

EMIRATES NBD PJSC

GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014



GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents	Page
Independent auditor's report on review of the Group condensed consolidated interim financial statements	1
Group condensed consolidated interim statement of financial position	2
Group condensed consolidated interim income statement	3
Group condensed consolidated interim statement of comprehensive income	4
Group condensed consolidated interim statement of cash flows	5 - 6
Group condensed consolidated interim statement of changes in equity	7
Notes to the Group condensed consolidated interim financial statements	8 - 34

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates NBD PJSC (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated interim statement of financial position as at 30 June 2014 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.



Signed by:
Joseph Murphy
Partner
Registration No. 492

23 July 2014
Dubai, United Arab Emirates

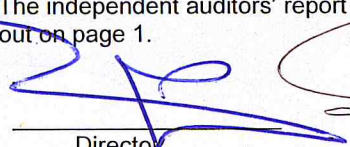
EMIRATES NBD PJSC

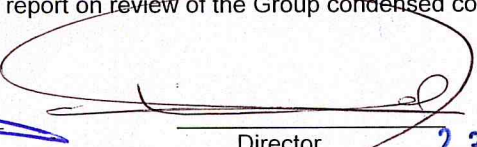
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (UNAUDITED)

		Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
ASSETS	Notes		
Cash and deposits with Central Bank	3	46,903,734	38,354,998
Due from banks	4	17,619,462	20,587,161
Loans and receivables	5	208,073,412	205,990,170
Islamic financing receivables	6	33,712,453	32,353,928
Trading securities	7	1,057,895	1,316,297
Investment securities	8	15,373,046	16,193,978
Investments in associates and joint ventures		1,692,065	1,630,882
Positive fair value of derivatives	22	1,451,837	1,776,551
Investment properties		1,111,953	1,185,936
Customer acceptances		3,629,009	4,986,419
Property and equipment		2,686,024	2,757,869
Goodwill and intangibles	10	6,201,720	6,262,498
Other assets	11	8,753,581	8,664,588
TOTAL ASSETS		348,266,191	342,061,275
LIABILITIES			
Due to banks		16,050,600	23,637,377
Customer deposits	12	207,214,641	195,271,203
Islamic customer deposits	12	45,679,945	44,354,565
Repurchase agreements with banks		100,285	67,129
Debt issued and other borrowed funds	13	20,469,076	20,110,692
Sukuk payable		3,673,000	3,667,360
Negative fair value of derivatives	22	1,256,373	1,438,172
Customer acceptances		3,629,009	4,986,419
Other liabilities	14	7,347,552	6,813,046
TOTAL LIABILITIES		305,420,481	300,345,963
EQUITY			
Issued capital		5,557,775	5,557,775
Treasury shares		(46,175)	(46,175)
Tier I capital notes	15	7,648,497	7,648,497
Share premium reserve		12,270,124	12,270,124
Legal and statutory reserve		2,778,888	2,778,888
Other reserves		2,869,533	2,869,533
Fair value reserve		1,272,578	801,159
Currency translation reserve		(62,204)	5,343
Retained earnings		10,551,920	9,825,643
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		42,840,936	41,710,787
Non-controlling interest		4,774	4,525
TOTAL EQUITY		42,845,710	41,715,312
TOTAL LIABILITIES AND EQUITY		348,266,191	342,061,275

The attached notes 1 to 28 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


23 JUL 2014 Chief Executive Officer

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

	Notes	Unaudited three months period ended 30 June 2014 AED 000	Unaudited three months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Interest and similar income		2,593,235	2,270,215	5,146,190	4,493,021
Interest and similar expense		(591,420)	(637,766)	(1,191,189)	(1,356,932)
Net interest income		2,001,815	1,632,449	3,955,001	3,136,089
Income from Islamic financing and investment products		451,836	415,768	866,536	812,386
Distribution on Islamic deposits and profit paid to Sukuk holders		(126,607)	(135,585)	(262,946)	(287,620)
Net income from Islamic financing and investment products		325,229	280,183	603,590	524,766
Net interest income and income from Islamic financing and investment products net of distribution to depositors		2,327,044	1,912,632	4,558,591	3,660,855
Fee and commission income		836,247	623,297	1,614,884	1,173,451
Fee and commission expense		(204,130)	(114,528)	(360,638)	(184,589)
Net fee and commission income		632,117	508,769	1,254,246	988,862
Net gain (loss) on trading securities		46,188	(6,174)	78,470	(13,160)
Other operating income	16	703,494	504,382	1,150,768	913,363
Total operating income		3,708,843	2,919,609	7,042,075	5,549,920
General and administrative expenses	17	(1,087,238)	(988,847)	(2,137,182)	(1,913,604)
Operating profit before impairment		2,621,605	1,930,762	4,904,893	3,636,316
Net impairment loss on financial assets	18	(1,345,330)	(996,483)	(2,612,646)	(1,884,484)
Operating profit after impairment		1,276,275	934,279	2,292,247	1,751,832
Share of profit of associates and joint ventures		60,113	40,785	121,000	66,554
Group profit for the period before taxation		1,336,388	975,064	2,413,247	1,818,386
Taxation charge		(28,737)	(3,418)	(63,452)	(9,959)
Group profit for the period after taxation		1,307,651	971,646	2,349,795	1,808,427
Attributable to:					
Equity holders of the Group		1,307,505	970,796	2,349,546	1,807,568
Non-controlling interest		146	850	249	859
Group profit for the period		1,307,651	971,646	2,349,795	1,808,427
Earnings per share	21	0.21	0.19	0.38	0.30

The attached notes 1 to 28 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 PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

	Unaudited three months period ended 30 June 2014 AED 000	Unaudited three months period ended 30 June 2013 AED 000	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Group profit for the period	1,307,651	971,646	2,349,795	1,808,427
Items that may be reclassified subsequently to Income statement:				
Other comprehensive income				
Cash flow hedges:				
- Effective portion of changes in fair value	8,404	(21,533)	(20,519)	(30,287)
Fair value reserve (available-for-sale financial assets):				
- Net change in fair value	(110,249)	(175,590)	659,087	(117,067)
- Net amount transferred to income statement	(136,797)	(90,783)	(167,149)	(201,182)
Currency translation reserve	(50,468)	(6,412)	(67,547)	(5,180)
Other comprehensive income for the period	(289,110)	(294,318)	403,872	(353,716)
Total comprehensive income for the period	1,018,541	677,328	2,753,667	1,454,711
Attributable to:				
Equity holders of the Bank	1,018,395	676,478	2,753,418	1,453,852
Non-controlling interest	146	850	249	859
Total comprehensive income for the period	1,018,541	677,328	2,753,667	1,454,711

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EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
<u>OPERATING ACTIVITIES</u>		
Group profit for the period	2,349,795	1,808,427
<u>Adjustment for non cash items</u>		
Impairment loss on loans and receivables	1,709,856	1,257,761
Impairment loss on Islamic financing receivables	749,800	490,628
Impairment loss on investment securities	108,470	91,386
Interest unwind on impaired loans	(49,070)	(45,660)
Amortisation of fair value (net)	23,018	23,239
Premium discount on Investment securities	20,679	18,857
Unrealised foreign exchange gain	(64,282)	(87,654)
Amortisation of intangibles	46,500	31,500
Depreciation of property and equipment	155,907	146,538
Share of profit of associates and joint ventures	(121,000)	(66,554)
Unrealized (gain)/loss on investments	(127,043)	73,012
Gain on sale of properties	(267,324)	-
Operating profit before changes in operating assets and liabilities	4,535,306	3,741,480
(Increase)/decrease in interest free statutory deposits	(2,822,523)	(2,897,838)
(Increase)/decrease in certificate of deposits with Central Bank maturing after three months	(4,098,007)	(2,000,000)
(Increase)/decrease in amounts due from banks maturing after three months	51,222	1,381,643
Increase/(decrease) in amounts due to banks maturing after three months	541,702	212,341
Net change in other liabilities/other assets	599,415	(2,023,418)
Net change in fair value of derivatives	122,396	79,986
Increase/(decrease) in customer deposits (including islamic deposits)	13,268,818	8,680,389
(Increase)/decrease in loans and receivables	(3,744,028)	(10,191,528)
(Increase)/decrease in Islamic financing receivables	(2,108,325)	(1,547,630)
Net cash flows from/(used in) operating activities	6,345,976	(4,564,575)

EMIRATES NBD PJSC

**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
<u>INVESTING ACTIVITIES</u>		
(Increase)/decrease in trading securities (net of fair value movements)	352,880	239,008
(Increase)/decrease in investment securities (net of fair value movements)	1,219,180	(2,112,048)
(Increase)/decrease in investments in associates and joint ventures	56,909	242,302
Sale of investment in subsidiary	-	5,204
Acquisition/disposal of Investment Properties	175,414	(7,775)
Acquisition of subsidiary	-	(661,218)
Additions to property and equipment (net)	(84,062)	(39,838)
Advance for Acquisition of NCI in Subsidiary	-	(88,324)
Net cash flows from/(used in) investing activities	1,720,321	(2,422,689)
<u>FINANCING ACTIVITIES</u>		
Increase/(decrease) in deposits under repurchase agreements	33,156	(543,715)
Increase/(decrease) in debt issued and other borrowed funds	358,384	525,614
Increase/(decrease) in Sukuk borrowing	5,640	(1,023)
Interest on Tier I capital notes	(235,301)	(147,901)
Issuance of Tier I capital notes	-	3,648,497
Dividends paid	(1,387,968)	(1,387,968)
Net cash flows from/(used in) financing activities	(1,226,089)	2,093,504
Increase/(decrease) in cash and cash equivalents (refer Note 25)	6,840,208	(4,893,760)

The attached notes 1 to 28 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 PJSC

GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP										Non-controlling interest	Group Total
	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		
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Balance as at 1 January 2014	5,557,775	(46,175)	7,648,497	12,270,124	2,778,888	2,869,533	801,159	5,343	9,825,643	41,710,787	4,525	41,715,312
Total comprehensive income for the period	-	-	-	-	-	-	471,419	(67,547)	2,349,546	2,753,418	249	2,753,667
Tier I capital notes issued during the period (note 15)	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(235,301)	(235,301)	-	(235,301)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 30 June 2014	5,557,775	(46,175)	7,648,497	12,270,124	2,778,888	2,869,533	1,272,578	(62,204)	10,551,920	42,840,936	4,774	42,845,710
Balance as at 1 January 2013	5,557,775	(46,175)	4,000,000	12,270,124	2,706,815	2,869,533	593,823	(4,793)	8,505,205	36,452,307	46,269	36,498,576
Total comprehensive income for the period	-	-	-	-	-	-	(348,536)	(5,180)	1,807,568	1,453,852	859	1,454,711
Tier I capital notes issued during the period	-	-	3,648,497	-	-	-	-	-	-	3,648,497	-	3,648,497
Interest on Tier 1 capital notes	-	-	-	-	-	-	-	-	(147,901)	(147,901)	-	(147,901)
Increase in non-controlling interest*	-	-	-	-	-	-	-	-	-	-	89,705	89,705
Dividends paid	-	-	-	-	-	-	-	-	(1,387,968)	(1,387,968)	-	(1,387,968)
Balance as at 30 June 2013	5,557,775	(46,175)	7,648,497	12,270,124	2,706,815	2,869,533	245,287	(9,973)	8,776,904	40,018,787	136,833	40,155,620

*Increase in non-controlling interest is due to acquisition of BNP Paribas Egypt, a subsidiary of the Group.

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2014 as this will be effected at the year end.

The attached notes 1 to 28 form an integral part of these Group condensed consolidated interim financial statements.

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1 CORPORATE INFORMATION

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

The condensed consolidated interim financial statements for the period ended 30 June 2014 comprises the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

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

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s financial statements as at and for the year ended 31 December 2013. In addition, results for the six months period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2014.

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

(a) Estimates

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

(b) Financial Risk Management

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

3 CASH AND DEPOSITS WITH CENTRAL BANK

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Cash	3,117,023	3,635,096
Interest free statutory and special deposits with Central Bank*	21,787,549	18,965,026
Interest bearing placements with Central Bank	1,487,678	2,132,400
Interest bearing certificates of deposits with Central Bank	20,511,484	13,622,476
	<u>46,903,734</u>	<u>38,354,998</u>

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

4 DUE FROM BANKS

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Due from local banks	3,282,465	1,824,181
Due from foreign banks	14,336,997	18,762,980
	<u>17,619,462</u>	<u>20,587,161</u>

5 LOANS AND RECEIVABLES

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Overdrafts	79,305,169	100,258,999
Time loans	132,797,969	107,524,681
Loans against trust receipts	4,510,837	4,629,788
Bills discounted	4,651,167	5,512,038
Credit card receivables	4,416,336	4,029,428
Others	1,107,873	1,118,073
Gross loans and receivables	226,789,351	223,073,007
Other debt instruments	240,923	255,173
Total loans and receivables	227,030,274	223,328,180
Less: Allowances for impairment	(18,956,862)	(17,338,010)
	208,073,412	205,990,170
Total of impaired loans and receivables	29,337,382	29,629,788

5 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	5,928	13,612
Mining and quarrying	419,596	453,444
Manufacturing	5,913,777	6,633,182
Construction	5,795,202	5,172,649
Trade	9,626,929	9,976,284
Transport and communication	4,356,527	4,240,632
Services	11,784,555	11,292,175
Sovereign	98,359,099	90,802,674
Personal	31,829,629	31,738,332
Real estate	33,424,502	35,024,226
Financial institutions and investment companies	21,056,950	23,098,885
Others	4,457,580	4,882,085
Total loans and receivables	227,030,274	223,328,180
Less: Allowances for impairment	(18,956,862)	(17,338,010)
	208,073,412	205,990,170

5 LOANS AND RECEIVABLES (CONTINUED)

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	13,847,374	11,269,154
Allowances for impairment made during the period	1,863,288	1,287,718
Write back /recoveries made during the period	(278,489)	(123,378)
Amount transferred to Islamic financing	-	(16,971)
Interest unwind on impaired loans	(49,070)	(45,660)
Amounts written off during the period	(24,947)	(26,656)
Exchange and other adjustments	(8,905)	(799)
Balance as at 30 June	15,349,251	12,343,408
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	3,490,636	3,240,078
Allowances for impairment made during the period	125,057	93,421
Amount transferred to Islamic financing (note 6)	-	(65,725)
Exchange and other adjustments	(8,082)	-
Balance as at 30 June	3,607,611	3,267,774
Total	18,956,862	15,611,182

6 ISLAMIC FINANCING RECEIVABLES

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Murabaha	23,061,573	19,892,558
Ijara	11,815,715	12,084,157
Credit cards receivable	766,169	859,108
Wakala	2,307,160	2,341,876
Istissna'a	1,197,167	1,227,003
Others	1,338,247	1,578,043
Total Islamic financing receivables	40,486,031	37,982,745
Less: Deferred income	(2,596,505)	(2,200,957)
Less: Allowances for impairment	(4,177,073)	(3,427,860)
	33,712,453	32,353,928
Total of impaired Islamic financing receivables	6,424,111	6,482,224

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

6 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
<u>Analysis by economic activity</u>		
Agriculture and allied activities	10,001	7,560
Mining and quarrying	41,131	114,087
Manufacturing	860,829	755,882
Construction	935,536	742,570
Trade	2,120,224	1,901,555
Transport and communication	699,919	306,469
Services	2,011,361	1,949,570
Sovereign	212,988	230,532
Personal	20,774,208	18,178,976
Real estate	7,656,034	8,495,974
Financial institutions and investment companies	3,872,783	4,213,718
Others	1,291,017	1,085,852
Total islamic financing and receivables	40,486,031	37,982,745
Less: Deferred Income	(2,596,505)	(2,200,957)
Less: Allowances for impairment	(4,177,073)	(3,427,860)
	33,712,453	32,353,928

6 ISLAMIC FINANCING RECEIVABLES (CONTINUED)

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
<u>Movement in allowances for specific impairment</u>		
Balance as at 1 January	2,966,580	1,726,028
Allowances for impairment made during the period	794,915	524,391
Write back /recoveries made during the period	(67,667)	(52,467)
Amount transferred from loans and receivables	-	16,971
Amounts written off during the period	(587)	-
Balance as at 30 June	3,693,241	2,214,923
<u>Movement in allowances for collective impairment</u>		
Balance as at 1 January	461,280	359,923
Allowances for impairment made during the period	22,552	18,704
Amount transferred from loans and receivables (note 5)	-	65,725
Balance as at 30 June	483,832	444,352
Total	4,177,073	2,659,275

7 TRADING SECURITIES

	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>30 June 2014</u>				
Government bonds	25,864	21,937	454	48,255
Corporate bonds	365,342	94,800	338,713	798,855
Equity	-	-	-	-
Others	192,322	-	18,463	210,785
	583,528	116,737	357,630	1,057,895

7 TRADING SECURITIES (CONTINUED)

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

8 INVESTMENT SECURITIES

	Domestic AED 000	Regional AED 000	International AED 000	Total AED 000
<u>30 June 2014</u>				
<u>HELD TO MATURITY:</u>				
Government bonds	48,706	141,956	-	190,662
Corporate bonds	147,994	56,934	-	204,928
	<u>196,700</u>	<u>198,890</u>	<u>-</u>	<u>395,590</u>
<u>AVAILABLE-FOR-SALE:</u>				
Government bonds	332,243	4,357,103	1,857,080	6,546,426
Corporate bonds	2,368,610	1,745,660	881,938	4,996,208
Equity	1,062,798	793,768	121,000	1,977,566
Others	93,642	93,998	729,585	917,225
	<u>3,857,293</u>	<u>6,990,529</u>	<u>3,589,603</u>	<u>14,437,425</u>
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Equity	-	77,052	-	77,052
Others	292,340	1,577	169,062	462,979
	<u>292,340</u>	<u>78,629</u>	<u>169,062</u>	<u>540,031</u>
	<u>4,346,333</u>	<u>7,268,048</u>	<u>3,758,665</u>	<u>15,373,046</u>

8 INVESTMENT SECURITIES (CONTINUED)

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

Investment securities include investments in real estate funds as follows:

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Designated at fair value through profit or loss	11,613	11,813
Available-for-sale	568,316	818,581
	<u>579,929</u>	<u>830,394</u>

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

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

Emirates NBD S.A.E Egypt's revenue included in the consolidated income statement for six months ended June 2014 is AED 326.1 million (June 2013: AED 34.4 million). Emirates NBD S.A.E Egypt also contributed profit of AED 102.8 million (June 2013: AED 16.5 million) over the same period.

10 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition				Total
		Banking license	Software	Customer relationships	Core deposit intangibles	
<u>30 June 2014</u>	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
<u>Cost</u>						
Balance as at 1 January	5,635,825	357,000	9,281	157,490	663,760	6,823,356
Foreign exchange movement	(3,453)	(9,135)	-	-	(1,690)	(14,278)
	5,632,372	347,865	9,281	157,490	662,070	6,809,078
<u>Less: Amortisation and impairment</u>						
Balance as at 1 January	4,903	-	9,281	152,174	394,500	560,858
Amortisation and impairment for the period	-	-	-	1,000	45,500	46,500
Balance as at 30 June	4,903	-	9,281	153,174	440,000	607,358
Net Goodwill and Intangibles	5,627,469	347,865	-	4,316	222,070	6,201,720
<u>31 December 2013</u>						
<u>Cost</u>	5,635,825	357,000	9,281	157,490	663,760	6,823,356
Less: Amortisation and impairment	4,903	-	9,281	152,174	394,500	560,858
Net Goodwill and Intangibles	5,630,922	357,000	-	5,316	269,260	6,262,498

11 OTHER ASSETS

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Accrued interest receivable	984,037	1,569,483
Islamic financing - profit receivable	125,565	155,045
Prepayments and other advances	168,664	162,183
Sundry debtors and other receivables	946,679	627,678
Inventory	2,567,322	2,887,146
Fair value of deposit (a)	384,570	415,911
Fair value of guarantee (b)	2,000,000	2,000,000
Others	1,576,744	847,142
	8,753,581	8,664,588

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

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

Customer deposits includes AED 3,702 million (31 December 2013: AED 3,702 million) pertaining to funds received from the Ministry of Finance of the UAE in 2008. On 20 July 2014, the Group repaid the entire outstanding balance in respect of funds received from the UAE Ministry of Finance in 2008.

Islamic Customer Deposits

Islamic customer deposits includes AED 1,082 million (31 December 2013: AED 1,082 million) pertaining to funds received from the Ministry of Finance of the UAE in 2008. On 20 July 2014, the Group repaid the entire outstanding balance in respect of funds received from the UAE Ministry of Finance in 2008.

13 DEBT ISSUED AND OTHER BORROWED FUNDS

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Medium term note programme*	15,152,706	14,320,272
Term loans from banks	2,938,000	2,938,000
Borrowings raised from loan securitisations	2,378,370	2,852,420
	<u>20,469,076</u>	<u>20,110,692</u>

*Includes Tier 2 notes amounting to AED 4,341 million (2013: AED 4,203 million) raised through public and private placements.

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Balance as at 1 January	20,110,692	17,190,793
New issues	3,214,153	10,223,758
Repayments	(2,829,793)	(6,985,642)
Other movements	(25,976)	(318,217)
Balance at end of period	<u>20,469,076</u>	<u>20,110,692</u>

As at 30 June 2014, the outstanding medium term borrowings totalling AED 20,469 million (31 December 2013: AED 20,111 million) is falling due as below:

	Unaudited 30 June 2014 AED millions	Audited 31 December 2013 AED millions
2014	1,663	4,034
2015	2,317	1,157
2016	4,638	4,492
2017	4,057	4,018
2018	1,199	1,199
2019	1,479	43
2020	530	226
2022	333	817
2023	3,605	3,603
2024	648	522
	<u>20,469</u>	<u>20,111</u>

14 OTHER LIABILITIES

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Accrued interest payable	455,501	728,719
Profit payable to Islamic depositors	158,743	171,148
Managers' cheques	1,497,467	1,382,142
Trade and other payables	1,570,859	1,278,796
Staff related liabilities	728,609	818,591
Provision for taxation	29,047	42,420
Others	2,907,326	2,391,230
	7,347,552	6,813,046

15 TIER I CAPITAL NOTES

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

16 OTHER OPERATING INCOME

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Dividend income	43,300	43,789
Gains from sale of available-for-sale investment securities	167,149	201,182
Gain from investment securities designated at fair value through profit or loss	54,026	13,457
Rental income	56,721	49,973
Gain on sale of properties	267,324	112,564
Foreign exchange income*	474,611	445,709
Derivative income	8,933	27,486
Other income (net)	78,704	19,203
	<u>1,150,768</u>	<u>913,363</u>

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

17 GENERAL AND ADMINISTRATIVE EXPENSES

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Staff cost	1,361,725	1,207,495
Occupancy cost	177,588	126,541
Equipment & supplies	65,243	46,880
Information technology cost	75,970	59,492
Communication cost	63,292	63,509
Service, legal and professional fees	34,013	69,689
Marketing related expenses	38,190	58,655
Depreciation	155,907	146,538
Amortisation of intangibles	46,500	31,500
Others	118,754	103,305
	2,137,182	1,913,604

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 six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Net impairment of loans and receivables	(1,709,856)	(1,257,761)
Net impairment of Islamic financing receivables	(749,800)	(490,628)
Net impairment of investment securities	(108,470)	(91,386)
Net impairment of due from banks	-	37
Bad debt (written off)/recovery (net)	(44,520)	(44,746)
Net impairment loss for the period	(2,612,646)	(1,884,484)

19 EQUITY HOLDER FUNDS

At the Annual General Meeting held on 04 March 2014, shareholders approved payment of a cash dividend of 25% of the issued and paid up capital amounting to AED 1,388 million which has been recognised in the interim financial statements as of 30 June 2014.

20 COMMITMENTS AND CONTINGENCIES

At 30 June 2014, the Group's commitments and contingencies are as follows:

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
Letters of credit	9,818,802	8,671,334
Guarantees	41,735,790	39,678,484
Liability on risk participations	2,111,869	2,217,393
Irrevocable loan commitments*	17,403,535	18,814,857
	71,069,996	69,382,068

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

21 EARNINGS PER SHARE

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

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Profit for the year attributable to equity holders	2,349,546	1,807,568
Deduct : Interest on Tier 1 capital notes	(235,301)	(147,901)
Net profit attributable to equity holders	2,114,245	1,659,667
Weighted average number of equity shares in issue ('000)	5,557,775	5,557,775
Earnings per share (AED)	0.38	0.30

*The diluted and basic Earnings per share were the same for the six months period ended 30 June 2014.

22 DERIVATIVES

	June 2014			December 2013		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
	AED 000	AED 000	AED 000	AED 000	AED 000	AED 000
Derivatives held for trading	1,306,294	(1,169,969)	240,429,781	1,573,997	(1,312,457)	230,095,142
Derivatives held as cash flow hedges	74,322	(9,590)	4,800,000	107,461	(22,210)	5,600,000
Derivatives held as fair value hedges	71,221	(76,814)	2,060,021	95,093	(103,505)	11,922,221
Total	1,451,837	(1,256,373)	247,289,802	1,776,551	(1,438,172)	247,617,363

23 OPERATING SEGMENTS

The Group is organised into the following main businesses:

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

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

23 OPERATING SEGMENTS (CONTINUED)30 June 2014

	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,558,225	1,878,623	84,870	649,464	387,409	4,558,591
Net Fees, commission and other income	685,063	914,446	378,952	265,920	239,103	2,483,484
Total operating Income	2,243,288	2,793,069	463,822	915,384	626,512	7,042,075
General and administrative expenses	(156,920)	(825,757)	(43,179)	(380,134)	(731,192)	(2,137,182)
Net specific impairment loss on financial assets	(1,973,988)	(133,324)	(140)	(347,528)	(10,057)	(2,465,037)
Net collective impairment loss on financial assets	(120,627)	(1,654)	-	(20,457)	(4,871)	(147,609)
Share of profit of associates and joint ventures	-	-	-	1,157	119,843	121,000
Taxation charge	(8,993)	(903)	(2,329)	-	(51,227)	(63,452)
Group Profit for the Period	(17,240)	1,831,431	418,174	168,422	(50,992)	2,349,795
Segment Assets	204,984,718	44,372,771	38,306,860	42,123,986	18,477,856	348,266,191
Segment Liabilities and Equity	95,045,837	114,721,839	25,977,239	45,497,992	67,023,284	348,266,191

EMIRATES NBD PJSC

NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

23 OPERATING SEGMENTS (CONTINUED)

<u>30 June 2013</u>	Corporate banking AED 000	Consumer banking AED 000	Treasury AED 000	Islamic Banking AED 000	Others AED 000	Total AED 000
Net interest income and income from Islamic products net of distribution to depositors	1,519,690	1,734,521	(180,005)	530,896	55,753	3,660,855
Net Fees, commission and other income	643,882	767,876	395,874	170,289	(88,856)	1,889,065
Total operating Income	2,163,572	2,502,397	215,869	701,185	(33,103)	5,549,920
General and administrative expenses	(150,112)	(751,610)	(42,511)	(306,396)	(662,975)	(1,913,604)
Net specific impairment loss on financial assets	(1,411,858)	(49,462)	(35,233)	(278,937)	3,131	(1,772,359)
Net collective impairment loss on financial assets	(110,626)	(509)	-	(990)	-	(112,125)
Share of profit of associates and joint ventures	-	-	-	467	66,087	66,554
Taxation charge	(4,737)	(1,313)	(4,260)	-	351	(9,959)
Group Profit for the Period	486,239	1,699,503	133,865	115,329	(626,509)	1,808,427
Segment Assets	204,417,765	35,390,622	37,026,521	38,835,685	19,102,890	334,773,483
Segment Liabilities and Equity	87,601,162	104,354,476	42,775,810	37,944,627	62,097,408	334,773,483

24 RELATED PARTY TRANSACTIONS

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

Deposits from and loans to government related entities, other than those that have been individually disclosed, amount to 8% (December 2013: 9%) and 13% (December 2013: 14%) respectively, of the total deposits and loans of the Group.

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

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

Related party balances and transactions are as follows:

	Unaudited 30 June 2014 AED 000	Audited 31 December 2013 AED 000
<u>Loans and receivables:</u>		
To majority shareholder of the parent	98,572,087	91,033,206
To parent	827,415	734,876
To directors and related companies	443,739	928,087
To associates and joint ventures	149	45,619
	99,843,390	92,741,788
<u>Customer and Islamic deposits:</u>		
From majority shareholder of the parent	2,128,773	2,203,338
From parent	7,416,926	4,204,881
From associates and joint ventures	329,522	614,369
	9,875,221	7,022,588
Investment in Government of Dubai bonds	8,271	107,118
Loans to and investment in funds managed by the Group	945,193	1,091,587
Commitments to associates	8,140	8,215

24 RELATED PARTY TRANSACTIONS (CONTINUED)

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
Payments made to associates and joint ventures	103,050	124,570
Fees received in respect of funds managed by the Group	19,382	16,118
Interest paid to funds managed by the Group	3,478	9,658
Interest paid to joint ventures	190	37

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 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
<u>Key management compensation:</u>		-
Short term employment benefits	37,696	32,341
Post employment benefits	539	762

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

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

25 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months period ended 30 June 2014 AED 000	Unaudited six months period ended 30 June 2013 AED 000
(a) Analysis of changes in cash and cash equivalents during the period		
Balance at beginning of period	6,936,117	4,608,234
Net cash inflow/(outflow)	6,840,208	(4,893,760)
Balance at end of period	13,776,325	(285,526)
(b) Analysis of cash and cash equivalents		
Cash and deposits with Central Bank	46,903,734	32,462,996
Due from banks	17,619,462	24,245,037
Due to banks	(16,050,600)	(29,703,142)
	48,472,596	27,004,891
Less : deposits with Central Bank for regulatory purposes	(21,787,549)	(17,216,689)
Less : certificates of deposits with Central Bank maturing after three months	(9,000,000)	(8,250,000)
Less : amounts due from banks maturing after three months	(6,946,903)	(5,951,037)
Add : amounts due to banks maturing after three months	3,038,181	4,127,309
	13,776,325	(285,526)

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

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

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

26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)**30 June 2014****Trading securities**

	Quoted prices in active markets for identical assets (Level 1) AED 000	Significant other observable inputs (Level 2) AED 000	Significant unobservable inputs (Level 3) AED 000	Total Gains/ (losses) AED 000
Debt Securities	844,081	3,029	-	847,110
Investment in equities	-	-	-	-
Others	174,641	36,144	-	210,785
	1,018,722	39,173	-	1,057,895

Investment Securities**AVAILABLE-FOR-SALE:**

Debt Securities	7,810,335	3,732,299	-	11,542,634
Investment in equities	898,765	338,382	740,419	1,977,566
Others	22,339	196,193	698,693	917,225
	8,731,439	4,266,874	1,439,112	14,437,425

**DESIGNATED AT FAIR VALUE
THROUGH PROFIT OR LOSS:**

Investment in equities	77,052	-	-	77,052
Others	439,902	23,073	4	462,979
	516,954	23,073	4	540,031

Derivatives held for trading

Positive fair value of derivatives	-	1,306,294	-	1,306,294
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Derivatives held as cash flow hedges:

Interest rate swaps	-	74,322	-	74,322
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Derivatives held as fair value hedges:

Interest rate swaps	-	71,221	-	71,221
	-	1,451,837	-	1,451,837

Derivatives held for trading

Negative fair value of derivatives	-	(1,169,969)	-	(1,169,969)
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Derivatives held as cash flow hedges:

Interest rate swaps	-	(9,590)	-	(9,590)
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Derivatives held as fair value hedges:

Interest rate swaps	-	(76,814)	-	(76,814)
	-	(1,256,373)	-	(1,256,373)

	10,267,115	4,524,584	1,439,116	16,230,815
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26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	Available for sale financial assets AED 000	Financial assets designated at fair value through profit or loss AED 000	Financial assets held for trading AED 000	Total AED 000
Balance as at 1 January 2014	1,601,597	37,626	-	1,639,223
Total gains or losses:				
- in profit or loss	(12,914)	-	-	(12,914)
- in other comprehensive income	72,314	-	-	72,314
Purchases	-	-	-	-
Settlements and other adjustments	(221,885)	(37,622)	-	(259,507)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Balance as at 30 June 2014	1,439,112	4	-	1,439,116

During the period ended 30 June 2014 available for sale financial assets with a carrying amount of AED Nil (31 December 2013: AED 151 million) were transferred from Level 1 to Level 2 because quoted prices in the market for such debt securities became no longer regularly available. In order to determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data. There have been transfers from Level 2 to Level 1 amounting to AED Nil (31 December 2013: AED 80 million) during the period June 2014.

EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014 (UNAUDITED)
26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

31 December 2013	Quoted prices in active markets for identical assets (Level 1) AED 000	Significant other observable inputs (Level 2) AED 000	Significant unobservable inputs (Level 3) AED 000	Total Gains/ (losses) AED 000
<u>Trading securities</u>				
Debt Securities	926,623	3,182	-	929,805
Investment in equities	37,256	-	-	37,256
Others	190,672	158,564	-	349,236
	1,154,551	161,746	-	1,316,297
<u>Investment Securities</u>				
<u>AVAILABLE-FOR-SALE:</u>				
Debt Securities	8,586,691	3,664,457	61,699	12,312,847
Investment in equities	698,501	346,570	781,439	1,826,510
Others	103,882	217,562	758,459	1,079,903
	9,389,074	4,228,589	1,601,597	15,219,260
<u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u>				
Investment in equities	59,422	-	-	59,422
Others	443,355	25,749	37,626	506,730
	502,777	25,749	37,626	566,152
<u>Derivatives held for trading</u>				
<u>Positive fair value of derivatives</u>	-	1,573,997	-	1,573,997
Derivatives held as cash flow hedges:				
Interest rate swaps	-	107,461	-	107,461
Derivatives held as fair value hedges:				
Interest rate swaps	-	95,093	-	95,093
	-	1,776,551	-	1,776,551
<u>Derivatives held for trading</u>				
<u>Negative fair value of derivatives</u>	-	(1,312,457)	-	(1,312,457)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(22,210)	-	(22,210)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(103,505)	-	(103,505)
	-	(1,438,172)	-	(1,438,172)
	11,046,402	4,754,463	1,639,223	17,440,088

26 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

27 OTHER SIGNIFICANT EVENTS

Subsequent to the half year ended June 30, 2014, the Group has repaid the entire outstanding balance of AED 4,784 million pertaining to deposits received from the Ministry of Finance of the UAE in 2008.

28 COMPARATIVE FIGURES

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