

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	Page
Independent auditor's report on review of the Group condensed consolidated interim financial statements	1
Group condensed consolidated interim statement of financial position	2
Group condensed consolidated interim income statement	3
Group condensed consolidated interim statement of comprehensive income	4
Group condensed consolidated interim statement of cash flows	5 - 6
Group condensed consolidated interim statement of changes in equity	7
Notes to the Group condensed consolidated interim financial statements	8 - 34

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 30 September 2017 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.

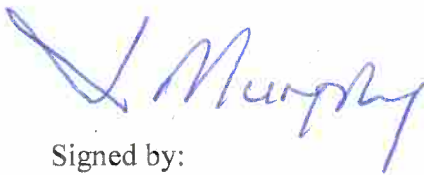
Scope of Review

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

29 October 2017
Dubai, United Arab Emirates

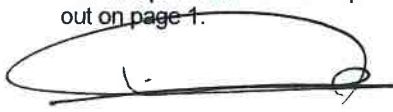
EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017 (UNAUDITED)**

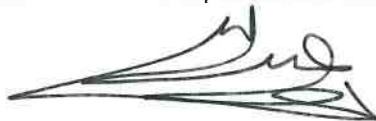
		Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
ASSETS	Notes		
Cash and deposits with Central Bank	3	67,867,790	57,214,660
Due from banks	4	44,785,234	57,082,148
Trading securities		2,726,743	1,575,279
Investment securities	5	15,087,302	13,573,622
Loans and receivables	6	255,848,205	242,612,617
Islamic financing receivables	7	48,262,270	47,783,692
Investments in associates and joint ventures		1,691,708	1,680,362
Positive fair value of derivatives	20	2,634,769	3,153,972
Investment properties		541,746	553,812
Customer acceptances		5,367,065	6,941,585
Property and equipment		2,415,859	2,397,196
Goodwill and intangibles	8	5,698,557	5,827,150
Other assets	9	8,156,867	7,607,917
TOTAL ASSETS		461,084,115	448,004,012
LIABILITIES			
Due to banks		19,158,151	18,856,571
Customer deposits		261,293,290	254,698,202
Islamic customer deposits		60,779,654	56,054,237
Repurchase agreements with banks		2,212,440	45,906
Debt issued and other borrowed funds	10	36,684,555	38,695,734
Sukuk payable	11	5,527,959	7,368,138
Negative fair value of derivatives	20	2,080,378	2,824,708
Customer acceptances		5,367,065	6,941,585
Other liabilities	12	10,412,987	8,658,013
TOTAL LIABILITIES		403,516,479	394,143,094
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	14	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		413,347	110,791
Currency translation reserve		(1,206,252)	(1,103,009)
Retained earnings		25,445,516	21,938,659
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		57,559,832	53,853,662
Non-controlling interest		7,804	7,256
TOTAL EQUITY		57,567,636	53,860,918
TOTAL LIABILITIES AND EQUITY		461,084,115	448,004,012

The attached notes 1 to 24 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

29 OCT 2017

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Notes	Unaudited three months period ended 30 September 2017 AED 000	Unaudited three months period ended 30 September 2016 AED 000	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Interest and similar income		3,508,901	3,186,787	10,015,619	9,218,566
Interest and similar expense		(1,149,832)	(1,029,680)	(3,420,107)	(2,781,116)
Net interest income		2,359,069	2,157,107	6,595,512	6,437,450
Income from Islamic financing and investment products		637,885	656,819	1,982,786	1,913,192
Distribution on Islamic deposits and profit paid to Sukuk holders		(191,391)	(262,478)	(587,572)	(699,851)
Net income from Islamic financing and investment products		446,494	394,341	1,395,214	1,213,341
Net interest income and income from Islamic financing and investment products net of distribution to depositors		2,805,563	2,551,448	7,990,726	7,650,791
Fee and commission income		990,795	899,779	2,935,055	2,769,542
Fee and commission expense		(274,871)	(250,636)	(743,242)	(666,910)
Net fee and commission income		715,924	649,143	2,191,813	2,102,632
Net gain / (loss) on trading securities		41,953	45,911	114,362	148,874
Other operating income	15	401,929	367,564	1,121,691	1,382,854
Total operating income		3,965,369	3,614,066	11,418,592	11,285,151
General and administrative expenses	16	(1,269,644)	(1,217,516)	(3,522,372)	(3,693,483)
Operating profit before impairment		2,695,725	2,396,550	7,896,220	7,591,668
Net impairment loss on financial assets	17	(431,324)	(728,634)	(1,691,745)	(2,184,340)
Operating profit after impairment		2,264,401	1,667,916	6,204,475	5,407,328
Share of profit/ (loss) of associates and joint ventures		41,790	24,769	54,281	86,009
Group profit for the period before taxation		2,306,191	1,692,685	6,258,756	5,493,337
Taxation charge		(30,479)	(28,800)	(88,780)	(111,131)
Group profit for the period after taxation		2,275,712	1,663,885	6,169,976	5,382,206
Attributable to:					
Equity holders of the Group		2,275,589	1,663,923	6,169,428	5,382,089
Non-controlling interest		123	(38)	548	117
Group profit for the period		2,275,712	1,663,885	6,169,976	5,382,206
Earnings per share	19	0.38	0.27	1.03	0.89

The attached notes 1 to 24 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 COMPREHENSIVE INCOME
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Unaudited three months period ended 30 September 2017 AED 000	Unaudited three months period ended 30 September 2016 AED 000	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Group profit for the period after tax	2,275,712	1,663,885	6,169,976	5,382,206
Items that may be reclassified subsequently to Income statement:				
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	73,170	64,760	241,932	137,477
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	107,623	72,177	167,975	(53,527)
- Net amount transferred to income statement	(46,200)	(31,010)	(107,351)	(231,297)
Currency translation reserve	21,123	7,696	(106,286)	(181,446)
Hedge of a net investment in foreign operations	3,857	-	3,043	-
Other comprehensive income for the period	159,573	113,623	199,313	(328,793)
Total comprehensive income for the period	2,435,285	1,777,508	6,369,289	5,053,413
Attributable to:				
Equity holders of the Bank	2,435,162	1,777,546	6,368,741	5,053,296
Non-controlling interest	123	(38)	548	117
Total comprehensive income for the period	2,435,285	1,777,508	6,369,289	5,053,413

The attached notes 1 to 24 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 CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Notes	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
<u>OPERATING ACTIVITIES</u>			
Group profit before tax for the period		6,258,756	5,493,337
<u>Adjustment for non cash items</u>			
Impairment loss on loans and receivables	17	1,044,876	1,131,444
Impairment loss on Islamic financing receivables	17	661,820	943,401
Impairment loss on investment securities	17	28,074	122,839
Amortisation of fair value		76,404	72,436
Discount on Investment securities		34,301	44,022
Unrealised foreign exchange gain		(108,378)	(110,178)
Amortisation of intangibles		27,750	52,118
Depreciation of property and equipment / Investment property		263,656	236,889
Share of profit/ (loss) of associates and joint ventures		(54,281)	(86,009)
Unrealized (gain)/loss on investments		19,820	(50,127)
Unrealized (gain)/loss on FV Hedged item		193,723	204,060
Gain on sale of properties (inventories)		(15,284)	(25,566)
Operating profit before changes in operating assets and liabilities		8,431,237	8,028,666
(Increase)/decrease in statutory deposits		500,298	268,510
(Increase)/decrease in certificate of deposits with Central Bank maturing after three months		(13,268,525)	(8,885,225)
(Increase)/decrease in amounts due from banks maturing after three months		1,519,410	(4,930,032)
Increase/(decrease) in amounts due to banks maturing after three months		(917,826)	1,047,160
Increase/(decrease) in deposits under repurchase agreements		2,166,534	(181,592)
(Increase)/decrease in other assets		1,092,149	(3,329,114)
Increase/(decrease) in other liabilities		159,193	3,801,755
(Increase)/decrease in positive fair value of derivatives		761,639	(642,548)
Increase/(decrease) in negative fair value of derivatives		(744,834)	109,905
Increase/(decrease) in customer deposits		6,595,088	28,522,471
Increase/(decrease) in Islamic customer deposits		4,725,417	(4,162,474)
(Increase)/decrease in trading securities		(1,166,357)	84,255
(Increase)/decrease in loans and receivables		(14,280,466)	(14,764,941)
(Increase)/decrease in Islamic financing receivables		(1,140,398)	(5,883,620)
		(5,567,441)	(916,824)
Taxes paid		(67,520)	(138,245)
Net cash flows from/(used in) operating activities		(5,634,961)	(1,055,069)

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

	Notes	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(1,521,083)	(633,978)
(Increase)/decrease in investments in associates and joint ventures		42,944	36,935
Acquisition of Investment Properties		-	(3,892)
Addition of property and equipment		(270,251)	(311,874)
Disposal of property and equipment		-	13,877
Net cash flows from/(used in) investing activities		(1,748,390)	(898,932)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	10	7,045,442	16,028,707
Repayment of debt issued and other borrowed funds	10	(9,275,277)	(8,090,758)
Issuance of sukuk borrowing	11	-	3,696,948
Repayment of sukuk borrowing	11	(1,836,250)	-
Interest on Tier I capital notes		(441,822)	(442,541)
Dividends paid		(2,220,749)	(2,220,749)
Net cash flows from/(used in) financing activities		(6,728,656)	8,971,607
Increase/(decrease) in cash and cash equivalents (refer Note 23)		(14,112,007)	7,017,606

The attached notes 1 to 24 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 BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (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 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
Total comprehensive income for the period	-	-	-	-	-	-	302,556	(103,243)	6,169,428	6,368,741	548	6,369,289
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(441,822)	(441,822)	-	(441,822)
Dividends paid	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 30 September 2017	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	413,347	(1,206,252)	25,445,516	57,559,832	7,804	57,567,636
Balance as at 1 January 2016	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	476,375	(207,411)	17,566,680	50,742,865	5,662	50,748,527
Total comprehensive income for the period	-	-	-	-	-	-	(147,347)	(181,446)	5,382,089	5,053,296	117	5,053,413
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(442,541)	(442,541)	-	(442,541)
Dividends paid	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 30 September 2016	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	329,028	(388,857)	20,285,479	53,132,871	5,779	53,138,650

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2017 as this will be effected at the year end.

The attached notes 1 to 24 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 30 September 2017 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 2016. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2017 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 2016. In addition, results for the nine months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2017.

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 2016.

(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 2016.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Cash	3,103,674	3,076,809
Statutory and other deposits with Central Banks	28,977,020	29,477,318
Interest bearing placements with Central Banks	675,993	895,770
Murabahas and Interest bearing certificates of deposits with Central Banks	35,111,103	23,764,763
	<u>67,867,790</u>	<u>57,214,660</u>

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.

4 DUE FROM BANKS

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Due from banks in UAE	9,014,870	11,558,945
Due from foreign banks	35,770,364	45,523,203
	<u>44,785,234</u>	<u>57,082,148</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**5 INVESTMENT SECURITIES**

<u>Unaudited 30 September 2017</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	10,912	1,141,734	-	1,152,646
Corporate bonds	34,065	14,631	-	48,696
	<u>44,977</u>	<u>1,156,365</u>	<u>-</u>	<u>1,201,342</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	551,271	5,752,797	2,209,221	8,513,289
Corporate bonds	1,008,136	735,707	2,335,066	4,078,909
Equity	285,514	633,213	88,849	1,007,576
Others	67,893	51,826	160,296	280,015
	<u>1,912,814</u>	<u>7,173,543</u>	<u>4,793,432</u>	<u>13,879,789</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	-	130	6,041	6,171
	<u>-</u>	<u>130</u>	<u>6,041</u>	<u>6,171</u>
	<u>1,957,791</u>	<u>8,330,038</u>	<u>4,799,473</u>	<u>15,087,302</u>

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

5 INVESTMENT SECURITIES (CONTINUED)

<u>Audited 31 December 2016</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	11,156	1,048,108	-	1,059,264
Corporate bonds	145,543	14,882	-	160,425
	<u>156,699</u>	<u>1,062,990</u>	<u>-</u>	<u>1,219,689</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	605,260	5,187,454	868,087	6,660,801
Corporate bonds	1,332,958	891,164	1,942,655	4,166,777
Equity	281,356	667,940	84,685	1,033,981
Others	72,992	57,189	204,179	334,360
	<u>2,292,566</u>	<u>6,803,747</u>	<u>3,099,606</u>	<u>12,195,919</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	76,393	137	81,484	158,014
	<u>76,393</u>	<u>137</u>	<u>81,484</u>	<u>158,014</u>
	<u>2,525,658</u>	<u>7,866,874</u>	<u>3,181,090</u>	<u>13,573,622</u>

6 LOANS AND RECEIVABLES

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Overdrafts	121,624,703	112,410,660
Time loans	135,789,222	133,066,809
Loans against trust receipts	9,102,963	8,169,257
Bills discounted	3,425,430	2,652,915
Credit card receivables	5,535,105	5,218,498
Others	600,118	624,025
Gross loans and receivables	276,077,541	262,142,164
Other debt instruments	51,173	63,649
Total loans and receivables	276,128,714	262,205,813
Less: Allowances for impairment	(20,280,509)	(19,593,196)
	255,848,205	242,612,617
Total of impaired loans and receivables	14,523,265	14,773,140

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	107,075	101,771
Mining and quarrying	510,455	450,232
Manufacturing	7,304,279	7,715,992
Construction	7,354,684	7,604,678
Trade	15,625,393	14,033,786
Transport and communication	2,562,539	3,435,041
Services	4,440,651	3,775,024
Sovereign	138,461,812	130,678,906
Personal	38,544,268	38,812,673
Real estate	38,390,477	32,346,722
Financial institutions and investment companies	22,442,994	22,673,121
Others	384,087	577,867
Total loans and receivables	276,128,714	262,205,813
Less: Allowances for impairment	(20,280,509)	(19,593,196)
	255,848,205	242,612,617

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	13,355,890	13,139,731
Allowances for impairment made during the period	1,124,118	1,395,798
Write back / recoveries made during the period	(741,997)	(1,389,051)
Amounts written off during the period	(355,840)	(408,803)
Exchange and other adjustments	(529)	(3,325)
Balance as at 30 September	13,381,642	12,734,350
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	6,237,306	5,530,397
Allowances for impairment made during the period	662,755	1,124,697
Exchange and other adjustments	(1,194)	(6,073)
Balance as at 30 September	6,898,867	6,649,021
Total	20,280,509	19,383,371

7 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Murabaha	31,005,212	31,667,600
Ijara	19,311,573	18,696,462
Credit cards receivable	1,185,423	1,096,076
Wakala	1,052,813	1,306,991
Istissna'a	2,240,487	1,909,133
Others	655,056	550,445
Total Islamic financing receivables	55,450,564	55,226,707
Less: Deferred income	(2,311,455)	(2,688,915)
Less: Allowances for impairment	(4,876,839)	(4,754,100)
	48,262,270	47,783,692
Total of impaired Islamic financing receivables	5,617,008	5,492,156

Corporate Ijara assets amounting to AED 4.0 billion [2016: 5.9 billion] and Murabaha assets amounting to AED 1.5 billion [2016: 1.5 billion] were securitised for the purpose of issuance of Sukuk liability (refer Note 11).

7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	42,108	32,278
Mining and quarrying	143,586	392
Manufacturing	917,572	1,044,157
Construction	2,306,725	2,060,770
Trade	3,925,263	3,151,623
Transport and communication	1,363,389	1,326,706
Services	4,728,813	3,622,537
Sovereign	81,307	298,455
Personal	26,168,643	28,871,866
Real estate	10,408,036	10,229,054
Financial institutions and investment companies	2,059,764	1,926,268
Others	3,305,358	2,662,601
Total Islamic financing and receivables	55,450,564	55,226,707
Less: Deferred Income	(2,311,455)	(2,688,915)
Less: Allowances for impairment	(4,876,839)	(4,754,100)
	48,262,270	47,783,692

7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	3,971,709	4,029,366
Allowances for impairment made during the period	1,110,495	1,489,821
Write back /recoveries made during the period	(310,375)	(739,998)
Amounts written off during the period	(539,227)	(557,729)
Exchange and other adjustments	133	(35)
Balance as at 30 September	4,232,735	4,221,425
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	782,391	539,947
Allowances for impairment made during the period	(138,300)	193,578
Exchange and other adjustments	13	(6)
Balance as at 30 September	644,104	733,519
Total	4,876,839	4,954,944

8 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total	
		Banking license	Software	Customer relationships	Core deposit intangibles	
<u>Unaudited 30 September 2017</u>	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
<u>Cost</u>						
Balance as at 1 January	5,581,678	218,157	9,281	157,490	659,392	6,625,998
Foreign exchange movement	(28,353)	(77,238)	-	-	4,748	(100,843)
	5,553,325	140,919	9,281	157,490	664,140	6,525,155
<u>Less: Amortisation and impairment</u>						
Balance as at 1 January	4,903	-	9,281	157,490	627,174	798,848
Amortisation and impairment for the period	-	-	-	-	27,750	27,750
Balance as at 30 September	4,903	-	9,281	157,490	654,924	826,598
Net Goodwill and Intangibles	5,548,422	140,919	-	-	9,216	5,698,557
<u>Audited 31 December 2016</u>						
<u>Cost</u>	5,581,678	218,157	9,281	157,490	659,392	6,625,998
Less: Amortisation and impairment	4,903	-	9,281	157,490	627,174	798,848
Net Goodwill and Intangibles	5,576,775	218,157	-	-	32,218	5,827,150

9 OTHER ASSETS

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Accrued interest receivable	1,655,553	1,444,469
Islamic Profit receivable	127,570	94,023
Prepayments and other advances	231,044	242,947
Sundry debtors and other receivables	3,400,561	1,028,472
Inventory	1,386,487	1,595,633
Fair value of deposit (a)	162,237	216,659
Others	1,193,415	2,985,714
	8,156,867	7,607,917

- (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.

10 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Medium term note programme*	28,981,696	31,139,525
Term loans from banks	6,426,875	6,243,250
Borrowings raised from loan securitisations	1,275,984	1,312,959
	36,684,555	38,695,734

*Includes Tier 2 notes amounting to AED 3,752 million (2016: AED 3,752 million) raised through public and private placements.

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Balance as at 1 January	38,695,734	31,287,342
New issues	7,045,442	16,709,587
Repayments	(9,275,277)	(9,243,619)
Other movements*	218,656	(57,576)
Balance at end of period	36,684,555	38,695,734

*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 30 September 2017, the outstanding medium term borrowings totaling AED 36,685 million (31 December 2016: AED 38,696 million) is falling due as below:

	Unaudited 30 September 2017 AED millions	Audited 31 December 2016 AED millions
2017	171	9,176
2018	4,056	1,826
2019	12,924	12,666
2020	7,144	4,745
2021	1,726	1,358
2022	5,072	4,552
2023	3,679	3,642
2024	541	540
2025	160	114
2026	123	77
2027	685	-
2032	257	-
2037	147	-
	36,685	38,696

11 SUKUK PAYABLE

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Balance as at 1 January	7,368,138	3,672,500
New issues	-	3,696,948
Repayments	(1,836,250)	-
Other movements	(3,929)	(1,310)
Balance at end of period	<u>5,527,959</u>	<u>7,368,138</u>

As at 30 September 2017, the outstanding Sukuk payable totaling AED 5,528 million (31 December 2016: AED 7,368 million) is falling due as below:

	Unaudited 30 September 2017 AED millions	Audited 31 December 2016 AED millions
2017	-	1,836
2018	1,836	1,836
2021	3,692	3,696
	<u>5,528</u>	<u>7,368</u>

12 OTHER LIABILITIES

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Accrued interest payable	1,671,050	1,518,050
Profit payable to Islamic depositors	154,675	259,376
Managers' cheques	853,720	1,164,080
Trade and other payables	3,723,811	1,557,161
Staff related liabilities	983,431	1,029,034
Provision for taxation	76,926	55,666
Others	2,949,374	3,074,646
	<u>10,412,987</u>	<u>8,658,013</u>

13 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 12 February 2017, 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 30 September 2017.

14 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.

15 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Dividend income	25,749	27,379
Gains from sale of available-for-sale investment securities	107,351	231,297
Gain / (loss) from investment securities designated at fair value through profit or loss	2,093	(2,881)
Rental income	37,712	60,348
Gain on sale of properties (Investment properties / inventories)	15,284	25,566
Foreign exchange income*	876,660	819,940
Derivative income	55,878	82,207
Other income (net)	964	138,998
	<u>1,121,691</u>	<u>1,382,854</u>

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

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Staff cost	2,234,715	2,484,004
Occupancy cost	269,832	292,853
Equipment & supplies	86,982	105,686
Information technology cost	144,433	107,050
Communication cost	113,070	117,289
Service, legal and professional fees	56,748	58,840
Marketing related expenses	102,365	70,557
Depreciation	251,588	236,889
Amortisation of intangibles	27,750	52,118
Others	234,889	168,197
	<u>3,522,372</u>	<u>3,693,483</u>

17 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The charge to the income statement for the net impairment loss on financial assets is made up as follows:

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Net impairment of loans and receivables	1,044,876	1,131,444
Net impairment of Islamic financing receivables	661,820	943,401
Net impairment of investment securities	28,074	122,839
Net impairment of due from banks / other assets	8,872	(64)
Bad debt written off / (recovery) - net	(51,897)	(13,280)
Net impairment loss for the period	<u>1,691,745</u>	<u>2,184,340</u>

18 COMMITMENTS AND CONTINGENCIES

At 30 September 2017, the Group's commitments and contingencies are as follows:

	Unaudited 30 September 2017 AED 000	Audited 31 December 2016 AED 000
Letters of credit	11,420,362	9,726,912
Guarantees	48,813,821	47,168,713
Liability on risk participations	1,101,703	256,183
Irrevocable loan commitments*	24,249,890	29,099,863
	85,585,776	86,251,671

*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.

19 EARNINGS PER SHARE

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

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Profit for the period attributable to equity holders	6,169,428	5,382,089
Deduct : Interest on Tier 1 capital notes	(441,822)	(442,541)
Net profit attributable to equity holders	5,727,606	4,939,548
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share* (AED)	1.03	0.89

*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2017.

20 DERIVATIVES

	Unaudited 30 September 2017			Audited 31 December 2016		
	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	2,282,842	(1,842,542)	445,037,187	3,081,512	(2,415,689)	409,587,747
Derivatives held as cash flow hedges	311,463	(32,077)	12,147,235	69,027	(31,573)	8,532,333
Derivatives held as fair value hedges	37,056	(205,394)	4,968,747	3,433	(377,446)	3,191,316
Derivatives held as hedge of a net investment in foreign operations	3,408	(365)	355,989	-	-	-
Total	2,634,769	(2,080,378)	462,509,158	3,153,972	(2,824,708)	421,311,396

21 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.

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

21 OPERATING SEGMENTS (CONTINUED)Unaudited 30 September 2017

	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,727,351	3,263,792	165,949	1,211,365	622,269	7,990,726
Net Fees, commission and other income	931,873	1,779,218	353,147	574,177	(210,549)	3,427,866
Total operating Income	3,659,224	5,043,010	519,096	1,785,542	411,720	11,418,592
General and administrative expenses	(302,534)	(1,412,397)	(88,050)	(738,887)	(980,504)	(3,522,372)
Net impairment loss on financial assets	(523,750)	(494,665)	5,261	(544,539)	(134,052)	(1,691,745)
Share of profit of associates and joint ventures	-	-	-	-	54,281	54,281
Taxation charge	(8,383)	(5,662)	(2,412)	-	(72,323)	(88,780)
Group Profit for the Period	2,824,557	3,130,286	433,895	502,116	(720,878)	6,169,976
Segment Assets	266,863,269	53,381,196	64,908,322	55,138,872	20,792,456	461,084,115
Segment Liabilities and Equity	113,636,766	148,537,786	43,042,996	55,692,591	100,173,976	461,084,115

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

21 OPERATING SEGMENTS (CONTINUED)

<u>Unaudited 30 September 2016</u>	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	2,357,051	2,811,779	(21,840)	1,323,423	1,180,378	7,650,791
Net Fees, commission and other income	930,255	1,735,531	381,102	576,767	10,705	3,634,360
Total operating Income	3,287,306	4,547,310	359,262	1,900,190	1,191,083	11,285,151
General and administrative expenses	(312,970)	(1,471,288)	(91,124)	(851,466)	(966,635)	(3,693,483)
Net impairment loss on financial assets	(366,301)	(597,992)	535	(1,065,438)	(155,144)	(2,184,340)
Share of profit of associates and joint ventures	-	-	-	752	85,257	86,009
Taxation charge	(8,115)	(5,964)	3,443	-	(100,495)	(111,131)
Group Profit for the Period	2,599,920	2,472,066	272,116	(15,962)	54,066	5,382,206
Segment Assets	242,032,266	51,780,020	62,594,095	51,476,718	38,164,683	446,047,782
Segment Liabilities and Equity	113,403,177	139,394,869	29,127,392	56,063,491	108,058,853	446,047,782

22 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 5% (December 2016: 6%) and 6% (December 2016: 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 30 September 2017 AED 000	Audited 31 December 2016 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	138,055,999	130,578,874
To parent	1,469,200	1,470,482
To directors and related companies	2,181,416	2,287,572
To associates and joint ventures	-	44,410
	141,706,615	134,381,338
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	5,824,275	2,356,193
From parent	3,547,535	3,955,674
From associates and joint ventures	670,009	238,662
	10,041,819	6,550,529
Investment in Government of Dubai bonds	68,462	36,122
Loans to and investment in funds managed by the Group	79,978	235,942
Commitments to associates and joint ventures	23,181	20,989

22 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
Payments made to associates and joint ventures	118,112	102,653
Payments received from associates and joint ventures	3,677	3,745
Payments made to other related parties	30,244	45,430
Fees received in respect of funds managed by the Group	31,289	44,708
Interest paid to funds managed by the Group	3,398	9,480
Interest (paid by) / paid to joint ventures	3,089	2,960
Directors sitting fee	8,324	5,892

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 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	51,294	56,565
Post employment benefits	969	908

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

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

23 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited nine months period ended 30 September 2017 AED 000	Unaudited nine months period ended 30 September 2016 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	43,633,819	31,828,539
Net cash inflow/(outflow)	(14,112,007)	7,017,606
Balance at end of period	<u>29,521,812</u>	<u>38,846,145</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	67,867,790	53,871,541
Due from banks	44,785,234	57,607,425
Due to banks	(19,158,151)	(15,973,237)
	<u>93,494,873</u>	<u>95,505,729</u>
Less : deposits with Central Bank for regulatory purposes	(28,977,020)	(30,124,737)
Less : certificates of deposits with Central Bank maturing after three months	(22,486,500)	(15,185,225)
Less : amounts due from banks maturing after three months	(17,411,607)	(18,137,569)
Add : amounts due to banks maturing after three months	4,902,066	6,787,948
	<u>29,521,812</u>	<u>38,846,146</u>

24 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).

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

<u>Unaudited 30 September 2017</u>	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Trading securities</u>				
Debt Securities	2,647,390	38,916	-	2,686,306
Others	40,437	-	-	40,437
	2,687,827	38,916	-	2,726,743
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	10,102,138	2,490,060	-	12,592,198
Investment in equities	191,487	145,529	670,560	1,007,576
Others	-	97,140	182,875	280,015
	10,293,625	2,732,729	853,435	13,879,789
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	-	6,171	-	6,171
	-	6,171	-	6,171
<u>Derivatives held for trading</u>				
Positive fair value of derivatives	-	2,282,842	-	2,282,842
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	311,463	-	311,463
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	37,056	-	37,056
<u>Derivatives held as hedge of a net investment in foreign operations:</u>				
Forward foreign exchange contracts	-	3,408	-	3,408
	-	2,634,769	-	2,634,769
<u>Derivatives held for trading</u>				
Negative fair value of derivatives	-	(1,842,542)	-	(1,842,542)
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	(32,077)	-	(32,077)
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	(205,394)	-	(205,394)
<u>Derivatives held as hedge of a net investment in foreign operations:</u>				
Forward foreign exchange contracts	-	(365)	-	(365)
	-	(2,080,378)	-	(2,080,378)
	12,981,452	3,332,207	853,435	17,167,094

24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Available for sale financial assets AED 000	Financial assets designated at fair value through profit or loss AED 000	Financial assets held for trading AED 000	Total AED 000
Balance as at 1 January 2017	1,106,579	-	-	1,106,579
Total gains or losses:	-	-	-	-
- in profit or loss	-	-	-	-
- in other comprehensive income	20,902	-	-	20,902
Purchases	-	-	94,016	94,016
Settlements and other adjustments	(281,025)	-	(94,016)	(375,041)
Transfers into Level 3	6,979	-	-	6,979
Transfers out of Level 3	-	-	-	-
Balance as at 30 September 2017	853,435	-	-	853,435

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 judgemental.

There have been no transfers between Level 1 and Level 2 during the period ended 30 September 2017 (2016: AED Nil).

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**24 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

<u>Audited 31 December 2016</u>	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Trading securities</u>				
Debt Securities	1,472,944	56,154	-	1,529,098
Others	25,245	20,936	-	46,181
	<u>1,498,189</u>	<u>77,090</u>	<u>-</u>	<u>1,575,279</u>
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	7,929,599	2,714,165	183,814	10,827,578
Investment in equities	182,637	150,826	700,518	1,033,981
Others	27	112,086	222,247	334,360
	<u>8,112,263</u>	<u>2,977,077</u>	<u>1,106,579</u>	<u>12,195,919</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	151,046	6,968	-	158,014
	<u>151,046</u>	<u>6,968</u>	<u>-</u>	<u>158,014</u>
<u>Derivatives held for trading</u>				
<u>Positive fair value of derivatives</u>	-	3,081,512	-	3,081,512
Derivatives held as cash flow hedges:				
Interest rate swaps	-	69,027	-	69,027
Derivatives held as fair value hedges:				
Interest rate swaps	-	3,433	-	3,433
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	-	-	-
	<u>-</u>	<u>3,153,972</u>	<u>-</u>	<u>3,153,972</u>
<u>Derivatives held for trading</u>				
<u>Negative fair value of derivatives</u>	-	(2,415,689)	-	(2,415,689)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(31,573)	-	(31,573)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(377,446)	-	(377,446)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	-	-	-
	<u>-</u>	<u>(2,824,708)</u>	<u>-</u>	<u>(2,824,708)</u>
	<u>9,761,498</u>	<u>3,390,399</u>	<u>1,106,579</u>	<u>14,258,476</u>

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)
24 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 2016	1,270,578	-	177,669	1,448,247
Total gains or losses:				
- in profit or loss	-	-	-	-
- in other comprehensive income	15,814	-	-	15,814
Purchases	-	-	-	-
Issues	-	-	-	-
Settlements and other adjustments	(207,889)	-	(177,669)	(385,558)
Transfers into Level 3	28,076	-	-	28,076
Transfers out of Level 3	-	-	-	-
Balance as at 31 December 2016	<u>1,106,579</u>	<u>-</u>	<u>-</u>	<u>1,106,579</u>