

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016



EMIRATES NBD BANK 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 BANK PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates NBD Bank PJSC (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 30 June 2016 and the related consolidated interim statements of income and comprehensive income for the three month and six month periods then ended and consolidated interim statement of cash flows and changes in equity for the six 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

17 July 2016

Dubai, United Arab Emirates

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (UNAUDITED)

	Notes	Unaudited	Audited
		30 June 2016 AED 000	31 December 2015 AED 000
ASSETS			
Cash and deposits with Central Bank	3	51,349,036	54,974,670
Due from banks	4	43,202,590	39,836,584
Trading securities		1,576,337	1,678,869
Investment securities	5	17,012,558	15,926,581
Loans and receivables	6	236,795,140	226,696,541
Islamic financing receivables	7	49,231,093	43,884,317
Investments in associates and joint ventures		1,639,645	1,615,021
Positive fair value of derivatives	19	3,561,715	2,669,079
Investment properties		792,362	805,937
Customer acceptances		6,055,320	3,712,749
Property and equipment		2,439,655	2,396,314
Goodwill and intangibles	8	5,937,567	6,030,825
Other assets	9	6,163,967	6,332,688
TOTAL ASSETS		425,756,985	406,560,175
LIABILITIES			
Due to banks		16,017,118	18,822,719
Customer deposits		235,595,067	224,385,213
Islamic customer deposits		62,023,578	62,846,692
Repurchase agreements with banks		103,949	248,334
Debt issued and other borrowed funds	10	36,648,477	31,287,342
Sukuk payable		6,426,875	3,672,500
Negative fair value of derivatives	19	3,362,929	2,610,205
Customer acceptances		6,055,320	3,712,749
Other liabilities	11	8,014,539	8,225,894
TOTAL LIABILITIES		374,247,852	355,811,648
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		223,101	476,375
Currency translation reserve		(396,553)	(207,411)
Retained earnings		18,769,547	17,566,680
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		51,503,316	50,742,865
Non-controlling interest		5,817	5,662
TOTAL EQUITY		51,509,133	50,748,527
TOTAL LIABILITIES AND EQUITY		425,756,985	406,560,175

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

17 JUL 2016



Director



Chief Executive Officer

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	Notes	Unaudited three months period ended 30 June 2016 AED 000	Unaudited three months period ended 30 June 2015 AED 000	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Interest and similar income		3,034,750	2,696,532	6,031,779	5,367,978
Interest and similar expense		(911,222)	(599,133)	(1,751,436)	(1,156,423)
Net interest income		2,123,528	2,097,399	4,280,343	4,211,555
Income from Islamic financing and investment products		631,373	515,436	1,256,373	995,226
Distribution on Islamic deposits and profit paid to Sukuk holders		(210,479)	(115,987)	(437,373)	(225,134)
Net income from Islamic financing and investment products		420,894	399,449	819,000	770,092
Net interest income and income from Islamic financing and investment products net of distribution to depositors		2,544,422	2,496,848	5,099,343	4,981,647
Fee and commission income		949,035	874,376	1,869,763	1,757,075
Fee and commission expense		(221,393)	(193,764)	(416,274)	(368,577)
Net fee and commission income		727,642	680,612	1,453,489	1,388,498
Net gain (loss) on trading securities		58,025	28,363	102,963	53,482
Other operating income	14	435,636	503,984	1,015,290	1,131,285
Total operating income		3,765,725	3,709,807	7,671,085	7,554,912
General and administrative expenses	15	(1,225,924)	(1,156,700)	(2,475,967)	(2,235,924)
Operating profit before impairment		2,539,801	2,553,107	5,195,118	5,318,988
Net impairment loss on financial assets	16	(626,238)	(900,840)	(1,455,706)	(1,986,132)
Operating profit after impairment		1,913,563	1,652,267	3,739,412	3,332,856
Share of profit of associates and joint ventures		34,399	38,695	61,240	74,745
Group profit for the period before taxation		1,947,962	1,690,962	3,800,652	3,407,601
Taxation charge		(37,632)	(44,891)	(82,331)	(90,466)
Group profit for the period after taxation		1,910,330	1,646,071	3,718,321	3,317,135
Attributable to:					
Equity holders of the Group		1,910,225	1,645,792	3,718,166	3,316,643
Non-controlling interest		105	279	155	492
Group profit for the period		1,910,330	1,646,071	3,718,321	3,317,135
Earnings per share	18	0.32	0.27	0.62	0.54

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 SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

	Unaudited three months period ended 30 June 2016 AED 000	Unaudited three months period ended 30 June 2015 AED 000	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Group profit for the period	1,910,330	1,646,071	3,718,321	3,317,135
Items that may be reclassified subsequently to Income statement:				
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	(55,585)	29,391	72,717	60,626
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	64,361	(17,891)	(125,704)	46,056
- Net amount transferred to income statement	(26,156)	(96,193)	(200,287)	(155,280)
Currency translation reserve	(23,283)	16,406	(189,142)	(111,698)
Other comprehensive income for the period	(40,663)	(68,287)	(442,416)	(160,296)
Total comprehensive income for the period	1,869,667	1,577,784	3,275,905	3,156,839
Attributable to:				
Equity holders of the Bank	1,869,562	1,577,505	3,275,750	3,156,347
Non-controlling interest	105	279	155	492
Total comprehensive income for the period	1,869,667	1,577,784	3,275,905	3,156,839

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

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GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

Notes	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	3,718,321	3,317,135
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	953,558	1,470,989
Impairment loss on Islamic financing receivables	506,889	412,625
Impairment loss on investment securities	35,691	22,179
Amortisation of fair value	48,180	22,908
Discount on Investment securities	30,410	25,901
Unrealised foreign exchange gain	(64,288)	(74,983)
Amortisation of intangibles	40,245	40,500
Depreciation of property and equipment	160,103	139,736
Share of profit of associates and joint ventures	(61,240)	(74,745)
Unrealized (gain)/loss on investments	(48,651)	9,802
Unrealized (gain)/loss on FV Hedged item	123,402	(177,080)
Gain on sale of property and equipment	-	(28,491)
Gain on sale of investment properties	-	(140,162)
Gain on sale of properties (inventories)	(24,710)	(42,652)
Operating profit before changes in operating assets and liabilities	5,417,910	4,923,662
(Increase)/decrease in interest free statutory deposits	3,659,965	449,834
(Increase)/decrease in certificate of deposits with Central Bank maturing after three months	(10,102,475)	(3,750,000)
(Increase)/decrease in amounts due from banks maturing after three months	(84,599)	(8,038,758)
Increase/(decrease) in amounts due to banks maturing after three months	293,290	2,878,502
(Increase)/decrease in other assets	(2,122,166)	2,426,937
Increase/(decrease) in other liabilities	2,099,365	1,351,645
(Increase)/decrease in positive fair value of derivatives	(864,974)	(294,065)
Increase/(decrease) in negative fair value of derivatives	797,779	77,903
Increase/(decrease) in customer deposits	11,209,854	13,280,196
Increase/(decrease) in Islamic customer deposits	(823,114)	2,908,330
Increase/(decrease) in trading securities	106,233	(434,382)
(Increase)/decrease in loans and receivables	(11,052,157)	(6,875,986)
(Increase)/decrease in Islamic financing receivables	(5,853,665)	(5,207,387)
Net cash flows from/(used in) operating activities	(7,318,754)	3,696,431

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

	Notes	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
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<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(1,432,800)	(1,673,802)
(Increase)/decrease in investments in associates and joint ventures		36,935	63,790
Acquisition of Investment Properties		-	542,584
Disposal of Investment Properties		-	(21,726)
Addition of property and equipment		(212,342)	(224,385)
Disposal of property and equipment		8,898	432,436
Net cash flows from/(used in) investing activities		(1,599,309)	(881,103)
<u>FINANCING ACTIVITIES</u>			
Increase/(decrease) in deposits under repurchase agreements		(144,385)	150,688
Issuance of debt issued and other borrowed funds	10	11,643,864	8,867,431
Repayment of debt issued and other borrowed funds	10	(6,508,338)	(2,201,169)
Increase/(decrease) in Sukuk borrowing		2,754,375	-
Interest on Tier I capital notes		(294,550)	(294,750)
Dividends paid		(2,220,749)	(1,943,155)
Net cash flows from /(used in) financing activities		5,230,217	4,579,045
Increase/(decrease) in cash and cash equivalents (refer Note 22)		(3,687,846)	7,394,373

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 SIX MONTHS PERIOD ENDED 30 JUNE 2016 (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 2016	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	476,375	(207,411)	17,566,680	50,742,865	5,662	50,748,527
Total comprehensive income for the period	-	-	-	-	-	-	(253,274)	(189,142)	3,718,166	3,275,750	155	3,275,905
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(294,550)	(294,550)	-	(294,550)
Dividends paid	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 30 June 2016	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	223,101	(396,553)	18,769,547	51,503,316	5,817	51,509,133
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	-	-	-	-	-	-	(48,598)	(111,698)	3,316,643	3,156,347	492	3,156,839
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(294,750)	(294,750)	-	(294,750)
Dividends paid	-	-	-	-	-	-	-	-	(1,943,155)	(1,943,155)	-	(1,943,155)
Balance as at 30 June 2015	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	842,692	(183,437)	14,109,957	47,676,433	5,418	47,681,851

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2016 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 Bank PJSC (the “Bank”) was incorporated in the United Arab Emirates on 16 July 2007 consequent to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The Bank is currently assessing the impact of the new law and expects to be fully compliant on or before the end of grace period on 30 June 2017.

The condensed consolidated interim financial statements for the period ended 30 June 2016 comprise the financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2015. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2016 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 2015. In addition, results for the six months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2016.

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 2015.

(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 2015.

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Cash	2,923,307	3,694,925
Interest free statutory deposits with Central Banks	26,733,282	30,393,247
Interest bearing placements with Central Banks	1,236,237	3,214,873
Murabahas and Interest bearing certificates of deposits with Central Banks	20,456,210	17,671,625
	<u>51,349,036</u>	<u>54,974,670</u>

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

4 DUE FROM BANKS

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Due from banks in UAE	7,667,841	5,089,195
Due from foreign banks	35,534,749	34,747,389
	<u>43,202,590</u>	<u>39,836,584</u>

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

5 INVESTMENT SECURITIES

<u>30 June 2016</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	11,321	5,623	-	16,944
Corporate bonds	146,032	15,052	-	161,084
	<u>157,353</u>	<u>20,675</u>	<u>-</u>	<u>178,028</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	1,062,962	7,834,045	1,214,333	10,111,340
Corporate bonds	1,917,807	1,067,740	2,270,356	5,255,903
Equity	261,492	703,011	18,304	982,807
Others	58,923	51,013	247,935	357,871
	<u>3,301,184</u>	<u>9,655,809</u>	<u>3,750,928</u>	<u>16,707,921</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	68,030	137	58,442	126,609
	<u>68,030</u>	<u>137</u>	<u>58,442</u>	<u>126,609</u>
	<u>3,526,567</u>	<u>9,676,621</u>	<u>3,809,370</u>	<u>17,012,558</u>

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

5 INVESTMENT SECURITIES (CONTINUED)

<u>31 December 2015</u>	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>HELD TO MATURITY:</u>				
Government bonds	11,485	75,056	-	86,541
Corporate bonds	146,520	15,225	-	161,745
	<u>158,005</u>	<u>90,281</u>	<u>-</u>	<u>248,286</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	548,044	5,985,288	1,953,925	8,487,257
Corporate bonds	1,562,779	687,668	2,922,051	5,172,498
Equity	547,821	808,241	74,062	1,430,124
Others	68,560	64,710	306,909	440,179
	<u>2,727,204</u>	<u>7,545,907</u>	<u>5,256,947</u>	<u>15,530,058</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	72,560	1,651	74,026	148,237
	<u>72,560</u>	<u>1,651</u>	<u>74,026</u>	<u>148,237</u>
	<u>2,957,769</u>	<u>7,637,839</u>	<u>5,330,973</u>	<u>15,926,581</u>

6 LOANS AND RECEIVABLES

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Overdrafts	107,937,442	101,438,537
Time loans	131,742,909	127,828,462
Loans against trust receipts	8,527,025	8,244,741
Bills discounted	2,525,397	2,640,618
Credit card receivables	4,715,264	4,493,159
Others	594,584	606,838
Gross loans and receivables	256,042,621	245,252,355
Other debt instruments	94,998	114,314
Total loans and receivables	256,137,619	245,366,669
Less: Allowances for impairment	(19,342,479)	(18,670,128)
	236,795,140	226,696,541
Total of impaired loans and receivables	14,884,901	15,091,904

6 LOANS AND RECEIVABLES (CONTINUED)

<u>Analysis by economic activity</u>	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Agriculture and allied activities	104,876	159,128
Mining and quarrying	514,476	507,313
Manufacturing	8,209,824	7,567,864
Construction	6,863,151	6,788,367
Trade	15,356,932	13,862,865
Transport and communication	4,627,567	4,836,334
Services	3,837,101	3,749,611
Sovereign	126,130,277	120,449,898
Personal	35,749,460	33,842,736
Real estate	31,656,439	31,032,786
Financial institutions and investment companies	22,231,187	21,687,551
Others	856,329	882,216
Total loans and receivables	256,137,619	245,366,669
Less: Allowances for impairment	(19,342,479)	(18,670,128)
	236,795,140	226,696,541

6 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	13,139,731	13,186,654
Allowances for impairment made during the period	706,805	1,179,713
Write back / recoveries made during the period	(663,578)	(670,582)
Amounts written off during the period	(268,350)	(120,149)
Exchange and other adjustments	(5,626)	(2,570)
Balance as at 30 June	12,908,982	13,573,066
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	5,530,397	3,684,329
Allowances for impairment made during the period	910,331	961,858
Exchange and other adjustments	(7,231)	(3,584)
Balance as at 30 June	6,433,497	4,642,603
Total	19,342,479	18,215,669

7 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Murabaha	32,699,985	31,180,923
Ijara	18,914,346	15,124,343
Credit cards receivable	955,040	896,408
Wakala	1,678,633	1,676,497
Istissna'a	1,417,112	1,180,460
Others	901,212	928,030
Total Islamic financing receivables	56,566,328	50,986,661
Less: Deferred income	(2,539,702)	(2,533,031)
Less: Allowances for impairment	(4,795,533)	(4,569,313)
	49,231,093	43,884,317
Total of impaired Islamic financing receivables	5,483,477	5,750,107

Corporate Ijara assets amounting to AED 5.3 billion [2015: 3.7 billion] and Murabaha assets amounting to AED 1.1 billion [2015: Nil] were securitised for the purpose of issuance of Sukuk liability.

7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	27,686	17,389
Mining and quarrying	53,025	84,362
Manufacturing	1,168,073	1,811,992
Construction	1,781,440	1,849,218
Trade	3,664,890	2,965,491
Transport and communication	1,553,051	1,467,876
Services	4,807,812	3,871,419
Sovereign	658,422	310,836
Personal	29,848,999	26,560,000
Real estate	8,723,947	7,559,182
Financial institutions and investment companies	1,953,592	2,249,597
Others	2,325,391	2,239,299
Total islamic financing and receivables	56,566,328	50,986,661
Less: Deferred Income	(2,539,702)	(2,533,031)
Less: Allowances for impairment	(4,795,533)	(4,569,313)
	49,231,093	43,884,317

7 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	4,029,366	3,642,639
Allowances for impairment made during the period	1,036,208	555,184
Write back /recoveries made during the period	(654,414)	(155,451)
Amounts written off during the period	(280,802)	(308,192)
Exchange and other adjustments	123	198
Balance as at 30 June	4,130,481	3,734,378
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	539,947	509,834
Allowances for impairment made during the period	125,095	12,892
Exchange and other adjustments	10	-
Balance as at 30 June	665,052	522,726
Total	4,795,533	4,257,104

8 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition			Total	
		Banking license	Software	Customer relationships	Core deposit intangibles	
<u>30 June 2016</u>	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
<u>Cost</u>						
Balance as at 1 January	5,621,200	318,320	9,281	157,490	659,392	6,765,683
Foreign exchange movement	(14,229)	(37,914)	-	-	(870)	(53,013)
	5,606,971	280,406	9,281	157,490	658,522	6,712,670
<u>Less: Amortisation and impairment</u>						
Balance as at 1 January	4,903	-	9,281	156,174	564,500	734,858
Amortisation and impairment for the period	-	-	-	745	39,500	40,245
Balance as at 30 June	4,903	-	9,281	156,919	604,000	775,103
Net Goodwill and Intangibles	5,602,068	280,406	-	571	54,522	5,937,567
<u>31 December 2015</u>						
<u>Cost</u>	5,621,200	318,320	9,281	157,490	659,392	6,765,683
Less: Amortisation and impairment	4,903	-	9,281	156,174	564,500	734,858
Net Goodwill and Intangibles	5,616,297	318,320	-	1,316	94,892	6,030,825

9 OTHER ASSETS

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Accrued interest receivable	1,236,794	1,368,182
Islamic Profit receivable	92,294	111,030
Prepayments and other advances	274,267	217,282
Sundry debtors and other receivables	1,417,898	772,539
Inventory	1,609,402	1,697,821
Fair value of deposit (a)	251,789	286,342
Others	1,281,523	1,879,492
	6,163,967	6,332,688

- (a) On acquisition of Dubai Bank in October 2011, the Group received a deposit from the Ministry of Finance of the UAE amounting to AED 2.8 billion at a discount compared to the market available interest rate. As per the Group policy, the financial liability should be recognised initially at its fair value plus the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Since the deposit was received at an interest rate which is below the market available interest rate, a fair value gain of AED 543 million was recognised in the financial statements in 2011, which will be amortised over the term of the deposit (8 years) at the effective interest rate.

10 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Medium term note programme*	28,150,546	26,067,612
Term loans from banks	6,243,250	2,938,000
Borrowings raised from loan securitisations	2,254,681	2,281,730
	36,648,477	31,287,342

*Includes Tier 2 notes amounting to AED 4,341 million (2015: AED 4,341 million) raised through public and private placements.

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Balance as at 1 January	31,287,342	26,697,691
New issues	11,643,864	10,563,141
Repayments	(6,508,338)	(5,651,375)
Other movements*	225,609	(322,115)
Balance at end of period	36,648,477	31,287,342

*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 June 2016, the outstanding medium term borrowings totaling AED 36,648 million (31 December 2015: AED 31,287 million) is falling due as below:

	Unaudited 30 June 2016 AED millions	Audited 31 December 2015 AED millions
2016	2,718	9,123
2017	7,862	5,261
2018	1,491	1,199
2019	12,723	5,173
2020	1,594	1,596
2021	1,248	-
2022	4,625	4,552
2023	3,605	3,605
2024	583	583
2025	117	115
2026	82	80
	36,648	31,287

11 OTHER LIABILITIES

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Accrued interest payable	1,031,582	764,628
Profit payable to Islamic depositors	203,576	214,605
Managers' cheques	1,208,091	1,476,011
Trade and other payables	1,773,055	1,764,068
Staff related liabilities	884,252	1,043,050
Provision for taxation	64,421	89,516
Others	2,849,562	2,874,016
	8,014,539	8,225,894

12 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 15 February 2016, shareholders approved payment of a cash dividend of 40% of the issued and paid up capital amounting to AED 2,223 million which has been recognised in the interim financial statements as of 30 June 2016.

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 six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Dividend income	22,712	47,092
Gains from sale of available-for-sale investment securities	200,287	155,280
Gain / (loss) from investment securities designated at fair value through profit or loss	(2,258)	(4,897)
Rental income	40,354	51,242
Gain on sale of properties (Investment properties / inventories)	24,710	182,814
Foreign exchange income*	557,979	499,029
Derivative income	67,207	73,976
Other income (net)	104,299	126,749
	1,015,290	1,131,285

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

15 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Staff cost	1,667,499	1,468,780
Occupancy cost	186,065	171,628
Equipment & supplies	72,897	62,992
Information technology cost	69,851	70,546
Communication cost	78,696	73,735
Service, legal and professional fees	40,367	39,592
Marketing related expenses	47,651	33,087
Depreciation	160,103	139,736
Amortisation of intangibles	40,245	40,500
Others	112,593	135,328
	<u>2,475,967</u>	<u>2,235,924</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 six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Net impairment of loans and receivables	953,558	1,470,989
Net impairment of Islamic financing receivables	506,889	412,625
Net impairment of investment securities	35,691	22,179
Net impairment of due from banks	-	(3,020)
Bad debt written off / (recovery) - net	(40,432)	83,359
Net impairment loss for the period	<u>1,455,706</u>	<u>1,986,132</u>

17 COMMITMENTS AND CONTINGENCIES

At 30 June 2016, the Group's commitments and contingencies are as follows:

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
Letters of credit	9,593,247	9,578,127
Guarantees	45,150,080	45,249,694
Liability on risk participations	337,090	498,516
Irrevocable loan commitments*	27,192,300	23,550,505
	82,272,717	78,876,842

*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 six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Profit for the period attributable to equity holders	3,718,166	3,316,643
Deduct : Interest on Tier 1 capital notes	(294,550)	(294,750)
Net profit attributable to equity holders	3,423,616	3,021,893
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share* (AED)	0.62	0.54

*The diluted and basic Earnings per share were the same for the six months period ended 30 June 2016.

19 DERIVATIVES

	June 2016			December 2015		
	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000	Positive fair value AED 000	Negative fair value AED 000	Notional amount AED 000
	Derivatives held for trading	3,482,943	(3,091,791)	438,329,338	2,617,751	(2,171,958)
Derivatives held as cash flow hedges	78,772	(2,087)	5,892,966	51,110	(47,142)	6,148,631
Derivatives held as fair value hedges	-	(269,051)	3,186,948	218	(391,105)	2,980,844
Total	3,561,715	(3,362,929)	447,409,252	2,669,079	(2,610,205)	415,646,347

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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 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2016 (UNAUDITED)

20 OPERATING SEGMENTS (CONTINUED)30 June 2016

	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,572,254	1,857,394	14,683	890,292	764,720	5,099,343
Net Fees, commission and other income	668,803	1,177,488	263,186	325,606	136,659	2,571,742
Total operating Income	2,241,057	3,034,882	277,869	1,215,898	901,379	7,671,085
General and administrative expenses	(208,446)	(967,873)	(61,949)	(584,820)	(652,879)	(2,475,967)
Net impairment loss on financial assets	(410,408)	(402,877)	42,346	(610,763)	(74,004)	(1,455,706)
Share of profit of associates and joint ventures	-	-	-	-	61,240	61,240
Taxation charge	(5,010)	(4,370)	(7,214)	-	(65,737)	(82,331)
Group Profit for the Period	1,617,193	1,659,762	251,052	20,315	169,999	3,718,321
Segment Assets	242,138,368	48,984,777	49,320,732	51,158,418	34,154,690	425,756,985
Segment Liabilities and Equity	112,505,444	125,976,336	29,844,668	55,522,422	101,908,115	425,756,985

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20 OPERATING SEGMENTS (CONTINUED)

<u>30 June 2015</u>	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,780,055	1,738,684	(141,989)	786,330	818,567	4,981,647
Net Fees, commission and other income	706,265	1,082,706	305,434	427,804	51,056	2,573,265
Total operating Income	2,486,320	2,821,390	163,445	1,214,134	869,623	7,554,912
General and administrative expenses	(167,282)	(958,836)	(67,540)	(448,703)	(593,563)	(2,235,924)
Net impairment loss on financial assets	(1,370,335)	(202,100)	15,980	(421,683)	(7,994)	(1,986,132)
Share of profit of associates and joint ventures	-	-	-	853	73,892	74,745
Taxation charge	(10,529)	(4,486)	(2,754)	-	(72,697)	(90,466)
Group Profit for the Period	938,174	1,655,968	109,131	344,601	269,261	3,317,135
Segment Assets	222,014,235	50,258,869	44,538,764	49,322,462	21,943,320	388,077,650
Segment Liabilities and Equity	111,738,962	117,649,897	24,482,653	51,210,819	82,995,319	388,077,650

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 2015: 9%) and 7% (December 2015: 7%) respectively, of the total deposits and loans of the Group.

These entities are independently run business entities, and all financial dealings with the Group are on normal commercial terms.

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

Related party balances and transactions are carried out on normal commercial terms and are as follows:

	Unaudited 30 June 2016 AED 000	Audited 31 December 2015 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	126,389,673	120,747,984
To parent	1,471,127	1,469,561
To directors and related companies	122,372	1,608,377
To associates and joint ventures	-	26,466
	127,983,172	123,852,388
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	3,130,744	3,828,527
From parent	5,146,742	6,686,481
From associates and joint ventures	164,536	195,222
	8,442,022	10,710,230
Investment in Government of Dubai bonds	20,457	5,913
Loans to and investment in funds managed by the Group	280,628	290,802
Commitments to associates	9,726	9,468

21 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
Payments made to associates and joint ventures	70,257	70,672
Payments received from associates and joint ventures	2,416	2,457
Payments made to other related parties	25,022	24,962
Fees received in respect of funds managed by the Group	28,629	42,034
Interest paid to funds managed by the Group	3,265	3,948
Interest (paid by) / paid to joint ventures	2,165	33
Directors sitting fee	4,009	3,360

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

	Unaudited six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	48,580	49,828
Post employment benefits	604	794

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 six months period ended 30 June 2016 AED 000	Unaudited six months period ended 30 June 2015 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	31,828,539	24,763,352
Net cash inflow/(outflow)	(3,687,846)	7,394,373
Balance at end of period	<u>28,140,693</u>	<u>32,157,725</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	51,349,036	53,407,849
Due from banks	43,202,590	38,807,958
Due to banks	(16,017,118)	(15,295,880)
	<u>78,534,508</u>	<u>76,919,927</u>
Less : deposits with Central Bank for regulatory purposes	(26,733,282)	(24,193,256)
Less : certificates of deposits with Central Bank maturing after three months	(16,402,475)	(10,500,000)
Less : amounts due from banks maturing after three months	(13,292,136)	(16,794,094)
Add : amounts due to banks maturing after three months	6,034,078	6,725,148
	<u>28,140,693</u>	<u>32,157,725</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).

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23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)30 June 2016

	Level 1 AED 000	Level 2 AED 000	Level 3 AED 000	Total AED 000
<u>Trading securities</u>				
Debt Securities	1,346,680	75,003	32,796	1,454,479
Others	46,014	75,844	-	121,858
	1,392,694	150,847	32,796	1,576,337
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	9,227,691	5,957,354	182,198	15,367,243
Investment in equities	111,608	150,668	720,531	982,807
Others	-	97,237	260,634	357,871
	9,339,299	6,205,259	1,163,363	16,707,921
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	119,047	7,562	-	126,609
	119,047	7,562	-	126,609
<u>Derivatives held for trading</u>				
Positive fair value of derivatives	-	3,482,943	-	3,482,943
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	78,772	-	78,772
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	-	-	-
	-	3,561,715	-	3,561,715
<u>Derivatives held for trading</u>				
Negative fair value of derivatives	-	(3,091,791)	-	(3,091,791)
<u>Derivatives held as cash flow hedges:</u>				
Interest rate swaps	-	(2,087)	-	(2,087)
<u>Derivatives held as fair value hedges:</u>				
Interest rate swaps	-	(269,051)	-	(269,051)
	-	(3,362,929)	-	(3,362,929)
	10,851,040	6,562,454	1,196,159	18,609,653

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 2016	1,270,578	-	177,669	1,448,247
Total gains or losses:	-	-	-	-
- in profit or loss	-	-	815	815
- in other comprehensive income	(16,617)	-	-	(16,617)
Purchases	-	-	-	-
Settlements and other adjustments	(90,598)	-	(145,688)	(236,286)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Balance as at 30 June 2016	1,163,363	-	32,796	1,196,159

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.

During the period ended 30 June 2016 no available for sale financial assets were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2015: AED Nil).

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 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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23 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

31 December 2015

	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Trading securities</u>				
Debt Securities	1,381,556	1,157	177,669	1,560,382
Others	42,729	75,758	-	118,487
	1,424,285	76,915	177,669	1,678,869
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	8,311,699	5,170,387	177,669	13,659,755
Investment in equities	410,935	228,347	790,842	1,430,124
Others	-	138,112	302,067	440,179
	8,722,634	5,536,846	1,270,578	15,530,058
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Others	134,582	13,655	-	148,237
	134,582	13,655	-	148,237
<u>Derivatives held for trading</u>				
<u>Positive fair value of derivatives</u>	-	2,617,751	-	2,617,751
Derivatives held as cash flow hedges:				
Interest rate swaps	-	51,110	-	51,110
Derivatives held as fair value hedges:				
Interest rate swaps	-	218	-	218
	-	2,669,079	-	2,669,079
<u>Derivatives held for trading</u>				
<u>Negative fair value of derivatives</u>	-	(2,171,958)	-	(2,171,958)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(47,142)	-	(47,142)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(391,105)	-	(391,105)
	-	(2,610,205)	-	(2,610,205)
	10,281,501	5,686,290	1,448,247	17,416,038

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 2015	1,228,199	-	-	1,228,199
Total gains or losses:				
- in profit or loss	(64,680)	-	(3,202)	(67,882)
- in other comprehensive income	(74,851)	-	-	(74,851)
Purchases	185,585	-	180,871	366,456
Issues	-	-	-	-
Settlements and other adjustments	(84,272)	-	-	(84,272)
Transfers into Level 3	80,597	-	-	80,597
Transfers out of Level 3	-	-	-	-
Balance as at 31 December 2015	1,270,578	-	177,669	1,448,247