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 SIX MONTHS PERIOD ENDED 30 JUNE 2016

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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 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 2016 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

Ernst & Young

Signed by:
Joseph Murphy
Partner
Registration No. 492

17 July 2016
Dubai, United Arab Emirates

EMIRATES ISLAMIC BANK PJSC
GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	(Unaudited) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
ASSETS			
Cash and balances with U.A.E. Central Bank	3	6,493,295	7,255,674
Due from banks	4	6,618,697	7,372,715
Investments	5	2,868,850	2,287,105
Financing and investing receivables	6	39,127,511	34,180,420
Investment properties	7	792,362	805,937
Customer acceptances		564,005	563,379
Other assets		533,207	570,011
Property and equipment		186,925	166,937
TOTAL ASSETS		**57,184,852**	**53,202,178**
LIABILITIES			
Customers' accounts	8	41,750,950	39,301,172
Due to banks	9	1,880,446	3,061,714
Sukuk financing instruments	10	6,426,875	3,672,500
Customer acceptances		564,005	563,379
Payables and other liabilities		1,294,644	1,475,179
Zakat payable		-	33,483
TOTAL LIABILITIES		**51,916,920**	**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		31,753	(4,127)
Retained earnings		741,132	603,831
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**5,267,932**	**5,094,751**
TOTAL LIABILITIES AND EQUITY		**57,184,852**	**53,202,178**
CONTINGENCIES AND COMMITMENTS		**9,847,044**	**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 SIX MONTHS PERIOD ENDED 30 JUNE 2016

	Notes	For the three months period ended 30 June		For the six months period ended 30 June	
		2016	2015	2016	2015
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from financing and investing activities		509,909	428,316	1,011,408	815,895
Income from investment securities		18,569	37,747	25,341	70,150
Income from Group Holding Company		43,952	47,693	89,251	96,955
Commission and fees income		130,995	115,995	256,386	222,928
Other income/ (loss), net		36,392	(950)	69,737	159,904
TOTAL INCOME		**739,817**	**628,801**	**1,452,123**	**1,365,832**
EXPENSES					
Personnel expenses		(184,410)	(158,624)	(374,480)	(292,418)
General and administrative expenses		(95,099)	(69,002)	(197,242)	(141,933)
Depreciation of property and equipment		(6,398)	(6,941)	(12,487)	(13,518)
TOTAL EXPENSES		**(285,907)**	**(234,567)**	**(584,209)**	**(447,869)**
NET OPERATING PROFIT BEFORE ALLOWANCES FOR IMPAIRMENT AND DISTRIBUTIONS		**453,910**	**394,234**	**867,914**	**917,963**
Allowances for impairment, net of recoveries	13	(241,035)	(65,632)	(504,413)	(324,863)
NET OPERATING PROFIT		**212,875**	**328,602**	**363,501**	**593,100**
Customers' share of profit and distribution to sukuk holders		(120,767)	(75,353)	(226,200)	(146,135)
NET PROFIT FOR THE PERIOD		**92,108**	**253,249**	**137,301**	**446,965**
Earnings per share (AED)	14	0.024	0.064	0.035	0.114

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 SIX MONTHS PERIOD ENDED 30 JUNE 2016

	For the three months period ended 30 June		For the six months period ended 30 June	
	2016	2015	2016	2015
	AED'000	AED'000	AED'000	AED'000
NET PROFIT FOR THE PERIOD	**92,108**	**253,249**	**137,301**	**446,965**
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	23,093	(35,492)	31,749	(9,429)
- Net amount transferred to income statement	(123)	15,148	4,131	11,467
Total	**22,970**	**(20,344)**	**35,880**	**2,038**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**115,078**	**232,905**	**173,181**	**449,003**

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 CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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	-	-	-	-	446,965	446,965
Other comprehensive income for the period	-	-	-	2,038	-	2,038
Total comprehensive income for the period	-	-	-	2,038	446,965	449,003
As at 30 June 2015	**3,930,422**	**265,355**	**171,134**	**12,629**	**571,736**	**4,951,276**
As at 1 January 2016	3,930,422	329,423	235,202	(4,127)	603,831	5,094,751
Net profit for the period	-	-	-	-	137,301	137,301
Other comprehensive income for the period	-	-	-	35,880	-	35,880
Total comprehensive income for the period	-	-	-	35,880	137,301	173,181
As at 30 June 2016	**3,930,422**	**329,423**	**235,202**	**31,753**	**741,132**	**5,267,932**

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 SIX MONTHS PERIOD ENDED 30 JUNE 2016

		For the six months period ended 30 June	
		2016	2015
OPERATING ACTIVITIES	Note	**AED '000**	**AED '000**
Net profit for the period		137,301	446,965
Adjustments:			
Allowances for impairment on financing and investing receivables		597,599	306,365
Allowances for impairment on investments		52,969	22,316
Reversal of allowance for impairment on investment properties		-	(3,818)
Dividend income		(2,075)	(8,832)
Loss/ (gain) on sale of available-for-sale investments		3,178	(33,746)
Gain on sale of investment properties		-	(140,164)
Depreciation on investment properties		13,607	13,852
Depreciation on property and equipment		12,487	13,518
Operating profit before changes in operating assets and liabilities		**815,066**	**616,456**
Changes in balances with UAE Central Bank		(609,104)	(2,888,447)
Changes in due from banks		(118,478)	(419)
Changes in financing and investing receivables		(5,544,690)	(4,718,115)
Changes in other assets		36,968	163,964
Changes in customers' accounts		2,449,778	3,295,760
Changes in due to banks		149,871	2,535
Changes in sukuk financing arrangements		2,754,375	-
Changes in other liabilities		(180,535)	499,612
Zakat paid		(33,483)	(16,826)
Net cash used in operating activities		**(280,232)**	**(3,045,480)**
INVESTING ACTIVITIES			
Purchase of investment securities		(1,162,362)	(1,315,549)
Proceeds from sale of investment securities		560,350	1,856,393
Dividend income received		1,911	8,832
Additions in investment properties		(32)	(28,530)
Proceeds from sale of investment properties		-	535,237
Changes in property and equipment		(32,475)	(52,417)
Net cash (used in)/ generated from investing activities		**(632,608)**	**1,003,966**
Net change in cash and cash equivalents		**(912,840)**	**(2,041,514)**
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	**2,255,787**	**982,567**

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 2017.

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 %	
			30 June 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 17 July 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 six months period ended 30 June 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 financial assets available for sale which are measured at fair value.

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) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Cash in hand	319,701	330,963
Balances with UAE Central Bank :		
Current accounts	759,286	1,067,039
Reserve requirements	4,010,857	3,351,933
Murabaha	1,403,451	2,505,739
	6,493,295	**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) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Due from local banks		
Current accounts	26	45
Interbank placements with other banks	49,431	-
Murabaha with Group Holding Company	4,410,132	5,477,265
Receivables from Dubai Bank PJSC	1,520,150	1,505,040
Wakala deposit with Group Holding Company	100,000	100,000
	6,079,739	**7,082,350**
Due from foreign banks		
Current accounts	245,058	290,365
Interbank placements	293,900	-
	538,958	**290,365**
	6,618,697	**7,372,715**

5 INVESTMENTS

	(Unaudited) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Available-for-sale		
Equity shares	687,786	692,616
Funds	661,176	702,246
Sukuks	2,027,379	1,351,027
	3,376,341	2,745,889
Held-to-maturity		
Sukuks	218,406	220,048
	3,594,747	2,965,937
Less: Allowance for impairment	(725,897)	(678,832)
	2,868,850	**2,287,105**
Investment securities comprise:		
Quoted	2,175,173	1,503,652
Unquoted	693,677	783,453
	2,868,850	**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	810,492	879,010
Outside UAE	1,946,577	1,296,311
	2,757,069	**2,175,321**
	2,868,850	**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	(3,771)	(5,532)
Write off during the period / year	(5,904)	(38,640)
Balance at the end of the period / year	**725,897**	**678,832**

6 FINANCING AND INVESTING RECEIVABLES

	(Unaudited) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Murabaha	26,394,211	24,469,111
Ijarah	15,121,208	12,237,722
Istisna'a	1,442,112	1,205,460
Financing wakala	758,174	667,397
Mudarabah	144,991	166,749
Secured overdraft	196,350	216,802
Credit card receivables	960,279	788,025
	45,017,325	39,751,266
Less: Deferred income	(2,603,803)	(2,634,719)
Less: Allowances for impairment	(3,286,011)	(2,936,127)
	39,127,511	**34,180,420**
Total of impaired financing and investing receivables	**3,622,973**	**3,279,067**
By Segment :		
Retail banking	22,055,411	20,292,865
Corporate banking	17,072,100	13,887,555
	39,127,511	**34,180,420**
Analysis by economic activitty		
Agriculture and related activities	27,686	17,389
Manufacturing	733,823	805,834
Construction	1,012,143	1,109,370
Trade	3,258,273	2,625,818
Transportation and communication	396,131	223,177
Services	4,510,843	3,528,173
Sovereign	298,086	298,086
Personal	25,616,439	23,512,863
Real estates	5,185,400	4,546,980
Financial institutions	1,228,840	1,126,229
Others	2,749,661	1,957,347
Total	45,017,325	39,751,266
Less: Deferred income	(2,603,803)	(2,634,719)
Less: Allowances for impairment	(3,286,011)	(2,936,127)
Net Carrying Value	**39,127,511**	**34,180,420**

6 FINANCING AND INVESTING RECEIVABLES (continued)

	(Unaudited) 30 June 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	773,047	987,440
Write backs during the period / year	(209,323)	(277,713)
Transfer from Dubai Bank PJSC	26,116	78,446
Write offs during the period / year	(273,831)	(548,364)
Balance as at the end of the period / year	**2,558,797**	**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	33,875	32,175
Balance as at the end of the period / year	**727,214**	**693,339**
Total	**3,286,011**	**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	32	-	-	32
Balance as at 30 June 2016	375,545	800,099	8,230	1,183,874
Accumulated depreciation				
Balance as at 1 January 2016	-	(172,425)	-	(172,425)
Charge during the period	-	(13,607)	-	(13,607)
Total accumulated depreciation	-	(186,032)	-	(186,032)
Accumulated impairment				
Balance as at 1 January 2016	(27,849)	(177,631)	-	(205,480)
Total accumulated impairment	(27,849)	(177,631)	-	(205,480)
Total accumulated depreciation and impairment as at 30 June 2016	**(27,849)**	**(363,663)**	**-**	**(391,512)**
Net Book Value as at 30 June 2016	**347,696**	**436,436**	**8,230**	**792,362**

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 as 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)
Total accumulated depreciation and impairment as at 31 December 2015	**(27,849)**	**(350,056)**	**-**	**(377,905)**
Net Book Value as 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 30 June 2016 is not materially different from their carrying value.

8 CUSTOMERS' ACCOUNTS

	(Unaudited) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Current accounts	17,713,383	16,105,255
Saving accounts	9,984,150	9,032,267
Investment accounts	4,948,420	5,301,657
Wakala accounts	8,727,825	8,524,228
Margins	377,172	337,765
	41,750,950	**39,301,172**
Customers' accounts are concentrated as follows		
Resident customer accounts	41,419,338	38,836,547
Non-resident customer accounts	331,612	464,625
	41,750,950	**39,301,172**
By Segment:		
Retail banking	35,360,121	33,974,095
Corporate banking	6,390,829	5,327,077
	41,750,950	**39,301,172**

9 DUE TO BANKS

	(Unaudited) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Current Accounts	4,113	2,149
Overdrafts	2,124	-
Interbank obligations – Other banks	334,851	277,105
Investment accounts	1,545	-
Wakala Deposits from Group Holding Company	967,061	806,992
Other balances from Group Holding Company & its subsidiaries	570,752	1,975,468
	1,880,446	**3,061,714**
Due to banks are concentrated as follows:		
Due to local banks	1,723,150	3,059,376
Due to foreign banks	157,296	2,338
	1,880,446	**3,061,714**

10 SUKUK FINANCING INSTRUMENTS

During the period, the Bank, through a Shari'a compliant sukuk financing arrangement raised a tranch of US Dollar denominated medium term financing amounting to USD 750,000,000. Following are the details of all the sukuk financing arrangement is issue:

Amount (USD)	Listing	Profit rate (%)	Payment basis	Maturity
500,000,000	London Stock Exchange	4.718	Semi annual	January 2017
500,000,000	London Stock Exchange	4.140	Semi annual	January 2018
750,000,000	Irish Stock Exchange	3.542	Semi annual	May 2021

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 sukuks. 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 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.

11 SHARE CAPITAL

	(Unaudited) 30 June 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 investment assets.

13 ALLOWANCE FOR IMPAIRMENT, NET OF RECOVERIES

	(Unaudited) For the six months period ended 30 June	
	2016 AED '000	2015 AED '000
Net impairment of financing and investing receivables (note 6)	(597,599)	(306,365)
Net impairment of investments (note 5)	(52,969)	(22,316)
Net impairment of investment properties	-	3,818
(Bad debt written off) / recovery - net	146,155	-
	(504,413)	**(324,863)**

14 EARNINGS PER SHARE

The calculation of earnings per share is based on profit of AED 137,301,000 (30 June 2015: profit of AED 446,965,000), for the period divided by the weighted average of the number of shares outstanding during the period: 3,930,422,000 shares (30 June 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) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Cash in hand (note 3)	319,701	330,963
Current account with U.A.E Central Bank (note 3)	759,286	1,067,039
Murabaha with U.A.E Central Bank	-	1,052,468
Due from banks	2,630,270	3,502,766
Due to banks	(1,453,470)	(2,784,609)
	2,255,787	**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 8.06% and 3.95% (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 six months period ended 30 June	
	2016	**2015**
Group condensed consolidated interim statement of income		
Income from Group Holding Company	89,251	96,955
Key management personnel compensations	(16,984)	(16,232)
Key management personnel compensations - retirements benefits	(118)	(113)

Balances with related parties are as follows:

	(Unaudited) 30 June 2016 AED '000	(Audited) 31 December 2015 AED '000
Group condensed consolidated interim statement of financial position		
Due from Group Holding Company & subsidiaries	2,972,319	2,794,805
Financing receivables - Ultimate Parent Company	184,028	184,011
Investment in Ultimate Parent Company	44,985	44,206
Deposits from Ultimate Parent Company	1,078,776	1,322,261
Due from Dubai Bank PJSC (note 4)	1,520,150	1,505,040
Financing receivables - Directors & affiliates	447	1,212
Financing receivables - Key management personnel & affiliates	21,947	26,040
Current and Investment accounts - Directors	(1,411)	(830)
Current and Investment accounts - Key management personnel & affiliates	(22,125)	(23,314)
Financing receivables - Government Related Entities	259,396	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
30 June 2016				
INVESTMENT SECURITIES				
Available-for-sale:				
Investment in funds	-	-	241,850	241,850
Investment in equities	55,982	-	431,858	487,840
Debt securities	2,027,379	-	-	2,027,379
TOTAL	**2,083,361**	**-**	**673,708**	**2,757,069**
				(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	(89,774)
FX Adjustment	-
Balance as at 30 June 2016	**673,708**

	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 30 June 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 six months period ended 30 June		For the six months period ended 30 June		For the six months period ended 30 June		For the six months period ended 30 June	
	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	353,513	294,741	676,902	545,122	95,585	100,559	1,126,000	940,422
Inter segment wakala income/ (loss)	(141,304)	(112,508)	72,392	72,395	68,912	40,113	-	-
Commission, fees & other income	87,985	253,618	239,587	170,997	(1,449)	795	326,123	425,410
Total income	**300,194**	**435,851**	**988,881**	**788,514**	**163,048**	**141,467**	**1,452,123**	**1,365,832**
General and administrative expenses	(68,040)	(93,890)	(504,944)	(345,423)	(11,225)	(8,556)	(584,209)	(447,869)
Total expenses	**(68,040)**	**(93,890)**	**(504,944)**	**(345,423)**	**(11,225)**	**(8,556)**	**(584,209)**	**(447,869)**
Net operating income	**232,154**	**341,961**	**483,937**	**443,091**	**151,823**	**132,911**	**867,914**	**917,963**
Allowances for impairment, net of recoveries	(124,504)	(200,580)	(379,909)	(124,283)	-	-	(504,413)	(324,863)
	107,650	**141,381**	**104,028**	**318,808**	**151,823**	**132,911**	**363,501**	**593,100**
Customers' share of profit and distribution to sukuk holders	(26,534)	(14,385)	(108,134)	(49,429)	(91,532)	(82,321)	(226,200)	(146,135)
NET PROFIT/ (LOSS) FOR THE PERIOD	**81,116**	**126,996**	**(4,106)**	**269,379**	**60,291**	**50,590**	**137,301**	**446,965**

18 OPERATING SEGMENTS (continued)

	Corporate & Investments		Retail		Treasury		Total	
	(Unaudited) 30 June 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 30 June 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 30 June 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 30 June 2016 AED'000	(Audited) 31 December 2015 AED'000
Group condensed consolidated interim statement of financial position								
Assets								
Segment assets	21,425,632	17,699,369	21,927,098	20,137,699	9,101,135	11,276,456	52,453,865	49,113,524
Central Bank reserve requirements	344,185	183,134	3,666,672	3,168,799	-	-	4,010,857	3,351,933
	21,769,817	17,882,503	25,593,770	23,306,498	9,101,135	11,276,456	56,464,722	52,465,457
Unallocated assets							720,130	736,721
Total Assets							**57,184,852**	**53,202,178**
Liabilities								
Segment liabilities	6,949,712	5,993,156	35,451,533	34,038,678	8,393,882	6,734,214	50,795,127	46,766,048
Unallocated liabilities							6,389,725	6,436,130
Total Liabilities and equity							**57,184,852**	**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.