

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	Page
Independent auditors' 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 INTERIM FINANCIAL INFORMATION

**The Board of Directors
Emirates NBD Bank PJSC
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) **and its Subsidiaries** (together referred to as the “Group”) as at 31 March 2019 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information 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 interim financial information is not prepared, in all material respects in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 15 January 2019. Furthermore, the condensed consolidated interim financial information of the Group for the three months period ended 31 March 2018 were reviewed by another auditor who expressed an unmodified conclusion on 17 April 2018.

Deloitte & Touche (M.E.)



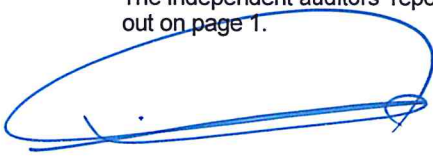
Akbar Ahmad
Registration No.: 1141
16 April 2019
Dubai
United Arab Emirates

EMIRATES NBD BANK PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019 (UNAUDITED)**

	Notes	Unaudited	Audited
		31 March 2019 AED 000	31 December 2018 AED 000
ASSETS			
Cash and deposits with Central Banks	4	80,940,352	84,604,316
Due from banks	5	45,457,824	39,907,253
Investment securities	6	29,609,795	20,066,403
Loans and receivables	7	287,181,528	278,064,013
Islamic financing receivables	8	50,479,721	49,866,487
Positive fair value of derivatives	21	4,452,119	3,670,892
Investments in associates and joint ventures		1,605,251	1,581,180
Customer acceptances		8,863,856	7,736,164
Investment properties		545,573	549,705
Property and equipment		3,103,432	2,515,884
Goodwill and intangibles	9	5,692,786	5,686,258
Other assets	10	7,872,852	6,094,191
TOTAL ASSETS		525,805,089	500,342,746
LIABILITIES			
Due to banks		25,512,556	22,339,668
Customer deposits		301,022,316	290,920,920
Islamic customer deposits		58,330,271	56,945,102
Debt issued and other borrowed funds	11	45,094,523	40,715,230
Sukuk payable	12	3,683,851	3,685,160
Negative fair value of derivatives	21	4,142,606	3,767,748
Customer acceptances		8,863,856	7,736,164
Other liabilities	13	11,080,970	10,208,391
TOTAL LIABILITIES		457,730,949	436,318,383
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	13,140,772	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		(91,080)	(72,904)
Currency translation reserve		(1,189,206)	(1,231,558)
Retained earnings		32,773,991	32,412,538
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		68,064,622	64,015,297
Non-controlling interest		9,518	9,066
TOTAL EQUITY		68,074,140	64,024,363
TOTAL LIABILITIES AND EQUITY		525,805,089	500,342,746

The attached notes 1 to 28 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

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)**

	Notes	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Interest and similar income		4,777,817	3,779,820
Interest and similar expense		(1,884,859)	(1,255,266)
Net interest income		2,892,958	2,524,554
Income from Islamic financing and investment products		794,772	662,565
Distribution on Islamic deposits and profit paid to Sukuk holders		(287,686)	(203,068)
Net income from Islamic financing and investment products		507,086	459,497
Net interest income and income from Islamic financing and investment products net of distribution to depositors		3,400,044	2,984,051
Fee and commission income		1,054,023	1,007,754
Fee and commission expense		(313,854)	(272,354)
Net fee and commission income		740,169	735,400
Net gain / (loss) on trading securities		71,684	31,552
Other operating income	16	504,915	352,409
Total operating income		4,716,812	4,103,412
General and administrative expenses	17	(1,396,545)	(1,275,773)
Operating profit before impairment		3,320,267	2,827,639
Net impairment loss on financial assets	18	(570,125)	(440,057)
Operating profit after impairment		2,750,142	2,387,582
Share of profit/ (loss) of associates and joint ventures		27,329	30,990
Group profit for the period before tax		2,777,471	2,418,572
Taxation charge		(34,029)	(32,116)
Group profit for the period after tax		2,743,442	2,386,456
Attributable to:			
Equity holders of the Group		2,742,990	2,386,227
Non-controlling interest		452	229
Group profit for the period after tax		2,743,442	2,386,456
Earnings per share	20	0.47	0.40

The attached notes 1 to 28 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 THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)

	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Group profit for the period after tax	2,743,442	2,386,456
Other comprehensive income		
Items that will not be reclassified subsequently to Income statement:		
Movement in fair value reserve (equity instruments):		
Net change in fair value	1,968	(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	2,364	58,685
Cash flow hedges:		
- Effective portion of changes in fair value	(77,104)	158,875
Fair value reserve (debt instruments):		
- Net change in fair value	53,651	(37,422)
- Net amount transferred to income statement	945	(4,310)
Currency translation reserve	48,986	7,528
Hedge of a net investment in foreign operations	(6,634)	(7,884)
Other comprehensive income for the period	24,176	171,505
Total comprehensive income for the period	2,767,618	2,557,961
Attributable to:		
Equity holders of the Bank	2,767,166	2,557,732
Non-controlling interest	452	229
Total comprehensive income for the period	2,767,618	2,557,961

The attached notes 1 to 28 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 THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)**

	Notes	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
<u>OPERATING ACTIVITIES</u>			
Group profit for the period before tax		2,777,471	2,418,572
Adjustment for non cash items	24	861,785	250,082
Operating profit before changes in operating assets and liabilities		3,639,256	2,668,654
(Increase)/decrease in interest free statutory deposits		(1,099,719)	2,143,196
(Increase)/decrease in certificate of deposits with Central Banks maturing after three months		205,413	(7,018,288)
(Increase)/decrease in amounts due from banks maturing after three months		(2,170,690)	(2,145,210)
Increase/(decrease) in amounts due to banks maturing after three months		(1,957,889)	(1,934,335)
(Increase)/decrease in other assets		(1,914,365)	24,733
Increase/(decrease) in other liabilities		449,284	(53,656)
(Increase)/decrease in positive fair value of derivatives		(781,227)	(521,897)
Increase/(decrease) in negative fair value of derivatives		374,858	709,938
Increase/(decrease) in customer deposits		10,101,396	8,160,294
Increase/(decrease) in islamic customer deposits		1,385,169	(2,831,068)
(Increase)/decrease in loans and receivables		(9,656,674)	(8,167,109)
(Increase)/decrease in Islamic financing receivables		(663,194)	(1,755,401)
		(2,088,382)	(10,720,149)
Taxes paid		(24,049)	(22,790)
Net cash flows from/(used in) operating activities		(2,112,431)	(10,742,939)

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)**

	Notes	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(9,524,864)	(2,785,295)
(Increase)/decrease in investments in associates and joint ventures		-	-
(Increase)/decrease of property and equipment		(116,999)	(129,635)
Dividend income received		13,429	11,553
Net cash flows from/(used in) investing activities		(9,628,434)	(2,903,377)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	11	4,726,624	5,336,717
Repayment of debt issued and other borrowed funds	11	(580,267)	(5,456,916)
Repayment of sukuk borrowing	12	-	(1,836,250)
Issuance of Tier I capital notes		3,663,696	-
Interest on Tier I capital notes		(160,788)	(146,556)
Dividends paid		(2,220,749)	-
Net cash flows from /(used in) financing activities		5,428,516	(2,103,005)
Increase/(decrease) in cash and cash equivalents (refer Note 24)		(6,312,349)	(15,749,321)

The attached notes 1 to 28 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 THREE MONTHS PERIOD ENDED 31 MARCH 2019 (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 2019	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	(72,904)	(1,231,558)	32,412,538	64,015,297	9,066	64,024,363
Profit for the period	-	-	-	-	-	-	-	-	2,742,990	2,742,990	452	2,743,442
Other comprehensive income for the period	-	-	-	-	-	-	(18,176)	42,352	-	24,176	-	24,176
Tier I capital notes issued during the period (note 15)	-	-	3,663,696	-	-	-	-	-	-	3,663,696	-	3,663,696
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(160,788)	(160,788)	-	(160,788)
Dividends paid*	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 31 March 2019	5,557,775	(46,175)	13,140,772	12,270,124	2,778,888	2,869,533	(91,080)	(1,189,206)	32,773,991	68,064,622	9,518	68,074,140
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 paid	-	-	-	-	-	-	-	-	(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

*Dividend paid is net of the amount attributable to treasury shares.

**Please refer to Group's consolidated financial statements for the year ended 31 December 2018 for details on IFRS 9 transition impact.

The attached notes 1 to 28 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 2019 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, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, 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 2018, 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 2018. In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2019.

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 2018.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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 2018, except the following accounting policies which are applicable from 1 January 2019:

IFRS 16 Leases

The Group has adopted IFRS 16 'Leases', issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

Lessee accounting

The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Group has assessed that the impact of IFRS 16 is not material on retained earnings as at the reporting date and has presented right of use assets within 'Property and equipment' and lease liabilities within 'Other liabilities' in the consolidated statement of financial position.

4 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Cash	3,252,623	3,307,930
Statutory and other deposits with Central Banks	33,235,684	32,135,965
Interest bearing placements with Central Banks	266,486	267,718
Murabahas and Interest bearing certificates of deposits with Central Banks	44,189,529	48,901,963
Less: Allowances for impairment (Expected credit loss)	(3,970)	(9,260)
	<u>80,940,352</u>	<u>84,604,316</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.

5 DUE FROM BANKS

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Due from banks in UAE	7,749,045	9,872,367
Due from foreign banks	37,814,069	30,137,933
Less: Allowances for impairment (Expected credit loss)	(105,290)	(103,047)
	<u>45,457,824</u>	<u>39,907,253</u>

6 INVESTMENT SECURITIES

<u>Unaudited 31 March 2019</u>	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>TRADING SECURITIES MEASURED AT FVTPL</u>				
Government Bonds	39,915	1,025,072	2,078,682	3,143,669
Corporate Bonds	348,346	205,009	758,857	1,312,212
	388,261	1,230,081	2,837,539	4,455,881
<u>DESIGNATED AS AT FVTPL</u>				
Equity	167,248	200,521	43,867	411,636
Others	39,398	122,625	154,507	316,530
	206,646	323,146	198,374	728,166
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	1,992,661	8,233,603	7,831,611	18,057,875
Corporate Bonds	814,471	528,087	1,798,493	3,141,051
	2,807,132	8,761,690	9,630,104	21,198,926
Less: Allowances for impairment (ECL)				(35,828)
				21,163,098
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	423,183	327,607	750,790
Corporate Bonds	1,990,722	-	458,255	2,448,977
	1,990,722	423,183	785,862	3,199,767
Less: Allowances for impairment (ECL)				(6,004)
				3,193,763
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	1,663	64,160	3,064	68,887
	1,663	64,160	3,064	68,887
Gross Investment securities	5,394,424	10,802,260	13,454,943	29,651,627
Net Investment securities				29,609,795

*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.

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)**6 INVESTMENT SECURITIES (CONTINUED)**

<u>Audited 31 December 2018</u>	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>TRADING SECURITIES MEASURED AT FVTPL</u>				
Government Bonds	85,810	1,008,040	346,019	1,439,869
Corporate Bonds	303,713	157,090	1,123,893	1,584,696
	<u>389,523</u>	<u>1,165,130</u>	<u>1,469,912</u>	<u>3,024,565</u>
<u>DESIGNATED AS AT FVTPL</u>				
Equity	181,667	200,461	50,123	432,251
Others	51,996	111,555	153,368	316,919
	<u>233,663</u>	<u>312,016</u>	<u>203,491</u>	<u>749,170</u>
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	1,619,602	6,946,644	2,900,218	11,466,464
Corporate Bonds	429,065	447,738	1,606,661	2,483,464
	<u>2,048,667</u>	<u>7,394,382</u>	<u>4,506,879</u>	<u>13,949,928</u>
Less: Allowances for impairment				(29,902)
				<u>13,920,026</u>
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	271,213	300,687	571,900
Corporate Bonds	1,317,534	-	423,051	1,740,585
	<u>1,317,534</u>	<u>271,213</u>	<u>723,738</u>	<u>2,312,485</u>
Less: Allowances for impairment				(5,949)
				<u>2,306,536</u>
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	1,663	61,319	3,124	66,106
	<u>1,663</u>	<u>61,319</u>	<u>3,124</u>	<u>66,106</u>
Gross Investment securities	<u>3,991,050</u>	<u>9,204,060</u>	<u>6,907,144</u>	<u>20,102,254</u>
Net Investment securities				<u>20,066,403</u>

*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

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
At Amortised Cost		
Overdrafts	142,027,103	137,047,799
Time loans	148,593,179	144,147,283
Loans against trust receipts	8,887,128	9,262,543
Bills discounted	2,324,405	2,326,177
Credit card receivables	6,327,393	6,397,236
Total loans and receivables	308,159,208	299,181,038
Less: Allowances for impairment	(20,977,680)	(21,117,025)
	287,181,528	278,064,013
Total of impaired loans and receivables	16,003,554	15,922,201

7 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	6,890,023	6,234,352
Construction	6,791,998	6,835,133
Trade	17,881,571	18,143,007
Transport and communication	2,376,104	2,399,687
Services	2,108,453	2,135,122
Sovereign	152,838,851	150,269,100
Personal	40,094,162	39,543,759
Real estate	37,777,279	37,103,674
Hotels and restaurants	4,517,259	3,762,311
Management of companies and enterprises	13,208,327	12,805,993
Financial institutions and investment companies	13,629,738	13,924,557
Others	10,045,443	6,024,343
Total loans and receivables	308,159,208	299,181,038
Less: Allowances for impairment	(20,977,680)	(21,117,025)
	287,181,528	278,064,013

8 ISLAMIC FINANCING RECEIVABLES

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
At Amortised Cost		
Murabaha	34,969,811	34,259,339
Credit cards receivable	1,324,420	1,331,436
Wakala	627,422	408,788
Istissna'a	1,616,454	1,726,396
Ijara	18,760,352	18,888,088
Others	868,123	912,548
Total Islamic financing receivables	58,166,582	57,526,595
Less: Deferred income	(2,201,739)	(2,074,625)
Less: Allowances for impairment	(5,485,122)	(5,585,483)
Net Islamic financing receivables	50,479,721	49,866,487
Total of impaired Islamic financing receivables	5,360,227	5,057,128

Corporate Ijara assets amounting to AED 2.2 billion [2018: 2.2 billion] and Murabaha assets amounting to AED 1.4 billion [2018: 1.4 billion] were securitised for the purpose of issuance of Sukuk liability (refer Note 12).

8 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	2,932,460	2,371,589
Construction	1,436,659	1,618,561
Trade	7,994,225	7,971,047
Transport and communication	374,388	422,221
Services	1,736,267	1,733,913
Sovereign	889,600	1,112,846
Personal	25,981,428	26,216,463
Real estate	8,619,924	8,762,171
Hotels and restaurants	36,019	89,238
Management of companies and enterprises	1,272,270	1,176,078
Financial institutions and investment companies	3,528,469	3,406,788
Others	3,364,873	2,645,680
Total islamic financing and receivables	58,166,582	57,526,595
Less: Deferred Income	(2,201,739)	(2,074,625)
Less: Allowances for impairment	(5,485,122)	(5,585,483)
	50,479,721	49,866,487

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)**9 GOODWILL AND INTANGIBLES**

	Goodwill		Intangibles on Acquisition			Total
		Banking license	Software	Customer relationships	Core deposit intangibles	
<u>Unaudited 31 March 2019</u>	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Net Goodwill and Intangibles	5,549,376	143,410	-	-	-	5,692,786
<u>Audited 31 December 2018</u>						
Net Goodwill and Intangibles	5,547,585	138,673	-	-	-	5,686,258

The goodwill and intangibles are acquired through business combinations. Goodwill has an indefinite life and is reviewed annually for impairment.

The goodwill has been allocated to four cash-generating units, namely Corporate banking, Consumer banking, Treasury and Emirates NBD Egypt.

The movement in Goodwill and Banking license pertains to foreign exchange movement pertaining to Emirates NBD Egypt.

10 OTHER ASSETS

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Accrued interest receivable	2,268,716	2,224,081
Islamic Profit receivable	111,496	186,237
Prepayments and other advances	272,520	304,583
Sundry debtors and other receivables	2,465,370	1,118,133
Inventory	1,025,159	1,115,159
Fair value of deposit (a)	46,667	66,667
Others	1,682,924	1,079,331
	<u>7,872,852</u>	<u>6,094,191</u>

- (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 2019 AED 000	Audited 31 December 2018 AED 000
Medium term note programme*	36,862,289	32,359,770
Term loans from banks	7,314,109	7,311,043
Borrowings raised from loan securitisations	918,125	1,044,417
	45,094,523	40,715,230

*Includes Tier 2 notes amounting to AED Nil (2018: AED 146 million) raised through public and private placements.

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Balance as at 1 January	40,715,230	39,788,848
New issues	4,726,624	15,710,677
Repayments	(580,267)	(14,056,360)
Other movements*	232,936	(727,935)
Balance at end of period / year	45,094,523	40,715,230

*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 2019, the outstanding medium term borrowings totaling AED 45,095 million (31 December 2018: AED 40,715 million) is falling due as below:

	Unaudited 31 March 2019 AED millions	Audited 31 December 2018 AED millions
2019	6,676	6,976
2020	11,233	8,719
2021	10,422	10,094
2022	7,975	7,816
2023	1,919	1,555
2024	1,148	348
Beyond 2024	5,722	5,207
	45,095	40,715

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)
12 SUKUK PAYABLE

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Balance as at 1 January	3,685,160	5,526,649
Repayments	-	(1,836,250)
Other movements	(1,309)	(5,239)
Balance at end of period / year	3,683,851	3,685,160

As at 31 March 2019, the outstanding Sukuk payable totaling AED 3,684 million (31 December 2018: AED 3,685 million) is falling due as below:

	Unaudited 31 March 2019 AED millions	Audited 31 December 2018 AED millions
2021	3,684	3,685
	3,684	3,685

13 OTHER LIABILITIES

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Accrued interest payable	2,979,989	2,381,338
Profit payable to Islamic depositors	217,380	149,249
Managers' cheques	1,180,502	1,238,897
Trade and other payables	2,267,237	2,113,941
Staff related liabilities	713,351	1,079,772
Provision for taxation	78,814	68,834
Others	3,643,697	3,176,360
	11,080,970	10,208,391

14 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 20 February 2019, 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 2019.

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
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years
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.

*These notes were callable in 2019 and as a result the Group has exercised this option and sent a request in April 2019 to noteholders to call these notes on 30 May 2019.

16 OTHER OPERATING INCOME

	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Dividend income on equity investment measured at FVOCI	95	-
Dividend income on equity investments measured at FVTPL	13,334	11,553
Gain from sale of debt investment securities measured at FVOCI	(945)	4,310
Gain / (loss) from investment securities designated at fair value through profit or loss	(17,573)	5,700
Rental income	10,164	9,945
Gain on sale of properties (investment properties / inventories)	-	253
Foreign exchange income*	398,114	319,465
Derivative income	73,159	2,936
Other income (net)	28,567	(1,753)
	<u>504,915</u>	<u>352,409</u>

*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 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Staff cost	890,997	812,289
Occupancy cost	61,247	91,989
Equipment & supplies	28,449	30,545
Information technology cost	60,392	54,338
Communication cost	51,246	42,992
Service, legal and professional fees	29,170	24,961
Marketing related expenses	35,104	26,364
Depreciation	139,679	94,158
Others	100,261	98,137
	1,396,545	1,275,773

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 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Net impairment of cash and deposits with central banks	(5,413)	(4,365)
Net impairment of due from banks / other assets	2,230	30,501
Net impairment of investment securities	5,850	24,658
Net impairment of loans and receivables	539,159	137,078
Net impairment of Islamic financing receivables	49,960	309,589
Bad debt written off / (recovery) - net	(21,661)	(57,404)
Net impairment loss for the period	570,125	440,057

19 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 31 March 2019 AED 000	Audited 31 December 2018 AED 000
Letters of credit	11,090,238	11,368,782
Guarantees	50,529,905	49,590,310
Liability on risk participations	347,708	593,804
Irrevocable loan commitments*	21,725,671	20,795,849
	<u>83,693,522</u>	<u>82,348,745</u>

*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 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Profit for the period attributable to equity holders	2,742,990	2,386,227
Deduct : Interest on Tier 1 capital notes	(160,788)	(146,556)
Net profit attributable to equity holders	2,582,202	2,239,671
Weighted average number of equity shares in issue ('000)	5,551,872	5,551,872
Basic Earnings per share* (AED)	<u>0.47</u>	<u>0.40</u>

*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2019.

21 DERIVATIVES

	Unaudited 31 March 2019			Audited 31 December 2018		
	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	4,163,964	(3,344,625)	486,071,989	3,256,507	(2,853,626)	497,178,635
Derivatives held as cash flow hedges	247,895	(67,081)	18,793,744	296,268	(56,492)	12,292,210
Derivatives held as fair value hedges	34,045	(730,900)	14,424,092	105,268	(857,630)	5,613,986
Derivatives held as hedge of a net investment in foreign operations	6,215	-	271,033	12,849	-	271,033
Total	4,452,119	(4,142,606)	519,560,858	3,670,892	(3,767,748)	515,355,864

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.

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)

22 OPERATING SEGMENTS (CONTINUED)

Unaudited 31 March 2019

	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,142,958	1,285,617	172,666	443,865	354,938	3,400,044
Net Fees, commission and other income	397,631	653,406	92,081	219,607	(45,957)	1,316,768
Total operating Income	1,540,589	1,939,023	264,747	663,472	308,981	4,716,812
General and administrative expenses	(127,726)	(519,105)	(34,407)	(270,107)	(445,200)	(1,396,545)
Net impairment loss on financial assets	(499,556)	(85,398)	5,296	17,714	(8,181)	(570,125)
Share of profit of associates and joint ventures	-	-	-	-	27,329	27,329
Taxation charge	(35,721)	1,352	(9,611)	-	9,951	(34,029)
Group profit for the period after tax	877,586	1,335,872	226,025	411,079	(107,120)	2,743,442
Segment Assets	294,654,999	64,146,608	81,084,161	57,858,810	28,060,511	525,805,089
Segment Liabilities and Equity	131,427,559	152,944,315	57,758,176	50,178,994	133,496,045	525,805,089

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)

22 OPERATING SEGMENTS (CONTINUED)

<u>Unaudited 31 March 2018</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	1,049,851	1,143,951	159,408	390,964	239,877	2,984,051
Net Fees, commission and other income	324,517	645,781	(5,937)	198,892	(43,892)	1,119,361
Total operating Income	1,374,368	1,789,732	153,471	589,856	195,985	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 after tax	1,108,686	1,202,304	110,415	208,575	(243,524)	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

23 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.75%), 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 6% (December 2018: 6%) and 6% (December 2018: 5%) 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 2019 AED 000	Audited 31 December 2018 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	152,838,851	150,218,137
To parent	1,303,838	1,303,838
To directors and related companies	2,046,883	2,122,591
To associates and joint ventures	156,921	327,119
	156,346,493	153,971,685
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	5,269,032	3,024,926
From parent	2,865,917	2,393,514
From associates and joint ventures	147,364	366,044
	8,282,313	5,784,484
Investment in Government of Dubai bonds	2,081	11,106
Commitments to associates and joint ventures	93,291	92,873

23 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
Payments made to associates and joint ventures	48,692	40,769
Payments received from associates and joint ventures	1,420	1,436
Payments made to other related parties	22,433	17,436
Fees received in respect of funds managed by the Group	5,332	5,958
Interest (paid by) / paid to joint ventures	1,090	595
Directors sitting fee	3,161	3,021

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 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	42,476	39,021
Post employment benefits	373	772

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

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

	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
(a) Analysis of changes in cash and cash equivalents during the Period		
Balance at beginning of period	26,241,170	43,527,409
Net cash inflow/(outflow)	(6,312,349)	(15,749,321)
Balance at end of period	<u>19,928,821</u>	<u>27,778,088</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	80,940,352	68,589,755
Due from banks	45,457,824	47,328,362
Due to banks	(25,512,556)	(22,625,960)
	<u>100,885,620</u>	<u>93,292,157</u>
Less : deposits with Central Banks for regulatory purposes	(33,235,684)	(29,839,483)
Less : certificates of deposits with Central Banks maturing after three months	(27,100,000)	(20,129,338)
Less : amounts due from banks maturing after three months	(24,542,264)	(19,127,657)
Add : amounts due to banks maturing after three months	3,921,149	3,582,409
	<u>19,928,821</u>	<u>27,778,088</u>

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

	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
(c) Adjustment for non cash and other items		
Impairment loss on cash and deposits with central banks	(5,413)	(4,365)
Impairment loss on due from banks	2,230	30,501
Impairment loss on investment securities	5,850	24,658
Impairment loss on loans and receivables	539,159	137,078
Impairment loss on Islamic financing receivables	49,960	309,588
Amortisation of fair value	42,003	26,739
Discount on Investment securities	9,174	9,821
Unrealised foreign exchange gain	(117,311)	(161,782)
Depreciation / impairment on property and equipment / Investment property	143,811	111,338
Share of profit / loss of associates and joint ventures	(27,329)	(30,990)
Dividend income on equity investments measured at FVTPL	(13,429)	(11,553)
Unrealized (gain)/loss on investments	22,067	(6,957)
Unrealized (gain)/loss on FV Hedged item	211,013	(183,741)
Gain on sale of properties (inventories)	-	(253)
	<u>861,785</u>	<u>250,082</u>

25 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 THREE MONTHS PERIOD ENDED 31 MARCH 2019 (UNAUDITED)**25 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

<u>Unaudited 31 March 2019</u>	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Investment Securities</u>				
Trading securities at FVTPL	4,455,881	-	-	4,455,881
FVOCI - debt instruments	3,103,181	96,586	-	3,199,767
FVOCI - equity instruments	63,356	874	4,657	68,887
Designated at FVTPL	96,194	67,352	564,620	728,166
	<u>7,718,612</u>	<u>164,812</u>	<u>569,277</u>	<u>8,452,701</u>
<u>Derivatives</u>				
<u>Positive fair value of derivatives</u>				
Derivatives held for trading	-	4,163,964	-	4,163,964
Derivatives held as cash flow hedges	-	247,895	-	247,895
Derivatives held as fair value hedges	-	34,045	-	34,045
Derivatives held as hedge of a net investment in foreign operations	-	6,215	-	6,215
	-	<u>4,452,119</u>	-	<u>4,452,119</u>
<u>Negative fair value of derivatives</u>				
Derivatives held for trading	-	(3,344,625)	-	(3,344,625)
Derivatives held as cash flow hedges	-	(67,081)	-	(67,081)
Derivatives held as fair value hedges	-	(730,900)	-	(730,900)
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	<u>(4,142,606)</u>	-	<u>(4,142,606)</u>
	<u>7,718,612</u>	<u>474,325</u>	<u>569,277</u>	<u>8,762,214</u>
Audited 31 December 2018	<u>5,430,904</u>	<u>49,225</u>	<u>575,341</u>	<u>6,055,470</u>

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 AED 000	Designated at FVTPL AED 000	FVOCI - debt instruments AED 000	FVOCI - equity instrument AED 000	Total AED 000
Balance as at 1 January 2019	-	570,623	-	4,718	575,341
Total gains or losses:					
- in profit or loss	-	(5,172)	-	-	(5,172)
- in other comprehensive income	-	-	-	(61)	(61)
Settlements and other adjustments	-	(831)	-	-	(831)
Balance as at 31 March 2019 (unaudited)	-	564,620	-	4,657	569,277
Balance as at 31 December 2018 (audited)	-	570,623	-	4,718	575,341

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 2019 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2018: AED Nil).

For comparative information please refer to the Group's consolidated financial statements for the year ended 31 December 2018.

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 2018.

Amounts arising from ECL

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 three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
	ECL	ECL
Balance at 1 January	21,117,025	21,396,388
Allowances for impairment made during the period	770,745	588,783
Write back / recoveries made during the period	(231,586)	(451,705)
Amounts written off during the period	(677,955)	(1,518,290)
Exchange and other adjustments	(549)	86
Closing balance	20,977,680	20,015,262

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

	Unaudited three months period ended 31 March 2019 AED 000	Unaudited three months period ended 31 March 2018 AED 000
	ECL	ECL
Balance at 1 January	5,585,483	6,311,009
Allowances for impairment made during the period	148,943	512,496
Write back / recoveries made during the period	(98,983)	(202,907)
Amounts written off during the period	(129,527)	(633,678)
Exchange and other adjustments	(20,794)	(377)
Closing balance	5,485,122	5,986,543

27 ACQUISITION OF DENIZBANK A.S

On 2 April 2019, the Group has entered into a revised sale purchase agreement (Restated SPA) with Sberbank of Russia to acquire its 99.85% stake in Denizbank A.S. In accordance with the Restated SPA, the consideration for 99.85% of shares in Denizbank has been agreed at Turkish Lira (TRY) 15.48 billion. The transaction consideration would be settled in US\$ at an exchange rate to be determined with reference to short-term range average nearer completion of the transaction.

The transaction is expected to complete by end Q2 2019, subject to obtaining necessary regulatory approvals.

28 NON-ADJUSTING SUBSEQUENT EVENTS - JOINTLY CONTROLLED ENTITY

On 15th April 2019, Network International Holdings plc was admitted to the premium-listing segment of the Official List maintained by Financial Conduct Authority and to the London Stock Exchange plc.

As at 31 March 2019, the entity was a jointly controlled entity and as a part of the listing, the Group disposed 28.6% of its shareholding and still holds 22.4% of the shares in the newly listed entity. As a result, the entity became an associate and the Group will continue to follow equity accounting for the retained interest.