

**EMIRATES NBD PJSC**

**GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014**



## **EMIRATES NBD PJSC**

### **GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

<b>Contents</b>	<b>Page</b>
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 PJSC**

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates NBD PJSC (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 31 March 2014 and the related consolidated interim statements of income and comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

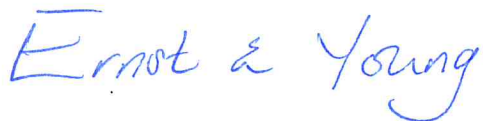
### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young



Signed by:  
Joseph Murphy  
Partner  
Registration No. 492

23 April 2014  
Dubai, United Arab Emirates

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014 (UNAUDITED)**

	Notes	Unaudited	Audited
		31 March 2014 AED 000	31 December 2013 AED 000
<b>ASSETS</b>			
Cash and deposits with Central Bank	3	40,713,872	38,354,998
Due from banks	4	20,427,007	20,587,161
Loans and receivables	5	207,202,043	205,990,170
Islamic financing receivables	6	32,519,207	32,353,928
Trading securities	7	663,511	1,316,297
Investment securities	8	17,388,345	16,193,978
Investments in associates and joint ventures		1,688,652	1,630,882
Positive fair value of derivatives	22	1,506,174	1,776,551
Investment properties		1,152,921	1,185,936
Customer acceptances		4,383,524	4,986,419
Property and equipment		2,688,328	2,757,869
Goodwill and intangibles	10	6,240,408	6,262,498
Other assets	11	10,476,431	8,664,588
<b>TOTAL ASSETS</b>		<b>347,050,423</b>	<b>342,061,275</b>
<b>LIABILITIES</b>			
Due to banks		17,432,293	23,637,377
Customer deposits	12	205,540,617	195,271,203
Islamic customer deposits	12	46,005,146	44,354,565
Repurchase agreements with banks		24,944	67,129
Debt issued and other borrowed funds	13	19,263,536	20,110,692
Sukuk payable		3,673,000	3,667,360
Negative fair value of derivatives	22	1,285,142	1,438,172
Customer acceptances		4,383,524	4,986,419
Other liabilities	14	7,497,043	6,813,046
<b>TOTAL LIABILITIES</b>		<b>305,105,245</b>	<b>300,345,963</b>
<b>EQUITY</b>			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	7,648,497	7,648,497
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		2,778,888	2,778,888
Other reserves		2,869,533	2,869,533
Fair value reserve		1,511,220	801,159
Currency translation reserve		(11,736)	5,343
Retained earnings		9,362,424	9,825,643
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>		<b>41,940,550</b>	<b>41,710,787</b>
Non-controlling interest		4,628	4,525
<b>TOTAL EQUITY</b>		<b>41,945,178</b>	<b>41,715,312</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>347,050,423</b>	<b>342,061,275</b>

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

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


  
 Director

23 APR 2014


  
 Director


  
 Chief Executive Officer

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)**

	Notes	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Interest and similar income		2,552,955	2,222,806
Interest and similar expense		(599,769)	(719,166)
<b>Net interest income</b>		<b>1,953,186</b>	<b>1,503,640</b>
Income from Islamic financing and investment products		414,700	396,618
Distribution on Islamic deposits and profit paid to Sukuk holders		(136,339)	(152,035)
<b>Net income from Islamic financing and investment products</b>		<b>278,361</b>	<b>244,583</b>
<b>Net interest income and income from Islamic financing and investment products net of distribution to depositors</b>		<b>2,231,547</b>	<b>1,748,223</b>
Fee and commission income		778,637	535,640
Fee and commission expense		(156,508)	(70,061)
<b>Net fee and commission income</b>		<b>622,129</b>	<b>465,579</b>
Net gain/(loss) on trading securities		32,282	(6,986)
Other operating income	16	447,274	423,495
<b>Total operating income</b>		<b>3,333,232</b>	<b>2,630,311</b>
General and administrative expenses	17	(1,049,944)	(924,757)
<b>Operating profit before impairment</b>		<b>2,283,288</b>	<b>1,705,554</b>
Net impairment loss on financial assets	18	(1,267,316)	(888,001)
<b>Operating profit after impairment</b>		<b>1,015,972</b>	<b>817,553</b>
Share of profit of associates and joint ventures		60,887	25,769
<b>Group profit for the period before taxation</b>		<b>1,076,859</b>	<b>843,322</b>
Taxation charge		(34,715)	(6,541)
<b>Group profit for the period after taxation</b>		<b>1,042,144</b>	<b>836,781</b>
<b>Attributable to:</b>			
Equity holders of the Group		1,042,041	836,772
Non-controlling interest		103	9
<b>Group profit for the period</b>		<b>1,042,144</b>	<b>836,781</b>
<b>Earnings per share</b>	21	<b>0.17</b>	<b>0.14</b>

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

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

EMIRATES NBD PJSC

 GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Group profit for the period	1,042,144	836,781
<b>Items that may be reclassified subsequently to Income statement:</b>		
<b>Other comprehensive income</b>		
Cash flow hedges:		
- Effective portion of changes in fair value	(28,923)	(8,754)
Fair value reserve (available-for-sale financial assets):		
- Net change in fair value	769,336	58,523
- Net amount transferred to income statement	(30,352)	(110,399)
Currency translation reserve	(17,079)	1,232
Other comprehensive income for the period	692,982	(59,398)
<b>Total comprehensive income for the period</b>	<b>1,735,126</b>	<b>777,383</b>
Attributable to:		
Equity holders of the Bank	1,735,023	777,374
Non-controlling interest	103	9
<b>Total comprehensive income for the period</b>	<b>1,735,126</b>	<b>777,383</b>

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

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

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
<b><u>OPERATING ACTIVITIES</u></b>		
Group profit for the period	1,042,144	836,781
<b><u>Adjustment for non cash items</u></b>		
Impairment loss on loans and receivables	753,875	614,505
Impairment loss on Islamic financing receivables	400,437	199,718
Impairment loss on investment securities	81,193	48,768
Interest unwind on impaired loans	(24,400)	(22,704)
Amortisation of fair value (net)	11,461	11,574
Premium discount on Investment securities	12,527	7,024
Unrealised foreign exchange gain	(24,765)	(37,059)
Amortisation of intangibles	23,250	15,750
Depreciation of property and equipment	76,969	72,302
Share of profit of associates and joint ventures	(60,887)	(25,769)
Unrealized (gain)/loss on investments	(65,941)	20,844
Gain on sale of Investment Property	(8,086)	
<b>Operating profit before changes in operating assets and liabilities</b>	<b>2,217,777</b>	<b>1,741,734</b>
Increase in interest free statutory deposits	(2,502,536)	(964,010)
Increase in certificate of deposits with Central Bank maturing after three months	(6,348,007)	(4,500,000)
Decrease/(increase) in amounts due from banks maturing after three months	(2,647,528)	(2,042,235)
Increase in amounts due to banks maturing after three months	3,244,886	306,717
Net change in other liabilities/other assets	(1,097,807)	50,144
Net change in fair value of derivatives	88,424	(41,391)
Increase in customer deposits (including islamic deposits)	11,919,995	9,051,526
Increase in loans and receivables	(1,941,348)	(2,557,888)
Increase in Islamic financing receivables	(565,716)	(630,329)
<b>Net cash flows from operating activities</b>	<b>2,368,140</b>	<b>414,268</b>

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
<b><u>INVESTING ACTIVITIES</u></b>		
Decrease/(increase) in trading securities (net of fair value movements)	688,675	(576,979)
Increase in investment securities (net of fair value movements)	(518,834)	(681,267)
Acquisition of Investment Properties	9,027	(5,476)
Additions to property and equipment (net)	(7,428)	(37,136)
<b>Net cash flows from/(used in) investing activities</b>	<b>171,440</b>	<b>(1,300,858)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Decrease in deposits under repurchase agreements	(42,185)	(22,772)
(Decrease)/increase in debt issued and other borrowed funds	(847,156)	489,965
Increase/(decrease) in Sukuk borrowing	5,640	(13,869)
Interest on Tier I capital notes	(117,292)	(64,500)
Dividends paid	(1,387,968)	(1,387,968)
<b>Net cash flows used in financing activities</b>	<b>(2,388,961)</b>	<b>(999,144)</b>
<b>Increase/ (decrease) in cash and cash equivalents (refer Note 25)</b>	<b>150,619</b>	<b>(1,885,734)</b>

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

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



EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)**

	ATTRIBUTABLE TO EQUITY 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 2014	5,557,775	(46,175)	7,648,497	12,270,124	2,778,888	2,869,533	801,159	5,343	9,825,643	41,710,787	4,525	41,715,312
Total comprehensive income for the period	-	-	-	-	-	-	710,061	(17,079)	1,042,041	1,735,023	103	1,735,126
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(117,292)	(117,292)	-	(117,292)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 31 March 2014	5,557,775	(46,175)	7,648,497	12,270,124	2,778,888	2,869,533	1,511,220	(11,736)	9,362,424	41,940,550	4,628	41,945,178
Balance as at 1 January 2013	5,557,775	(46,175)	4,000,000	12,270,124	2,706,815	2,869,533	593,823	(4,793)	8,505,205	36,452,307	46,269	36,498,576
Total comprehensive income for the period	-	-	-	-	-	-	(60,630)	1,232	836,772	777,374	9	777,383
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(64,500)	(64,500)	-	(64,500)
Increase in non-controlling interest*	-	-	-	-	-	-	-	-	-	-	1,379	1,379
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 31 March 2013	5,557,775	(46,175)	4,000,000	12,270,124	2,706,815	2,869,533	533,193	(3,561)	7,889,509	35,777,213	47,657	35,824,870

\*Increase in non-controlling interest is due to an increase in the Share Capital of Emirates Islamic Bank, a subsidiary of the Group.

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 2014 as this will be effected at the year end.

The attached notes 1 to 27 form an integral part of these Group condensed consolidated interim financial statements.  
 The independent auditors' report on the Group condensed consolidated interim financial statements is set out on page 1.

## 1 CORPORATE INFORMATION

Emirates NBD PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Bank was incorporated principally to give effect to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”). The merger became effective from 16 October 2007, while the legal merger was completed on 4 February 2010. Post this date, EBI and NBD ceased to exist.

The condensed consolidated interim financial statements for the period ended 31 March 2014 comprises the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The Bank is listed on the Dubai Financial Market (TICKER: “EMIRATESNBD”). The Group’s principal business activities are corporate banking, consumer banking, treasury and Islamic banking. The Bank’s website is [www.emiratesnbd.com](http://www.emiratesnbd.com).

The registered address of the Bank is Post Box 777, Dubai, United Arab Emirates (“UAE”).

The parent company of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2013. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2014 has had no effect on the condensed consolidated interim financial statements of the Group.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s financial statements as at and for the year ended 31 December 2013. In addition, results for the three months period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2014.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2013.

### (a) Estimates

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

### (b) Financial Risk Management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013.

**3 CASH AND DEPOSITS WITH CENTRAL BANK**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Cash	2,561,105	3,635,096
Interest free statutory and special deposits with Central Bank	21,467,562	18,965,026
Interest bearing placements with Central Bank	2,733,987	2,132,400
Interest bearing certificates of deposits with Central Bank	13,951,218	13,622,476
	<u>40,713,872</u>	<u>38,354,998</u>

The reserve requirements which are kept with the Central Bank of the UAE in AED and US Dollar, are not available for use in the Group's day to day operations and cannot be withdrawn without the Central Bank of the UAE's approval. The level of reserves required changes every month in accordance with the Central Bank of the UAE's directives as per circular no. 21/99 dated 22/11/1999.

**4 DUE FROM BANKS**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Due from local banks	2,621,401	1,824,181
Due from foreign banks	17,805,606	18,762,980
	<u>20,427,007</u>	<u>20,587,161</u>

**5 LOANS AND RECEIVABLES**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Overdrafts	74,626,756	100,258,999
Time loans	135,816,844	107,524,681
Loans against trust receipts	4,657,473	4,629,788
Bills discounted	4,681,607	5,512,038
Credit card receivables	4,102,661	4,029,428
Others	1,129,564	1,118,073
Gross loans and receivables	225,014,905	223,073,007
Other debt instruments	241,862	255,173
Total loans and receivables	225,256,767	223,328,180
Less: Allowances for impairment	(18,054,724)	(17,338,010)
	207,202,043	205,990,170
Total of impaired loans and receivables	29,410,843	29,629,788

**5 LOANS AND RECEIVABLES (CONTINUED)**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	5,686	13,612
Mining and quarrying	435,253	453,444
Manufacturing	5,390,362	6,633,182
Construction	5,681,907	5,172,649
Trade	9,088,373	9,976,284
Transport and communication	3,344,072	4,240,632
Services	11,881,294	11,292,175
Sovereign	95,554,194	90,802,674
Personal - Retail and others	31,639,427	31,738,332
Real estate	34,599,127	35,024,226
Financial institutions and investment companies	22,667,267	23,098,885
Others	4,969,805	4,882,085
Total loans and receivables	225,256,767	223,328,180
Less: Allowances for impairment	(18,054,724)	(17,338,010)
	207,202,043	205,990,170

**5 LOANS AND RECEIVABLES (CONTINUED)**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	13,847,374	11,269,154
Allowances for impairment made during the period	797,715	557,003
Write back /recoveries made during the period	(107,957)	(52,293)
Amount transferred to Islamic financing	-	(16,971)
Interest unwind on impaired loans	(24,400)	(22,704)
Amounts written off during the period	(19,257)	(4,071)
Exchange and other adjustments	(3,084)	(1,637)
Balance as at 31 March	14,490,391	11,728,481
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	3,490,636	3,240,078
Allowances for impairment made during the period	64,117	109,795
Exchange and other adjustments	9,580	-
Balance as at 31 March	3,564,333	3,349,873
Total	18,054,724	15,078,354

**6 ISLAMIC FINANCING RECEIVABLES**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Murabaha	21,170,978	19,892,558
Ijara	11,731,228	12,084,157
Credit cards receivable	855,089	859,108
Wakala	2,322,701	2,341,876
Istissna'a	1,140,579	1,227,003
Others	1,510,503	1,578,043
<b>Total Islamic financing receivables</b>	<b>38,731,078</b>	<b>37,982,745</b>
Less: Deferred income	(2,384,304)	(2,200,957)
Less: Allowances for impairment	(3,827,567)	(3,427,860)
	<b>32,519,207</b>	<b>32,353,928</b>
<b>Total of impaired Islamic financing receivables</b>	<b>6,629,892</b>	<b>6,482,224</b>

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

**6 ISLAMIC FINANCING RECEIVABLES (CONTINUED)**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	9,488	7,560
Mining and quarrying	92,152	114,087
Manufacturing	892,447	755,882
Construction	831,574	742,570
Trade	1,984,774	1,901,555
Transport and communication	314,829	306,469
Services	2,291,051	1,949,570
Sovereign	221,808	230,532
Personal - Retail and others	19,334,975	18,178,976
Real estate	7,708,813	8,495,974
Financial institutions and investment companies	4,056,615	4,213,718
Others	992,552	1,085,852
Total islamic financing and receivables	38,731,078	37,982,745
Less: Deferred Income	(2,384,304)	(2,200,957)
Less: Allowances for impairment	(3,827,567)	(3,427,860)
	32,519,207	32,353,928



**6 ISLAMIC FINANCING RECEIVABLES (CONTINUED)**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	2,966,580	1,726,028
Allowances for impairment made during the period	426,331	232,307
Write back /recoveries made during the period	(36,283)	(34,690)
Amount transferred from loans and receivables	-	16,971
Amounts written off during the period	(659)	-
Balance as at 31 March	3,355,969	1,940,616
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	461,280	359,923
Allowances for impairment made during the period	10,389	2,101
Exchange and other adjustments	(71)	-
Balance as at 31 March	471,598	362,024
Total	3,827,567	2,302,640

**7 TRADING SECURITIES**

<u>31 March 2014</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
Government bonds	30,116	5,830	15,730	51,676
Corporate bonds	140,899	30,397	183,074	354,370
Equity	-	-	-	-
Others	257,465	-	-	257,465
	428,480	36,227	198,804	663,511

**7 TRADING SECURITIES (CONTINUED)**

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

**8 INVESTMENT SECURITIES**

<u>31 March 2014</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	48,790	128,502	-	177,292
Corporate bonds	148,244	54,875	-	203,119
	<u>197,034</u>	<u>183,377</u>	<u>-</u>	<u>380,411</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	241,292	4,363,894	2,919,053	7,524,239
Corporate bonds	3,169,037	1,674,192	740,091	5,583,320
Equity	1,461,867	792,076	131,396	2,385,339
Others	130,591	151,303	685,849	967,743
	<u>5,002,787</u>	<u>6,981,465</u>	<u>4,476,389</u>	<u>16,460,641</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	-	64,285	-	64,285
Others	274,712	1,884	206,412	483,008
	<u>274,712</u>	<u>66,169</u>	<u>206,412</u>	<u>547,293</u>
	<u>5,474,533</u>	<u>7,231,011</u>	<u>4,682,801</u>	<u>17,388,345</u>

**8 INVESTMENT SECURITIES (CONTINUED)**

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

Investment securities include investments in real estate funds as follows:

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Designated at fair value through profit or loss	11,867	11,813
Available-for-sale	797,666	930,562
	<u>809,533</u>	<u>942,375</u>

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

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

Emirates NBD S.A.E Egypt's revenue included in the consolidated income statement for three months ended March 2014 is AED 161.2 million (March 2013: Nil). Emirates NBD S.A.E Egypt also contributed profit of AED 51.6 million (March 2013: Nil) over the same period.

**10 GOODWILL AND INTANGIBLES**

	Goodwill		Intangibles on Acquisition			Total
		Banking license	Software	Customer relationships	Core deposit intangibles	
<u>31 March 2014</u>	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
<u>Cost</u>						
Balance as at 1 January	5,635,825	357,000	9,281	157,490	663,760	6,823,356
Foreign exchange movement	277	732	-	-	151	1,160
	<b>5,636,102</b>	<b>357,732</b>	<b>9,281</b>	<b>157,490</b>	<b>663,911</b>	<b>6,824,516</b>
<u>Less: Amortisation and impairment</u>						
Balance as at 1 January	4,903	-	9,281	152,174	394,500	560,858
Amortisation and impairment for the period	-	-	-	500	22,750	23,250
<b>Balance as at 31 March</b>	<b>4,903</b>	<b>-</b>	<b>9,281</b>	<b>152,674</b>	<b>417,250</b>	<b>584,108</b>
<b>Net Goodwill and Intangibles</b>	<b>5,631,199</b>	<b>357,732</b>	<b>-</b>	<b>4,816</b>	<b>246,661</b>	<b>6,240,408</b>
<u>31 December 2013</u>						
<u>Cost</u>	5,635,825	357,000	9,281	157,490	663,760	6,823,356
Less: Amortisation and impairment	4,903	-	9,281	152,174	394,500	560,858
<b>Net Goodwill and Intangibles</b>	<b>5,630,922</b>	<b>357,000</b>	<b>-</b>	<b>5,316</b>	<b>269,260</b>	<b>6,262,498</b>

**11 OTHER ASSETS**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Accrued interest receivable	1,136,409	1,569,483
Islamic financing - profit receivable	126,615	155,045
Prepayments and other advances	155,578	162,183
Sundry debtors and other receivables	1,118,997	627,678
Inventory	2,713,226	2,887,146
Fair value of deposit (a)	400,242	415,911
Fair value of guarantee (b)	2,000,000	2,000,000
Others	2,825,364	847,142
	10,476,431	8,664,588

- (a) On acquisition of Dubai Bank in October 2011, the Group received a deposit from the Ministry of Finance of the UAE amounting to AED 2.8 billion at a discount compared to the market available interest rate. As per the Group policy, the financial liability should be recognised initially at its fair value plus the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Since the deposit was received at an interest rate which is below the market available interest rate, a fair value gain of AED 543 million was recognised in the financial statements in 2011, which will be amortised over the term of the deposit (8 years) at the effective interest rate.
- (b) In connection with the acquisition of Dubai Bank, the Government of Dubai has provided a guarantee up to AED 2 billion for 7 years from the date of acquisition for any losses relating to the assets and liabilities that existed on the date of acquisition. An amount of AED 768 million represented the fair value of the Guarantee as at the date of the acquisition.

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

Customer deposits includes AED 3,702 million (31 December 2013: AED 3,702 million) pertaining to funds received from the Ministry of Finance of the UAE in 2008. In 2013, the Group repaid an amount of AED 7,800 million in respect of funds received from the UAE Ministry of Finance in 2008.

**Islamic Customer Deposits**

Islamic customer deposits includes AED 1,082 million (31 December 2013: AED 1,082 million) pertaining to funds received from the Ministry of Finance of the UAE in 2008.

**13 DEBT ISSUED AND OTHER BORROWED FUNDS**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Medium term note programme*	13,842,309	14,320,272
Term loans from banks	2,938,000	2,938,000
Borrowings raised from loan securitisations	2,483,227	2,852,420
	<b>19,263,536</b>	<b>20,110,692</b>

\*Includes Tier 2 notes amounting to AED 4,349 million (2013: AED 4,203 million) raised through public and private placements.

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Balance as at 1 January	20,110,692	17,190,793
New issues	953,932	10,223,758
Repayments	(1,800,138)	(6,985,642)
Other movements	(950)	(318,217)
Balance at end of period	<b>19,263,536</b>	<b>20,110,692</b>

As at 31 March 2014, the outstanding medium term borrowings totalling AED 19,264 million (31 December 2013: AED 20,111 million) is falling due as below:

	Unaudited 31 March 2014 AED millions	Audited 31 December 2013 AED millions
2014	2,602	4,034
2015	1,586	1,157
2016	4,606	4,492
2017	4,017	4,018
2018	1,199	1,199
2019	43	43
2020	226	226
2022	724	817
2023	4,114	4,125
2024	147	-
	<b>19,264</b>	<b>20,111</b>

**14 OTHER LIABILITIES**

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Accrued interest payable	473,795	728,719
Profit payable to Islamic depositors	134,623	171,148
Managers' cheques	2,116,460	1,382,142
Trade and other payables	1,605,077	1,278,796
Staff related liabilities	624,519	818,591
Provision for taxation	54,114	42,420
Others	2,488,455	2,391,230
	<b>7,497,043</b>	<b>6,813,046</b>

**15 TIER I CAPITAL NOTES**

- (i) In May 2013, the Group issued regulatory Tier 1 capital notes amounting to USD 1 billion (AED 3.67 billion). The notes are perpetual, subordinated and unsecured and have been issued at a fixed interest rate with a reset after six years. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified under equity.
- (ii) In June 2009, the Group issued regulatory Tier 1 capital notes amounting to AED 4 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate for the first five years and on a floating rate basis thereafter. The Bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and the event is not considered an event of default. The notes carry no maturity date and have been classified under equity.

**16 OTHER OPERATING INCOME**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Dividend income	16,949	11,032
Gains from sale of available-for-sale investment securities	30,352	110,399
Gain from investment securities designated at fair value through profit or loss	31,893	9,425
Rental income	27,940	18,826
Gain on sale of properties	87,409	20,099
Foreign exchange income*	220,126	209,218
Derivative income	13,399	39,583
Other income (net)	19,206	4,913
	447,274	423,495

\*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 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Staff cost	659,571	585,569
Occupancy cost	81,329	67,321
Equipment & supplies	27,368	21,182
Information technology cost	40,377	31,358
Communication cost	35,399	29,122
Service, legal and professional fees	20,973	14,869
Marketing related expenses	21,034	31,833
Depreciation	76,969	72,302
Amortisation of intangibles	23,250	15,750
Others	63,674	55,451
	<u>1,049,944</u>	<u>924,757</u>

**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 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Net impairment of loans and receivables	(753,875)	(614,505)
Net impairment of Islamic financing receivables	(400,437)	(199,718)
Net impairment of investment securities	(81,193)	(48,768)
Bad debt (written off)/recovery (net)	(31,811)	(25,010)
Net impairment loss for the period	<u>(1,267,316)</u>	<u>(888,001)</u>

**19 EQUITY HOLDER FUNDS**

At the Annual General Meeting held on 04 March 2014, shareholders approved payment of a cash dividend of 25% of the issued and paid up capital amounting to AED 1,388 million which has been recognised in the interim financial statements as of 31 March 2014.

**20 COMMITMENTS AND CONTINGENCIES**

At 31 March 2014, the Group's commitments and contingencies are as follows:

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
Letters of credit	8,761,821	8,671,334
Guarantees	40,769,261	39,678,484
Liability on risk participations	2,411,631	2,217,393
Irrevocable loan commitments*	19,822,969	18,814,857
	<b>71,765,682</b>	<b>69,382,068</b>

\*Irrevocable loan commitments represent a contractual commitment to permit draw downs on a facility within a defined period subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled the total contract amounts do not necessarily represent exact future cash requirements.

**21 EARNINGS PER SHARE**

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders (further adjusted for interest expense on Tier 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 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Profit for the year attributable to equity holders	1,042,041	836,772
Deduct : Interest on Tier 1 capital notes	(117,292)	(64,500)
Net profit attributable to equity holders	924,749	772,272
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share (AED)	0.17	0.14

\*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2014.

## 22 DERIVATIVES

	March 2014			December 2013		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	1,395,593	(1,223,081)	215,140,945	1,573,997	(1,312,457)	230,095,142
Derivatives held as cash flow hedges	87,081	(30,753)	5,600,000	107,461	(22,210)	5,600,000
Derivatives held as fair value hedges	23,500	(31,308)	1,699,215	95,093	(103,505)	11,922,221
<b>Total</b>	<b>1,506,174</b>	<b>(1,285,142)</b>	<b>222,440,160</b>	<b>1,776,551</b>	<b>(1,438,172)</b>	<b>247,617,363</b>

## 23 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- Corporate banking represents structured financing, current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate, commercial customers, investment banking and Islamic products under Al Watani Al Islami;
- Consumer banking represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing;
- Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries; and
- Other operations of the Group include Emirates NBD S.A.E, Tanfeeth, property management, operations and support functions.

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)

**23 OPERATING SEGMENTS (CONTINUED)**31 March 2014

	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	815,101	941,392	62,770	304,706	107,578	2,231,547
Net Fees, commission and other income	331,074	446,111	181,517	115,162	27,821	1,101,685
Total operating Income	1,146,175	1,387,503	244,287	419,868	135,399	3,333,232
General and administrative expenses	(79,827)	(407,511)	(21,533)	(181,845)	(359,228)	(1,049,944)
Net specific impairment loss on financial assets	(865,407)	(64,792)	(243)	(261,828)	(541)	(1,192,811)
Net collective impairment loss on financial assets	(60,627)	(931)	-	(8,953)	(3,994)	(74,505)
Share of profit of associates and joint ventures	-	-	-	494	60,393	60,887
Taxation charge	(4,979)	(2,503)	(1,180)	-	(26,053)	(34,715)
Group Profit for the Period	135,335	911,766	221,331	(32,264)	(194,024)	1,042,144
Segment Assets	205,918,374	43,765,947	36,720,263	39,779,546	20,866,293	347,050,423
Segment Liabilities and Equity	93,738,944	113,854,274	26,963,479	46,137,701	66,356,025	347,050,423

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014 (UNAUDITED)

**23 OPERATING SEGMENTS (CONTINUED)**

<u>31 March 2013</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	721,082	845,584	(106,264)	253,367	34,454	1,748,223
Net Fees, commission and other income	306,534	379,776	218,081	70,063	(92,366)	882,088
Total operating Income	1,027,616	1,225,360	111,817	323,430	(57,912)	2,630,311
General and administrative expenses	(75,396)	(357,545)	(21,500)	(144,029)	(326,287)	(924,757)
Net specific impairment loss on financial assets	(582,604)	(31,011)	(25,138)	(140,382)	3,030	(776,105)
Net collective impairment loss on financial assets	(112,057)	161	-	-	-	(111,896)
Share of profit of associates and joint ventures	-	-	-	337	25,432	25,769
Taxation charge	(1,874)	(524)	(4,143)	-	-	(6,541)
Group Profit for the Period	255,685	836,441	61,036	39,356	(355,737)	836,781
Segment Assets	191,070,246	34,002,829	40,297,614	30,840,660	19,552,207	315,763,556
Segment Liabilities and Equity	85,674,775	99,539,188	41,866,433	35,641,415	53,041,745	315,763,556

**24 RELATED PARTY TRANSACTIONS**

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.6%), a company in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 10% (December 2013: 9%) and 13% (December 2013: 14%) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all financial dealings with the Group are on an arms-length basis.

The Group has also entered into transactions with certain other related parties who are non-government related entities. Such transactions were also made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party balances and transactions are as follows:

	Unaudited 31 March 2014 AED 000	Audited 31 December 2013 AED 000
<b><u>Loans and receivables:</u></b>		
To majority shareholder of the parent	95,776,002	91,033,206
To parent	734,693	734,876
To directors and related companies	930,336	928,087
To associates and joint ventures	27,741	45,619
	97,468,772	92,741,788
<b><u>Customer and Islamic deposits:</u></b>		
From majority shareholder of the parent	2,149,259	2,203,338
From parent	6,819,942	4,204,881
From associates and joint ventures	44,438	63,817
	9,013,639	6,472,036
Investment in Government of Dubai bonds	28,758	107,118
Loans to and investment in funds managed by the Group	998,450	1,091,587
Commitments to associates	8,446	8,215

**24 RELATED PARTY TRANSACTIONS (CONTINUED)**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
Payments made to associates and joint ventures	40,971	48,693
Fees received in respect of funds managed by the Group	17,730	8,834
Interest paid to funds managed by the Group	1,004	6,991
Interest paid to joint ventures	32	38

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 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	27,465	26,082
Post employment benefits	257	511

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

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

**25 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT**

	Unaudited three months period ended 31 March 2014 AED 000	Unaudited three months period ended 31 March 2013 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	6,936,117	4,608,234
Net cash inflow/(outflow)	150,619	(1,885,734)
Balance at end of period	<u>7,086,736</u>	<u>2,722,500</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	40,713,872	31,979,517
Due from banks	20,427,007	20,901,935
Due to banks	(17,432,293)	(21,486,177)
	<u>43,708,586</u>	<u>31,395,275</u>
Less : deposits with Central Bank for regulatory purposes	(21,467,562)	(15,282,861)
Less : certificates of deposits with Central Bank maturing after three months	(11,250,000)	(10,750,000)
Less : amounts due from banks maturing after three months	(9,645,653)	(6,435,124)
Add : amounts due to banks maturing after three months	5,741,365	3,795,210
	<u>7,086,736</u>	<u>2,722,500</u>

**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE**Fair Value of assets and liabilities

The table below analyses assets and liabilities measured at fair value on a recurring basis. The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in principal markets for identified assets or liabilities.
- Level 2: valuation using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)****31 March 2014**

	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
<b><u>Trading securities</u></b>				
Debt Securities	402,512	3,534	-	406,046
Investment in equities	-	-	-	-
Others	146,064	111,401	-	257,465
	548,576	114,935	-	663,511
<b><u>Investment Securities</u></b>				
<b><u>AVAILABLE-FOR-SALE:</u></b>				
Debt Securities	9,795,329	3,250,529	61,701	13,107,559
Investment in equities	1,290,718	351,323	743,298	2,385,339
Others	58,741	200,486	708,516	967,743
	11,144,788	3,802,338	1,513,515	16,460,641
<b><u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u></b>				
Investment in equities	64,285	-	-	64,285
Others	434,257	24,489	24,262	483,008
	498,542	24,489	24,262	547,293
<b><u>Derivatives held for trading</u></b>				
Positive fair value of derivatives	-	1,395,593	-	1,395,593
<b><u>Derivatives held as cash flow hedges:</u></b>				
Interest rate swaps	-	87,081	-	87,081
<b><u>Derivatives held as fair value hedges:</u></b>				
Interest rate swaps	-	23,500	-	23,500
	-	1,506,174	-	1,506,174
<b><u>Derivatives held for trading</u></b>				
Negative fair value of derivatives	-	(1,223,081)	-	(1,223,081)
<b><u>Derivatives held as cash flow hedges:</u></b>				
Interest rate swaps	-	(30,753)	-	(30,753)
<b><u>Derivatives held as fair value hedges:</u></b>				
Interest rate swaps	-	(31,308)	-	(31,308)
	-	(1,285,142)	-	(1,285,142)
	12,191,906	4,162,794	1,537,777	17,892,477

**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

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

	Available for sale financial assets AED 000	Financial assets designated at fair value through profit or loss AED 000	Financial assets held for trading AED 000	Total AED 000
Balance as at 1 January 2014	1,601,597	37,626	-	1,639,223
Total gains or losses:				
- in profit or loss	(11,609)	9,769	-	(1,840)
- in other comprehensive income	2,366	-	-	2,366
Purchases	-	-	-	-
Settlements	(78,839)	(23,133)	-	(101,972)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
<b>Balance as at 31 March 2014</b>	<b>1,513,515</b>	<b>24,262</b>	<b>-</b>	<b>1,537,777</b>

During the period ended 31 March 2014 available for sale financial assets with a carrying amount of AED Nil (31 December 2013: AED 151 million) were transferred from Level 1 to Level 2 because quoted prices in the market for such debt securities became no longer regularly available. In order to determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There have been transfers from Level 2 to Level 1 amounting to AED Nil (31 December 2013: AED 80 million) during the period March 2014.

**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)****31 December 2013**

	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<b><u>Trading securities</u></b>				
Debt Securities	926,623	3,182	-	929,805
Investment in equities	37,256	-	-	37,256
Others	190,672	158,564	-	349,236
	1,154,551	161,746	-	1,316,297
<b><u>Investment Securities</u></b>				
<b><u>AVAILABLE-FOR-SALE:</u></b>				
Debt Securities	8,586,691	3,664,457	61,699	12,312,847
Investment in equities	698,501	346,570	781,439	1,826,510
Others	103,882	217,562	758,459	1,079,903
	9,389,074	4,228,589	1,601,597	15,219,260
<b><u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u></b>				
Investment in equities	59,422	-	-	59,422
Others	443,355	25,749	37,626	506,730
	502,777	25,749	37,626	566,152
<b><u>Derivatives held for trading</u></b>				
<u>Positive fair value of derivatives</u>	-	1,573,997	-	1,573,997
Derivatives held as cash flow hedges:				
Interest rate swaps	-	107,461	-	107,461
Derivatives held as fair value hedges:				
Interest rate swaps	-	95,093	-	95,093
	-	1,776,551	-	1,776,551
<b><u>Derivatives held for trading</u></b>				
<u>Negative fair value of derivatives</u>	-	(1,312,457)	-	(1,312,457)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(22,210)	-	(22,210)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(103,505)	-	(103,505)
	-	(1,438,172)	-	(1,438,172)
	11,046,402	4,754,463	1,639,223	17,440,088
	-	-	-	-

**26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**

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

**27 COMPARATIVE FIGURES**

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