

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 30 September 2013 and the related consolidated interim statements of income and comprehensive income for the three month and nine month periods then ended and consolidated interim statement of cash flows and changes in equity for the nine 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 30 September 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 21 October 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

23 October 2013
Dubai, United Arab Emirates

EMIRATES NBD PJSC

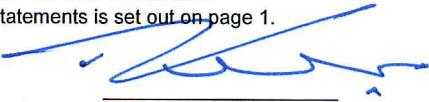
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013 (UNAUDITED)

ASSETS	Notes	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
Cash and deposits with Central Bank	3	33,715,122	30,771,862
Due from banks	4	16,822,478	17,478,447
Loans and receivables	5	202,253,042	186,865,840
Islamic financing receivables	6	32,106,127	31,295,568
Trading securities	7	1,069,851	1,220,872
Investment securities	8	16,884,455	14,265,483
Investments in associates and joint ventures	10	1,588,413	2,080,157
Positive fair value of derivatives	23	1,968,501	2,218,382
Investment properties		1,165,644	1,138,731
Customer acceptances		5,668,716	6,301,961
Property and equipment		2,751,335	2,469,156
Goodwill and intangibles	11	6,296,119	5,751,018
Other assets	12	9,979,376	6,438,874
TOTAL ASSETS		332,269,179	308,296,351
LIABILITIES			
Due to banks		25,398,415	22,168,827
Customer deposits	13	186,203,026	176,318,158
Islamic customer deposits	13	42,422,651	37,610,289
Repurchase agreements with banks		1,794,080	730,873
Debt issued and other borrowed funds	14	17,790,053	17,190,792
Sukuk payable		3,659,360	3,673,000
Negative fair value of derivatives	23	1,666,722	2,034,144
Customer acceptances		5,668,716	6,301,961
Other liabilities	15	6,679,852	5,769,731
TOTAL LIABILITIES		291,282,875	271,797,775
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	16	7,648,497	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		489,625	593,823
Currency translation reserve		8,326	(4,793)
Retained earnings		9,434,064	8,505,205
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		40,938,584	36,452,307
Non-controlling interest		47,720	46,269
TOTAL EQUITY		40,986,304	36,498,576
TOTAL LIABILITIES AND EQUITY		332,269,179	308,296,351

The notes set out on pages 8 to 36 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

23 OCT 2013

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	Notes	Unaudited three months period ended 30 Sept 2013 AED 000	Unaudited three months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000
Interest income		2,581,379	2,305,964	7,074,400	6,871,095
Interest expense		(628,581)	(751,623)	(1,985,513)	(2,198,892)
Net interest income		1,952,798	1,554,341	5,088,887	4,672,203
Income from Islamic financing and investment products		418,614	329,266	1,231,000	985,504
Distribution to depositors and profit paid to Sukuk holders		(117,369)	(153,414)	(404,989)	(511,820)
Net income from Islamic financing and investment products		301,245	175,852	826,011	473,684
Net interest income and income from Islamic financing and investment products net of distribution to depositors		2,254,043	1,730,193	5,914,898	5,145,887
Fee and commission income		630,794	483,974	1,776,560	1,420,783
Fee and commission expense		(136,250)	(86,090)	(320,839)	(230,312)
Net fee and commission income		494,544	397,884	1,455,721	1,190,471
Net gain on trading securities		41,701	30,981	28,541	53,170
Other operating income	17	354,325	361,554	1,295,373	1,316,224
Total operating income		3,144,613	2,520,612	8,694,533	7,705,752
General and administrative expenses	18	(1,037,523)	(874,164)	(2,919,627)	(2,710,241)
Amortisation of intangibles		(15,750)	(20,000)	(47,250)	(60,000)
Operating profit before impairment charges		2,091,340	1,626,448	5,727,656	4,935,511
Net impairment loss on financial assets	19	(1,515,499)	(1,008,687)	(3,399,983)	(3,064,036)
Operating profit after impairment charges		575,841	617,761	2,327,673	1,871,475
Share of profit of associates and joint ventures		34,486	27,413	101,040	72,988
Gain on disposal of stake in an associate	10	190,561	-	190,561	-
Taxation charge		(25,790)	(5,075)	(35,749)	(15,798)
Group profit for the period		775,098	640,099	2,583,525	1,928,665
Attributable to:					
Equity holders of the Group		775,885	640,135	2,583,453	1,928,796
Non-controlling interest		(787)	(36)	72	(131)
Group profit for the period		775,098	640,099	2,583,525	1,928,665
Earnings per share	22	0.12	0.10	0.42	0.31

The notes set out on pages 8 to 36 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.

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	Unaudited three months period ended 30 Sept 2013 AED 000	Unaudited three months period ended 30 Sept 2012 AED 000	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000
	-----	-----	-----	-----
Group profit for the period	775,098	640,099	2,583,525	1,928,665
Items that may be reclassified subsequently to Income statement: Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	(34,892)	26,672	(65,179)	56,668
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	311,118	129,418	194,050	561,828
- Net amount transferred to income statement	(31,887)	(108,589)	(233,069)	(327,339)
Items that are not reclassified subsequently to Income statement:				
Currency translation reserve	18,299	8,372	13,119	5,484
Other comprehensive income for the period	262,638	55,873	(91,079)	296,641
Total comprehensive income for the period	1,037,736	695,972	2,492,446	2,225,306
Attributable to:				
Equity holders of the Group	1,038,523	696,008	2,492,374	2,225,437
Non-controlling interest	(787)	(36)	72	(131)
Total recognised income for the period	1,037,736	695,972	2,492,446	2,225,306

The notes set out on pages 8 to 36 form part of these Group condensed consolidated interim financial statements.
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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

	Unaudited nine months period ended 30 Sept 2013 AED 000 -----	Unaudited nine months period ended 30 Sept 2012 AED 000 -----
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	2,583,525	1,928,665
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	2,326,967	2,261,140
Impairment loss on Islamic financing receivables	863,071	687,376
Impairment loss on investment securities	144,949	97,419
Interest unwind on impaired loans	(69,522)	(63,557)
Amortisation of fair value (net)	34,993	45,798
Discount on Investment securities	31,456	42,162
Unrealised foreign exchange gain	(79,866)	(165,797)
Amortisation of intangibles	47,250	60,000
Depreciation of property and equipment	222,785	221,471
Share of profit of associates and joint ventures	(101,040)	(72,988)
Gain on disposal of stake in an associate	(190,561)	-
Unrealised loss/(gain) on investments	27,482	(73,393)
Revaluation loss on investment properties	21,513	20,108
	-----	-----
Operating profit before changes in operating assets and liabilities	5,863,002	4,988,404
Increase in interest free statutory deposits	(3,154,731)	(2,298,356)
Increase in certificate of deposits with Central Bank maturing after three months	(2,750,000)	(7,005,000)
Increase/(decrease) in amounts due from banks maturing after three months	285,119	(2,063,587)
(Decrease)/Increase in amounts due to banks maturing after three months	(301,557)	1,134,966
Net change in other liabilities/other assets	(2,736,776)	1,355,500
Net change in fair value of derivatives	(182,699)	160,008
Increase in customer deposits (including Islamic deposits)	6,961,784	20,840,398
Increase in loans and receivables	(14,085,721)	(9,770,325)
Increase in Islamic financing receivables	(1,673,630)	(2,475,180)
	-----	-----
Net cash flows (used in)/generated from operating activities	(11,775,209)	4,866,828
	-----	-----

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**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	Unaudited nine months period ended 30 Sept 2013 AED 000 -----	Unaudited nine months period ended 30 Sept 2012 AED 000 -----
<u>INVESTING ACTIVITIES</u>		
Decrease/(increase) in trading securities (net of fair value movements)	137,051	(115,310)
Increase in investment securities (net of fair value movements)	(1,013,797)	(1,346,786)
Decrease in investments in associates and joint ventures	509,161	69,459
Sale of investment in subsidiary	5,204	-
Acquisition of Investment Properties	(48,426)	(26,226)
Acquisition of subsidiary	(749,542)	-
Additions to property and equipment (net)	(83,954)	(189,882)
Net cash flows used in investing activities	(1,244,303) -----	(1,608,745) -----
<u>FINANCING ACTIVITIES</u>		
Increase/(decrease) in deposits under repurchase agreements	599,261	(1,860,328)
Increase in debt issued and other borrowed funds	1,063,207	5,410,055
(Decrease)/increase in Sukuk borrowing	(13,640)	2,430,013
Interest on tier I capital notes	(266,626)	(196,367)
Issuance of tier I capital notes	3,648,497	-
Dividends paid	(1,387,968)	(1,110,374)
Net cash flows from financing activities	3,642,731 -----	4,672,999 -----
(Decrease)/increase in cash and cash equivalents (refer Note 26)	(9,376,781) =====	7,931,082 =====

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**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP											
	Issued capital AED 000	Treasury shares AED 000	Tier I capital notes AED 000	Share premium reserve AED 000	Legal and statutory reserve AED 000	Other reserves AED 000	Fair value reserve AED 000	Currency translation reserve AED 000	Retained earnings AED 000	Total AED 000	Non-controlling interest AED 000	Group total 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	-	-	-	-	-	-	(104,198)	13,119	2,583,453	2,492,374	72	2,492,446
Tier I capital notes issued during the period (note 16)	-	-	3,648,497	-	-	-	-	-	-	3,648,497	-	3,648,497
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,379	1,379
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(266,626)	(266,626)	-	(266,626)
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 30 September 2013	5,557,775	(46,175)	7,648,497	12,270,124	2,706,815	2,869,533	489,625	8,326	9,434,064	40,938,584	47,720	40,986,304
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	-	-	-	-	-	-	291,157	5,484	1,928,796	2,225,437	(131)	2,225,306
Tier I capital notes issued during the period	-	-	-	-	-	-	-	-	-	-	-	-
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(196,367)	(196,367)	-	(196,367)
Dividends payable	-	-	-	-	-	-	-	-	(1,110,374)	(1,110,374)	-	(1,110,374)
Balance as at 30 September 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	539,446	1,798	8,209,564	35,853,470	46,149	35,899,619

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2013 as this will be effected at the year end.

The notes set out on pages 8 to 36 form part of these Group condensed consolidated interim financial statements.
 The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

1 CORPORATE INFORMATION

Emirates NBD PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Bank was incorporated principally to give effect to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”). The merger became effective from 16 October 2007, while the legal merger was completed on 4 February 2010. Post this date, EBI and NBD ceased to exist.

The condensed consolidated interim financial statements for the period ended 30 September 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 condensed consolidated interim financial statements of the Group.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Groups’ financial statements as at and for the year ended 31 December 2012. In addition, results for the nine months period ended 30 September 2013 are not necessarily indication of the results that may be expected for the financial year ending 31 December 2013.

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 30 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Cash	2,947,437	2,497,248
Interest free statutory and special deposits with Central Bank	17,473,583	14,318,851
Interest bearing placements with Central Bank	1,469,484	4,750,763
Interest bearing certificates of deposits with Central Bank	11,824,618	9,205,000
	-----	-----
	33,715,122	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 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 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Due from local banks	1,770,502	2,395,051
Due from foreign banks	15,051,976	15,083,396
	-----	-----
	16,822,478	17,478,447
	=====	=====

5 LOANS AND RECEIVABLES

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Overdrafts	95,647,401	84,326,516
Time loans	107,268,530	106,811,954
Loans against trust receipts	4,998,408	3,247,580
Bills discounted	5,004,787	2,777,797
Credit card receivables	3,887,666	3,196,867
Others	1,730,944	597,809
	-----	-----
Gross loans and receivables	218,537,736	200,958,523
Other debt instruments	349,823	416,549
	-----	-----
Total loans and receivables	218,887,559	201,375,072
Less: Allowances for impairment	(16,634,517)	(14,509,232)
	-----	-----
	202,253,042	186,865,840
	=====	=====
Total of impaired loans and receivables	29,723,941	28,716,741
	=====	=====

5 LOANS AND RECEIVABLES (continued)

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
Analysis by economic activity		
-----	-----	-----
Agriculture and allied activities	13,774	15,070
Mining and quarrying	351,161	231,871
Manufacturing	6,290,441	6,014,733
Construction	7,444,465	7,187,695
Trade	10,315,143	7,409,856
Transport and communication	4,192,566	4,835,151
Services	20,417,278	17,809,207
Sovereign	86,551,588	75,457,317
Personal – Retail and others	31,307,755	28,152,267
Real estate	18,600,817	20,967,954
Financial institutions and investment companies	25,467,034	26,558,258
Others	7,935,537	6,735,693
	-----	-----
Total loans and receivables	218,887,559	201,375,072
Less: Allowances for impairment	(16,634,517)	(14,509,232)
	-----	-----
	202,253,042	186,865,840
	=====	=====

5 LOANS AND RECEIVABLES (continued)

	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 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	2,222,789	2,589,276
Write back / recoveries made during the period	(190,596)	(223,919)
Amount transferred to Islamic financing	(16,970)	-
Interest unwind on impaired loans	(69,522)	(63,557)
Amounts written off during the period	(55,103)	(66,897)
Exchange and other adjustments	(898)	3,814
Balance as at 30 September	13,158,854	10,295,509
Movement in allowances for collective impairment -----		
Balance as at 1 January	3,240,078	3,427,440
Allowances for impairment made during the period	294,774	(104,217)
Amount transferred to Islamic financing (note 6)	(65,725)	-
Exchange and other adjustments	6,536	-
Balance as at 30 September	3,475,663	3,323,223
Total	16,634,517	13,618,732

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Murabaha	19,088,760	15,768,884
Ijara	11,685,512	11,522,578
Credit cards receivable	850,069	824,916
Wakala	2,523,698	3,867,950
Istissna'a	1,258,027	1,294,978
Others	1,849,670	1,449,551
	-----	-----
Total Islamic financing receivables	37,255,736	34,728,857
Less: Deferred income	(2,117,892)	(1,347,338)
Less: Allowances for impairment	(3,031,717)	(2,085,951)
	-----	-----
	32,106,127	31,295,568
	=====	=====
Total of impaired Islamic financing receivables	6,174,184	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)

Analysis by economic activity -----	Unaudited 30 September 2013 AED 000 -----	Audited 31 December 2012 AED 000 -----
Agriculture and allied activities	8,515	28,568
Mining and quarrying	99,851	-
Manufacturing	805,823	852,248
Construction	842,578	602,648
Trade	1,483,494	1,124,815
Transport and communication	305,281	196,213
Services	1,893,240	2,232,591
Sovereign	239,070	253,855
Personal – Retail and others	17,264,574	13,677,187
Real estate	8,383,065	8,527,373
Financial institutions and investment companies	4,758,420	6,204,432
Others	1,171,825	1,028,927
Total Islamic financing receivables	----- 37,255,736	----- 34,728,857
Less: Deferred income	(2,117,892)	(1,347,338)
Less: Allowances for impairment	(3,031,717)	(2,085,951)
	----- 32,106,127 =====	----- 31,295,568 =====

6 ISLAMIC FINANCING RECEIVABLES (continued)

	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 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	909,627	669,550
Write back / recoveries made during the period	(64,094)	(6,854)
Amount transferred from loans and receivables	16,970	-
Amounts written off during the period	-	(335)
-----	-----	-----
Balance as at 30 September	2,588,531	1,750,654
-----	-----	-----
Movement in allowances for collective impairment		

Balance as at 1 January	359,923	324,493
Allowances for impairment made during the period	17,538	24,680
Amount transferred from loans and receivables (note 5)	65,725	-
-----	-----	-----
Balance as at 30 September	443,186	349,173
-----	-----	-----
Total	3,031,717	2,099,827
	=====	=====

7 TRADING SECURITIES

30 September 2013	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
-----	-----	-----	-----	-----
Government bonds	95,745	97,484	-	193,229
Corporate bonds	458,325	6,601	76,773	541,699
Equity	17,415	3,945	6,248	27,608
Others	307,315	-	-	307,315
-----	-----	-----	-----	-----
	878,800	108,030	83,021	1,069,851
	=====	=====	=====	=====

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		30 September 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	23,392	23,392
	993,491	993,491	164,012	164,012	23,392	23,392

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 – 30 September 2013)		
Interest income	105,617	-
Net change in fair value	-	7,988
	-----	-----
	105,617	7,988
	=====	=====

The table below sets out the amounts that would have been recognised in the income statement for the period ended 30 September 2013 had the reclassifications not been made:

	Nine months period ended 30 Sept 2013 AED 000 -----
Net trading loss	1,181
	=====

8 INVESTMENT SECURITIES

30 September 2013	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	48,952	131,642	-	180,594
Corporate bonds	12,067	83,489	45,916	141,472
	61,019	215,131	45,916	322,066
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	242,186	4,814,233	1,563,168	6,619,587
Corporate bonds	3,960,062	1,458,490	1,107,548	6,526,100
Equity	771,432	802,555	88,002	1,661,989
Others	170,947	620,673	365,326	1,156,946
	5,144,627	7,695,951	3,124,044	15,964,622
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	6,465	62,481	-	68,946
Others	466,478	1,884	60,459	528,821
	472,943	64,365	60,459	597,767
	5,678,589	7,975,447	3,230,419	16,884,455

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	1,086,084	1,132,905	7,115,283
Equity	474,190	865,078	479,624	1,818,892
Others	233,685	714,462	529,399	1,477,546
	-----	-----	-----	-----
	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 30 September 2013 AED 000	Audited 31 December 2012 AED 000
Designated at fair value through profit or loss	----- 11,994	----- 12,808
Available-for-sale	749,065	900,746
	-----	-----
	761,059	913,554
	=====	=====

9 INVESTMENT IN / SALE OF SUBSIDIARIES

(i) ACQUISITION OF BNP PARIBAS EGYPT S.A.E

On 9 June 2013, the Group acquired a 95.2% stake in BNP Paribas Egypt S.A.E (“BNPP Egypt”) for a consideration of USD 476 million [AED 1,748 million].

In September 2013, the Group acquired the minority interest of 4.8% of shares for a consideration of USD 24 million [AED 88 million].

The fair value of assets and liabilities acquired is given below:

	AED million
<u>Net assets acquired</u>	
Cash and deposits with Central Bank	1,086
Due from Banks	2,939
Loans and receivables	3,554
Investment securities	1,649
Property and equipment	421
Other assets	42
<u>Liabilities</u>	
Customer deposits	7,735
Due to bank	426
Other liabilities	284
Fair value of Net assets acquired	1,246
Goodwill and intangibles	592
Purchase consideration	1,838
Represented by:	
Purchase consideration paid in cash	1,836
Acquisition related cost capitalised	2
Total	1,838

Goodwill and intangibles represent the difference between fair value of assets acquired and purchase consideration. The fair values of the assets and liabilities have been determined by an external expert. Refer Note 11 for details of Goodwill and Intangibles.

In addition to acquisition related capitalized costs of AED 2 million, an amount of AED 24.4 million was incurred and is included in General and administrative expenses.

BNPP Egypt’s revenue included in the condensed consolidated interim income statement since 9 June 2013 is AED 200.8 million. BNPP Egypt also contributed profit of AED 76.9 million over the same period.

Had BNPP Egypt been consolidated from 1 January 2013 the condensed consolidated interim income statement would have included revenue of AED 447 million and profit of AED 149.6 million.

9 INVESTMENT IN / SALE OF SUBSIDIARIES (continued)

 (ii) SALE OF STAKE IN DINERS CLUB L.L.C

In December 2012, the Group entered into an agreement to sell 99% shareholding in Diners Club UAE LLC (DC UAE), a subsidiary of the Group.

During 2013, the Group completed the sale of 99% shareholding in DC UAE to Network International (NI), a jointly controlled entity in which the Group holds 51% shares. As a result of the sale agreement, the Group sold the DC UAE franchise rights and commercial license to NI while retaining the card issuance and the travel account businesses within the Group.

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

During the period, the Group sold 32.6% of its stake in Union Properties P.J.S.C. resulting in a decrease in Group shareholdings from 47.6% as at 31 December 2012 to 15%. As a result the Group no longer holds significant influence in Union Properties P.J.S.C. and has discontinued equity accounting. The remaining shares have now been classified as available for sale investment.

The difference between the carrying value of the investment in associate and sale proceeds on disposal of investment and fair value (on the date the Group discontinued equity accounting) for the remaining shares is recorded in the income statement.

Gain on disposal of stake in an Associate

	<u>AED'000</u>
Carrying value of the investment in associate as at 01 January 2013	531,734
Less:	
Sale proceeds on disposal of investment in associate	449,154
Fair value (on the date the Group discontinued equity accounting) for the remaining shares	273,141
Gain on disposal of stake in an associate	190,561
	=====

11 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total	
	AED 000	Banking license AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
30 September 2013						
<u>Cost</u>						
Balance as at 1 January	5,500,845	-	9,281	157,490	564,760	6,232,376
Additions (a)	136,351	357,000	-	-	99,000	592,351
	<u>5,637,196</u>	<u>357,000</u>	<u>9,281</u>	<u>157,490</u>	<u>663,760</u>	<u>6,824,727</u>
<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	-	-	-	1,500	45,750	47,250
Balance as at 30 September	<u>4,903</u>	<u>-</u>	<u>9,281</u>	<u>151,674</u>	<u>362,750</u>	<u>528,608</u>
Net Goodwill and Intangibles	<u>5,632,293</u>	<u>357,000</u>	<u>-</u>	<u>5,816</u>	<u>301,010</u>	<u>6,296,119</u>
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	<u>5,495,942</u>	<u>-</u>	<u>-</u>	<u>7,316</u>	<u>247,760</u>	<u>5,751,018</u>

Acquired intangibles comprise those recognized as part of the acquisition of BNPP Egypt. The acquired intangibles comprise Core deposits and Banking license. Core deposits are amortized over 3 years useful life and Banking license has an indefinite life.

Goodwill represents expected synergies and other benefits from acquired assets and activities of BNPP Egypt.

12 OTHER ASSETS

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Accrued interest receivable	1,482,137	1,178,070
Islamic financing - profit receivable	120,311	143,797
Prepayments and other advances	221,933	216,434
Sundry debtors and other receivables	996,196	671,157
Inventory	3,064,518	1,280,446
Fair value of deposit (a)	431,333	476,106
Fair value of guarantee (b)	2,000,000	1,639,335
Others	1,662,948	833,529
	-----	-----
	9,979,376	6,438,874
	=====	=====

- (a) On acquisition of Dubai Bank in October 2011, the Group received a deposit from the 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 (onwards from the date of acquisition). 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 361 million during the nine month period ended 30 September 2013 which primarily relates to the increase in impairment provision on the assets that existed as at the date of acquisition of Dubai Bank.

13 CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS**Customer Deposits**

Customer deposits includes AED 3,702 million (31 December 2012: AED 11,502 million) pertaining to funds received from the Ministry of Finance of the UAE in 2008. During the period, the Group repaid an amount of AED 7,800 million in respect of funds received from the UAE Ministry of Finance in 2008.

Islamic Customer Deposits

Islamic customer deposits includes AED 1,082 million (31 December 2012: AED 1,082 million) pertaining to funds received from the Ministry of Finance of the UAE in 2008.

14 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
Medium term note programme*	14,752,989	13,830,670
Borrowings raised from loan securitisations	3,037,064	3,360,122
	17,790,053	17,190,792
	=====	=====

*Includes Tier 2 notes amounting to AED 3,719 million (2012: AED 1,934 million) raised through public and private placements.

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
Balance as at 1 January	17,190,792	15,636,867
New receipts	6,477,636	11,177,393
Repayments	(5,878,375)	(9,623,468)
Balance at end of period	17,790,053	17,190,792
	=====	=====

As at 30 September 2013, the outstanding medium term borrowings totalling AED 17,790 million (2012: AED 17,191 million) is falling due as below:

	Unaudited 30 September 2013 AED million	Audited 31 December 2012 AED million
2013	1,253	4,426
2014	3,708	1,477
2015	1,174	1,276
2016	1,560	1,513
2017	3,991	4,103
2018	1,231	2,563
2019	43	26
2020	226	180
2022	1,504	1,627
2023	3,100	-
	17,790	17,191
	=====	=====

15 OTHER LIABILITIES

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Accrued interest payable	831,040	984,287
Profit payable to Islamic depositors	161,210	271,491
Managers' cheques	1,048,534	1,043,054
Trade and other payables	1,626,284	1,122,387
Staff related liabilities	686,482	741,467
Provision for taxation	14,406	11,333
Others	2,311,896	1,595,712
	-----	-----
	6,679,852	5,769,731
	=====	=====

16 TIER I CAPITAL NOTES

- (i) In May 2013, the Group issued regulatory Tier 1 Capital notes amounting to USD 1 billion (AED 3.67 billion). The notes are perpetual, subordinated and unsecured and have been issued at a fixed interest rate with a reset after six years. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified under equity.
- (ii) 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.

17 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000
	-----	-----
Dividend income	50,298	80,186
Gains from sale of available-for-sale investment securities	233,069	327,339
Gain from investment securities designated at fair value through profit or loss	35,911	4,004
Rental income	76,505	36,379
Gain on sale of properties	195,599	15,658
Foreign exchange income*	601,947	690,442
Derivative income	74,429	58,769
Other income (net)	27,615	103,447
	-----	-----
	1,295,373	1,316,224
	=====	=====

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

18 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000
	-----	-----
Staff cost	1,866,453	1,721,908
Occupancy cost	199,937	206,581
Equipment and supplies	75,793	61,780
Information technology cost	100,613	80,007
Communication cost	98,787	83,031
Service, legal and professional fees	91,670	111,645
Marketing related expenses	100,072	82,179
Depreciation	222,785	221,471
Others	163,517	141,639
	-----	-----
	2,919,627	2,710,241
	=====	=====

19 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 nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000
	-----	-----
Net impairment of loans and receivables	(2,326,967)	(2,261,140)
Net impairment of Islamic financing receivables	(863,071)	(687,376)
Net impairment of investment securities	(144,949)	(97,419)
Net impairment of due from banks	37	(3,256)
Bad debts (written off)/recovery (net)	(65,033)	(14,845)
	-----	-----
Net impairment loss for the period	(3,399,983)	(3,064,036)
	=====	=====

20 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 30 September 2013.

21 COMMITMENTS AND CONTINGENCIES

At 30 September 2013, the Group's commitments and contingencies are as follows:

	Unaudited 30 September 2013 AED 000	Audited 31 December 2012 AED 000
Letters of credit	8,744,337	6,369,337
Guarantees	39,420,208	31,929,804
Liability on risk participations	2,855,198	2,270,080
Irrevocable loan commitments*	17,537,823	14,113,882
	----- 68,557,566 =====	----- 54,683,103 =====

*Irrevocable loan commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled the total contract amounts do not necessarily represent exact future cash requirements.

22 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 nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 2012 AED 000
Profit for the period attributable to equity holders	2,583,453	1,928,796
Deduct : Interest on tier 1 capital notes	(266,626)	(196,367)
Net profit attributable to equity holders	2,316,827	1,732,429
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share* (AED)	----- 0.42 =====	----- 0.31 =====

*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2013.

23 DERIVATIVES

	September 2013			December 2012		
	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000
Derivatives held for trading	1,754,176	(1,480,762)	227,933,578	2,054,359	(1,960,488)	149,037,192
Derivatives held as cash flow hedges	100,750	(63,012)	5,600,000	124,498	(21,581)	3,650,000
Derivatives held as fair value hedges	113,575	(122,948)	12,056,727	39,525	(52,075)	1,888,584
Total	1,968,501	(1,666,722)	245,590,305	2,218,382	(2,034,144)	154,575,776

24 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- 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;
- Consumer banking represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing;
- Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries; and
- Other operations of the Group include BNP Paribas Egypt, Tanfeeth, property management, operations and support functions.

24 OPERATING SEGMENTS (continued)

30 September 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	2,269,499	2,342,301	(272,166)	602,782	203,471	5,145,887
Net Fees, commission and other income	890,771	946,716	820,144	191,219	(288,985)	2,559,865
Total operating income	----- 3,160,270	----- 3,289,017	----- 547,978	----- 794,001	----- (85,514)	----- 7,705,752
General and administrative expenses	(247,825)	(1,066,792)	(70,785)	(509,543)	(815,296)	(2,710,241)
Amortization of intangibles	-	-	-	-	(60,000)	(60,000)
Net specific impairment loss on financial assets	(2,355,719)	(205,348)	(95,054)	(497,173)	9,721	(3,143,573)
Net collective impairment loss on financial assets	(20,783)	122,517	-	4,611	(26,808)	79,537
Share of profit of associates and joint ventures	-	-	-	2,296	70,692	72,988
Taxation charge	(8,895)	(2,979)	(3,895)	-	(29)	(15,798)
Group profit for the period	----- 527,048	----- 2,136,415	----- 378,244	----- (205,808)	----- (907,234)	----- 1,928,665
Segment assets	=====	=====	=====	=====	=====	=====
Segment liabilities and equity	=====	=====	=====	=====	=====	=====
	196,302,170	30,367,553	38,807,112	31,590,411	8,315,274	305,382,520
	85,202,341	91,984,905	59,801,758	33,626,830	34,766,686	305,382,520

25 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% (Sept 2012: 10%) and 15% (Sept 2012: 18%) 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 30 September 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Loans and receivables:		
To majority shareholder of the parent	86,790,658	75,711,172
To parent	734,920	2,205,635
To directors and related companies	1,197,798	1,935,654
To associates and joint ventures	37,412	3,176,533
	-----	-----
	88,760,788	83,028,994
	=====	=====
Customer and Islamic deposits:		
From majority shareholder of the parent	2,342,874	2,312,744
From parent	5,201,582	2,787,464
From associates and joint ventures	57,084	381,008
	-----	-----
	7,601,540	5,481,216
	=====	=====
Investment in Government of Dubai bonds	95,745	184,563
Loans to and investment in funds managed by the Group	810,655	881,420
Purchase of property from associate	2,232,742	-
Commitments to associates	8,041	411,801
Customer acceptances to associates	-	13,425

25 RELATED PARTY TRANSACTIONS (continued)

	Unaudited nine months period ended 30 Sept 2013 AED 000 -----	Unaudited nine months period ended 30 Sept 2012 AED 000 -----
Payments made to associates and joint ventures	191,019	171,837
Fees received in respect of funds managed by the Group	17,066	35,236
Interest paid to funds managed by the Group	11,742	9,338
Interest paid to joint ventures	44	1,193

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

	Unaudited nine months period ended 30 Sept 2013 AED 000 -----	Unaudited nine months period ended 30 Sept 2012 AED 000 -----
<u>Key management compensation:</u>		
Short term employee benefits	43,672	28,586
Post employment benefits	1,106	645

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.

26 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited nine months period ended 30 Sept 2013 AED 000	Unaudited nine months period ended 30 Sept 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	(9,376,781)	7,931,082
Balance at end of period	(4,768,547)	5,595,868
	=====	=====
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	33,715,122	29,751,377
Due from banks	16,822,478	18,439,572
Due to banks	(25,398,415)	(14,755,407)
	-----	-----
	25,139,185	33,435,542
Less : deposits with Central Bank for regulatory purposes	(17,473,583)	(14,931,874)
Less : certificates of deposit with Central Bank maturing after three months	(9,000,000)	(12,705,000)
Less : amounts due from banks maturing after three months	(7,047,561)	(5,045,531)
Add : amounts due to banks maturing after three months	3,613,412	4,842,731
	-----	-----
	(4,768,547)	5,595,868
	=====	=====

27 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).

27 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)**30 September 2013****Recurring fair value measurements****Trading securities**

	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
Debt Securities	728,008	6,920	-	734,928
Investment in equities	27,608	-	-	27,608
Others	156,044	151,271	-	307,315
	911,660	158,191	-	1,069,851

Investment securities**AVAILABLE-FOR-SALE:**

Debt Securities	9,104,785	3,979,203	61,699	13,145,687
Investment in equities	151,829	792,285	717,875	1,661,989
Others	83,198	239,635	834,113	1,156,946
	9,339,812	5,011,123	1,613,687	15,964,622

**DESIGNATED AT FAIR VALUE THROUGH
PROFIT OR LOSS:**

Investment in equities	68,946	-	-	68,946
Others	466,024	25,808	36,989	528,821
	534,970	25,808	36,989	597,767

Derivatives held for trading

Positive fair value of derivatives	-	1,754,176	-	1,754,176
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Derivatives held as cash flow hedges:

Interest rate swaps	-	100,750	-	100,750
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Derivatives held as fair value hedges:

Interest rate swaps	-	113,575	-	113,575
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	-	1,968,501	-	1,968,501
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Derivatives held for trading

Negative fair value of derivatives	-	(1,480,762)	-	(1,480,762)
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Derivatives held as cash flow hedges:

Interest rate swaps	-	(63,012)	-	(63,012)
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Derivatives held as fair value hedges:

Interest rate swaps	-	(122,948)	-	(122,948)
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	-	(1,666,722)	-	(1,666,722)
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27 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	-	-	-	-
- in other comprehensive income	(114)	-	-	(114)
Purchases	-	-	-	-
Settlements and other adjustments	(454,828)	(1,339)	-	(456,167)
Transfers into Level 3	290,555	36,984	-	327,539
Transfers out of Level 3	(18,006)	-	-	(18,006)
Balance as at 30 September 2013	1,613,687	36,989	-	1,650,676
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During the period ended 30 September 2013 available for sale financial assets with a carrying amount of AED 151 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 83 million during the period September 2013.

28 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.