

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013



EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF EMIRATES NBD PJSC***Introduction***

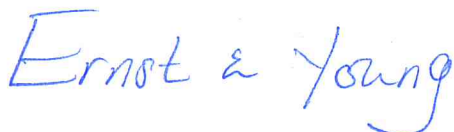
We have reviewed the accompanying condensed consolidated interim financial statements of Emirates NBD PJSC (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 31 March 2013 and the related consolidated interim statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. The condensed consolidated interim financial statements of the Group as of 31 March 2012 and the consolidated financial statements of the Group as of 31 December 2012 were reviewed and audited respectively by another auditor whose reports dated 24 April 2012 and 30 January 2013 expressed unqualified conclusions on those financial statements.

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 statements are not prepared, in all material respects, in accordance with IAS 34.



Ernst & Young
Signed by:
Joseph Murphy
Partner
Registration No. 492

24 April 2013
Dubai, United Arab Emirates

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (UNAUDITED)

ASSETS	Notes	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Cash and deposits with Central Bank	3	31,979,517	30,771,862
Due from banks	4	20,901,935	17,478,447
Loans and receivables	5	188,831,927	186,865,840
Islamic financing receivables	6	31,726,179	31,295,568
Trading securities	7	1,781,812	1,220,872
Investment securities	8	14,832,678	14,265,483
Investments in associates and joint ventures		2,109,035	2,080,157
Positive fair value of derivatives		2,237,686	2,218,382
Investment properties		1,144,207	1,138,731
Customer acceptances		5,461,687	6,301,961
Property and equipment		2,433,990	2,469,156
Goodwill and intangibles	10	5,735,268	5,751,018
Other assets	11	6,587,635	6,438,874
TOTAL ASSETS		315,763,556	308,296,351
LIABILITIES			
Due to banks		21,486,177	22,168,827
Customer deposits		186,380,996	176,318,158
Islamic customer deposits		36,598,977	37,610,289
Repurchase agreements with banks		708,101	730,873
Debt issued and other borrowed funds	12	17,680,757	17,190,792
Sukuk payable		3,659,131	3,673,000
Negative fair value of derivatives		2,020,811	2,034,144
Customer acceptances		5,461,687	6,301,961
Other liabilities	13	5,942,049	5,769,731
TOTAL LIABILITIES		279,938,686	271,797,775
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		2,706,815	2,706,815
Other reserves		2,869,533	2,869,533
Fair value reserve		533,193	593,823
Currency translation reserve		(3,561)	(4,793)
Retained earnings		7,889,509	8,505,205
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		35,777,213	36,452,307
Non-controlling interest		47,657	46,269
TOTAL EQUITY		35,824,870	36,498,576
TOTAL LIABILITIES AND EQUITY		315,763,556	308,296,351

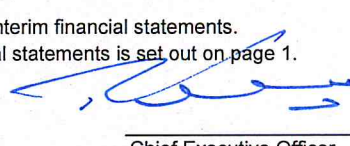
The notes set out on pages 8 to 34 form part of these Group condensed consolidated interim financial statements.
The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.



Director



Director



Chief Executive Officer

24 APR 2013

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013 (UNAUDITED)**

	Notes	Unaudited three months period ended 31 Mar 2013 AED 000	Unaudited three months period ended 31 Mar 2012 AED 000
Interest income		2,222,806	2,350,561
Interest expense		(719,166)	(753,838)
Net interest income		1,503,640	1,596,723
Income from Islamic financing and investment products		396,618	373,058
Distribution to depositors and profit paid to Sukuk holders		(152,035)	(193,224)
Net income from Islamic financing and investment products		244,583	179,834
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,748,223	1,776,557
Fee and commission income		534,646	441,177
Fee and commission expense		(23,601)	(38,118)
Net fee and commission income		511,045	403,059
Net (loss)/gain on trading securities		(6,986)	38,140
Other operating income	15	378,029	468,385
Total operating income		2,630,311	2,686,141
General and administrative expenses	16	(909,007)	(942,239)
Amortisation of intangibles		(15,750)	(20,465)
Operating profit before impairment charges		1,705,554	1,723,437
Net impairment loss on financial assets	17	(888,001)	(1,100,817)
Operating profit after impairment charges		817,553	622,620
Share of profit of associates and joint ventures		25,769	24,158
Taxation charge		(6,541)	(5,632)
Group profit for the period		836,781	641,146
Attributable to:			
Equity holders of the Group		836,772	641,113
Non-controlling interest		9	33
Group profit for the period		836,781	641,146
Earnings per share	20	0.14	0.10

The notes set out on pages 8 to 34 form part of these Group condensed consolidated interim financial statements.
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EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013 (UNAUDITED)**

	Unaudited three months period ended 31 Mar 2013 AED 000 -----	Unaudited three months period ended 31 Mar 2012 AED 000 -----
Group profit for the period	836,781	641,146
Items that may be reclassified subsequently to Income statement:		
Other comprehensive income		
Cash flow hedges:		
- Effective portion of changes in fair value	(8,754)	20,422
Fair value reserve (available-for-sale financial assets):		
- Net change in fair value	58,523	271,033
- Net amount transferred to income statement	(110,399)	(95,456)
Items that are not reclassified subsequently to Income statement:		
Currency translation reserve	1,232	1,404
Other comprehensive income for the period	(59,398)	197,403
Total comprehensive income for the period	777,383 =====	838,549 =====
Attributable to:		
Equity holders of the Group	777,374	838,516
Non-controlling interest	9	33
Total recognised income for the period	777,383 =====	838,549 =====

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EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013 (UNAUDITED)**

	Unaudited three months period ended 31 Mar 2013 AED 000 -----	Unaudited three months period ended 31 Mar 2012 AED 000 -----
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	836,781	641,146
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	614,505	940,173
Impairment loss on Islamic financing receivables	199,718	122,344
Impairment loss on investment securities	48,768	17,618
Interest unwind on impaired loans	(22,704)	(20,345)
Amortisation of fair value (net)	11,574	21,512
Premium discount on Investment securities	7,024	13,024
Unrealised foreign exchange gain	(37,059)	(74,656)
Amortisation of intangibles	15,750	20,465
Depreciation of property and equipment	72,302	75,145
Share of profit of associates and joint ventures	(25,769)	(24,158)
Unrealised loss/(gain) on investments	20,844	(91,074)
Revaluation loss on investment properties	7,171	6,468
	-----	-----
Operating profit before changes in operating assets and liabilities	1,748,905	1,647,662
Increase in interest free statutory deposits	(964,010)	(251,218)
Increase in certificate of deposits with Central Bank maturing after three months	(4,500,000)	(2,955,000)
Increase in amounts due from banks maturing after three months	(2,042,235)	(4,262,915)
Increase in amounts due to banks maturing after three months	306,717	256,735
Net change in other liabilities/other assets	50,144	(392,966)
Net change in fair value of derivatives	(41,391)	215,446
Increase in customer deposits (including Islamic deposits)	9,051,526	15,227,362
Increase in loans and receivables	(2,557,888)	(1,797,922)
Increase in Islamic financing receivables	(630,329)	(234,083)
	-----	-----
Net cash flows from operating activities	421,439	7,453,101
	-----	-----

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013 (UNAUDITED)**

	Unaudited three months period ended 31 Mar 2013 AED 000 -----	Unaudited three months period ended 31 Mar 2012 AED 000 -----
<u>INVESTING ACTIVITIES</u>		
Increase in trading securities (net of fair value movements)	(576,979)	(342,731)
(Increase)/decrease in investment securities (net of fair value movements)	(681,267)	228,313
Acquisition of Investment Properties	(12,647)	(6,788)
Additions to property and equipment (net)	(37,136)	(57,813)
Net cash flows used in investing activities	(1,308,029) -----	(179,019) -----
<u>FINANCING ACTIVITIES</u>		
Decrease in deposits under repurchase agreements	(22,772)	(1,551,456)
Increase in debt issued and other borrowed funds	489,965	3,545,017
(Decrease)/increase in Sukuk borrowing	(13,869)	1,835,044
Interest on tier I capital notes	(64,500)	(65,217)
Dividends paid	(1,387,968)	-
Net cash flows (used in)/from financing activities	(999,144) -----	3,763,388 -----
(Decrease)/increase in cash and cash equivalents (refer Note 23)	(1,885,734) =====	11,037,470 =====

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EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2013 (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 2013	5,557,775	(46,175)	4,000,000	12,270,124	2,706,815	2,869,533	593,823	(4,793)	8,505,205	36,452,307	46,269	36,498,576
Total comprehensive income for the period	-	-	-	-	-	-	(60,630)	1,232	836,772	777,374	9	777,383
Increase in non-controlling interest*	-	-	-	-	-	-	-	-	-	-	1,379	1,379
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(64,500)	(64,500)	-	(64,500)
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 31 March 2013	5,557,775	(46,175)	4,000,000	12,270,124	2,706,815	2,869,533	533,193	(3,561)	7,889,509	35,777,213	47,657	35,824,870
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

*Increase in non-controlling interest is due to an increase in the Share Capital of Emirates Islamic Bank, a subsidiary of the Group.

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 2013 as this will be effected at the year end.

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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 2013 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 activities are corporate banking, consumer banking, treasury and Islamic banking. The Bank’s website is www.emiratesnbd.com.

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

The Group is 55.6% owned by Investment Corporation of Dubai (the parent company), 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 2012. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2013 has had no effect on the interim condensed consolidated financial statements of the Group.

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 2012.

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 2012.

(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 2012.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Cash	2,106,766	2,497,248
Interest free statutory and special deposits with Central Bank	15,282,861	14,318,851
Interest bearing placements with Central Bank	1,589,890	4,750,763
Interest bearing certificates of deposits with Central Bank	13,000,000	9,205,000
	----- 31,979,517 =====	----- 30,771,862 =====

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 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Due from local banks	1,707,511	2,395,051
Due from foreign banks	19,194,424	15,083,396
	----- 20,901,935 =====	----- 17,478,447 =====

5 LOANS AND RECEIVABLES

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Overdrafts	86,659,646	84,326,516
Time loans	104,888,059	106,811,954
Loans against trust receipts	3,829,003	3,247,580
Bills discounted	4,228,744	2,777,797
Credit card receivables	3,304,297	3,196,867
Others	595,922	597,809
Gross loans and receivables	203,505,671	200,958,523
Other debt instruments	404,610	416,549
Total loans and receivables	203,910,281	201,375,072
Less: Allowances for impairment	(15,078,354)	(14,509,232)
	188,831,927	186,865,840
Total of impaired loans and receivables	29,107,322	28,716,741

5 LOANS AND RECEIVABLES (continued)

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Analysis by economic activity		
-----	-----	-----
Agriculture and allied activities	11,799	15,070
Mining and quarrying	250,155	231,871
Manufacturing	5,372,421	6,014,733
Construction	7,260,363	7,187,695
Trade	8,753,678	7,409,856
Transport and communication	3,598,304	4,835,151
Services	17,815,177	17,809,207
Sovereign	78,571,957	75,457,317
Personal – Retail and others	28,267,438	28,152,267
Real estate	20,735,003	21,789,454
Financial institutions and investment companies	26,898,607	26,558,258
Others	6,375,379	5,914,193
	-----	-----
Total loans and receivables	203,910,281	201,375,072
Less: Allowances for impairment	(15,078,354)	(14,509,232)
	-----	-----
	188,831,927	186,865,840
	=====	=====

5 LOANS AND RECEIVABLES (continued)

	Unaudited three months period ended 31 March 2013 AED 000	Unaudited three months period ended 31 March 2012 AED 000
Movement in allowances for specific impairment -----		
Balance as at 1 January	11,269,154	8,056,792
Allowances for impairment made during the period	557,003	815,235
Write back / recoveries made during the period	(52,293)	(55,280)
Amount transferred to Islamic financing	(16,971)	-
Interest unwind on impaired loans	(22,704)	(20,345)
Amounts written off during the period	(4,071)	(11,826)
Exchange and other adjustments	(1,637)	3,058
Balance as at 31 March	----- 11,728,481 -----	----- 8,787,634 -----
Movement in allowances for collective impairment -----		
Balance as at 1 January	3,240,078	3,427,440
Allowances for impairment made during the period	109,795	180,218
Balance as at 31 March	----- 3,349,873 -----	----- 3,607,658 -----
Total	----- 15,078,354 =====	----- 12,395,292 =====

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Murabaha	17,007,080	15,768,884
Ijara	11,447,915	11,522,578
Credit cards receivable	804,188	824,916
Wakala	3,835,217	3,867,950
Istissna'a	1,243,793	1,294,978
Others	1,557,606	1,449,551
	-----	-----
Total Islamic financing receivables	35,895,799	34,728,857
Less: Deferred income	(1,866,980)	(1,347,338)
Less: Allowances for impairment	(2,302,640)	(2,085,951)
	-----	-----
	31,726,179	31,295,568
	=====	=====
Total of impaired Islamic financing receivables	4,709,560	4,891,897
	=====	=====

Corporate Ijara assets amounting to AED 3.7 billion [2012: AED 3.7 billion] were securitised for the purpose of issuance of Sukuk liability.

6 ISLAMIC FINANCING RECEIVABLES (continued)

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Analysis by economic activity -----		
Agriculture and allied activities	11,596	28,568
Manufacturing	795,802	852,248
Construction	959,875	602,648
Trade	1,233,066	1,124,815
Transport and communication	261,987	196,213
Services	1,717,684	2,232,591
Sovereign	256,071	253,855
Personal – Retail and others	14,907,148	13,677,187
Real estate	8,412,318	8,527,373
Financial institutions and investment companies	6,208,120	6,204,432
Others	1,132,132	1,028,927
	35,895,799	34,728,857
Total Islamic financing receivables		
Less: Deferred income	(1,866,980)	(1,347,338)
Less: Allowances for impairment	(2,302,640)	(2,085,951)
	31,726,179	31,295,568

6 ISLAMIC FINANCING RECEIVABLES (continued)

	Unaudited three months period ended 31 March 2013 AED 000	Unaudited three months period ended 31 March 2012 AED 000
Movement in allowances for specific impairment		
-----	-----	-----
Balance as at 1 January	1,726,028	1,088,293
Allowances for impairment made during the period	232,307	71,590
Recoveries made during the period	(34,690)	(3,059)
Amount transferred from loans and receivables	16,971	-
Balance as at 31 March	1,940,616	1,156,824
-----	-----	-----
Movement in allowances for collective impairment		
-----	-----	-----
Balance as at 1 January	359,923	324,493
Allowances for impairment made during the period	2,101	53,813
Balance as at 31 March	362,024	378,306
-----	-----	-----
Total	2,302,640	1,535,130
	=====	=====

7 TRADING SECURITIES

31 March 2013	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
-----	-----	-----	-----	-----
Government bonds	178,949	84,014	-	262,963
Corporate bonds	720,954	277,993	50,521	1,049,468
Equity	20,568	91,320	43,025	154,913
Others	314,468	-	-	314,468
	-----	-----	-----	-----
	1,234,939	453,327	93,546	1,781,812
	=====	=====	=====	=====

7 TRADING SECURITIES (continued)

31 December 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	166,498	62,836	-	229,334
Corporate bonds	326,541	293,999	2,789	623,329
Equity	-	42,032	2,729	44,761
Others	323,448	-	-	323,448
	816,487	398,867	5,518	1,220,872

Reclassifications out of trading securities

In 2008, pursuant to the amendments to IAS 39 and IFRS 7, the Group reclassified certain trading securities to available-for-sale investment securities. The Group identified financial assets eligible under the amendments, for which it had changed its intent such that it no longer held these financial assets for the purpose of selling in the short term. The Group determined that the context of the deterioration of the financial markets during the second half of 2008 constituted rare circumstances that permit reclassification out of the trading category.

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. Post reclassification, some of the securities have been redeemed on maturity hence the current carrying and fair values reflect the value of securities that exist as at the reporting date. The table below sets out the trading securities reclassified and their current carrying and fair values.

	1 July 2008 AED 000		31 December 2012 AED 000		31 March 2013 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	164,012	164,012	131,869	131,869
	993,491	993,491	164,012	164,012	131,869	131,869

7 TRADING SECURITIES (continued)

The table below sets out the amounts recognised in the income statement and statement of other comprehensive income 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 2013)		
Interest income	104,586	-
Net change in fair value	-	7,559
	-----	-----
	104,586	7,559
	=====	=====

The table below sets out the amounts that would have been recognised in the income statement for the period ended 31 March 2013 had the reclassifications not been made:

	Three months period ended 31 March 2013 AED 000

Net trading gain	752
	=====

8 INVESTMENT SECURITIES

31 March 2013	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	46,278	116,890	-	163,168
Corporate bonds	151,496	73,296	53,582	278,374
	197,774	190,186	53,582	441,542
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	308,724	1,708,516	1,043,109	3,060,349
Corporate bonds	5,747,925	1,008,792	1,072,857	7,829,574
Equity	322,550	841,897	387,604	1,552,051
Others	205,014	738,865	591,030	1,534,909
	6,584,213	4,298,070	3,094,600	13,976,883
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	3,612	61,734	-	65,346
Others	284,907	2,135	61,865	348,907
	288,519	63,869	61,865	414,253
	7,070,506	4,552,125	3,210,047	14,832,678

8 INVESTMENT SECURITIES (continued)

31 December 2012	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	59,751	117,292	-	177,043
Corporate bonds	148,273	73,326	21,755	243,354
	----- 208,024	----- 190,618	----- 21,755	----- 420,397
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	211,075	1,453,744	1,352,979	3,017,798
Corporate bonds	4,896,294	1,066,531	1,061,164	7,023,989
Equity	474,190	865,078	479,624	1,818,892
Others	233,685	734,015	601,140	1,568,840
	----- 5,815,244	----- 4,119,368	----- 3,494,907	----- 13,429,519
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	3,250	59,197	-	62,447
Others	272,420	2,135	78,565	353,120
	----- 275,670	----- 61,332	----- 78,565	----- 415,567
	----- 6,298,938	----- 4,371,318	----- 3,595,227	----- 14,265,483

Investment securities include investments in real estate funds as follows:

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Designated at fair value through profit or loss	----- 12,382	----- 12,808
Available-for-sale	----- 854,729	----- 900,746
	----- 867,111	----- 913,554

9 INVESTMENT IN / SALE OF SUBSIDIARIES

SALE OF STAKE IN DINERS CLUB L.L.C

In December 2012, the Group entered into an agreement to sell 100% shareholding in Diners Club UAE LLC (DC UAE), a subsidiary of the Group, to Network International (NI), a jointly controlled entity in which the Group holds 51% shares. As a result of the sale agreement, the Group will sell the DC UAE franchise rights and the commercial license to NI while retaining the card issuance and the travel account business within the Group. The transaction with NI will be completed at fair value in 2013.

10 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total
	AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
31 March 2013					
<u>Cost</u>					
Balance as at 1 January	5,500,845	9,281	157,490	564,760	6,232,376
	5,500,845	9,281	157,490	564,760	6,232,376
<u>Less: Amortisation and impairment</u>					
Balance as at 1 January	4,903	9,281	150,174	317,000	481,358
Amortisation and impairment for the period	-	-	500	15,250	15,750
Balance as at 31 March	4,903	9,281	150,674	332,250	497,108
Net Goodwill and Intangibles	5,495,942	-	6,816	232,510	5,735,268
31 December 2012					
<u>Cost</u>	5,500,845	9,281	157,490	564,760	6,232,376
<u>Less: Amortisation and impairment</u>	4,903	9,281	150,174	317,000	481,358
Net Goodwill and Intangibles	5,495,942	-	7,316	247,760	5,751,018

11 OTHER ASSETS

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Accrued interest receivable	1,189,999	1,178,070
Islamic financing - profit receivable	127,119	143,797
Prepayments and other advances	244,458	216,434
Sundry debtors and other receivables	682,912	671,157
Inventory	1,229,425	1,280,446
Fair value of deposit (a)	461,182	476,106
Fair value of guarantee (b)	1,724,835	1,639,335
Others	927,705	833,529
	-----	-----
	6,587,635	6,438,874
	=====	=====

- (a) On acquisition of Dubai Bank in October 2011, 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 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 financial statements in 2011, which will be amortised over the term of the deposit (8 years) at the effective interest rate.
- (b) In connection with the acquisition of Dubai Bank, 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 represented the fair value of the Guarantee as at the date of the acquisition.

Fair value of the guarantee increased by AED 85.5 million during the three month period ended 31 March 2013 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 2013 AED 000	Audited 31 December 2012 AED 000
Medium term note programme	14,482,991	13,830,670
Borrowings raised from loan securitisations	3,197,766	3,360,122
	----- 17,680,757 =====	----- 17,190,792 =====

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
Balance as at 1 January	17,190,792	15,636,867
New receipts*	4,524,538	11,177,393
Repayments	(4,034,573)	(9,623,468)
Balance at end of period	----- 17,680,757 =====	----- 17,190,792 =====

*New receipts in 2013 include a US\$ 750m Tier 2 note issued in March 2013 with a 10-year maturity [refer note 25 (b)].

The outstanding medium term borrowings totalling AED 17,681 million (2012: AED 17,191 million) will be repaid as follows:

	Unaudited 31 March 2013 AED million	Audited 31 December 2012 AED million
2013	2,536	4,426
2014	2,397	1,477
2015	1,191	1,276
2016	1,540	1,513
2017	4,103	4,103
2018	1,235	2,563
2019	26	26
2020	200	180
2022	1,552	1,627
2023	2,901	-
	----- 17,681 =====	----- 17,191 =====

13 OTHER LIABILITIES

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Accrued interest payable	869,636	984,287
Profit payable to Islamic depositors	135,044	271,491
Managers' cheques	1,266,060	1,043,054
Trade and other payables	1,491,296	1,122,387
Staff related liabilities	630,232	741,467
Provision for taxation	17,678	11,333
Others	1,532,103	1,595,712
	-----	-----
	5,942,049	5,769,731
	=====	=====

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 is not 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 March 2013 AED 000	Unaudited three months period ended 31 March 2012 AED 000
	-----	-----
Dividend income	11,032	30,100
Gains from sale of available-for-sale investment securities	110,399	95,456
Gain from investment securities designated at fair value through profit or loss	9,425	13,354
Rental income	18,826	15,610
Revaluation loss on investment properties	(7,171)	(6,468)
Gain on sale of properties	20,099	5,287
Foreign exchange income*	209,218	264,966
Derivative income	39,583	42,531
Other income (net)	(33,382)	7,549
	-----	-----
	378,029	468,385
	=====	=====

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

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited three months period ended 31 March 2013 AED 000	Unaudited three months period ended 31 March 2012 AED 000
	-----	-----
Staff cost	584,219	611,181
Occupancy cost	59,534	55,399
Equipment and supplies	18,182	20,289
Information technology cost	31,358	25,945
Communication cost	29,122	24,427
Service, legal and professional fees	32,446	37,867
Marketing related expenses	26,672	21,046
Depreciation	72,302	75,145
Others	55,172	70,940
	-----	-----
	909,007	942,239
	=====	=====

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 March 2013 AED 000	Unaudited three months period ended 31 March 2012 AED 000
	-----	-----
Net impairment of loans and receivables	(614,505)	(940,173)
Net impairment of Islamic financing receivables	(199,718)	(122,344)
Net impairment of investment securities	(48,768)	(17,618)
Net impairment of due from banks	-	(10,400)
Bad debts (written off)/recovery (net)	(25,010)	(10,282)
	-----	-----
Net impairment loss for the period	(888,001)	(1,100,817)
	=====	=====

18 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 06 March 2013, shareholders approved payment of a cash dividend of 25% of the issued and paid up capital amounting to AED 1,388 million which has been recognised in the interim financial statements as of 31 March 2013.

19 COMMITMENTS AND CONTINGENCIES

At 31 March 2013, the Group's commitments and contingencies are as follows:

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Letters of credit	7,584,884	6,369,337
Guarantees	35,445,615	31,929,804
Liability on risk participations	2,682,697	2,270,080
Irrevocable loan commitments	12,929,918	14,113,882
	-----	-----
	58,643,114	54,683,103
	=====	=====

20 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders (further adjusted for interest expense on tier I capital notes) of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, if any.

	Unaudited three months period ended 31 March 2013 AED 000	Unaudited three months period ended 31 March 2012 AED 000
	-----	-----
Profit for the period attributable to equity holders	836,772	641,113
Deduct : Interest on tier 1 capital notes	(64,500)	(65,217)
	-----	-----
Net profit attributable to equity holders	772,272	575,896
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share* (AED)	0.14	0.10
	=====	=====

*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2013.

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, commercial customers, investment banking and Islamic products under Al Watani Al Islami;
- (b) Consumer banking represents retail loans and deposits, private banking and 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; and
- (e) Other operations of the Group include property management, equity broking services, operations and support functions.

21 OPERATING SEGMENTS (continued)

31 March 2012 -----	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic banking* AED 000	Others** AED 000	Total AED 000
	-----	-----	-----	-----	-----	-----
Net interest income and income from Islamic products net of distribution to depositors	844,546	776,618	(62,105)	205,453	12,045	1,776,557
Net Fees, commission and other income	268,233	350,518	309,060	74,598	(92,825)	909,584
Total operating income	1,112,779	1,127,136	246,955	280,051	(80,780)	2,686,141
General and administrative expenses	(79,456)	(383,912)	(24,434)	(169,366)	(285,071)	(942,239)
Amortization of intangibles	-	-	-	-	(20,465)	(20,465)
Net specific impairment loss on financial assets	(670,640)	(107,618)	(33,452)	(55,075)	-	(866,785)
Net collective impairment loss on financial assets	(181,542)	-	-	(52,490)	-	(234,032)
Share of profit of associates and joint ventures	-	-	-	1,897	22,261	24,158
Taxation charge	(3,388)	(720)	(1,524)	-	-	(5,632)
Group profit for the period	177,753	634,886	187,545	5,017	(364,055)	641,146
Segment assets	176,272,055	28,847,932	49,525,022	30,200,203	11,845,336	296,690,548
Segment liabilities and equity	78,976,416	87,033,506	59,215,250	36,822,541	34,642,835	296,690,548

* Islamic Banking includes Dubai Bank and Emirates Islamic Bank and hence the 2012 numbers have been restated as a result of a unified management structure.

** During the latter half of 2012, various subsidiaries were re-segmented from others to relative business segments and hence the March 2012 numbers have been restated.

22 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly 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 2012: 10%) and 17% (March 2012: 19%) respectively, of the total deposits and loans of the Group.

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

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

Related party balances and transactions are as follows:

	Unaudited 31 March 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Loans and receivables:		
To majority shareholder of the parent	78,828,028	75,711,172
To parent	2,205,521	2,205,635
To directors and related companies	1,245,803	1,935,654
To associates and joint ventures	3,005,724	3,176,533
	-----	-----
	85,285,076	83,028,994
	=====	=====
Customer and Islamic deposits:		
From majority shareholder of the parent	2,159,951	2,312,744
From parent	2,135,694	2,787,464
From associates and joint ventures	404,515	381,008
	-----	-----
	4,700,160	5,481,216
	=====	=====
Investment in Government of Dubai bonds	164,489	184,563
Loans to and investment in funds managed by the Group	850,584	881,420
Commitments to associates	393,723	411,801
Customer acceptances to associates	6,859	13,425

22 RELATED PARTY TRANSACTIONS (continued)

	Unaudited three months period ended 31 March 2013 AED 000 -----	Unaudited three months period ended 31 March 2012 AED 000 -----
Payments made to associates and joint ventures	48,693	46,211
Fees received in respect of funds managed by the Group	8,834	5,860
Interest paid to funds managed by the Group	6,991	3,449
Interest paid to joint ventures	38	533

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

	Unaudited three months period ended 31 March 2013 AED 000 -----	Unaudited three months period ended 31 March 2012 AED 000 -----
<u>Key management compensation:</u>		
Short term employee benefits	26,082	16,845
Post employment benefits	511	201

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

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relations at the period end.

23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited three months period ended 31 March 2013 AED 000 -----	Unaudited three months period ended 31 March 2012 AED 000 -----
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	4,608,234	(2,335,214)
Net cash (outflow)/inflow	(1,885,734)	11,037,470
Balance at end of period	2,722,500 =====	8,702,256 =====
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	31,979,517	27,366,945
Due from banks	20,901,935	24,785,514
Due to banks	(21,486,177)	(18,630,108)
	31,395,275	33,522,351
Less : deposits with Central Bank for regulatory purposes	(15,282,861)	(12,884,736)
Less : certificates of deposit with Central Bank maturing after three months	(10,750,000)	(8,655,000)
Less : amounts due from banks maturing after three months	(6,435,124)	(7,244,859)
Add : amounts due to banks maturing after three months	3,795,210	3,964,500
	2,722,500 =====	8,702,256 =====

24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE
Fair Value of assets and liabilities

The table below analyses assets and liabilities measured at fair value on a recurring basis. The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in principal markets for identified assets or liabilities.
- Level 2: valuation using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)

<u>31 March 2013</u>	Quoted prices in active markets for identical assets (Level 1) AED 000	Significant other observable inputs (Level 2) AED 000	Significant unobservable inputs (Level 3) AED 000	Total Gains/ (losses) AED 000
<u>Recurring fair value measurements</u>				
<u>Trading securities</u>				
Debt Securities	1,312,431	-	-	1,312,431
Investment in equities	154,913	-	-	154,913
Others	166,514	147,954	-	314,468
	-----	-----	-----	-----
	1,633,858	147,954	-	1,781,812
	-----	-----	-----	-----
<u>Investment securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	9,272,197	1,402,354	215,372	10,889,923
Investment in equities	399,824	353,623	798,604	1,552,051
Others	336,111	289,716	909,082	1,534,909
	-----	-----	-----	-----
	10,008,132	2,045,693	1,923,058	13,976,883
	-----	-----	-----	-----
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Investment in equities	65,346	-	-	65,346
Others	284,456	28,558	35,893	348,907
	-----	-----	-----	-----
	349,802	28,558	35,893	414,253
	-----	-----	-----	-----
<u>Derivatives held for trading</u>				
Positive fair value of derivatives	-	2,063,744	-	2,063,744
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	120,718	-	120,718
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	53,224	-	53,224
	-----	-----	-----	-----
	-	2,237,686	-	2,237,686
	-----	-----	-----	-----
<u>Derivatives held for trading</u>				
Negative fair value of derivatives	-	(1,929,582)	-	(1,929,582)
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	(26,555)	-	(26,555)
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	(64,674)	-	(64,674)
	-----	-----	-----	-----
	-	(2,020,811)	-	(2,020,811)
	=====	=====	=====	=====

24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Available for sale financial assets AED 000	Financial assets designated at fair value through profit or loss AED 000	Financial assets held for trading AED 000	Total AED 000
	-----	-----	-----	-----
Balance as at 1 January 2013	1,796,080	1,344	-	1,797,424
Total gains or losses:				
- in profit or loss	-	(604)	-	(604)
- in other comprehensive income	1,368	-	-	1,368
Purchases	-	-	-	-
Settlements and other adjustments	(162,382)	-	-	(162,382)
Transfers into Level 3	305,998	35,153	-	341,151
Transfers out of Level 3	(18,006)	-	-	(18,006)
Balance as at 31 March 2013	1,923,058	35,893	-	1,958,951
	-----	-----	-----	-----

During the period ended 31 March 2013 available for sale financial assets with a carrying amount of AED 151.9 million were transferred from Level 1 to Level 2 because quoted prices in the market for such debt securities became no longer regularly available. In order to determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There have been transfers from Level 2 to Level 1 amounting to AED 113 million during the period March 2013.

25 OTHER SIGNIFICANT EVENTS

(a) The Group has entered into an agreement with BNP Paribas to acquire its 95.2% stake and 4.8% of the minority stake in BNP Paribas Egypt S.A.E. for USD 500 million. BNP Paribas Egypt has a network of 69 branches throughout the country, 1450 employees, and approximately 200,000 retail and 3,000 corporate clients and its shareholders' equity amounted to EGP 1.9 billion (USD 312 million) as of 30 September 2012.

The transaction is subject to regulatory approval and is expected to close during 2013.

(b) On 28th March 2013, the Group issued a US\$ 750m Subordinated Note with a 10-year maturity callable after 5-years at the option of the Group. The note offered a coupon of 4.875%. In April 2013, the Group has repaid an amount of AED 3 billion in respect of facilities received from the Ministry of Finance in 2008.

26 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.