

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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 31 March 2015 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

21 April 2015
Dubai, United Arab Emirates

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015 (UNAUDITED)

		Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
ASSETS	Notes		
Cash and deposits with Central Bank	3	50,277,524	56,638,973
Due from banks	4	29,487,289	19,812,067
Trading securities		1,256,834	832,255
Investment securities	5	12,627,595	14,479,676
Loans and receivables	6	212,928,334	212,019,599
Islamic financing receivables	7	35,971,994	33,954,142
Investments in associates and joint ventures		1,814,369	1,781,072
Positive fair value of derivatives	19	1,984,868	1,310,455
Investment properties		834,999	1,213,077
Customer acceptances		3,603,055	3,859,864
Property and equipment		2,480,063	2,659,787
Goodwill and intangibles	8	6,103,377	6,156,380
Other assets	9	8,130,780	8,303,644
TOTAL ASSETS		367,501,081	363,020,991
LIABILITIES			
Due to banks		14,125,394	15,385,907
Customer deposits		207,039,763	203,971,458
Islamic customer deposits		53,379,339	54,287,171
Repurchase agreements with banks		23,102	35,369
Debt issued and other borrowed funds	10	30,339,355	26,697,691
Sukuk payable		3,673,000	3,673,000
Negative fair value of derivatives	19	2,159,628	1,645,777
Customer acceptances		3,603,055	3,859,864
Other liabilities	11	6,909,170	6,701,837
TOTAL LIABILITIES		321,251,806	316,258,074
EQUITY			
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		927,385	891,290
Currency translation reserve		(199,843)	(71,739)
Retained earnings		12,609,373	13,031,219
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		46,244,136	46,757,991
Non-controlling interest		5,139	4,926
TOTAL EQUITY		46,249,275	46,762,917
TOTAL LIABILITIES AND EQUITY		367,501,081	363,020,991

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

21 APR 2015

Director

Chief Executive Officer

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015 (UNAUDITED)**

	Notes	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Interest and similar income		2,671,446	2,552,955
Interest and similar expense		(557,290)	(599,769)
Net interest income		2,114,156	1,953,186
Income from Islamic financing and investment products		479,790	414,700
Distribution on Islamic deposits and profit paid to Sukuk holders		(109,147)	(136,339)
Net income from Islamic financing and investment products		370,643	278,361
Net interest income and income from Islamic financing and investment products net of distribution to depositors		2,484,799	2,231,547
Fee and commission income		882,699	785,649
Fee and commission expense		(174,813)	(156,508)
Net fee and commission income		707,886	629,141
Net gain (loss) on trading securities		25,119	32,282
Other operating income	14	627,301	440,262
Total operating income		3,845,105	3,333,232
General and administrative expenses	15	(1,079,224)	(1,049,944)
Operating profit before impairment		2,765,881	2,283,288
Net impairment loss on financial assets	16	(1,085,292)	(1,267,316)
Operating profit after impairment		1,680,589	1,015,972
Share of profit of associates and joint ventures		36,050	60,887
Group profit for the period before taxation		1,716,639	1,076,859
Taxation charge		(45,575)	(34,715)
Group profit for the period after taxation		1,671,064	1,042,144
Attributable to:			
Equity holders of the Group		1,670,851	1,042,041
Non-controlling interest		213	103
Group profit for the period		1,671,064	1,042,144
Earnings per share	18	0.27	0.17

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 THREE MONTHS PERIOD ENDED 31 MARCH 2015 (UNAUDITED)

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Group profit for the period	1,671,064	1,042,144
Items that may be reclassified subsequently to Income statement:		
Other comprehensive income		
Cash flow hedges:		
- Effective portion of changes in fair value	31,235	(28,923)
Fair value reserve (available-for-sale financial assets):		
- Net change in fair value	63,947	769,336
- Net amount transferred to income statement	(59,087)	(30,352)
Currency translation reserve	(128,104)	(17,079)
Other comprehensive income for the period	(92,009)	692,982
Total comprehensive income for the period	1,579,055	1,735,126
Attributable to:		
Equity holders of the Bank	1,578,842	1,735,023
Non-controlling interest	213	103
Total comprehensive income for the period	1,579,055	1,735,126

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 THREE MONTHS PERIOD ENDED 31 MARCH 2015 (UNAUDITED)**

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
	-----	-----
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	1,671,064	1,042,144
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	729,661	753,875
Impairment loss on Islamic financing receivables	307,875	400,437
Impairment loss on investment securities	19,750	81,193
Interest unwind on impaired loans	-	(24,400)
Amortisation of fair value (net)	10,620	11,461
Discount on Investment securities	11,116	12,527
Unrealised foreign exchange gain	(51,336)	(24,765)
Amortisation of intangibles	20,250	23,250
Depreciation of property and equipment	70,567	76,969
Share of profit of associates and joint ventures	(36,050)	(60,887)
Unrealized (gain)/loss on investments	6,980	(65,941)
Gain on sale of investment properties	(140,164)	-
Gain on sale of properties (inventories)	(4,771)	(8,086)
Operating profit before changes in operating assets and liabilities	2,615,562	2,217,777
(Increase)/decrease in interest free statutory deposits	634,754	(2,502,536)
(Increase)/decrease in certificate of deposits with Central Bank maturing after three months	(6,750,000)	(6,348,007)
(Increase)/decrease in amounts due from banks maturing after three months	(4,799,575)	(2,647,528)
Increase/(decrease) in amounts due to banks maturing after three months	1,131,832	3,244,886
Net change in other liabilities/other assets	308,995	(1,097,807)
Net change in fair value of derivatives	(160,562)	88,424
Increase/(decrease) in customer deposits (including islamic deposits)	2,160,473	11,919,995
(Increase)/decrease in trading securities (net of fair value movements)	(421,352)	688,675
(Increase)/decrease in loans and receivables	(1,638,396)	(1,941,348)
(Increase)/decrease in Islamic financing receivables	(2,325,727)	(565,716)
Net cash flows from/(used in) operating activities	(9,243,996)	3,056,815

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015 (UNAUDITED)

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
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<u>INVESTING ACTIVITIES</u>		
(Increase)/decrease in investment securities (net of fair value movements)	1,871,194	(518,834)
Movement in Investment Properties (net)	518,242	9,027
Additions to property and equipment (net)	109,157	(7,428)
Net cash flows from/(used in) investing activities	2,498,593	(517,235)
<u>FINANCING ACTIVITIES</u>		
Increase/(decrease) in deposits under repurchase agreements	(12,267)	(42,185)
Increase/(decrease) in debt issued and other borrowed funds	3,641,664	(847,156)
Increase/(decrease) in Sukuk borrowing	-	5,640
Interest on Tier I capital notes	(147,476)	(117,292)
Dividends paid	(1,945,221)	(1,387,968)
Net cash flows from /(used in) financing activities	1,536,700	(2,388,961)
Increase/(decrease) in cash and cash equivalents (refer Note 22)	(5,208,703)	150,619

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 THREE MONTHS PERIOD ENDED 31 MARCH 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	-	-	-	-	-	-	36,095	(128,104)	1,670,851	1,578,842	213	1,579,055
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(147,476)	(147,476)	-	(147,476)
Dividends paid	-	-	-	-	-	-	-	-	(1,945,221)	(1,945,221)	-	(1,945,221)
Balance as at 31 March 2015	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	927,385	(199,843)	12,609,373	46,244,136	5,139	46,249,275
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)
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

Note: No allocation to legal and statutory and other reserves has been made for the three months period ended 31 March 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 31 March 2015 comprises the financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 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 three months period ended 31 March 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 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Cash	2,213,847	3,305,995
Interest free statutory deposits with Central Banks	24,008,336	24,643,090
Interest bearing placements with Central Banks	2,902,093	1,918,037
Murabahas and Interest bearing certificates of deposits with Central Banks	21,153,248	26,771,851
	<u>50,277,524</u>	<u>56,638,973</u>

The reserve requirements which are kept with the Central Banks 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 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Due from local banks	3,419,179	2,648,204
Due from foreign banks	26,068,110	17,163,863
	<u>29,487,289</u>	<u>19,812,067</u>

EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015 (UNAUDITED)

5 INVESTMENT SECURITIES

<u>31 March 2015</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	11,759	142,331	-	154,090
Corporate bonds	147,260	26,581	-	173,841
	<u>159,019</u>	<u>168,912</u>	<u>-</u>	<u>327,931</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	332,765	4,251,676	1,412,921	5,997,362
Corporate bonds	1,503,430	1,293,604	1,095,349	3,892,383
Equity	613,574	831,490	94,279	1,539,343
Others	64,033	74,867	489,069	627,969
	<u>2,513,802</u>	<u>6,451,637</u>	<u>3,091,618</u>	<u>12,057,057</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	117,318	1,540	123,749	242,607
	<u>117,318</u>	<u>1,540</u>	<u>123,749</u>	<u>242,607</u>
	<u>2,790,139</u>	<u>6,622,089</u>	<u>3,215,367</u>	<u>12,627,595</u>

5 INVESTMENT SECURITIES (CONTINUED)

<u>31 December 2014</u>	Domestic AED 000	Regional AED 000	International AED 000	Total 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 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 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Designated at fair value through profit or loss	10,814	11,165
Available-for-sale	396,788	404,998
	<u>407,602</u>	<u>416,163</u>

6 LOANS AND RECEIVABLES

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Overdrafts	90,282,058	87,116,930
Time loans	125,687,623	127,118,115
Loans against trust receipts	6,806,948	6,655,541
Bills discounted	2,744,372	3,172,386
Credit card receivables	3,863,036	3,726,677
Others	1,111,283	1,111,616
Gross loans and receivables	230,495,320	228,901,265
Other debt instruments	141,294	143,317
Total loans and receivables	230,636,614	229,044,582
Less: Allowances for impairment	(17,708,280)	(17,024,983)
	212,928,334	212,019,599
Total of impaired loans and receivables	16,020,886	15,800,839

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	54,380	71,022
Mining and quarrying	380,969	420,256
Manufacturing	6,517,176	6,671,671
Construction	7,293,216	7,180,794
Trade	12,660,016	11,545,729
Transport and communication	5,962,450	6,705,286
Services	2,844,788	2,659,020
Sovereign	110,544,849	106,415,609
Personal	29,903,266	30,052,875
Real estate	29,935,955	30,355,034
Financial institutions and investment companies	23,179,770	25,389,465
Others	1,359,779	1,577,821
Total loans and receivables	230,636,614	229,044,582
Less: Allowances for impairment	(17,708,280)	(17,024,983)
	212,928,334	212,019,599

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 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	409,249	797,715
Write back / recoveries made during the period	(206,856)	(107,957)
Interest unwind on impaired loans	-	(24,400)
Amounts written off during the period	(36,779)	(19,257)
Exchange and other adjustments	(4,570)	(3,084)
Balance as at 31 March	13,347,698	14,490,391
<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	527,268	64,117
Exchange and other adjustments	(5,015)	9,580
Balance as at 31 March	4,360,582	3,564,333
Total	17,708,280	18,054,724

7 ISLAMIC FINANCING RECEIVABLES

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Murabaha	25,947,075	24,696,055
Ijara	12,719,315	11,774,940
Credit cards receivable	715,228	606,923
Wakala	1,469,607	1,489,894
Istissna'a	1,065,848	1,084,847
Others	813,194	920,351
Total Islamic financing receivables	42,730,267	40,573,010
Less: Deferred income	(2,426,260)	(2,466,395)
Less: Allowances for impairment	(4,332,013)	(4,152,473)
	35,971,994	33,954,142
Total of impaired Islamic financing receivables	5,197,417	5,310,387

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 31 March 2015 AED 000	Audited 31 December 2014 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	11,565	6,172
Mining and quarrying	22,814	3,948
Manufacturing	941,738	802,976
Construction	1,160,662	1,165,174
Trade	2,820,680	2,380,289
Transport and communication	1,325,741	958,138
Services	2,519,670	2,158,627
Sovereign	340,670	260,814
Personal	22,216,077	21,421,987
Real estate	6,633,898	6,486,483
Financial institutions and investment companies	2,663,661	3,138,352
Others	2,073,091	1,790,050
Total islamic financing and receivables	42,730,267	40,573,010
Less: Deferred Income	(2,426,260)	(2,466,395)
Less: Allowances for impairment	(4,332,013)	(4,152,473)
	35,971,994	33,954,142

7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 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	392,158	426,331
Write back /recoveries made during the period	(93,069)	(36,283)
Amounts written off during the period	(128,335)	(659)
Balance as at 31 March	3,813,393	3,355,969
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	509,834	461,280
Allowances for impairment made during the period	8,786	10,389
Exchange and other adjustments	-	(71)
Balance as at 31 March	518,620	471,598
Total	4,332,013	3,827,567

8 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total	
		Banking license	Software	Customer relationships	Core deposit intangibles	
<u>31 March 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	(8,291)	(21,929)	-	-	(2,533)	(32,753)
	5,624,357	326,667	9,281	157,490	659,690	6,777,485
<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	-	-	-	500	19,750	20,250
Balance as at 31 March	4,903	-	9,281	154,674	505,250	674,108
Net Goodwill and Intangibles	5,619,454	326,667	-	2,816	154,440	6,103,377
<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
Net Goodwill and Intangibles	5,627,745	348,596	-	3,316	176,723	6,156,380

9 OTHER ASSETS

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Accrued interest receivable	1,177,223	1,147,020
Islamic Profit receivable	82,412	69,322
Prepayments and other advances	185,439	197,410
Sundry debtors and other receivables	1,214,629	538,733
Inventory	1,909,173	1,921,268
Fair value of deposit (a)	336,253	352,706
Fair value of guarantee (b)	-	2,000,000
Others	3,225,651	2,077,185
	<u>8,130,780</u>	<u>8,303,644</u>

- (a) On acquisition of Dubai Bank in October 2011, the Group received a deposit from the Ministry of Finance of the UAE amounting to AED 2.8 billion at a discount compared to the market available interest rate. As per the Group policy, the financial liability should be recognised initially at its fair value plus the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Since the deposit was received at an interest rate which is below the market available interest rate, a fair value gain of AED 543 million was recognised in the financial statements in 2011, which will be amortised over the term of the deposit (8 years) at the effective interest rate.
- (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 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Medium term note programme*	22,990,469	19,228,151
Term loans from banks	2,938,000	2,938,000
Borrowings raised from loan securitisations	4,410,886	4,531,540
	30,339,355	26,697,691

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

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Balance as at 1 January	26,697,691	20,110,692
New issues	5,012,810	11,714,853
Repayments	(1,269,300)	(4,895,239)
Other movements*	(101,846)	(232,615)
Balance at end of period	30,339,355	26,697,691

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

As at 31 March 2015, the outstanding medium term borrowings totaling AED 30,339 million (31 December 2014: AED 26,698 million) is falling due as below:

	Unaudited 31 March 2015 AED millions	Audited 31 December 2014 AED millions
2015	2,424	3,598
2016	6,082	4,759
2017	4,276	4,111
2018	1,199	1,199
2019	5,229	5,288
2020	226	226
2022	4,676	1,357
2023	5,441	5,441
2024	617	628
2025	84	-
2026	85	91
	30,339	26,698

11 OTHER LIABILITIES

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Accrued interest payable	507,060	440,252
Profit payable to Islamic depositors	115,857	138,998
Managers' cheques	969,782	975,285
Trade and other payables	1,700,079	1,213,681
Staff related liabilities	725,992	915,183
Provision for taxation	86,425	69,971
Others	2,803,975	2,948,467
	6,909,170	6,701,837

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 1,945 million which has been recognised in the interim financial statements as of 31 March 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 under 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 three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Dividend income	19,175	16,949
Gains from sale of available-for-sale investment securities	59,087	30,352
Gain / (loss) from investment securities designated at fair value through profit or loss	(8,424)	31,893
Rental income	25,485	27,940
Gain on sale of properties (Investment properties / inventories)	144,935	87,409
Foreign exchange income*	251,333	220,126
Derivative income	46,460	6,387
Other income (net)	89,250	19,206
	627,301	440,262

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

15 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Staff cost	709,659	659,571
Occupancy cost	86,036	81,329
Equipment & supplies	31,276	27,368
Information technology cost	33,542	40,377
Communication cost	37,801	35,399
Service, legal and professional fees	14,513	20,973
Marketing related expenses	16,328	21,034
Depreciation	70,567	76,969
Amortisation of intangibles	20,250	23,250
Others	59,252	63,674
	<u>1,079,224</u>	<u>1,049,944</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 three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Net impairment of loans and receivables	729,661	753,875
Net impairment of Islamic financing receivables	307,875	400,437
Net impairment of investment securities	19,750	81,193
Net impairment of due from banks	(6,101)	-
Bad debt written off/(recovery) (net)	34,107	31,811
Net impairment loss for the period	<u>1,085,292</u>	<u>1,267,316</u>

17 COMMITMENTS AND CONTINGENCIES

At 31 March 2015, the Group's commitments and contingencies are as follows:

	Unaudited 31 March 2015 AED 000	Audited 31 December 2014 AED 000
Letters of credit	8,341,511	7,963,646
Guarantees	42,664,802	41,459,802
Liability on risk participations	855,660	1,027,628
Irrevocable loan commitments*	20,862,893	17,892,124
	<u>72,724,866</u>	<u>68,343,200</u>

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

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 three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Profit for the year attributable to equity holders	1,670,851	1,042,041
Deduct : Interest on Tier 1 capital notes	(147,476)	(117,292)
Net profit attributable to equity holders	1,523,375	924,749
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share* (AED)	<u>0.27</u>	<u>0.17</u>

*The diluted and basic Earnings per share were the same for the three months period ended 31 March 2015.

19 DERIVATIVES

	March 2015			December 2014		
	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	1,922,849	(1,937,321)	342,727,168	1,254,496	(1,481,927)	281,483,737
Derivatives held as cash flow hedges	62,019	(5,058)	6,972,071	46,827	(21,103)	4,800,000
Derivatives held as fair value hedges	-	(217,249)	2,992,324	9,132	(142,747)	2,439,701
Total	1,984,868	(2,159,628)	352,691,563	1,310,455	(1,645,777)	288,723,438

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.

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20 OPERATING SEGMENTS (CONTINUED)31 March 2015

	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	897,509	866,143	(58,379)	377,789	401,737	2,484,799
Net Fees, commission and other income	348,500	535,616	163,313	284,247	28,630	1,360,306
Total operating Income	1,246,009	1,401,759	104,934	662,036	430,367	3,845,105
General and administrative expenses	(78,946)	(454,430)	(32,637)	(213,799)	(299,412)	(1,079,224)
Net impairment loss on financial assets	(504,144)	(94,481)	8,099	(329,990)	(164,776)	(1,085,292)
Share of profit of associates and joint ventures	-	-	-	190	35,860	36,050
Taxation charge	(4,033)	(2,225)	(3,753)	-	(35,564)	(45,575)
Group Profit for the Period	658,886	850,623	76,643	118,437	(33,525)	1,671,064
Segment Assets	212,194,172	47,033,665	38,628,408	47,889,487	21,755,349	367,501,081
Segment Liabilities and Equity	100,647,423	116,605,120	22,757,488	49,150,876	78,340,174	367,501,081

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20 OPERATING SEGMENTS (CONTINUED)

<u>31 March 2014</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	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 impairment loss on financial assets	(926,034)	(65,723)	(243)	(270,781)	(4,535)	(1,267,316)
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

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 8% (December 2014: 7%) and 9% (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 31 March 2015 AED 000	Audited 31 December 2014 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	110,885,519	106,676,423
To parent	827,710	824,842
To directors and related companies	582,137	450,861
To associates and joint ventures	5,980	-
	112,301,346	107,952,126
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	3,324,619	3,184,351
From parent	3,032,927	6,965,485
From associates and joint ventures	603,908	534,460
	6,961,454	10,684,296
Investment in Government of Dubai bonds	828	43,559
Loans to and investment in funds managed by the Group	411,280	484,491
Commitments to associates	8,586	9,066

21 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
Payments made to associates and joint ventures	35,062	40,971
Payments received from associates and joint ventures	1,220	-
Fees received in respect of funds managed by the Group	41,682	17,730
Interest paid to funds managed by the Group	1,223	1,004
Interest paid by joint ventures	29	32
Directors sitting fee	1,440	-

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 2015 AED 000	Unaudited three months period ended 31 March 2014 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	41,799	27,465
Post employment benefits	284	257

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 three months period ended 31 March 2015 AED 000	Unaudited three months period ended 31 March 2014 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)	(5,208,703)	150,619
Balance at end of period	<u>19,554,649</u>	<u>7,086,736</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	50,277,524	40,713,872
Due from banks	29,487,289	20,427,007
Due to banks	(14,125,394)	(17,432,293)
	<u>65,639,419</u>	<u>43,708,586</u>
Less : deposits with Central Bank for regulatory purposes	(24,008,336)	(21,467,562)
Less : certificates of deposits with Central Bank maturing after three months	(13,500,000)	(11,250,000)
Less : amounts due from banks maturing after three months	(13,554,911)	(9,645,653)
Add : amounts due to banks maturing after three months	4,978,477	5,741,365
	<u>19,554,649</u>	<u>7,086,736</u>

23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUEFair Value of assets and liabilities

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

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

23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

31 March 2015

	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
<u>Trading securities</u>				
Debt Securities	1,131,269	2,466	-	1,133,735
Others	58,193	64,906	-	123,099
	1,189,462	67,372	-	1,256,834
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	6,514,281	3,375,464	-	9,889,745
Investment in equities	500,885	244,042	794,416	1,539,343
Others	-	143,004	484,965	627,969
	7,015,166	3,762,510	1,279,381	12,057,057
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	222,075	20,532	-	242,607
	222,075	20,532	-	242,607
<u>Derivatives held for trading</u>				
Positive fair value of derivatives	-	1,922,849	-	1,922,849
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	62,019	-	62,019
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	-	-	-
	-	1,984,868	-	1,984,868
<u>Derivatives held for trading</u>				
Negative fair value of derivatives	-	(1,937,321)	-	(1,937,321)
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	(5,058)	-	(5,058)
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	(217,249)	-	(217,249)
	-	(2,159,628)	-	(2,159,628)
	8,426,703	3,675,654	1,279,381	13,381,738

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 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 2015	1,228,202	-	-	1,228,202
Total gains or losses:				
- in profit or loss	-	-	-	-
- in other comprehensive income	(9,402)	-	-	(9,402)
Purchases	-	-	-	-
Settlements and other adjustments	(20,017)	-	-	(20,017)
Transfers into Level 3	80,598	-	-	80,598
Transfers out of Level 3	-	-	-	-
Balance as at 31 March 2015	1,279,381	-	-	1,279,381

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. 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.

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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
<u>Trading securities</u>				
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>
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
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>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	245,013	21,594	-	266,607
	<u>245,013</u>	<u>21,594</u>	-	<u>266,607</u>
<u>Derivatives held for trading</u>				
<u>Positive fair value of derivatives</u>		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>
<u>Derivatives held for trading</u>				
<u>Negative fair value of derivatives</u>		(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 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 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