EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

EMIRATES NBD BANK 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 BANK PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates NBD Bank PJSC (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated interim statement of financial position as at 31 March 2018 and the related consolidated interim statements of income and comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

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

17 April 2018
Dubai, United Arab Emirates

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018 (UNAUDITED)

	Notes	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
ASSETS			
Cash and deposits with Central Bank	4	68,589,755	71,852,618
Due from banks	5	47,328,362	49,726,135
Investment securities	6	21,811,038	19,048,242
Loans and receivables	7	264,894,910	257,604,666
Islamic financing receivables	8	46,527,368	46,487,948
Investments in associates and joint ventures		1,655,320	1,624,330
Positive fair value of derivatives	21	3,500,486	2,851,520
Investment properties		520,500	537,680
Customer acceptances		5,943,838	6,111,947
Property and equipment		2,478,310	2,442,833
Goodwill and intangibles	9	5,689,410	5,688,203
Other assets	10	6,690,465	6,396,161
TOTAL ASSETS		**475,629,762**	**470,372,283**
LIABILITIES			
Due to banks		22,625,960	21,311,193
Customer deposits		273,873,210	265,712,916
Islamic customer deposits		57,984,317	60,815,385
Debt issued and other borrowed funds	11	39,424,086	39,788,848
Sukuk payable	12	3,689,090	5,526,649
Negative fair value of derivatives	21	2,963,256	2,252,495
Customer acceptances		5,943,838	6,111,947
Other liabilities	13	11,879,358	9,491,313
TOTAL LIABILITIES		**418,383,115**	**411,010,746**
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	9,477,076	9,477,076
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		314,854	261,568
Currency translation reserve		(1,219,444)	(1,219,088)
Retained earnings		25,235,759	27,403,808
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		**57,238,390**	**59,353,509**
Non-controlling interest		8,257	8,028
TOTAL EQUITY		**57,246,647**	**59,361,537**
TOTAL LIABILITIES AND EQUITY		**475,629,762**	**470,372,283**

The attached notes 1 to 26 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   Director   Chief Executive Officer

17 APR 2018

GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Interest and similar income		3,780,212	3,190,487
Interest and similar expense		(1,255,266)	(1,149,094)
Net interest income		**2,524,946**	**2,041,393**
Income from Islamic financing and investment products		662,565	648,568
Distribution on Islamic deposits and profit paid to Sukuk holders		(203,068)	(203,966)
Net income from Islamic financing and investment products		**459,497**	**444,602**
Net interest income and income from Islamic financing and investment products net of distribution to depositors		**2,984,443**	**2,485,995**
Fee and commission income		1,007,754	962,940
Fee and commission expense		(272,354)	(232,435)
Net fee and commission income		735,400	730,505
Net gain / (loss) on trading securities		31,552	43,610
Other operating income	16	352,409	357,352
Net gain /(loss) arising from derecognition of financial assets measured at amortised cost		(392)	-
Total operating income		**4,103,412**	**3,617,462**
General and administrative expenses	17	(1,275,773)	(1,116,341)
Operating profit before impairment		**2,827,639**	**2,501,121**
Net impairment loss on financial assets	18	(440,057)	(639,070)
Operating profit after impairment		**2,387,582**	**1,862,051**
Share of profit/ (loss) of associates and joint ventures		30,990	38,634
Group profit for the period before tax		**2,418,572**	**1,900,685**
Taxation charge		(32,116)	(27,224)
Group profit for the period after tax		**2,386,456**	**1,873,461**
Attributable to:			
Equity holders of the Group		2,386,227	1,873,218
Non-controlling interest		229	243
Group profit for the period		**2,386,456**	**1,873,461**
Earnings per share	20	**0.40**	**0.31**

The attached notes 1 to 26 form an integral part of these Group condensed consolidated interim financial statements.
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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Group profit for the period	2,386,456	1,873,461
Other comprehensive income		
Items that will not be reclassified subsequently to Income statement:		
Actuarial gains / (losses) on retirement benefit obligations	-	-
Movement in fair value reserve (equity instruments):		
Net change in fair value	(3,967)	-
Items that may be reclassified subsequently to Income statement:		
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:		
Net change in the cost of hedging	58,685	-
Cash flow hedges:		
- Effective portion of changes in fair value	158,875	65,420
Fair value reserve (debt instruments):		
- Net change in fair value	(37,422)	-
- Net amount transferred to income statement	(4,310)	-
Fair value reserve (available-for-sale financial assets):		
- Net change in fair value	-	95,557
- Net amount transferred to income statement	-	(42,214)
Currency translation reserve	7,528	(137,086)
Hedge of a net investment in foreign operations	(7,884)	-
Other comprehensive income for the period	171,505	(18,323)
Total comprehensive income for the period	**2,557,961**	**1,855,138**
Attributable to:		
Equity holders of the Bank	2,557,732	1,854,895
Non-controlling interest	229	243
Total comprehensive income for the period	**2,557,961**	**1,855,138**

The attached notes 1 to 26 form an integral part of these Group condensed consolidated interim financial statements.
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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
OPERATING ACTIVITIES			
Group profit for the period before tax		2,418,572	1,900,685
Adjustment for non cash items	24	261,635	800,872
Operating profit before changes in operating assets and liabilities		**2,680,207**	**2,701,557**
(Increase)/decrease in interest free statutory deposits		2,143,196	455,938
(Increase)/decrease in certificate of deposits with Central Bank maturing after three months		(7,018,288)	(6,611,525)
(Increase)/decrease in amounts due from banks maturing after three months		(2,145,210)	(54,332)
Increase/(decrease) in amounts due to banks maturing after three months		(1,934,335)	(1,622,875)
(Increase)/decrease in other assets		24,733	632,260
Increase/(decrease) in other liabilities		(53,656)	337,061
(Increase)/decrease in positive fair value of derivatives		(521,897)	830,987
Increase/(decrease) in negative fair value of derivatives		709,938	(578,905)
Increase/(decrease) in customer deposits		8,160,294	9,144,245
Increase/(decrease) in islamic customer deposits		(2,831,068)	(700,862)
(Increase)/decrease in trading securities		-	(248,684)
(Increase)/decrease in loans and receivables		(8,167,109)	(6,276,504)
(Increase)/decrease in Islamic financing receivables		(1,755,401)	759,948
		(10,708,596)	**(1,231,691)**
Taxes paid		(22,790)	(18,214)
Net cash flows from/(used in) operating activities		**(10,731,386)**	**(1,249,905)**

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

	Notes	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
INVESTING ACTIVITIES			
(Increase)/decrease in investment securities		(2,785,295)	335,558
Addition of property and equipment		(133,792)	(61,659)
Disposal of property and equipment		4,157	487
Net cash flows from/(used in) investing activities		**(2,914,930)**	**274,386**
FINANCING ACTIVITIES			
Issuance of debt issued and other borrowed funds	11	5,336,717	3,451,242
Repayment of debt issued and other borrowed funds	11	(5,456,916)	(6,138,673)
Repayment of sukuk borrowing	12	(1,836,250)	(1,836,250)
Interest on Tier I capital notes		(146,556)	(146,558)
Dividends paid		-	(2,220,749)
Net cash flows from /(used in) financing activities		**(2,103,005)**	**(6,890,988)**
Increase/(decrease) in cash and cash equivalents (refer Note 24)		**(15,749,321)**	**(7,866,507)**

The attached notes 1 to 26 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.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP											
	Issued Capital	Treasury shares	Tier I Capital Notes	Share premium reserve	Legal and Statutory reserve	Other reserves	Fair value reserve	Currency Translation Reserve	Retained earnings	Total	Non-controlling interest	Group Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2018	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	261,568	(1,219,088)	27,403,808	59,353,509	8,028	59,361,537
Impact of adopting IFRS 9 at 1 January 2018	-	-	-	-	-	-	(118,575)	-	(2,186,971)	(2,305,546)		(2,305,546)
Restated balance at 1 January 2018	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	142,993	(1,219,088)	25,216,837	57,047,963	8,028	57,055,991
Profit for the period	-	-	-	-	-	-	-	-	2,386,227	2,386,227	229	2,386,456
Other comprehensive income for the period	-	-	-	-	-	-	171,861	(356)	-	171,505		171,505
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(146,556)	(146,556)		(146,556)
Dividends	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)		(2,220,749)
Balance as at 31 March 2018	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	314,854	(1,219,444)	25,235,759	57,238,390	8,257	57,246,647
Balance as at 1 January 2017	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	110,791	(1,103,009)	21,938,659	53,853,662	7,256	53,860,918
Profit for the period	-	-	-	-	-	-	-	-	1,873,218	1,873,218	243	1,873,461
Other comprehensive income for the period	-	-	-	-	-	-	118,763	(137,086)	-	(18,323)	-	(18,323)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(146,558)	(146,558)	-	(146,558)
Dividends	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 31 March 2017	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	229,554	(1,240,095)	21,444,570	53,341,250	7,499	53,348,749

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 2018 as this will be effected at the year end.

The attached notes 1 to 26 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 Bank PJSC (the "Bank") was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC ("EBI") and National Bank of Dubai PJSC ("NBD"), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984.

The condensed consolidated interim financial statements for the period ended 31 March 2018 comprise the financial statements of 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 2017, except for changes in accounting policies explained in Note 3.

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 2017. In addition, results for the three months period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2018.

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 2017 except for the new judgements and estimates explained in Note 3.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

3.1 Changes in accounting policies

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2017, except the following accounting policies which are applicable from 1 January 2018:

(a) IFRS 9 Financial Instruments

The Group has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represents a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

(i) Classification of financial assets and financial liabilities

Financial assets

On initial recognition, a financial asset is classified as measured: at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit and Loss (FVTPL).

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(a) IFRS 9 Financial Instruments (continued)

(i) Classification of financial assets and financial liabilities (continued)

Financial assets (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(a) IFRS 9 Financial Instruments (continued)

(i) Classification of financial assets and financial liabilities (continued)

Financial assets (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rate.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition:

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

(ii) Impairment

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.
- No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL is measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(a) IFRS 9 Financial Instruments (continued)

(ii) Impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(a) IFRS 9 Financial Instruments (continued)

(ii) Impairment (continued)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iii) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. The financial guarantee liability is carried at amortised cost when payment under the contract has become probable.

'Loans commitments' are firm irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or irrevocable commitments to provide credit are initially measured at fair value and their initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.

(iv) Loans and receivables

'Loans and receivables' captions in the statement of financial position include:

- Loans and receivables measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- Loans and receivables measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss, if applicable.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance or due from banks, and the underlying asset is not recognised in the Group's financial statements.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(a) IFRS 9 Financial Instruments (continued)

(v) Investment securities

The investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

- Interest revenue using the effective interest method
- ECL and reversals, and
- Foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(vi) Derivatives and hedging

IFRS 9 introduces a new hedge accounting model that expands the scope of hedged items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. The new model no longer specifies quantitative measures for effectiveness testing and does not permit hedge de-designation. As a result the 80-125% range under IAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

IFRS 9 also introduces rebalancing of hedging relationships, whereby, if a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the Bank shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Gains and losses arising from changes in the fair value of derivatives that are not the hedging instrument in a qualifying hedge are recognised as they arise in profit or loss. Gains and losses are recorded in Income from trading activities except for gains and losses on those derivatives that are managed together with financial instruments designated at fair value; these gains and losses are included in Other operating income.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(a) IFRS 9 Financial Instruments (continued)

(vi) Derivatives and hedging (continued)

The group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and are thus treated as continuing hedges.

(vii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore not comparable to the information presented for period under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation or previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

Further information and details on the changes and implications resulting from the adoption of IFRS 9 are disclosed in Note 3.3 and Note 26.

(b) IFRS 7 Financial Instruments: Disclosures

IFRS 7 Financial Instruments: Disclosures, which was updated to reflect the differences between IFRS 9 and IAS 39, was also adopted by the Bank together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 3.3, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 3.2 and Note 26.

Reconciliations from opening to closing ECL allowances are presented in Notes 26.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.1 Changes in accounting policies (continued)

(c) IFRS 15 Revenue from contracts with customers

This standard on revenue recognition replaces IAS 11, 'Construction contracts', and IAS 18,'Revenue' and related interpretations.

IFRS 15 is more prescriptive, provides detailed guidance on revenue recognition and reduces the use of judgment in applying revenue recognition policies and practices as compared to the replaced IFRS and related interpretations.

Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognizes revenue as it transfers the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has assessed that the impact of IFRS 15 is not material on the condensed consolidated interim financial statements of the Group as at the reporting date.

3.2 Changes in estimates and judgements

The preparation of condensed consolidated interim financial statements requires management to make judgement, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The Group has consistently applied the estimates and judgements as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2017, except the following estimates and judgements which are applicable from 1 January 2018.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Changes to judgements made in applying accounting policies that have most significant effects on the amounts recognized in the condensed consolidated interim financial statements of the period ended 31 March 2018 pertain to the changes introduced as a result of adoption of IFRS 9: Financial instruments which impact:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.

- Calculation of expected credit loss: changes to the assumptions and estimation uncertainties that have a significant impact on expected credit losses for the period ended 31 March 2018 pertain to the changes introduced as a result of adoption of IFRS 9: Financial instruments. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.2 Changes in estimates and judgements (continued)

Inputs, assumptions and techniques used for ECL calculation – IFRS9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Group while determining the impact assessment, are:

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes.

Our assessment of significant increases in credit risk will be performed at least quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. We have established thresholds for significant increases in credit risk based on movement in PDs relative to initial recognition.
2. Additional qualitative reviews will be performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.2 Changes in estimates and judgements (continued)

Inputs, assumptions and techniques used for ECL calculation – IFRS9 Methodology (continued)

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios (continued)

Our base case scenario will be based on macroeconomic forecasts published by our internal economist group. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant.

Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis. All scenarios considered will be applied to all portfolios subject to expected credit losses with the same probabilities.

Definition of default

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance

In addition to the existing risk management framework, we have established an internal Committee to provide oversight to the IFRS 9 impairment process. The Committee is comprised of senior representatives from Finance, Risk Management and Economics and will be responsible for reviewing and approving key inputs and assumptions used in our expected credit loss estimates. It also assesses the appropriateness of the overall allowance results to be included in our financial statements.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.3 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Except for the financial statement captions listed in the table below, there have been no changes in the carrying amounts of assets and liabilities on application of IFRS 9 as at 1 January 2018.

	Classification under IAS 39 (31 December 2017)					**Classification under IFRS 9** (1 January 2018)			
	Loans and receivables	Held to maturity	Available for sale	FVTPL	**Balance**	Amortized cost	FVOCI	FVTPL	**Balance**
	AED 000								
Financial assets									
Cash and deposits with Central Bank	71,852,618	-	-	-	**71,852,618**	71,840,210	-	-	**71,840,210**
Due from banks	49,726,135	-	-	-	**49,726,135**	49,583,960	-	-	**49,583,960**
Investment securities:						-	-	-	
Trading securities measured at FVTPL	-	-	-	3,555,297	**3,555,297**	-	-	3,555,297	**3,555,297**
Designated as at FVTPL	-	-	-	5,910	**5,910**	-	-	951,610	**951,610**
Measured at amortised cost	-	1,178,221	-	-	**1,178,221**	13,208,169	-	-	**13,208,169**
Measured at FVOCI – debt instruments	-	-	13,266,375	-	**13,266,375**	-	1,138,372	-	**1,138,372**
Measured at FVOCI – equity instruments	-	-	1,042,439	-	**1,042,439**	-	199,817	-	**199,817**
Loans and receivables	257,604,666	-	-	-	**257,604,666**	256,864,879	-	-	**256,864,879**
Islamic financing receivables	46,487,948	-	-	-	**46,487,948**	45,081,555	-	-	**45,081,555**

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS (CONTINUED)

3.3 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9 (continued)

The following table analyses the impact, net of tax, on reserves and retained earnings arising as a result of the transition to IFRS 9. The impact relates to the fair value reserve and retained earnings. There is no impact on other components of equity.

	AED 000
Fair value reserve	
Closing balance under IAS 39 (31 December 2017)	261,568
Reclassification of investment securities (debt) from available-for-sale to amortized cost	47,448
Reclassification of investment securities (debt and equity) from available-for-sale to FVTPL	(62,361)
Reclassification of equity securities from available-for-sale to FVOCI	(112,567)
Reclassification of investment securities (debt) measured at amortised cost to FVOCI	(14,920)
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	826
Other movements	22,999
Opening balance under IFRS 9 (1 January 2018)	**142,993**
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	27,403,808
Reclassification of investment securities (debt and equity) from available-for-sale to FVTPL	32,226
Reclassification of investment securities (debt) from held-to-maturity to FVTPL	1,799
Reclassification of equity securities from available-for-sale to FVOCI	112,567
Remeasurement of impairment under IFRS 9 and other movements	(2,300,758)
Other movements	(32,805)
Opening balance under IFRS 9 (1 January 2018)	**25,216,837**

The following table reconciles the closing balance of financial assets under IAS 39 to the opening balance of financial assets under IFRS 9 on 1 January 2018.

	31 December 2017 (IAS 39)	Reclassification of financial assets	Remeasurement of impairment and other movements	**1 January 2018 (IFRS 9)**
	--------------------------AED 000	--------------------------		
Cash and deposits with Central Bank	**71,852,618**	-	(12,408)	**71,840,210**
Due from Banks	**49,726,135**	-	(142,175)	**49,583,960**
Investment securities:				**-**
Trading securities measured at FVTPL	**3,555,297**	-	-	**3,555,297**
Designated as at FVTPL	**5,910**	945,700	-	**951,610**
Equity securities AFS / FVOCI	**1,042,439**	(842,622)	-	**199,817**
Debt investments at AFS / FVOCI	**13,266,375**	(12,127,177)	(826)	**1,138,372**
Debt investments at HTM / Amortised cost	**1,178,221**	12,049,588	(19,640)	**13,208,169**
Loans and Receivables	**257,604,666**	(51,830)	(687,957)	**256,864,879**
Islamic Financing	**46,487,948**	-	(1,406,393)	**45,081,555**
Total	**444,719,609**	**(26,341)**	**(2,269,399)**	**442,423,869**

4 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Cash	3,017,121	3,624,504
Interest free statutory deposits with Central Banks	29,839,483	31,982,679
Interest bearing placements with Central Banks	248,606	1,118,141
Murabahas and Interest bearing certificates of deposits with Central Banks	35,492,588	35,127,294
Less: Allowances for impairment (Expected credit loss)	(8,043)	-
	68,589,755	71,852,618

The reserve requirements which are kept with the Central Banks of the countries in which the Group operates are not available for use in the Group's day to day operations and cannot be withdrawn without the approval of the Central Banks. The level of reserves required changes periodically in accordance with the directives of the Central Banks.

5 DUE FROM BANKS

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Due from banks in UAE	7,701,913	9,421,589
Due from foreign banks	39,781,975	40,324,841
Less: Allowances for impairment	(155,526)	(20,295)
	47,328,362	49,726,135

6 INVESTMENT SECURITIES

	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
TRADING SECURITIES MEASURED AT FVTPL				
Government Bonds	25,143	885,851	3,208,663	4,119,657
Corporate Bonds	160,216	42,839	1,584,698	1,787,753
Equity	-	-	-	-
	185,359	928,690	4,793,361	5,907,410
DESIGNATED AS AT FVTPL				
Government Bonds	-	-	-	-
Corporate Bonds	-	22,002	-	22,002
Equity	275,195	216,039	59,049	550,283
Others	64,839	77,012	177,569	319,420
	340,034	315,053	236,618	891,705
MEASURED AT AMORTISED COST				
Government Bonds	1,220,527	7,358,523	1,836,283	10,415,333
Corporate Bonds	430,458	646,604	1,681,857	2,758,919
	1,650,985	8,005,127	3,518,140	13,174,252
MEASURED AT FVOCI - DEBT INSTRUMENTS				
Government Bonds	-	106,344	195,836	302,180
Corporate Bonds	870,412	7,391	503,297	1,381,100
	870,412	113,735	699,133	1,683,280
MEASURED AT FVOCI - EQUITY INSTRUMENTS				
Equity	1,667	190,975	3,235	195,877
Others	-	-	-	-
	1,667	190,975	3,235	195,877
Total Investment securities	3,048,457	9,553,580	9,250,487	21,852,524
Less: Allowances for impairment (as applicable)				(41,486)
Net Investment securities				21,811,038

*Domestic: These are securities issued within UAE.
**Regional: These are securities issued within Middle East.
***International: These are securities issued outside the Middle East region.

6 INVESTMENT SECURITIES (CONTINUED)

Audited 31 December 2017	Domestic* AED 000	Regional** AED 000	International*** AED 000	Total AED 000
HELD FOR TRADING:				
Government bonds	324,188	772,362	913,843	2,010,393
Corporate bonds	176,049	123,260	1,234,288	1,533,597
Equity	11,307	-	-	11,307
	511,544	895,622	2,148,131	3,555,297
HELD TO MATURITY:				
Government bonds	10,828	1,118,923	-	1,129,751
Corporate bonds	33,923	14,547	-	48,470
	44,751	1,133,470	-	1,178,221
AVAILABLE-FOR-SALE:				
Government bonds	1,224,250	5,806,618	2,225,337	9,256,205
Corporate bonds	966,189	701,138	2,342,843	4,010,170
Equity	268,410	443,420	57,725	769,555
Others	67,355	51,713	153,816	272,884
	2,526,204	7,002,889	4,779,721	14,308,814
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Others	-	130	5,780	5,910
	-	130	5,780	5,910
	3,082,499	9,032,111	6,933,632	19,048,242

*Domestic: These are securities issued within UAE.
**Regional: These are securities issued within Middle East.
***International: These are securities issued outside the Middle East region.

7 LOANS AND RECEIVABLES

At Amortised Cost	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Overdrafts	127,762,487	124,651,482
Time loans	138,640,057	136,814,451
Loans against trust receipts	9,180,108	7,779,801
Bills discounted	3,175,529	2,596,675
Credit card receivables	5,630,907	5,767,317
Others	521,084	591,617
Gross loans and receivables	284,910,172	278,201,343
Other debt instruments	-	51,357
Total loans and receivables	284,910,172	278,252,700
Less: Allowances for impairment	(20,015,262)	(20,648,034)
	264,894,910	257,604,666
Total of impaired loans and receivables	15,605,808	14,772,946

7 LOANS AND RECEIVABLES (CONTINUED)

Analysis by economic activity	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Manufacturing	5,623,496	6,393,109
Construction	5,713,598	5,696,969
Trade	15,076,658	13,897,772
Transport and communication	1,741,969	2,447,165
Services	5,374,180	5,124,307
Sovereign	144,816,626	139,986,832
Personal	36,262,078	35,315,689
Real estate	35,297,403	35,296,763
Hotels and restaurants	2,699,113	2,666,805
Management of companies and enterprises	12,577,763	12,463,393
Financial institutions and investment companies	13,326,339	13,361,246
Others	6,400,949	5,602,650
Total loans and receivables	284,910,172	278,252,700
Less: Allowances for impairment	(20,015,262)	(20,648,034)
	264,894,910	257,604,666

8 ISLAMIC FINANCING RECEIVABLES

At Amortised Cost	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Murabaha	31,239,889	31,038,125
Credit cards receivable	1,206,664	1,203,012
Wakala	550,858	1,005,933
Istissna'a	1,881,894	1,872,266
Others	1,139,041	1,119,027
Finance lease receivables		
Ijara	18,642,904	17,529,473
Total Islamic financing receivables	54,661,250	53,767,836
Less: Deferred income	(2,147,339)	(2,634,875)
Less: Allowances for impairment	(5,986,543)	(4,645,013)
	46,527,368	46,487,948
Total of impaired Islamic financing receivables	4,717,358	5,538,151

Corporate Ijara assets amounting to AED 2.2 billion [2017: 4.8 billion] and Murabaha assets amounting to AED 1.4 billion [2017: 2.2 billion] were securitised for the purpose of issuance of Sukuk liability (refer Note 12).

8 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

Analysis by economic activity	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Manufacturing	2,032,659	1,691,366
Construction	1,807,614	2,168,691
Trade	6,726,567	6,349,359
Transport and communication	867,158	895,632
Services	1,773,652	1,690,464
Sovereign	514,646	558,814
Personal	25,919,188	25,557,267
Real estate	8,531,129	9,384,740
Hotels and restaurants	75,112	82,019
Management of companies and enterprises	638,130	290,842
Financial institutions and investment companies	3,113,852	2,722,103
Others	2,661,543	2,376,539
Total islamic financing and receivables	54,661,250	53,767,836
Less: Deferred Income	(2,147,339)	(2,634,875)
Less: Allowances for impairment	(5,986,543)	(4,645,013)
	46,527,368	46,487,948

9 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition				Total
		Banking license	Software	Customer relationships	Core deposit intangibles	
Unaudited 31 March 2018	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Cost						
Balance as at 1 January	5,553,022	140,084	9,281	157,490	664,174	6,524,051
Foreign exchange movement	331	876	-	-	-	1,207
	5,553,353	**140,960**	**9,281**	**157,490**	**664,174**	**6,525,258**
Less: Amortisation and impairment						
Balance as at 1 January	4,903	-	9,281	157,490	664,174	835,848
Amortisation and impairment for the period	-	-	-	-	-	-
Balance as at 31 March	**4,903**	**-**	**9,281**	**157,490**	**664,174**	**835,848**
Net Goodwill and Intangibles	**5,548,450**	**140,960**	**-**	**-**	**-**	**5,689,410**
Audited 31 December 2017						
Cost	5,553,022	140,084	9,281	157,490	664,174	6,524,051
Less: Amortisation and impairment	4,903	-	9,281	157,490	664,174	835,848
Net Goodwill and Intangibles	5,548,119	140,084	-	-	-	5,688,203

10 OTHER ASSETS

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Accrued interest receivable	1,750,180	1,599,981
Islamic Profit receivable	148,063	132,901
Prepayments and other advances	300,727	280,532
Sundry debtors and other receivables	1,854,244	1,288,224
Inventory	1,179,039	1,279,410
Fair value of deposit (a)	124,444	143,492
Others	1,333,768	1,671,621
	6,690,465	6,396,161

(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.

11 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Medium term note programme*	31,947,273	32,098,003
Term loans from banks	6,225,011	6,426,875
Borrowings raised from loan securitisations	1,251,802	1,263,970
	39,424,086	39,788,848

*Includes Tier 2 notes amounting to AED 814 million (2017: AED 3,752 million) raised through public and private placements.

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Balance as at 1 January	39,788,848	38,695,734
New issues	5,336,717	10,394,762
Repayments	(5,456,916)	(9,445,340)
Other movements*	(244,563)	143,692
Balance at end of period	39,424,086	39,788,848

*Represents exchange rate movement on debts issued in foreign currency. The Group hedges the foreign currency risk on public issuances through derivative financial instruments.

As at 31 March 2018, the outstanding medium term borrowings totaling AED 39,424 million (31 December 2017: AED 39,789 million) is falling due as below:

	Unaudited 31 March 2018 AED millions	Audited 31 December 2017 AED millions
2018	1,565	4,080
2019	13,244	13,251
2020	7,975	7,203
2021	2,074	1,726
2022	7,858	7,877
2023	2,011	3,679
2024	555	529
2025	501	160
2026	166	125
2027	780	755
2028	1,304	-
2032	257	257
2037	146	147
2048	988	-
	39,424	39,789

12 SUKUK PAYABLE

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Balance as at 1 January	5,526,649	7,368,138
New issues	-	-
Repayments	(1,836,250)	(1,836,250)
Other movements	(1,309)	(5,239)
Balance at end of period	3,689,090	5,526,649

As at 31 March 2018, the outstanding Sukuk payable totaling AED 3,689 million (31 December 2017: AED 5,527 million) is falling due as below:

	Unaudited 31 March 2018 AED millions	Audited 31 December 2017 AED millions
2018	-	1,836
2021	3,689	3,691
	3,689	5,527

13 OTHER LIABILITIES

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Accrued interest payable	1,725,118	1,621,982
Profit payable to Islamic depositors	117,656	142,691
Managers' cheques	1,240,209	1,350,049
Trade and other payables	2,325,623	1,835,223
Staff related liabilities	785,852	1,030,213
Provision for taxation	72,969	63,643
Dividend payable	2,220,749	-
Others	3,391,182	3,447,512
	11,879,358	9,491,313

14 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 27 March 2018, shareholders approved payment of a cash dividend of 40% of the issued and paid up capital amounting to AED 2,223 million which has been recognised in the interim financial statements as of 31 March 2018.

15 TIER I CAPITAL NOTES

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. 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 as equity.

Issuance Month/year	Issued Amount	Coupon rate
September 2014	USD 500 million (AED 1.83 billion)	Fixed interest rate with a reset after six years
May 2013	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years
June 2009	AED 4 billion	Fixed interest rate for the first five years and on a floating rate basis thereafter.

16 OTHER OPERATING INCOME

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Dividend income on equity investments measured at FVTPL	11,553	-
Dividend income	-	6,394
Gain from sale of debt investment securities measured at FVOCI	4,310	-
Gain from sale of available-for-sale investment securities	-	42,214
Gain / (loss) from investment securities designated at fair value through profit or loss	5,700	7,734
Rental income	9,945	13,311
Gain on sale of properties (investment properties / inventories)	253	2,606
Foreign exchange income*	319,465	339,458
Derivative income	2,936	19,807
Other income (net)	(1,753)	(74,172)
	352,409	357,352

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

17 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Staff cost	812,289	738,050
Occupancy cost	91,989	85,948
Equipment & supplies	30,545	29,687
Information technology cost	54,338	46,383
Communication cost	42,992	37,999
Service, legal and professional fees	24,961	17,222
Marketing related expenses	26,364	21,549
Depreciation	94,158	81,035
Amortisation of intangibles	-	9,250
Others	98,137	49,218
	1,275,773	1,116,341

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 three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Net impairment of cash and deposits with central bank	(4,365)	-
Net impairment of due from banks / other assets	30,501	(76)
Net impairment of investment securities	24,658	15,858
Net impairment of loans and receivables	137,078	495,046
Net impairment of Islamic financing receivables	309,589	122,862
Bad debt written off / (recovery) - net	(57,404)	5,380
Net impairment loss for the period	440,057	639,070

19 COMMITMENTS AND CONTINGENCIES

At 31 March 2018, the Group's commitments and contingencies are as follows:

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Letters of credit	10,789,119	11,489,707
Guarantees	48,008,398	48,801,287
Liability on risk participations	1,142,870	1,161,869
Irrevocable loan commitments*	20,829,174	25,279,231
	80,769,561	86,732,094

*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.

20 EARNINGS PER SHARE

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

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Profit for the period attributable to equity holders	2,386,227	1,873,218
Deduct : Interest on Tier 1 capital notes	(146,556)	(146,558)
Net profit attributable to equity holders	2,239,671	1,726,660
Weighted average number of equity shares in issue ('000)	5,551,872	5,551,872
Basic Earnings per share* (AED)	0.40	0.31

*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2018.

21 DERIVATIVES

	Unaudited 31 March 2018			Audited 31 December 2017		
	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	2,880,649	(2,531,911)	485,794,425	2,436,184	(1,948,648)	417,171,559
Derivatives held as cash flow hedges	506,915	(48,915)	11,277,380	379,847	(48,092)	11,761,739
Derivatives held as fair value hedges	112,922	(374,546)	9,735,787	35,489	(246,596)	6,470,889
Derivatives held as hedge of a net investment in foreign operations	-	(7,884)	355,989	-	(9,159)	355,989
Total	3,500,486	(2,963,256)	507,163,581	2,851,520	(2,252,495)	435,760,176

22 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 Egypt, Tanfeeth, property management, operations and support functions.

22 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2018	Corporate banking	Consumer banking	Treasury	Islamic Banking	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,049,851	1,143,951	159,800	390,964	239,877	2,984,443
Net Fees, commission and other income	324,517	645,781	91,733	198,892	(141,954)	1,118,969
Total operating Income	1,374,368	1,789,732	251,533	589,856	97,923	4,103,412
General and administrative expenses	(117,722)	(482,793)	(33,197)	(279,042)	(363,019)	(1,275,773)
Net impairment loss on financial assets	(147,998)	(97,882)	(7,338)	(102,239)	(84,600)	(440,057)
Share of profit of associates and joint ventures	-	-	-	-	30,990	30,990
Taxation charge	38	(6,753)	(2,521)	-	(22,880)	(32,116)
Group Profit for the Period	1,108,686	1,202,304	208,477	208,575	(341,586)	2,386,456
Segment Assets	279,391,738	53,180,810	63,757,887	55,360,511	23,938,816	475,629,762
Segment Liabilities and Equity	121,219,589	145,097,594	47,078,229	56,153,594	106,080,756	475,629,762

22 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2017	Corporate banking	Consumer banking	Treasury	Islamic Banking	Others	Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net interest income and income from Islamic products net of distribution to depositors	823,667	1,044,540	6,472	419,799	191,517	2,485,995
Net Fees, commission and other income	318,311	625,172	168,224	178,921	(159,161)	1,131,467
Total operating Income	1,141,978	1,669,712	174,696	598,720	32,356	3,617,462
General and administrative expenses	(101,569)	(440,445)	(29,170)	(246,392)	(298,765)	(1,116,341)
Net impairment loss on financial assets	(275,460)	(154,694)	3,622	(134,885)	(77,653)	(639,070)
Share of profit of associates and joint ventures	-	-	-	-	38,634	38,634
Taxation charge	(1,628)	(1,629)	(186)	-	(23,781)	(27,224)
Group Profit for the Period	763,321	1,072,944	148,962	217,443	(329,209)	1,873,461
Segment Assets	255,011,650	53,270,293	57,395,748	55,803,153	30,491,212	451,972,056
Segment Liabilities and Equity	106,271,763	154,723,353	37,730,183	56,312,630	96,934,127	451,972,056

23 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.8%), 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 7% (December 2017: 7%) and 5% (December 2017: 6%) 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 normal commercial terms.

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 carried out on normal commercial terms and are as follows:

	Unaudited 31 March 2018 AED 000	Audited 31 December 2017 AED 000
Loans and receivables:		
To majority shareholder of the parent	144,060,880	139,581,859
To parent	1,544,720	1,037,082
To directors and related companies	2,261,720	2,259,083
To associates and joint ventures	-	420,953
	147,867,320	143,298,977
Customer and Islamic deposits:		
From majority shareholder of the parent	2,981,944	2,891,100
From parent	4,309,874	2,917,016
From associates and joint ventures	556,090	636,983
	7,847,908	6,445,099
Investment in Government of Dubai bonds	10,295	85,744
Commitments to associates and joint ventures	29,954	24,870

23 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Payments made to associates and joint ventures	40,769	35,088
Payments received from associates and joint ventures	1,436	1,228
Payments made to other related parties	17,436	14,809
Fees received in respect of funds managed by the Group	5,958	8,949
Interest paid to funds managed by the Group	-	449
Interest (paid by) / paid to joint ventures	595	901
Directors sitting fee	3,021	2,561

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

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
Key management compensation:		
Short term employment benefits	39,021	35,323
Post employment benefits	772	317

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.

24 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
(a)	Analysis of changes in cash and cash equivalents during the Period		
	Balance at beginning of period	43,527,409	43,633,310
	Net cash inflow/(outflow)	(15,749,321)	(7,866,507)
	Balance at end of period	27,778,088	35,766,803
(b)	Analysis of cash and cash equivalents		
	Cash and deposits with Central Bank	68,589,755	62,568,914
	Due from banks	47,328,362	52,362,767
	Due to banks	(22,625,960)	(19,571,063)
		93,292,157	95,360,618
	Less : deposits with Central Bank for regulatory purposes	(29,839,483)	(29,021,380)
	Less : certificates of deposits with Central Bank maturing after three months	(20,129,338)	(15,829,500)
	Less : amounts due from banks maturing after three months	(19,127,657)	(18,985,349)
	Add : amounts due to banks maturing after three months	3,582,409	4,242,414
		27,778,088	35,766,803

24 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited three months period ended 31 March 2018 AED 000	Unaudited three months period ended 31 March 2017 AED 000
(c) Adjustment for non cash items		
Impairment loss on cash and deposits with central bank	(4,365)	-
Impairment loss on due from banks	30,501	-
Impairment loss on investment securities	24,658	15,858
Impairment loss on loans and receivables	137,078	495,046
Impairment loss on Islamic financing receivables	309,588	122,862
Amortisation of fair value	26,739	25,350
Discount on Investment securities	9,821	12,490
Unrealised foreign exchange gain	(161,782)	(69,147)
Amortisation of intangibles	-	9,250
Depreciation / impairment on property and equipment / Investment property	111,338	81,035
Share of profit / loss of associates and joint ventures	(30,990)	(38,634)
Unrealized (gain)/loss on investments	(6,957)	22,973
Unrealized (gain)/loss on FV Hedged item	(183,741)	126,395
Gain on sale of properties (inventories)	(253)	(2,606)
	261,635	800,872

25 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).

25 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

31 March 2018	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
Investment Securities				
Trading securities at FVTPL				
Government Bonds	4,119,657	-	-	4,119,657
Corporate Bonds	1,751,030	36,723	-	1,787,753
Equity	-	-	-	-
Others	-	-	-	-
	5,870,687	36,723	-	5,907,410
FVOCI - debt instruments				
Government Bonds	288,136	14,044	-	302,180
Corporate Bonds	1,335,809	45,291	-	1,381,100
	1,623,945	59,335	-	1,683,280
FVOCI - equity instruments	72,192	296	123,389	195,877
Designated at FVTPL				
Government Bonds	-	-	-	-
Corporate Bonds	22,002	-	-	22,002
Equity	90,128	-	460,155	550,283
Others	595	102,637	216,188	319,420
	112,725	102,637	676,343	891,705
Derivatives				
Positive fair value of derivatives				
Derivatives held for trading	-	2,880,649	-	2,880,649
Derivatives held as cash flow hedges	-	506,915	-	506,915
Derivatives held as fair value hedges	-	112,922	-	112,922
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	3,500,486	-	3,500,486
Negative fair value of derivatives				
Derivatives held for trading	-	(2,531,911)	-	(2,531,911)
Derivatives held as cash flow hedges	-	(48,915)	-	(48,915)
Derivatives held as fair value hedges	-	(374,546)	-	(374,546)
Derivatives held as hedge of a net investment in foreign operations	-	(7,884)	-	(7,884)
	-	(2,963,256)	-	(2,963,256)
	7,679,549	736,221	799,732	9,215,502

25 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.

	Trading securities at FVTPL	Designated at FVTPL	FVOCI - debt instruments	FVOCI– equity instruments	Total
	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 31 December 2017	-	-	-	832,907	832,907
Impact of IFRS 9 at 1 January 2018	-	677,403	-	(709,598)	(32,195)
Balance as at 1 January 2018	-	677,403	-	123,309	800,712
Total gains or losses:	-	-	-	-	-
- in profit or loss	-	9,234	-	-	9,234
- in other comprehensive income	-	-	-	80	80
Purchases	-	-	-	-	-
Issues	-	-	-	-	-
Settlements and other adjustments	-	(10,294)	-	-	(10,294)
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Balance as at 31 March 2018	-	676,343	-	123,389	799,732

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental.

During the period ended 31 March 2018 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2017: AED Nil).

25 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

Audited 31 December 2017	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
Investment Securities				
HELD FOR TRADING				
Government Bonds	2,010,393	-	-	2,010,393
Corporate Bonds	1,496,872	36,725	-	1,533,597
Equity	11,307	-	-	11,307
Others	-	-	-	-
	3,518,572	36,725	-	3,555,297
AVAILABLE-FOR-SALE				
Government bonds	9,141,137	115,068	-	9,256,205
Corporate bonds	3,996,811	13,359	-	4,010,170
Equity	113,827	297	655,431	769,555
Others	-	95,408	177,476	272,884
	13,251,775	224,132	832,907	14,308,814
DESIGNATED AT FVTPL				
Others	-	5,910	-	5,910
	-	5,910	-	5,910
Derivatives				
Positive fair value of derivatives	-	2,436,184	-	2,436,184
Derivatives held for trading	-	379,847	-	379,847
Derivatives held as cash flow hedges	-	35,489	-	35,489
Derivatives held as fair value hedges	-	-	-	-
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	2,851,520	-	2,851,520
Negative fair value of derivatives				
Derivatives held for trading	-	(1,948,648)	-	(1,948,648)
Derivatives held as cash flow hedges	-	(48,092)	-	(48,092)
Derivatives held as fair value hedges	-	(246,596)	-	(246,596)
Derivatives held as hedge of a net investment in foreign operations	-	(9,159)	-	(9,159)
	-	(2,252,495)	-	(2,252,495)
	16,770,347	865,792	832,907	18,469,046

25 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

	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 2017	1,106,579	-	-	1,106,579
Total gains or losses:				
- in profit or loss	-	-	-	-
- in other comprehensive income	22,748	-	-	22,748
Purchases	-	-	94,016	94,016
Issues	-	-	-	-
Settlements and other adjustments	(302,105)	-	(94,016)	(396,121)
Transfers into Level 3	5,685	-	-	5,685
Transfers out of Level 3	-	-	-	-
Balance as at 31 December 2017	832,907	-	-	832,907

26 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 2017.

Amounts arising from ECL

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument as a result of the adoption of IFRS 9: Financial instruments.

i) Loans and receivables, undrawn irrevocable commitments and financial guarantee contracts issued

	Unaudited 31 March 2018	Unaudited 31 March 2017		
AED 000	**ECL**	**Specific**	**Collective**	**Total**
Balance at 1 January (as per IAS 39)	20,648,034	13,355,890	6,237,306	19,593,196
Opening adjustments under IFRS 9	748,354	-	-	-
Balance at 1 January (Adjusted opening as per IFRS 9)	21,396,388	-	-	-
Allowances for impairment made during the period	588,783	334,050	370,970	705,020
Write back / recoveries made during the period	(451,705)	(209,974)	-	(209,974)
Amounts written off during the period	(1,518,290)	(125,442)	-	(125,442)
Exchange and other adjustments	86	(943)	(590)	(1,533)
Closing balance	**20,015,262**	**13,353,581**	**6,607,686**	**19,961,267**

26 RISK MANAGEMENT (continued)

Amounts arising from ECL (continued)

Loss allowance (continued)

ii) Islamic financing receivables, undrawn irrevocable commitments and financial guarantee contracts issued

	Unaudited 31 March 2018	Unaudited 31 March 2017		
AED 000	**ECL**	**Specific**	**Collective**	**Total**
Balance at 1 January (as per IAS 39)	4,645,013	3,971,709	782,391	4,754,100
Opening adjustments under IFRS 9	1,665,996	-	-	-
Balance at 1 January (Adjusted opening as per IFRS 9)	6,311,009	-	-	-
Allowances for impairment made during the period	512,496	307,561	(30,561)	277,000
Write back / recoveries made during the period	(202,907)	(154,138)	-	(154,138)
Amounts written off during the period	(633,678)	(188,177)	-	(188,177)
Exchange and other adjustments	(377)	124	10	134
Closing balance	**5,986,543**	**3,937,079**	**751,840**	**4,688,919**