EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011

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 2011, the condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended (the "condensed consolidated interim financial information"). Management is responsible for the preparation and fair 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 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No.: 48 B

24 JUL 2011

بنك الإمارات دبي الوطني
Emirates NBD

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (UNAUDITED)

ASSETS	Notes	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Cash and deposits with Central Bank	3	35,872,931	37,682,944
Due from banks	4	17,539,743	13,850,467
Loans and receivables	5	176,881,770	178,971,313
Islamic financing and investment products	6	16,275,974	18,124,376
Trading securities	8	647,370	1,329,907
Investment securities	9	15,648,597	13,631,203
Investments in associates and joint ventures	10	2,234,648	1,411,687
Positive fair value of derivatives		2,402,534	2,445,559
Investment properties		1,891,714	1,907,291
Property and equipment		2,339,133	2,336,860
Goodwill and intangibles	12	5,877,948	5,924,878
Customer acceptances		6,389,109	4,632,810
Other assets		4,084,658	3,138,764
Assets held for sale	11	-	827,829
TOTAL ASSETS		288,086,129	286,215,888
LIABILITIES			
Due to banks		19,844,586	18,856,725
Customer deposits		169,244,617	162,782,309
Islamic customer deposits		31,268,871	37,189,699
Repurchase agreements with banks		859,365	892,309
Debt issued and other borrowed funds	13	16,556,477	19,415,809
Sukuk payable		1,267,185	1,267,185
Negative fair value of derivatives		1,891,561	1,969,346
Customer acceptances		6,389,109	4,632,810
Other liabilities		5,744,343	4,976,389
Liabilities held for sale	11	-	483,717
TOTAL LIABILITIES		253,066,114	252,466,298
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		2,198,205	2,198,205
Other reserves		2,869,533	2,869,533
Fair value reserve		460,490	105,899
Retained earnings		7,616,244	6,700,409
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	15	34,926,196	33,655,770
Non-controlling interest		93,819	93,820
TOTAL EQUITY		35,020,015	33,749,590
TOTAL LIABILITIES AND EQUITY		288,086,129	286,215,888

The notes set out on pages 7 to 27 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

Director

Director

Chief Executive Officer

24 JUL 2011

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UNAUDITED)

	Notes	Unaudited three months period ended 30 June 2011 AED 000	Unaudited three months period ended 30 June 2010 AED 000	Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Interest income		2,618,465	2,803,172	5,380,467	5,553,069
Interest expense		(999,680)	(1,219,583)	(2,189,344)	(2,381,695)
Net interest income		1,618,785	1,583,589	3,191,123	3,171,374
Income from Islamic financing and investment products		306,626	324,767	642,914	642,540
Distribution to depositors and profit paid to Sukuk holders		(194,790)	(185,198)	(455,062)	(362,103)
Net income from Islamic financing and investment products		111,836	139,569	187,852	280,437
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,730,621	1,723,158	3,378,975	3,451,811
Fee and commission income		450,602	679,502	899,340	1,325,968
Fee and commission expense		(41,049)	(192,722)	(69,930)	(365,744)
Net fee and commission income		409,553	486,780	829,410	960,224
Net (loss)/gain on trading securities		(1,212)	(36,728)	9,111	22,831
Other operating income	13	434,690	140,578	616,197	435,324
Total operating income		2,573,652	2,313,788	4,833,693	4,870,190
General and administrative expenses		(825,471)	(704,326)	(1,633,374)	(1,566,821)
Net impairment loss on financial assets	7	(980,944)	(1,192,892)	(2,349,921)	(1,747,614)
Total operating expenses		(1,806,415)	(1,897,218)	(3,983,295)	(3,314,435)
Operating profit		767,237	416,570	850,398	1,555,755
Amortisation of intangibles		(23,465)	(23,465)	(46,930)	(46,930)
Impairment and share of (loss)/profit of associates and joint ventures		31,975	16,559	(445,322)	14,995
Gain on disposal of partial stake (49%) in subsidiary	11	(22,180)	-	956,581	-
Fair value gain on retained interest (51%) in subsidiary	10	-	-	856,217	-
Taxation charge		(9,086)	(7,022)	(13,838)	(11,115)
Group profit for the period		744,481	402,642	2,157,106	1,512,705
Attributable to:					
Equity holders of the Group		744,470	398,151	2,157,107	1,509,085
Non-controlling interest		11	4,491	(1)	3,620
Group profit for the period		744,481	402,642	2,157,106	1,512,705

	Notes	Unaudited three months period ended 30 June 2011	Unaudited three months period ended 30 June 2010	Unaudited six months period ended 30 June 2011	Unaudited six months period ended 30 June 2010
Earnings per share	17	0.12	0.06	0.36	0.25

The notes set out on pages 7 to 27 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 2011 (UNAUDITED)

	Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Group profit for the period	2,157,106	1,512,705
Other comprehensive income		
Cash flow hedges:		
- Effective portion of changes in fair value	106,418	200,496
Fair value reserve (available-for-sale investment securities):		
- Net change in fair value	319,164	468,118
- Net amount transferred to profit or loss	(70,991)	(126,435)
Other comprehensive income for the period	354,591	542,179
Total comprehensive income for the period	2,511,697	2,054,884
Attributable to:		
Equity holders of the Group	2,511,698	2,051,264
Non-controlling interest	(1)	3,620
Total recognised income for the period	2,511,697	2,054,884

The notes set out on pages 7 to 27 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 2011 (UNAUDITED)

	Notes	Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
OPERATING ACTIVITIES			
Group profit for the period		2,157,106	1,512,705
Adjustment for non cash items			
Impairment loss on loans and receivables		2,096,351	1,494,036
Impairment loss on Islamic financing and investment products		126,760	109,447
Impairment loss on investment securities		95,722	111,802
Fair value gain on debt issued and borrowed funds	13	(160,000)	-
Impairment allowances on Investments in associates and joint ventures		426,000	-
Amortisation of intangibles		46,930	46,930
Depreciation of property and equipment		124,975	129,020
Fixed assets written-off		20,863	-
Share of loss/(gain) of associates and joint ventures		19,321	(14,995)
Gain on disposal of partial stake (49%) in subsidiary		(956,581)	-
Fair value gain on retained interest (51%) in subsidiary		(856,217)	-
Revaluation of investment properties		21,000	162,664
Operating profit before changes in operating assets and liabilities		3,162,230	3,551,609
Change in statutory deposits with Central Bank		(4,810,115)	(3,776,034)
Change in certificates of deposit with Central Bank		6,500,000	-
Change in amounts due from banks maturing after 3 months		(5,233,837)	(430,009)
Change in amounts due to banks maturing after 3 months		(1,285,131)	475,764
Net change in other liabilities/other assets		(719,010)	(480,049)
Net change in fair value of derivatives		71,658	310,671
Change in customer deposits		541,480	16,425,363
Change in loans and receivables		(6,808)	9,127,356
Change in Islamic financing and investment products		1,721,642	155,218
Net cash flows (used in)/from operating activities		(57,891)	25,359,889
INVESTING ACTIVITIES			
(Increase)/decrease in trading and investment securities (net of fair value movements)		(1,182,406)	739,575
Decrease in investments in associates and joint ventures		13,504	-
Sale of investment in subsidiary		1,551,300	-
Additions to investment properties		(5,423)	(5,973)
Additions to property and equipment (net)		(148,111)	(222,547)
Net cash flows from investing activities		228,864	511,055
FINANCING ACTIVITIES			
Change in deposits under repurchase agreements		(32,944)	(2,657,504)
Repayment of debt issued and other borrowed funds		(2,859,332)	(5,721,843)
Interest on tier I capital notes		(129,717)	(129,717)
Dividends paid		(1,111,555)	(1,111,555)
Net cash flows used in financing activities		(4,133,548)	(9,620,619)
(Decrease)/increase in cash and cash equivalents	20	(3,962,575)	16,250,325

The notes set out on pages 7 to 27 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 2011 (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	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
Balance as at 1 January 2010	5,557,775	(46,175)	4,000,000	12,270,124	1,964,205	2,869,533	(728,772)	5,989,809	31,876,499	94,145	31,970,644
Total comprehensive income for the period	-	-	-	-	-	-	542,179	1,509,085	2,051,264	3,620	2,054,884
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 2010	5,557,775	(46,175)	4,000,000	12,270,124	1,964,205	2,869,533	(186,593)	6,257,622	32,686,491	97,765	32,784,256
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 2011 as this will be effected at the year end.

The notes set out on pages 7 to 27 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 LEGAL STATUS AND ACTIVITIES

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 consolidated financial statements for the period ended 30 June 2011 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. The Group's principal business activity is corporate, consumer, treasury and investment banking, Islamic financing and asset management services.

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

The ultimate 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 2010.

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 2010.

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 2010.

(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 2010.

(c) New standards effective

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

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Cash	1,419,697	1,539,825
Interest free statutory and special deposits with Central Bank	16,703,234	11,893,119
Interest bearing certificates of deposit with Central Bank	17,750,000	24,250,000
	35,872,931	37,682,944

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 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Due from local banks	5,082,673	329,450
Due from foreign banks	12,457,070	13,521,017
	17,539,743	13,850,467

5 LOANS AND RECEIVABLES

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Overdrafts	69,951,210	68,175,059
Time loans	108,204,517	110,659,870
Loans against trust receipts	2,455,649	2,564,316
Bills discounted	1,833,053	1,110,205
Credit card receivables	2,831,941	2,611,255
Others	630,033	690,773
Gross loans and receivables	185,906,403	185,811,478
Other debt instruments	567,432	659,562
Total loans and receivables	186,473,835	186,471,040
Less: Allowances for impairment	(9,592,065)	(7,499,727)
	176,881,770	178,971,313
Total of impaired loans and receivables	17,019,608	18,902,512

5 LOANS AND RECEIVABLES (continued)

Analysis by economic activity	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Agriculture and allied activities	31,062	36,076
Mining and quarrying	248,364	273,336
Manufacturing	6,821,106	7,755,030
Construction	5,334,237	5,510,423
Trade	6,763,232	6,840,720
Transport and communication	4,565,221	4,114,505
Services	17,086,447	17,553,754
Sovereign	55,570,740	54,015,057
Personal - Retail	21,202,097	21,310,040
Personal - Corporate	9,500,548	10,209,843
Real estate	24,766,130	25,926,913
Banks	44,301	44,737
Other financial institutions and investment companies	27,760,509	25,821,431
Others	6,779,841	7,059,175
Total loans and receivables	186,473,835	186,471,040
Less: Allowances for impairment	(9,592,065)	(7,499,727)
	176,881,770	178,971,313

5 LOANS AND RECEIVABLES (continued)

Movement in allowances for specific impairment	Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Balance as at 1 January	5,548,939	3,745,448
Allowances for impairment made during the period	701,401	798,486
Write back /recoveries made during the period	(196,883)	(49,450)
Amounts written off during the period	(3,598)	(400,183)
Transfer to Islamic financing	(8,393)	-
Exchange and other adjustments	7,978	-
Balance as at 30 June	6,049,444	4,094,301

Movement in allowances for collective impairment		
Balance as at 1 January	1,950,788	1,663,873
Allowances for impairment made during the period	1,639,833	745,000
Write back /recoveries made during the period	(48,000)	-
Balance as at 30 June	3,542,621	2,408,873
	9,592,065	6,503,174

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Murabaha	4,950,255	4,895,949
Ijara	5,966,764	6,407,413
Sukuk funds	1,285,550	1,285,550
Credit card receivables	534,549	531,474
Wakala	2,880,134	3,499,905
Istissna'a	1,267,065	1,570,624
Others	926,417	1,332,913
Total Islamic financing and investment products	17,810,734	19,523,828
Less: Deferred income	(577,274)	(577,119)
Less: Allowances for impairment	(957,486)	(822,333)
	16,275,974	18,124,376
Total of impaired Islamic financing and investment products	2,004,345	1,659,860

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Analysis by economic activity	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Agriculture and allied activities	578	629
Mining and quarrying	-	46
Manufacturing	328,854	390,499
Construction	742,852	773,486
Trade	790,749	714,382
Transport and communication	176,717	196,906
Services	1,189,700	1,482,603
Personal - Retail	2,779,827	2,639,612
Personal - Corporate	1,763,681	1,845,320
Real estate	7,362,586	8,512,940
Financial institutions and investment companies	2,502,207	2,779,243
Others	172,983	188,162
Total Islamic financing and investment products	17,810,734	19,523,828
Less: Deferred income	(577,274)	(577,119)
Less: Allowances for impairment	(957,486)	(822,333)
	16,275,974	18,124,376

6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)

Movement in allowances for specific impairment	Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Balance as at 1 January	580,485	344,966
Allowances for impairment made during the period	127,216	140,305
Write back / recoveries made during the period	(17,741)	(31,263)
Amount transferred from loans and receivables	8,393	-
Balance as at 30 June	698,353	454,008
Movement in allowances for collective impairment		
Balance as at 1 January	241,848	194,048
Allowances for impairment made during the period	17,285	16,224
Write back / recoveries made during the period	-	(15,819)
Balance as at 30 June	259,133	194,453
	957,486	648,461

7 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 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Net impairment of loans and receivables	(2,096,351)	(1,494,036)
Net impairment of Islamic financing and investment products	(126,760)	(109,447)
Net impairment of investment securities	(95,722)	(111,802)
Net impairment of due from banks	-	4,897
Net special asset recoveries	195	3,591
Bad debt written off	(31,283)	(40,817)
Net impairment loss for the period	(2,349,921)	(1,747,614)

8 TRADING SECURITIES

30 June 2011	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	203,874	-	-	203,874
Corporate bonds	227,568	56,990	80,795	365,353
Equity	78,143	-	-	78,143
	509,585	56,990	80,795	647,370

31 December 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	187,101	-	-	187,101
Corporate bonds	772,424	46,273	186,762	1,005,459
Equity	114,035	12,177	11,135	137,347
	1,073,560	58,450	197,897	1,329,907

8 TRADING SECURITIES (continued)

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 and their carrying and fair values.

	1 July 2008 AED 000		31 December 2010 AED 000		30 June 2011 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	378,518	378,518	396,190	396,190
	993,491	993,491	378,518	378,518	396,190	396,190

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 2011)		
Interest income	91,354	-
Net change in fair value	-	(5,531)
	91,354	(5,531)

The table below sets out the amounts that would have been recognised in the income statement for the period ended 30 June 2011 had the reclassifications not been made:

	Six months period ended 30 June 2011 AED 000
Net trading loss	30,148

9 INVESTMENT SECURITIES

30 June 2011	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	115,151	-	170,246
Corporate bonds	18,365	165,138	34,468	217,971
	73,460	280,289	34,468	388,217
AVAILABLE-FOR-SALE:				
Government bonds	1,109,197	815,974	851,177	2,776,348
Corporate bonds	4,213,315	1,281,956	2,205,335	7,700,606
Equity	450,987	861,961	990,585	2,303,533
Others	240,797	286,675	978,838	1,506,310
	6,014,296	3,246,566	5,025,935	14,286,797
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	45,254	84,084	-	129,338
Others	732,353	2,377	109,515	844,245
	777,607	86,461	109,515	973,583
	6,865,363	3,613,316	5,169,918	15,648,597

9 INVESTMENT SECURITIES (continued)

31 December 2010	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
HELD TO MATURITY:				
Government bonds	55,095	114,389	-	169,484
Corporate bonds	18,365	165,135	34,643	218,143
	73,460	279,524	34,643	387,627
AVAILABLE-FOR-SALE:				
Government bonds	1,121,929	841,548	701,662	2,665,139
Corporate bonds	2,585,558	793,017	2,441,473	5,820,048
Equity	509,208	848,785	847,576	2,205,569
Others	228,836	297,528	970,288	1,496,652
	4,445,531	2,780,878	4,960,999	12,187,408
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Equity	47,974	98,845	-	146,819
Others	765,372	2,377	141,600	909,349
	813,346	101,222	141,600	1,056,168
	5,332,337	3,161,624	5,137,242	13,631,203

Investment securities include investments in real estate funds as follows:

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Designated at fair value through profit or loss	153,512	204,599
Available-for-sale	1,024,875	982,429
	1,178,387	1,187,028

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As referred to in note 11, 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.

The fair value of the 51% shareholding retained by Emirates NBD in Network International L.L.C as Investment in Joint venture was AED 1,282 million as at 31 March 2011.

The fair value gain on measurement of the 51% shareholding retained by the Group in Network International L.L.C was AED 856 million as at 31 March 2011, which is recognised in the income statement.

11 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 1,388 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 has been 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 will be recognised in the income statement over the tenor of the loan (5 years).

	AED million
Net consideration received	1,388
Consideration settlement adjustment*	(22)
Final adjusted consideration	1,366
Carrying value of share of net assets on date of disposal	(409)
Realised gain on disposal of 49% shareholding in subsidiary	957

*The consideration settlement adjustment of AED 22 million comprises of change in estimates used to arrive at the final price calculation and is reflected in the Group condensed consolidated interim income statement.

12 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles			Total
30 June 2011	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	7,595	100,000	195,000	307,498
Amortisation for the period	-	930	15,500	30,500	46,930
Balance as at 30 June	4,903	8,525	115,500	225,500	354,428
NET	5,495,942	756	41,990	339,260	5,877,948
31 December 2010					
Cost	5,500,845	9,281	157,490	564,760	6,232,376
Amortisation and impairment	4,903	7,595	100,000	195,000	307,498
NET	5,495,942	1,686	57,490	369,760	5,924,878

13 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Medium term note programme	8,746,972	10,856,743
Syndicated borrowings from banks	5,508,750	5,508,750
Borrowings raised from loan securitisations	2,300,755	3,050,316
	16,556,477	19,415,809

13 DEBT ISSUED AND OTHER BORROWED FUNDS (continued)

The Group has outstanding medium term borrowings totalling AED 16,556 million (2010: AED 19,416 million) which will be repaid as follows:

	Unaudited 30 June 2011 AED million	Audited 31 December 2010 AED million
2011	878	3,799
2012	8,022	8,051
2013	1,886	1,036
2014	239	244
2015	1,434	2,193
2016	665	1,892
2018	2,564	1,344
2020	868	857
	16,556	19,416

On 10 May 2011, the Group announced an Exchange Offer addressed to holders of subordinated step-up floating rate notes due to mature in 2016. Holders of the note were invited to exchange their existing notes for new senior notes with a maturity date of 31 May 2018. On 18 May 2011 it was further announced that the new notes would pay a margin of 150bp over 3-month USD LIBOR. At the expiration of the exchange offer on 26 May 2011, the Group had accepted offers to exchange US$ 332.45 million of existing notes.

Since the new notes were issued with substantially different terms as compared to the original notes, the old notes were derecognised and the new notes were recognised as a new financial liability as per IAS 39. These new notes were issued at a discount as compared to market available interest rates and hence the Group has recognised a fair value gain of AED 160 million in the Group condensed consolidated interim financial statements, which will be amortised over the term of the notes issued (7 years) at the effective interest rate.

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 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 23 March 2011, shareholders approved payment of a cash dividend of 20% of the issued and paid up capital and the dividend amount of AED 1,112 million was subsequently paid based on the share register on 3 April 2011.

16 COMMITMENTS AND CONTINGENCIES

At 30 June 2011, the Group's commitments and contingencies are as follows:

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Letters of credit	8,372,138	8,760,513
Guarantees	30,932,347	32,001,466
Liability on risk participations	1,513,384	1,179,009
Irrevocable loan commitments	13,181,468	9,301,142
	53,999,337	51,242,130

17 EARNINGS PER SHARE

The basic earnings per share is based on the profit attributable to equity holders of AED 2,157 million (further adjusted for interest on tier I capital notes amounting to AED 129.7 million), for the period ended 30 June 2011 (2010: AED 1,509 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.

18 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 and wealth management, consumer financing, card services and call center operations.

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

(d) Islamic banking activities represents the income and fees earned and expenses paid by the Islamic banking subsidiary.

(e) Other operations of the Group include investment banking, asset management, equity broking services, property management, certain overseas branches, operations and support functions.

18 OPERATING SEGMENTS (continued)

30 June 2011	Corporate banking	Consumer banking	Treasury	Islamic banking	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	298,624	107,811	3,378,975
Net fee, commission and other income	513,359	498,751	292,653	87,972	61,983	1,454,718
Total operating income	2,101,239	1,848,214	327,850	386,596	169,794	4,833,693
General and administrative expenses	(178,630)	(680,244)	(36,948)	(204,860)	(532,692)	(1,633,374)
Net specific impairment loss on financial assets	(204,962)	(326,476)	(66,345)	(157,792)	14,772	(740,803)
Net collective impairment loss on financial assets	(431,107)	89,274	-	(17,285)	(1,250,000)	(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	-	-	-	-	956,581	956,581
Fair value gain on retained interest (51%) in subsidiary	-	-	-	-	856,217	856,217
Taxation charge	(3,016)	(4,669)	(656)	-	(5,497)	(13,838)
Group profit for the period	1,283,524	926,099	223,901	6,659	(283,077)	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

18 OPERATING SEGMENTS (continued)

30 June 2010	Corporate banking	Consumer banking	Treasury	Islamic banking	Cards processing	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	1,628,344	1,191,571	21,838	355,918	4,706	249,434	3,451,811
Net fee, commission and other income	579,574	463,896	312,135	(33,592)	187,555	(91,189)	1,418,379
Total operating income	2,207,918	1,655,467	333,973	322,326	192,261	158,245	4,870,190
General and administrative expenses	(172,355)	(612,810)	(29,578)	(181,809)	(92,507)	(477,762)	(1,566,821)
Net specific impairment loss on financial assets	(242,846)	(563,676)	(58,353)	(130,108)	-	(7,226)	(1,002,209)
Net collective impairment loss on financial assets	(545,000)	-	-	(405)	-	(200,000)	(745,405)
Amortisation of intangibles	-	-	-	-	-	(46,930)	(46,930)
Impairment and share of profit/(loss) of associates and joint ventures	-	-	-	-	52	14,943	14,995
Taxation charge	-	-	-	-	-	(11,115)	(11,115)
Group profit for the period	1,247,717	478,981	246,042	10,004	99,806	(569,845)	1,512,705
Segment assets	171,965,896	27,794,619	37,652,945	23,211,991	606,965	21,107,736	282,340,152
Segment liabilities and equity	101,315,626	62,196,328	49,041,644	26,374,826	386,720	43,025,008	282,340,152

*As at 30 June 2010, total assets and liabilities amounting to AED 14,390 million pertaining to Saudi Arabia branch is included in the “Others” operating segment. The Group adopted segmental reporting for the international branches in 2011 whereby the segment assets and liabilities of the overseas branches have been reclassified from “Others” to the respective operating segments.

19 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 and loans to Government related entities other than those that have been individually disclosed amount to 9% & 17% 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 2011 AED 000	Audited 31 December 2010 AED 000
Loans and receivables:		
To majority shareholder of the ultimate parent	54,947,433	54,015,057
To ultimate parent	918,250	918,250
To directors and related companies*	1,910,870	2,969,728
To associates and joint ventures	3,740,816	3,908,633
	61,517,369	61,811,668

* The composition of the Board of directors (including Chairman and Vice Chairman) underwent a change in June 2011 whereby, six existing directors were replaced and five new directors were inducted as part of the reconstituted Board.

	Unaudited 30 June 2011 AED 000	Audited 31 December 2010 AED 000
Customer and Islamic deposits:		
From majority shareholder of the ultimate parent	528,873	235,297
From ultimate parent	7,916,110	7,523,703
From associates and joint ventures	653,852	547,488
	9,098,835	8,306,488
Investment in Government of Dubai bonds	925,775	900,636
Loans to and investment in funds managed by the Group	995,682	1,011,126
Commitments to associates	2,489,998	3,022,827
Acceptances to associates	10,969	2,451
Purchase of property from associate	-	406,072

19 RELATED PARTY TRANSACTIONS (continued)

	Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Payments made to associates and joint ventures	101,649	29,440
Fees received in respect of funds managed by the Group	20,076	29,475
Interest paid to funds managed by the Group	10,043	8,227
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 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
Short term and post employment benefits	41,849	20,295

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. The compensation paid to directors and key management personnel includes four additional members who have been inducted as key management personnel in 2011 compared to the previous year.

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.

20 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

		Unaudited six months period ended 30 June 2011 AED 000	Unaudited six months period ended 30 June 2010 AED 000
(a)	Analysis of changes in cash and cash equivalents during the period		
	Balance at beginning of year	(1,760,630)	(16,813,335)
	Net cash (outflow)/inflow	(3,962,575)	16,250,325
	Balance at end of period	(5,723,205)	(563,010)
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	35,872,931	22,220,001
	Due from banks	17,539,743	18,988,212
	Due to banks	(19,844,586)	(21,505,055)
		33,568,088	19,703,158
	Less : deposits with Central Bank for regulatory purposes	(16,703,234)	(10,390,892)
	Less : certificates of deposits with Central Bank	(17,750,000)	(10,800,000)
	Less : amounts due from banks maturing after three months	(5,462,701)	(738,485)
	Add : amounts due to banks maturing after three months	624,642	1,663,209
		(5,723,205)	(563,010)

21 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.