In the Name of Allah
The most Gracious and Merciful



Emirates Islamic Bank
(Public Joint Stock Company)

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GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

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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 (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated interim statement of financial position as at 31 March 2016 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

18 April 2016
Dubai, United Arab Emirates

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Notes	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
ASSETS			
Cash and balances with U.A.E. Central Bank	3	6,542,935	7,255,674
Due from banks	4	8,178,595	7,372,715
Investments	5	2,307,973	2,287,105
Financing and investing receivables	6	37,188,317	34,180,420
Investment properties	7	799,150	805,937
Customer acceptances		667,510	563,379
Other assets		598,320	570,011
Property and equipment		174,726	166,937
TOTAL ASSETS		**56,457,526**	**53,202,178**
LIABILITIES			
Customers' accounts	8	40,173,303	39,301,172
Due to banks	9	5,499,599	3,061,714
Sukuk financing instruments	10	3,672,500	3,672,500
Customer acceptances		667,510	563,379
Payables and other liabilities		1,291,760	1,475,179
Zakat payable		-	33,483
TOTAL LIABILITIES		**51,304,672**	**48,107,427**
EQUITY			
Share capital	11	3,930,422	3,930,422
Statutory reserve		329,423	329,423
General reserve		235,202	235,202
Fair value reserve		8,783	(4,127)
Retained earnings		649,024	603,831
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**5,152,854**	**5,094,751**
TOTAL LIABILITIES AND EQUITY		**56,457,526**	**53,202,178**
CONTINGENCIES AND COMMITMENTS		**10,424,994**	**8,613,314**

Chairman **Chief Executive Officer**

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

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

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

	Notes	For the three months period ended 31 March 2016 AED '000	2015 AED '000
INCOME			
Income from financing and investing activities		501,499	387,579
Income from investment securities		6,772	32,403
Income from Group Holding Company		45,299	49,262
Commissions and fees income		125,391	106,933
Other income		33,345	160,854
TOTAL INCOME		**712,306**	**737,031**
EXPENSES			
Personnel expenses		(190,070)	(133,794)
General and administrative expenses		(102,143)	(72,931)
Depreciation of property and equipment		(6,089)	(6,577)
TOTAL EXPENSES		**(298,302)**	**(213,302)**
NET OPERATING PROFIT BEFORE ALLOWANCES FOR IMPAIRMENT AND DISTRIBUTIONS		**414,004**	**523,729**
Allowances for impairment, net of recoveries	13	(263,378)	(259,231)
NET OPERATING PROFIT		**150,626**	**264,498**
Customers' share of profit and distribution to sukuk holders		(105,433)	(70,782)
NET PROFIT FOR THE PERIOD		**45,193**	**193,716**
Earnings per share (AED)	14	**0.011**	**0.049**

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

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

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

	For the three months period ended 31 March	
	2016	2015
	AED '000	AED '000
NET PROFIT FOR THE PERIOD	**45,193**	**193,716**
Items that may be reclassified subsequently to Income statement:		
Other comprehensive income		
Cumulative changes in fair value of available-for-sale investments		
- Net change in fair value	8,656	26,063
- Net amount transferred to income statement	4,254	(3,681)
Total other comprehensive income for the period	**12,910**	**22,382**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**58,103**	**216,098**

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

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EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP					
	Share capital AED '000	**Statutory reserve AED '000**	**General reserve AED '000**	**Fair value reserve AED '000**	**Retained earnings AED '000**	**Total AED '000**
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
Total comprehensive income for the period	-	-	-	22,382	193,716	216,098
As at 31 March 2015	**3,930,422**	**265,355**	**171,134**	**32,973**	**318,487**	**4,718,371**
As at 1 January 2016	3,930,422	329,423	235,202	(4,127)	603,831	5,094,751
Net profit for the period	-	-	-	-	45,193	45,193
Other comprehensive income for the period	-	-	-	12,910	-	12,910
Total comprehensive income for the period	-	-	-	12,910	45,193	58,103
As at 31 March 2016	**3,930,422**	**329,423**	**235,202**	**8,783**	**649,024**	**5,152,854**

The attached notes 1 to 19 form an integral part of these Group condensed consolidated interim financial statements.
The independent auditors' report is set out on page 1.

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

		For the three months period ended 31 March	
		2016	2015
OPERATING ACTIVITIES	Note	**AED '000**	**AED '000**
Net profit for the period		45,193	193,716
Adjustments:			
Allowances for impairment on financing and investing receivables		206,638	240,733
Allowances for impairment on investments		56,740	22,316
Reversal of allowance for impairment on investment properties		-	(3,818)
Dividend income		-	(5,159)
Loss/ (gain) on sale of available-for-sale investments		4,970	(10,981)
Gain on sale of investment properties		-	(140,164)
Depreciation on investment properties		6,803	7,048
Depreciation on property and equipment		6,089	6,577
Operating profit before changes in operating assets and liabilities		**326,433**	**310,268**
Changes in balances with UAE Central Bank		253,347	(861,980)
Changes in due from banks		60,940	41,560
Changes in financing and investing receivables		(3,214,535)	(2,586,725)
Changes in other assets		(28,309)	(74,948)
Changes in customers' accounts		872,131	1,931,338
Changes in due to banks		680,281	(126,450)
Changes in other liabilities		(183,419)	(135,950)
Zakat paid		(33,483)	(16,826)
Net cash used in operating activities		**(1,266,614)**	**(1,519,713)**
INVESTING ACTIVITIES			
Purchase of investment securities		(483,676)	(229,916)
Proceeds from sale of investment securities		414,008	489,278
Dividend income received		-	5,159
Additions in investment properties		(16)	(24,344)
Proceeds from sale of investment properties		-	535,237
Changes in property and equipment		(13,878)	(13,847)
Net cash (used in)/ generated from investing activities		**(83,562)**	**761,567**
Net change in cash and cash equivalents		**(1,350,176)**	**(758,146)**
Cash and cash equivalents at the beginning of the period		3,168,627	3,024,081
Cash and cash equivalents at the end of the period	15	**1,818,451**	**2,265,935**

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

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

1 LEGAL STATUS AND ACTIVITIES

Emirates Islamic Bank PJSC (formerly Middle East Bank) (the "**Bank**") was incorporated by a decree of His Highness the Ruler of Dubai as a conventional Bank with a limited liability in the Emirate of Dubai on 3rd of October 1975. The Bank was reregistered as a Public Joint Stock Company in July 1995 and is regulated by the Central Bank of United Arab Emirates. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The Bank is currently assessing the impact of the new law and expects to be fully compliant on or before the end of grace period on 30 June 2016.

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 Sharia rules and principles. 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, a company in which the Government of Dubai is the major shareholder. The Bank is listed in the Dubai Financial Market.

In addition to its head office in Dubai, the Bank operates through 61 branches in the UAE. The Group condensed consolidated interim financial statements combine the activities of the Bank's head office, its branches and the following subsidiaries (together referred to as "the Group").

	Date of incorporation & country	Principal activity	Ownership %	
			31 March 2016	31 December 2015
Emirates Islamic Financial Brokerage Co. LLC	26 April 2006, UAE	Financial brokerage services	100%	100%
EIB Sukuk Company Limited	6 June 2007, Cayman Islands	Special Purpose Entity	100%	100%
EI Funding Limited	15 May 2014, Cayman Islands	Special Purpose Entity	100%	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.

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 18 April 2016.

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

2 BASIS OF PREPERATION

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 2015. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2016 has had no effect on the condensed consolidated interim financial statements of the Group. In addition, results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

2 BASIS OF PREPARATION (continued)

b) Basis of measurement

The Group consolidated 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 2015.

d) Judgements and estimates

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires the management to use certain estimates and judgments 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 management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the Group consolidated financial statements as at and for the year ended 31 December 2015.

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 2015.

3 CASH AND BALANCES WITH UAE CENTRAL BANK

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Cash in hand	274,976	330,963
Balances with UAE Central Bank :		
Current accounts	511,697	1,067,039
Reserve requirements	3,650,418	3,351,933
Murabaha	2,105,844	2,505,739
	6,542,935	**7,255,674**

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.

4 DUE FROM BANKS

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Due from local banks		
Current accounts	26	45
Interbank placements with other banks	36,000	-
Murabaha with Group Holding Company	6,137,201	5,477,265
Receivables from Dubai Bank	1,513,040	1,505,040
Wakala deposit with Group Holding Company	100,000	100,000
	7,786,267	**7,082,350**
Due from foreign banks		
Current accounts	392,328	290,365
	8,178,595	**7,372,715**

5 INVESTMENTS

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Available-for-sale		
Equity shares	686,029	692,616
Funds	698,973	702,246
Sukuks	1,438,498	1,351,027
	2,823,500	2,745,889
Held-to-maturity		
Sukuks	220,045	220,048
	3,043,545	2,965,937
Less: Allowance for impairment	(735,572)	(678,832)
	2,307,973	**2,287,105**
Investment securities comprise:		
Quoted	1,584,537	1,503,652
Unquoted	723,436	783,453
	2,307,973	**2,287,105**
Held-to-maturity investments located:		
Within UAE	91,813	91,813
Outside UAE	19,968	19,971
	111,781	**111,784**
Available-for-sale investments located:		
Within UAE	717,165	879,010
Outside UAE	1,479,027	1,296,311
	2,196,192	**2,175,321**
	2,307,973	**2,287,105**
Movements in allowances for impairment:		
Balance as at 1 January	678,832	645,451
Allowances for impairment made during the period / year	56,740	77,553
Recoveries / write backs during the period / year	-	(5,532)
Write off / transfer during the period / year	-	(38,640)
Balance at the end of the period / year	**735,572**	**678,832**

6 FINANCING AND INVESTING RECEIVABLES

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Murabaha	26,148,912	24,469,111
Ijarah	13,636,312	12,237,722
Istisna'a	1,362,609	1,205,460
Financing wakala	680,105	667,397
Mudarabah	145,594	166,749
Secured overdraft	225,069	216,802
Credit card receivables	841,201	788,025
	43,039,802	39,751,266
Less: Deferred income	(2,655,442)	(2,634,719)
Less: Allowances for impairment	(3,196,043)	(2,936,127)
	37,188,317	**34,180,420**
Total of impaired financing and investing receivables	**3,498,756**	**3,279,067**
By Segment :		
Retail banking	21,209,263	20,292,865
Corporate banking	15,979,054	13,887,555
	37,188,317	**34,180,420**
Analysis by economic activitty		
Agriculture and related activities	28,170	17,389
Manufacturing	754,844	805,834
Construction	1,016,939	1,109,370
Trade	3,109,011	2,625,818
Transportation and communication	192,283	223,177
Services	4,380,592	3,528,173
Sovereign	298,086	298,086
Personal	24,544,016	23,512,863
Real estates	4,899,109	4,546,980
Financial institutions	1,431,114	1,126,229
Others	2,385,638	1,957,347
Total	43,039,802	39,751,266
Less: Deferred income	(2,655,442)	(2,634,719)
Less: Allowances for impairment	(3,196,043)	(2,936,127)
Net Carrying Value	**37,188,317**	**34,180,420**

6 FINANCING AND INVESTING RECEIVABLES (continued)

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Movements in allowances for specific impairment:		
Balance as at 1 January	2,242,788	2,002,979
Allowances for impairment made during the period / year	308,525	987,440
Recoveries / write backs during the period / year	(30,592)	(277,713)
Transfer from Dubai Bank PJSC	24,541	78,446
Reversal of written off balances	72,992	-
Write offs during the period	(120,019)	(548,364)
Balance at the end of the period / year	**2,498,235**	**2,242,788**
Movements in allowances for collective impairment:		
Balance as at 1 January	693,339	661,164
Allowances for impairment made during the period / year	4,469	32,175
Balance at the end of the period / year	**697,808**	**693,339**
Total	**3,196,043**	**2,936,127**

7 INVESTMENT PROPERTIES

	Land AED '000	Building AED '000	Work-in-progress AED '000	(Unaudited) Total AED '000
Cost				
Balance as at 1 January 2016	375,513	800,099	8,230	1,183,842
Additions	16	-	-	16
Balance at 31 March 2016	**375,529**	**800,099**	**8,230**	**1,183,858**
Accumulated depreciation				
Balance as at 1 January 2016	-	(172,425)	-	(172,425)
Charge during the period	-	(6,803)	-	(6,803)
Total accumulated depreciation	-	(179,228)	-	(179,228)
Accumulated impairment				
Balance as at 1 January 2016	(27,849)	(177,631)	-	(205,480)
Total accumulated impairment	(27,849)	(177,631)	-	(205,480)
Balance as at 31 March 2016	**(27,849)**	**(356,859)**	**-**	**(384,708)**
Net Book Value at 31 March 2016	**347,680**	**443,240**	**8,230**	**799,150**

7 INVESTMENT PROPERTIES (continued)

	Land AED '000	Building AED '000	Work-in-progress AED '000	(Audited) Total AED '000
Cost				
Balance as at 1 January 2015	391,283	1,154,100	8,230	1,553,613
Additions	-	32,651	-	32,651
Disposals	(15,770)	(386,652)	-	(402,422)
Balance at 31 December 2015	**375,513**	**800,099**	**8,230**	**1,183,842**
Accumulated depreciation				
Balance as at 1 January 2015	-	(152,317)	-	(152,317)
Charge during the year	-	(27,458)	-	(27,458)
Relating to disposals	-	7,350	-	7,350
Total accumulated depreciation	-	(172,425)	-	(172,425)
Accumulated impairment				
Balance as at 1 January 2015	(27,849)	(181,449)	-	(209,298)
Reversal of impairment	-	3,818	-	3,818
Total accumulated impairment	(27,849)	(177,631)	-	(205,480)
Balance as at 31 December 2015	**(27,849)**	**(350,056)**	**-**	**(377,905)**
Net Book Value at 31 December 2015	**347,664**	**450,043**	**8,230**	**805,937**

All investment properties are located within the United Arab Emirates.

The fair value of investment properties as at 31 March 2016 is not materially different from their carrying value.

8 CUSTOMERS' ACCOUNTS

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Current accounts	17,069,217	16,105,255
Saving accounts	10,570,190	9,032,267
Investment accounts	4,859,383	5,301,657
Wakala accounts	7,342,448	8,524,228
Margins	332,065	337,765
	40,173,303	**39,301,172**
Customers' accounts are concentrated as follows		
Resident customer accounts	39,672,559	38,836,547
Non-resident customer accounts	500,744	464,625
	40,173,303	**39,301,172**
By Segment:		
Retail banking	34,088,206	33,974,095
Corporate banking	6,085,097	5,327,077
	40,173,303	**39,301,172**

9 DUE TO BANKS

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Current Accounts	8,090	2,149
Overdrafts	203	-
Interbank obligations – Other banks	184,493	277,105
Investment accounts	130,083	-
Wakala Deposits from Group Holding Company	1,935,728	806,992
Other balances from Group Holding Company & its subsidiaries	3,241,002	1,975,468
	5,499,599	**3,061,714**
Due to banks are concentrated as follows:		
Due to local banks	5,491,229	3,059,376
Due to foreign banks	8,370	2,338
	5,499,599	**3,061,714**

10 SUKUK FINANCING INSTRUMENTS

The Bank, through a Shari'a compliant sukuk financing arrangement, raised two tranches of US Dollar denominated medium term finance amounting to USD 500,000,000 each.

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 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 Group 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 SHARE CAPITAL

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Authorized Share Capital		
5,000,000,000 (31 December 2015: 5,000,000,000) ordinary shares of AED 1 each (31 December 2015: AED 1 each)	**5,000,000**	**5,000,000**
Issued and fully paid up capital		
3,930,422,000 (31 December 2015: 3,930,422,000) ordinary shares of AED 1 each (31 December 2015: AED 1 each)	**3,930,422**	**3,930,422**

12 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 Supervisory Board.

The Group has transferred part of its investment portfolio to EI Funding Limited (incorporated under Cayman Islands laws). However, the Group retains control over the transferred assets and hence the Group continues to recognize these assets as financing and the investment assets.

13 ALLOWANCE FOR IMPAIRMENT, NET OF RECOVERIES

	(Unaudited) For the three months period ended 31 March	
	2016 AED '000	2015 AED '000
Net impairment of financing and investing receivables (note 6)	(282,402)	(240,733)
Net impairment of investments (note 5)	(56,740)	(22,316)
Net impairment of investment properties	-	3,818
(Bad debt written off) / recovery - net	75,764	-
	(263,378)	**(259,231)**

14 EARNINGS PER SHARE

The calculation of earnings per share is based on profit of AED 45,193,000 (31 March 2015: profit of AED 193,716,000), for the period divided by the weighted average of the number of shares outstanding during the period: 3,930,422,000 shares (31 March 2015: 3,930,422,000 shares).

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 earnings per share when exercised.

15 CASH AND CASH EQUIVALENTS

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Cash in hand (note 3)	274,976	330,963
Current account with U.A.E Central Bank (note 3)	511,697	1,067,039
Murabaha with U.A.E Central Bank	1,204,405	1,052,468
Due from banks	4,369,586	3,502,766
Due to banks	(4,542,213)	(2,784,609)
	1,818,451	**3,168,627**

16 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 amounts to 9.2% and 1.86% (31 December 2015: 8.23% and 3.90%) of the total customers' 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	
	2016	**2015**
Group condensed consolidated interim statement of income		
Income from Group Holding Company	45,299	49,262
Key management personnel compensations	(13,813)	(13,009)
Key management personnel compensations - retirements benefits	(119)	(119)

Balances with related parties are as follows:

	(Unaudited) 31 March 2016 AED '000	(Audited) 31 December 2015 AED '000
Group condensed consolidated interim statement of financial position		
Due from Group Holding Company & subsidiaries	1,060,471	2,794,805
Financing receivables - Ultimate Parent Company	184,055	184,011
Investment in Ultimate Parent Company	44,432	44,206
Deposits from Ultimate Parent Company	1,324,444	1,322,261
Due from Dubai Bank PJSC (note 4)	1,513,040	1,505,040
Financing receivables - Directors & affiliates	757	1,212
Financing receivables - Key management personnel & affiliates	24,548	26,040
Current and Investment accounts - Directors	(1,578)	(830)
Current and Investment accounts - Key management personnel & affiliates	(27,970)	(23,314)
Investment in Government Related Entities	298,086	298,086

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 with key management personnel and their immediate relations at the period end.

17 FINANCIAL ASSETS AND LIABILITIES

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	(Unaudited) Total AED '000
31 March 2016				
INVESTMENT SECURITIES				
Available-for-sale:				
Investment in funds	-	-	271,609	271,609
Investment in equities	54,227	-	431,858	486,085
Debt securities	1,438,498	-	-	1,438,498
TOTAL	**1,492,725**	**-**	**703,467**	**2,196,192**
				(Audited)
31 December 2015				
INVESTMENT SECURITIES				
Available-for-sale:				
Investment in funds	-	-	274,884	274,884
Investment in equities	60,813	-	488,598	549,411
Debt securities	1,351,026	-	-	1,351,026
TOTAL	**1,411,839**	**-**	**763,482**	**2,175,321**

17 FINANCIAL ASSETS AND LIABILITIES (continued)

Reconciliation of financial assets, classified under level 3	(Unaudited) Available for sale financial assets AED '000
Balance as at 1 January 2016	763,482
Settlements	(60,015)
FX Adjustment	-
Balance as at 31 March 2016	**703,467**

	AED '000
Balance as at 1 January 2015	844,045
Settlements	(80,460)
FX Adjustment	(103)
Balance as at 31 December 2015	**763,482**

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. 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 period ended 31 March 2016, no transfers were made between Level 1 and Level 2.

18 OPERATING SEGMENTS

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

Corporate and Investments
Within this business segment, the Bank provides to corporate customers a range of products and services and accepts their deposits. This segment invests in investment securities, sukuks, funds and Real Estate sector.

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

Treasury
This segment mainly includes deposits and placements on Murabaha and Wakala basis with banks including Group Holding Company and the Central Bank of UAE.

18 OPERATING SEGMENTS (continued)

	Corporate & Investments		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	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Group condensed consolidated interim statement of income								
Segment income	171,984	143,947	337,903	258,383	43,683	50,774	553,570	453,104
Inter segment wakala income	(63,933)	(59,802)	30,872	33,642	33,061	26,160	-	-
Commission, fees & other income	44,782	202,350	109,750	81,420	4,204	157	158,736	283,927
Total income	**152,833**	**286,495**	**478,525**	**373,445**	**80,948**	**77,091**	**712,306**	**737,031**
General and administrative expenses	(34,058)	(40,708)	(258,398)	(168,426)	(5,846)	(4,168)	(298,302)	(213,302)
Total expenses	**(34,058)**	**(40,708)**	**(258,398)**	**(168,426)**	**(5,846)**	**(4,168)**	**(298,302)**	**(213,302)**
Net operating income	**118,775**	**245,787**	**220,127**	**205,019**	**75,102**	**72,923**	**414,004**	**523,729**
Allowances for impairment, net of recoveries	(126,441)	(207,910)	(136,937)	(51,321)	-	-	(263,378)	(259,231)
	(7,666)	**37,877**	**83,190**	**153,698**	**75,102**	**72,923**	**150,626**	**264,498**
Customers' share of profit and distribution to sukuk holders	(11,693)	(5,631)	(52,287)	(23,761)	(41,453)	(41,390)	(105,433)	(70,782)
NET PROFIT FOR THE PERIOD	**(19,359)**	**32,246**	**30,903**	**129,937**	**33,649**	**31,533**	**45,193**	**193,716**

18 OPERATING SEGMENTS (continued)

	Corporate & Investments		Retail		Treasury		Total	
	(Unaudited) 31 March 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 31 March 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 31 March 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 31 March 2016 AED'000	(Audited) 31 December 2015 AED'000
Group condensed consolidated interim statement of financial position								
Assets								
Segment assets	19,738,453	17,699,369	21,224,496	20,137,699	11,026,952	11,276,456	51,989,901	49,113,524
Central Bank reserve requirements	53,760	183,134	3,596,658	3,168,799	-	-	3,650,418	3,351,933
	19,792,213	17,882,503	24,821,154	23,306,498	11,026,952	11,276,456	55,640,319	52,465,457
Unallocated assets							817,207	736,721
Total Assets							**56,457,526**	**53,202,178**
Liabilities								
Segment liabilities	6,749,507	5,993,156	34,160,701	34,038,678	9,209,563	6,734,214	50,119,771	46,766,048
Unallocated liabilities							6,337,755	6,436,130
Total Liabilities and equity							**56,457,526**	**53,202,178**

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.