

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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 June 2013 and the related consolidated interim statements of income and comprehensive income for the three month and six month periods then ended and consolidated interim statement of cash flows and changes in equity for the six 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 June 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 22 July 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

21 July 2013
Dubai, United Arab Emirates

EMIRATES NBD PJSC

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

ASSETS	Notes	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
Cash and deposits with Central Bank	3	32,462,996	30,771,862
Due from banks	4	24,245,037	17,478,447
Loans and receivables	5	199,404,193	186,865,840
Islamic financing receivables	6	32,352,570	31,295,568
Trading securities	7	945,036	1,220,872
Investment securities	8	17,554,638	14,265,483
Investments in associates and joint ventures	10	1,904,964	2,080,157
Positive fair value of derivatives	23	1,992,442	2,218,382
Investment properties		1,146,506	1,138,731
Customer acceptances		4,585,340	6,301,961
Property and equipment		2,783,466	2,469,156
Goodwill and intangibles	11	6,311,869	5,751,018
Other assets	12	9,084,426	6,438,874
TOTAL ASSETS		334,773,483	308,296,351
LIABILITIES			
Due to banks		29,703,142	22,168,827
Customer deposits	13	189,081,193	176,318,158
Islamic customer deposits	13	41,263,089	37,610,289
Repurchase agreements with banks		187,158	730,873
Debt issued and other borrowed funds	14	17,716,406	17,190,792
Sukuk payable		3,671,977	3,673,000
Negative fair value of derivatives	23	1,918,456	2,034,144
Customer acceptances		4,585,339	6,301,961
Other liabilities	15	6,491,103	5,769,731
TOTAL LIABILITIES		294,617,863	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		245,287	593,823
Currency translation reserve		(9,973)	(4,793)
Retained earnings		8,776,904	8,505,205
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		40,018,787	36,452,307
Non-controlling interest		136,833	46,269
TOTAL EQUITY		40,155,620	36,498,576
TOTAL LIABILITIES AND EQUITY		334,773,483	308,296,351

The notes set out on pages 8 to 35 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

21 JUL 2013

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (UNAUDITED)

	Notes	Unaudited three months period ended 30 June 2013 AED 000	Unaudited three months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2012 AED 000
Interest income		2,270,215	2,214,570	4,493,021	4,565,131
Interest expense		(637,766)	(693,431)	(1,356,932)	(1,447,269)
Net interest income		1,632,449	1,521,139	3,136,089	3,117,862
Income from Islamic financing and investment products		415,768	283,180	812,386	656,238
Distribution to depositors and profit paid to Sukuk holders		(135,585)	(165,182)	(287,620)	(358,406)
Net income from Islamic financing and investment products		280,183	117,998	524,766	297,832
Net interest income and income from Islamic financing and investment products net of distribution to depositors		1,912,632	1,639,137	3,660,855	3,415,694
Fee and commission income		607,034	492,670	1,141,680	933,848
Fee and commission expense		(53,020)	(19,698)	(76,621)	(57,817)
Net fee and commission income		554,014	472,972	1,065,059	876,031
Net (loss)/gain on trading securities		(6,174)	(15,951)	(13,160)	22,189
Other operating income	17	459,137	402,876	837,166	871,261
Total operating income		2,919,609	2,499,034	5,549,920	5,185,175
General and administrative expenses	18	(973,097)	(893,873)	(1,882,104)	(1,836,112)
Amortisation of intangibles		(15,750)	(19,535)	(31,500)	(40,000)
Operating profit before impairment charges		1,930,762	1,585,626	3,636,316	3,309,063
Net impairment loss on financial assets	19	(996,483)	(954,532)	(1,884,484)	(2,055,349)
Operating profit after impairment charges		934,279	631,094	1,751,832	1,253,714
Share of profit of associates and joint ventures		40,785	21,417	66,554	45,575
Taxation charge		(3,418)	(5,091)	(9,959)	(10,723)
Group profit for the period		971,646	647,420	1,808,427	1,288,566
Attributable to:					
Equity holders of the Group		970,796	647,548	1,807,568	1,288,661
Non-controlling interest		850	(128)	859	(95)
Group profit for the period		971,646	647,420	1,808,427	1,288,566
Earnings per share	22	0.19	0.10	0.30	0.21

The notes set out on pages 8 to 35 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 SIX MONTHS PERIOD ENDED 30 JUNE 2013 (UNAUDITED)**

	Unaudited three months period ended 30 June 2013 AED 000	Unaudited three months period ended 30 June 2012 AED 000	Unaudited six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2012 AED 000
	-----	-----	-----	-----
Group profit for the period	971,646	647,420	1,808,427	1,288,566
Items that may be reclassified subsequently to Income statement: Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	(21,533)	9,574	(30,287)	29,996
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	(175,590)	161,377	(117,067)	432,410
- Net amount transferred to income statement	(90,783)	(123,294)	(201,182)	(218,750)
Items that are not reclassified subsequently to Income statement:				
Currency translation reserve	(6,412)	(4,292)	(5,180)	(2,888)
Other comprehensive income for the period	(294,318)	43,365	(353,716)	240,768
Total comprehensive income for the period	677,328	690,785	1,454,711	1,529,334
Attributable to:				
Equity holders of the Group	676,478	690,913	1,453,852	1,529,429
Non-controlling interest	850	(128)	859	(95)
Total recognised income for the period	677,328	690,785	1,454,711	1,529,334

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

	Unaudited six months period ended 30 June 2013 AED 000 -----	Unaudited six months period ended 30 June 2012 AED 000 -----
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	1,808,427	1,288,566
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	1,257,761	1,453,186
Impairment loss on Islamic financing receivables	490,628	528,028
Impairment loss on investment securities	91,386	67,238
Interest unwind on impaired loans	(45,660)	(40,691)
Amortisation of fair value (net)	23,239	33,609
Premium discount on Investment securities	18,857	30,058
Unrealised foreign exchange gain	(87,654)	(150,149)
Amortisation of intangibles	31,500	40,000
Depreciation of property and equipment	146,538	148,930
Share of profit of associates and joint ventures	(66,554)	(45,575)
Unrealised loss/(gain) on investments	73,012	(65,119)
Revaluation loss on investment properties	14,342	12,937
	-----	-----
Operating profit before changes in operating assets and liabilities	3,755,822	3,301,018
Increase in interest free statutory deposits	(2,897,838)	(1,702,960)
Increase in certificate of deposits with Central Bank maturing after three months	(2,000,000)	(5,205,000)
Decrease/(increase) in amounts due from banks maturing after three months	1,381,643	(1,333,457)
Increase/(decrease) in amounts due to banks maturing after three months	212,341	(226,683)
Net change in other liabilities/other assets	(2,023,418)	68,495
Net change in fair value of derivatives	79,986	163,470
Increase in customer deposits (including Islamic deposits)	8,680,389	15,102,635
Increase in loans and receivables	(10,191,528)	(5,086,837)
Increase in Islamic financing receivables	(1,547,630)	(1,867,719)
	-----	-----
Net cash flows (used in)/from operating activities	(4,550,233)	3,212,962

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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2013 (UNAUDITED)

	Unaudited six months period ended 30 June 2013 AED 000 -----	Unaudited six months period ended 30 June 2012 AED 000 -----
<u>INVESTING ACTIVITIES</u>		
Decrease/(increase) in trading securities (net of fair value movements)	239,008	(576,721)
(Increase)/decrease in investment securities (net of fair value movements)	(2,112,048)	1,646,011
Decrease in investments in associates and joint ventures	242,302	8,259
Sale of investment in subsidiary	5,204	-
Acquisition of Investment Properties	(22,117)	(21,736)
Acquisition of subsidiary	(661,218)	-
Advance for acquisition of NCI in subsidiary	(88,324)	-
Additions to property and equipment (net)	(39,838)	(129,880)
Net cash flows (used in)/from investing activities	(2,437,031) -----	925,933 -----
<u>FINANCING ACTIVITIES</u>		
Decrease in deposits under repurchase agreements	(543,715)	(1,237,280)
Increase in debt issued and other borrowed funds	525,614	4,518,941
(Decrease)/increase in Sukuk borrowing	(1,023)	597,319
Interest on tier I capital notes	(147,901)	(130,433)
Issuance of tier I capital notes	3,648,497	-
Dividends paid	(1,387,968)	(1,110,374)
Net cash flows from financing activities	2,093,504 -----	2,638,173 -----
(Decrease)/increase in cash and cash equivalents (refer Note 26)	(4,893,760) =====	6,777,068 =====

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**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	(348,536)	(5,180)	1,807,568	1,453,852	859	1,454,711
Increase in non-controlling interest*	-	-	-	-	-	-	-	-	-	-	89,705	89,705
Tier I capital notes issued during the period (note 16)	-	-	3,648,497	-	-	-	-	-	-	3,648,497	-	3,648,497
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(147,901)	(147,901)	-	(147,901)
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 30 June 2013	5,557,775	(46,175)	7,648,497	12,270,124	2,706,815	2,869,533	245,287	(9,973)	8,776,904	40,018,787	136,833	40,155,620
Balance as at 1 January 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	248,289	(3,686)	7,587,509	34,934,774	46,280	34,981,054
Total comprehensive income for the period	-	-	-	-	-	-	243,656	(2,888)	1,288,661	1,529,429	(95)	1,529,334
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Tier I capital notes issued during the period	-	-	-	-	-	-	-	-	-	-	-	-
Interest on tier I capital notes	-	-	-	-	-	-	-	-	(130,433)	(130,433)	-	(130,433)
Dividends payable	-	-	-	-	-	-	-	-	(1,110,374)	(1,110,374)	-	(1,110,374)
Balance as at 30 June 2012	5,557,775	(46,175)	4,000,000	12,270,124	2,451,405	2,869,533	491,945	(6,574)	7,635,363	35,223,396	46,185	35,269,581

*Increase in non-controlling interest is due to acquisition of BNP Paribas Egypt, a subsidiary of the Group.

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 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 30 June 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 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 six months ended 30 June 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 June 2013 AED 000	Audited 31 December 2012 AED 000
Cash	2,936,924	2,497,248
Interest free statutory and special deposits with Central Bank	17,216,689	14,318,851
Interest bearing placements with Central Bank	1,109,383	4,750,763
Interest bearing certificates of deposits with Central Bank*	11,200,000	9,205,000
	-----	-----
	32,462,996	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.

*Includes AED 7,700 million under repurchase arrangements with other financial institutions. The associated liability of AED 7,700 million is included in due to banks.

4 DUE FROM BANKS

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
Due from local banks	1,910,682	2,395,051
Due from foreign banks	22,334,355	15,083,396
	-----	-----
	24,245,037	17,478,447
	=====	=====

5 LOANS AND RECEIVABLES

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Overdrafts	92,949,497	84,326,516
Time loans	108,189,854	106,811,954
Loans against trust receipts	4,430,477	3,247,580
Bills discounted	4,357,036	2,777,797
Credit card receivables	3,654,194	3,196,867
Others	1,088,496	597,809
Gross loans and receivables	214,669,554	200,958,523
Other debt instruments	345,821	416,549
Total loans and receivables	215,015,375	201,375,072
Less: Allowances for impairment	(15,611,182)	(14,509,232)
	199,404,193	186,865,840
Total of impaired loans and receivables	29,636,786	28,716,741

5 LOANS AND RECEIVABLES (continued)

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
Analysis by economic activity		
-----	-----	-----
Agriculture and allied activities	12,534	15,070
Mining and quarrying	153,212	231,871
Manufacturing	5,929,263	6,014,733
Construction	7,514,605	7,187,695
Trade	9,204,402	7,409,856
Transport and communication	3,807,957	4,835,151
Services	21,193,429	17,809,207
Sovereign	82,474,272	75,457,317
Personal – Retail and others	32,373,681	28,152,267
Real estate	18,687,990	20,967,954
Financial institutions and investment companies	26,409,296	26,558,258
Others	7,254,734	6,735,693
	-----	-----
Total loans and receivables	215,015,375	201,375,072
Less: Allowances for impairment	(15,611,182)	(14,509,232)
	-----	-----
	199,404,193	186,865,840
	=====	=====

5 LOANS AND RECEIVABLES (continued)

	Unaudited six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 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	1,287,718	1,702,355
Write back / recoveries made during the period	(123,378)	(144,590)
Amount transferred to Islamic financing	(16,971)	-
Interest unwind on impaired loans	(45,660)	(40,691)
Amounts written off during the period	(26,656)	(63,571)
Exchange and other adjustments	(799)	(464)
Balance as at 30 June	----- 12,343,408 -----	----- 9,509,831 -----
Movement in allowances for collective impairment -----		
Balance as at 1 January	3,240,078	3,427,440
Amount transferred to Islamic financing (note 6)	(65,725)	-
Allowances for impairment made during the period	93,421	(104,579)
Balance as at 30 June	----- 3,267,774 -----	----- 3,322,861 -----
Total	----- 15,611,182 =====	----- 12,832,692 =====

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Murabaha	18,169,024	15,768,884
Ijara	11,401,373	11,522,578
Credit cards receivable	844,646	824,916
Wakala	3,674,793	3,867,950
Istissna'a	1,258,982	1,294,978
Others	1,671,537	1,449,551
	-----	-----
Total Islamic financing receivables	37,020,355	34,728,857
Less: Deferred income	(2,008,510)	(1,347,338)
Less: Allowances for impairment	(2,659,275)	(2,085,951)
	-----	-----
	32,352,570	31,295,568
	=====	=====
Total of impaired Islamic financing receivables	5,050,179	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 June 2013 AED 000	Audited 31 December 2012 AED 000
Agriculture and allied activities	9,913	28,568
Mining and quarrying	48,871	-
Manufacturing	840,906	852,248
Construction	954,990	602,648
Trade	1,260,051	1,124,815
Transport and communication	281,860	196,213
Services	1,545,478	2,232,591
Sovereign	247,441	253,855
Personal – Retail and others	16,007,381	13,677,187
Real estate	8,523,179	8,527,373
Financial institutions and investment companies	6,165,642	6,204,432
Others	1,134,643	1,028,927
Total Islamic financing receivables	37,020,355	34,728,857
Less: Deferred income	(2,008,510)	(1,347,338)
Less: Allowances for impairment	(2,659,275)	(2,085,951)
	32,352,570	31,295,568

6 ISLAMIC FINANCING RECEIVABLES (continued)

	Unaudited six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 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	524,391	526,348
Recoveries made during the period	(52,467)	(1,406)
Amount transferred from loans and receivables	16,971	-
Amounts written off during the period	-	(464)
-----	-----	-----
Balance as at 30 June	2,214,923	1,612,771
-----	-----	-----
Movement in allowances for collective impairment		
-----	-----	-----
Balance as at 1 January	359,923	324,493
Amount transferred from loans and receivables (note 5)	65,725	-
Allowances for impairment made during the period	18,704	3,086
-----	-----	-----
Balance as at 30 June	444,352	327,579
-----	-----	-----
Total	2,659,275	1,940,350
	=====	=====

7 TRADING SECURITIES

30 June 2013	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
-----	-----	-----	-----	-----
Government bonds	116,923	50,404	-	167,327
Corporate bonds	428,565	3,589	35,305	467,459
Equity	530	4,764	3,434	8,728
Others	301,522	-	-	301,522
-----	-----	-----	-----	-----
	847,540	58,757	38,739	945,036
	=====	=====	=====	=====

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 June 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	27,472	27,472
	993,491	993,491	164,012	164,012	27,472	27,472

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 June 2013)		
Interest income	105,435	-
Net change in fair value	-	7,708
	-----	-----
	105,435	7,708
	=====	=====

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

	Six months period ended 30 June 2013 AED 000

Net trading loss	901
	=====

8 INVESTMENT SECURITIES

30 June 2013	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	49,036	131,403	-	180,439
Corporate bonds	12,138	73,271	56,430	141,839
	61,174	204,674	56,430	322,278
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	242,345	4,418,668	2,010,858	6,671,871
Corporate bonds	4,711,787	1,530,799	1,377,415	7,620,001
Equity	326,523	865,325	158,661	1,350,509
Others	187,308	647,931	345,260	1,180,499
	5,467,963	7,462,723	3,892,194	16,822,880
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	4,795	59,422	-	64,217
Others	282,737	1,886	60,640	345,263
	287,532	61,308	60,640	409,480
	5,816,669	7,728,705	4,009,264	17,554,638

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 June 2013 AED 000	Audited 31 December 2012 AED 000
Designated at fair value through profit or loss	----- 12,065	----- 12,808
Available-for-sale	826,107	900,746
	-----	-----
	838,172	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]. Furthermore, for the acquisition of the balance 4.8% of shares, a payment of USD 24 million [AED 88 million] has been made under an escrow arrangement pending legal transfer of ownership of the shares.

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	253
Other assets	210
<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 (provisional)	592

Purchase consideration	1,838
	=====
Represented by:	
Purchase consideration paid in cash	1,748
Acquisition related cost capitalised	2
Minority interest	88

Total	1,838

Provisional goodwill and intangibles represent the difference between fair value of assets acquired and purchase consideration. The fair value of the assets and liabilities have been determined by an external expert. A purchase price allocation exercise is currently in progress and the goodwill and intangible will be adjusted once the exercise is completed.

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 34.4 million. BNPP Egypt also contributed profit of AED 16 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 274 million and profit of AED 96 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 100% 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 a portion of its stake in Union Properties P.J.S.C. resulting in a decrease in the carrying value of the investment in associate. Post this sale, as at 30 June 2013, the Group still owns 31.4% of shares in Union Properties P.J.S.C.

11 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total
	AED 000	Software AED 000	Customer relationships AED 000	Core deposit intangibles AED 000	AED 000
30 June 2013					
<u>Cost</u>					
Balance as at 1 January	5,500,845	9,281	157,490	564,760	6,232,376
Additions (refer note 9)	592,351	-	-	-	592,351
	6,093,196	9,281	157,490	564,760	6,824,727
<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	-	-	1,000	30,500	31,500
Balance as at 30 June	4,903	9,281	151,174	347,500	512,858
Net Goodwill and Intangibles	6,088,293	-	6,316	217,260	6,311,869
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

12 OTHER ASSETS

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Accrued interest receivable	1,265,907	1,178,070
Islamic financing - profit receivable	134,995	143,797
Prepayments and other advances	190,283	216,434
Sundry debtors and other receivables	695,003	671,157
Inventory	3,232,491	1,280,446
Fair value of deposit (a)	446,257	476,106
Fair value of guarantee (b)	1,978,981	1,639,335
Others	1,140,509	833,529
	-----	-----
	9,084,426	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 339.6 million during the six month period ended 30 June 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 June 2013 AED 000	Audited 31 December 2012 AED 000
Medium term note programme	14,599,029	13,830,670
Borrowings raised from loan securitisations	3,117,377	3,360,122
	----- 17,716,406 =====	----- 17,190,792 =====

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
Balance as at 1 January	17,190,792	15,636,867
New receipts*	5,174,107	11,177,393
Repayments	(4,648,493)	(9,623,468)
Balance at end of period	----- 17,716,406 =====	----- 17,190,792 =====

*New receipts in 2013 include a US\$ 750m subordinated note issued on 28 March 2013 with a 10 year maturity callable after 5 years at the option of the Group. The note offered a coupon of 4.875% per annum.

As at 30 June 2013, the outstanding medium term borrowings totalling AED 17,716 million (2012: AED 17,191 million) is falling due as below:

	Unaudited 30 June 2013 AED million	Audited 31 December 2012 AED million
2013	2,299	4,426
2014	2,617	1,477
2015	1,254	1,276
2016	1,562	1,513
2017	4,074	4,103
2018	1,233	2,563
2019	43	26
2020	200	180
2022	1,502	1,627
2023	2,932	-
	----- 17,716 =====	----- 17,191 =====

15 OTHER LIABILITIES

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Accrued interest payable	869,278	984,287
Profit payable to Islamic depositors	204,202	271,491
Managers' cheques	945,875	1,043,054
Trade and other payables	1,683,016	1,122,387
Staff related liabilities	621,672	741,467
Provision for taxation	8,482	11,333
Others	2,158,578	1,595,712
	-----	-----
	6,491,103	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 six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2012 AED 000
	-----	-----
Dividend income	43,789	48,065
Gains from sale of available-for-sale investment securities	201,182	218,750
Gain from investment securities designated at fair value through profit or loss	13,457	5,523
Rental income	49,973	25,484
Revaluation loss on investment properties	(14,342)	(12,937)
Gain on sale of properties	112,564	6,919
Foreign exchange income*	446,051	498,541
Derivative income	55,170	58,580
Other income (net)	(70,678)	22,336
	-----	-----
	837,166	871,261
	=====	=====

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

18 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2012 AED 000
	-----	-----
Staff cost	1,207,495	1,178,957
Occupancy cost	126,541	122,576
Equipment and supplies	46,880	37,921
Information technology cost	59,492	50,182
Communication cost	63,509	57,542
Service, legal and professional fees	69,689	84,886
Marketing related expenses	58,655	57,257
Depreciation	146,538	148,930
Others	103,305	97,861
	-----	-----
	1,882,104	1,836,112
	=====	=====

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 six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2012 AED 000
	-----	-----
Net impairment of loans and receivables	(1,257,761)	(1,453,186)
Net impairment of Islamic financing receivables	(490,628)	(528,028)
Net impairment of investment securities	(91,386)	(67,238)
Net impairment of due from banks	37	(4,508)
Bad debts (written off)/recovery (net)	(44,746)	(2,389)
	-----	-----
Net impairment loss for the period	(1,884,484)	(2,055,349)
	=====	=====

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 June 2013.

21 COMMITMENTS AND CONTINGENCIES

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

	Unaudited 30 June 2013 AED 000	Audited 31 December 2012 AED 000
Letters of credit	8,683,170	6,369,337
Guarantees	39,259,446	31,929,804
Liability on risk participations	3,081,671	2,270,080
Irrevocable loan commitments*	15,642,109	14,113,882
	----- 66,666,396 =====	----- 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 six months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2012 AED 000
Profit for the period attributable to equity holders	1,807,568	1,288,661
Deduct : Interest on tier 1 capital notes	(147,901)	(130,433)
Net profit attributable to equity holders	1,659,667	1,158,228
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share* (AED)	----- 0.30 =====	----- 0.21 =====

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

23 DERIVATIVES

	June 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	1,717,677	(1,706,657)	183,748,181	2,054,359	(1,960,488)	149,037,192
Derivatives held as cash flow hedges	115,799	(43,170)	4,200,000	124,498	(21,581)	3,650,000
Derivatives held as fair value hedges	158,966	(168,629)	12,055,156	39,525	(52,075)	1,888,584
Total	1,992,442	(1,918,456)	200,003,337	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 June 2013

 Net interest income and income from Islamic products net of distribution to
 depositors

Net Fees, commission and other income

Total operating income

General and administrative expenses

Amortization of intangibles

Net specific impairment loss on financial assets

Net collective impairment loss on financial assets

Share of profit of associates and joint ventures

Taxation charge

Group profit for the period

Segment assets

Segment liabilities and equity

	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	1,583,147	1,671,063	(180,005)	530,896	55,754	3,660,855
Net Fees, commission and other income	645,527	750,459	395,874	170,289	(73,084)	1,889,065
Total operating income	2,228,674	2,421,522	215,869	701,185	(17,330)	5,549,920
General and administrative expenses	(164,523)	(743,552)	(42,511)	(306,396)	(625,122)	(1,882,104)
Amortization of intangibles	-	-	-	-	(31,500)	(31,500)
Net specific impairment loss on financial assets	(1,416,370)	(44,951)	(35,233)	(278,937)	3,132	(1,772,359)
Net collective impairment loss on financial assets	(110,626)	(509)	-	(990)		(112,125)
Share of profit of associates and joint ventures	-	-	-	467	66,087	66,554
Taxation charge	(4,737)	(1,313)	(4,260)	-	351	(9,959)
Group profit for the period	532,418	1,631,197	133,865	115,329	(604,382)	1,808,427
Segment assets	205,288,609	34,519,778	37,026,521	38,835,685	19,102,890	334,773,483
Segment liabilities and equity	90,658,589	101,297,049	61,160,890	37,944,627	43,712,328	334,773,483

24 OPERATING SEGMENTS (continued)

30 June 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	1,504,294	1,571,013	(153,892)	419,797	74,482	3,415,694
Net Fees, commission and other income	603,088	657,693	596,730	135,829	(223,859)	1,769,481
Total operating income	2,107,382	2,228,706	442,838	555,626	(149,377)	5,185,175
General and administrative expenses	(169,752)	(726,923)	(48,250)	(338,961)	(552,226)	(1,836,112)
Amortization of intangibles	-	-	-	-	(40,000)	(40,000)
Net specific impairment loss on financial assets	(1,580,495)	(186,122)	(58,430)	(334,112)	2,317	(2,156,842)
Net collective impairment loss on financial assets	(20,000)	122,756	-	25,542	(26,805)	101,493
Share of profit of associates and joint ventures	-	-	-	919	44,656	45,575
Taxation charge	(5,966)	(1,889)	(2,840)	-	(28)	(10,723)
Group profit for the period	331,169	1,436,528	333,318	(90,986)	(721,463)	1,288,566
Segment assets	186,650,404	29,842,934	43,080,040	30,491,123	8,332,349	298,396,850
Segment liabilities and equity	78,981,559	89,764,749	63,038,797	32,427,100	34,184,645	298,396,850

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 11% (June 2012: 8%) and 16% (June 2012: 20%) 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 June 2013 AED 000	Audited 31 December 2012 AED 000
	-----	-----
Loans and receivables:		
To majority shareholder of the parent	82,721,713	75,711,172
To parent	2,204,479	2,205,635
To directors and related companies	1,186,408	1,935,654
To associates and joint ventures	1,127,585	3,176,533
	-----	-----
	87,240,185	83,028,994
	=====	=====
Customer and Islamic deposits:		
From majority shareholder of the parent	2,163,921	2,312,744
From parent	5,312,280	2,787,464
From associates and joint ventures	278,540	381,008
	-----	-----
	7,754,741	5,481,216
	=====	=====
Investment in Government of Dubai bonds	117,602	184,563
Loans to and investment in funds managed by the Group	811,865	881,420
Purchase of property from associate	2,232,742	-
Commitments to associates	322,645	411,801
Customer acceptances to associates	349	13,425

25 RELATED PARTY TRANSACTIONS (continued)

	Unaudited six months period ended 30 June 2013 AED 000 -----	Unaudited six months period ended 30 June 2012 AED 000 -----
Payments made to associates and joint ventures	124,570	115,450
Fees received in respect of funds managed by the Group	16,118	19,092
Interest paid to funds managed by the Group	9,658	6,600
Interest paid to joint ventures	37	986

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

	Unaudited six months period ended 30 June 2013 AED 000 -----	Unaudited six months period ended 30 June 2012 AED 000 -----
<u>Key management compensation:</u>		
Short term employee benefits	32,341	21,423
Post employment benefits	762	389

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 six months period ended 30 June 2013 AED 000 -----	Unaudited six months period ended 30 June 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	(4,893,760)	6,777,068
Balance at end of period	(285,526) =====	4,441,854 =====
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	32,462,996	27,449,706
Due from banks	24,245,037	21,358,605
Due to banks	(29,703,142) -----	(18,290,661) -----
	27,004,891	30,517,650
Less : deposits with Central Bank for regulatory purposes	(17,216,689)	(14,336,478)
Less : certificates of deposit with Central Bank maturing after three months	(8,250,000)	(10,905,000)
Less : amounts due from banks maturing after three months	(5,951,037)	(4,315,400)
Add : amounts due to banks maturing after three months	4,127,309 -----	3,481,082 -----
	(285,526) =====	4,441,854 =====

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)

<u>30 June 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	629,720	5,066	-	634,786
Investment in equities	8,728	-	-	8,728
Others	149,782	151,740	-	301,522
	-----	-----	-----	-----
	788,230	156,806	-	945,036
	-----	-----	-----	-----
<u>Investment securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	9,614,519	4,465,654	211,699	14,291,872
Investment in equities	178,445	358,349	813,715	1,350,509
Others	95,146	249,447	835,906	1,180,499
	-----	-----	-----	-----
	9,888,110	5,073,450	1,861,320	16,822,880
	-----	-----	-----	-----
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Investment in equities	64,217	-	-	64,217
Others	282,288	26,082	36,893	345,263
	-----	-----	-----	-----
	346,505	26,082	36,893	409,480
	-----	-----	-----	-----
<u>Derivatives held for trading</u>				
Positive fair value of derivatives	-	1,717,677	-	1,717,677
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	115,799	-	115,799
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	158,966	-	158,966
	-----	-----	-----	-----
	-	1,992,442	-	1,992,442
	-----	-----	-----	-----
<u>Derivatives held for trading</u>				
Negative fair value of derivatives	-	(1,706,657)	-	(1,706,657)
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	(43,170)	-	(43,170)
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	(168,629)	-	(168,629)
	-----	-----	-----	-----
	-	(1,918,456)	-	(1,918,456)
	=====	=====	=====	=====

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	-	12	-	12
- in other comprehensive income	(1,546)	-	-	(1,546)
Purchases				
Settlements and other adjustments	(200,464)	(604)	-	(201,068)
Transfers into Level 3	285,256	36,141	-	321,397
Transfers out of Level 3	(18,006)	-	-	(18,006)
Balance as at 30 June 2013	1,861,320	36,893	-	1,898,213
	-----	-----	-----	-----

During the period ended 30 June 2013 available for sale financial assets with a carrying amount of AED 151.5 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 95.1 million during the period June 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.