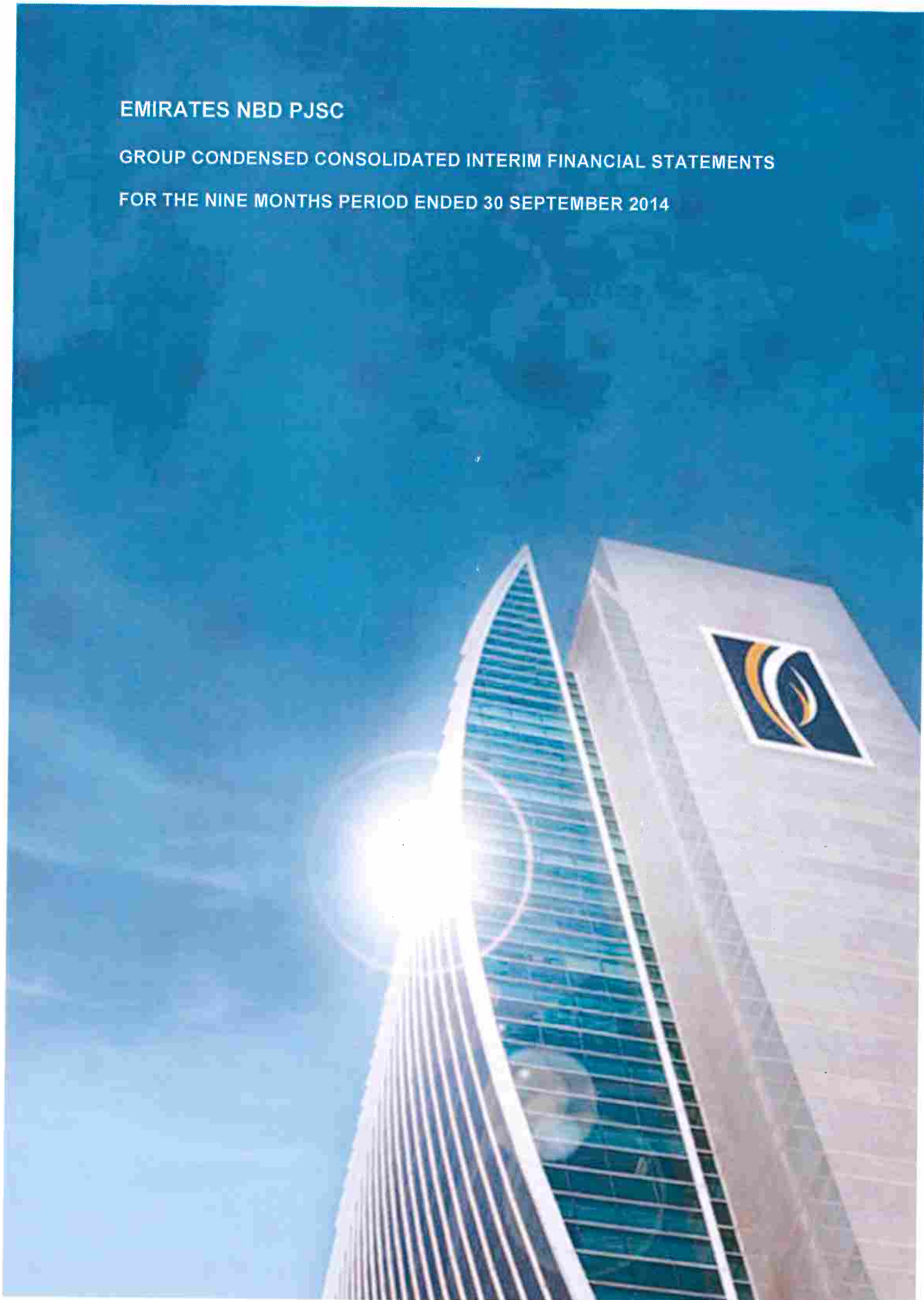


EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014



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 2014 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.

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 October 2014
Dubai, United Arab Emirates

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014 (UNAUDITED)

	Notes	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
ASSETS			
Cash and deposits with Central Bank	3	45,397,276	38,354,998
Due from banks	4	19,573,752	20,587,161
Loans and receivables	5	213,678,073	205,990,170
Islamic financing receivables	6	34,030,730	32,353,928
Trading securities	7	1,167,471	1,316,297
Investment securities	8	14,547,459	16,193,978
Investments in associates and joint ventures		1,731,689	1,630,882
Positive fair value of derivatives	22	1,319,137	1,776,551
Investment properties		1,128,512	1,185,936
Customer acceptances		4,303,723	4,986,419
Property and equipment		2,669,000	2,757,869
Goodwill and intangibles	10	6,179,630	6,262,498
Other assets	11	8,211,391	8,664,588
TOTAL ASSETS		353,937,843	342,061,275
LIABILITIES			
Due to banks		13,626,332	23,637,377
Customer deposits	12	204,935,796	195,271,203
Islamic customer deposits	12	44,726,032	44,354,565
Repurchase agreements with banks		40,841	67,129
Debt issued and other borrowed funds	13	20,113,087	20,110,692
Sukuk payable		3,673,000	3,667,360
Negative fair value of derivatives	22	1,477,896	1,438,172
Customer acceptances		4,303,723	4,986,419
Other liabilities	14	14,699,316	6,813,046
TOTAL LIABILITIES		307,898,023	300,345,963
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	9,477,076	7,648,497
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		2,778,888	2,778,888
Other reserves		2,869,533	2,869,533
Fair value reserve		1,194,307	801,159
Currency translation reserve		(58,796)	5,343
Retained earnings		11,991,782	9,825,643
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		46,035,014	41,710,787
Non-controlling interest		4,806	4,525
TOTAL EQUITY		46,039,820	41,715,312
TOTAL LIABILITIES AND EQUITY		353,937,843	342,061,275

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.


 Director

21 OCT 2014

Director


 Chief Executive Officer

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**

		Unaudited three months period ended 30 September 2014 AED 000	Unaudited three months period ended 30 September 2013 AED 000	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Interest and similar income		2,664,464	2,581,379	7,910,654	7,074,400
Interest and similar expense		(582,645)	(628,581)	(1,773,834)	(1,985,513)
Net interest income		2,081,819	1,952,798	6,036,820	5,088,887
Income from Islamic financing and investment products		482,974	418,614	1,349,510	1,231,000
Distribution on Islamic deposits and profit paid to Sukuk holders		(99,684)	(117,369)	(362,630)	(404,989)
Net income from Islamic financing and investment products		383,290	301,245	986,880	826,011
Net interest income and income from Islamic financing and investment products net of distribution to depositors		2,465,109	2,254,043	7,023,700	5,914,898
Fee and commission income		803,206	644,177	2,418,090	1,817,628
Fee and commission expense		(190,536)	(136,250)	(551,174)	(320,839)
Net fee and commission income		612,670	507,927	1,866,916	1,496,789
Net gain/(loss) on trading securities		18,324	41,701	96,794	28,541
Other operating income	16	748,868	340,942	1,899,636	1,254,305
Total operating income		3,844,971	3,144,613	10,887,046	8,694,533
General and administrative expenses	17	(1,074,598)	(1,053,273)	(3,211,780)	(2,966,877)
Operating profit before impairment		2,770,373	2,091,340	7,675,266	5,727,656
Net impairment loss on financial assets	18	(1,218,827)	(1,515,499)	(3,831,473)	(3,399,983)
Operating profit after impairment		1,551,546	575,841	3,843,793	2,327,673
Share of profit of associates and joint ventures		37,888	34,486	158,868	101,040
Gain on disposal of stake in an associate		-	190,561	-	190,561
Group profit for the period before taxation		1,589,434	800,888	4,002,661	2,619,274
Taxation charge		(26,587)	(25,790)	(90,039)	(35,749)
Group profit for the period after taxation		1,562,847	775,098	3,912,642	2,583,525
Attributable to:					
Equity holders of the Group		1,562,815	775,885	3,912,361	2,583,453
Non-controlling interest		32	(787)	281	72
Group profit for the period		1,562,847	775,098	3,912,642	2,583,525
Earnings per share	21	0.26	0.12	0.64	0.42

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of 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 2014 (UNAUDITED)

	Unaudited three months period ended 30 September 2014 AED 000	Unaudited three months period ended 30 September 2013 AED 000	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Group profit for the period	1,562,847	775,098	3,912,642	2,583,525
Items that may be reclassified subsequently to Income statement:				
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	(16,327)	(34,892)	(36,846)	(65,179)
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	222,853	311,118	881,940	194,050
- Net amount transferred to income statement	(284,297)	(31,887)	(451,446)	(233,069)
Currency translation reserve	3,408	18,299	(64,139)	13,119
Other comprehensive income for the period	(74,363)	262,638	329,509	(91,079)
Total comprehensive income for the period	1,488,484	1,037,736	4,242,151	2,492,446
Attributable to:				
Equity holders of the Bank	1,488,452	1,038,523	4,241,870	2,492,374
Non-controlling interest	32	(787)	281	72
Total comprehensive income for the period	1,488,484	1,037,736	4,242,151	2,492,446

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	3,912,642	2,583,525
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	2,442,626	2,326,967
Impairment loss on Islamic financing receivables	1,111,886	863,071
Impairment loss on investment securities	175,874	144,949
Interest unwind on impaired loans	(68,103)	(69,522)
Amortisation of fair value (net)	34,839	34,993
Discount on Investment securities	31,131	31,456
Unrealised foreign exchange gain	(129,657)	(79,866)
Amortisation of intangibles	69,750	47,250
Depreciation of property and equipment	224,925	222,785
Share of profit of associates and joint ventures	(158,888)	(101,040)
Gain on disposal of stake in associate	-	(190,561)
Unrealized (gain)/loss on investments	(177,153)	27,482
Gain on sale of Investment properties	(126,334)	-
Gain on sale of properties (inventories)	(302,130)	(195,599)
Operating profit before changes in operating assets and liabilities	7,041,408	5,645,890
(Increase)/decrease in interest free statutory deposits	(4,235,197)	(3,154,731)
(Increase)/decrease in certificate of deposits with Central Bank maturing after three months	(4,848,007)	(2,750,000)
(Increase)/decrease in amounts due from banks maturing after three months	261,397	285,119
Increase/(decrease) in amounts due to banks maturing after three months	1,360,587	(301,557)
Net change in other liabilities/other assets	8,707,809	(2,541,177)
Net change in fair value of derivatives	460,292	(182,699)
Increase/(decrease) in customer deposits (including Islamic deposits)	10,036,060	6,961,784
(Increase)/decrease in loans and receivables	(10,062,426)	(14,085,721)
(Increase)/decrease in Islamic financing receivables	(2,788,688)	(1,673,630)
Net cash flows from/(used in) operating activities	5,933,235	(11,796,722)

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
<u>INVESTING ACTIVITIES</u>		
(Increase)/decrease in trading securities (net of fair value movements)	229,304	137,051
(Increase)/decrease in investment securities (net of fair value movements)	1,970,343	(1,013,797)
(Increase)/decrease in investments in associates and joint ventures	55,909	509,161
Sale of investment in subsidiary	-	5,204
Movement in Investment Properties (net)	158,855	(26,913)
Acquisition of subsidiary	-	(749,542)
Additions to property and equipment (net)	(136,056)	(83,954)
Net cash flows from/(used in) investing activities	2,279,355	(1,222,790)
<u>FINANCING ACTIVITIES</u>		
Increase/(decrease) in deposits under repurchase agreements	(26,288)	599,261
Increase/(decrease) in debt issued and other borrowed funds	2,395	1,063,207
Increase/(decrease) in Sukuk borrowing	5,640	(13,640)
Interest on Tier I capital notes	(358,254)	(266,626)
Issuance of Tier I capital notes	1,828,579	3,648,497
Dividends paid	(1,387,968)	(1,387,968)
Net cash flows from /(used in) financing activities	64,104	3,642,731
Increase/(decrease) in cash and cash equivalents (refer Note 25)	8,276,694	(9,376,781)

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD PJSC
 GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP											
	Issued Capital AED 000	Treasury shares AED 000	Tier 1 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 2014	5,557,775	(46,175)	7,648,497	12,270,124	2,778,888	2,869,533	801,159	5,343	9,825,643	41,710,787	4,525	41,715,312
Total comprehensive income for the period	-	-	-	-	-	-	393,648	(64,139)	3,912,361	4,241,870	281	4,242,151
Tier 1 capital notes issued during the period (note 15)	-	-	1,828,579	-	-	-	-	-	-	1,828,579	-	1,828,579
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(358,254)	(358,254)	-	(358,254)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 30 September 2014	5,557,775	(46,175)	9,477,076	12,270,124	2,776,888	2,869,533	1,194,807	(58,796)	11,991,782	46,035,014	4,806	46,039,820
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 1 capital notes issued during the period (note 15)	-	-	3,648,497	-	-	-	-	-	-	3,648,497	-	3,648,497
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(266,626)	(266,626)	-	(266,626)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,379	1,379
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

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2014 as this will be effected at the year end.

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.
 The independent auditors' report on review of 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 2014 comprises 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 parent company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2013. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2014 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 Group's financial statements as at and for the year ended 31 December 2013. In addition, results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2014.

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 2013.

(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 2013.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Cash	3,063,803	3,635,096
Interest free statutory and special deposits with Central Bank	23,200,223	18,965,026
Interest bearing placements with Central Bank	1,141,990	2,132,400
Interest bearing certificates of deposits with Central Bank	17,991,260	13,622,476
	45,397,276	38,354,998

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 2014 AED 000	Audited 31 December 2013 AED 000
Due from local banks	2,418,655	1,824,181
Due from foreign banks	17,155,097	18,762,980
	19,573,752	20,587,161

5 LOANS AND RECEIVABLES

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Overdrafts	83,297,374	100,258,999
Time loans	133,917,905	107,524,681
Loans against trust receipts	5,664,162	4,629,788
Bills discounted	4,416,017	5,512,038
Credit card receivables	4,633,943	4,029,428
Others	1,183,820	1,118,073
Gross loans and receivables	233,113,221	223,073,007
Other debt instruments	222,529	255,173
Total loans and receivables	233,335,750	223,328,180
Less: Allowances for impairment	(19,657,677)	(17,338,010)
	213,678,073	205,990,170
Total of impaired loans and receivables	28,288,494	29,629,788

5 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	7,492	17,786
Mining and quarrying	461,324	518,359
Manufacturing	6,304,989	7,432,014
Construction	6,831,493	6,158,639
Trade	10,839,419	10,867,967
Transport and communication	6,652,465	8,144,020
Services	3,780,597	2,472,879
Sovereign	102,161,560	90,802,674
Personal	36,273,790	31,612,341
Real estate	33,298,234	35,099,357
Financial institutions and investment companies	25,320,794	28,726,467
Others	1,403,593	1,475,677
Total loans and receivables	233,335,750	223,328,180
Less: Allowances for impairment	(19,657,677)	(17,338,010)
	213,678,073	205,990,170

5 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	13,847,374	11,269,154
Allowances for impairment made during the period	2,601,310	2,222,789
Write back / recoveries made during the period	(447,380)	(190,596)
Amount transferred to Islamic financing	-	(16,970)
Interest unwind on impaired loans	(68,103)	(69,522)
Amounts written off during the period	(33,607)	(55,103)
Exchange and other adjustments	(12,279)	(898)
Balance as at 30 September	15,887,315	13,158,854
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	3,490,636	3,240,078
Allowances for impairment made during the period	288,696	294,774
Amount transferred to Islamic financing (note 6)	-	(65,725)
Exchange and other adjustments	(8,970)	6,536
Balance as at 30 September	3,770,362	3,475,663
Total	19,657,677	16,634,517

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Murabaha	24,253,271	19,892,558
Ijara	11,176,019	12,084,157
Credit cards receivable	768,168	859,108
Wakala	2,046,503	2,341,876
Istissna'a	1,099,214	1,227,003
Others	1,893,924	1,578,043
Total Islamic financing receivables	41,237,099	37,982,745
Less: Deferred income	(2,678,495)	(2,200,957)
Less: Allowances for impairment	(4,527,874)	(3,427,860)
	34,030,730	32,353,928
Total of impaired Islamic financing receivables	6,101,086	6,482,224

Corporate Ijara assets amounting to AED 3.7 billion [2013: 3.7 billion] were securitised for the purpose of issuance of Sukuk liability.

6 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	7,976	7,560
Mining and quarrying	18,548	114,087
Manufacturing	860,274	755,882
Construction	976,444	742,570
Trade	2,299,126	1,901,555
Transport and communication	239,900	306,469
Services	2,590,543	1,949,570
Sovereign	275,009	230,532
Personal	21,767,281	18,178,976
Real estate	6,715,385	8,495,974
Financial institutions and investment companies	3,366,303	4,213,718
Others	2,118,310	1,085,852
Total islamic financing and receivables	41,237,099	37,982,745
Less: Deferred Income	(2,678,495)	(2,200,957)
Less: Allowances for impairment	(4,527,874)	(3,427,860)
	34,030,730	32,353,928

EMIRATES NBD P.J.S.C.

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**6 ISLAMIC FINANCING RECEIVABLES (CONTINUED)**

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	2,966,580	1,726,028
Allowances for impairment made during the period	1,223,955	909,627
Write back /recoveries made during the period	(149,422)	(64,094)
Amount transferred from loans and receivables	-	16,970
Amounts written off during the period	(11,872)	-
Balance as at 30 September	4,029,241	2,588,531
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	461,280	359,923
Allowances for impairment made during the period	37,353	17,538
Amount transferred from loans and receivables (note 5)	-	65,725
Balance as at 30 September	498,633	443,186
Total	4,527,874	3,031,717

7 TRADING SECURITIES

<u>30 September 2014</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	15,746	24,556	13,980	54,282
Corporate bonds	428,241	167,823	385,422	981,486
Equity	-	-	-	-
Others	128,398	-	3,305	131,703
	572,385	192,379	402,707	1,167,471

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 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)
7 TRADING SECURITIES (CONTINUED)

	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
31 December 2013				
Government bonds	107,490	26,940	-	134,430
Corporate bonds	651,208	39,763	104,404	795,375
Equity	-	-	37,256	37,256
Others	316,183	33,053	-	349,236
	<u>1,074,881</u>	<u>99,756</u>	<u>141,660</u>	<u>1,316,297</u>

8 INVESTMENT SECURITIES

	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>30 September 2014</u>				
<u>HELD TO MATURITY:</u>				
Government bonds	48,623	142,280	-	190,903
Corporate bonds	147,748	51,452	5,123	204,323
	<u>196,371</u>	<u>193,732</u>	<u>5,123</u>	<u>395,226</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	514,615	4,955,574	1,366,007	6,836,196
Corporate bonds	1,692,321	1,575,340	919,236	4,186,897
Equity	1,038,007	783,956	118,003	1,939,966
Others	85,249	85,061	594,761	765,071
	<u>3,330,192</u>	<u>7,399,931</u>	<u>2,998,007</u>	<u>13,728,130</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	-	72,492	-	72,492
Others	198,271	1,539	151,801	351,611
	<u>198,271</u>	<u>74,031</u>	<u>151,801</u>	<u>424,103</u>
	<u>3,724,834</u>	<u>7,667,694</u>	<u>3,154,931</u>	<u>14,547,459</u>

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**8 INVESTMENT SECURITIES (CONTINUED)**

<u>31 December 2013</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	48,870	137,579	-	186,449
Corporate bonds	148,482	73,635	-	222,117
	<u>197,352</u>	<u>211,214</u>	<u>-</u>	<u>408,566</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	240,982	4,512,140	1,437,827	6,190,949
Corporate bonds	3,324,696	1,581,244	1,215,958	6,121,898
Equity	878,792	809,754	137,964	1,826,510
Others	139,727	515,427	424,749	1,079,903
	<u>4,584,197</u>	<u>7,418,565</u>	<u>3,216,498</u>	<u>15,219,260</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	-	59,422	-	59,422
Others	263,718	1,569	241,443	506,730
	<u>263,718</u>	<u>60,991</u>	<u>241,443</u>	<u>566,152</u>
	<u>5,045,267</u>	<u>7,690,770</u>	<u>3,457,941</u>	<u>16,193,978</u>

Investment securities include investments in real estate funds as follows:

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Designated at fair value through profit or loss	11,643	11,813
Available-for-sale	477,940	818,581
	<u>489,583</u>	<u>830,394</u>

9 INVESTMENT IN SUBSIDIARIES**ACQUISITION OF BNP PARIBAS EGYPT S.A.E (since renamed as EMIRATES NBD S.A.E)**

During 2013, the Group acquired the entire equity in Emirates NBD S.A.E Egypt for a consideration of USD 500 million [AED 1,838 million].

Emirates NBD S.A.E Egypt's revenue included in the consolidated income statement for nine months ended September 2014 is AED 505.65 million (September 2013: AED 200.86 million). Emirates NBD S.A.E Egypt also contributed profit of AED 167.22 million (September 2013: AED 76.98 million) over the same period.

10 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition				Total
		Banking license	Software	Customer relationships	Core deposit intangibles	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
30 September 2014						
<u>Cost</u>						
Balance as at 1 January	5,635,825	357,000	9,281	157,490	663,760	6,823,356
Foreign exchange movement	(3,177)	(8,404)	-	-	(1,537)	(13,118)
	5,632,648	348,596	9,281	157,490	662,223	6,810,238
<u>Less: Amortisation and impairment</u>						
Balance as at 1 January	4,903	-	9,281	152,174	394,500	560,858
Amortisation and impairment for the period	-	-	-	1,500	68,250	69,750
Balance as at 30 September	4,903	-	9,281	153,674	462,750	630,608
Net Goodwill and Intangibles	5,627,745	348,596	-	3,816	199,473	6,179,630
31 December 2013						
<u>Cost</u>						
	5,635,825	357,000	9,281	157,490	663,760	6,823,356
<u>Less: Amortisation and impairment</u>	4,903	-	9,281	152,174	394,500	560,858
Net Goodwill and Intangibles	5,630,922	357,000	-	5,316	269,260	6,262,498

11 OTHER ASSETS

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Accrued interest receivable	1,220,759	1,569,483
Islamic financing - profit receivable	115,745	155,045
Prepayments and other advances	164,277	162,183
Sundry debtors and other receivables	1,163,625	627,678
Inventory	1,977,305	2,887,146
Fair value of deposit (a)	368,900	415,911
Fair value of guarantee (b)	2,000,000	2,000,000
Others	1,200,780	847,142
	8,211,391	8,664,588

- (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 up to AED 2 billion for 7 years from the date of acquisition for any losses relating to the assets and liabilities that existed on the date of acquisition. An amount of AED 768 million represented the fair value of the Guarantee as at the date of the acquisition.

12 CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS**Customer Deposits**

The Group repaid the entire remaining amount of AED 3,702 million in respect of funds received from the UAE Ministry of Finance in 2008 on 20 July 2014.

Islamic Customer Deposits

The Group repaid the entire remaining amount of AED 1,082 million in respect of funds received from the UAE Ministry of Finance in 2008 on 20 July 2014.

13 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Medium term note programme*	15,293,782	14,320,272
Term loans from banks	2,938,000	2,938,000
Borrowings raised from loan securitisations	1,881,305	2,852,420
	20,113,087	20,110,692

*Includes Tier 2 notes amounting to AED 4,341 million (2013: AED 4,203 million) raised through public and private placements.

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Balance as at 1 January	20,110,692	17,190,793
New issues	4,281,809	10,223,758
Repayments	(4,160,516)	(6,985,642)
Other movements	(118,898)	(318,217)
Balance at end of period	20,113,087	20,110,692

As at 30 September 2014, the outstanding medium term borrowings totalling AED 20,113 million (31 December 2013: AED 20,111 million) is falling due as below:

	Unaudited 30 September 2014 AED millions	Audited 31 December 2013 AED millions
2014	451	4,034
2015	2,983	1,157
2016	4,687	4,492
2017	4,120	4,018
2018	1,199	1,199
2019	1,678	43
2020	226	226
2022	526	817
2023	3,605	3,603
2024	638	522
	20,113	20,111

14 OTHER LIABILITIES

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Accrued interest payable	537,019	728,719
Profit payable to Islamic depositors	97,027	171,148
Managers' cheques	1,047,326	1,382,142
Trade and other payables	1,678,657	1,278,796
Staff related liabilities	828,822	818,591
Provision for taxation	54,616	42,420
Others	10,455,849	2,391,230
	14,699,316	6,813,046

15 TIER I CAPITAL NOTES

- (i) In September 2014, the Group issued regulatory Tier 1 capital notes amounting to USD 500 million (AED 1.83 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 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.
- (iii) In June 2009, the Group issued regulatory Tier 1 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 Group 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.

16 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Dividend income	47,176	50,298
Gains from sale of available-for-sale investment securities	451,446	233,069
Gain from investment securities designated at fair value through profit or loss	72,971	35,911
Rental income	81,343	76,505
Gain on sale of properties (Investment properties/inventories)	428,464	195,599
Foreign exchange income*	748,732	601,524
Derivative income	34,965	33,361
Other income (net)	34,539	28,038
	1,899,636	1,254,305

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

17 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Staff cost	2,058,689	1,866,453
Occupancy cost	261,266	219,757
Equipment & supplies	95,691	75,793
Information technology cost	114,110	100,613
Communication cost	98,126	98,787
Service, legal and professional fees	48,979	79,666
Marketing related expenses	61,460	100,330
Depreciation	224,925	222,785
Amortisation of intangibles	69,750	47,250
Others	178,784	155,443
	3,211,780	2,966,877

18 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 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Net impairment of loans and receivables	2,442,626	2,326,967
Net impairment of Islamic financing receivables	1,111,886	863,071
Net impairment of investment securities	175,874	144,949
Net impairment of due from banks	(4,777)	(37)
Bad debt written off/(recovery) (net)	105,864	65,033
Net impairment loss for the period	3,831,473	3,399,983

19 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 04 March 2014, 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 2014.

20 COMMITMENTS AND CONTINGENCIES

At 30 September 2014, the Group's commitments and contingencies are as follows:

	Unaudited 30 September 2014 AED 000	Audited 31 December 2013 AED 000
Letters of credit	9,151,971	8,671,334
Guarantees	41,063,095	39,678,484
Liability on risk participations	1,636,794	2,217,393
Irrevocable loan commitments*	18,028,350	18,814,857
	69,880,210	69,382,068

*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.

21 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 1 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 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Profit for the period attributable to equity holders	3,912,361	2,583,453
Deduct : Interest on Tier 1 capital notes	(358,254)	(266,626)
Net profit attributable to equity holders	3,554,107	2,316,827
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share (AED)	0.64	0.42

*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2014.

22 DERIVATIVES

	September 2014			December 2013		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	1,247,233	(1,386,516)	293,725,158	1,573,997	(1,312,457)	230,095,142
Derivatives held as cash flow hedges	61,673	(13,267)	4,800,000	107,461	(22,210)	5,600,000
Derivatives held as fair value hedges	10,231	(78,113)	2,250,609	95,093	(103,505)	11,922,221
Total	1,319,137	(1,477,896)	300,775,767	1,776,551	(1,438,172)	247,617,363

23 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 Emirates NBD S.A.E, Tanfeeth, property management, operations and support functions.

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23 OPERATING SEGMENTS (CONTINUED)

30 September 2014

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

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
	2,773,093	2,776,666	97,166	1,029,780	346,995	7,023,700
	956,545	1,427,758	578,441	377,996	520,606	3,863,346
	3,731,638	4,204,424	675,607	1,407,776	867,601	10,887,046
	(223,127)	(1,239,120)	(65,229)	(580,571)	(1,103,733)	(3,211,780)
	(2,692,415)	(187,003)	(140)	(608,330)	(17,536)	(3,505,424)
	(280,628)	(8,043)	-	(30,983)	(6,395)	(326,049)
	-	-	-	2,258	156,630	158,888
	(12,264)	(884)	(3,100)	-	(73,791)	(90,039)
	523,204	2,769,374	607,138	190,150	(177,224)	3,912,642
	206,556,722	48,985,835	36,027,452	43,653,443	18,714,391	353,937,843
	101,922,011	117,183,973	24,560,357	45,179,959	65,091,543	353,937,843

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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**23 OPERATING SEGMENTS (CONTINUED)**30 September 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

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
	2,361,239	2,691,830	(157,448)	855,476	163,801	5,914,898
	930,481	1,151,831	489,149	244,183	(36,009)	2,779,635
	3,291,720	3,843,661	331,701	1,099,659	127,792	8,694,533
	(223,063)	(1,124,436)	(62,493)	(471,110)	(1,085,775)	(2,966,877)
	(2,336,472)	(107,190)	(142,356)	(502,108)	455	(3,087,671)
	(310,626)	(4,801)	-	794	2,321	(312,312)
	-	-	-	868	290,733	291,601
	(6,143)	(1,937)	(4,192)	-	(23,477)	(35,749)
	415,416	2,605,297	122,660	128,103	(687,951)	2,583,525
	202,851,637	37,594,522	33,769,210	37,585,205	20,468,605	332,269,179
	84,734,948	102,685,844	40,325,564	43,390,494	61,132,329	332,269,179

24 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 9% (December 2013: 9%) and 11% (December 2013: 14%) 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 2014 AED 000	Audited 31 December 2013 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	102,365,516	91,033,206
To parent	827,566	734,876
To directors and related companies	588,714	928,087
To associates and joint ventures	2,008	45,619
	103,783,804	92,741,788
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	3,073,143	2,203,338
From parent	6,131,342	4,204,881
From associates and joint ventures	388,383	614,369
	9,592,868	7,022,588
Investment in Government of Dubai bonds	4,724	107,118
Loans to and investment in funds managed by the Group	700,697	1,091,587
Commitments to associates	8,486	8,215

24 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
Payments made to associates and joint ventures	155,674	191,019
Payments received from associates and joint ventures	2,950	2,464
Fees received in respect of funds managed by the Group	38,533	17,066
Interest paid to funds managed by the Group	7,427	11,742
Interest paid by joint ventures	218	44

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 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	45,358	43,672
Post employment benefits	823	1,106

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.

25 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited nine months period ended 30 September 2014 AED 000	Unaudited nine months period ended 30 September 2013 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	6,936,117	4,608,234
Net cash inflow/(outflow)	8,276,694	(9,376,781)
Balance at end of period	<u>15,212,811</u>	<u>(4,768,547)</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	45,397,276	33,715,122
Due from banks	19,573,752	16,822,478
Due to banks	(13,928,332)	(25,398,415)
	<u>51,042,696</u>	<u>25,139,185</u>
Less : deposits with Central Bank for regulatory purposes	(23,200,223)	(17,473,583)
Less : certificates of deposits with Central Bank maturing after three months	(9,750,000)	(9,000,000)
Less : amounts due from banks maturing after three months	(6,736,728)	(7,047,561)
Add : amounts due to banks maturing after three months	3,857,066	3,613,412
	<u>15,212,811</u>	<u>(4,768,547)</u>

26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUEFair 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).

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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

30 September 2014	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>Trading securities</u>				
Debt Securities	1,032,723	3,045	-	1,035,768
Investment in equities	-	-	-	-
Others	95,124	36,579	-	131,703
	1,127,847	39,624	-	1,167,471
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	6,912,724	4,110,369	-	11,023,093
Investment in equities	875,934	331,149	732,883	1,939,966
Others	16,841	185,943	562,287	765,071
	7,805,499	4,627,461	1,295,170	13,728,130
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Investment in equities	72,492	-	-	72,492
Others	329,354	22,257	-	351,611
	401,846	22,257	-	424,103
<u>Derivatives held for trading</u>				
Positive fair value of derivatives	-	1,247,233	-	1,247,233
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	61,673	-	61,673
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	10,231	-	10,231
	-	1,319,137	-	1,319,137
<u>Derivatives held for trading</u>				
Negative fair value of derivatives	-	(1,386,516)	-	(1,386,516)
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	(13,267)	-	(13,267)
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	(78,113)	-	(78,113)
	-	(1,477,896)	-	(1,477,896)
	9,335,192	4,530,583	1,295,170	15,160,945

26 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 2014	1,601,597	37,626	-	1,639,223
Total gains or losses:				
- in profit or loss	(43,869)	-	-	(43,869)
- in other comprehensive income	25,108	-	-	25,108
Purchases	-	-	-	-
Settlements and other adjustments	(287,666)	(37,626)	-	(325,292)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Balance as at 30 September 2014	1,295,170	-	-	1,295,170

During the period ended 30 September 2014 available for sale financial assets with a carrying amount of AED Nil (31 December 2013: 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 Nil (31 December 2013: AED 80 million) during the period September 2014.

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NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

<u>31 December 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>Trading securities</u>				
Debt Securities	926,623	3,182	-	929,805
Investment in equities	37,256	-	-	37,256
Others	190,672	158,564	-	349,236
	<u>1,154,551</u>	<u>161,746</u>	<u>-</u>	<u>1,316,297</u>
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	8,586,691	3,664,457	61,699	12,312,847
Investment in equities	698,501	346,570	781,439	1,826,510
Others	103,882	217,562	758,459	1,079,903
	<u>9,389,074</u>	<u>4,228,589</u>	<u>1,601,597</u>	<u>15,219,260</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Investment in equities	59,422	-	-	59,422
Others	443,355	25,749	37,626	506,730
	<u>502,777</u>	<u>25,749</u>	<u>37,626</u>	<u>566,152</u>
<u>Derivatives held for trading</u>				
<u>Positive fair value of derivatives</u>	-	1,573,997	-	1,573,997
Derivatives held as cash flow hedges:				
Interest rate swaps	-	107,461	-	107,461
Derivatives held as fair value hedges:				
Interest rate swaps	-	95,093	-	95,093
	<u>-</u>	<u>1,776,551</u>	<u>-</u>	<u>1,776,551</u>
<u>Derivatives held for trading</u>				
<u>Negative fair value of derivatives</u>	-	(1,312,457)	-	(1,312,457)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(22,210)	-	(22,210)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(103,505)	-	(103,505)
	<u>-</u>	<u>(1,438,172)</u>	<u>-</u>	<u>(1,438,172)</u>
	<u>11,046,402</u>	<u>4,754,463</u>	<u>1,639,223</u>	<u>17,440,088</u>

26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

	Available for sale financial assets	Financial assets designated at fair value through profit or loss	Financial assets held for trading	Total
	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2013	1,796,079	1,344	-	1,797,423
Total gains or losses:				
- in profit or loss	-	-	-	-
- in other comprehensive income	44,439	-	-	44,439
Purchases	67	-	-	67
Issues	-	-	-	-
Settlements	(515,621)	(1,281)	-	(516,902)
Transfers into Level 3	294,639	37,563	-	332,202
Transfers out of Level 3	(18,006)	-	-	(18,006)
Balance as at 31 December 2013	1,601,597	37,626	-	1,639,223

27 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these financial statements.