

Dubai Islamic Bank P.J.S.C.

Review report and condensed consolidated interim financial information

for the nine-month period ended 30 September 2016

Dubai Islamic Bank P.J.S.C.

Review report and condensed consolidated interim financial information (Unaudited) *for the nine-month period ended 30 September 2016*

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

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

Introduction

We have reviewed the accompanying 30 September 2016 condensed consolidated interim financial information of Dubai Islamic Bank P.J.S.C. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2016;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2016;
- the condensed consolidated interim statement of other comprehensive income for the three-month and nine-month periods ended 30 September 2016;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2016;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2016; and
- notes to the condensed consolidated interim financial information.

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



Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

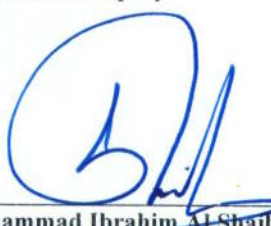
KPMG Lower Gulf Limited
Vijendranath Malhotra
Registration number: 48


Date: 24 OCT 2016

Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of financial position as at 30 September 2016

		(Unaudited) 30 September 2016 AED'000	(Audited) 31 December 2015 AED'000
	Note		
ASSETS			
Cash and balances with central banks	5	17,487,705	13,414,874
Due from banks and financial institutions	6	6,495,499	5,084,740
Islamic financing and investing assets, net	7	111,146,675	97,219,599
Investments in Islamic sukuk measured at amortised cost	8	21,491,424	20,065,651
Other investments measured at fair value	9	1,730,349	1,830,986
Investments in associates and joint ventures		2,209,600	2,084,977
Properties held for development and sale		1,374,479	1,393,953
Investment properties	10	2,981,906	2,743,442
Receivables and other assets		5,695,966	5,263,927
Property and equipment		878,121	795,355
Total assets		171,491,724	149,897,504
LIABILITIES AND EQUITY			
LIABILITIES			
Customers' deposits	11	121,853,657	109,981,432
Due to banks and financial institutions		9,300,987	4,712,628
Sukuk issued	12	7,438,425	5,601,925
Payables and other liabilities		6,296,891	6,807,991
Total liabilities		144,889,960	127,103,976
EQUITY			
Share capital	13	4,942,189	3,953,751
Tier 1 sukuk	14	7,346,000	7,346,000
Other reserves and treasury shares	15	7,810,557	5,617,539
Investments fair value reserve		(748,553)	(657,367)
Exchange translation reserve		(357,880)	(354,829)
Retained earnings		4,961,349	4,563,734
Equity attributable to owners of the Bank		23,953,662	20,468,828
Non-controlling interests		2,648,102	2,324,700
Total equity		26,601,764	22,793,528
Total liabilities and equity		171,491,724	149,897,504


H.E. Mohammad Ibrahim Al Shaibani
Chairman


Abdulla Ali Al Hamli
Managing Director


Dr. Adnan Chilwan
Chief Executive Officer

The notes on pages 9 to 30 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1 & 2.

Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of profit or loss (Unaudited) for the nine-month period ended 30 September 2016

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
NET INCOME					
Income from Islamic financing and investing transactions		1,640,530	1,428,622	4,766,825	4,042,991
Commissions, fees and foreign exchange income		329,661	346,099	1,119,306	974,665
Income from other investments measured at fair value, net		972	7,089	27,351	36,169
Income from properties held for development and sale, net		51,916	72,029	118,747	171,522
Income from investment properties		20,057	18,005	57,481	92,717
Share of profit from associates and joint ventures		29,788	23,800	145,419	152,295
Other income		101,613	7,747	175,061	55,771
Total income		2,174,537	1,903,391	6,410,190	5,526,130
Less: depositors' and sukuk holders' share of profit		(483,373)	(279,137)	(1,362,646)	(737,768)
Net income		1,691,164	1,624,254	5,047,544	4,788,362
OPERATING EXPENSES					
Personnel expenses		(392,133)	(371,807)	(1,167,972)	(1,092,956)
General and administrative expenses		(133,685)	(148,867)	(429,437)	(433,337)
Depreciation of investment properties		(10,178)	(5,995)	(28,941)	(21,955)
Depreciation of property and equipment		(28,532)	(29,618)	(89,662)	(85,904)
Total operating expenses		(564,528)	(556,287)	(1,716,012)	(1,634,152)
Net operating income before impairment charges		1,126,636	1,067,967	3,331,532	3,154,210
Impairment charges, net	17	(113,488)	(64,921)	(304,024)	(340,775)
Net profit for the period before income tax expense		1,013,148	1,003,046	3,027,508	2,813,435
Income tax expense		(6,849)	(2,399)	(16,882)	(12,064)
Net profit for the period		1,006,299	1,000,647	3,010,626	2,801,371
Attributable to:					
Owners of the Bank		876,324	972,105	2,680,569	2,690,815
Non-controlling interests		129,975	28,542	330,057	110,556
Net profit for the period		1,006,299	1,000,647	3,010,626	2,801,371
Basic and diluted earnings per share (AED per share) (note 18)					
		0.13	0.17	0.49	0.55

The notes on pages 9 to 30 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1 & 2.

Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of other comprehensive income (Unaudited) for the nine-month period ended 30 September 2016

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Net profit for the period	1,006,299	1,000,647	3,010,626	2,801,371
<i>Other comprehensive income / (loss) items</i>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Fair value gain / (loss) on other investments carried at FVTOCI, net	8,543	(48,736)	(92,755)	(28,314)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations, net	693	8,962	(3,051)	(31,299)
<i>Other comprehensive income / (loss) for the period</i>	9,236	(39,774)	(95,806)	(59,613)
Total comprehensive income for the period	1,015,535	960,873	2,914,820	2,741,758
Attributable to:				
Owners of the Bank	885,979	932,550	2,586,332	2,632,363
Non-controlling interests	129,556	28,323	328,488	109,395
Total comprehensive income for the period	1,015,535	960,873	2,914,820	2,741,758

The notes on page 9 to 30 form an integral part of these condensed consolidated interim financial information.

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Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of changes in equity (Unaudited)

for the nine-month period ended 30 September 2016

	Equity attributable to owners of the Bank								
	Share capital	Tier 1 sukuk	Other reserves and treasury shares	Investments fair value reserve	Exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2015	3,953,751	3,673,000	5,494,117	(567,806)	(280,383)	3,252,192	15,524,871	2,181,213	17,706,084
Net profit for the period	-	-	-	-	-	2,690,815	2,690,815	110,556	2,801,371
Other comprehensive income / (loss) for the period	-	-	-	(27,153)	(31,299)	-	(58,452)	(1,161)	(59,613)
Total comprehensive income for the period	-	-	-	(27,153)	(31,299)	2,690,815	2,632,363	109,395	2,741,758
Transaction with owners directly in equity:									
Dividend paid (note 24)	-	-	-	-	-	(1,578,090)	(1,578,090)	(8,832)	(1,586,922)
Tier 1 sukuk issuance	-	3,673,000	-	-	-	-	3,673,000	-	3,673,000
Tier 1 sukuk issuance cost	-	-	-	-	-	(14,319)	(14,319)	-	(14,319)
Gain on buy back of Tier 1 sukuk	-	-	-	-	-	217	217	-	217
Tier 1 sukuk profit distribution	-	-	-	-	-	(353,526)	(353,526)	-	(353,526)
Transfer on disposal/reclassification of other investments carried at FVTOCI	-	-	-	(9,492)	-	9,492	-	-	-
Board of Directors' remuneration	-	-	-	-	-	(4,500)	(4,500)	-	(4,500)
Acquisition of non-controlling interest	-	-	-	-	-	49,901	49,901	(125,514)	(75,613)
Balance at 30 September 2015	3,953,751	7,346,000	5,494,117	(604,451)	(311,682)	4,052,182	19,929,917	2,156,262	22,086,179
Balance at 1 January 2016	3,953,751	7,346,000	5,617,539	(657,367)	(354,829)	4,563,734	20,468,828	2,324,700	22,793,528
Net profit for the period	-	-	-	-	-	2,680,569	2,680,569	330,057	3,010,626
Other comprehensive loss for the period	-	-	-	(91,186)	(3,051)	-	(94,237)	(1,569)	(95,806)
Total comprehensive income for the period	-	-	-	(91,186)	(3,051)	2,680,569	2,586,332	328,488	2,914,820
Transaction with owners directly in equity:									
Dividend paid (note 24)	-	-	-	-	-	(1,775,526)	(1,775,526)	(4,360)	(1,779,886)
Zakat	-	-	-	-	-	(983)	(983)	-	(983)
Issue of right shares (note 13)	988,438	-	2,168,018	-	-	-	3,156,456	-	3,156,456
Share issue cost	-	-	-	-	-	(1,330)	(1,330)	-	(1,330)
Tier 1 sukuk profit distribution	-	-	-	-	-	(477,490)	(477,490)	-	(477,490)
Acquisition of non-controlling interest	-	-	-	-	-	375	375	(726)	(351)
Transfer to regulatory credit risk reserve	-	-	25,000	-	-	(25,000)	-	-	-
Board of Directors' remuneration	-	-	-	-	-	(3,000)	(3,000)	-	(3,000)
Balance at 30 September 2016	4,942,189	7,346,000	7,810,557	(748,553)	(357,880)	4,961,349	23,953,662	2,648,102	26,601,764

The notes on page 9 to 30 form an integral part of these condensed consolidated interim financial information.

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Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of cash flows (Unaudited) for the nine-month period ended 30 September 2016

	Nine-month period ended 30 September	
	2016	2015
	AED'000	AED'000
Operating activities		
Profit for the period before income tax expense	3,027,508	2,813,435
Adjustments for:		
Share of profit of associates and joint ventures	(145,419)	(152,295)
Income from properties held for development and sale	(118,747)	(171,522)
Dividend income	(27,283)	(35,995)
Gain on disposal of investment property	-	(41,337)
(Gain) / loss on disposal of other investments	(128)	(57)
Revaluation of investments at fair value through profit or loss	151	-
Gain on sale of investments in Islamic sukuk	(89,133)	(3,215)
Depreciation of property and equipment	89,662	85,904
Gain on disposal of investment in associates and jointly controlled entities	-	(11,674)
Gain on disposal of property and equipment	(1,453)	(48)
Depreciation of investment properties	28,941	21,955
Write off of property and equipment	-	12
Provision for employees' end-of-services benefit	18,398	30,168
Impairment charge for the period, net	304,024	340,775
Operating cash flow before changes in operating assets and liabilities	3,086,521	2,876,106
Decrease in due from banks and financial institutions with over three months maturity	2,206,252	360,565
Increase in Islamic financing and investing assets	(14,716,382)	(18,817,568)
Increase in receivables and other assets	(24,899)	(354,444)
Increase in customers' deposits	11,860,261	17,098,059
Increase / (decrease) in due to banks and other financial institutions	4,587,893	(753,407)
(Decrease) / increase in payables and other liabilities	(526,795)	218,970
Cash generated from operations	6,472,851	628,281
Employees' end-of-services benefit paid	(7,878)	(6,256)
Tax paid	(16,384)	(11,741)
Net cash generated from operating activities	6,448,589	610,284
Investing activities		
Net movement in investments in Islamic sukuk measured at amortised cost	(1,334,844)	(2,923,468)
Purchase of investment properties	(215,168)	(94,682)
Proceeds from sale of investment properties	8,551	222,857
Purchase of property and equipment, net	(140,657)	(191,229)
Proceeds from disposal of properties held for development and sale	123,372	333,410
Net movement in other investments measured at fair value	6,767	121,813
Dividend received	27,283	35,995
Additions to properties held for development and sale	-	(239,121)
Net movement in investments in associates and joint ventures	22,753	106,328
Net cash used in investing activities	(1,501,943)	(2,628,097)

The notes on page 9 to 30 form an integral part of these condensed consolidated interim financial information.
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Dubai Islamic Bank P.J.S.C.

Condensed consolidated interim statement of cash flows (Unaudited) (continued) for the nine-month period ended 30 September 2016

	Nine-month period ended 30 September	
	2016 AED'000	2015 AED'000
Financing activities		
Dividend paid	(1,779,886)	(1,586,922)
Tier 1 sukuk issued during the period	-	3,673,000
Right shares issuance	3,155,126	-
Tier 1 sukuk profit distribution	(477,490)	(353,526)
Issuance of sukuks	1,836,500	2,754,750
Acquisition of non-controlling interest	-	(68,088)
Tier 1 sukuk issuance cost, net	-	(14,319)
Net cash generated from financing activities	2,734,250	4,404,895
Net increase in cash and cash equivalents	7,680,896	2,387,082
Cash and cash equivalents at the beginning of the period	16,293,362	12,664,553
Effect of exchange rate changes on the balance of cash held in foreign currencies	8,946	(32,424)
Cash and cash equivalents at the end of the period (note 19)	23,983,204	15,019,211
	=====	=====

The notes on page 9 to 30 form an integral part of these condensed consolidated interim financial information.
The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1 & 2.

Dubai Islamic Bank P.J.S.C.

Notes to the condensed consolidated interim financial information

for the nine-month period ended 30 September 2016

1. General information

Dubai Islamic Bank (Public Joint Stock Company) (“the Bank”) was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia’a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company.

This condensed consolidated interim financial information combine the activities of the Bank and its subsidiaries as disclosed in Note 26 to these condensed consolidated interim financial information (together referred to as the “Group”).

The Bank is listed on the Dubai Financial Market (Ticker: “DIB”).

The Group is primarily engaged in corporate, retail and investment banking activities and carries out its operations through its local branches and overseas subsidiaries. The principal activities of the Group entities are described in note 26(a) to these condensed consolidated interim financial statements.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates (“U.A.E.”).

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

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

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

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – amendments relating to sale or contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – amendments relating to changes in method for disposal.
- Amendments to IFRS 7 Financial Instruments: Disclosures – amendments relating to ‘continuing involvement’ for servicing contracts.
- Amendments to IAS 34 Interim Financial Reporting – amendments relating to disclosure of information ‘elsewhere in the interim financial report’.
- Amendments to IAS 1 Presentation of Financial Statements – amendments relating to additional disclosures for users of the Financial Statements.
- Amendments to IAS 16 Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.

2.2 New and revised standards in issue but not yet effective

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
▪ Amendments to IAS 12 <i>Income Taxes</i> relating to recognition of Deferred Tax Assets for unrealised Losses	1 January 2017

Dubai Islamic Bank P.J.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
Finalised version of IFRS 9 <i>Financial Instruments</i> (IFRS 9 <i>Financial Instruments</i> (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model.	1 January 2018
A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.	
A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	
IFRS 16 <i>Leases</i> : IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
As of date of issuance of this condensed consolidated interim financial information, management are still in the process of evaluating the impact of these new and revised standards on the condensed consolidated interim financial information.	

3. Basis of preparation

3.1 Statement of compliance

These condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" issued by the International Accounting Standards Board and applicable requirements of the laws of the U.A.E. UAE Federal Law No 2 of 2015 ("UAE Companies Law of 2015").

These condensed consolidated interim financial information do not include all the information required for a complete set of IFRS consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements as at and for the year ended 31 December 2015.

Dubai Islamic Bank P.J.S.C.

Notes to the condensed consolidated interim financial information *for the nine-month period ended 30 September 2016*

3. Basis of preparation (continued)

3.2 Judgments and estimates

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

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those which were applied to the audited consolidated audited financial statements as at and for the year ended 31 December 2015.

4. Significant accounting policies

The accounting policies used in the preparation of these condensed consolidated financial information are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2015 other than the application of new and revised standards as set out in note 2.1.

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

4.1 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2015.

4.2 Investments in Islamic Sukuk

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

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

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

4.3 Other investments

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

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

Financial assets (other than equity instruments) that do not meet the amortised cost criteria are measured at FVTPL. In addition, financial assets (other than equity instruments) that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. Financial assets (other than equity instruments) may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any financial assets (other than equity instruments) as at FVTPL.

Dubai Islamic Bank P.J.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

4. Significant accounting policies (continued)

4.3 Other investments (continued)

4.3.1 Investments measured at fair value through profit or loss (“FVTPL”) (continued)

Financial assets are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financial assets (other than equity instruments) that are designated as at FVTPL on initial recognition is not allowed.

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

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

4.3.2 Investments measured at fair value through other comprehensive income (“FVTOCI”)

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

A financial asset is held for trading if:

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

FVTOCI assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposals.

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

4.4 Investment properties

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

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

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

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Notes to the condensed consolidated interim financial information *for the nine-month period ended 30 September 2016*

4. Significant accounting policies (continued)

4.5 Investments in associates and joint ventures

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

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

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

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

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

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

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

5. Cash and balances with central banks

5.1 Analysis by category

		Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
	<i>Note</i>		
Cash on hand		2,499,989	2,186,665
Balances with the central banks:			
Current accounts		2,551,326	1,905,431
Reserve requirements with central banks	5.3	7,434,710	7,116,527
International murabahas with the Central Bank of the U.A.E.		5,001,680	2,206,251
Total		17,487,705 =====	13,414,874 =====

5.2 Analysis by geography

		Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Within the U.A.E.		17,044,145	12,976,154
Outside the U.A.E.		443,560	438,720
Total		17,487,705 =====	13,414,874 =====

5.3 Statutory cash reserve requirements

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

6. Due from banks and financial institutions

6.1 Analysis by geography

		Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Within the U.A.E.		4,688,694	886,105
Outside the U.A.E.		1,806,805	4,198,635
Total		6,495,499 =====	5,084,740 =====

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

7. Islamic financing and investing assets, net

7.1 Analysis by category

		Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
	<i>Note</i>		
Islamic financing assets			
Vehicles murabahas		10,418,103	10,251,100
Commodities murabahas		4,594,913	4,728,909
Real estate murabahas		1,795,127	2,185,196
International murabahas - long term		18,432,725	13,790,431
Total murabahas		35,240,868	30,955,636
Ijaras		33,279,096	26,265,833
Home finance ijarah		12,463,256	12,557,537
Personal finance		14,976,690	12,811,288
Istisna'a		2,260,218	3,114,303
Islamic credit cards		916,961	772,074
		99,137,089	86,476,671
Less: deferred income		(3,336,922)	(2,610,995)
Less: contractors' and consultants' istisna'a contracts		(156,402)	(300,720)
Total Islamic financing assets		95,643,765	83,564,956
Islamic investing assets			
Musharakas		6,244,411	5,885,591
Mudarabas		12,002,221	10,637,682
Wakalas		2,642,529	2,179,467
Total Islamic investing assets		20,889,161	18,702,740
Total Islamic financing and investing assets		116,532,926	102,267,696
Less: provisions for impairment	7.3	(5,386,251)	(5,048,097)
Total Islamic financing and investing assets, net		111,146,675	97,219,599

7.2 Analysis by geography

		Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Within the U.A.E.		104,654,432	94,972,853
Outside the U.A.E.		11,878,494	7,294,843
Total Islamic financing and investing assets		116,532,926	102,267,696
Less: provisions for impairment	7.3	(5,386,251)	(5,048,097)
Total Islamic financing and investing assets, net		111,146,675	97,219,599

Dubai Islamic Bank P.J.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

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

7.3 Provision for impairment

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Balance at the beginning of the period / year	5,048,097	5,147,044
Charge for the period / year	1,565,839	1,520,488
Release to consolidated statement of profit or loss	(855,552)	(1,036,421)
Write off	(365,601)	(380,283)
Others	(6,532)	(202,731)
Balance at the end of the period / year	5,386,251	5,048,097

8. Investments in Islamic sukuk measured at amortised cost

8.1 Analysis by geography

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Within the U.A.E.	13,978,092	13,424,191
Other G.C.C. Countries	1,023,600	814,453
Rest of the world	6,489,732	5,827,007
Total	21,491,424	20,065,651

Investments in Islamic sukuk measured at amortised cost within the U.A.E. include investments in bilateral governmental sukuk amounting to AED 3.3 billion as at 30 September 2016 (31 December 2015: AED 3.3 billion).

9. Other investments measured at fair value

9.1 Analysis by category and geography

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
30 September 2016 (Unaudited)				
Investments designated at fair value through profit or loss				
Quoted equity instruments	6,955	1,668	-	8,623
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	695,716	118,793	3,284	817,793
Unquoted equity instruments and funds	582,600	67,858	253,475	903,933
	1,278,316	186,651	256,759	1,721,726
Total	1,285,271	188,319	256,759	1,730,349

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

9. Other investments measured at fair value (continued)

9.1 Analysis by category and geography (continued)

	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
31 December 2015 (Audited)				
Investments designated at fair value through profit or loss				
Quoted equity instruments	-	-	-	-
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	741,312	123,565	2,635	867,512
Unquoted equity instruments and funds	600,328	75,549	287,597	963,474
	<u>1,341,640</u>	<u>199,114</u>	<u>290,232</u>	<u>1,830,986</u>
Total	<u>1,341,640</u>	<u>199,114</u>	<u>290,232</u>	<u>1,830,986</u>

10. Investment properties

10.1 Analysis by category and geography

	Other real estate AED'000	Investment properties under construction AED'000	Land AED'000	Total AED'000
30 September 2016 (Unaudited)				
Carrying Amount:				
Within the U.A.E.	630,463	1,395,129	724,965	2,750,557
Outside the U.A.E.	<u>179,636</u>	<u>-</u>	<u>51,713</u>	<u>231,349</u>
Total	<u>810,099</u>	<u>1,395,129</u>	<u>776,678</u>	<u>2,981,906</u>
31 December 2015 (Audited)				
Carrying Amount:				
Within the U.A.E.	481,407	1,267,023	756,780	2,505,210
Outside the U.A.E.	<u>186,519</u>	<u>-</u>	<u>51,713</u>	<u>238,232</u>
Total	<u>667,926</u>	<u>1,267,023</u>	<u>808,493</u>	<u>2,743,442</u>

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

11 Customers' deposits

11.1 Analysis by category

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Current accounts	30,461,511	27,623,142
Saving accounts	17,147,455	16,282,915
Investment deposits	73,608,582	65,301,564
Margin accounts	500,625	585,481
Depositors' investment risk reserve	19,973	57,382
Depositors' share of profit payable	115,511	130,948
Total	121,853,657	109,981,432

12. Sukuk issued

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

	Expected annual profit rate	Maturity	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Sukuk issued by the Bank	4.75%	May 2017	1,836,500	1,836,500
Sukuk issued by the Bank	2.92%	June 2020	2,754,750	2,754,750
Sukuk issued by the Bank	3.60%	March 2021	1,836,500	-
Sukuk issued by a subsidiary	5.15%	January 2017	1,010,675	1,010,675
Total			7,438,425	5,601,925

During the period, the Bank, through a Sharia compliant structure, has issued third series of trust certificates amounting to US\$ 500 million (equivalent to AED 1,836.5 billion). This issue forms part of an overall programme of US\$ 2,500 million. Profit distributions are to be serviced on a semi-annual basis. The sukuk is listed on Dubai Financial Market and Irish Stock Exchange.

13. Share capital

As at 30 September 2016, 4,942,188,884 authorised ordinary shares of AED 1 each (31 December 2015: 3,953,751,107 ordinary shares of AED 1 each) were fully issued and paid up.

On 01 March 2016, the shareholders in the Annual General Meeting approved to increase the authorised share capital from AED 3.9 billion to AED 7.9 billion. Furthermore, shareholders also approved the right issue of 988,437,777 shares of AED 1 each at a premium of AED 2.2 per share. In June 2016, the Bank completed the process of allocation of shares and refunded over-subscribed amount. The shares were subsequently listed on DFM after obtaining all regulatory approvals on 8 July 2016.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

14. Tier 1 sukuk

14.1 Analysis by issuance

SPV ("the Issuer")	Date of issuance	Issuance amount Equivalent AED '000	Discretionary profit rate	Callable period
DIB Tier 1 Sukuk Limited	March 2013	3,673,000	6.25% per annum to be paid semi-annually	On or after March 2019
DIB Tier 1 Sukuk (2) Limited	January 2015	3,673,000	6.75% per annum to be paid semi-annually	On or after January 2021
		7,346,000		

During 2013, the Bank issued Sharia compliant Tier 1 Sukuk through an SPV, DIB Tier 1 Sukuk Ltd, ("the Issuer") amounting to USD 1,000 million (AED 3,673 million) at a par value of USD 1,000 (AED 3,673) per sukuk. In January 2015, the Bank issued a second series of Sharia compliant Tier 1 Sukuk through an SPV, DIB Tier 1 Sukuk II Ltd, ("the issuer") amounting to USD 1,000 million (AED 3,673 million) at a par value of USD 1,000 (AED 3,763) per sukuk.

Tier 1 sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 sukuk are listed on the Irish Stock Exchange and Dubai Financial Market / Nasdaq Dubai and are callable by the Bank after the "First Call Date" or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of the Tier 1 sukuk are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, in general business activities carried out through the Mudaraba Common pool.

At the Issuer's sole discretion, it may elect not to make any Mudaraba profit distributions expected and the event is not considered an event of default. In such event, the Mudaraba profit will not be accumulated but forfeited to the issuer. If the Issuer makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or make any other payment on, and will procure that no distribution or dividend or other payment is made on ordinary shares issued by the Bank, or (b) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire ordinary shares issued by the Bank

15. Other reserves and treasury shares

15.1 Movements in other reserves and treasury shares

Movement of other reserves and treasury shares during the period / year ended 30 September 2016 and 31 December 2015 is as follows:

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Donated land reserve AED'000	Additional paid in capital AED'000	Treasury shares AED'000	Total AED'000
2016							
Balance at 1 January 2016	2,731,879	2,350,000	390,000	-	159,832	(14,172)	5,617,539
Right shares issuance	-	-	-	-	2,174,562	(6,544)	2,168,018
Transfer from retained earnings	-	-	25,000	-	-	-	25,000
Balance at 30 September 2016	2,731,879	2,350,000	415,000	-	2,334,394	(20,716)	7,810,557

Dubai Islamic Bank P.J.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

15. Other reserves and treasury shares (continued)

15.1 Movements in other reserves and treasury shares (continued)

	Statutory reserve AED'000	General reserve AED'000	Regulatory credit risk reserve AED'000	Donated land reserve AED'000	Additional paid in capital AED'000	Treasury shares AED'000	Total AED'000
2015							
Balance at 1 January 2015	2,731,879	2,350,000	-	267,085	159,832	(14,679)	5,494,117
Treasury shares reissued	-	-	-	-	-	507	507
Transfer to / from retained earnings	-	-	390,000	(267,085)	-	-	122,915
Balance at 31 December 2015	2,731,879	2,350,000	390,000	-	159,832	(14,172)	5,617,539

As of 30 September 2016, other reserves and treasury shares balance includes 10.2 million treasury shares (31 December 2015: 8.1 million treasury shares) amounting to AED 20.7 million (31 December 2015: AED 14.2 million).

16. Contingent liabilities and commitments

The analysis of contingent liabilities and commitments as at 30 September 2016 and 31 December 2015 is as follows:

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Contingent liabilities:		
Letters of guarantee	11,017,111	9,096,484
Letters of credit	2,405,055	2,866,913
Total contingent liabilities	13,422,166	11,963,397
Commitments:		
Capital expenditure commitments	1,599,667	1,133,512
Irrevocable undrawn facilities commitments	19,754,616	24,100,827
Total commitments	21,354,283	25,234,339
Total contingent liabilities and commitments	34,776,449	37,197,736

17. Impairment charges, net

Impairment charges include net impairment charge on Islamic financing and investing assets amounting to AED 710.3 million (refer note 7.3) (30 September 2015: AED 340.1 million), net release on other financial assets amounting to AED 405.2 million (30 September 2015: net charge of AED 4.3 million) and net impairment release on non-financial assets amounting to AED 1.1 million (30 September 2015: AED 3.7 million).

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

18. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to owners of the Bank, net of directors' remuneration and profit attributable to Tier 1 sukukholders by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
Profit for the period attributable to the owners of the Bank	876,324	972,105	2,680,569	2,690,815
Board of Directors' remuneration paid	-	-	(3,000)	(4,500)
Profit attributable to tier 1 sukukholders	(238,745)	(238,745)	(477,490)	(353,526)
	<u>637,579</u>	<u>733,360</u>	<u>2,200,079</u>	<u>2,332,789</u>
Weighted average number of shares outstanding during the period ('000)	<u>4,932,006</u>	<u>4,274,703</u>	<u>4,495,662</u>	<u>4,274,703</u>
Basic and diluted earnings per share (AED per share)	<u>0.13</u>	<u>0.17</u>	<u>0.49</u>	<u>0.55</u>

19. Cash and cash equivalents

	Unaudited 30 September 2016 AED'000	Unaudited 30 September 2015 AED'000
Cash and balances with central banks	17,487,705	17,095,831
Due from banks and financial institutions	6,495,499	5,532,118
	<u>23,983,204</u>	<u>22,627,949</u>
Less: balances and deposits with banks and financial institutions with original maturity over three months	-	(7,608,738)
Total	<u>23,983,204</u>	<u>15,019,211</u>

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

20. Segmental information

20.1 Reportable segments

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

The Group's reportable segments are organised into below major segments as follows:

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

The accounting policies of the above reportable segments are the same as the Group's accounting policies.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

20. Segmental information (continued)

20.2 Segment profitability

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

	Consumer banking		Corporate banking		Treasury		Real estate development		Other		Total	
	Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September		Nine-month period ended 30 September	
	2016 (Unaudited) AED'000	2015 (Unaudited) AED'000	2016 (Unaudited) AED'000	2015 (Unaudited) AED'000	2016 (Unaudited) AED'000	2015 (Unaudited) AED'000	2016 (Unaudited) AED'000	2015 (Unaudited) AED'000	2016 (Unaudited) AED'000	2015 (Unaudited) AED'000	2016 (Unaudited) AED'000	2015 (Unaudited) AED'000
Net operating revenue	2,468,879	2,263,806	1,487,528	1,404,660	562,640	461,578	263,890	300,574	264,607	357,744	5,047,544	4,788,362
Operating expenses	(1,098,868)	(1,020,372)	(279,495)	(269,758)	(28,710)	(31,998)	(96,024)	(110,644)	(212,915)	(201,380)	(1,716,012)	(1,634,152)
Net operating income	1,370,011	1,243,434	1,208,033	1,134,902	533,930	429,580	167,866	189,930	51,692	156,364	3,331,532	3,154,210
Impairment (charge) / reversal for the period, net	(760,693)	(415,324)	43,067	75,939	-	-	-	-	413,602	(1,390)	(304,024)	(340,775)
Profit for the period before income tax expense	609,318	828,110	1,251,100	1,210,841	533,930	429,580	167,866	189,930	465,294	154,974	3,027,508	2,813,435
Income tax expense											(16,882)	(12,064)
Profit for the period											3,010,626	2,801,371

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

20. Segmental information (continued)

20.3 Segment financial position

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

	Consumer banking		Corporate banking		Treasury		Real Estate Development		Other		Total	
	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Segment assets	38,635,840 =====	36,618,887 =====	72,537,416 =====	61,076,409 =====	29,761,516 =====	26,561,872 =====	3,922,541 =====	3,960,244 =====	26,634,411 =====	21,680,092 =====	171,491,724 =====	149,897,504 =====
Segment liabilities	59,971,653 =====	56,588,599 =====	64,507,382 =====	56,182,892 =====	17,423,710 =====	10,692,190 =====	1,103,161 =====	1,280,106 =====	1,884,054 =====	2,360,189 =====	144,889,960 =====	127,103,976 =====

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

21. Related party transactions

- (a) The Group enters into arm's length transactions with shareholders, directors, key management personnel, their related concerns and the Group's associates and joint ventures in the ordinary course of business at commercial profit and commission rates.
- (b) As at 30 September 2016 and 31 December 2015, the major shareholder of the Bank is Investment Corporation of Dubai ("ICD"), a company in which the Government of Dubai is the majority shareholder.
- (c) Balances and transactions between the Bank and its subsidiaries, which are related parties of the Group, have been fully eliminated upon consolidation and they are not disclosed in this note.
- (d) The significant balances and transactions with related parties included in these condensed consolidated interim financial information are as follows:

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates and joint ventures AED'000	Total AED'000
As at 30 September 2016 (Unaudited)				
Islamic financing and investing assets	2,164,105	11,242	5,480	2,180,827
Investment in sukuk	925,690	-	-	925,690
Customers' deposits	7,393,747	30,282	7,423	7,431,452
Contingent liabilities and commitments	-	3	14,120	14,123
As at 31 December 2015 (Audited)				
Islamic financing and investing assets	2,575,998	13,430	6,454	2,595,882
Investment in sukuk	861,425	-	-	861,425
Customers' deposits	9,811,546	29,351	13,337	9,854,234
Contingent liabilities and commitments	-	3	14,120	14,123
For the nine-month period ended 30 September 2016 (Unaudited)				
Income from Islamic financing transactions	55,956	502	295	56,753
Income from Islamic sukuk	23,949	-	-	23,949
Depositors' and sukuk holders' share of profits	95,939	111	-	96,050
For the nine-month period ended 30 September 2015 (Unaudited)				
Income from Islamic financing transactions	55,988	483	522	56,993
Income from Islamic sukuk	19,602	-	-	19,602
Depositors' and sukuk holders' share of profits	54,501	56	-	54,557

- (e) No impairment allowances have been recognised against Islamic financing and investing assets extended to related parties or contingent liabilities and commitments issued in favour of the Group's related parties during the nine-month period ended 30 September 2016 (nine-month period ended 30 September 2015: Nil).

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

21. Related party transactions (continued)

- (f) The compensation paid to / accrued for key management personnel of the Bank during the nine-month period ended 30 September 2016 and 2015 was as follows:

	Unaudited 30 September 2016 AED'000	Unaudited 30 September 2015 AED'000
Salaries and other benefits	22,270	17,909
End of service benefits	858	1,540
	=====	=====

22. Fair value of financial instruments

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

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

30 September 2016 (Unaudited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<i>Other investments measured at fair value</i>				
Investments designated at fair value through profit or loss				
Quoted equity instruments	8,623	-	-	8,623
Investments carried at fair value through other comprehensive income				
Quoted equity instruments	817,793	-	-	817,793
Unquoted equity instruments and funds	-	-	903,933	903,933
<i>Other assets</i>				
Islamic derivative assets	-	329,928	-	329,928
Total financial assets measured at fair value	826,416	329,928	903,933	2,060,277
	=====	=====	=====	=====
<i>Other liabilities</i>				
Islamic derivative liabilities	-	250,758	-	250,758
	=====	=====	=====	=====

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

22. Fair value of financial instruments (continued)

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

31 December 2015 (Audited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<i>Other investments measured at fair value</i>				
Investments designated at fair value through profit or loss				
Quoted equity instruments	-	-	-	-
Investments carried at fair value through other comprehensive income				
Quoted equity instruments	867,512	-	-	867,512
Unquoted equity instruments and funds	-	-	963,474	963,474
<i>Other assets</i>				
Islamic derivative assets	-	249,483	-	249,483
Total financial assets measured at fair value	867,512	249,483	963,474	2,080,469
<i>Other liabilities</i>				
Islamic derivative liabilities	-	202,650	-	202,650

There were no transfers between Level 1, 2 and 3 during the period ended 30 September 2016 and year ended 31 December 2015.

22.2 Reconciliation of Level 3 fair value measurement of financial assets measured at fair value through other comprehensive income

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
Balance at 1 January	963,474	1,047,592
Losses in other comprehensive income	(43,597)	(31,896)
Reclassification from level 3 to level 1	-	(11,869)
Disposals during the year	(15,944)	(40,353)
Balance at period end	903,933	963,474

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

23. Capital adequacy ratio

	Unaudited 30 September 2016 AED'000	Audited 31 December 2015 AED'000
<i>Capital base</i>		
Tier 1 Capital	24,890,730	19,544,889
Tier 2 Capital	734,362	648,655
Deductions from capital	(806,141)	(742,724)
Total capital base	24,818,951	19,450,820
	=====	=====
<i>Risk weighted assets</i>		
Credit risk	125,838,729	112,931,155
Market risk	1,468,910	1,655,917
Operational risk	8,975,375	8,975,375
Total risk weighted assets	136,283,014	123,562,447
	=====	=====
<i>Capital Ratios</i>		
Total regulatory capital expressed as a percentage of total risk weighted assets ("capital adequacy ratio")	18.2%	15.7%
Tier 1 capital to total risk weighted assets after deductions for associates	18.0%	15.5%

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

24. Dividend

At the Annual General Meeting of the shareholders held on 1 March 2016, the shareholders approved a cash dividend of AED 0.45 per outstanding share for 31 December 2015 amounting to AED 1,775.5 million (for the year ended 31 December 2014: cash dividend of AED 0.40 per outstanding share amounting to AED 1,578.0 million).

25. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated interim statement of profit or loss for the nine-month periods ended 30 September 2016 and 2015.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

26. Subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Ownership interest and voting power	
			30 September 2016	31 December 2015
1. DIB Capital Limited (under liquidation)	Investments and financial services	DIFC, U.A.E.	95.5%	95.5%
2. Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	100.0%	100.0%
3. Tamweel P.S.C (formerly Tamweel P.J.S.C)	Financing	U.A.E	92%	91.9%
4. DIB Bank Kenya	Banking	Kenya	100%	-
5. Dubai Islamic Financial Services L.L.C.	Brokerage services	U.A.E.	95.5%	95.5%
6. Deyaar Development P.J.S.C.	Real estate development	U.A.E	44.9%	44.9%
7. Dar al Shariah Financial & Legal Consultancy L.L.C.	Financial and legal advisory	U.A.E.	60.0%	60.0%
8. Al Tanmyah Services L.L.C.	Labour services	U.A.E.	99.5%	99.5%
9. Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	100.0%	100.0%
10. Al Tameer Modern Real Estate Investment	Real estate development	Egypt	100.0%	100.0%
11. Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	100.0%	100.0%
12. Naseej Fabric Manufacturing L.L.C.	Textile Manufacturing	U.A.E.	99.0%	99.0%
13. DIB Printing Press L.L.C.	Printing	U.A.E.	99.5%	99.5%
14. Al Islami Real Estate Investments Ltd.	Investments	U.A.E.	100.0%	100.0%
15. Emirates Automotive Leasing Company	Trading in motor vehicles	U.A.E.	100.0%	100.0%

(b) In addition to the registered ownership described above, the remaining equity in the entities 1, 5, 7, 12, and 13 are also beneficially held by the Bank through nominee arrangements.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2016

26. Subsidiaries (continued)

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

Name of SPV	Principal activity	Place of incorporation and operation	Ownership interest and voting power	
			30 September 2016	31 December 2015
16. HoldInvest Real Estate Sarl	Investments	Luxembourg	100.0%	100.0%
17. France Invest Real Estate SAS	Investments	France	100.0%	100.0%
18. SARL Barbanniers	Investments	France	100.0%	100.0%
19. SCI le Sevine	Investments	France	100.0%	100.0%
20. Findi Real Estate SAS	Investments	France	100.0%	100.0%
21. PASR Einudzwanzigste Beteiligungsverwaltung GMBH	Investments	Austria	100.0%	100.0%
22. Al Islami German Holding Co. GMBH	Investments	Germany	100.0%	100.0%
23. Rhein Logistics GMBH	Investments	Germany	100.0%	100.0%
24. Jef Holdings BV	Investments	Netherlands	100.0%	100.0%
25. Al Islami Trade Finance FZ L.L.C.	Investments	U.A.E.	100.0%	100.0%
26. Gulf Atlantic FZ L.L.C.	Investments	U.A.E.	100.0%	100.0%
27. Al Islami Oceanic Shipping Co FZ L.L.C.	Investments	U.A.E.	100.0%	100.0%
28. MESC Investment Company	Investments	Jordan	40.0%	40.0%
29. Levant One Investment Limited	Investments	U.A.E.	100.0%	100.0%
30. Petra Limited	Investments	Cayman Islands	100.0%	100.0%
31. Sequia Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
32. Blue Nile Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%

- (d) In addition to the registered ownership described above, the remaining equity in the entities 31 and 32 are also beneficially held by the Bank through nominee arrangements.

27. Comparative information

Certain comparative amounts in condensed consolidated interim statement of profit or loss and notes to the condensed consolidated interim financial information have been adjusted to conform the current presentation.

28. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information were approved by the Board of Directors and authorised for issue on 24 October 2016.