In the Name of Allah
The most Gracious and Merciful



Emirates Islamic Bank
(Public Joint Stock Company)

Head Office
3rd Floor, Building 16,
Dubai Health Care City, Dubai
Tel.: +97 1 4 3160336
Fax: +97 1 4 3582659

P.O. Box: 6564, Dubai, United Arab Emirates
www.emiratesislamic.ae

Condensed Consolidated Interim Financial Statements(un-audited)

For the three month period ended 31 March 2015

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS(UN-AUDITED)

For the three month period ended 31 March 2015

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Ernst & Young
P.O. Box 9267
28th Floor, Al Saqr Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com/mena

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 31 March 2015 and the related consolidated interim statements of income and comprehensive income, cash flows and changes in equity for the three 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

Ernst & Young

Signed by:
Joseph Murphy
Partner
Registration No. 492

21 April 2015
Dubai, United Arab Emirates

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
ASSETS			
Cash and balances with UAE Central Bank	3	5,366,451	3,818,565
Due from banks	4	6,476,638	7,341,122
Financing and investing receivables	5	28,447,955	26,101,963
Investments	6	2,957,297	3,205,611
Investment properties	7	818,038	1,191,997
Customer acceptances		495,847	549,432
Receivables and other assets		667,770	592,822
Property and equipment		118,977	111,707
TOTAL ASSETS		**45,348,973**	**42,913,219**
LIABILITIES			
Customers' accounts	8	33,377,960	31,446,622
Due to banks	9	1,918,342	1,423,663
Sukuk financing instruments	11	3,673,000	3,673,000
Customer acceptances		495,847	549,432
Payables and other liabilities		1,165,453	1,301,403
Zakat payable		-	16,826
TOTAL LIABILITIES		**40,630,602**	**38,410,946**
SHAREHOLDERS' EQUITY			
Share capital	12	3,930,422	3,930,422
Statutory reserve		265,355	265,355
General reserve		171,134	171,134
Fair value reserve		32,973	10,591
Retained earnings		318,487	124,771
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**4,718,371**	**4,502,273**
TOTAL EQUITY		**4,718,371**	**4,502,273**
TOTAL LIABILITES AND EQUITY		**45,348,973**	**42,913,219**
CONTINGENTCIES AND COMMITMENTS		**8,636,435**	**8,258,744**

Chairman **Chief Executive Officer**

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' review report is set out on page 1. 21 APR 2015

Emirates Islamic Bank (PJSC)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UN-AUDITED)

For the three month period ended 31 March 2015

	Note	For the three months period ended 31 March 2015 AED'000	2014 AED'000
INCOME			
Income from financing and investing activities		387,579	312,948
Income from investment securities		32,403	18,445
Income from Group Holding Company		49,262	81,769
Commissions and fees income		106,933	75,607
Other income		160,854	23,300
TOTAL INCOME		**737,031**	**512,069**
EXPENSES			
Personnel expenses		(133,794)	(112,228)
General and administrative expenses		(72,931)	(61,866)
Depreciation of property and equipments		(6,577)	(6,383)
TOTAL EXPENSES		**(213,302)**	**(180,477)**
NET OPERATING PROFIT BEFORE ALLOWANCES FOR IMPAIRMENT AND DISTRIBUTIONS		**523,729**	**331,592**
Allowances for impairment, net of recoveries		(259,231)	(145,935)
NET OPERATING PROFIT		**264,498**	**185,657**
Customers' share of profit and distribution to sukuk holders		(70,782)	(91,690)
NET PROFIT FOR THE PERIOD		**193,716**	**93,967**
Attributable to:			
Equity holders of the Bank		193,716	93,967
NET PROFIT FOR THE PERIOD		**193,716**	**93,967**
Earnings per share (Dirham)	13	0.049	0.024

The attached notes 1 to 19 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 (UN-AUDITED)

For the three month period ended 31 March 2015

	For the three months period ended 31 March	
	2015	2014
	AED'000	AED'000
NET PROFIT FOR THE PERIOD	**193,716**	**93,967**
Items that may be reclassified subsequently to Income statement:		
Other comprehensive income		
Cumulative changes in fair value of AFS investments		
- Net change in fair value	26,063	(1,700)
- Net amount transferred to income statement	(3,681)	-
Total	**22,382**	**(1,700)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**216,098**	**92,267**
Attributable to:		
Equity holders of the Bank	216,098	92,267
	216,098	**92,267**

The attached notes 1 to 19 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 CHANGES IN EQUITY (UN-AUDITED)

For the three month period ended 31 March 2015

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
	Share capital	Statutory reserve	General reserve	Fair value reserve	(Accumulated losses)/Retained Earnings	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2014	3,930,422	228,936	134,715	13,188	(149,756)	4,157,505
Net profit for the period	-	-	-	-	93,967	93,967
Other comprehensive (loss) for the period	-	-	-	(1,700)	-	(1,700)
As at 31 March 2014	**3,930,422**	**228,936**	**134,715**	**11,488**	**(55,789)**	**4,249,772**
As at 1 January 2015	3,930,422	265,355	171,134	10,591	124,771	4,502,273
Net profit for the period	-	-	-	-	193,716	193,716
Other comprehensive income for the period	-	-	-	22,382	-	22,382
As at 31 March 2015	**3,930,422**	**265,355**	**171,134**	**32,973**	**318,487**	**4,718,371**

The attached notes 1 to 19 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 (UN-AUDITED)

For the three month period ended 31 March 2015

	Note	For the three months period ended 31 March 2015 AED'000	2014 AED'000
OPERATING ACTIVITIES			
Net profit for the period		193,716	93,967
Adjustments:			
Allowances for impairment on financing receivables, net		240,733	80,655
Allowances for impairment on investments, net		22,316	65,280
Reversal of allowance for impairement investment properties		(3,818)	-
Dividend income		(5,159)	(6,178)
Gain on sale of investments		(10,981)	161
Gain on sale of investment properties		(140,164)	(8,086)
Unrealised gain on fair value of investment securities through profit and los		-	(3,989)
Depreciation on investment properties		7,048	7,171
Depreciation of property and equipment		6,577	6,383
Operating profit before changes in operating assets and liabilities		**310,268**	**235,364**
Changes in reserve and murabaha with UAE Central Bank		(861,980)	(322,916)
Changes in due from banks		41,560	(348,808)
Changes in financing receivables		(2,586,725)	(790,124)
Changes in receivables and other assets		(74,948)	(114,885)
Changes in customers' accounts		1,931,338	738,254
Changes in due to banks		(126,450)	480,423
Changes in payables and other liabilities		(135,950)	55,086
Zakat paid		(16,826)	(7,287)
Net cash used in operating activities		**(1,519,713)**	**(74,893)**
INVESTING ACTIVITIES			
Changes in investment securities, net		259,362	(388,112)
Dividend income received		5,159	3,119
Additions in investment properties		(24,344)	(14,200)
Proceeds from sale of investment properties		535,237	23,313
Changes in property and equippment, net		(13,847)	(6,820)
Net cash generated/ (used in) investing activities		**761,567**	**(382,700)**
Net change in cash and cash equivalents		**(758,146)**	**(457,593)**
Cash and cash equivalents at the beginning of the period		3,024,081	4,625,598
Cash and cash equivalents at the end of the period	14	**2,265,935**	**4,168,005**

The attached notes 1 to 19 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 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 the 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 company 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 56 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 Sukuk Company Limited	6 June 2007, Cayman Islands	SPE	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 the 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 2014. In addition, results for the three month period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 21 April 2015.

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.

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 2014.The adoption of new and amended IFRS and IFRIC interpretations with effect from 1 January 2015 has had no effect on the condensed consolidated interim financial statements of the Group.

d) Judgments and estimates

The preparation of the condensed 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. In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2014.

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 2014.

3 CASH AND BALANCES WITH UAE CENTRAL BANK

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Cash in hand	199,867	217,134
Balances with UAE Central Bank :		
Current accounts	790,598	489,418
Reserve requirements	2,924,914	2,710,431
Certificate of Deposit under Murabaha	1,451,072	401,582
	5,366,451	**3,818,565**

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

4 DUE FROM BANKS

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Due from local banks		
Current accounts	25	25
InterBank Placements with Other Banks	764,093	205,590
Murabaha with Group Holding Company	3,708,610	4,665,806
Receivables from Dubai Bank (note 15)	1,623,391	2,301,836
	6,096,119	**7,173,257**
Due from foreign banks		
Current accounts	380,519	167,865
	6,476,638	**7,341,122**

5 FINANCING AND INVESTING RECEIVABLES

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Murabaha	20,647,652	19,035,747
Ijarah	10,284,623	9,408,935
Istisna'a	1,090,848	1,109,847
Financing wakala	720,578	594,562
Mudarabah	138,926	233,645
Secured overdrafts	239,101	257,830
Credit card receivables	606,645	620,552
	33,728,373	31,261,118
Less: Deferred income	(2,505,630)	(2,495,012)
Less: Allowances for impairment	(2,774,788)	(2,664,143)
	28,447,955	**26,101,963**
Total impaired financing receivables	**2,855,714**	**2,948,262**
By Segment :		
Retail banking	16,813,559	15,889,991
Corporate banking	11,634,396	10,211,972
	28,447,955	**26,101,963**

5 FINANCING AND INVESTING RECEIVABLES *(continued)*

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Analysis by Economic Activity		
Agriculture and related activities	11,565	6,172
Manufacturing	676,270	545,486
Construction	699,933	741,429
Trade	2,418,855	2,008,334
Transportation and communication	289,198	297,933
Sovereign	340,670	354,864
Services	2,634,655	2,026,038
Personal	19,745,032	18,869,859
Real estates	4,096,119	3,902,375
Financial institutions	1,321,224	1,145,477
Others	1,494,852	1,363,151
	33,728,373	31,261,118
Less: Deferred income	(2,505,630)	(2,495,012)
Less: Allowances for impairment	(2,774,788)	(2,664,143)
	28,447,955	**26,101,963**
Movements in allowances for specific impairment:		
Balance at the beginning of the period/year	2,002,979	2,407,019
Allowances for impairment made during the period/year	318,599	757,246
Recoveries/write backs during the period/year	(86,517)	(186,045)
Write off/transfer	(130,088)	(975,241)
Balance at the end of the period/year	**2,104,973**	**2,002,979**
Movements in allowances for collective impairment:		
Balance at the beginning of the period/year	661,164	621,862
Allowances for impairment made during the period/year	8,651	39,302
Balance at the end of the period/year	**669,815**	**661,164**
	2,774,788	**2,664,143**

6 INVESTMENTS

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Available-for-sale		
Equity shares	702,437	698,942
Funds	730,519	734,279
Sukuks	1,968,727	2,084,270
	3,401,683	3,517,491
Held-to-maturity		
Sukuks	223,381	333,571
	3,625,064	3,851,062
Less: Allowance for impairment	(667,767)	(645,451)
	2,957,297	**3,205,611**
Investment securities comprise:		
Quoted	2,138,149	2,363,862
Unquoted	819,148	841,749
	2,957,297	**3,205,611**
Investments located at:		
Investments within UAE	732,451	1,070,223
Investments outside UAE	2,224,846	2,135,388
	2,957,297	**3,205,611**
Movements in allowances for impairment:		
Balance at the beginning of the period/year	645,451	405,785
Allowances for impairment made during the period/year	22,316	248,621
Recoveries/write backs during the period/year	-	(12,419)
Write off/Transfers	-	3,464
Balance at the end of the period/year	**667,767**	**645,451**

7 INVESTMENT PROPERTIES

31 March 2015	Land AED'000	Building AED'000	Work-in-progress AED'000	Un audited Total AED'000
Cost				
Balance as at 1 January	391,283	1,154,100	8,230	1,553,613
Addition during the period	-	24,344	-	24,344
Transfer	-	-	-	-
Properties sold	(15,770)	(386,652)	-	(402,422)
Gross Balance at 31 March	**375,513**	**791,792**	**8,230**	**1,175,535**
Less: Allowances for Impairment	(95,842)	(113,457)	-	(209,299)
Add: Reversal of Impairment provision	-	3,818	-	3,818
Net Balance at 31 March	**279,671**	**682,153**	**8,230**	**970,054**
Accumulated Depreciation				
Balance as at 1 January	-	(152,317)	-	(152,317)
Charge during the period	-	(7,048)	-	(7,048)
Add: Reversal of allowance for depreciation		7,349		7,349
Balance as at 31 March	**-**	**(152,016)**	**-**	**(152,016)**
Net Book Value at 31 March	**279,671**	**530,137**	**8,230**	**818,038**
31 December 2014				**Audited**
Cost				
Balance as at 1 January	556,266	840,889	128,683	1,525,838
Addition during the year	663	-	50,658	51,321
Transfer	(142,100)	313,211	(171,111)	-
Properties sold	(23,546)	-	-	(23,546)
Gross Balance at 31 December	**391,283**	**1,154,100**	**8,230**	**1,553,613**
Less: Allowances for Impairment	(151,091)	(113,457)	-	(264,548)
Transfer	55,249	(55,249)	-	-
Add: Reversal of impairment provision	-	55,249	-	55,249
Net Balance at 31 December	**295,441**	**1,040,643**	**8,230**	**1,344,314**
Accumulated Depreciation				
Balance as at 1 January	-	(123,634)	-	(123,634)
Charge during the year	-	(28,683)	-	(28,683)
Balance as at 31 December	**-**	**(152,317)**	**-**	**(152,317)**
Net Book Value at 31 December	**295,441**	**888,326**	**8,230**	**1,191,997**

The fair value of investment properties as of 31 March 2015, based on management's assessment, is not materially different from their carrying value.

All investment properties are located within the United Arab Emirates.

During the period ended 31 March 2015 group has recognized a gain on sale of some investment properties amounting to AED 140,164,000, the gain was recognized under other income in the condensed consolidated interim statement of income.

8 CUSTOMERS' ACCOUNTS

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Current accounts	13,453,207	12,057,995
Saving accounts	8,533,249	8,293,011
Investment accounts	5,727,705	5,561,164
Wakala accounts	5,399,697	5,289,400
Margins	264,102	245,052
	33,377,960	**31,446,622**
Customers' accounts are concentrated as follows:		
Resident customer accounts	32,860,349	30,773,587
Non-Resident customer accounts	517,611	673,035
	33,377,960	**31,446,622**

9 DUE TO BANKS

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Current Accounts	4,477	5,409
Overdraft with correspondents	2,937	1,761
InterBank borrowings- Other Banks	22,610	-
Investment accounts	70,096	71,923
Wakala Deposits- with Group Holding Company	176,594	402,230
Other balances with Group Holding Company & its subsidiaries	1,641,628	942,340
	1,918,342	**1,423,663**
Due to banks are concentrated as follows:		
Due to local banks	1,842,922	1,346,703
Due to foreign banks	75,420	76,960
	1,918,342	**1,423,663**

10 ASSET SECURITISATION

On 15 May 2014, EI Funding Limited (the "SPE") 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 has transferred part of its investment portfolio 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 SPE, the SPE is consolidated in accordance with IFRS 10.

11 SUKUK FINANCING INSTRUMENTS

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 each).

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

12 SHARE CAPITAL

The Bank has an authorized share capital of AED 5,000,000,000 (2014: AED 5,000,000,000) and paid up capital of AED 3,930,422,000 (2014: AED 3,930,422,000).

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on net profit for the three month period ended 31 March 2015 of AED 193,716,000 (31 March 2014: 93,967,000) divided by the weighted average number of shares outstanding of 3,930,422,000 (31 March 2014: 3,930,422,000).

No figures for diluted earnings per share have been presented as 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 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Cash in hand (note 3)	199,867	217,134
Current account with U.A.E Central Bank (note 3)	790,598	489,418
Murabaha with U.A.E Central Bank (note 3)	401,993	-
Due from banks	2,768,028	3,590,951
Due to banks	(1,894,551)	(1,273,422)
	2,265,935	**3,024,081**

15 RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is Investment Corporation of Dubai (55.6%), a company in which the Government of Dubai is the major shareholder.

Customer accounts and financing to Government related entities other than those that have been individually disclosed amount to 3.38% and 9.21% (31 December 2014: 3.90% and 8.23%) 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 normal commercial terms.

The Group has also entered into transactions with certain other related parties who are Non-Government related entities. Such transactions were also made on substantially the same terms, including 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 three months period ended 31 March 2015 AED'000	Unaudited 2014 AED'000
Consolidated statement of income		
Income from Group Holding Company	49,262	81,769
Key management personnel compensations	(13,009)	(11,374)
Key management personnel compensations - retirements benefits	(119)	(106)

Balances with related parties are as follows:	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Consolidated statement of financial position		
Due from Group Holding Company & subsidiaries	1,890,388	3,321,236
Financing receivables- Ultimate Parent Company	183,482	183,455
Investment in Ultimate Parent Company	92,000	90,436
Deposits from Ultimate Parent Company	(700,001)	(300,000)
Due from Dubai Bank PJSC (note 4)	1,623,391	2,301,836
Financing receivables - Directors & affiliates	2,913	3,463
Financing receivables - Key management personnel & affiliates	21,732	25,940
Current and Investment accounts - Directors	(2,719)	(1,222)
Current and Investment accounts - Key management personnel	(13,578)	(18,174)
Investment in Government Related Entities	-	(363,950)

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).

	Quoted prices in active markets for identified 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
31-March-2015				**Unaudited**
Investment securities AVAILABLE-FOR-SALE:				
Investment in Funds	-	-	331,408	**331,408**
Investment in equities	52,007	-	490,037	**542,044**
Debt Securities	1,968,728	-	-	**1,968,728**
GRAND TOTAL	**2,020,735**	**-**	**821,445**	**2,842,180**
31-December-2014				**Audited**
Investment securities AVAILABLE-FOR-SALE:				
Investment in Funds	-	-	342,468	**342,468**
Investment in equities	51,987	-	501,577	**553,564**
Debt Securities	2,084,270	-	-	**2,084,270**
GRAND TOTAL	**2,136,257**	**-**	**844,045**	**2,980,302**

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 2015	-	844,048	844,048
Total gains or losses:	-	-	-
in profit or loss	-	-	-
in other comprehensive income	-	-	-
Purchases	-	-	-
Issues	-	-	-
Settlements	-	(18,842)	(18,842)
Movement due to change in un-observable estimates	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
FX Adjustment	-	(3,761)	(3,761)
Balance as at 31 March 2015	**-**	**821,445**	**821,445**

			Audited
	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	-	(262,240)	(262,240)
Movement due to change in un-observable estimates	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
FX Adjustment	-	(4,600)	(4,600)
Balance as at 31 December 2014	**-**	**844,045**	**844,045**

The fair value of financial instruments classified as level 3 are in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. Favorable and unfavorable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental.

During the current period no transfers were made between Level 1 and Level 2.

17 OPERATING SEGMENT

The Group'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 three months period ended 31 March		For the three months period ended 31 March		For the three months period ended 31 March		For the three months period ended 31 March	
	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
Consolidated statement of income								
Segment income	143,947	135,350	258,383	196,043	50,774	81,769	453,104	413,162
Inter segment wakala income	(59,802)	(52,280)	33,642	50,212	26,160	2,068	-	-
Commission, fees & other Income	202,350	58,398	81,420	40,465	157	44	283,927	98,907
Total income	**286,495**	**141,468**	**373,445**	**286,720**	**77,091**	**83,881**	**737,031**	**512,069**
General and administrative expenses	(40,708)	(41,995)	(168,426)	(137,261)	(4,168)	(1,221)	(213,302)	(180,477)
Total expenses	**(40,708)**	**(41,995)**	**(168,426)**	**(137,261)**	**(4,168)**	**(1,221)**	**(213,302)**	**(180,477)**
Net operating income	**245,787**	**99,473**	**205,019**	**149,459**	**72,923**	**82,660**	**523,729**	**331,592**
Allowances for impairment, net of recoveries	(207,910)	(120,833)	(51,321)	(25,102)	-	-	(259,231)	(145,935)
	37,877	**(21,360)**	**153,698**	**124,357**	**72,923**	**82,660**	**264,498**	**185,657**
Customers' share of profit and distribution to sukuk holders	(5,631)	(5,926)	(23,761)	(30,863)	(41,390)	(54,901)	(70,782)	(91,690)
NET PROFIT/(LOSS) FOR THE PERIOD	**32,246**	**(27,286)**	**129,937**	**93,494**	**31,533**	**27,759**	**193,716**	**93,967**

17 OPERATING SEGMENT (continued)

	Corporate & Investment		Retail		Treasury		Total	
	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
Consolidated statement of financial position								
Assets								
Segment assets	15,879,344	14,629,099	16,839,793	16,419,904	8,918,175	8,449,256	41,637,312	39,498,259
Central Bank Reserve Requirements	1,589,745	1,455,588	1,335,169	1,254,843	-	-	2,924,914	2,710,431
Unallocated assets	-	-	-	-	-	-	786,747	704,529
Total Assets	**17,469,089**	**16,084,687**	**18,174,962**	**17,674,747**	**8,918,175**	**8,449,256**	**45,348,973**	**42,913,219**
Liabilities								
Segment liabilities	5,573,478	4,836,862	28,331,406	27,174,797	5,628,810	5,174,834	39,533,694	37,186,493
Unallocated liabilities	-	-	-	-	-	-	1,096,908	1,224,453
Total Liabilities	**5,573,478**	**4,836,862**	**28,331,406**	**27,174,797**	**5,628,810**	**5,174,834**	**40,630,602**	**38,410,946**

18 CAPITAL ADEQUACY RATIO

The Group's capital adequacy ratio is regularly monitored by ALCO and managed by the Group risk, following table shows the details of calculating capital adequacy ratio as at 31 March 2015 and 31 December 2014:

	Unaudited 31 March 2015 AED'000	Audited 31 December 2014 AED'000
TIER I CAPITAL		
Share capital	3,930,422	3,930,422
Statutory reserve	265,355	265,355
General reserve	171,134	171,134
Retained earnings	318,487	124,771
Total tier I capital	**4,685,398**	**4,491,682**
TIER II CAPITAL		
Portfolio impairment provisions	669,815	661,164
Fair value reserve	32,973	10,591
Total tier II capital	**702,788**	**671,755**
Tier II eligible capital	**459,695**	**422,483**
CAPITAL BASE	**5,145,093**	**4,914,165**
RISK WEIGHTED ASSETS	**36,706,264**	**35,544,268**
CAPITAL ADEQUACY RATIO (BASEL II)	**14.02%**	**13.83%**

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.