

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019



EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	Page
Independent auditors' report on review of the Group condensed consolidated interim financial statements	1
Group condensed consolidated interim statement of financial position	2
Group condensed consolidated interim income statement	3
Group condensed consolidated interim statement of comprehensive income	4
Group condensed consolidated interim statement of cash flows	5 - 6
Group condensed consolidated interim statement of changes in equity	7
Notes to the Group condensed consolidated interim financial statements	8 - 35

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Emirates NBD Bank PJSC, Dubai, United Arab Emirates** (the “Bank”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 September 2019 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 15 January 2019. Furthermore, the condensed consolidated interim financial information of the Group for the nine months period ended 30 September 2018 were reviewed by another auditor who expressed an unmodified conclusion on 29 October 2018.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No.: 1141
27 October 2019
Dubai
United Arab Emirates

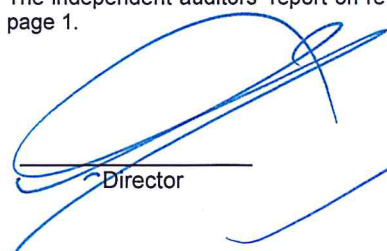
Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowitz (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

EMIRATES NBD BANK PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
ASSETS			
Cash and deposits with Central Banks	4	107,325,196	84,604,316
Due from banks	5	45,495,576	39,907,253
Investment securities	6	49,103,518	20,066,403
Loans and receivables	7	377,935,969	278,064,013
Islamic financing receivables	8	51,719,944	49,866,487
Positive fair value of derivatives	21	8,172,934	3,670,892
Investments in associates and joint ventures	28	185,806	1,581,180
Customer acceptances		9,633,846	7,736,164
Investment properties		669,102	549,705
Property and equipment		4,318,454	2,515,884
Goodwill and intangibles	9	6,692,673	5,686,258
Other assets	10	14,330,479	6,094,191
TOTAL ASSETS		675,583,497	500,342,746
LIABILITIES			
Due to banks		40,980,216	22,339,668
Customer deposits		384,070,593	290,920,920
Islamic customer deposits		84,158,029	56,945,102
Debt issued and other borrowed funds	11	53,459,311	40,715,230
Sukuk payable	12	3,681,231	3,685,160
Negative fair value of derivatives	21	6,648,983	3,767,748
Customer acceptances		9,633,846	7,736,164
Other liabilities	13	19,424,414	10,208,391
TOTAL LIABILITIES		602,056,623	436,318,383
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	9,468,272	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		(255,456)	(72,904)
Currency translation reserve		(1,306,280)	(1,231,558)
Retained earnings		42,164,666	32,412,538
TOTAL EQUITY ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP		73,501,347	64,015,297
Non-controlling interest		25,527	9,066
TOTAL EQUITY		73,526,874	64,024,363
TOTAL LIABILITIES AND EQUITY		675,583,497	500,342,746

The attached notes 1 to 29 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

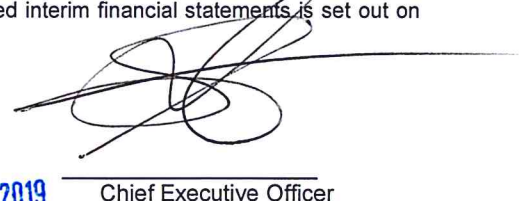


Director



Director

27 OCT 2019



Chief Executive Officer

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**

		Unaudited three months period ended 30 September 2019 AED 000	Unaudited three months period ended 30 September 2018 AED 000	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Interest and similar income		7,073,318	4,427,048	16,790,556	12,341,632
Interest and similar expense		(3,183,298)	(1,607,115)	(6,795,693)	(4,245,779)
Net interest income		3,890,020	2,819,933	9,994,863	8,095,853
Income from Islamic financing and investment products		833,840	727,710	2,454,180	2,094,325
Distribution on Islamic deposits and profit paid to Sukuk holders		(453,087)	(240,456)	(1,326,707)	(654,347)
Net income from Islamic financing and investment products		380,753	487,254	1,127,473	1,439,978
Net interest income and income from Islamic financing and investment products net of distribution to depositors		4,270,773	3,307,187	11,122,336	9,535,831
Fee and commission income		1,693,236	972,760	3,824,421	2,969,469
Fee and commission expense		(559,395)	(305,251)	(1,215,038)	(861,498)
Net fee and commission income		1,133,841	667,509	2,609,383	2,107,971
Net gain / (loss) on trading securities		53,205	21,762	172,648	47,711
Other operating income	16	556,279	457,731	1,636,805	1,213,806
Total operating income		6,014,098	4,454,189	15,541,172	12,905,319
General and administrative expenses	17	(1,880,014)	(1,465,954)	(4,706,498)	(4,112,120)
Operating profit before impairment		4,134,084	2,988,235	10,834,674	8,793,199
Net impairment loss on financial assets	18	(1,528,051)	(353,038)	(2,754,512)	(1,107,688)
Operating profit after impairment		2,606,033	2,635,197	8,080,162	7,685,511
Gain on disposal of stake in jointly controlled entity and fair value gain on retained interest	28	2,323,478	-	4,389,309	-
Share of profit / (loss) of associates and joint ventures		5,788	33,661	17,735	82,830
Gain on bargain purchase	27	141,563	-	141,563	-
Group profit for the period before tax		5,076,862	2,668,858	12,628,769	7,768,341
Taxation charge		(75,491)	(30,452)	(145,427)	(112,333)
Group profit for the period after tax		5,001,371	2,638,406	12,483,342	7,656,008
Attributable to:					
Equity holders of the Group		5,000,842	2,638,218	12,482,073	7,655,286
Non-controlling interest		529	188	1,269	722
Group profit for the period after tax		5,001,371	2,638,406	12,483,342	7,656,008
Earnings per share	20	0.87	0.45	2.16	1.30

The attached notes 1 to 29 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**

	Unaudited three months period ended 30 September 2019 AED 000	Unaudited three months period ended 30 September 2018 AED 000	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Group profit for the period after tax	5,001,371	2,638,406	12,483,342	7,656,008
Other comprehensive income				
Items that will not be reclassified				
subsequently to Income statement:				
Movement in fair value reserve (equity instruments):				
Net change in fair value	(142,789)	(4,738)	(135,787)	(103,703)
Net amount transferred to retained earnings	-	-	-	57,776
Items that may be reclassified				
subsequently to Income statement:				
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:				
Net change in the cost of hedging	(4,407)	(19,283)	19,012	1,102
Cash flow hedges:				
- Effective portion of changes in fair value	(133,663)	9,444	(328,630)	77,596
Fair value reserve (debt instruments):				
- Net change in fair value	210,957	33,241	304,830	(26,644)
- Net amount transferred to income statement	(1,707)	(8,628)	216	(16,575)
- Related deferred tax	(42,193)	-	(42,193)	-
Currency translation reserve:				
Exchange differences	(168,513)	(16,580)	(51,719)	(47,436)
Hedge of a net investment in foreign operations	(9,263)	14,684	(23,003)	24,578
Other comprehensive income for the period	(291,578)	8,140	(257,274)	(33,306)
Total comprehensive income for the period	4,709,793	2,646,546	12,226,068	7,622,702
Attributable to:				
Equity holders of the Bank	4,709,264	2,646,358	12,224,799	7,621,980
Non-controlling interest	529	188	1,269	722
Total comprehensive income for the period	4,709,793	2,646,546	12,226,068	7,622,702

The attached notes 1 to 29 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
<u>OPERATING ACTIVITIES</u>			
Group profit for the period before tax		12,628,769	7,768,341
Adjustment for non cash items	24	(577,957)	1,285,631
Operating profit before changes in operating assets and liabilities		12,050,812	9,053,972
(Increase)/decrease in interest free statutory deposits		4,860,651	719,594
(Increase)/decrease in certificate of deposits with Central Banks maturing after three months		(7,293,404)	(6,190,602)
(Increase)/decrease in amounts due from banks maturing after three months		3,583,504	(20,964,333)
Increase/(decrease) in amounts due to banks maturing after three months		7,597,597	3,185,454
(Increase)/decrease in other assets		(3,158,228)	567,459
Increase/(decrease) in other liabilities		2,880,097	(183,376)
(Increase)/decrease in positive fair value of derivatives		(3,205,249)	(2,408,828)
Increase/(decrease) in negative fair value of derivatives		2,024,656	2,685,669
Increase/(decrease) in customer deposits		(5,782,566)	18,598,109
Increase/(decrease) in islamic customer deposits		27,212,927	(3,953,584)
(Increase)/decrease in loans and receivables		(14,815,829)	(19,292,858)
(Increase)/decrease in Islamic financing receivables		(467,879)	(4,906,408)
		25,487,089	(23,089,732)
Taxes paid		(79,940)	(89,312)
Net cash flows from/(used in) operating activities		25,407,149	(23,179,044)

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

	Notes	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
<u>INVESTING ACTIVITIES</u>			
(Increase)/decrease in investment securities		(15,653,154)	(3,553,802)
(Increase)/decrease in investments in associates and joint ventures		(7,008)	43,029
(Increase)/decrease of property and equipment		118,758	(360,950)
Dividend income received		21,123	16,686
Disposal of stake in jointly controlled entity		4,222,307	-
Acquisition of subsidiary	27	(3,689,567)	-
Net cash flows from/(used in) investing activities		(14,987,541)	(3,855,037)
<u>FINANCING ACTIVITIES</u>			
Issuance of debt issued and other borrowed funds	11	15,533,282	15,288,793
Repayment of debt issued and other borrowed funds	11	(7,135,805)	(13,351,040)
Repayment of debt on acquisition		(4,408,892)	-
Repayment of sukuk borrowing	12	-	(1,836,250)
Issuance of Tier I capital notes		3,663,696	-
Repayment of Tier I capital notes		(3,672,500)	-
Interest on Tier I capital notes		(509,196)	(444,519)
Dividends paid		(2,220,749)	(2,220,749)
Net cash flows from /(used in) financing activities		1,249,836	(2,563,765)
(Decrease)/increase in cash and cash equivalents (refer Note 24)		11,669,444	(29,597,846)

The attached notes 1 to 29 form an integral part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of the Group condensed consolidated interim financial statements is set out on page 1.

EMIRATES NBD BANK PJSC

 GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS=DOC_FLD00005 PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

ATTRIBUTABLE TO EQUITY AND NOTE HOLDERS OF THE GROUP

	Issued Capital	Treasury shares	Tier I Capital Notes	Share premium reserve	Legal and Statutory reserve	Other reserves	Fair value reserve	Currency Translation Reserve	Retained earnings	Total	Non-controlling interest	Group Total
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2019	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	(72,904)	(1,231,558)	32,412,538	64,015,297	9,066	64,024,363
Profit for the period	-	-	-	-	-	-	-	-	12,482,073	12,482,073	1,269	12,483,342
Other comprehensive income for the period	-	-	-	-	-	-	(182,552)	(74,722)	-	(257,274)	-	(257,274)
Gain/loss on sale of FVOCI equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
Tier I capital notes issued during the period (note 15)	-	-	3,663,696	-	-	-	-	-	-	3,663,696	-	3,663,696
Tier I capital notes redeemed during the period (note 15)	-	-	(3,672,500)	-	-	-	-	-	-	(3,672,500)	-	(3,672,500)
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(509,196)	(509,196)	-	(509,196)
Non-controlling interest at acquisition	-	-	-	-	-	-	-	-	-	-	15,192	15,192
Dividends paid*	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 30 September 2019	5,557,775	(46,175)	9,468,272	12,270,124	2,778,888	2,869,533	(255,456)	(1,306,280)	42,164,666	73,501,347	25,527	73,526,874
Balance as at 1 January 2018	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	261,568	(1,219,088)	27,403,808	59,353,509	8,028	59,361,537
Impact of adopting IFRS 9 at 1 January 2018**	-	-	-	-	-	-	(118,575)	-	(2,186,971)	(2,305,546)	-	(2,305,546)
Restated balance at 1 January 2018	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	142,993	(1,219,088)	25,216,837	57,047,963	8,028	57,055,991
Profit for the period	-	-	-	-	-	-	-	-	7,655,286	7,655,286	722	7,656,008
Other comprehensive income for the period	-	-	-	-	-	-	(10,448)	(22,858)	-	(33,306)	-	(33,306)
Gain/loss on sale of FVOCI equity instruments	-	-	-	-	-	-	(57,776)	-	57,776	-	-	-
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(444,519)	(444,519)	-	(444,519)
Dividends paid	-	-	-	-	-	-	-	-	(2,220,749)	(2,220,749)	-	(2,220,749)
Balance as at 30 September 2018	5,557,775	(46,175)	9,477,076	12,270,124	2,778,888	2,869,533	74,769	(1,241,946)	30,264,631	62,004,675	8,750	62,013,425

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

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

The attached notes 1 to 29 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 Federal Law No. 8 of 1984.

The condensed consolidated interim financial statements for the period ended 30 September 2019 comprise the financial statements of the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies, including those pertaining to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties, applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements for the year ended 31 December 2018, except for changes in accounting policies explained in Note 3.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s financial statements as at and for the year ended 31 December 2018. In addition, results for the nine months period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2019.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2018.

3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2018, except the following accounting policies which are applicable from 1 January 2019:

IFRS 16 Leases

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

Lessee accounting

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

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

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

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

4 CASH AND DEPOSITS WITH CENTRAL BANKS

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Cash	3,913,213	3,307,930
Statutory and other deposits with Central Banks	40,398,940	32,135,965
Interest bearing placements with Central Banks	5,454,075	267,718
Murabahas and Interest bearing certificates of deposits with Central Banks	57,561,881	48,901,963
Less: Expected credit losses	(2,913)	(9,260)
	107,325,196	84,604,316

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

5 DUE FROM BANKS

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Due from banks in UAE	7,563,504	9,872,367
Due from foreign banks	38,028,872	30,175,162
Less: Expected credit losses	(96,800)	(140,276)
	45,495,576	39,907,253

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**6 INVESTMENT SECURITIES**

<u>Unaudited 30 September 2019</u>	Domestic*	Regional**	International***	Total
	AED 000	AED 000	AED 000	AED 000
<u>TRADING SECURITIES MEASURED AT FVTPL</u>				
Government Bonds	147,253	1,090,134	424,043	1,661,430
Corporate Bonds	580,691	258,269	692,395	1,531,355
Equity	-	-	88,035	88,035
Others	-	-	1,271	1,271
	<u>727,944</u>	<u>1,348,403</u>	<u>1,205,744</u>	<u>3,282,091</u>
<u>DESIGNATED AS AT FVTPL</u>				
Corporate Bonds	-	-	21,925	21,925
Equity	152,457	179,329	38,760	370,546
Others	12,784	81,397	138,793	232,974
	<u>165,241</u>	<u>260,726</u>	<u>199,478</u>	<u>625,445</u>
<u>MEASURED AT AMORTISED COST</u>				
Government Bonds	3,587,405	10,170,018	12,421,520	26,178,943
Corporate Bonds	735,411	1,277,889	1,969,436	3,982,736
	<u>4,322,816</u>	<u>11,447,907</u>	<u>14,390,956</u>	<u>30,161,679</u>
Less: Expected credit losses				(17,632)
				<u>30,144,047</u>
<u>MEASURED AT FVOCI - DEBT INSTRUMENTS</u>				
Government Bonds	-	566,212	9,937,321	10,503,533
Corporate Bonds	2,029,078	180,543	792,430	3,002,051
	<u>2,029,078</u>	<u>746,755</u>	<u>10,729,751</u>	<u>13,505,584</u>
Less: Expected credit losses				(18,616)
				<u>13,486,968</u>
<u>MEASURED AT FVOCI - EQUITY INSTRUMENTS</u>				
Equity	1,432,652	61,519	70,796	1,564,967
	<u>1,432,652</u>	<u>61,519</u>	<u>70,796</u>	<u>1,564,967</u>
Gross Investment securities	<u>8,677,731</u>	<u>13,865,310</u>	<u>26,596,725</u>	<u>49,139,766</u>
Net Investment securities				<u>49,103,518</u>

*Domestic: These are securities issued within UAE.

**Regional: These are securities issued within Middle East.

***International: These are securities issued outside the Middle East region.

6 INVESTMENT SECURITIES (CONTINUED)

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

*Domestic: These are securities issued within UAE.

**Regional: These are securities issued within Middle East.

***International: These are securities issued outside the Middle East region.

EMIRATES NBD BANK PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)
7 LOANS AND RECEIVABLES

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
At Amortised Cost		
Overdrafts	147,487,248	137,047,799
Time loans	235,039,938	144,147,283
Loans against trust receipts	7,804,435	9,262,543
Bills discounted	4,603,665	2,326,177
Credit card receivables	13,084,527	6,397,236
Total loans and receivables	408,019,813	299,181,038
Less: Expected credit losses	(30,083,844)	(21,117,025)
	377,935,969	278,064,013
Total of impaired loans and receivables	16,488,207	15,922,201

7 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	19,284,749	6,234,352
Construction	14,622,580	6,835,133
Trade	28,846,799	18,143,007
Transport and communication	10,019,649	2,399,687
Services	11,037,409	2,135,122
Sovereign	159,234,908	150,269,100
Personal	56,621,622	39,543,759
Real estate	42,435,187	37,103,674
Hotels and restaurants	13,630,937	3,762,311
Management of companies and enterprises	15,257,410	12,805,993
Financial institutions and investment companies	16,216,834	13,924,557
Agriculture	9,643,747	143,891
Others	11,167,982	5,880,452
Total loans and receivables	408,019,813	299,181,038
Less: Expected credit losses	(30,083,844)	(21,117,025)
	377,935,969	278,064,013

8 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
At Amortised Cost		
Murabaha	36,996,400	34,259,339
Credit cards receivable	1,490,714	1,331,436
Wakala	388,893	408,788
Istissna'a	1,265,387	1,726,396
Ijara	19,213,925	18,888,088
Others	261,210	912,548
Total Islamic financing receivables	59,616,529	57,526,595
Less: Deferred income	(2,207,420)	(2,074,625)
Less: Expected credit losses	(5,689,165)	(5,585,483)
Net Islamic financing receivables	51,719,944	49,866,487
Total of impaired Islamic financing receivables	5,540,584	5,057,128

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

8 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
<u>Analysis by economic activity</u>		
Manufacturing	2,771,876	2,371,589
Construction	1,429,707	1,618,561
Trade	8,533,364	7,971,047
Transport and communication	340,611	422,221
Services	1,559,604	1,733,913
Sovereign	666,427	1,112,846
Personal	27,884,374	26,216,463
Real estate	8,601,149	8,762,171
Hotels and restaurants	75,175	89,238
Management of companies and enterprises	1,434,916	1,176,078
Financial institutions and investment companies	2,740,548	3,406,788
Others	3,578,778	2,645,680
Total islamic financing and receivables	59,616,529	57,526,595
Less: Deferred income	(2,207,420)	(2,074,625)
Less: Expected credit losses	(5,689,165)	(5,585,483)
	51,719,944	49,866,487

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**9 GOODWILL AND INTANGIBLES**

	Goodwill	Intangibles on Acquisition					Total
		Banking license	Software	Customer relationships	Core deposit intangibles	Brands	
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Unaudited 30 September 2019							
Cost							
Balance as at 1 January	5,552,488	138,673	9,281	157,490	664,174	-	6,522,106
Additions through acquisition *	-	-	-	376,096	277,088	375,431	1,028,615
Foreign exchange movement	7,103	18,785	-	(7,512)	(5,535)	(7,825)	5,016
	5,559,591	157,458	9,281	526,074	935,727	367,606	7,555,737
Less: Amortisation and impairment							
Balance as at 1 January	4,903	-	9,281	157,490	664,174	-	835,848
Amortisation and impairment for the period	-	-	-	15,671	11,545	-	27,216
Balance as at 30 September	4,903	-	9,281	173,161	675,719	-	863,064
Net Goodwill and Intangibles	5,554,688	157,458	-	352,913	260,008	367,606	6,692,673
Audited 31 December 2018							
Cost	5,552,488	138,673	9,281	157,490	664,174	-	6,522,106
Less: Amortisation and impairment	4,903	-	9,281	157,490	664,174	-	835,848
Net Goodwill and Intangibles	5,547,585	138,673	-	-	-	-	5,686,258

*Acquired intangibles comprise those recognised as part of the acquisition of Denizbank. The acquired intangibles comprise core deposits, customer relationships and brands. Core deposits and customer relationships are amortised over 4 years useful life and brands have indefinite useful life and is reviewed annually for impairment.

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

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

10 OTHER ASSETS

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Accrued interest receivable	5,389,078	2,224,081
Islamic Profit receivable	120,973	186,237
Prepayments and other advances	737,315	304,583
Sundry debtors and other receivables	4,463,027	1,118,133
Inventory	1,246,474	1,115,159
Fair value of deposit (a)	-	66,667
Deferred tax asset	843,566	-
Others	1,530,046	1,079,331
	14,330,479	6,094,191

- (a) On acquisition of Dubai Bank in 2011, the Group received a deposit from the Ministry of Finance of the UAE that amounted to AED 2.8 billion at a discount compared to the market available interest rate. As per the Group policy, the financial liability was recognised initially at its fair value plus the transaction costs that were directly attributable to the acquisition or issue of the financial liability. Since the deposit was received at an interest rate which was below the market available interest rate, a fair value gain of AED 543 million was recognised in the financial statements in 2011 and amortised over the term of the deposit at the effective interest rate. During the period, the Group has fully repaid the deposit upon its maturity.

11 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Medium term note programme*	45,220,844	32,359,770
Term loans from banks	7,320,341	7,311,043
Borrowings raised from loan securitisations	918,126	1,044,417
	<u>53,459,311</u>	<u>40,715,230</u>

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

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Balance as at 1 January	40,715,230	39,788,848
Additions through acquisition	3,795,768	-
New issues	15,533,282	15,710,677
Repayments	(7,135,805)	(14,056,360)
Other movements*	550,836	(727,935)
Balance at end of period / year	<u>53,459,311</u>	<u>40,715,230</u>

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

As at 30 September 2019, the outstanding medium term borrowings totaling AED 62,004 million (31 December 2018: AED 40,715 million) is falling due as below:

	Unaudited 30 September 2019 AED millions	Audited 31 December 2018 AED millions
2019	6,464	6,976
2020	12,361	8,719
2021	11,835	10,094
2022	9,456	7,816
2023	1,935	1,555
2024	2,288	348
Beyond 2024	9,120	5,207
	<u>53,459</u>	<u>40,715</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**12 SUKUK PAYABLE**

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Balance as at 1 January	3,685,160	5,526,649
Repayments	-	(1,836,250)
Other movements	(3,929)	(5,239)
Balance at end of period / year	<u>3,681,231</u>	<u>3,685,160</u>

As at 30 September 2019, the outstanding Sukuk payable totaling AED 3,681 million (31 December 2018: AED 3,685 million) is falling due in 2021.

13 OTHER LIABILITIES

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Accrued interest payable	3,767,006	2,381,338
Profit payable to islamic depositors	295,559	149,249
Managers' cheques	1,219,740	1,238,897
Trade and other payables	5,963,115	2,113,941
Staff related liabilities	1,153,991	1,079,772
Provision for taxation	348,577	68,834
Others	6,676,426	3,176,360
	<u>19,424,414</u>	<u>10,208,391</u>

14 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 20 February 2019, shareholders approved payment of a cash dividend of 40% of the issued and paid up capital amounting to AED 2,223 million which has been recognised in the interim financial statements as of 30 September 2019.

15 TIER I CAPITAL NOTES

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

Issuance Month/year	Issued Amount	Coupon rate
March 2019	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years
September 2014	USD 500 million (AED 1.83 billion)	Fixed interest rate with a reset after six years
June 2009	AED 4 billion	Fixed interest rate for the first five years and on a floating rate basis thereafter.

The Group has exercised its option to call back the following notes in May 2019 and as a result have been repaid in full.

Issuance Month/year	Issued Amount	Coupon rate
May 2013	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years

16 OTHER OPERATING INCOME

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Dividend income on equity investment measured at FVOCI	6,707	2,888
Dividend income on equity investments measured at FVTPL	14,416	13,798
Gain / (loss) from sale of debt investment securities measured at FVOCI	(216)	16,575
Gain / (loss) from investment securities designated at fair value through profit or loss	(64,120)	(94,003)
Rental income	19,509	28,872
Gain on sale of properties (investment properties / inventories)	2,005	1,141
Foreign exchange income*	1,093,931	1,024,587
Derivative income	154,153	3,847
Other income (net)	410,420	216,101
	1,636,805	1,213,806

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

17 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Staff cost	2,910,280	2,538,344
Occupancy cost	198,441	286,938
Equipment & supplies	121,828	94,005
Information technology cost	191,764	174,132
Communication cost	162,678	134,826
Service, legal and professional fees	101,345	100,639
Marketing related expenses	95,360	188,771
Depreciation	470,068	288,910
Amortisation of intangibles	27,216	-
Others	427,518	305,555
	<u>4,706,498</u>	<u>4,112,120</u>

18 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

The charge to the income statement for the net impairment loss on financial assets is made up as follows:

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Net impairment of cash and deposits with central banks	(6,596)	(2,713)
Net impairment of due from banks / other assets	(44,786)	93,108
Net impairment of investment securities	(5,313)	16,352
Net impairment of loans and receivables	2,711,049	886,242
Net impairment of Islamic financing receivables	467,879	499,710
Net impairment of unfunded exposures	(95,382)	17,118
Bad debt written off / (recovery) - net	(272,339)	(402,129)
Net impairment loss for the period	<u>2,754,512</u>	<u>1,107,688</u>

19 COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
Letters of credit	11,891,698	11,368,782
Guarantees	66,591,932	49,590,310
Liability on risk participations	179,092	593,804
Irrevocable loan commitments*	41,175,442	20,795,849
	119,838,164	82,348,745

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

20 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders (further adjusted for interest expense on Tier I capital notes) of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, if any.

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Profit for the period attributable to equity holders	12,482,073	7,655,286
Deduct : Interest on Tier 1 capital notes	(509,196)	(444,519)
Net profit attributable to equity holders	11,972,877	7,210,767
Weighted average number of equity shares in issue ('000)	5,551,872	5,551,872
Basic Earnings per share* (AED)	2.16	1.30

*The diluted and basic Earnings per share were the same for the nine months period ended 30 September 2019.

21 DERIVATIVES

	Unaudited 30 September 2019			Audited 31 December 2018		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	7,818,137	(5,635,175)	630,588,537	3,256,507	(2,853,626)	497,178,635
Derivatives held as cash flow hedges	157,208	(221,788)	23,607,085	296,268	(56,492)	12,292,210
Derivatives held as fair value hedges	197,091	(792,020)	16,864,972	105,268	(857,630)	5,613,986
Derivatives held as hedge of a net investment in foreign operations	498	-	113,864	12,849	-	271,033
Total	8,172,934	(6,648,983)	671,174,458	3,670,892	(3,767,748)	515,355,864

22 OPERATING SEGMENTS

The Group is organised into the following main businesses:

- Corporate banking represents structured financing, current and savings accounts, customer deposits, overdrafts, trade finance and term loans for government, corporate, commercial customers, investment banking and Islamic products under Al Watani Al Islami;
- Consumer banking represents retail loans and deposits, private banking and wealth management, equity broking services, asset management and consumer financing;
- Treasury activities comprises of managing the Group's portfolio of investments, funds management, and interbank treasury operations;
- Islamic banking activities represent the income and fees earned and expenses paid by the Islamic banking subsidiaries;
- Denizbank: During the period, the Group acquired Denizbank (refer note 27) and is considered as a separate operating segment; and
- Other operations of the Group include Emirates NBD Egypt, Tanfeeth, property management, operations and support functions.

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

22 OPERATING SEGMENTS (CONTINUED)Unaudited 30 September 2019

	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Denizbank AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	3,437,546	3,954,400	293,935	1,385,937	869,063	1,181,455	11,122,336
Net Fees, commission and other income	1,022,839	1,981,709	259,287	664,570	387,366	103,065	4,418,836
Total operating Income	4,460,385	5,936,109	553,222	2,050,507	1,256,429	1,284,520	15,541,172
General and administrative expenses	(384,646)	(1,591,414)	(105,595)	(816,821)	(414,187)	(1,393,835)	(4,706,498)
Net impairment loss on financial assets	(1,482,633)	(373,119)	9,096	(296,506)	(608,467)	(2,883)	(2,754,512)
Gain on disposal of stake in jointly controlled entity and fair value gain on retained interest	-	-	-	-	-	4,389,309	4,389,309
Share of profit / (loss) of associates and joint ventures	-	-	-	-	-	17,735	17,735
Gain on bargain purchase	-	-	-	-	-	141,563	141,563
Taxation charge	7,361	(4,346)	(20,637)	-	(35,975)	(91,830)	(145,427)
Group profit for the period after tax	2,600,467	3,967,230	436,086	937,180	197,800	4,344,579	12,483,342
Segment Assets	301,016,152	60,287,946	104,442,342	59,718,967	133,463,640	16,654,450	675,583,497
Segment Liabilities and Equity	160,468,065	148,727,573	58,508,776	16,554,023	122,673,009	168,652,051	675,583,497

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

22 OPERATING SEGMENTS (CONTINUED)

<u>Unaudited 30 September 2018</u>	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Denizbank AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	3,415,419	3,555,552	529,714	1,229,345	-	805,801	9,535,831
Net Fees, commission and other income	926,065	1,894,196	(112,824)	609,905	-	52,146	3,369,488
Total operating Income	4,341,484	5,449,748	416,890	1,839,250	-	857,947	12,905,319
General and administrative expenses	(353,471)	(1,536,786)	(100,854)	(845,355)	-	(1,275,654)	(4,112,120)
Net impairment loss on financial assets	(451,160)	(320,670)	(1,134)	(337,020)	-	2,296	(1,107,688)
Gain on disposal of stake in jointly controlled entity and fair value gain on retained interest	-	-	-	-	-	-	-
Share of profit / (loss) of associates and joint ventures	-	-	-	-	-	82,830	82,830
Gain on bargain purchase	-	-	-	-	-	-	-
Taxation charge	(23,233)	(17,900)	(14,816)	-	-	(56,384)	(112,333)
Group profit for the period after tax	3,513,620	3,574,392	300,086	656,875	-	(388,965)	7,656,008
Segment Assets	286,623,658	60,619,819	69,948,535	58,095,576	-	17,315,301	492,602,889
Segment Liabilities and Equity	133,582,647	144,044,446	52,448,705	56,029,358	-	106,497,733	492,602,889

23 RELATED PARTY TRANSACTIONS

Emirates NBD Group is partly owned by Investment Corporation of Dubai (55.75%), a company in which the Government of Dubai is the majority shareholder.

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 6% (December 2018: 6%) and 4% (December 2018: 5%) respectively, of the total deposits and loans of the Group.

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

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

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

	Unaudited 30 September 2019 AED 000	Audited 31 December 2018 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	157,960,178	150,218,137
To parent	1,609,879	1,303,838
To directors and related companies	788,927	2,122,591
To associates and joint ventures	-	327,119
	160,358,984	153,971,685
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	8,334,338	3,024,926
From parent	3,292,111	2,393,514
From associates and joint ventures	31,841	366,044
	11,658,290	5,784,484
Investment in Government of Dubai bonds	9,349	11,106
Commitments to associates and joint ventures	75,997	92,873

23 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
Payments made to associates and joint ventures	114,548	129,108
Payments received from associates and joint ventures	5,960	3,935
Payments made to other related parties	23,349	18,186
Fees received in respect of funds managed by the Group	16,677	18,188
Interest (paid by) / paid to joint ventures	3,979	1,500
Directors sitting fee	10,920	9,424

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

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
<u>Key management compensation:</u>		
Short term employment benefits	62,919	54,763
Post employment benefits	1,130	1,433

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

24 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	26,241,170	43,527,409
Net cash inflow/(outflow)	11,669,444	(29,597,846)
Balance at end of period	<u>37,910,614</u>	<u>13,929,563</u>
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Banks	107,325,196	64,764,823
Due from banks	45,495,576	51,007,323
Due to banks	(40,980,216)	(22,097,523)
	<u>111,840,556</u>	<u>93,674,623</u>
Less : deposits with Central Banks for regulatory purposes	(40,398,940)	(31,263,085)
Less : certificates of deposits with Central Banks maturing after three months	(34,600,000)	(19,300,000)
Less : amounts due from banks maturing after three months	(19,544,524)	(37,884,173)
Add : amounts due to banks maturing after three months	20,613,522	8,702,198
	<u>37,910,614</u>	<u>13,929,563</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**24 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

	Unaudited nine months period ended 30 September 2019 AED 000	Unaudited nine months period ended 30 September 2018 AED 000
(c) Adjustment for non cash and other items		
Impairment loss on cash and deposits with central banks	(6,596)	(2,713)
Impairment loss on due from banks	(44,786)	93,108
Impairment loss on investment securities	(5,313)	16,352
Impairment loss on loans and receivables	2,711,049	886,242
Impairment loss on Islamic financing receivables	467,879	499,710
Impairment loss on unfunded exposures	(95,382)	17,118
Amortisation of fair value	126,477	122,382
Discount on Investment securities	(3,732)	27,138
Unrealised foreign exchange gain	(237,419)	(185,622)
Amortisation of intangibles	27,216	-
Depreciation / impairment on property and equipment / Investment property	482,465	301,285
Share of profit / loss of associates and joint ventures	(17,735)	(82,830)
Gain on sale of business interests in joint venture	(4,389,309)	-
Gain on bargain purchase	(141,563)	-
Dividend income on equity investments	(21,123)	(16,686)
Unrealized (gain)/loss on investments	59,831	126,448
Unrealized (gain)/loss on FV Hedged item	512,089	(515,160)
Gain on sale of properties (inventories)	(2,005)	(1,141)
	<u>(577,957)</u>	<u>1,285,631</u>

EMIRATES NBD BANK PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**25 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).

<u>Unaudited 30 September 2019</u>	Level 1	Level 2	Level 3	Total
	AED 000	AED 000	AED 000	AED 000
<u>Investment Securities</u>				
Trading securities at FVTPL	3,282,091	-	-	3,282,091
FVOCI - debt instruments	13,397,221	108,363	-	13,505,584
FVOCI - equity instruments	1,491,809	874	72,284	1,564,967
Designated at FVTPL	51,189	26,893	547,363	625,445
	18,222,310	136,130	619,647	18,978,087
<u>Derivatives</u>				
<u>Positive fair value of derivatives</u>				
Derivatives held for trading	-	7,818,137	-	7,818,137
Derivatives held as cash flow hedges	-	157,208	-	157,208
Derivatives held as fair value hedges	-	197,091	-	197,091
Derivatives held as hedge of a net investment in foreign operations	-	498	-	498
	-	8,172,934	-	8,172,934
<u>Negative fair value of derivatives</u>				
Derivatives held for trading	-	(5,635,175)	-	(5,635,175)
Derivatives held as cash flow hedges	-	(221,788)	-	(221,788)
Derivatives held as fair value hedges	-	(792,020)	-	(792,020)
Derivatives held as hedge of a net investment in foreign operations	-	-	-	-
	-	(6,648,983)	-	(6,648,983)
	18,222,310	1,660,081	619,647	20,502,038
<u>Audited 31 December 2018</u>	5,430,904	49,225	575,341	6,055,470

25 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Trading securities at FVTPL AED 000	Designated at FVTPL AED 000	FVOCI - debt instruments AED 000	FVOCI - equity instrument AED 000	Total AED 000
Balance as at 1 January 2019	-	570,623	-	4,718	575,341
Additions through acquisition	-	-	-	-	-
Total gains or losses:					
- in profit or loss	-	(15,978)	-	-	(15,978)
- in other comprehensive income	-	-	-	(125)	(125)
Additions	-	-	-	67,691	67,691
Settlements and other adjustments	-	(7,282)	-	-	(7,282)
Balance as at 30 September 2019 (unaudited)	-	547,363	-	72,284	619,647
Balance as at 31 December 2018 (audited)	-	570,623	-	4,718	575,341

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

During the period ended 30 September 2019 no financial assets measured at FVOCI were transferred from Level 1 to Level 2 or from Level 2 to Level 1 (2018: AED Nil).

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

26 RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

Amounts arising from ECL

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

i) Loans and receivables, undrawn irrevocable commitments and financial guarantee contracts issued

	Unaudited nine months period ended 30 September 2019 AED 000 ECL	Unaudited nine months period ended 30 September 2018 AED 000 ECL
Balance at 1 January	21,117,025	21,396,388
Additions through acquisition	7,893,087	-
Expected credit losses recognised during the period	3,250,073	1,937,836
Write back / recoveries made during the period	(539,024)	(1,031,101)
Amounts written off during the period	(988,692)	(1,724,542)
Exchange and other adjustments*	(648,625)	909
Closing balance	<u>30,083,844</u>	<u>20,579,490</u>

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

	Unaudited nine months period ended 30 September 2019 AED 000 ECL	Unaudited nine months period ended 30 September 2018 AED 000 ECL
Balance at 1 January	5,585,033	6,311,007
Expected credit losses recognised during the period	724,946	845,801
Write back /recoveries made during the period	(257,067)	(349,466)
Amounts written off during the period	(297,252)	(1,250,095)
Exchange and other adjustments*	(66,495)	(370)
Closing balance	<u>5,689,165</u>	<u>5,556,877</u>

*This includes provision against unfunded exposures to other liabilities amounting to AED 376 million in loans and receivables and AED 46 million in Islamic financing receivables.

27 ACQUISITION OF DENIZBANK A.S

On 2 April 2019, the Group has entered into a revised sale purchase agreement (Restated SPA) with Sberbank of Russia to acquire its 99.85% stake in Denizbank A.S. In accordance with the Restated SPA, the consideration for 99.85% of shares in Denizbank has been agreed at Turkish Lira (TRY) 15.48 billion. The transaction was completed on 31 July 2019 and accordingly the Group assumed control and consolidated the net assets of Denizbank as of that date.

The fair value of assets and liabilities acquired is given below:

Net assets acquired	AED million
Cash and deposits with Central Bank	21,469
Due from Banks	5,443
Loans and receivables	87,767
Investment securities	13,242
Property and equipment	1,271
Intangibles	1,029
Other assets	5,638
Positive fair value of derivatives	1,297
Liabilities	
Customer deposits	98,931
Due to banks	13,986
Debt issued and other borrowed funds	8,204
Other liabilities	5,071
Negative fair value of derivatives	857
Fair value of Net assets acquired	10,107
Less: non-controlling interest	(15)
Gain on bargain purchase	(142)
Purchase consideration	9,950
Net cash flow on acquisition:	
Cash and cash equivalents acquired	6,260
Purchase consideration	(9,950)
Net cash flow on acquisition	(3,690)

Gain on bargain purchase represents the difference between purchase consideration and fair value of assets acquired and is recognised in the condensed consolidated interim income statement. The fair values of the assets and liabilities have been determined by an external expert.

Acquisition related costs of AED 52 million are included in General and administrative expenses.

Denizbank A.S.'s revenue included in the consolidated income statement since acquisition date is AED 1,256 million. Denizbank A.S. also contributed profit of AED 198 million over the same period.

Had Denizbank been consolidated from 1 January 2019 the consolidated income statement would have included revenue of AED 4,847 million and profit of AED 653 million.

28 DISPOSAL OF STAKE IN JOINTLY CONTROLLED ENTITY

On 15th April 2019, Network International Holdings Plc (a listing vehicle created as a holding entity of Network International LLC), was admitted to the premium-listing segment of the Official List maintained by Financial Conduct Authority and to the London Stock Exchange plc.

The Group disposed 39.1% shareholding in Network International Holdings Plc, for a net consideration of AED 4,222 million compared to a book value of AED 1,076 million and as a result has recorded a gain on disposal of AED 3,146 million.

28 DISPOSAL OF STAKE IN JOINTLY CONTROLLED ENTITY (CONTINUED)

The Group now retains an 11.9% interest in Network International Holdings Plc. As a result the Group no longer holds significant influence and has discontinued equity accounting. The retained interest has been classified as investment at Fair Value through OCI. The fair value gain on measurement of the retained interest was AED 1,243 million, which has been recognised in the income statement.

29 SUBSEQUENT EVENT

On 16 October 2019, the Bank announced rights issue to raise up to AED 6,450,000,000. The new shares will be issued at an issue price of AED 8.50 per new share, reflecting the nominal value of AED 1.00 per new share and a share premium of AED 7.50 per new share. Rights will be issued to shareholders in the amount of 1 right for every 8 shares held as at 31 October 2019. Rights issue will be completed during Q4 2019.