

In the Name of Allah  
The most Gracious and Merciful



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(Public Joint Stock Company)

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**GROUP CONDENSED  
CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
(UNAUDITED)**

**FOR THE NINE MONTHS PERIOD  
ENDED 30 SEPTEMBER 2016**

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

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<i>Contents</i>	<i>Page</i>
Independent auditors' report on the review of the Group condensed consolidated interim financial statements	1
Group condensed consolidated interim statement of financial position	2
Group condensed consolidated interim statement of income (un-audited)	3
Group condensed consolidated interim statement of comprehensive income (un-audited)	4
Group condensed consolidated interim statement of changes in equity (un-audited)	5
Group condensed consolidated interim statement of cash flows (un-audited)	6
Notes to the Group condensed consolidated interim financial statements	7-21

## **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 September 2016 and the related consolidated interim statements of income and comprehensive income for the three month and nine month periods then ended and consolidated interim statement of cash flows and changes in equity for the nine month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

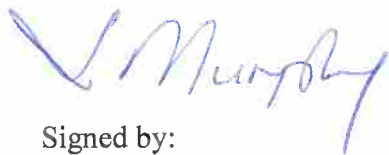
### ***Scope of Review***

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

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young



Signed by:  
Joseph Murphy  
Partner  
Registration No. 492

16 October 2016  
Dubai, United Arab Emirates

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

		(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
	Notes		
<b>ASSETS</b>			
Cash and balances with U.A.E. Central Bank	3	9,398,380	7,255,674
Due from banks	4	8,780,135	7,372,715
Investments	5	1,927,137	2,287,105
Financing and investing receivables	6	37,366,422	34,180,420
Investment properties	7	477,546	805,937
Customer acceptances		606,106	563,379
Other assets		819,510	570,011
Property and equipment		202,715	166,937
<b>TOTAL ASSETS</b>		<b>59,577,951</b>	<b>53,202,178</b>
<b>LIABILITIES</b>			
Customers' accounts	8	41,274,706	39,301,172
Due to banks	9	3,809,583	3,061,714
Sukuk financing instruments	10	7,369,448	3,672,500
Customer acceptances		606,106	563,379
Payables and other liabilities		1,286,133	1,475,179
Zakat payable		-	33,483
<b>TOTAL LIABILITIES</b>		<b>54,345,976</b>	<b>48,107,427</b>
<b>EQUITY</b>			
Share capital	11	3,930,422	3,930,422
Statutory reserve		329,423	329,423
General reserve		235,202	235,202
Fair value reserve		26,613	(4,127)
Retained earnings		710,315	603,831
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>		<b>5,231,975</b>	<b>5,094,751</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>59,577,951</b>	<b>53,202,178</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		<b>9,658,876</b>	<b>8,613,314</b>

  
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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	Notes	For the three months period ended 30 September		For the nine months period ended 30 September	
		2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
<b>INCOME</b>					
Income from financing and investing activities		521,355	461,559	1,532,763	1,277,454
Income from investment securities		30,561	16,619	55,902	86,769
Income from Group Holding Company		43,221	47,351	132,472	144,306
Commission and fees income		111,321	123,054	367,707	345,982
Other income, net	16	123,928	13,404	193,665	173,308
<b>TOTAL INCOME</b>		<b>830,386</b>	<b>661,987</b>	<b>2,282,509</b>	<b>2,027,819</b>
<b>EXPENSES</b>					
Personnel expenses		(183,262)	(153,822)	(557,742)	(446,240)
General and administrative expenses		(76,280)	(86,890)	(273,522)	(228,823)
Depreciation of property and equipment		(6,665)	(7,522)	(19,152)	(21,040)
<b>TOTAL EXPENSES</b>		<b>(266,207)</b>	<b>(248,234)</b>	<b>(850,416)</b>	<b>(696,103)</b>
<b>NET OPERATING PROFIT BEFORE ALLOWANCES FOR IMPAIRMENT AND DISTRIBUTIONS</b>		<b>564,179</b>	<b>413,753</b>	<b>1,432,093</b>	<b>1,331,716</b>
Allowances for impairment on financial assets, net of recoveries	13	(489,358)	(246,093)	(993,771)	(574,774)
Allowances for impairment on non-financial assets, net of recoveries	7	34,685	-	34,685	3,818
<b>Total allowance for impairment, net of recoveries</b>		<b>(454,673)</b>	<b>(246,093)</b>	<b>(959,086)</b>	<b>(570,956)</b>
<b>NET OPERATING PROFIT</b>		<b>109,506</b>	<b>167,660</b>	<b>473,007</b>	<b>760,760</b>
Customers' share of profit and distribution to sukuk holders		(140,323)	(80,671)	(366,523)	(226,806)
<b>NET (LOSS) / PROFIT FOR THE PERIOD</b>		<b>(30,817)</b>	<b>86,989</b>	<b>106,484</b>	<b>533,954</b>
<b>Earnings per share (AED)</b>	14	<b>(0.008)</b>	<b>0.022</b>	<b>0.027</b>	<b>0.136</b>

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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2016 AED'000	2015 AED'000	2016 AED'000	2015 AED'000
<b>NET (LOSS) / PROFIT FOR THE PERIOD</b>	<b>(30,817)</b>	<b>86,989</b>	<b>106,484</b>	<b>533,954</b>
<i>Items that may be reclassified subsequently to income statement:</i>				
<i>Other comprehensive income</i>				
Cumulative changes in fair value of available for sale investments				
- Net change in fair value	9,967	(21,186)	41,716	(30,615)
- Net amount transferred to income statement	(15,107)	870	(10,976)	12,337
<b>Total</b>	<b>(5,140)</b>	<b>(20,316)</b>	<b>30,740</b>	<b>(18,278)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(35,957)</b>	<b>66,673</b>	<b>137,224</b>	<b>515,676</b>

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**EMIRATES ISLAMIC BANK PJSC**  
**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>					
	<b>Share capital</b>	<b>Statutory reserve</b>	<b>General reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>	<b>AED '000</b>
As at 1 January 2015	3,930,422	265,355	171,134	10,591	124,771	4,502,273
Net profit for the period	-	-	-	-	533,954	533,954
Other comprehensive income for the period	-	-	-	(18,278)	-	(18,278)
Total comprehensive income for the period	-	-	-	(18,278)	533,954	515,676
<b>As at 30 September 2015</b>	<b>3,930,422</b>	<b>265,355</b>	<b>171,134</b>	<b>(7,687)</b>	<b>658,725</b>	<b>5,017,949</b>
As at 1 January 2016	3,930,422	329,423	235,202	(4,127)	603,831	5,094,751
Net profit for the period	-	-	-	-	106,484	106,484
Other comprehensive income for the period	-	-	-	30,740	-	30,740
Total comprehensive income for the period	-	-	-	30,740	106,484	137,224
<b>As at 30 September 2016</b>	<b>3,930,422</b>	<b>329,423</b>	<b>235,202</b>	<b>26,613</b>	<b>710,315</b>	<b>5,231,975</b>

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**EMIRATES ISLAMIC BANK PJSC**  
**GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

	Note	For the nine months period ended 30 September	
		2016 AED '000	2015 AED '000
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		106,484	533,954
<i>Adjustments:</i>			
Allowances for impairment on financing and investing receivables		1,055,629	525,203
Allowances for impairment on investments		98,169	49,571
Reversal of allowance for impairment on sale of investment properties		(34,685)	(3,818)
Dividend income		(3,575)	(8,832)
Gain on sale of available-for-sale investments		(11,019)	(34,948)
Gain on sale of investment properties		(91,546)	(140,164)
Depreciation on investment properties		20,410	20,655
Depreciation on property and equipment		19,152	21,040
<b>Operating profit before changes in operating assets and liabilities</b>		<b>1,159,019</b>	<b>962,661</b>
Changes in balances with UAE Central Bank		(1,503,978)	(1,425,920)
Changes in due from banks		160,939	(59,103)
Changes in financing and investing receivables		(4,241,631)	(6,910,377)
Changes in other assets		(292,226)	(111,917)
Changes in customers' accounts		1,973,534	5,168,988
Changes in due to banks		2,560,041	(58,415)
Changes in sukuk financing arrangements		3,696,948	-
Changes in other liabilities		(146,319)	115,545
Zakat paid		(33,483)	(16,826)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,332,844</b>	<b>(2,335,364)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities		(1,421,281)	(1,508,999)
Proceeds from sale of investment securities		1,724,839	1,916,507
Dividend income received		3,575	8,832
Additions in investment properties		(92)	(32,653)
Proceeds from sale of investment properties, net		434,304	535,235
Changes in property and equipment		(54,930)	(64,344)
<b>Net cash flow generated from investing activities</b>		<b>686,415</b>	<b>854,578</b>
<b>Net change in cash and cash equivalents</b>		<b>4,019,259</b>	<b>(1,480,786)</b>
Cash and cash equivalents at the beginning of the period		3,168,627	3,024,081
<b>Cash and cash equivalents at the end of the period</b>	15	<b>7,187,886</b>	<b>1,543,295</b>

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**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**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 3<sup>rd</sup> 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 10<sup>th</sup> 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 9<sup>th</sup> 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 September 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 16 October 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 nine months period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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**

	<b>(Unaudited)</b> <b>30 September</b> <b>2016</b> <b>AED '000</b>	<b>(Audited)</b> <b>31 December</b> <b>2015</b> <b>AED '000</b>
Cash in hand	324,953	330,963
<b>Balances with UAE Central Bank :</b>		
Current accounts	2,764,245	1,067,039
Reserve requirements	4,002,636	3,351,933
Murabaha	2,306,546	2,505,739
	<b><u>9,398,380</u></b>	<b><u>7,255,674</u></b>

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.

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**4 DUE FROM BANKS**

	(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
<b>Due from local banks</b>		
Current accounts	65	45
Interbank placements with other banks	307,098	-
Murabaha with Group Holding Company	6,577,421	5,477,265
Receivables from Dubai Bank PJSC	1,527,323	1,505,040
Wakala deposit with Group Holding Company	-	100,000
	<b>8,411,907</b>	<b>7,082,350</b>
<b>Due from foreign banks</b>		
Current accounts	368,228	290,365
	<b>368,228</b>	<b>290,365</b>
	<b>8,780,135</b>	<b>7,372,715</b>

**5 INVESTMENTS**

	(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
<b>Available-for-sale</b>		
Equity shares	685,278	692,616
Funds	661,249	702,246
Sukuks	1,140,646	1,351,027
	<b>2,487,173</b>	<b>2,745,889</b>
<b>Held-to-maturity</b>		
Sukuks	211,061	220,048
	<b>2,698,234</b>	<b>2,965,937</b>
Less: Allowance for impairment	(771,097)	(678,832)
	<b>1,927,137</b>	<b>2,287,105</b>
<b>Investment securities comprise:</b>		
Quoted	1,285,932	1,503,652
Unquoted	641,205	783,453
	<b>1,927,137</b>	<b>2,287,105</b>
<b>Held-to-maturity investments located:</b>		
Within UAE	91,811	91,813
Outside UAE	12,625	19,971
	<b>104,436</b>	<b>111,784</b>
<b>Available-for-sale investments located:</b>		
Within UAE	563,103	879,010
Outside UAE	1,259,598	1,296,311
	<b>1,822,701</b>	<b>2,175,321</b>
	<b>1,927,137</b>	<b>2,287,105</b>
<b>Movements in allowances for impairment:</b>		
Balance as at 1 January	678,832	645,451
Allowances for impairment made during the period / year	101,940	77,553
Recoveries / write backs during the period / year	(3,771)	(5,532)
Write off during the period / year	(5,904)	(38,640)
<b>Balance at the end of the period / year</b>	<b>771,097</b>	<b>678,832</b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**6 FINANCING AND INVESTING RECEIVABLES**

	(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
Murabaha	26,419,715	24,469,111
Ijarah	13,434,640	12,237,722
Istisna'a	1,509,431	1,205,460
Financing wakala	680,328	667,397
Mudaraba	84,737	166,749
Secured overdraft	196,105	216,802
Credit card receivables	1,048,415	788,025
	<u>43,373,371</u>	<u>39,751,266</u>
Less: Deferred income	(2,544,133)	(2,634,719)
Less: Allowances for impairment	(3,462,816)	(2,936,127)
	<u><b>37,366,422</b></u>	<u><b>34,180,420</b></u>
Total of impaired financing and investing receivables	<u><b>3,704,115</b></u>	<u><b>3,279,067</b></u>
By Segment :		
Retail banking	23,338,334	20,292,865
Corporate banking	14,028,088	13,887,555
	<u><b>37,366,422</b></u>	<u><b>34,180,420</b></u>
<b>Analysis by economic activity</b>		
Agriculture and related activities	29,077	17,389
Manufacturing	787,052	805,834
Construction	875,463	1,109,370
Trade	2,890,453	2,625,818
Transportation and communication	420,602	223,177
Services	4,299,656	3,528,173
Sovereign	269,697	298,086
Personal	25,354,487	23,512,863
Real estates	4,619,585	4,546,980
Financial institutions	1,137,205	1,126,229
Others	2,690,094	1,957,347
Total	<u>43,373,371</u>	<u>39,751,266</u>
Less: Deferred income	(2,544,133)	(2,634,719)
Less: Allowances for impairment	(3,462,816)	(2,936,127)
<b>Net Carrying Value</b>	<u><b>37,366,422</b></u>	<u><b>34,180,420</b></u>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**6 FINANCING AND INVESTING RECEIVABLES (continued)**

	(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
<b>Movements in allowances for specific impairment:</b>		
Balance as at 1 January	2,242,788	2,002,979
Allowances for impairment made during the period / year	1,200,205	987,440
Write backs during the period / year	(246,605)	(277,713)
Transfer from Dubai Bank PJSC	26,116	78,446
Write offs during the period / year	(555,057)	(548,364)
<b>Balance as at the end of the period / year</b>	<b>2,667,447</b>	<b>2,242,788</b>
<b>Movements in allowances for collective impairment:</b>		
Balance as at 1 January	693,339	661,164
Allowances for impairment made during the period / year	102,030	32,175
<b>Balance as at the end of the period / year</b>	<b>795,369</b>	<b>693,339</b>
<b>Total</b>	<b>3,462,816</b>	<b>2,936,127</b>

**7 INVESTMENT PROPERTIES**

	Land AED '000	Building AED '000	Work-in- progress AED '000	Total AED '000
<b>Cost</b>				
Balance as at 1 January 2016 (audited)	375,513	800,099	8,230	1,183,842
Additions	92	-	-	92
Disposals	-	(466,380)	-	(466,380)
<b>Balance as at 30 September 2016 (unaudited)</b>	<b>375,605</b>	<b>333,719</b>	<b>8,230</b>	<b>717,554</b>
<b>Accumulated depreciation</b>				
Balance as at 1 January 2016 (audited)	-	(172,425)	-	(172,425)
Charge during the period	-	(20,410)	-	(20,410)
Relating to disposals	-	123,622	-	123,622
<b>Total accumulated depreciation (unaudited)</b>	<b>-</b>	<b>(69,213)</b>	<b>-</b>	<b>(69,213)</b>
<b>Accumulated impairment</b>				
Balance as at 1 January 2016 (audited)	(27,849)	(177,631)	-	(205,480)
Relating to disposals	-	34,685	-	34,685
<b>Total accumulated impairment</b>	<b>(27,849)</b>	<b>(142,946)</b>	<b>-</b>	<b>(170,795)</b>
<b>Total accumulated depreciation and impairment as at 30 September 2016 (unaudited)</b>	<b>(27,849)</b>	<b>(212,159)</b>	<b>-</b>	<b>(240,008)</b>
<b>Net Book Value as at 30 September 2016 (unaudited)</b>	<b>347,756</b>	<b>121,560</b>	<b>8,230</b>	<b>477,546</b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**7 INVESTMENT PROPERTIES (continued)**

	Land AED '000	Building AED '000	Work-in- progress AED '000	(Audited) Total AED '000
<b>Cost</b>				
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)
<b>Balance as at 31 December 2015</b>	<b>375,513</b>	<b>800,099</b>	<b>8,230</b>	<b>1,183,842</b>
<b>Accumulated depreciation</b>				
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
<b>Total accumulated depreciation</b>	<b>-</b>	<b>(172,425)</b>	<b>-</b>	<b>(172,425)</b>
<b>Accumulated impairment</b>				
Balance as at 1 January 2015	(27,849)	(181,449)	-	(209,298)
Reversal of impairment	-	3,818	-	3,818
<b>Total accumulated impairment</b>	<b>(27,849)</b>	<b>(177,631)</b>	<b>-</b>	<b>(205,480)</b>
<b>Total accumulated depreciation and impairment as at 31 December 2015</b>	<b>(27,849)</b>	<b>(350,056)</b>	<b>-</b>	<b>(377,905)</b>
<b>Net Book Value as at 31 December 2015</b>	<b>347,664</b>	<b>450,043</b>	<b>8,230</b>	<b>805,937</b>

During the period, the Group sold certain properties to Group Holding Company having a net book value of AED 308,073,282. Refer to note 16.

All investment properties are located within the United Arab Emirates.

The fair value of investment properties as at 30 September 2016 is not materially different from their carrying value.

**8 CUSTOMERS' ACCOUNTS**

	(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
Current accounts	16,874,261	16,105,255
Saving accounts	10,352,438	9,032,267
Investment accounts	4,584,578	5,301,657
Wakala accounts	9,058,252	8,524,228
Margins	405,177	337,765
	<b>41,274,706</b>	<b>39,301,172</b>
Customers' accounts are concentrated as follows		
Resident customer accounts	40,697,468	38,836,547
Non-resident customer accounts	577,238	464,625
	<b>41,274,706</b>	<b>39,301,172</b>
By Segment:		
Retail banking	33,653,022	33,974,095
Corporate banking	7,621,684	5,327,077
	<b>41,274,706</b>	<b>39,301,172</b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**9 DUE TO BANKS**

	<b>(Unaudited)</b> <b>30 September</b> <b>2016</b> <b>AED '000</b>	<b>(Audited)</b> <b>31 December</b> <b>2015</b> <b>AED '000</b>
Current Accounts	8,620	2,149
Overdrafts	46,008	-
Interbank obligations – Other banks	337,145	277,105
Wakala Deposits from Group Holding Company	2,928,844	806,992
Other balances from Group Holding Company & its subsidiaries	488,966	1,975,468
	<b>3,809,583</b>	<b>3,061,714</b>
<b>Due to banks are concentrated as follows:</b>		
Due to local banks	3,603,636	3,059,376
Due to foreign banks	205,947	2,338
	<b>3,809,583</b>	<b>3,061,714</b>

**10 SUKUK FINANCING INSTRUMENTS**

During the period, the Bank, through a Shari'a compliant sukuk financing arrangement raised a tranche of US Dollar denominated medium term financing amounting to USD 750,000,000 in June 2016 and USD 250,000,000 in September 2016. Following are the details of all the sukuk financing arrangement in issue:

<b>Amount (USD)</b>	<b>Listing</b>	<b>Profit rate (%)</b>	<b>Payment basis</b>	<b>Maturity</b>
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 & Nasdaq	3.542	Semi annual	May 2021
250,000,000	Irish Stock Exchange & Nasdaq	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 sukuk. In substance, the co-owned assets remain in control of the Bank. Accordingly these assets continue to be recognized by the Bank. In case of any default, the Group Holding Company has provided an undertaking to make good all losses to the sukuk holders. The 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.

Following is the movement in Sukuk payable:

	<b>(Unaudited)</b> <b>30 September</b> <b>2016</b> <b>AED '000</b>	<b>(Audited)</b> <b>31 December</b> <b>2015</b> <b>AED '000</b>
Balance as at 1 January	3,672,500	3,672,500
New issues	3,696,948	-
Balance at end of period/ year	<b>7,369,448</b>	<b>3,672,500</b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**10 SUKUK FINANCING INSTRUMENTS (continued)**

As at 30 September 2016, the outstanding Sukuk payable totaling AED 7,369,448,000 (31 December 2015: AED 3,672,500,000) is falling due as below:

	<b>(Unaudited)</b> <b>30 September</b> <b>2016</b> <b>AED '000</b>	<b>(Audited)</b> <b>31 December</b> <b>2015</b> <b>AED '000</b>
2017	1,836,250	1,836,250
2018	1,836,250	1,836,250
2021	3,696,948	-
	<b><u>7,369,448</u></b>	<b><u>3,672,500</u></b>

**11 SHARE CAPITAL**

The Board of Directors in their meeting held on 5 October 2016, approved the increase in share capital amounting to AED 1,500,000,000 by way of rights issue. After completion of legal formalities increase in capital will be completed.

**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**

	<b>(Unaudited)</b>	
	<b>For the nine months period ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>AED '000</b>	<b>AED '000</b>
Net impairment of financing and investing receivables (note 6)	(1,055,630)	(525,203)
Net impairment of investments (note 5)	(98,169)	(49,571)
(Bad debt written off) / recovery - net	160,028	-
	<b><u>(993,771)</u></b>	<b><u>(574,774)</u></b>

**14 EARNINGS PER SHARE**

The calculation of basic earnings per share is based on profit of AED 106,484,000 (30 September 2015: profit of AED 533,954,000), for the period divided by the weighted average of the number of shares outstanding during the period: 3,930,422,000 shares (30 September 2015: 3,930,422,000 shares). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, if any.

The diluted and basic earnings per share were the same for the nine months period ended 30 September 2016.



**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**15 CASH AND CASH EQUIVALENTS**

	(Unaudited) 30 September 2016 AED '000	(Audited) 31 December 2015 AED '000
Cash in hand (note 3)	324,953	330,963
Current account with U.A.E Central Bank (note 3)	2,764,245	1,067,039
Murabaha with U.A.E Central Bank	-	1,052,468
Due from banks	5,071,125	3,502,766
Due to banks	(972,437)	(2,784,609)
	<u>7,187,886</u>	<u>3,168,627</u>

**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 6.37% and 2.27% (31 December 2015: 11.01% and 2.05%) 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 nine months period ended 30 September	
	2016 AED 000'	2015 AED 000'
<b>Group condensed consolidated interim statement of income</b>		
Income from Group Holding Company	132,472	144,306
Key management personnel compensations	(20,776)	(20,525)
Key management personnel compensations - retirements benefits	(282)	(351)
Gain on sale of investment properties to the Group Holding Company	<u>91,546</u>	<u>-</u>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**16 RELATED PARTY TRANSACTIONS (continued)**

Balances with related parties are as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2016</b> <b>AED '000</b>	<b>(Audited)</b> <b>31 December</b> <b>2015</b> <b>AED '000</b>
<b>Group condensed consolidated interim statement of financial position</b>		
Due from Group Holding Company & subsidiaries	3,159,611	2,794,805
Financing receivables - Ultimate Parent Company	183,927	184,011
Investment in Ultimate Parent Company	37,605	44,206
Deposits from Ultimate Parent Company	1,082,234	1,322,261
Due from Dubai Bank PJSC (note 4)	1,527,323	1,505,040
Financing receivables - Directors & affiliates	300	1,212
Financing receivables - Key management personnel & affiliates	28,178	26,040
Current and Investment accounts - Directors	(709)	(830)
Current and Investment accounts - Key management personnel & affiliates	(31,825)	(23,314)
Financing receivables - Government Related Entities	269,697	298,086

During the period, The Bank sold Corporate Ijarah financing receivables to the Group Holding Company at book value amounting to AED 1,676,259,707.

During the period, the Bank sold investment properties to the Group Holding Company at fair value. The net book value of these properties amounted to AED 308,073,282 while the net sale proceeds amounted to AED 434,304,176. This has resulted in a gain on sale of investment properties amounting to AED 91,546,009 and reversal of impairment provision amounting to AED 34,684,885. (Refer to note 7)

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.

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**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
<b>30 September 2016</b>				
<b>INVESTMENT SECURITIES</b>				
<b>Available-for-sale:</b>				
Investment in funds	-	-	215,722	215,722
Investment in equities	53,474	-	412,858	466,332
Debt securities	1,140,647	-	-	1,140,647
<b>TOTAL</b>	<b>1,194,121</b>	<b>-</b>	<b>628,580</b>	<b>1,822,701</b>
<b>(Audited)</b>				
<b>31 December 2015</b>				
<b>INVESTMENT SECURITIES</b>				
<b>Available-for-sale:</b>				
Investment in funds	-	-	274,884	274,884
Investment in equities	60,813	-	488,598	549,411
Debt securities	1,351,026	-	-	1,351,026
<b>TOTAL</b>	<b>1,411,839</b>	<b>-</b>	<b>763,482</b>	<b>2,175,321</b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**17 FINANCIAL ASSETS AND LIABILITIES (continued)**

	<b>(Unaudited) Available for sale financial assets AED '000</b>
<b>Reconciliation of financial assets, classified under level 3</b>	
<b>Balance as at 1 January 2016</b>	763,482
Settlements	(134,902)
FX Adjustment	-
<b>Balance as at 30 September 2016</b>	<u><u>628,580</u></u>
	<b>AED '000</b>
<b>Balance as at 1 January 2015</b>	844,045
Settlements	(80,460)
FX Adjustment	(103)
<b>Balance as at 31 December 2015</b>	<u><u>763,482</u></u>

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 September 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.

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

18 OPERATING SEGMENTS (continued)

	Corporate & Investments		Retail		Treasury		Total	
	(Unaudited) For the nine months period ended 30 September 2016 AED'000	(Unaudited) 2015 AED'000	(Unaudited) For the nine months period ended 30 September 2016 AED'000	(Unaudited) 2015 AED'000	(Unaudited) For the nine months period ended 30 September 2016 AED'000	(Unaudited) 2015 AED'000	(Unaudited) For the nine months period ended 30 September 2016 AED'000	(Unaudited) 2015 AED'000
<b>Group condensed consolidated interim statement of income</b>								
Segment income	488,494	464,888	1,090,377	849,163	142,266	150,696	1,721,137	1,464,747
Inter segment Wakala (loss)/ income	(205,726)	(149,040)	101,033	99,456	104,692	49,584	-	-
Commission, fees & other income	223,230	280,549	339,858	280,683	(1,716)	1,840	561,372	563,072
<b>Total income</b>	<b>505,998</b>	<b>596,397</b>	<b>1,531,268</b>	<b>1,229,302</b>	<b>245,242</b>	<b>202,120</b>	<b>2,282,509</b>	<b>2,027,819</b>
General and administrative expenses	(100,176)	(102,290)	(733,872)	(580,161)	(16,368)	(13,652)	(850,416)	(696,103)
<b>Total expenses</b>	<b>(100,176)</b>	<b>(102,290)</b>	<b>(733,872)</b>	<b>(580,161)</b>	<b>(16,368)</b>	<b>(13,652)</b>	<b>(850,416)</b>	<b>(696,103)</b>
<b>Net operating income</b>	<b>405,822</b>	<b>494,107</b>	<b>797,396</b>	<b>649,141</b>	<b>228,874</b>	<b>188,468</b>	<b>1,432,093</b>	<b>1,331,716</b>
Allowances for impairment, net of recoveries	(278,746)	(337,199)	(680,340)	(233,757)	-	-	(959,086)	(570,956)
	<b>127,076</b>	<b>156,908</b>	<b>117,056</b>	<b>415,384</b>	<b>228,874</b>	<b>188,468</b>	<b>473,007</b>	<b>760,760</b>
Customers' share of profit and distribution to sukuk holders	(44,098)	(22,754)	(163,271)	(80,142)	(159,154)	(123,910)	(366,523)	(226,806)
<b>NET PROFIT/ (LOSS) FOR THE PERIOD</b>	<b>82,978</b>	<b>134,154</b>	<b>(46,215)</b>	<b>335,242</b>	<b>69,720</b>	<b>64,558</b>	<b>106,484</b>	<b>533,954</b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

18 OPERATING SEGMENTS (continued)

	Corporate & Investments		Retail		Treasury		Total	
	(Unaudited) 30 September 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 30 September 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 30 September 2016 AED'000	(Audited) 31 December 2015 AED'000	(Unaudited) 30 September 2016 AED'000	(Audited) 31 December 2015 AED'000
<b>Group condensed consolidated interim statement of financial position</b>								
<b>Assets</b>								
Segment assets	17,216,744	17,699,369	23,160,466	20,137,699	14,175,879	11,276,456	54,553,089	49,113,524
Central Bank reserve requirements	495,625	183,134	3,507,011	3,168,799	-	-	4,002,636	3,351,933
	<u>17,712,369</u>	<u>17,882,503</u>	<u>26,667,477</u>	<u>23,306,498</u>	<u>14,175,879</u>	<u>11,276,456</u>	<u>58,555,725</u>	<u>52,465,457</u>
Unallocated assets							1,022,226	736,721
<b>Total Assets</b>							<b><u>59,577,951</u></b>	<b><u>53,202,178</u></b>
<b>Liabilities</b>								
Segment liabilities	8,238,970	5,993,156	33,740,312	34,038,678	11,259,853	6,734,214	53,239,135	46,766,048
Unallocated liabilities							6,338,816	6,436,130
<b>Total Liabilities and equity</b>							<b><u>59,577,951</u></b>	<b><u>53,202,178</u></b>

**EMIRATES ISLAMIC BANK PJSC**  
**NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

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**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.