

**EMIRATES NBD PJSC**

**GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**



## **EMIRATES NBD PJSC**

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

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## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF EMIRATES NBD PJSC**

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates NBD PJSC (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 30 September 2015 and the related consolidated interim statements of income and comprehensive income for the three month and nine month periods then ended and consolidated interim statement of cash flows and changes in equity for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

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

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

### ***Conclusion***

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



Ernst & Young  
Signed by:  
Joseph Murphy  
Partner  
Registration No. 492

26 October 2015  
Dubai, United Arab Emirates



EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015 (UNAUDITED)**

|  |       | Unaudited<br>30 September<br>2015 | Audited<br>31 December 2014 |
|--|-------|-----------------------------------|-----------------------------|
|  | Notes | AED 000                           | AED 000                     |
| <b>ASSETS</b>  |       |                                   |                             |
| Cash and deposits with Central Bank                                      | 3     | 50,520,627                        | 56,638,973                  |
| Due from banks   | 4     | 36,727,913                        | 19,812,067                  |
| Trading securities   |       | 1,808,756                         | 832,255                     |
| Investment securities  | 5     | 16,505,381                        | 14,479,676                  |
| Loans and receivables  | 6     | 220,499,154                       | 212,019,599                 |
| Islamic financing receivables  | 7     | 41,109,128                        | 33,954,142                  |
| Investments in associates and joint ventures                             |       | 1,824,488                         | 1,781,072                   |
| Positive fair value of derivatives                                       | 19    | 2,515,625                         | 1,310,455                   |
| Investment properties  |       | 843,306                           | 1,213,077                   |
| Customer acceptances   |       | 4,068,112                         | 3,859,864                   |
| Property and equipment   |       | 2,313,343                         | 2,659,787                   |
| Goodwill and intangibles   | 8     | 6,051,075                         | 6,156,380                   |
| Other assets   | 9     | 5,647,801                         | 8,303,644                   |
| <b>TOTAL ASSETS</b>  |       | <b>390,434,709</b>                | <b>363,020,991</b>          |
| <b>LIABILITIES</b>   |       |                                   |                             |
| Due to banks   |       | 19,656,244                        | 15,385,907                  |
| Customer deposits  |       | 214,452,794                       | 203,971,458                 |
| Islamic customer deposits  |       | 54,812,075                        | 54,287,171                  |
| Repurchase agreements with banks   |       | 1,173,631                         | 35,369                      |
| Debt issued and other borrowed funds                                     | 10    | 33,080,321                        | 26,697,691                  |
| Sukuk payable  |       | 3,673,000                         | 3,673,000                   |
| Negative fair value of derivatives                                       | 19    | 2,502,868                         | 1,645,777                   |
| Customer acceptances   |       | 4,068,112                         | 3,859,864                   |
| Other liabilities  | 11    | 8,031,785                         | 6,701,837                   |
| <b>TOTAL LIABILITIES</b>   |       | <b>341,450,830</b>                | <b>316,258,074</b>          |
| <b>EQUITY</b>  |       |                                   |                             |
| Issued capital   |       | 5,557,775                         | 5,557,775                   |
| Treasury shares  |       | (46,175)                          | (46,175)                    |
| Tier I capital notes   | 13    | 9,477,076                         | 9,477,076                   |
| Share premium reserve  |       | 12,270,124                        | 12,270,124                  |
| Legal and statutory reserve  |       | 2,778,888                         | 2,778,888                   |
| Other reserves   |       | 2,869,533                         | 2,869,533                   |
| Fair value reserve   |       | 653,715                           | 891,290                     |
| Currency translation reserve   |       | (217,004)                         | (71,739)                    |
| Retained earnings  |       | 15,634,434                        | 13,031,219                  |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP</b> |       | <b>48,978,366</b>                 | <b>46,757,991</b>           |
| Non-controlling interest   |       | 5,513                             | 4,926                       |
| <b>TOTAL EQUITY</b>  |       | <b>48,983,879</b>                 | <b>46,762,917</b>           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                      |       | <b>390,434,709</b>                | <b>363,020,991</b>          |

The attached notes 1 to 23 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

26 OCT 2015

  
 Director

  
 Chief Executive Officer

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)**

|  | Notes | Unaudited<br>three months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>three months<br>period ended<br>30 September<br>2014<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2014<br>AED 000 |
|--|-------|--|--|---|---|
| Interest and similar income  |       | 2,779,269  | 2,664,464  | 8,147,247   | 7,810,654   |
| Interest and similar expense   |       | (615,418)  | (582,645)  | (1,771,841)   | (1,773,834)   |
| <b>Net interest income</b>   |       | <b>2,163,851</b>   | <b>2,081,819</b>   | <b>6,375,406</b>  | <b>6,036,820</b>  |
| Income from Islamic financing and investment products  |       | 554,266  | 482,974  | 1,549,492   | 1,349,510   |
| Distribution on Islamic deposits and profit paid to Sukuk holders  |       | (127,549)  | (99,684)   | (352,683)   | (362,630)   |
| <b>Net income from Islamic financing and investment products</b>   |       | <b>426,717</b>   | <b>383,290</b>   | <b>1,196,809</b>  | <b>986,880</b>  |
| <b>Net interest income and income from Islamic financing and investment products net of distribution to depositors</b> |       | <b>2,590,568</b>   | <b>2,465,109</b>   | <b>7,572,215</b>  | <b>7,023,700</b>  |
| Fee and commission income  |       | 882,309  | 803,206  | 2,639,384   | 2,418,090   |
| Fee and commission expense   |       | (189,246)  | (190,536)  | (557,823)   | (551,174)   |
| <b>Net fee and commission income</b>   |       | <b>693,063</b>   | <b>612,670</b>   | <b>2,081,561</b>  | <b>1,866,916</b>  |
| Net gain (loss) on trading securities  |       | 5,277  | 18,324   | 58,759  | 96,794  |
| Other operating income   | 14    | 310,776  | 748,868  | 1,442,061   | 1,899,636   |
| <b>Total operating income</b>  |       | <b>3,599,684</b>   | <b>3,844,971</b>   | <b>11,154,596</b>   | <b>10,887,046</b>   |
| General and administrative expenses  | 15    | (1,126,106)  | (1,074,598)  | (3,362,030)   | (3,211,780)   |
| <b>Operating profit before impairment</b>  |       | <b>2,473,578</b>   | <b>2,770,373</b>   | <b>7,792,566</b>  | <b>7,675,266</b>  |
| Net impairment loss on financial assets  | 16    | (821,711)  | (1,218,827)  | (2,807,843)   | (3,831,473)   |
| <b>Operating profit after impairment</b>   |       | <b>1,651,867</b>   | <b>1,551,546</b>   | <b>4,984,723</b>  | <b>3,843,793</b>  |
| Share of profit of associates and joint ventures   |       | 38,632   | 37,888   | 113,377   | 158,888   |
| <b>Group profit for the period before taxation</b>   |       | <b>1,690,499</b>   | <b>1,589,434</b>   | <b>5,098,100</b>  | <b>4,002,681</b>  |
| Taxation charge  |       | (17,937)   | (26,587)   | (108,403)   | (90,039)  |
| <b>Group profit for the period after taxation</b>  |       | <b>1,672,562</b>   | <b>1,562,847</b>   | <b>4,989,697</b>  | <b>3,912,642</b>  |
| <b>Attributable to:</b>  |       |  |  |   |   |
| Equity holders of the Group  |       | 1,672,467  | 1,562,815  | 4,989,110   | 3,912,361   |
| Non-controlling interest   |       | 95   | 32   | 587   | 281   |
| <b>Group profit for the period</b>   |       | <b>1,672,562</b>   | <b>1,562,847</b>   | <b>4,989,697</b>  | <b>3,912,642</b>  |
| <b>Earnings per share</b>  | 18    | <b>0.27</b>  | <b>0.26</b>  | <b>0.82</b>   | <b>0.64</b>   |

The attached notes 1 to 23 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)

|   | Unaudited<br>three months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>three months<br>period ended<br>30 September<br>2014<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2014<br>AED 000 |
|---|--|--|---|---|
| Group profit for the period   | 1,672,562  | 1,562,847  | 4,989,697   | 3,912,642   |
| <b>Items that may be reclassified<br/>subsequently to Income statement:</b> |  |  |   |   |
| <b>Other comprehensive income</b>   |  |  |   |   |
| Cash flow hedges:   |  |  |   |   |
| - Effective portion of changes in fair value                                | (18,720)   | (16,327)   | 41,906  | (36,846)  |
| Fair value reserve (available-for-sale financial<br>assets):                |  |  |   |   |
| - Net change in fair value  | (168,106)  | 222,853  | (122,050)   | 881,940   |
| - Net amount transferred to income<br>statement                             | (2,151)  | (284,297)  | (157,431)   | (451,446)   |
| Currency translation reserve  | (33,568)   | 3,408  | (145,265)   | (64,139)  |
| Other comprehensive income for the period                                   | (222,545)  | (74,363)   | (382,840)   | 329,509   |
| <b>Total comprehensive income for the<br/>period</b>                        | <b>1,450,017</b>   | <b>1,488,484</b>   | <b>4,606,857</b>  | <b>4,242,151</b>  |
| <b>Attributable to:</b>   |  |  |   |   |
| Equity holders of the Bank  | 1,449,922  | 1,488,452  | 4,606,270   | 4,241,870   |
| Non-controlling interest  | 95   | 32   | 587   | 281   |
| <b>Total comprehensive income for the<br/>period</b>                        | <b>1,450,017</b>   | <b>1,488,484</b>   | <b>4,606,857</b>  | <b>4,242,151</b>  |

The attached notes 1 to 23 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)**

|  | Unaudited<br>nine months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2014<br>AED 000 |
|--|---|---|
| <b><u>OPERATING ACTIVITIES</u></b>   |   |   |
| Group profit for the period  | 4,989,697   | 3,912,642   |
| <b><u>Adjustment for non cash items</u></b>  |   |   |
| Impairment loss on loans and receivables   | 1,816,899   | 2,442,626   |
| Impairment loss on Islamic financing receivables   | 821,407   | 1,111,886   |
| Impairment loss on investment securities   | 29,700  | 175,874   |
| Interest unwind on impaired loans  | -   | (68,103)  |
| Amortisation of fair value   | 34,518  | 34,839  |
| Discount on Investment securities  | 41,790  | 31,131  |
| Unrealised foreign exchange gain   | (124,391)   | (129,657)   |
| Amortisation of intangibles  | 60,750  | 69,750  |
| Depreciation of property and equipment   | 211,683   | 224,925   |
| Share of profit of associates and joint ventures   | (113,377)   | (158,888)   |
| Unrealized (gain)/loss on investments  | 37,970  | (177,153)   |
| Gain on sale of investment properties  | (140,162)   | (126,334)   |
| Gain on sale of properties (inventories)   | (49,633)  | (302,130)   |
| <b>Operating profit before changes in operating assets and liabilities</b>                   | <b>7,616,851</b>  | <b>7,041,408</b>  |
| (Increase)/decrease in interest free statutory deposits                                      | (1,850,263)   | (4,235,197)   |
| (Increase)/decrease in certificate of deposits with Central Bank maturing after three months | (1,000,000)   | (4,848,007)   |
| (Increase)/decrease in amounts due from banks maturing after three months                    | (5,756,793)   | 261,397   |
| Increase/(decrease) in amounts due to banks maturing after three months                      | 3,025,233   | 1,360,587   |
| (Increase)/decrease in other assets  | 2,496,124   | 1,532,840   |
| Increase/(decrease) in other liabilities   | 1,538,197   | 7,174,969   |
| (Increase)/decrease in positive fair value of derivatives                                    | (1,163,264)   | 420,568   |
| Increase/(decrease) in negative fair value of derivatives                                    | 857,091   | 39,724  |
| Increase/(decrease) in customer deposits   | 10,481,336  | 9,664,593   |
| Increase/(decrease) in Islamic customer deposits   | 524,904   | 371,467   |
| (Increase)/decrease in trading securities  | (987,458)   | 229,304   |
| (Increase)/decrease in loans and receivables   | (10,296,454)  | (10,062,426)  |
| (Increase)/decrease in Islamic financing receivables   | (7,976,393)   | (2,788,688)   |
| <b>Net cash flows from/(used in) operating activities</b>                                    | <b>(2,490,889)</b>  | <b>6,162,539</b>  |

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)

|   | Unaudited<br>nine months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2014<br>AED 000 |
|---|---|---|
|   | -----   | -----   |
| <b><u>INVESTING ACTIVITIES</u></b>                                      |   |   |
| (Increase)/decrease in investment securities                            | (2,407,252)   | 1,970,343   |
| (Increase)/decrease in investments in associates and joint ventures     | 63,790  | 56,909  |
| Acquisition of Investment Properties                                    | (32,651)  | (42,372)  |
| Disposal of Investment Properties                                       | 542,584   | 201,227   |
| (Addition)/disposal of property and equipment                           | 134,761   | (136,056)   |
| <b>Net cash flows from/(used in) investing activities</b>               | <b>(1,698,768)</b>  | <b>2,050,051</b>  |
|   | -----   | -----   |
| <b><u>FINANCING ACTIVITIES</u></b>                                      |   |   |
| Increase/(decrease) in deposits under repurchase agreements             | 1,138,262   | (26,288)  |
| Increase/(decrease) in debt issued and other borrowed funds             | 6,382,630   | 2,395   |
| Increase/(decrease) in Sukuk borrowing                                  | -   | 5,640   |
| Interest on Tier I capital notes  | (442,740)   | (358,254)   |
| Issuance of Tier I capital notes  | -   | 1,828,579   |
| Dividends paid  | (1,943,155)   | (1,387,968)   |
| <b>Net cash flows from /(used in) financing activities</b>              | <b>5,134,997</b>  | <b>64,104</b>   |
|   | -----   | -----   |
| <b>Increase/(decrease) in cash and cash equivalents (refer Note 22)</b> | <b>945,340</b>  | <b>8,276,694</b>  |
|   | =====   | =====   |

The attached notes 1 to 23 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.



**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (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 2015                            | 5,557,775  | (46,175)        | 9,477,076            | 12,270,124            | 2,778,888                   | 2,869,533      | 891,290            | (71,739)                     | 13,031,219        | 46,757,991  | 4,926                    | 46,762,917  |
| Total comprehensive income for the period               | -  | -               | -                    | -                     | -                           | -              | (237,575)          | (145,265)                    | 4,989,110         | 4,606,270   | 587                      | 4,606,857   |
| Tier I capital notes issued during the period (note 13) | -  | -               | -                    | -                     | -                           | -              | -                  | -                            | -                 | -           | -                        | -           |
| Interest on Tier 1 capital notes                        | -  | -               | -                    | -                     | -                           | -              | -                  | -                            | (442,740)         | (442,740)   | -                        | (442,740)   |
| Dividends paid  | -  | -               | -                    | -                     | -                           | -              | -                  | -                            | (1,943,155)       | (1,943,155) | -                        | (1,943,155) |
| Balance as at 30 September 2015                         | 5,557,775  | (46,175)        | 9,477,076            | 12,270,124            | 2,778,888                   | 2,869,533      | 653,715            | (217,004)                    | 15,634,434        | 48,978,366  | 5,513                    | 48,983,879  |
| Balance as at 1 January 2014                            | 5,557,775  | (46,175)        | 7,648,497            | 12,270,124            | 2,778,888                   | 2,869,533      | 801,159            | 5,343                        | 9,825,643         | 41,710,787  | 4,525                    | 41,715,312  |
| Total comprehensive income for the period               | -  | -               | -                    | -                     | -                           | -              | 393,648            | (64,139)                     | 3,912,361         | 4,241,870   | 281                      | 4,242,151   |
| Tier I capital notes issued during the period (note 13) | -  | -               | 1,828,579            | -                     | -                           | -              | -                  | -                            | -                 | 1,828,579   | -                        | 1,828,579   |
| Interest on Tier 1 capital notes                        | -  | -               | -                    | -                     | -                           | -              | -                  | -                            | (358,254)         | (358,254)   | -                        | (358,254)   |
| Dividends paid  | -  | -               | -                    | -                     | -                           | -              | -                  | -                            | (1,387,968)       | (1,387,968) | -                        | (1,387,968) |
| Balance as at 30 September 2014                         | 5,557,775  | (46,175)        | 9,477,076            | 12,270,124            | 2,778,888                   | 2,869,533      | 1,194,807          | (58,796)                     | 11,991,782        | 46,035,014  | 4,806                    | 46,039,820  |

Note: No allocation to legal and statutory and other reserves has been made for the nine months period ended 30 September 2015 as this will be effected at the year end.

The attached notes 1 to 23 form an integral part of these Group condensed consolidated interim financial statements.

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

## 1 CORPORATE INFORMATION

Emirates NBD PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007 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 condensed consolidated interim financial statements for the period ended 30 September 2015 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](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 2014. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2015 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 2014. In addition, results for the nine months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2015.

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 2014.

### (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 2014.

**3 CASH AND DEPOSITS WITH CENTRAL BANK**

|  | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December<br>2014<br>AED 000 |
|--|--|---|
| Cash   | 2,650,240                                    | 3,305,995                                 |
| Interest free statutory deposits with Central Banks                        | 26,493,353                                   | 24,643,090                                |
| Interest bearing placements with Central Banks                             | 1,959,097                                    | 1,918,037                                 |
| Murabahas and Interest bearing certificates of deposits with Central Banks | 19,417,937                                   | 26,771,851                                |
|  | <u>50,520,627</u>                            | <u>56,638,973</u>                         |

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

**4 DUE FROM BANKS**

|                        | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December<br>2014<br>AED 000 |
|------------------------|--|---|
| Due from banks in UAE  | 6,965,962                                    | 2,648,204                                 |
| Due from foreign banks | 29,761,951                                   | 17,163,863                                |
|                        | <u>36,727,913</u>                            | <u>19,812,067</u>                         |

**5 INVESTMENT SECURITIES**

| <u>30 September 2015</u>   | Domestic<br>AED 000 | Regional<br>AED 000 | International<br>AED 000 | Total<br>AED 000  |
|--|---------------------|---------------------|--------------------------|-------------------|
| <b><u>HELD TO MATURITY:</u></b>                                    |                     |                     |                          |                   |
| Government bonds   | 11,566              | 75,025              | -                        | 86,591            |
| Corporate bonds  | 146,794             | 20,083              | -                        | 166,877           |
|  | <u>158,360</u>      | <u>95,108</u>       | <u>-</u>                 | <u>253,468</u>    |
| <b><u>AVAILABLE-FOR-SALE:</u></b>                                  |                     |                     |                          |                   |
| Government bonds   | 557,361             | 5,637,093           | 2,290,658                | 8,485,112         |
| Corporate bonds  | 1,720,114           | 1,154,693           | 2,729,960                | 5,604,767         |
| Equity   | 622,072             | 810,686             | 85,407                   | 1,518,165         |
| Others   | 68,578              | 69,309              | 328,472                  | 466,359           |
|  | <u>2,968,125</u>    | <u>7,671,781</u>    | <u>5,434,497</u>         | <u>16,074,403</u> |
| <b><u>DESIGNATED AT FAIR VALUE<br/>THROUGH PROFIT OR LOSS:</u></b> |                     |                     |                          |                   |
| Others   | 89,199              | 2,891               | 85,420                   | 177,510           |
|  | <u>89,199</u>       | <u>2,891</u>        | <u>85,420</u>            | <u>177,510</u>    |
|  | <u>3,215,684</u>    | <u>7,769,780</u>    | <u>5,519,917</u>         | <u>16,505,381</u> |



**5 INVESTMENT SECURITIES (CONTINUED)**

| <u>31 December 2014</u>                                     | Domestic<br>AED 000 | Regional<br>AED 000 | International<br>AED 000 | Total<br>AED 000  |
|---|---------------------|---------------------|--------------------------|-------------------|
| <u>HELD TO MATURITY:</u>                                    |                     |                     |                          |                   |
| Government bonds  | 11,811              | 142,473             | -                        | 154,284           |
| Corporate bonds   | 257,720             | 26,724              | -                        | 284,444           |
|   | <u>269,531</u>      | <u>169,197</u>      | <u>-</u>                 | <u>438,728</u>    |
| <u>AVAILABLE-FOR-SALE:</u>                                  |                     |                     |                          |                   |
| Government bonds  | 516,808             | 4,959,446           | 1,757,702                | 7,233,956         |
| Corporate bonds   | 1,871,708           | 1,329,083           | 1,024,737                | 4,225,528         |
| Equity  | 694,202             | 845,688             | 110,492                  | 1,650,382         |
| Others  | 65,529              | 85,337              | 513,609                  | 664,475           |
|   | <u>3,148,247</u>    | <u>7,219,554</u>    | <u>3,406,540</u>         | <u>13,774,341</u> |
| <u>DESIGNATED AT FAIR VALUE<br/>THROUGH PROFIT OR LOSS:</u> |                     |                     |                          |                   |
| Others  | 135,367             | 1,540               | 129,700                  | 266,607           |
|   | <u>135,367</u>      | <u>1,540</u>        | <u>129,700</u>           | <u>266,607</u>    |
|   | <u>3,553,145</u>    | <u>7,390,291</u>    | <u>3,536,240</u>         | <u>14,479,676</u> |

Investment securities include investments in real estate funds as follows:

|   | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December<br>2014<br>AED 000 |
|---|--|---|
| Designated at fair value through profit or loss | 9,899  | 11,165                                    |
| Available-for-sale                              | 359,920                                      | 404,998                                   |
|   | <u>369,819</u>                               | <u>416,163</u>                            |

**6 LOANS AND RECEIVABLES**

|   | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December<br>2014<br>AED 000 |
|---|--|---|
| Overdrafts                              | 96,716,375                                   | 87,116,930                                |
| Time loans                              | 125,106,224                                  | 127,118,115                               |
| Loans against trust receipts            | 9,082,111                                    | 6,655,541                                 |
| Bills discounted                        | 2,858,983                                    | 3,172,386                                 |
| Credit card receivables                 | 4,298,409                                    | 3,726,677                                 |
| Others                                  | 1,052,865                                    | 1,111,616                                 |
| Gross loans and receivables             | 239,114,967                                  | 228,901,265                               |
| Other debt instruments                  | 122,016                                      | 143,317                                   |
| Total loans and receivables             | 239,236,983                                  | 229,044,582                               |
| Less: Allowances for impairment         | (18,737,829)                                 | (17,024,983)                              |
|   | 220,499,154                                  | 212,019,599                               |
| Total of impaired loans and receivables | 15,022,776                                   | 15,800,839                                |

**6 LOANS AND RECEIVABLES (CONTINUED)**

|   | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December<br>2014<br>AED 000 |
|---|--|---|
| <u>Analysis by economic activity</u>            |  |   |
| Agriculture and allied activities               | 47,380                                       | 71,022                                    |
| Mining and quarrying                            | 653,674                                      | 420,256                                   |
| Manufacturing                                   | 6,984,719                                    | 6,671,671                                 |
| Construction                                    | 7,461,907                                    | 7,180,794                                 |
| Trade   | 13,687,636                                   | 11,545,729                                |
| Transport and communication                     | 4,872,971                                    | 6,705,286                                 |
| Services  | 4,209,046                                    | 2,659,020                                 |
| Sovereign                                       | 116,854,447                                  | 106,415,609                               |
| Personal  | 31,746,633                                   | 30,052,875                                |
| Real estate                                     | 30,160,037                                   | 30,355,034                                |
| Financial institutions and investment companies | 21,160,723                                   | 25,389,465                                |
| Others  | 1,397,810                                    | 1,577,821                                 |
| Total loans and receivables                     | 239,236,983                                  | 229,044,582                               |
| Less: Allowances for impairment                 | (18,737,829)                                 | (17,024,983)                              |
|   | 220,499,154                                  | 212,019,599                               |

**6 LOANS AND RECEIVABLES (CONTINUED)**

|   | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|---|--|--|
| <u>Movement in allowances for specific impairment</u>   |  |  |
| Balance as at 1 January                                 | 13,186,654   | 13,847,374   |
| Allowances for impairment made during the period        | 1,475,703  | 2,601,310  |
| Write back / recoveries made during the period          | (843,009)  | (447,380)  |
| Interest unwind on impaired loans                       | -  | (68,103)   |
| Amounts written off during the period                   | (97,697)   | (33,607)   |
| Exchange and other adjustments                          | (4,652)  | (12,279)   |
| Balance as at 30 September                              | 13,716,999   | 15,887,315   |
| <u>Movement in allowances for collective impairment</u> |  |  |
| Balance as at 1 January                                 | 3,838,329  | 3,490,636  |
| Allowances for impairment made during the period        | 1,184,205  | 288,696  |
| Exchange and other adjustments                          | (1,704)  | (8,970)  |
| Balance as at 30 September                              | 5,020,830  | 3,770,362  |
| Total   | 18,737,829   | 19,657,677   |



**7 ISLAMIC FINANCING RECEIVABLES**

|  | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|--|--|--|
| Murabaha   | 29,709,813                                   | 24,696,055                             |
| Ijara  | 13,758,318                                   | 11,774,940                             |
| Credit cards receivable                                | 848,638                                      | 606,923                                |
| Wakala   | 1,789,647                                    | 1,489,894                              |
| Istissna'a   | 1,276,220                                    | 1,084,847                              |
| Others   | 864,165                                      | 920,351                                |
| <b>Total Islamic financing receivables</b>             | <b>48,246,801</b>                            | <b>40,573,010</b>                      |
| Less: Deferred income                                  | (2,471,858)                                  | (2,466,395)                            |
| Less: Allowances for impairment                        | (4,665,815)                                  | (4,152,473)                            |
|  | <b>41,109,128</b>                            | <b>33,954,142</b>                      |
| <b>Total of impaired Islamic financing receivables</b> | <b>5,279,341</b>                             | <b>5,310,387</b>                       |

Corporate Ijara assets amounting to AED 3.7 billion [2014: 3.7 billion] were securitised for the purpose of issuance of Sukuk liability.

**7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)**

|   | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|---|--|--|
| <u>Analysis by economic activity</u>            |  |  |
| Agriculture and allied activities               | 15,588                                       | 6,172                                  |
| Mining and quarrying                            | 91,921                                       | 3,948                                  |
| Manufacturing                                   | 1,237,887                                    | 802,976                                |
| Construction                                    | 1,768,066                                    | 1,165,174                              |
| Trade   | 2,963,900                                    | 2,380,289                              |
| Transport and communication                     | 1,549,456                                    | 958,138                                |
| Services  | 3,171,665                                    | 2,158,627                              |
| Sovereign                                       | 312,281                                      | 260,814                                |
| Personal  | 25,441,480                                   | 21,421,987                             |
| Real estate                                     | 6,893,269                                    | 6,486,483                              |
| Financial institutions and investment companies | 2,596,718                                    | 3,138,352                              |
| Others  | 2,204,570                                    | 1,790,050                              |
| Total islamic financing and receivables         | 48,246,801                                   | 40,573,010                             |
| Less: Deferred Income                           | (2,471,858)                                  | (2,466,395)                            |
| Less: Allowances for impairment                 | (4,665,815)                                  | (4,152,473)                            |
|   | 41,109,128                                   | 33,954,142                             |

**7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)**

|   | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|---|--|--|
| <u>Movement in allowances for specific impairment</u>   |  |  |
| Balance as at 1 January                                 | 3,642,639  | 2,966,580  |
| Allowances for impairment made during the period        | 985,516  | 1,223,955  |
| Write back /recoveries made during the period           | (189,026)  | (149,422)  |
| Amounts written off during the period                   | (308,065)  | (11,872)   |
| Balance as at 30 September                              | 4,131,064  | 4,029,241  |
| <u>Movement in allowances for collective impairment</u> |  |  |
| Balance as at 1 January                                 | 509,834  | 461,280  |
| Allowances for impairment made during the period        | 24,917   | 37,353   |
| Balance as at 30 September                              | 534,751  | 498,633  |
| Total   | 4,665,815  | 4,527,874  |

**8 GOODWILL AND INTANGIBLES**

|  | Goodwill         | Intangibles on Acquisition |              |                        | Total                    |                  |
|--|------------------|----------------------------|--------------|------------------------|--------------------------|------------------|
|  |                  | Banking license            | Software     | Customer relationships | Core deposit intangibles |                  |
| <u>30 September 2015</u>                   | AED 000          | AED 000                    | AED 000      | AED 000                | AED 000                  | AED 000          |
| <u>Cost</u>                                |                  |                            |              |                        |                          |                  |
| Balance as at 1 January                    | 5,632,648        | 348,596                    | 9,281        | 157,490                | 662,223                  | 6,810,238        |
| Foreign exchange movement                  | (11,448)         | (30,276)                   | -            | -                      | (2,831)                  | (44,555)         |
|  | <b>5,621,200</b> | <b>318,320</b>             | <b>9,281</b> | <b>157,490</b>         | <b>659,392</b>           | <b>6,765,683</b> |
| <u>Less: Amortisation and impairment</u>   |                  |                            |              |                        |                          |                  |
| Balance as at 1 January                    | 4,903            | -                          | 9,281        | 154,174                | 485,500                  | 653,858          |
| Amortisation and impairment for the period | -                | -                          | -            | 1,500                  | 59,250                   | 60,750           |
| <b>Balance as at 30 September</b>          | <b>4,903</b>     | <b>-</b>                   | <b>9,281</b> | <b>155,674</b>         | <b>544,750</b>           | <b>714,608</b>   |
| <b>Net Goodwill and Intangibles</b>        | <b>5,616,297</b> | <b>318,320</b>             | <b>-</b>     | <b>1,816</b>           | <b>114,642</b>           | <b>6,051,075</b> |
| <u>31 December 2014</u>                    |                  |                            |              |                        |                          |                  |
| <u>Cost</u>                                | 5,632,648        | 348,596                    | 9,281        | 157,490                | 662,223                  | 6,810,238        |
| Less: Amortisation and impairment          | 4,903            | -                          | 9,281        | 154,174                | 485,500                  | 653,858          |
| <b>Net Goodwill and Intangibles</b>        | <b>5,627,745</b> | <b>348,596</b>             | <b>-</b>     | <b>3,316</b>           | <b>176,723</b>           | <b>6,156,380</b> |



## 9 OTHER ASSETS

|                                      | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|--------------------------------------|--|--|
| Accrued interest receivable          | 1,453,321                                    | 1,147,020                              |
| Islamic Profit receivable            | 89,944                                       | 69,322                                 |
| Prepayments and other advances       | 202,225                                      | 197,410                                |
| Sundry debtors and other receivables | 930,358                                      | 538,733                                |
| Inventory                            | 1,911,335                                    | 1,921,268                              |
| Fair value of deposit (a)            | 303,345                                      | 352,706                                |
| Fair value of guarantee (b)          | -  | 2,000,000                              |
| Others                               | 757,273                                      | 2,077,185                              |
|                                      | <b>5,647,801</b>                             | <b>8,303,644</b>                       |

- (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 had 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. In 2013, the claims under the guarantee reached the maximum limit of AED 2 billion. During the first quarter of 2015, the full amount of the guarantee amounting to AED 2 billion was settled.

**10 DEBT ISSUED AND OTHER BORROWED FUNDS**

|   | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|---|--|--|
| Medium term note programme*                 | 25,757,377                                   | 19,228,151                             |
| Term loans from banks                       | 2,938,000                                    | 2,938,000                              |
| Borrowings raised from loan securitisations | 4,384,944                                    | 4,531,540                              |
|   | <b>33,080,321</b>                            | <b>26,697,691</b>                      |

\*Includes Tier 2 notes amounting to AED 4,341 million (2014: AED 4,341 million) raised through public and private placements.

|                          | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|--------------------------|--|--|
| Balance as at 1 January  | 26,697,691                                   | 20,110,692                             |
| New issues               | 9,495,107                                    | 11,714,853                             |
| Repayments               | (2,719,615)                                  | (4,895,239)                            |
| Other movements*         | (392,862)                                    | (232,615)                              |
| Balance at end of period | <b>33,080,321</b>                            | <b>26,697,691</b>                      |

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

As at 30 September 2015, the outstanding medium term borrowings totaling AED 33,080 million (31 December 2014: AED 26,698 million) is falling due as below:

|      | Unaudited<br>30 September<br>2015<br>AED millions | Audited<br>31 December 2014<br>AED millions |
|------|---|---|
| 2015 | 958   | 3,598                                       |
| 2016 | 8,824   | 4,759                                       |
| 2017 | 4,510   | 4,111                                       |
| 2018 | 1,199   | 1,199                                       |
| 2019 | 5,137   | 5,288                                       |
| 2020 | 1,665   | 226   |
| 2022 | 4,556   | 1,357                                       |
| 2023 | 5,441   | 5,441                                       |
| 2024 | 596   | 628   |
| 2025 | 111   | -   |
| 2026 | 83  | 91  |
|      | <b>33,080</b>                                     | <b>26,698</b>                               |

**11 OTHER LIABILITIES**

|                                      | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|--------------------------------------|--|--|
| Accrued interest payable             | 664,393                                      | 440,252                                |
| Profit payable to Islamic depositors | 135,004                                      | 138,998                                |
| Managers' cheques                    | 1,142,713                                    | 975,285                                |
| Trade and other payables             | 2,055,736                                    | 1,213,681                              |
| Staff related liabilities            | 929,332                                      | 915,183                                |
| Provision for taxation               | 90,510                                       | 69,971                                 |
| Others                               | 3,014,097                                    | 2,948,467                              |
|                                      | <b>8,031,785</b>                             | <b>6,701,837</b>                       |

**12 EQUITY HOLDER FUNDS**

At the Annual General Meeting held on 04 March 2015, shareholders approved payment of a cash dividend of 35% of the issued and paid up capital amounting to AED 1,943 million which has been recognised in the interim financial statements as of 30 September 2015.

**13 TIER I CAPITAL NOTES**

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified as equity.

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

**14 OTHER OPERATING INCOME**

|  | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|--|--|--|
| Dividend income  | 51,154   | 47,176   |
| Gains from sale of available-for-sale investment securities                              | 157,431  | 451,446  |
| Gain / (loss) from investment securities designated at fair value through profit or loss | (19,559)   | 72,971   |
| Rental income  | 72,175   | 81,343   |
| Gain on sale of properties (Investment properties / inventories)                         | 189,795  | 428,464  |
| Foreign exchange income*   | 764,940  | 748,732  |
| Derivative income  | 65,923   | 34,965   |
| Other income (net)   | 160,202  | 34,539   |
|  | <u>1,442,061</u>   | <u>1,899,636</u>   |

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

**15 GENERAL AND ADMINISTRATIVE EXPENSES**

|                                      | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|--------------------------------------|--|--|
| Staff cost                           | 2,224,266  | 2,058,689  |
| Occupancy cost                       | 261,735  | 261,266  |
| Equipment & supplies                 | 102,658  | 95,691   |
| Information technology cost          | 114,785  | 114,110  |
| Communication cost                   | 110,992  | 98,126   |
| Service, legal and professional fees | 59,706   | 48,979   |
| Marketing related expenses           | 54,014   | 61,460   |
| Depreciation                         | 211,683  | 224,925  |
| Amortisation of intangibles          | 60,750   | 69,750   |
| Others                               | 161,441  | 178,784  |
|                                      | <u>3,362,030</u>   | <u>3,211,780</u>   |

**16 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<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|---|--|--|
| Net impairment of loans and receivables         | 1,816,899  | 2,442,626  |
| Net impairment of Islamic financing receivables | 821,407  | 1,111,886  |
| Net impairment of investment securities         | 29,700   | 175,874  |
| Net impairment of due from banks                | (3,495)  | (4,777)  |
| Bad debt written off/(recovery) (net)           | 143,332  | 105,864  |
| Net impairment loss for the period              | <u>2,807,843</u>   | <u>3,831,473</u>   |

**17 COMMITMENTS AND CONTINGENCIES**

At 30 September 2015, the Group's commitments and contingencies are as follows:

|                                  | Unaudited<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|----------------------------------|--|--|
| Letters of credit                | 9,150,638                                    | 7,963,646                              |
| Guarantees                       | 44,130,983                                   | 41,459,802                             |
| Liability on risk participations | 781,938                                      | 1,027,628                              |
| Irrevocable loan commitments*    | 21,254,103                                   | 17,892,124                             |
|                                  | <b>75,317,662</b>                            | <b>68,343,200</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.

**18 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<br>nine months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>nine months period<br>ended<br>30 September<br>2014<br>AED 000 |
|--|---|---|
| Profit for the period attributable to equity holders     | 4,989,110   | 3,912,361   |
| Deduct : Interest on Tier 1 capital notes                | (442,740)   | (358,254)   |
| Net profit attributable to equity holders                | 4,546,370   | 3,554,107   |
| Weighted average number of equity shares in issue ('000) | 5,557,775   | 5,557,775   |
| Earnings per share* (AED)                                | 0.82  | 0.64  |

\*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2015.

**19 DERIVATIVES**

|                                       | September 2015         |                        |                    | December 2014          |                        |                    |
|---------------------------------------|------------------------|------------------------|--------------------|------------------------|------------------------|--------------------|
|                                       | Positive<br>fair value | Negative<br>fair value | Notional<br>amount | Positive<br>fair value | Negative<br>fair value | Notional<br>amount |
|                                       | AED 000                | AED 000                | AED 000            | AED 000                | AED 000                | AED 000            |
| Derivatives held for trading          | 2,441,791              | (1,989,584)            | 392,162,169        | 1,254,496              | (1,481,927)            | 281,483,737        |
| Derivatives held as cash flow hedges  | 73,834                 | (6,202)                | 7,862,057          | 46,827                 | (21,103)               | 4,800,000          |
| Derivatives held as fair value hedges | -                      | (507,082)              | 2,955,978          | 9,132                  | (142,747)              | 2,439,701          |
| <b>Total</b>                          | <b>2,515,625</b>       | <b>(2,502,868)</b>     | <b>402,980,204</b> | <b>1,310,455</b>       | <b>(1,645,777)</b>     | <b>288,723,438</b> |

**20 OPERATING SEGMENTS**

The Group is organised into the following main businesses:

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



EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)

**20 OPERATING SEGMENTS (CONTINUED)**30 September 2015

|  | Corporate<br>banking<br>AED 000 | Consumer<br>banking<br>AED 000 | Treasury<br>AED 000 | Islamic<br>Banking<br>AED 000 | Others<br>AED 000 | Total<br>AED 000 |
|--|---------------------------------|--------------------------------|---------------------|-------------------------------|-------------------|------------------|
| Net interest income and income from Islamic products net of distribution to depositors | 2,669,848                       | 2,642,643                      | (208,728)           | 1,223,362                     | 1,245,090         | 7,572,215        |
| Net Fees, commission and other income  | 1,017,320                       | 1,622,827                      | 338,643             | 565,852                       | 37,739            | 3,582,381        |
| Total operating Income   | 3,687,168                       | 4,265,470                      | 129,915             | 1,789,214                     | 1,282,829         | 11,154,596       |
| General and administrative expenses  | (253,166)                       | (1,400,236)                    | (99,378)            | (697,542)                     | (911,708)         | (3,362,030)      |
| Net impairment loss on financial assets  | (1,845,258)                     | (328,667)                      | 35,748              | (667,776)                     | (1,890)           | (2,807,843)      |
| Share of profit of associates and joint ventures                                       | -                               | -                              | -                   | 853                           | 112,524           | 113,377          |
| Taxation charge  | (15,231)                        | (6,671)                        | (4,492)             | -                             | (82,009)          | (108,403)        |
| Group Profit for the Period  | 1,573,513                       | 2,529,896                      | 61,793              | 424,749                       | 399,746           | 4,989,697        |
| Segment Assets   | 223,837,588                     | 51,528,955                     | 42,656,928          | 47,222,648                    | 25,188,590        | 390,434,709      |
| Segment Liabilities and Equity   | 103,635,594                     | 118,820,807                    | 30,544,270          | 50,546,312                    | 86,887,726        | 390,434,709      |

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)

**20 OPERATING SEGMENTS (CONTINUED)**

| <u>30 September 2014</u>   | Corporate<br>banking<br>AED 000 | Consumer<br>banking<br>AED 000 | Treasury<br>AED 000 | Islamic<br>Banking<br>AED 000 | Others<br>AED 000 | Total<br>AED 000 |
|--|---------------------------------|--------------------------------|---------------------|-------------------------------|-------------------|------------------|
| Net interest income and income from Islamic products net of distribution to depositors | 2,773,093                       | 2,776,666                      | 97,166              | 1,029,780                     | 346,995           | 7,023,700        |
| Net Fees, commission and other income  | 958,545                         | 1,427,758                      | 578,441             | 377,996                       | 520,606           | 3,863,346        |
| Total operating Income   | 3,731,638                       | 4,204,424                      | 675,607             | 1,407,776                     | 867,601           | 10,887,046       |
| General and administrative expenses  | (223,127)                       | (1,239,120)                    | (65,229)            | (580,571)                     | (1,103,733)       | (3,211,780)      |
| Net impairment loss on financial assets  | (2,973,043)                     | (195,046)                      | (140)               | (639,313)                     | (23,931)          | (3,831,473)      |
| Share of profit of associates and joint ventures                                       | -                               | -                              | -                   | 2,258                         | 156,630           | 158,888          |
| Taxation charge  | (12,264)                        | (884)                          | (3,100)             | -                             | (73,791)          | (90,039)         |
| Group Profit for the Period  | 523,204                         | 2,769,374                      | 607,138             | 190,150                       | (177,224)         | 3,912,642        |
| Segment Assets   | 206,556,722                     | 48,985,835                     | 36,027,452          | 43,653,443                    | 18,714,391        | 353,937,843      |
| Segment Liabilities and Equity   | 101,922,011                     | 117,183,973                    | 24,560,357          | 45,179,959                    | 65,091,543        | 353,937,843      |

**21 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 7% (December 2014: 7%) and 8% (December 2014: 10%) 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<br>30 September<br>2015<br>AED 000 | Audited<br>31 December 2014<br>AED 000 |
|---|--|--|
| <b><u>Loans and receivables:</u></b>                  |  |  |
| To majority shareholder of the parent                 | 117,166,728                                  | 106,676,423                            |
| To parent   | 783,168                                      | 824,842                                |
| To directors and related companies                    | 277,632                                      | 450,861                                |
| To associates and joint ventures                      | 5,886  | -                                      |
|   | 118,233,414                                  | 107,952,126                            |
| <b><u>Customer and Islamic deposits:</u></b>          |  |  |
| From majority shareholder of the parent               | 3,494,438                                    | 3,184,351                              |
| From parent   | 4,615,762                                    | 6,965,485                              |
| From associates and joint ventures                    | 597,581                                      | 534,460                                |
|   | 8,707,781                                    | 10,684,296                             |
| Investment in Government of Dubai bonds               | 41,952                                       | 43,559                                 |
| Loans to and investment in funds managed by the Group | 367,020                                      | 484,491                                |
| Commitments to associates                             | 9,296  | 9,066                                  |

**21 RELATED PARTY TRANSACTIONS (CONTINUED)**

|  | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|--|--|--|
| Payments made to associates and joint ventures         | 113,157  | 155,674  |
| Payments received from associates and joint ventures   | 3,685  | 2,950  |
| Fees received in respect of funds managed by the Group | 49,032   | 75,221   |
| Interest paid to funds managed by the Group            | 8,061  | 11,910   |
| Interest (paid by) / paid to joint ventures            | (583)  | 218  |
| Directors sitting fee                                  | 5,280  | 4,740  |

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

|                                     | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30<br>September<br>2014<br>AED 000 |
|-------------------------------------|--|--|
| <u>Key management compensation:</u> |  |  |
| Short term employment benefits      | 57,831   | 45,358   |
| Post employment benefits            | 1,154  | 823  |

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.

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

|   | Unaudited<br>nine months<br>period ended<br>30 September<br>2015<br>AED 000 | Unaudited<br>nine months<br>period ended<br>30 September<br>2014<br>AED 000 |
|---|---|---|
| (a) Analysis of changes in cash and cash equivalents during the period        |   |   |
| Balance at beginning of period  | 24,763,352  | 6,936,117   |
| Net cash inflow/(outflow)   | 945,340   | 8,276,694   |
| Balance at end of period  | <u>25,708,692</u>   | <u>15,212,811</u>   |
| (b) Analysis of cash and cash equivalents                                     |   |   |
| Cash and deposits with Central Bank   | 50,520,627  | 45,397,276  |
| Due from banks  | 36,727,913  | 19,573,752  |
| Due to banks  | (19,656,244)  | (13,928,332)  |
|   | <u>67,592,296</u>   | <u>51,042,696</u>   |
| Less : deposits with Central Bank for regulatory purposes                     | (26,493,353)  | (23,200,223)  |
| Less : certificates of deposits with Central Bank maturing after three months | (7,750,000)   | (9,750,000)   |
| Less : amounts due from banks maturing after three months                     | (14,512,129)  | (6,736,728)   |
| Add : amounts due to banks maturing after three months                        | 6,871,878   | 3,857,066   |
|   | <u>25,708,692</u>   | <u>15,212,811</u>   |

**23 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).

**23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**
30 September 2015

|  | Level 1<br>AED 000 | Level 2<br>AED 000 | Level 3<br>AED 000 | Total<br>AED 000 |
|--|--------------------|--------------------|--------------------|------------------|
| <b><u>Trading securities</u></b>                               |                    |                    |                    |                  |
| Debt Securities  | 1,692,266          | 1,732              | -                  | 1,693,998        |
| Others   | 39,918             | 74,840             | -                  | 114,758          |
|  | 1,732,184          | 76,572             | -                  | 1,808,756        |
| <b><u>Investment Securities</u></b>                            |                    |                    |                    |                  |
| <b><u>AVAILABLE-FOR-SALE:</u></b>                              |                    |                    |                    |                  |
| Debt Securities  | 8,881,973          | 4,846,165          | 361,741            | 14,089,879       |
| Investment in equities   | 496,214            | 237,393            | 784,558            | 1,518,165        |
| Others   | -                  | 138,078            | 328,281            | 466,359          |
|  | 9,378,187          | 5,221,636          | 1,474,580          | 16,074,403       |
| <b><u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u></b> |                    |                    |                    |                  |
| Others   | 162,094            | 15,416             | -                  | 177,510          |
|  | 162,094            | 15,416             | -                  | 177,510          |
| <b><u>Derivatives held for trading</u></b>                     |                    |                    |                    |                  |
| Positive fair value of derivatives                             | -                  | 2,441,791          | -                  | 2,441,791        |
| <b><u>Derivatives held as cash flow hedges:</u></b>            |                    |                    |                    |                  |
| Interest rate swaps  | -                  | 73,834             | -                  | 73,834           |
| <b><u>Derivatives held as fair value hedges:</u></b>           |                    |                    |                    |                  |
| Interest rate swaps  | -                  | -                  | -                  | -                |
|  | -                  | 2,515,625          | -                  | 2,515,625        |
| <b><u>Derivatives held for trading</u></b>                     |                    |                    |                    |                  |
| Negative fair value of derivatives                             | -                  | (1,989,584)        | -                  | (1,989,584)      |
| <b><u>Derivatives held as cash flow hedges:</u></b>            |                    |                    |                    |                  |
| Interest rate swaps  | -                  | (6,202)            | -                  | (6,202)          |
| <b><u>Derivatives held as fair value hedges:</u></b>           |                    |                    |                    |                  |
| Interest rate swaps  | -                  | (507,082)          | -                  | (507,082)        |
|  | -                  | (2,502,868)        | -                  | (2,502,868)      |
|  | 11,272,465         | 5,326,381          | 1,474,580          | 18,073,426       |

**23 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<br>sale financial<br>assets<br>AED 000 | Financial<br>assets<br>designated at<br>fair value<br>through profit<br>or loss<br>AED 000 | Financial<br>assets held<br>for trading<br>AED 000 | Total<br>AED 000 |
|--|--|--|--|------------------|
| Balance as at 1 January 2015           | 1,228,199  | -  | -  | 1,228,199        |
| Total gains or losses:                 |  |  |  |                  |
| - in profit or loss                    | (64,680)   | -  | -  | (64,680)         |
| - in other comprehensive income        | (68,976)   | -  | -  | (68,976)         |
| Purchases                              | 361,741  | -  | -  | 361,741          |
| Settlements and other adjustments      | (62,301)   | -  | -  | (62,301)         |
| Transfers into Level 3                 | 80,597   | -  | -  | 80,597           |
| Transfers out of Level 3               | -  | -  | -  | -                |
| <b>Balance as at 30 September 2015</b> | <b>1,474,580</b>                                     | <b>-</b>   | <b>-</b>   | <b>1,474,580</b> |

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



**23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**
31 December 2014

|  | Level 1          | Level 2            | Level 3          | Total              |
|--|------------------|--------------------|------------------|--------------------|
|  | AED 000          | AED 000            | AED 000          | AED 000            |
| <b><u>Trading securities</u></b>                               |                  |                    |                  |                    |
| Debt Securities  | 695,684          | 2,832              | -                | 698,516            |
| Others   | 68,944           | 64,795             | -                | 133,739            |
|  | <u>764,628</u>   | <u>67,627</u>      | -                | <u>832,255</u>     |
| <b><u>Investment Securities</u></b>                            |                  |                    |                  |                    |
| <b><u>AVAILABLE-FOR-SALE:</u></b>                              |                  |                    |                  |                    |
| Debt Securities  | 7,665,407        | 3,794,077          | -                | 11,459,484         |
| Investment in equities   | 597,865          | 329,305            | 723,212          | 1,650,382          |
| Others   | -                | 159,488            | 504,987          | 664,475            |
|  | <u>8,263,272</u> | <u>4,282,870</u>   | <u>1,228,199</u> | <u>13,774,341</u>  |
| <b><u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u></b> |                  |                    |                  |                    |
| Others   | 245,013          | 21,594             | -                | 266,607            |
|  | <u>245,013</u>   | <u>21,594</u>      | -                | <u>266,607</u>     |
| <b><u>Derivatives held for trading</u></b>                     |                  |                    |                  |                    |
| <b><u>Positive fair value of derivatives</u></b>               | -                | 1,254,496          | -                | 1,254,496          |
| Derivatives held as cash flow hedges:                          |                  |                    |                  |                    |
| Interest rate swaps  | -                | 46,827             | -                | 46,827             |
| Derivatives held as fair value hedges:                         |                  |                    |                  |                    |
| Interest rate swaps  | -                | 9,132              | -                | 9,132              |
|  | -                | <u>1,310,455</u>   | -                | <u>1,310,455</u>   |
| <b><u>Derivatives held for trading</u></b>                     |                  |                    |                  |                    |
| <b><u>Negative fair value of derivatives</u></b>               | -                | (1,481,927)        | -                | (1,481,927)        |
| Derivatives held as cash flow hedges:                          |                  |                    |                  |                    |
| Interest rate swaps  | -                | (21,103)           | -                | (21,103)           |
| Derivatives held as fair value hedges:                         |                  |                    |                  |                    |
| Interest rate swaps  | -                | (142,747)          | -                | (142,747)          |
|  | -                | <u>(1,645,777)</u> | -                | <u>(1,645,777)</u> |
|  | <u>9,272,913</u> | <u>4,036,769</u>   | <u>1,228,199</u> | <u>14,537,881</u>  |

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

|                                   | Available for sale<br>financial assets | Financial assets<br>designated at fair<br>value through<br>profit or loss | Financial assets<br>held for trading | Total     |
|-----------------------------------|--|---|--------------------------------------|-----------|
|                                   | AED 000                                | AED 000   | AED 000                              | AED 000   |
| Balance as at 1 January 2014      | 1,601,597                              | 37,626  | -                                    | 1,639,223 |
| Total gains or losses:            |  |   |                                      |           |
| - in profit or loss               | (45,502)                               | -   | -                                    | (45,502)  |
| - in other comprehensive income   | 24,011                                 | -   | -                                    | 24,011    |
| Purchases                         | -                                      | -   | -                                    | -         |
| Issues                            | -                                      | -   | -                                    | -         |
| Settlements and other adjustments | (326,316)                              | (37,626)  | -                                    | (363,942) |
| Transfers into Level 3            | -                                      | -   | -                                    | -         |
| Transfers out of Level 3          | (25,591)                               | -   | -                                    | (25,591)  |
| Balance as at 31 December 2014    | 1,228,199                              | -   | -                                    | 1,228,199 |