In the Name of Allah
The most Gracious and Merciful



Emirates Islamic Bank
(Public Joint Stock Company)

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Condensed Consolidated Interim Financial Statements(un-audited)

For the six month period ended 30th June 2014

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)

For the six month period ended 30th June 2014

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Building a better working world

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

Introduction

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

Ernst & Young

Signed by:
Joseph Murphy
Partner
Registration No. 492

23 July 2014
Dubai, United Arab Emirates

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
ASSETS			
Cash and balances with UAE Central Bank		3,416,392	3,058,691
Due from banks	3	8,834,326	10,851,567
Financing and investing receivables	4	23,767,877	21,683,210
Investments	5	3,122,990	1,975,011
Investment properties	6	1,133,900	1,137,656
Customer acceptances		523,894	461,567
Prepayments and other assets		553,441	495,061
Property and equipment		108,302	106,203
TOTAL ASSETS		**41,461,122**	**39,768,966**
LIABILITIES			
Customers' accounts	7	28,297,100	28,892,862
Due to banks	8	2,141,934	312,736
Sukuk payable	10	3,673,000	3,673,000
Customer acceptances		523,894	461,567
Other liabilities		1,345,681	1,182,137
Zakat payable		-	7,287
Investment wakala	11	1,081,872	1,081,872
TOTAL LIABILITIES		**37,063,481**	**35,611,461**
SHAREHOLDERS' EQUITY			
Share capital	12	3,930,422	3,930,422
Statutory reserve		228,936	228,936
General reserve		134,715	134,715
Fair value reserve		26,862	13,188
Retained Earnings/Accumulated losses		76,706	(149,756)
TOTAL EQUITY		**4,397,641**	**4,157,505**
TOTAL LIABILITES AND EQUITY		**41,461,122**	**39,768,966**
CONTINGENTCIES AND COMMITMENTS		**8,210,166**	**6,648,928**

Chairman **Chief Executive Officer**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
For the six month period ended 30th June 2014

	Note	For the three month period ended 30 June		For the six month period ended 30 June	
		2014	2013	2014	2013
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from financing activities		349,027	289,435	661,975	564,598
Income from investment securities		48,396	45,014	66,841	64,026
Income from Group Holding Company		72,383	78,014	154,152	161,416
Property related income		4,130	753	16,399	1,554
Commission and fee income		80,754	58,468	156,361	117,342
Other operating income		26,348	15,011	37,379	20,705
TOTAL INCOME		**581,038**	**486,695**	**1,093,107**	**929,641**
EXPENSES					
General and administrative expenses		(197,152)	(162,229)	(377,629)	(297,772)
TOTAL EXPENSES		**(197,152)**	**(162,229)**	**(377,629)**	**(297,772)**
NET OPERATING PROFIT BEFORE ALLOWANCES FOR IMPAIRMENT AND DISTRIBUTIONS		**383,886**	**324,466**	**715,478**	**631,869**
Allowances for impairment, net of recoveries		(167,937)	(145,601)	(313,872)	(307,852)
NET OPERATING PROFIT		**215,949**	**178,865**	**401,606**	**324,017**
Customers' share of profit and distribution to sukuk holders		(83,454)	(101,081)	(175,144)	(212,996)
NET PROFIT FOR THE PERIOD		**132,495**	**77,784**	**226,462**	**111,021**
Attributable to:					
Equity holders of the Bank		132,495	77,811	226,462	111,075
Non-controlling interest		-	(27)	-	(54)
NET PROFIT FOR THE PERIOD		**132,495**	**77,784**	**226,462**	**111,021**
Earning per share (Dirham)	13	0.034	0.023	0.058	0.034

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30th June 2014

	For the three month period ended 30 June		For the six month period ended 30 June	
	2014 AED'000	2013 AED'000	2014 AED'000	2013 AED'000
NET PROFIT FOR THE PERIOD	**132,495**	**77,784**	**226,462**	**111,021**
Cumulative changes in fair value of AFS investment				
- Net change in fair value	23,433	(36,936)	21,733	(23,134)
- Net amount transferred to income statement	(8,059)	-	(8,059)	(23,615)
Total	**15,374**	**(36,936)**	**13,674**	**(46,749)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**147,869**	**40,848**	**240,136**	**64,272**
Attributable to:				
Equity holders of the Bank	147,869	40,875	240,136	64,299
Non-controlling interest	-	(27)	-	(54)
	147,869	**40,848**	**240,136**	**64,245**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30th June 2014

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK						Non-controlling interest	Total equity
	Share capital	Statutory reserve	General reserve	Fair value reserve	Retained Earnings /Accumulated losses	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2013	2,430,422	214,987	120,766	66,632	(254,059)	2,578,748	43,276	2,622,024
Issue of right shares	1,500,000	-	-	-	-	1,500,000	-	1,500,000
Net profit for the period	-	-	-	-	111,075	111,075	(54)	111,021
Other comprehensive (loss) for the period	-	-	-	(46,749)	-	(46,749)	-	(46,749)
As at 30 June 2013	**3,930,422**	**214,987**	**120,766**	**19,883**	**(142,984)**	**4,143,074**	**43,222**	**4,186,296**
As at 1 January 2014	3,930,422	228,936	134,715	13,188	(149,756)	4,157,505	-	4,157,505
Net profit for the period	-	-	-	-	226,462	226,462	-	226,462
Other comprehensive income for the period	-	-	-	13,674	-	13,674	-	13,674
As at 30 June 2014	**3,930,422**	**228,936**	**134,715**	**26,862**	**76,706**	**4,397,641**	**-**	4,397,641

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' review report is set out on page 1.

Emirates Islamic Bank (PJSC)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 30th June 2014

		For the six month period ended 30 June	
		2014	2013
OPERATING ACTIVITIES	Note	**AED'000**	**AED'000**
Net profit for the period		226,462	111,021
Adjustments:			
Allowances for impairment on financing receivables		244,991	254,422
Allowances for impairment on investments		68,881	53,430
Dividend income		(17,863)	(15,967)
Gain on sale of Available for Sale investments		(8,907)	(13,937)
Gain on sale of investment properties		(8,086)	-
Unrealised gain on fair value of investment securities through profit and loss		(16,755)	(226)
Depreciation on investment properties		14,342	14,342
Depreciation on fixed assets		12,198	9,154
Operating profit before changes in operating assets and liabilities		**515,263**	**412,239**
Changes in reserves with UAE Central Bank		(979,181)	(180,391)
Changes in due from banks		1,874,293	1,907,147
Changes in financing receivables		(2,329,658)	(1,438,713)
Changes in prepayments and other assets		(58,380)	(81,918)
Changes in customers' accounts		(595,762)	143,749
Changes in due to banks		1,807,552	(2,615,967)
Changes in other liabilities		163,545	(80,492)
Zakat paid		(7,287)	(3,291)
Net cash from/(used in) operating activities		**390,385**	**(1,937,637)**
INVESTING ACTIVITIES			
Changes in investment securities		(1,177,525)	(416,736)
Dividend income received		17,863	306,716
Proceeds from sale of investment properties		23,313	15,967
Changes in investment properties		(25,813)	(22,127)
Changes in fixed assets		(14,297)	(9,965)
Net cash used in investing activities		**(1,176,459)**	**(126,145)**
FINANCING ACTIVITIES			
Issue of right shares		-	1,500,000
Net cash generated from financing activities		**-**	**1,500,000**
Net change in cash and cash equivalents		**(786,074)**	**(563,782)**
Cash and cash equivalents at the beginning of the period		4,625,598	1,602,560
Cash and cash equivalents at the end of the period	14	**3,839,524**	**1,038,778**

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' review report is set out on page 1.

1 LEGAL STATUS AND ACTIVITIES

Emirates Islamic Bank, formerly Middle East Bank, (the "Bank") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with limited liability in the Emirate of Dubai on 3rd of October 1975. The Bank was re-registered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of the United Arab Emirates.

At an extraordinary general meeting held on 10th of March 2004, a resolution was passed to transform the Bank's activities to be in full compliance with Islamic Sharia'. The entire process was completed on 9th of October 2004 (the "Transformation Date") when the Bank obtained the UAE Central Bank and other UAE authorities' approvals.

The Bank is a subsidiary of Emirates NBD PJSC, Dubai (the "Group Holding Company"). The ultimate parent company of the Group Holding Company is Investment Corporation of Dubai, an entity in which the Government of Dubai is the major shareholder. The Bank is listed on the Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 53 branches in the UAE. The condensed consolidated interim Financial Statements combine the activities of the Bank's head office and its branches and the following subsidiaries (together referred as "the Group").

	Date of incorporation &country	**Principal activity**	**Ownership %**
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%
EI Funding Limited	15 May 2014, Cayman Islands	SPE	100%

The Bank provides full commercial and banking services and offers a variety of products through Islamic financing and investing instruments in accordance with Islamic Sharia'.

The Bank's registered office address is P.O. Box 6564, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. They 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 consolidated financial statements of the Group for the year ended 31 December 2013. In addition, results for the six month period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 23rd July 2014.

2 BASIS OF PREPARATION *(continued)*

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the following which are measured at fair value:

- Financial assets at fair value through profit or loss; and
- Financial assets available for sale.

The condensed consolidated interim financial statements are presented in United Arab Emirates Dirham (AED), which is the Group's functional currency. Except where indicated, financial information presented in AED has been rounded to the nearest thousand.

Changes to the Basis of Preparation in comparison to last published annual financial statements:

Special Purpose Entities

Special Purpose Entities (SPEs) are entities that are created to accomplish a well-defined objective such as the securitization of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates the SPE:

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from SPE's operation;
- The Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incidental to the activities of the SPE; or
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The assessment of whether the Group has control over an SPE is carried out at inception and reassessed at each Balance Sheet date.

Information about the Group's securitization activities is set out in Note 9 to these condensed consolidated interim financial statements.

c) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its most recent audited consolidated financial statements for the year ended 31 December 2013.The adoption of 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.

2 BASIS OF PREPARATION *(continued)*

d) Judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the management to use certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowances required for impaired financing receivables as well as allowances for impairment provision for unquoted investment securities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

e) Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2013.

3 DUE FROM BANKS

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Due from local banks		
Current accounts	24	24
Murabaha accounts	6,490,860	8,210,859
Receivables from Dubai Bank	2,291,249	2,415,665
Other balances with parent company & subsidairies	-	121,862
	8,782,133	**10,748,410**
Due from foreign banks		
Current accounts	52,193	103,157
	8,834,326	**10,851,567**

4 FINANCING AND INVESTING RECEIVABLES

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Murabaha	16,811,796	13,858,119
Ijarah	9,399,890	9,417,915
Istisna'a	1,222,167	1,252,003
Financing wakala	847,188	855,658
Musharaka	12,152	133,384
Mudarabah	178,980	192,072
Secured overdrafts	236,883	224,552
Credit card receivables	895,619	988,558
	29,604,675	26,922,261
Less: Deferred income	(2,574,808)	(2,210,170)
Less: Allowances for impairment	(3,261,990)	(3,028,881)
	23,767,877	**21,683,210**
Total of impaired financing receivables	**4,127,926**	**4,077,849**

4 FINANCING AND INVESTING RECEIVABLES (continued)

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Analysis by Economic Activity		
Agriculture and related activities	10,001	7,560
Manufacturing	430,026	436,590
Construction	571,521	420,778
Trade	1,681,125	1,436,855
Transportation and communication	144,443	255,103
Sovereign	383,254	411,643
Services	1,910,722	1,485,240
Personal	18,094,776	15,821,629
Real estates	4,258,055	4,669,135
Financial institutions	1,025,698	1,022,649
Others	1,095,054	955,079
	29,604,675	26,922,261
Less: Deferred income	(2,574,808)	(2,210,170)
Less: Allowances for impairment	(3,261,990)	(3,028,881)
	23,767,877	**21,683,210**
Movements in allowances for specific impairment:		
Balance at the beginning of the period/year	2,407,019	1,860,821
Allowances for impairment made during the period/year	280,526	676,262
Recoveries/write backs during the period/year	(55,992)	(135,614)
Transfer from Dubai Bank PJSC	-	16,841
Write off/Transfer	(11,882)	(11,291)
Balance at the end of the period/year	**2,619,671**	**2,407,019**
Movements in allowances for collective impairment:		
Balance at the beginning of the period/year	621,862	607,539
Allowances for impairment made during the period/year	20,457	14,323
Balance at the end of the period/year	**642,319**	**621,862**
	3,261,990	**3,028,881**

5 INVESTMENTS

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Fair value through profit or loss		
Equity shares	77,052	60,297
	77,052	60,297
Available-for-sale		
Equity shares	702,717	705,705
Funds	739,503	810,634
Sukuks	1,810,372	476,213
	3,252,592	1,992,552
Held-to-maturity		
Sukuks	267,826	327,947
	3,597,470	2,380,796
Less: Allowance for impairment	(474,480)	(405,785)
	3,122,990	**1,975,011**
Investment securities comprise:		
Quoted	2,106,491	727,280
Unquoted	1,016,499	1,247,731
	3,122,990	**1,975,011**
Investments located at:		
Investments within UAE	1,027,030	642,879
Investments outside UAE	2,095,960	1,332,132
	3,122,990	**1,975,011**
Movements in allowances for impairment:		
Balance at the beginning of the period/year	405,785	242,155
Allowances for impairment made during the period/year	80,260	163,630
Recoveries/write backs during the period/year	(11,379)	-
Write off/Transfers	(186)	-
Balance at the end of the period/year	**474,480**	**405,785**

6 INVESTMENT PROPERTIES

	AED'000	AED'000	AED'000	Unaudited AED'000
30 June 2014	**Land**	**Building**	**Work-in-progress**	**Total**
Cost				
Balance as at 1 January	556,266	840,889	128,683	1,525,838
Addition during the period	663	-	25,150	25,813
Properties sold	(15,227)	-	-	(15,227)
Gross Balance at 30 June	**541,702**	**840,889**	**153,833**	**1,536,424**
Less: Allowances for Impairment	(151,091)	(113,457)	-	(264,548)
Net Balance at 30 June	**390,611**	**727,432**	**153,833**	**1,271,876**
Accumulated Depreciation				
Balance as at 1 January	-	(123,634)	-	(123,634)
Charge during the period	-	(14,342)	-	(14,342)
Balance as at 30 June	**-**	**(137,976)**	**-**	**(137,976)**
Net Book Value at 30 June	**390,611**	**589,456**	**153,833**	**1,133,900**
				Audited
31 December 2013				
Cost				
Balance as at 1 January	662,221	840,889	60,253	1,563,363
Addition during the year	62,444	-	68,430	130,874
Properties disposed in respect of sale of share in a subsidiary	(168,399)	-	-	(168,399)
Gross Balance at 31 December	**556,266**	**840,889**	**128,683**	**1,525,838**
Less: Allowances for Impairment	(235,822)	(113,457)	-	(349,279)
Add: Write off of impairment in respect of share in a subsidiary	84,731	-	-	84,731
Net Balance at 31 December	**405,175**	**727,432**	**128,683**	**1,261,290**
Accumulated Depreciation				
Balance as at 1 January	-	(94,951)	-	(94,951)
Charge during the year	-	(28,683)	-	(28,683)
Balance as at 31 December	**-**	**(123,634)**	**-**	**(123,634)**
Net Book Value at 31 December	**405,175**	**603,798**	**128,683**	**1,137,656**

The fair value of investment properties as of 30th June 2014, based on management's assessment is not materially different from their carrying value.

All investment properties are located within the United Arab Emirates.

7 CUSTOMERS' ACCOUNTS

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Current accounts	11,010,214	10,011,289
Saving accounts	7,467,332	6,587,312
Investment accounts	5,389,131	5,423,969
Wakala accounts	4,202,853	6,636,087
Margins	227,570	234,205
	28,297,100	**28,892,862**
Customers' accounts are concentrated as follows:		
Resident customer accounts	27,666,740	28,385,141
Non-Resident customer accounts	630,360	507,721
	28,297,100	**28,892,862**

8 DUE TO BANKS

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Current Accounts	656	4,019
Overdraft with correspondents	68,068	43,059
Investment accounts	72,008	72,080
Deposit exchange (profit free)	-	132,144
Wakala accounts	1,621,655	61,434
Other balances with parent company & subsidairies	379,547	-
	2,141,934	**312,736**
Due to banks are concentrated as follows:		
Due to local banks	2,001,700	266,014
Due to foreign banks	140,234	46,722
	2,141,934	**312,736**

9 ASSET SECURITISATION

On 15th May 2014, EI Funding Limited was incorporated under Companies Law of Cayman Islands as a Special Purpose Entity. The principal activities of the company are to purchase portfolio of assets through issuance of notes. The securitization will result in a certificate pool that will be listed on the NASDAQ clearing system (off market) for private-purpose, over-the-counter dealing. The underlying Sharia structure has been approved by the Bank's Sharia department.

The group is currently in the process of transferring its investment portfolio amounting to AED 1,876 million to EI Funding Limited (incorporated under Cayman Islands laws). However, the Group will retain substantially all risks and rewards associated with the transferred assets and hence Group continues to recognize these assets as Financing and the Investment Assets.

Since the Group is exposed to majority of ownership risks and rewards of the SPE, the SPE is consolidated in compliance with IFRS 10.

10 SUKUK PAYABLE

The Bank, through a Sharia'a compliant sukuk financing arrangement, raised two tranches of US Dollar denominated medium term finance amounting to USD 500,000,000 each (AED 1,836,500,000).

The sukuks are listed on the London Stock Exchange. The terms of the arrangement include transfer of certain identified assets (the "Co Owned Assets") of the Bank to a sukuk company, EIB Sukuk Company Limited – (the "Issuer"), a special purpose vehicle formed for the issuance of the sukuk. In substance, the co-owned assets remain in control of the Bank. Accordingly these assets continue to be recognized by the Bank. In case of any default, the Holding Company has provided an undertaking to make good all losses to the sukuk holders. The sukuks will be due for maturity during January 2017 and January 2018 respectively. The assets are in the control of the Bank and shall continue to be serviced by the Bank.

The Issuer will pay the semi-annual distribution amount from returns received in respect of the Co Owned Assets. Such proceeds are expected to be sufficient to cover the semi-annual distribution amount payable to the sukuk holders on the semi-annual distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the assets at the exercise price.

The sukuks carry a fixed profit rate of 4.718% and 4.14% per annum respectively. Such profits are payable on a semi-annual basis.

11 INVESTMENT WAKALA

The Bank received funds, on Wakala basis, aggregating to AED 1,081,872,000 in December 2008 from the Ministry of Finance, Government of UAE, payable after five years (extendable up to seven years), subject to certain conditions as per the Wakala agreement and carries profit rate of 5.25% (2013: 5.25%).

On 20 July 2014, the Group repaid the entire outstanding balance in respect of the Wakala deposit from the UAE Ministry of Finance in 2008.

12 SHARE CAPITAL

The Bank has an authorized share capital of AED 5,000,000,000 (2013: 5,000,000,000) and paid up capital of AED 3,930,422,000 (31 December 2013: AED 3,930,422,000).

13 EARNING PER SHARE

The calculation of basic earnings per share is based on net income for the six month periods ended 30 June 2014 of AED 226,462,000 (30 June 2013: 111,021,000) divided by the weighted average number of shares outstanding of 3,930,422,000 (30 June 2013: 3,313,755,000).

The Group has not issued any instruments which would have a dilutive impact on basic earnings per share when exercised.

14 CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Cash in hand	198,996	191,437
Current account with U.A.E Central Bank	108,637	335,683
Murabaha with Central Bank	-	401,993
Due from banks	3,600,615	3,743,563
Due to banks	(68,724)	(47,078)
	3,839,524	**4,625,598**

15 RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is the Investment Corporation of Dubai (55.6%), an entity in which the Government of Dubai is the majority shareholder.

Customer accounts and financing to Government related entities other than those that have been individually disclosed amount to 6.68% and 2.91% (31 Dec 2013: 6.81% and 3.96%) of the total customer accounts and financing receivables of the Group respectively.

These entities are independently run business entities, and all the financial dealings with the Group are on an agreed 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 profit rates and collaterals, 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 transactions are as follows:

	Unaudited For the six month period ended 30 June 2014 AED'000	Unaudited For the six month period ended 30 June 2013 AED'000
Consolidated interim statement of income		
Income from Group Holding Company	154,152	161,416
Key management personnel compensations	(11,374)	(10,543)
Key management personnel compensations - retirements benefits	(106)	(163)

Balances with related parties are as follows:	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
Consolidated interim statement of financial position		
Due from Group Holding Company	4,489,658	8,139,143
Due from Ulimtate Parent Company	275,126	183,756
Due to Ultimate Parent Company	(831,241)	(254,629)
Due from Dubai Bank PJSC	2,291,249	2,415,665
Financing receivables - Directors & affiliates	5,843	6,059
Financing receivables - Key management personnel & affiliates	26,705	16,615
Current and Investment accounts - Directors	(1,623)	(379)
Current and Investment accounts - Key management personnal	(15,581)	(14,236)
Investment in Government Related Entites	36,730	85,195

Key management personnel are those persons, including non-executive directors, 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/year with key management personnel and their immediate relations.

16 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair Value of assets and liabilities

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

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

Unaudited

	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
30-June-2014				
Investment securities AVAILABLE-FOR-SALE:				
Investment in Funds	-	-	486,544	**486,544**
Investment in equities	59,412	-	502,330	**561,742**
Debt Securities	1,810,372	-	-	**1,810,372**
	1,869,784	**-**	**988,874**	**2,858,658**
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Investment in equities	77,052	-	-	**77,052**
	77,052	**-**	**-**	**77,052**
GRAND TOTAL	**1,946,836**	**-**	**988,874**	**2,935,710**

Audited

31-December-2013				
Investment securities AVAILABLE-FOR-SALE:				
Investment in Funds	-	-	606,506	**606,506**
Investment in equities	62,217	-	504,379	**566,596**
Debt Securities	476,213	-	-	**476,213**
	538,430	**-**	**1,110,885**	**1,649,315**
DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Investment in equities	60,296	-	-	**60,296**
	60,296	**-**	**-**	**60,296**
GRAND TOTAL	**598,726**	**-**	**1,110,885**	**1,709,611**

16 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE *(continued)*

Reconciliation of financial assets, classified under level 3	Financial assets held for trading	Available for sale financial assets	Unaudited Total
	AED '000	AED '000	AED '000
Balance as at 1 January 2014	-	1,110,885	1,110,885
Total gains or losses:	-	-	-
in profit or loss	-	-	-
in other comprehensive income	-	-	-
Purchases	-	-	-
Issues	-	-	-
Settlements	-	(121,837)	(121,837)
Movement due to change in un-observable estimates	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
FX Adjustment	-	(174)	(174)
Balance as at 30 June 2014	**-**	**988,874**	**988,874**

			Audited
	AED '000	AED '000	AED '000
Balance as at 1 January 2013	-	1,303,088	1,303,088
Total gains or losses:	-	-	-
in profit or loss	-	-	-
in other comprehensive income	-	-	-
Purchases	-	-	-
Issues	-	-	-
Settlements	-	(192,988)	(192,988)
Movement due to change in un-observable estimates	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
FX Adjustment	-	785	785
Balance as at 31 December 2013	**-**	**1,110,885**	**1,110,885**

17 OPERATING SEGMENT

The Bank's activities comprise the following main business segments:

Corporate and Investment
Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits. This segment also invests in investment securities, Sukuk, Funds and Real Estate.

Retail
Retail segment provides a wide range of products and services to individuals and accepts their deposits.

Treasury
This segment mainly includes Murabaha deals with the Group Holding Company.

17 OPERATING SEGMENT (continued)

	Corporate & Investment		Retail		Treasury		Total	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	For the six month period		For the six month period		For the six month period		For the six month period	
	2014	2013	2014	2013	2014	2013	2014	2013
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Consolidated statement of income								
Segment income	331,853	325,540	396,963	303,083	154,152	161,417	882,968	790,040
Inter segment wakala income	(112,434)	(42,086)	96,117	87,037	16,317	(44,951)	-	-
Commission, fees & other Income	101,288	63,475	108,197	76,052	654	74	210,139	139,601
Total income	**320,707**	**346,929**	**601,277**	**466,172**	**171,123**	**116,540**	**1,093,107**	**929,641**
General and administrative expenses	(65,536)	(75,404)	(309,324)	(220,369)	(2,769)	(1,999)	(377,629)	(297,772)
Total expenses	**(65,536)**	**(75,404)**	**(309,324)**	**(220,369)**	**(2,769)**	**(1,999)**	**(377,629)**	**(297,772)**
Net operating income	**255,171**	**271,525**	**291,953**	**245,803**	**168,354**	**114,541**	**715,478**	**631,869**
Allowances for impairment, net of recoveries	(203,556)	(253,660)	(110,316)	(54,192)	-	-	(313,872)	(307,852)
	51,615	**17,865**	**181,637**	**191,611**	**168,354**	**114,541**	**401,606**	**324,017**
Customers' share of profit and distribution to sukuk holders	(14,767)	(50,423)	(50,417)	(80,721)	(109,960)	(81,852)	(175,144)	(212,996)
NET PROFIT/(LOSS) FOR THE PERIOD	**36,848**	**(32,558)**	**131,220**	**110,890**	**58,394**	**32,689**	**226,462**	**111,021**

17 OPERATING SEGMENT (continued)

	Corporate & Investment		Retail		Treasury		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 June 2014 AED'000	31 December 2013 AED'000	30 June 2014 AED'000	31 December 2013 AED'000	30 June 2014 AED'000	31 December 2013 AED'000	30 June 2014 AED'000	31 December 2013 AED'000
Consolidated statement of financial position								
Assets								
Segment assets	14,352,064	15,238,888	14,196,596	12,434,172	9,543,542	9,365,064	38,092,202	37,038,124
Central Bank Reserve Requirements	1,560,379	851,831	1,146,798	1,277,747	-	-	2,707,177	2,129,578
Unallocated assets	-	-	-	-	-	-	661,743	601,264
Total Assets	**15,912,443**	**16,090,719**	**15,343,394**	**13,711,919**	**9,543,542**	**9,365,064**	**41,461,122**	**39,768,966**
Liabilities								
Segment liabilities	5,455,392	5,305,979	23,386,448	23,798,619	6,896,806	4,948,501	35,738,645	34,053,099
Unallocated liabilities	-	-	-	-	-	-	1,324,836	1,558,362
Total Liabilities	**5,455,392**	**5,305,979**	**23,386,448**	**23,798,619**	**6,896,806**	**4,948,501**	**37,063,481**	**35,611,461**

18 CAPITAL ADEQUACY RATIO

	Unaudited 30 June 2014 AED'000	Audited 31 December 2013 AED'000
TIER I CAPITAL		
Share capital	3,930,422	3,930,422
Statutory reserve	228,936	228,936
General reserve	134,715	134,715
Retained Earnings/Accumulated losses	76,706	(149,756)
Total tier I capital	**4,370,779**	**4,144,317**
TIER II CAPITAL		
Investment Wakala from the Ministry of Finance	432,749	649,123
Portfolio impairment provisions	642,318	621,862
Fair value reserve	26,862	13,188
Total tier II capital	**1,101,929**	**1,284,173**
Tier II eligible capital	**871,882**	**1,048,725**
CAPITAL BASE	**5,242,661**	**5,193,042**
RISK WEIGHTED ASSETS	**34,626,498**	**32,539,172**
CAPITAL ADEQUACY RATIO (BASEL II)	**15.14%**	**15.96%**

19 INTERIM MEASUREMENT

The nature of the Group's business is such that income earned or expenses incurred are in a manner which is not impacted by any forms of seasonality. These condensed consolidated interim financial statements are prepared based on an accrual concept, which requires income and expenses for the period to be recorded as earned or incurred in the same period, not as received or paid throughout the period.

20 OTHER SIGNIFICANT EVENT

Subsequent to the half year ended June 30 2014, the Group has repaid the entire outstanding balance of AED 1,081,872,000 pertaining to Wakala deposit received from the Ministry of Finance of the UAE in 2008.