KPMG

Dubai Islamic Bank P.J.S.C.

Review report and condensed consolidated interim financial information

For the six-month period ended 30 June 2014

Dubai Islamic Bank P.J.S.C.

Review report and condensed consolidated interim financial information (Unaudited)
For the six-month period ended 30 June 2014

	Pages
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial information	7 - 27

KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard
PO Box 3800
Downtown Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Dubai Islamic Bank P.J.S.C

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Dubai Islamic Bank P.J.S.C ("the Bank") and its subsidiaries (together referred to as "the Group"), consisting of the condensed consolidated interim statement of financial position as at 30 June 2014, the condensed consolidated interim statement of profit or loss for the three month and six month periods ended 30 June 2014, the condensed consolidated interim statement of comprehensive income for the three month and six month periods ended 30 June 2014, the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2014, and notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 30 June 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matters

The condensed consolidated interim financial information for the six-month period ended 30 June 2013 and the consolidated financial statements for the year ended 31 December 2013 were reviewed and audited respectively by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information for the six-month period ended 30 June 2013 on 1 August 2013 and an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2013 on 29 January 2014.

KPMG

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793

24 JUL 2014

KPMG Lower Gulf Limited, registered in the UAE and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved

Condensed consolidated interim statement of financial position
as at 30 June 2014

	Notes	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
ASSETS			
Cash and balances with central banks	5	**27,046,092**	22,712,964
Due from banks and financial institutions	6	**2,928,379**	9,606,168
Islamic financing and investing assets, net	7	**66,054,118**	56,070,638
Investments in Islamic sukuk measured at amortised cost	8	**13,946,384**	11,642,553
Other investments measured at fair value	9	**2,111,074**	2,029,657
Investments in associates and joint ventures	10	**1,786,969**	1,877,829
Properties held for development and sale		**1,251,063**	1,840,973
Investment properties	11	**1,892,366**	2,013,314
Receivables and other assets		**5,660,517**	4,957,374
Property and equipment		**562,541**	536,968
Total assets		**123,239,503**	113,288,438
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	12	**94,787,814**	79,060,541
Due to banks and financial institutions		**2,659,355**	2,630,006
Sukuk instruments issued by the Bank	13	**2,847,175**	2,807,603
Payables and other liabilities		**6,366,619**	12,282,511
Zakat payable		**-**	165,588
Total liabilities		**106,660,963**	96,946,249
EQUITY			
Share capital	14	**3,953,751**	3,953,751
Tier 1 sukuk	14	**3,673,000**	3,673,000
Other reserves and treasury shares	14	**5,494,116**	5,495,696
Investments fair value reserve		**(542,535)**	(563,850)
Exchange translation reserve		**(294,801)**	(280,833)
Retained earnings		**2,191,815**	2,013,921
Equity attributable to owners of the Bank		**14,475,346**	14,291,685
Non-controlling interests		**2,103,194**	2,050,504
Total equity		**16,578,540**	16,342,189
Total liabilities and equity		**123,239,503**	113,288,438

H.E. Mohammad Ibrahim Al Shaibani
Chairman

Abdulla Ali Al Hamli
Managing Director

Dr. Adnan Chilwan
Chief Executive Officer

The notes on page 7 to 27 form an integral part of these condensed consolidated interim financial information.

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

Condensed consolidated interim statement of profit or loss (Unaudited)
for the six-month period ended 30 June 2014

	Three-month period ended 30 June		Six-month period ended 30 June	
	2014 AED'000	2013 AED'000	**2014 AED'000**	2013 AED'000
NET REVENUE				
Income from Islamic financing transactions	**1,072,465**	1,010,965	**2,085,491**	2,006,055
Commissions, fees and foreign exchange income	**287,730**	214,001	**580,777**	433,783
Income from properties held for development and sale, net	**85,270**	8,048	**175,326**	107,533
Share of profit from associates and joint ventures	**19,485**	35,263	**38,419**	45,489
Income from investment properties	**31,106**	7,109	**46,462**	20,171
Income from other investments measured at fair value, net	**21,198**	10,287	**26,703**	15,995
Other income	**43,342**	36,775	**102,725**	85,172
Total revenue	**1,560,596**	1,322,448	**3,055,903**	2,714,198
Less: depositors' and sukuk holders' share of profit	**(206,176)**	(277,589)	**(396,802)**	(596,754)
Net revenue	**1,354,420**	1,044,859	**2,659,101**	2,117,444
OPERATING EXPENSES				
Personnel expenses	**(309,973)**	(270,441)	**(606,229)**	(531,042)
General and administrative expenses	**(144,511)**	(120,223)	**(281,449)**	(240,344)
Depreciation of property and equipment	**(24,465)**	(28,414)	**(47,809)**	(50,625)
Depreciation of investment properties	**(9,224)**	(3,331)	**(18,463)**	(9,917)
Total operating expenses	**(488,173)**	(422,409)	**(953,950)**	(831,928)
Net operating income before impairment charges	**866,247**	622,450	**1,705,151**	1,285,516
Impairment charge for the period, net	**(160,340)**	(184,849)	**(355,184)**	(544,770)
Net profit for the period before income tax expense	**705,907**	437,601	**1,349,967**	740,746
Income tax expense	**(5,467)**	(630)	**(12,962)**	(2,056)
Net profit for the period	**700,440**	436,971	**1,337,005**	738,690
Attributable to:				
Owners of the Bank	**667,472**	418,235	**1,277,555**	700,225
Non-controlling interests	**32,968**	18,736	**59,450**	38,465
Net profit for the period	**700,440**	436,971	**1,337,005**	738,690
Earnings per share (AED per share) (Note 15)	**AED 0.17**	AED 0.11	**AED 0.29**	AED 0.18

The notes on page 7 to 27 form an integral part of these condensed consolidated interim financial information.

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

Condensed consolidated interim statement of comprehensive income (Unaudited)
for the six-month period ended 30 June 2014

	Three-month period ended 30 June		Six-month period ended 30 June	
	2014 AED'000	2013 AED'000	**2014 AED'000**	2013 AED'000
Net profit for the period	**700,440**	436,971	**1,337,005**	738,690
Other comprehensive income/(loss) items				
Items that will not be reclassified subsequently to profit or loss:				
Fair value (loss)/gain on other investments carried at FVTOCI, net	**(37,522)**	93,786	**30,106**	109,048
Board of directors' remuneration	-	-	**(5,150)**	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations, net	**(41,125)**	(2,873)	**(13,968)**	(33,693)
Other comprehensive (loss)/income for the period	**(78,647)**	90,913	**10,988**	75,355
Total comprehensive income for the period	**621,793**	527,884	**1,347,993**	814,045
Attributable to:				
Owners of the Bank	**585,437**	508,262	**1,285,155**	774,694
Non-controlling interests	**36,356**	19,622	**62,838**	39,351
Total comprehensive income for the period	**621,793**	527,884	**1,347,993**	814,045

The notes on page 7 to 27 form an integral part of these condensed consolidated interim financial information.

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

Condensed consolidated interim statement of changes in equity (Unaudited)
for the six-month period ended 30 June 2014

	Equity attributable to owners of Bank								
	Share capital AED'000	Tier 1 sukuk AED'000	Other reserves and treasury shares AED'000	Investments fair value reserve AED'000	Exchange translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2013	3,797,054	-	5,348,964	(817,913)	(192,100)	951,776	9,087,781	2,691,509	11,779,290
Net profit for the period	-	-	-	-	-	700,225	700,225	38,465	738,690
Other comprehensive income for the period	-	-	-	108,162	(33,693)	-	74,469	886	75,355
Total comprehensive income for the period	-	-	-	108,162	(33,693)	700,225	774,694	39,351	814,045
Transactions with owners directly in equity:									
Dividend paid (Note 21)	-	-	-	-	-	(569,558)	(569,558)	(25,063)	(594,621)
Zakat adjustment	-	-	-	-	-	-	-	(14,332)	(14,332)
Tier 1 sukuk issuance (Note 14 (b))	-	3,673,000	-	-	-	-	3,673,000	-	3,673,000
Tier 1 sukuk issuance cost	-	-	-	-	-	(29,154)	(29,154)	-	(29,154)
Transfer on disposal/reclassification of other investments carried at FVTOCI	-	-	-	43,900	-	(43,900)	-	-	-
Acquisition of non-controlling interests	156,697	-	148,948	-	-	327,040	632,685	(632,690)	(5)
Share capital issuance cost	-	-	-	-	-	(667)	(667)	-	(667)
Balance at 30 June 2013	3,953,751	3,673,000	5,497,912	(665,851)	(225,793)	1,335,762	13,568,781	2,058,775	15,627,556
Balance at 1 January 2014	**3,953,751**	**3,673,000**	**5,495,696**	**(563,850)**	**(280,833)**	**2,013,921**	**14,291,685**	**2,050,504**	**16,342,189**
Net profit for the period	-	-	-	-	-	**1,277,555**	**1,277,555**	**59,450**	**1,337,005**
Other comprehensive income for the period	-	-	-	**26,718**	**(13,968)**	**(5,150)**	**7,600**	**3,388**	**10,988**
Total comprehensive income for the period	-	-	-	**26,718**	**(13,968)**	**1,272,405**	**1,285,155**	**62,838**	**1,347,993**
Transactions with owners directly in equity:									
Dividend paid (Note 21)	-	-	-	-	-	**(986,526)**	**(986,526)**	**(10,362)**	**(996,888)**
Treasury shares	-	-	**(1,580)**	-	-	**1,366**	**(214)**	**214**	-
Zakat adjustment	-	-	-	-	-	**72**	**72**	-	**72**
Tier 1 sukuk profit distribution (Note 14 (b))	-	-	-	-	-	**(114,781)**	**(114,781)**	-	**(114,781)**
Tier 1 sukuk issuance cost	-	-	-	-	-	**(45)**	**(45)**	-	**(45)**
Transfer on disposal/reclassification of other investments carried at FVTOCI	-	-	-	**(5,403)**	-	**5,403**	-	-	-
Balance at 30 June 2014	**3,953,751**	**3,673,000**	**5,494,116**	**(542,535)**	**(294,801)**	**2,191,815**	**14,475,346**	**2,103,194**	**16,578,540**

The notes on page 7 to 27 form an integral part of these condensed consolidated interim financial information.

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

Condensed consolidated interim statement of cash flows (Unaudited)
for the six-month period ended 30 June 2014

	Six-month period ended 30 June	
	2014 AED'000	2013 AED'000
Operating activities		
Net profit for the period before income tax expense	1,349,967	740,746
Adjustments for:		
Share of profit of associates and joint ventures	(38,419)	(45,489)
Income from disposal of properties held for development and sale	(175,326)	(6,531)
Dividend income	(27,420)	(14,896)
Loss/(gain) on disposal of other investments	702	(105)
Revaluation of investments at fair value through profit or loss	15	(164)
Gain on sale of investments in Islamic sukuk	(31,173)	(66,497)
Gain on disposal of property and equipment	(90)	(71)
Gain on disposal of investment properties	(16,000)	-
Gain on reclassification of investment in associate to other investment	(42,841)	-
Depreciation of property and equipment	47,809	50,625
Depreciation of investment properties	18,463	9,917
Impairment charge for the period, net	355,184	544,770
Operating cash flow before changes in operating assets and liabilities	1,440,871	1,212,305
Increase in deposits and international murabahat with over three months maturity	(2,738,949)	(6,659,057)
Increase in Islamic financing and investing assets	(10,180,792)	(806,492)
(Increase)/decrease in receivables and other assets	(746,171)	724,931
Increase in customers' deposits	15,550,782	15,689,619
Increase/(decrease) in due to banks and other financial institutions	23,507	(2,721,101)
Decrease in payables and other liabilities	(6,092,091)	(453,919)
Cash (used in)/generated from operations	(2,742,843)	6,986,286
Tax paid	(4,721)	(3,922)
Net cash (used in)/generated from operating activities	(2,747,564)	6,982,364
Investing activities		
Net movement in investments in Islamic sukuk measured at amortised cost	(2,210,393)	683,969
Net movement in other investments measured at fair value	184,218	38,797
Dividend received	43,837	25,287
Additions to properties held for development and sale	(3,397)	(58,041)
Proceeds from disposal of properties held for development and sale	766,850	154,376
Purchase of investment properties	(3,441)	(13,354)
Net movement in investments in associates and joint ventures	(106,225)	-
Purchase of property and equipment	(72,197)	(41,178)
Proceeds from disposal of investment properties	120,921	-
Proceeds from disposal of property and equipment	557	201
Net cash (used in)/generated from investing activities	(1,279,270)	790,057
Financing activities		
Dividend paid	(996,888)	(594,621)
Tier 1 sukuk profit distribution	(114,781)	-
Tier 1 sukuk issuance, net	(45)	3,643,846
Repayment of medium term wakala finance	-	(3,752,543)
Net movement in sukuk instruments issued by the Bank	-	(1,095,150)
Share capital issuance cost	-	(667)
Net cash used in financing activities	(1,111,714)	(1,799,135)
Net (decrease)/increase in cash and cash equivalents	(5,138,548)	5,973,286
Cash and cash equivalents at the beginning of the period	17,369,132	10,548,086
Effect of exchange rate changes on the balance of cash held in foreign currencies	54,938	(17,230)
Cash and cash equivalents at the end of the period (Note 16)	12,285,522	16,504,142

The notes on page 7 to 27 form an integral part of these condensed consolidated interim financial information.

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

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014

1. General information

Dubai Islamic Bank (Public Joint Stock Company) (the "Bank") was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia'a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company. The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates.

These condensed consolidated interim financial information combine the activities of the Bank and its subsidiaries as disclosed in Note 24 to these condensed consolidated interim financial information (together referred to as the "Group").

2. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information

The following revised IFRSs have been adopted in these condensed consolidated interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 10 *Consolidated Financial Statements - amendments for investment entities*
- Amendments to IFRS 12 *Disclosure of interests in Other Entities - amendments for investment entities*
- Amendments to IAS 27 *Separate Financial Statements (as amended in 2011) - amendments for investment entities*
- Amendments to IAS 32 *Financial instruments: Presentation - amendments relating to the offsetting of assets and liabilities*
- Amendments to IAS 36 *Impairment of Assets – Amendments arising from Recoverable Amount Disclosures for Non-Financial Asset*
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives*
- IFRIC 21 *Levies*

(b) New and revised standards in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• *Amendments to* IFRS 2 *Shared-based Payment – Definition of 'vesting condition'*	1 July 2014
• *Amendments to* IFRS 3 *Business Combinations – Accounting for contingent consideration and scope exception for joint ventures*	1 July 2014
• *Amendments to* IFRS 8 *Operating Segments – Aggregation of segments, and reconciliation of segment assets*	1 July 2014

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(b) New and revised standards in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• *Amendments to* IFRS 11 *Joint Arrangements – Amendments regarding the accounting for acquisitions of an interest in a joint operation*	1 January 2016
• *Amendments to* IFRS 13 *Fair Value Measurement – Scope of the portfolio exception*	1 July 2014
• IFRS 15 *Revenue from contracts with customers – it specifies how and when entities should recognise revenue and requiring the entities to provide users of financial statements with more informative, relevant disclosures.*	1 January 2017
• *Amendments to* IAS 16 *Property, Plant and Equipment – Proportionate restatement of accumulated depreciation on revaluation*	1 July 2014
• *Amendments to* IAS 16 *Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation*	1 January 2016
• *Amendments to* IAS 19 *Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service*	1 July 2014
• *Amendments to* IAS 24 *Related Party Disclosures – Management entities*	1 July 2014
• *Amendments to* IAS 38 *Intangible Assets – Proportionate restatement of accumulated depreciation on revaluation*	1 July 2014
• *Amendments to* IAS 38 *Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation*	1 January 2016
• *Amendments to* IAS 40 *Investment Property – Interrelationship between* IFRS 3 *and* IAS 40	1 July 2014

As of date of issuance of this condensed consolidated interim financial information, management are still in the process of evaluating the impact of these new and revised standards on the condensed consolidated interim financial information.

3. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34. "*Interim Financial Reporting*" issued by the International Accounting Standards Board and also complies with the applicable requirements of the laws in the U.A.E.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

3. Basis of preparation (continued)

(a) Statement of compliance (continued)

These condensed consolidated interim financial information do not include all the information required for a complete set of IFRS consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2013. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

(b) Judgements and estimates

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

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

4. Significant accounting policies

The accounting policies used in the preparation of these condensed consolidated financial information are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2013, except for changes in reportable segments as disclosed in Note 17.

Summary of significant accounting policies applied in the preparation of these condensed consolidated interim financial information are as follows:

(a) 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.

(b) Investments in Islamic Sukuk

Investments in Islamic Sukuk are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Investments in Islamic Sukuk meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective yield basis less any impairment, with profit recognised on an effective yield basis in income from investments in Islamic Sukuk in the condensed consolidated interim statement of profit or loss.

Subsequent to initial recognition, if the objective of the business model changes so that the amortised cost criteria is no longer met, the Group is required to reclassify investments in Islamic Sukuk from amortised cost to fair value through profit or loss ("FVTPL").

4. Significant accounting policies (continued)

(b) Investments in Islamic Sukuk (continued)

The Group may irrevocably elect at initial recognition to classify investment in Islamic Sukuk that meets the amortised cost criteria above as at fair value through profit or loss ("FVTPL"), if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost. At the reporting date, the Group has elected not to designate any investments in Islamic Sukuk as FVTPL under the fair value option.

(c) Other investments

Investments measured at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the condensed consolidated interim statement of profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in the condensed consolidated interim statement of profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue* and is included in the condensed consolidated interim statement of profit or loss.

Investments measured at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve in equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in condensed consolidated interim statement of profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment.

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment loss. Depreciation on investment in buildings is charged on a straight-line basis over 25 years.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

4. Significant accounting policies (continued)

(d) Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the condensed consolidated interim statement of profit or loss in the period in which the property is derecognised.

Transfers to investment properties are made when, and only when there is change in use evidenced by ending of owner-occupation, or commencement of an operating lease to another party. Transfers from investment properties are made when, and only when, there is change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

(e) Investments in associates and joint ventures

The results and assets and liabilities of associates and joint ventures are incorporated in these condensed consolidated interim financial information using the equity method of accounting. Under the equity method, an investment in associates and joint ventures is initially recognised in the condensed consolidated interim statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. When the Group's share of losses of associates and joint ventures exceeds the Group's interest in that associates and joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates and joint ventures), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When a Group's entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture is recognised in the Group' condensed consolidated interim financial information only to the extent of interests in the associate or joint venture that are not related to the Group.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the condensed consolidated interim statement of profit or loss in the period in which the investment is acquired.

The requirements of International Financial Reporting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate and joint venture.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture. The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate.

4. Significant accounting policies (continued)

(e) Investments in associates and joint ventures (continued)

Upon disposal of associates and joint ventures that results in the Group losing significant influence over that associates and joint ventures, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associates and joint ventures attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates and joint ventures. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associates and joint ventures on the same basis as would be required if that associates and joint ventures had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associates and joint ventures would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associates and joint ventures.

5. Cash and balances with central banks

(a) The analysis of the Group's cash and balances with central banks is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Cash in hand	**1,942,754**	1,740,992
Balances with the central banks:		
Current accounts	**1,531,489**	888,259
Reserve requirements with central banks (Note 5 (b))	**5,882,900**	5,095,569
International murabahat with the Central Bank of the U.A.E.	**17,688,949**	14,988,144
Total	**27,046,092**	22,712,964

(b) The reserve requirements are kept with the Central Banks of the U.A.E. and Pakistan in the respective local currencies and US Dollar. These reserves are not available for use in the Group's day to day operations, and cannot be withdrawn without the approval of the respective central banks. The level of reserve required changes every month in accordance with the requirements of the respective central banks' directives.

(c) The geographical analysis of the cash and balances with central banks is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Within the U.A.E.	**26,718,153**	22,546,487
Outside the U.A.E.	**327,939**	166,477
Total	**27,046,092**	22,712,964

6. Due from banks and financial institutions

The geographical analysis of the Group's due from banks and financial institutions is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Within the U.A.E.	**1,839,437**	7,328,001
Outside the U.A.E.	**1,088,942**	2,278,167
Total	**2,928,379**	9,606,168

7. Islamic financing and investing assets, net

(a) The analysis of the Group's Islamic financing and investing assets, net is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Islamic financing assets		
Vehicles murabahat	**7,098,657**	5,960,304
Commodities murabahat	**5,093,437**	4,276,412
Real estate murabahat	**3,372,061**	3,737,731
International murabahat - long term	**5,478,058**	884,689
Total murabahat	**21,042,213**	14,859,136
Other ijaras	**14,975,752**	13,160,813
Home finance ijara	**11,015,745**	11,376,246
Salam finance	**7,386,998**	6,235,659
Istisna'a	**3,975,791**	3,482,002
Islamic credit cards	**436,841**	422,199
	58,833,340	49,536,055
Less: deferred income on murabahat	**(1,849,391)**	(1,889,228)
Less: contractors' and consultants' istisna'a contracts	**(97,669)**	(122,583)
Total Islamic financing assets	**56,886,280**	47,524,244
Islamic investing assets		
Mudaraba	**6,327,390**	4,026,973
Musharakat	**4,539,688**	5,644,561
Wakalat	**3,187,427**	3,448,133
Total Islamic investing assets	**14,054,505**	13,119,667
Total Islamic financing and investing assets	**70,940,785**	60,643,911
Less: provisions for impairment (Note 7 (c))	**(4,886,667)**	(4,573,273)
Total Islamic financing and investing assets, net	**66,054,118**	56,070,638

7. Islamic financing and investing assets, net (continued)

(b) The geographical analysis of Islamic financing and investing assets, net is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Within the U.A.E.	67,308,214	58,036,170
Outside the U.A.E.	3,632,571	2,607,741
Total Islamic financing and investing assets	70,940,785	60,643,911
Less: provisions for impairment (Note 7 (c))	(4,886,667)	(4,573,273)
Total Islamic financing and investing assets, net	66,054,118	56,070,638

(c) Movements in the provisions for impairment are as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Balance at the beginning of the period/year	4,573,273	3,699,422
Charge for the period/year	584,098	1,153,085
Release to consolidated statement of profit or loss	(291,262)	(301,455)
Written (off)/back during the period/year	(2,855)	6,802
Foreign exchange effect	3,206	(3,799)
Other movements	20,207	19,218
Balance at the end of the period/year	4,886,667	4,573,273

8. Investments in Islamic sukuk measured at amortised cost

(a) The geographical analysis of the Group's investments in Islamic sukuk measured at amortised cost is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
At amortised cost		
Within the U.A.E.	11,737,902	10,204,306
Other G.C.C. Countries	664,421	519,985
Rest of the world	1,544,061	918,262
Total	13,946,384	11,642,553

(b) Investments in Islamic sukuk measured at amortised cost within the U.A.E. include investments in bilateral governmental sukuk amounting to AED 3,306 million as at 30 June 2014 (31 December 2013: AED 3,673 million).

9. Other investments measured at fair value

The geographical analysis of the other investments measured at fair value is as follows:

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
30 June 2014 (Unaudited)				
Investments designated at fair value through profit or loss				
Quoted equity instruments	-	-	-	-
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**839,739**	**176,482**	**20,567**	**1,036,788**
Unquoted equity instruments	**718,834**	**41,467**	**83,235**	**843,536**
Unquoted investment funds	**4,794**	**1,795**	**224,161**	**230,750**
	1,563,367	**219,744**	**327,963**	**2,111,074**
Total	**1,563,367**	**219,744**	**327,963**	**2,111,074**
31 December 2013 (Audited)				
Investments designated at fair value through profit or loss				
Quoted equity instruments	790	-	-	790
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	629,484	184,610	44,544	858,638
Unquoted equity instruments	803,848	42,249	84,326	930,423
Unquoted investment funds	3,916	1,795	234,095	239,806
	1,437,248	228,654	362,965	2,028,867
Total	1,438,038	228,654	362,965	2,029,657

10. Investments in associates and joint ventures

During the period ended 30 June 2014, the Group acquired 24.9% of "PT Bank Panin Syariah Tbk", Indonesia by acquiring 2,427,750,000 shares. The Group is in the process to increase its stake to 40% after obtaining required regulatory approvals.

11. Investment properties

The geographical analysis of investment properties is as follows:

30 June 2014 (Unaudited)	Land AED'000	Other real estate AED'000	Properties under construction AED'000	Total AED'000
Cost:				
Within the U.A.E.	890,580	385,447	688,657	1,964,684
Outside the U.A.E.	51,733	431,075	-	482,808
Total cost	942,313	816,522	688,657	2,447,492
Less: accumulated depreciation and impairment				(555,126)
Carrying amount				1,892,366
31 December 2013 (Audited)				
Cost:				
Within the U.A.E.	890,580	385,447	685,210	1,961,237
Outside the U.A.E.	257,182	420,070	-	677,252
Total cost	1,147,762	805,517	685,210	2,638,489
Less: accumulated depreciation and impairment				(625,175)
Carrying amount				2,013,314

12. Customers' deposits

(a) The analysis of the Group's customers' deposits is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Current accounts	26,200,871	20,606,115
Saving accounts	14,543,224	12,927,264
Investment deposits	53,554,155	45,126,102
Margin accounts	291,536	226,332
Depositors' investment risk reserve (Note 12 (b))	114,567	105,396
Depositors' share of profit payable	83,461	69,332
Total	94,787,814	79,060,541

(b) Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is paid to the depositors with the approval of the Group's Fatwa and Sharia'a Supervisory Board.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

13. Sukuk instruments issued by the Group

The analysis of the sukuk instruments issued by the Group is as follows:

	Expected annual profit rate	Maturity	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Sukuk issued by the Bank	4.75%	May 2017	**1,836,500**	1,836,500
Sukuk issued by a subsidiary	5.15%	January 2017	**1,010,675**	971,103
Total			**2,847,175**	2,807,603

14. Equity

(a) Share capital

As at 30 June 2014, 3,953,751,107 authorised ordinary shares of AED 1 each (31 December 2013: 3,953,751,107 ordinary shares of AED 1 each) were fully issued and paid up.

(b) Tier 1 sukuk

In March 2013, the Bank issued Tier 1 sukuk amounting to USD 1,000 million (equivalent to AED 3,673 million). Tier 1 sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. Tier 1 sukuk is callable by the Bank after the six-year period ending March 2019 (the "First Call Date") or any profit payment date thereafter subject to certain redemption conditions. Tier 1 sukuk bears an expected profit rate of 6.25% per annum to be paid semi-annually in arrears until the First Call Date. After that, the expected profit rate will be reset based on the prevailing 6 year U.S. Mid Swap Rate plus initial margin of 495.5 basis points. At the Bank's sole discretion, the Bank may, elect not to make any Mudaraba profit distributions as expected and the event is not considered an event of default. Profit distributed during the six-month period ended 30 June 2014 amounts to AED 114.8 million (six-month period ended 30 June 2013: Nil)

(c) Other reserves and treasury shares

As of 30 June 2014 (Unaudited), other reserves and treasury shares balance includes treasury shares amounting to AED 15 million (8,527,153 shares) (As of 31 December 2013 (Audited): AED 13 million (7,649,631 shares)).

15. Earnings per share (Unaudited)

Basic and diluted earnings per share is calculated by dividing the net profit for the period attributable to the owners of the Bank by the weighted average number of shares in issue and outstanding throughout the period as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2014	2013	**2014**	2013
Profit for the period attributable to the owners of the Bank (AED'000)	**667,472**	418,235	**1,277,555**	700,225
Board of Directors' remuneration paid (AED'000)	**-**	-	**(5,150)**	-
Profit attributable to tier 1 sukuk holders (AED'000)	**-**	-	**(114,781)**	-
	667,472	418,235	**1,157,624**	700,225
Weighted average number of shares used in the calculation of basic and diluted earnings per share (number of shares in thousands)	**3,945,970**	3,947,705	**3,946,030**	3,849,344
Basic earnings per share (AED per share)	**0.17**	0.11	**0.29**	0.18

There is no dilution impact on basic earnings per share.

16. Cash and cash equivalents (Unaudited)

	30 June 2014 AED'000	30 June 2013 AED'000
Cash and balances with central banks	**27,046,092**	22,555,151
Due from banks and financial institutions	**2,928,379**	8,827,022
	29,974,471	31,382,173
Less: balances and deposits with banks and financial institutions with original maturity over 3 months	**(17,688,949)**	(14,878,031)
Total	**12,285,522**	16,504,142

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

17. Segmental information

Reportable segments

(a) Reportable segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(b) The Group's reportable segments are organised into five major segments as follows:

- Consumer banking:	Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahats, salam, ijarah (including home finance ijarah), credit cards and funds transfer facilities, and trade finance facilities.
- Corporate banking:	Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers.
- Real estate development:	Property development and other real estate investments.
- Treasury:	Principally responsible for managing the Bank's overall liquidity and market risk and provides treasury services to customers. Treasury also runs its own Islamic debt and specialises financial instruments book to manage the above risks.
- Other:	Functions other than above core lines of businesses including investment banking services.

(c) During the period ended 30 June 2014, the management changed the structure of its reportable segments and internal reports and accordingly, reportable segments' titles, definitions and amounts were modified. The comparative amounts were restated as required by IFRS 8 *Operating Segments.*

(d) The accounting policies of the above reportable segments are the same as the Group's accounting policies. Transactions between segments are conducted at estimated profit rates which approximate to market rates on an arm's length basis.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

17. Segmental information (continued)

Reportable segments **(continued)**

(e) The following table presents summarised condensed consolidated interim statement of profit and loss related to Group's reportable segments:

	Consumer banking		Corporate banking		Real estate development		Treasury		Other		Total	
	Six-month period ended 30 June		Six-month period ended 30 June		Six-month period ended 30 June		Six-month period ended 30 June		Six-month period ended 30 June		Six-month period ended 30 June	
	2014 (Unaudited) AED'000	2013 (Unaudited) AED'000	**2014 (Unaudited) AED'000**	2013 (Unaudited) AED'000	**2014 (Unaudited) AED'000**	2013 (Unaudited) AED'000	**2014 (Unaudited) AED'000**	2013 (Unaudited) AED'000	**2014 (Unaudited) AED'000**	2013 (Unaudited) AED'000	**2014 (Unaudited) AED'000**	2013 (Unaudited) AED'000
Net revenue	**1,295,479**	1,083,116	**826,996**	654,494	**188,719**	82,571	**282,483**	248,408	**65,424**	48,855	**2,659,101**	2,117,444
Operating expenses	**(657,858)**	(551,610)	**(130,373)**	(100,619)	**(85,940)**	(56,966)	**(10,896)**	(7,238)	**(68,883)**	(115,495)	**(953,950)**	(831,928)
Net operating income	**637,621**	531,506	**696,623**	553,875	**102,779**	25,605	**271,587**	241,170	**(3,459)**	(66,640)	**1,705,151**	1,285,516
Impairment charge for the period, net	**(111,909)**	(192,593)	**(178,076)**	(290,466)	**(61,035)**	(24,500)	**-**	-	**(4,164)**	(37,211)	**(355,184)**	(544,770)
Net profit for the period before income tax expense	**525,712**	338,913	**518,547**	263,409	**41,744**	1,105	**271,587**	241,170	**(7,623)**	(103,851)	**1,349,967**	740,746
Income tax expense											**(12,962)**	(2,056)
Net profit for the period											**1,337,005**	738,690

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

17. Segmental information (continued)

Reportable segments **(continued)**

(f) The following table presents assets and liabilities regarding the Group's reportable segments:

	Consumer banking		Corporate banking		Real estate development		Treasury		Other		Total	
	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000	**30 June 2014 (Unaudited) AED'000**	31 December 2013 (Audited) AED'000	**30 June 2014 (Unaudited) AED'000**	31 December 2013 (Audited) AED'000	**30 June 2014 (Unaudited) AED'000**	31 December 2013 (Audited) AED'000	**30 June 2014 (Unaudited) AED'000**	31 December 2013 (Audited) AED'000	**30 June 2014 (Unaudited) AED'000**	31 December 2013 (Audited) AED'000
Segment assets	**29,332,257**	26,184,186	**39,031,126**	31,711,839	**7,485,366**	7,892,443	**16,399,827**	21,074,762	**31,059,352**	26,425,208	**123,307,928**	113,288,438
Segment liabilities	**52,664,533**	50,019,615	**45,619,972**	38,100,341	**2,320,356**	2,438,824	**5,100,671**	5,087,813	**955,431**	1,299,656	**106,660,963**	96,946,249

18. Related party transactions

(a) The Group enters into arm's length transactions with shareholders, directors, key management personnel, their related concerns and the Group's associates and joint ventures in the ordinary course of business at commercial profit and commission rates.

(b) As at 30 June 2014 and 31 December 2013, the major shareholder of the Bank is Investment Corporation of Dubai ("ICD"), a company in which the Government of Dubai is the majority shareholder.

(c) Balances and transactions between the Bank and its subsidiaries, which are related parties of the Group, have been fully eliminated upon consolidation and they are not disclosed in this note.

(d) The significant balances and transactions with related parties included in these condensed consolidated interim financial information are as follows:

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates and joint ventures AED'000	Total AED'000
As at 30 June 2014 (Unaudited)				
Islamic financing and investing assets	**1,591,634**	**15,387**	**6,666**	**1,613,687**
Investment in Islamic sukuk measured at amortised cost	**734,600**	**-**	**-**	**734,600**
Customers' deposits	**3,805,532**	**75,087**	**13,733**	**3,894,352**
Contingent liabilities and commitments	**-**	**6**	**14,120**	**14,126**
As at 31 December 2013 (Audited)				
Islamic financing and investing assets	1,591,634	50,921	5,964	1,648,519
Investment in Islamic sukuk measured at amortised cost	-	-	-	-
Customers' deposits	3,021,695	40,955	14,883	3,077,533
Contingent liabilities and commitments	-	6	14,120	14,126
For the six-month period ended 30 June 2014 (Unaudited)				
Income from Islamic financing transactions	**25,135**	**521**	**212**	**25,868**
Depositors' and sukuk holders' share of profits	**6,934**	**33**	**-**	**6,967**
For the six-month period ended 30 June 2013 (Unaudited)				
Income from Islamic financing transactions	21,115	414	3,178	24,707
Depositors' and sukuk holders' share of profits	33,691	1,006	-	34,697

(e) No impairment allowances have been recognised against Islamic financing and investing assets extended to related parties or contingent liabilities and commitments issued in favour of the Group's related parties during the six-month period ended 30 June 2014 (six-month period ended 30 June 2013: Nil).

18. Related party transactions (continued)

(f) The compensation paid to/accrued for key management personnel of the Bank during the six-month periods ended 30 June 2014 and 2013 was as follows:

	30 June 2014 (Unaudited) AED'000	30 June 2013 (Unaudited) AED'000
Salaries and other benefits	**11,785**	10,933

19. Fair value of financial instruments

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The table below summarises the Group's financial instruments fair value according to fair value hierarchy:

30 June 2014 (Unaudited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Other investments measured at fair value				
Investments designated at fair value through profit or loss				
Quoted equity instruments	-	-	-	-
Investments carried at fair value through other comprehensive income				
Quoted equity instruments	**1,036,788**	-	-	**1,036,788**
Unquoted equity instruments	-	-	**843,536**	**843,536**
Unquoted investment funds	-	-	**230,750**	**230,750**
Other assets				
Islamic derivative assets	-	**21,476**	-	**21,476**
Total financial assets measured at fair value	**1,036,788**	**21,476**	**1,074,286**	**2,132,550**
Other liabilities				
Islamic derivative liabilities	-	**7,400**	-	**7,400**

19. Fair value of financial instruments (continued)

(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

31 December 2013 (Audited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED '000
Other investments measured at fair value				
Investments designated at fair value through profit or loss				
Quoted equity instruments	790	-	-	790
Investments carried at fair value through other comprehensive income				
Quoted equity instruments	858,638	-	-	858,638
Unquoted equity instruments	-	-	930,423	930,423
Unquoted investment funds	-	-	239,806	239,806
Other assets				
Islamic derivative assets	-	21,041	-	21,041
Total financial assets measured at fair value	859,428	21,041	1,170,229	2,050,698
Other liabilities				
Islamic derivative liabilities	-	10,136	-	10,136

There were no transfers between Level 1 and 2 during the period ended 30 June 2014 and year ended 31 December 2013.

(b) Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statement approximate their fair values.

	Carrying amount AED'000	Fair value			
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 June 2014 (Unaudited)					
Financial assets:					
Investments in Islamic sukuk measured at amortised cost	**13,946,384**	**13,618,333**	-	**895,226**	**14,513,559**
31 December 2013 (Audited)					
Financial assets:					
Investments in Islamic sukuk measured at amortised cost	11,642,553	11,154,576	-	856,177	12,010,753

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

20. Capital adequacy ratio

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Capital base		
Tier 1 Capital	**14,740,110**	14,186,383
Tier 2 Capital	**427,437**	338,498
Deductions from capital	**(752,311)**	(570,260)
Total capital base	**14,415,236**	13,954,621
Risk weighted assets		
Credit risk	**78,305,097**	70,199,816
Market risk	**2,684,385**	1,804,650
Operational risk	**6,792,183**	4,526,311
Total risk weighted assets	**87,781,665**	76,530,777
Capital adequacy ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	**16.4%**	18.2%
Tier 1 capital to total risk weighted assets after deductions for associates and joint ventures	**16.4%**	18.2%

The capital adequacy ratio calculation is based on Basel 2 and the U.A.E. Central Bank rules and regulations.

21. Dividend

At the Annual General Meeting of the shareholders held on 3 March 2014, the shareholders approved a cash dividend of AED 0.25 per outstanding share on 31 December 2013 amounting to AED 987 million (for the year ended 31 December 2012: cash dividend of AED 0.15 per outstanding share amounting to AED 570 million).

22. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated interim statement of profit or loss for the six-month periods ended 30 June 2014 and 2013.

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

23. Contingent liabilities and commitments

The analysis of contingent liabilities and commitments is as follows:

	30 June 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000
Contingent liabilities:		
Letters of guarantee	**8,478,387**	6,986,202
Letters of credit	**3,517,684**	3,313,044
Total contingent liabilities	**11,996,071**	10,299,246
Commitments:		
Capital expenditure commitments	**708,763**	903,605
Irrevocable undrawn facilities commitments	**15,522,309**	13,850,038
Total commitments	**16,231,072**	14,753,643
Total contingent liabilities and commitments	**28,227,143**	25,052,889

24. Subsidiaries

(a) The Group's material interest held directly or indirectly in the subsidiaries is as follows:

	Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion and ownership interest and voting power held by the Group	
				30 June 2014	31 December 2013
1.	DIB Capital Limited	Investments and financial services	U.A.E.	**95.5%**	95.5%
2.	Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	**100.0%**	100.0%
3.	Tamweel P.J.S.C.	Financing and investment	U.A.E	**86.5%**	86.5%
4.	Dubai Islamic Financial Services L.L.C.	Brokerage services	U.A.E.	**95.5%**	95.5%
5.	Deyaar Development P.J.S.C.	Real estate development	U.A.E	**44.9%**	44.9%
6.	Dar al Shariah Financial & Legal Consultancy L.L.C.	Financial and legal advisory	U.A.E.	**60.0%**	60.0%
7.	Al Tanmyah Services L.L.C.	Labour services	U.A.E.	**99.5%**	99.5%
8.	Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	**100.0%**	100.0%
9.	Al Tameer Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
10.	Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	**100.0%**	100.0%
11.	Naseej Fabric Manufacturing L.L.C.	Textile Manufacturing	U.A.E.	**99.0%**	99.0%
12.	DIB Printing Press L.L.C.	Printing	U.A.E.	**99.5%**	99.5%
13.	Levant One Investment Limited	Investments	U.A.E.	**100.0%**	100.0%
14.	Petra Limited	Investments	Cayman Islands	**100.0%**	100.0%
15.	Al Islami Real Estate Investments Ltd.	Investments	U.A.E.	**100.0%**	100.0%
16.	Emirates Automotive Leasing Company	Trading in motor vehicles	U.A.E.	**100.0%**	100.0%

Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2014 (continued)

24. Subsidiaries (continued)

(b) The following Special Purpose Vehicles ("SPV") were formed to manage specific transactions including funds, and are expected to be closed upon their completion.

	Name of SPV	Principal activity	Place of incorporation and operation	Proportion and ownership interest and voting power held by the Group	
				30 June 2014	31 December 2013
17.	HoldInvest Real Estate Sarl	Investments	Luxembourg	**Controlling interest**	Controlling interest
18.	France Invest Real Estate SAS	Investments	France	**Controlling interest**	Controlling interest
19.	SARL Barbanniers	Investments	France	**Controlling interest**	Controlling interest
20.	SCI le Sevine	Investments	France	**Controlling interest**	Controlling interest
21.	Findi Real Estate SAS	Investments	France	**Controlling interest**	Controlling interest
22.	PASR Einudzwanzigste Beteiligunsverwaltung GMBH	Investments	Austria	**Controlling interest**	Controlling interest
23.	Al Islami German Holding Co. GMBH	Investments	Germany	**Controlling interest**	Controlling interest
24.	Rhein Logistics GMBH	Investments	Germany	**Controlling interest**	Controlling interest
25.	Jef Holdings BV	Investments	Netherlands	**Controlling interest**	Controlling interest
26.	Zone Two Real Estate Management Co.	Investments	Cayman Islands	**Controlling interest**	Controlling interest
27.	Zone One Real Estate Management Co.	Investments	Cayman Islands	**100.0%**	100.0%
28.	Al Islami Trade Finance FZ L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
29.	DIB Lease One Ltd.	Investments	Bahamas	**100.0%**	100.0%
30.	DIB Lease One (Dublin) Ltd.	Investments	Ireland	**100.0%**	100.0%
31.	Gulf Atlantic FZ L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
32.	Al Islami Oceanic Shipping Co FZ L.L.C.	Investments	U.A.E.	**100.0%**	100.0%
33.	Sequia Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%
34.	Blue Nile Investments L.L.C.	Investments	U.A.E.	**99.0%**	99.0%

(c) In addition to the registered ownership described above, the remaining equity in the entities 1, 4, 7, 11, 12, 33 and 34 are also beneficially held by the Group through nominee arrangements.

25. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved by the Board of Directors and authorised for issue on 24 July 2014.