT SECURITIES

31 March 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	128,763	-	183,858
Corporate bonds	92,055	115,765	70,910	278,730
	147,150	244,528	70,910	462,588
AVAILABLE-FOR-SALE:				
Government bonds	1,627,221	1,249,885	508,624	3,385,730
Corporate bonds	5,180,418	1,285,411	1,333,550	7,799,379
Equity	519,569	1,152,049	431,307	2,102,925
Others	232,812	752,482	637,971	1,623,265
	7,560,020	4,439,827	2,911,452	14,911,299
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	75,679	78,309	-	153,988
Others	199,454	2,377	83,606	285,437
	275,133	80,686	83,606	439,425
	7,982,303	4,765,041	3,065,968	15,813,312

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 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Designated at fair value through profit or loss	13,175	13,831
Available-for-sale	942,668	952,655
	955,843	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 the 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
31 March 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	-	-	5,215	15,250	20,465
Balance as at 31 March	4,903	9,281	136,389	271,250	421,823
NET	5,495,942	-	21,101	293,510	5,810,553
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 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Accrued interest receivable	1,393,945	1,377,940
Prepayments and other advances	259,387	246,999
Sundry debtors and other receivables	703,381	534,854
Inventory	1,436,307	1,433,417
Fair value of deposit	519,220	542,910
Fair value of guarantee*	775,401	768,114
Others	1,184,067	961,701
	6,271,708	5,865,935

* Fair value of guarantee increased by AED 7.3 million during the current 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 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Medium term note programme*	12,034,130	8,340,640
Syndicated borrowings from banks	5,508,750	5,508,750
Borrowings raised from loan securitisations	1,639,004	1,787,477
	19,181,884	15,636,867

* The Group raised new medium term borrowings of AED 5,584 million in the current period.

12 DEBT ISSUED AND OTHER BORROWED FUNDS (continued)

The outstanding medium term borrowings totalling AED 19,182 million (2011: AED 15,637 million) will be repaid as follows:

	Unaudited 31 March 2012 AED million	Audited 31 December 2011 AED million
2012	6,945	8,465
2013	2,187	1,972
2014	726	231
2015	1,379	880
2016	589	618
2017	3,850	-
2018	2,527	2,564
2020	979	907
	19,182	15,637

13 OTHER LIABILITIES

	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Accrued interest payable	754,208	739,211
Profit payable to Islamic depositors	184,848	204,572
Managers' cheques	445,953	563,569
Trade and other payables	1,249,083	1,044,319
Staff related liabilities	652,063	761,679
Provision for taxation	12,982	8,346
Dividend payable	1,111,555	-
Others	1,632,459	1,649,112
	6,043,151	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 three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Dividend income	30,100	12,766
Gains from sale of available-for-sale investment securities	95,456	19,637
Gain / (loss) from investment securities designated at fair value through profit or loss	13,354	(54,672)
Rental income	15,610	10,702
Realized / revaluation (loss) / gain on investment properties	(6,468)	(10,221)
Gain on sale of properties	5,287	-
Gain on interest rate instruments	9,459	18,840
Foreign exchange income*	264,966	155,516
Derivative income	37,656	18,884
Other income	7,549	10,055
	472,969	181,507

Other operating income for the current period includes Dubai Bank related income amounting to AED 5.4 million.

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

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Staff cost	611,181	505,036
Occupancy cost	55,399	74,350
Equipment & supplies	20,289	16,145
Computer running cost	25,945	23,232
Communication cost	24,427	37,664
Service, legal and professional fees	37,867	18,650
Marketing related cost	21,046	20,261
Depreciation	75,145	60,732
Others	70,940	51,833
	942,239	807,903

General and administrative expenses for the current period include Dubai Bank related costs amounting to AED 79.6 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 three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Net impairment of loans and receivables	(940,173)	(1,235,051)
Net impairment of Islamic financing and investment products	(122,344)	(82,759)
Net impairment of investment securities	(17,618)	(34,850)
Net impairment of due from banks	(10,400)	-
Net special asset recoveries	680	-
Bad debt written off	(10,962)	(16,317)
Net impairment loss for the period	(1,100,817)	(1,368,977)

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. A liability for the dividend payable amounting to AED 1,112 million has been recognised in the interim financial statements as of 31 March 2012. The dividend amount was subsequently paid based on the share register on 4 April 2012.

19 COMMITMENTS AND CONTINGENCIES

At 31 March 2012, the Group's commitments and contingencies are as follows:

	Unaudited 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Letters of credit	7,982,684	6,687,697
Guarantees	30,543,030	30,565,114
Liability on risk participations	2,866,802	2,449,906
Irrevocable loan commitments	14,900,532	16,483,259
	56,293,048	56,185,976

20 EARNINGS PER SHARE

The basic earnings per share of AED 0.10 (2011: AED 0.24) is based on the profit, attributable to equity holders, of AED 641 million (further adjusted for interest on tier I capital notes amounting to AED 65.2 million), for the period ended 31 March 2012 (2011: AED 1,413 million (further adjusted for interest on tier I capital notes amounting to AED 64.5 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 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, equity broking services, property management, operations and support functions.

21 OPERATING SEGMENTS (continued)

31 March 2012	Corporate banking	Consumer banking	Treasury	Emirates Islamic Bank	Dubai Bank*	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	844,545	776,290	(62,105)	162,948	27,691	27,188	1,776,557
Net fee, commission and other income	268,233	345,045	309,060	59,738	14,860	(87,352)	909,584
Total operating income	1,112,778	1,121,335	246,955	222,686	42,551	(60,164)	2,686,141
General and administrative expenses	(79,457)	(377,267)	(24,434)	(89,794)	(79,572)	(291,715)	(942,239)
Net specific impairment loss on financial assets	(670,640)	(107,611)	(33,452)	(57,393)	(25,172)	27,482	(866,786)
Net collective impairment loss on financial assets	(181,542)	-	-	(25,684)	(7,978)	(18,827)	(234,031)
Amortisation of intangibles	-	-	-	-	-	(20,465)	(20,465)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	-	24,158	24,158
Taxation charge	(3,388)	(720)	(1,524)	-	-	-	(5,632)
Group profit for the year	177,751	635,737	187,545	49,815	(70,171)	(339,531)	641,146
Segment assets	176,272,054	28,847,932	49,525,022	19,605,698	10,594,505	11,845,337	296,690,548
Segment liabilities and equity	78,976,416	87,033,506	59,215,250	25,555,589	11,266,952	34,642,835	296,690,548

* Dubai Bank was acquired by the Group in October 2011.

21 OPERATING SEGMENTS (continued)

31 March 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	784,163	614,905	31,745	158,067	59,474	1,648,354
Net fee, commission and other income	240,276	254,332	116,337	25,559	(24,817)	611,687
Total operating income	1,024,439	869,237	148,082	183,626	34,657	2,260,041
General and administrative expenses	(86,439)	(314,026)	(18,219)	(95,200)	(294,019)	(807,903)
Net specific impairment loss on financial assets	(363,127)	(255,354)	(20,221)	(97,007)	(5,161)	(740,870)
Net collective impairment loss on financial assets	(717,107)	90,000	-	(1,000)	-	(628,107)
Amortisation of intangibles	-	-	-	-	(23,465)	(23,465)
Impairment and share of loss of associates and joint ventures	-	-	-	-	(477,297)	(477,297)
Gain on disposal of 49% stake in subsidiary and fair value gain on retained interest in joint venture	-	-	-	-	1,834,978	1,834,978
Taxation charge	(1,500)	(2,818)	(434)	-	-	(4,752)
Group profit for the period	(143,734)	387,039	109,208	(9,581)	1,069,693	1,412,625
Segment assets	176,322,646	27,928,289	71,274,646	21,145,708	3,662,724	300,334,013
Segment liabilities and equity	108,320,527	77,560,351	48,326,746	32,233,013	33,893,376	300,334,013

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% (March 2011: 12%) and 14% (March 2011: 16%) 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 31 March 2012 AED 000	Audited 31 December 2011 AED 000
Loans and receivables:		
To majority shareholder of the parent	62,183,753	59,324,696
To parent	2,204,663	2,204,220
To directors and related companies	2,522,280	2,363,996
To associates and joint ventures	3,261,894	3,198,998
	70,172,590	67,091,910
Customer and Islamic deposits:		
From majority shareholder of the parent	1,824,681	1,511,583
From parent	1,864,532	1,337,770
From associates and joint ventures	665,104	511,801
	4,354,317	3,361,154
Investment in Government of Dubai bonds	843,344	836,509
Loans to and investment in funds managed by the Group	1,052,282	1,005,079
Commitments to associates	440,903	452,891
Acceptances to associates	5,240	4,947
Purchase of property from associate	-	1,027,345

22 RELATED PARTY TRANSACTIONS (continued)

	Unaudited three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Payments made to associates and joint ventures	46,211	32,925
Fees received in respect of funds managed by the Group	5,860	11,807
Interest paid to funds managed by the Group	3,449	4,707
Interest paid to joint ventures	533	688
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 three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 2011 AED 000
Key management compensation:		
Short term employee benefits	16,845	34,069
Post employment benefits	163	150
Termination benefits	38	94

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 three months period ended 31 Mar 2012 AED 000	Unaudited three months period ended 31 Mar 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	11,037,470	11,021,925
	Balance at end of period	8,702,256	10,432,595
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	27,366,945	40,438,329
	Due from banks	24,785,514	25,778,714
	Due to banks	(18,630,108)	(18,440,019)
		33,522,351	47,777,024
	Less : deposits with Central Bank for regulatory purposes	(12,884,736)	(9,097,593)
	Less : certificates of deposits with Central Bank	(8,655,000)	(28,250,000)
	Less : amounts due from banks maturing after three months	(7,244,859)	(1,240,092)
	Add : amounts due to banks maturing after three months	3,964,500	1,243,256
		8,702,256	10,432,595

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.