DUBAI ISLAMIC BANK P.J.S.C.

Review report and interim financial information for the nine months period ended 30 September 2012

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Deloitte.

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai, United Arab Emirates

Tel: +971(0) 4 376 8888
Fax:+971(0) 4 376 8899
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors
Dubai Islamic Bank P.J.S.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Dubai Islamic Bank P.J.S.C. and its subsidiaries (together referred to as the "Bank") as at 30 September 2012 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Bank is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information 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 interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Anis Sadek
Registration Number 521
4 November 2012

Condensed consolidated statement of financial position as at 30 September 2012

	Notes	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
ASSETS			
Cash and balances with central banks	4	12,922,484	12,952,319
Due from banks and financial institutions	5	4,766,314	3,043,096
Islamic financing and investing assets, net	6	54,659,758	51,586,088
Investments in Islamic sukuk	7	10,893,745	12,560,426
Other investments	8	1,998,341	2,034,389
Investments in associates		2,278,345	2,336,439
Properties under construction		105,284	105,284
Properties held for sale		498,074	504,472
Investment properties	9	2,125,626	1,785,205
Receivables and other assets		2,907,684	3,099,336
Property, plant and equipment		563,855	581,410
Total assets		93,719,510	90,588,464
LIABILITIES			
Customers' deposits	10	66,937,916	64,771,317
Due to banks and financial institutions		4,200,346	4,052,433
Sukuk financing instruments	11	4,668,984	4,173,983
Medium term wakala finance		3,752,543	3,752,543
Payables and other liabilities		3,563,116	3,543,355
Accrued zakat		-	121,076
Total liabilities		83,122,905	80,414,707
EQUITY			
Share capital	12	3,797,054	3,797,054
Statutory reserve		2,731,879	2,731,879
Donated land reserve		267,085	267,085
General reserve		2,350,000	2,350,000
Exchange translation reserve		(200,967)	(122,218)
Investments fair value reserve		(808,954)	(831,849)
Retained earnings		1,324,977	943,484
Attributable to equity holders of the parent		9,461,074	9,135,435
Non-controlling interest		1,135,531	1,038,322
Total equity		10,596,605	10,173,757
Total liabilities and equity		93,719,510	90,588,464
Contingent liabilities and commitments	13	19,242,980	18,665,850

H.E. Mohammad Ibrahim Al Shaibani
Chairman

Abdulla Ali Al Hamli
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated income statement (unaudited)
for the nine months period ended 30 September 2012

	Notes	3 months period ended 30 September 2012 AED'000	3 months period ended 30 September 2011 AED'000	9 months period ended 30 September 2012 AED'000	9 months period ended 30 September 2011 AED'000
INCOME					
Income from Islamic financing and investing assets	14	**820,555**	834,665	**2,436,589**	2,600,330
Income from investments in Islamic sukuk		**157,336**	131,611	**479,664**	372,644
Income from international murabahat and wakala, short term		**13,255**	28,808	**40,745**	66,434
Income from other investments, net		**3,091**	6,983	**22,354**	36,635
Commissions, fees and foreign exchange income	15	**189,807**	163,202	**576,912**	548,482
Income from investment properties		**21,774**	19,295	**71,530**	47,804
Profit on sale of properties held for sale		**2,332**	6,025	**9,942**	12,751
Other income		**62,326**	22,602	**112,483**	93,104
Total income		**1,270,476**	1,213,191	**3,750,219**	3,778,184
EXPENSES					
Personnel expenses		**(241,868)**	(233,239)	**(673,250)**	(676,460)
Depreciation of investment properties		**(4,606)**	(3,630)	**(25,371)**	(16,119)
General and administrative expenses		**(135,598)**	(130,499)	**(404,243)**	(401,780)
Impairment loss on financial assets, net		**(262,685)**	(203,327)	**(779,425)**	(689,313)
Impairment loss on non-financial assets, net		**(46,426)**	(13,500)	**(69,176)**	(28,950)
Total expenses		**(691,183)**	(584,195)	**(1,951,465)**	(1,812,622)
Operating profit before depositors' share of profit		**579,293**	628,996	**1,798,754**	1,965,562
Depositors' share of profit		**(321,613)**	(328,543)	**(975,556)**	(1,090,777)
Operating profit for the period		**257,680**	300,453	**823,198**	874,785
Share of profit of associates		**48,364**	6,274	**66,733**	13,630
Profit for the period before income tax		**306,044**	306,727	**889,931**	888,415
Income tax		**(2,415)**	(1,559)	**(9,521)**	(6,168)
Profit for the period		**303,629**	305,168	**880,410**	882,247
Attributable to:					
Equity holders of the parent		**298,552**	298,004	**853,680**	850,143
Non-controlling interest		**5,077**	7,164	**26,730**	32,104
Profit for the period		**303,629**	305,168	**880,410**	882,247
Basic and diluted earnings per share attributable to the equity holders of the parent (AED per share)	16	**AED 0.08**	AED 0.08	**AED 0.22**	AED 0.22

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of comprehensive income (unaudited) for the nine months period ended 30 September 2012

	3 months period ended 30 September		9 months period ended 30 September	
	2012	2011	**2012**	2011
	AED'000	AED'000	**AED'000**	AED'000
Profit for the period	**303,629**	305,168	**880,410**	882,247
Other comprehensive loss items				
Reclassification of cash flow hedging reserve to income statement	**-**	-	**-**	(8,946)
Fair value gain/(loss) on other investments carried at FVTOCI, net	**25,809**	(51,755)	**22,895**	(123,098)
Currency translation differences of foreign operations, net	**(62,962)**	(369)	**(78,749)**	(5,797)
Other comprehensive loss for the period	**(37,153)**	(52,124)	**(55,854)**	(137,841)
Total comprehensive income for the period	**266,476**	253,044	**824,556**	744,406
Attributable to:				
Equity holders of the parent	**261,399**	228,103	**797,826**	712,302
Non-controlling interest	**5,077**	24,941	**26,730**	32,104
Total comprehensive income for the period	**266,476**	253,044	**824,556**	744,406

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity for the nine months period ended 30 September 2012

	Share capital AED'000	Other Reserves AED'000	Investments fair value reserve AED'000	Hedging reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non-controlling interest AED'000	Total Equity AED'000
Balance at 1 January 2011 (restated)	3,797,054	5,266,477	(243,166)	10,656	495,058	9,326,079	947,008	10,273,087
Effect of the change in accounting policy for classification and measurement of financial assets - IFRS 9 (Note 3)	-	-	(441,973)	-	(36,070)	(478,043)	-	(478,043)
Balance at 1 January 2011 - restated (audited)	3,797,054	5,266,477	(685,139)	10,656	458,988	8,848,036	947,008	9,795,044
Profit for the period	-	-	-	-	850,143	850,143	32,104	882,247
Other comprehensive loss for the period	-	(5,797)	(123,098)	(8,946)	-	(137,841)	-	(137,841)
Total comprehensive income for the period	-	(5,797)	(123,098)	(8,946)	850,143	712,302	32,104	744,406
Dividend paid (Note 22)	-	-	-	-	(379,705)	(379,705)	(2,952)	(382,657)
Reclassification of realized loss on disposal of investments measured at FVTOCI	-	-	15	-	(15)	-	-	-
Zakat adjustment	-	-	-	-	(425)	(425)	(13,391)	(13,816)
Balance at 30 September 2011 (unaudited)	3,797,054	5,260,680	(808,222)	1,710	928,986	9,180,208	962,769	10,142,977
Balance at 1 January 2012 (audited)	3,797,054	5,226,746	(831,849)	-	943,484	9,135,435	1,038,322	10,173,757
Profit for the period	-	-	-	-	853,680	853,680	26,730	880,410
Other comprehensive income for the period	-	(78,749)	22,895	-	-	(55,854)	-	(55,854)
Total comprehensive income for the period	-	(78,749)	22,895	-	853,680	797,826	26,730	824,556
Dividend paid (Note 22)	-	-	-	-	(474,632)	(474,632)	(24,570)	(499,202)
Zakat adjustment	-	-	-	-	2,445	2,445	(14,300)	(11,855)
Net movement of non-controlling interest	-	-	-	-	-	-	109,349	109,349
Balance at 30 September 2012 (unaudited)	**3,797,054**	**5,147,997**	**(808,954)**	**-**	**1,324,977**	**9,461,074**	**1,135,531**	**10,596,605**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows (unaudited) for the nine months period ended 30 September 2012

	9 months period ended 30 September	
	2012	2011
	AED'000	AED'000
Operating activities		
Profit for the period before income tax	**889,931**	888,415
Adjustments for:		
Dividend income	**(17,058)**	(28,710)
Revaluation of investments at fair value through profit and loss	**(633)**	(552)
Impairment loss on financial assets, net	**779,425**	689,313
Impairment loss on non-financial assets, net	**69,176**	28,950
Share of profit of associates	**(63,098)**	(13,630)
Depreciation of investment properties	**25,371**	16,119
Depreciation of property, plant and equipment	**73,461**	89,150
Gain on disposal of property, plant and equipment	**(62)**	(189)
Gain on disposal of associate	**(3,635)**	-
Gain on disposal of properties held for sale	**(9,942)**	(12,751)
Gain on disposal of investments in sukuk	**(35,310)**	-
Gain on sale of other investments	**(1,241)**	(712)
Amortisation of hedging reserve	**-**	(8,946)
Amortisation of sukuk financing instruments issued by a subsidiary	**4,369**	12,250
Operating cash flow before changes in operating assets and liabilities	**1,710,754**	1,658,707
Increase in deposits and international murabahat with over 3 months maturity	**(398,325)**	(7,406,646)
(Increase)/decrease in Islamic financing and investing assets	**(3,858,790)**	3,777,225
Increase in receivables and other assets	**(347,648)**	(16,883)
Increase in customers' deposits	**2,258,258**	5,177,341
Decrease in due to banks and other financial institutions	**(8,455)**	(1,428,587)
Increase/(decrease) in payables and other liabilities	**374,277**	(141,766)
Decrease in accrued zakat	**-**	(146,336)
Cash (used in)/generated from operations	**(269,929)**	1,473,055
Tax paid	**(5,350)**	(1,605)
Net cash (used in)/generated from operating activities	**(275,279)**	1,471,450
Investing activities		
Net decrease/(increase) in investments in Islamic sukuk	**1,672,175**	(2,594,901)
Net decrease/(increase) in other investments	**57,958**	(38,766)
Additions to properties under construction	**(17,833)**	(22,390)
Dividend received	**17,058**	28,710
Net decrease in investments in associates	**3,882**	10,658
Proceeds from disposal of associate	**23,309**	-
Purchase of investment properties	**(115,649)**	(77,753)
Purchase of property, plant and equipment	**(64,640)**	(35,881)
Purchase of property held for sale	**-**	(9,070)
Proceeds from disposal of property, plant and equipment	**2,176**	1,061
Proceeds from disposal of properties held for sale	**18,279**	27,868
Net cash generated from/(used in) investing activities	**1,596,715**	(2,710,464)
Financing activities		
Dividend paid	**(499,202)**	(382,657)
Sukuk financing instrument issued during the period	**2,847,707**	-
Sukuk financing instrument repaid during the period	**(2,357,075)**	-
Net cash used in financing activities	**(8,570)**	(382,657)
Increase/(decrease) in cash and cash equivalents	**1,312,866**	(1,621,671)
Cash and cash equivalents at the beginning of the period	**9,473,570**	10,483,681
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	**(7,029)**	(32,770)
Cash and cash equivalents at the end of the period (Note 18)	**10,779,407**	8,829,240

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012

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.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates.

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 financial statements

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

- Amendments to IFRS 7 *Financial Instruments : Disclosure - Transfer of Financial Assets*
- Amendments to IAS 12 *Deferred Tax - Recovery of Underlying Assets*

2.2 New and revised standards and interpretation are in issue but not yet effective

The Bank has not applied the following new and revised standards and interpretation that have been issued but are not yet effective:

New and revised IFRSs & IFRIC	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments : Disclosure - Enhancing Disclosures about Offsetting of Financial Assets and Financial Liabilities*	1 January 2013
• IFRS 10 *Consolidated Financial Statements*	1 January 2013
• IFRS 11 *Joint Arrangements*	1 January 2013
• IFRS 12 *Disclosure of interests in other entities*	1 January 2013
• IFRS 13 *Fair Value Measurement*	1 January 2013
• Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
• IAS 19 (as amended in 2011) *Employee Benefits*	1 January 2013
• IAS 27 (as revised in 2011) *Separate Financial Statements*	1 January 2013
• IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*	1 January 2013
• Amendments to IAS 32 *Financial Instruments : Presentation - Offsetting of Financial Assets and Financial Liabilities*	1 January 2014
• Amendments to IAS 1 *Presentation of Financial Statements* (comparative information); IAS 16 *Property, Plant and Equipment* (servicing equipment); IAS 32 *Financial Instruments – Presentation* (tax effect of equity distribution); and IAS 34 *Interim Financial Reporting* (interim reporting of segment assets) resulting from annual improvements 2009-2011 cycle	1 January 2013
• IFIRC 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

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

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

As of date of issuance of these condensed consolidated financial statements, management are still in the process of evaluating the impact of these new and revised standards and interpretation on the condensed consolidated financial statements.

3 Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34. "*Interim Financial Reporting*" issued by the International Accounting Standards Board and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Bank's transactions are denominated.

These condensed consolidated financial statements do not include all the information required in full consolidated financial statements and should be read in conjunction with the Bank's consolidated financial statements for the year ended 31 December 2011. In addition, results for the period from 1 January 2012 to 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2011.

The Bank adopted IFRS 9 Financial Instruments ("IFRS 9") during the year ended 31 December 2011 in advance of its original effective date. The standard was applied retrospectively and the Bank had chosen the limited exemption not to restate comparative information in the year of initial application. As a result, the difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application were recognized in the opening balance of retained earnings of the period.

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to investment in securities and investment properties have been disclosed in the condensed consolidated financial statements.

3.2 Estimates

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Bank's accounting policies, and the key sources of estimates uncertainty were the same as those which were applied to the consolidated financial statements as at and for the year ended 31 December 2011.

3 Summary of significant accounting policies (continued)

3.3 Financial risk management

The Bank's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

3.4 Basis of consolidation

These condensed consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The condensed consolidated financial statements comprise the financial statements of the Bank and of the subsidiaries as disclosed in the annual audited consolidated financial statements for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

All significant inter-group balances, income and expense items are eliminated on consolidation.

3.5 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 method less any impairment, with profit recognised on an effective yield basis in income from investments in Islamic Sukuk in the condensed consolidated income statement.

Subsequent to initial recognition, the Bank is required to reclassify investments in Islamic Sukuk from amortised cost to fair value through profit or loss ("FVTPL"), if the objective of the business model changes so that the amortised cost criteria is no longer met.

The Bank may irrevocably elect at initial recognition to classify investment in Islamic Sukuk that meets the amortised cost criteria above as at fair value through profit or loss ("FVTPL"), if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost. At the reporting date, the Bank has elected not to designate any investments in Islamic Sukuk as FVTPL under the fair value option.

3.6 Other investments

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

Investments in equity instruments are classified as financial assets measured at FVTPL, unless the Bank designates an investment that is not held for trading as at fair value through other comprehensive income ("FVTOCI") at initial recognition.

Financial assets measured at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in the condensed consolidated income statement. The net gain or loss is recognised in the condensed consolidated income statement.

3 Summary of significant accounting policies (continued)

3.6 Other investments (continued)

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

Dividend income on investments in equity instruments at FVTPL is recognised in condensed consolidated income statement when the Bank's right to receive the dividends is established.

(b) Investments measured at fair value through other comprehensive income ("FVTOCI")

At initial recognition, the Bank can make an irrevocable election (on an instrument-by-instrument basis) to designate other investments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Other investments are held for trading if:

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

Investments in equity instruments at FVTOCI 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 and accumulated in the investments fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments fair value reserve is not reclassified to the condensed consolidated income statement, but is reclassified to retained earnings directly.

Dividends on these investments in equity instruments are recognised in condensed consolidated income statement when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

3.7 Investment properties

Properties held for rental or capital appreciation purposes as well as those held for undetermined future use are classified as investment properties. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on investment in buildings is charged on a straight-line basis over 25 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the condensed consolidated income statement in the period of retirement or disposal.

Transfers are made to investment properties 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 are made from investment properties when, and only when, there is change in use evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2012 (continued)

4 Cash and balances with central banks

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Cash in hand	**1,479,723**	1,494,417
Balances with the central banks:		
- Current accounts	**230,561**	773,160
- Reserve requirements	**4,302,807**	4,162,897
- Murabahat with the U.A.E. Central Bank - short term	**6,909,393**	6,521,845
Total	**12,922,484**	12,952,319

Cash and balances with central banks by geography is as follows:

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Within the U.A.E.	**12,780,320**	12,822,994
Outside the U.A.E.	**142,164**	129,325
Total	**12,922,484**	12,952,319

5 Due from banks and financial institutions

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Current accounts	**471,684**	451,311
Investment deposits	**1,113,916**	793,828
International murabahat - short term	**3,180,714**	1,797,957
Total	**4,766,314**	3,043,096

Due from banks and financial institutions by geography is as follows:

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Within the U.A.E.	**3,925,635**	2,672,090
Outside the U.A.E.	**840,679**	371,006
Total	**4,766,314**	3,043,096

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

6 Islamic financing and investing assets, net

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Islamic financing assets		
Commodities murabahat	4,548,318	4,254,785
International murabahat - long term	1,601,994	1,550,959
Vehicles murabahat	5,795,904	5,841,766
Real estate murabahat	3,958,183	4,580,452
Total murabahat	15,904,399	16,227,962
Istisna'a	5,212,309	6,170,597
Home finance ijara	12,278,459	12,472,203
Other ijaras	11,047,627	8,824,658
Salam finance	4,263,626	3,139,219
Islamic credit cards	443,847	454,715
	49,150,267	47,289,354
Deferred income	(2,483,956)	(2,983,812)
Contractors and consultants' istisna'a contracts	(139,964)	(249,840)
Provisions for impairment	(4,032,303)	(3,508,555)
Total Islamic financing assets, net	42,494,044	40,547,147
Islamic investing assets		
Musharakat	6,349,314	6,124,109
Mudaraba	3,992,852	3,592,015
Wakala	2,444,290	1,745,499
	12,786,456	11,461,623
Provisions for impairment	(620,742)	(422,682)
Total Islamic investing assets, net	12,165,714	11,038,941
Total Islamic financing and investing assets, net	54,659,758	51,586,088

Movements in the provisions for impairment are as follows:

	30 September 2012 (unaudited)			31 December 2011 (audited)		
	Financing assets AED'000	Investing assets AED'000	Total AED'000	Financing Assets AED'000	Investing assets AED'000	Total AED'000
Balance at beginning of the period/year	3,508,555	422,682	3,931,237	2,824,393	132,681	2,957,074
Charge for the period/year	764,263	123,554	887,817	1,113,285	403,902	1,517,187
Release to income statement	(161,695)	(1,372)	(163,067)	(446,582)	(93,305)	(539,887)
Write-offs during the period/year	(1,632)	-	(1,632)	(1,979)	-	(1,979)
Other, net	(77,188)	75,878	(1,310)	19,438	(20,596)	(1,158)
Balance at end of the period/year	4,032,303	620,742	4,653,045	3,508,555	422,682	3,931,237

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2012 (continued)

7 Investments in Islamic sukuk

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Investment in Islamic sukuk measured at amortised cost		
Within the U.A.E.	**9,976,853**	11,946,910
Other G.C.C. Countries	**233,236**	128,899
Rest of the World	**683,656**	484,617
Total	**10,893,745**	12,560,426

Investments in Islamic sukuk within the U.A.E. include investments in bilateral governmental sukuk amounting to AED 3,673 million as at 30 September 2012 (31 December 2011: AED 3,673 million).

8 Other investments

	30 September 2012 (unaudited)			
	Within the U.A.E. AED'000	**Other G.C.C. countries AED'000**	**Rest of the world AED'000**	**Total AED'000**
Investments carried at fair value through profit or loss				
Quoted equity instruments	**4,379**	**-**	**-**	**4,379**
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	**411,939**	**158,782**	**44,069**	**614,790**
Unquoted equity instruments	**855,353**	**76,453**	**89,365**	**1,021,171**
Unquoted investment funds	**119,433**	**1,795**	**236,773**	**358,001**
	1,386,725	**237,030**	**370,207**	**1,993,962**
Total	**1,391,104**	**237,030**	**370,207**	**1,998,341**

	31 December 2011 (audited)			
	Within the U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	Total AED'000
Investments carried at fair value through profit or loss				
Quoted equity instruments	4,305	-	48,682	52,987
Investments measured at fair value through other comprehensive income				
Quoted equity instruments	338,571	161,601	33,602	533,774
Unquoted equity instruments	962,748	61,685	68,387	1,092,820
Unquoted investment funds	122,117	5,851	226,840	354,808
	1,423,436	229,137	328,829	1,981,402
Total	1,427,741	229,137	377,511	2,034,389

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

9 Investment properties

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Land		
Within the U.A.E.	**443,722**	420,339
Rest of the world	**51,733**	51,733
Total land	**495,455**	472,072
Other real estate		
Cost:		
Within the U.A.E.	**909,431**	568,037
Rest of the World	**503,470**	508,548
	1,412,901	1,076,585
Less: Accumulated depreciation and impairment	**(257,343)**	(213,718)
	1,155,558	862,867
Investment property under construction		
Within the U.A.E.	**474,613**	450,266
Total carrying amount of other real estate	**1,630,171**	1,313,133
Total investment properties	**2,125,626**	1,785,205

10 Customers' deposits

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Current accounts	**18,101,257**	17,784,560
Saving accounts	**10,996,297**	10,848,614
Investment deposits	**37,596,761**	35,912,221
Margin accounts	**204,629**	192,765
Depositors' investment risk reserve	**38,972**	33,157
Total	**66,937,916**	64,771,317

Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is paid to the depositors with the approval of the Bank's Fatwa and Sharia'a Supervisory Board.

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

10 Customers' deposits (continued)

Customers deposits by geography are as follows:

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Within the U.A.E.	**64,509,883**	62,910,730
Outside the U.A.E.	**2,428,033**	1,860,587
Total	**66,937,916**	64,771,317

11 Sukuk financing instruments

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Sukuk financing instruments issued by the Bank	**1,836,500**	2,357,075
Sukuk financing instruments issued by a subsidiary	**2,832,484**	1,816,908
Total	**4,668,984**	4,173,983

In May 2012, the Bank, through a Sharia'a compliant financing arrangement, established a Trust Certificate Issuance Programme for USD 2,500 million (the "Programme"). As part of the Programme, the first series of the trust certificates amounting to USD 500 million (AED 1,837 million) were issued and listed on Irish Stock Exchange on 30 May 2012.

The terms of the Programme include transfer of certain identified assets (the "Co-Owned Assets") including original leased and musharakat assets, Sharia'a compliant authorised investments and any replaced assets of the Bank to DIB Sukuk Limited, Cayman Islands (the "Issuer"). These assets are under the control of the Bank and shall continue to be serviced by the Bank.

The Issuer will pay the semi-annually distribution amount from returns received in respect of the Co-Owned Assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to the sukuk holders on the semi-annually distribution dates. Upon maturity of the sukuk, the Bank has undertaken to repurchase the assets at the exercise price.

The trust certificates mature in May 2017 and bear a variable profit rate payable semi-annually at the rate of 6 months LIBOR + 3.65%.

The Sukuk financing instruments issued previously by the Bank amounting to AED 2,357 million were settled in March 2012.

12 Share capital

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Authorised, issued and fully paid up share capital:		
3,797,054,290 shares of AED 1 each	3,797,054	3,797,054

13 Contingent liabilities and commitments

Financing-related financial instruments

Financing-related financial instruments include commitments to extend financing, standby letters of credit and guarantees which are designed to meet the requirements of the Bank's customers.

Commitments to extend financing represent contractual commitments to provide Islamic financing. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The Bank has outstanding commitments and contingent liabilities under letters of credit and guarantees arising in the normal course of business, as follows:

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Contingent liabilities:		
Letters of guarantee	7,982,714	7,510,949
Letters of credit	1,985,382	2,081,825
Total contingent liabilities	9,968,096	9,592,774
Commitments:		
Capital expenditure commitments	289,436	316,575
Irrevocable undrawn facilities commitments	8,985,448	8,756,501
Total commitments	9,274,884	9,073,076
Total contingent liabilities and commitments	19,242,980	18,665,850

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

14 Income from Islamic financing and investing assets (unaudited)

	3 months period ended 30 September		9 months period ended 30 September	
	2012	2011	**2012**	2011
	AED'000	AED'000	**AED'000**	AED'000
Islamic financing assets				
Commodities murabahat	**66,260**	72,950	**200,231**	237,587
International murabahat	**1,905**	1,825	**5,048**	5,914
Vehicles murabahat	**94,983**	107,486	**289,185**	339,943
Real estate murabahat	**42,364**	52,485	**130,638**	169,710
Total murabahat income	**205,512**	234,746	**625,102**	753,154
Istisna'a	**72,524**	99,337	**247,488**	317,995
Home finance ijara	**142,196**	157,116	**447,873**	474,484
Other ijaras	**129,363**	132,419	**371,631**	341,913
Salam finance	**115,301**	72,429	**310,537**	181,907
Total income from Islamic financing assets	**664,896**	696,047	**2,002,631**	2,069,453
Islamic investing assets				
Musharakat	**97,437**	73,347	**272,829**	339,998
Mudaraba	**36,516**	51,756	**110,319**	155,701
Wakala	**21,706**	13,515	**50,810**	35,178
Total income from Islamic investing assets	**155,659**	138,618	**433,958**	530,877
Total income from Islamic financing and investing assets	**820,555**	834,665	**2,436,589**	2,600,330

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

15 Commissions, fees and foreign exchange income (unaudited)

	3 months period ended 30 September		9 months period ended 30 September	
	2012	2011	**2012**	2011
	AED'000	AED'000	**AED'000**	AED'000
Trade related commission and fees	**63,623**	38,809	**214,758**	147,623
Other commission and fees	**104,214**	91,794	**303,536**	310,833
Gains on unilateral promise to buy and sell currencies	**19,319**	23,952	**55,797**	71,558
Fair value changes of Islamic Derivatives	**2,651**	8,647	**2,821**	9,504
Cumulative gains on hedging reserve reclassified to the income statement	-	-	-	8,964
Total	**189,807**	163,202	**576,912**	548,482

16 Basic and diluted earnings per share (unaudited)

Basic and diluted earnings per share are calculated by dividing the profit for the period attributable to the equity holders of the parent by the weighted average number of shares in issue throughout the period as follows:

	3 months period ended 30 September		9 months period ended 30 September	
	2012	2011	**2012**	2011
Profit for the period attributable to the equity holders of the parent (AED'000)	**298,552**	298,004	**853,680**	850,143
Weighted average number of shares in issue throughout the period ('000)	**3,797,054**	3,797,054	**3,797,054**	3,797,054
Basic and diluted earnings per share (AED per share)	**AED 0.08**	AED 0.08	**AED 0.22**	AED 0.22

As of the reporting date, the diluted earnings per share is equal to the basic earnings per share as the Bank has not issued any financial instruments that should be taken into consideration when the diluted earnings per share is calculated.

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

17 Related party transactions

The Bank enters into arm's length transactions with shareholders, directors, key management personnel, their related concerns and the Bank's associates in the ordinary course of business at commercial profit and commission rates. All facilities to related parties are performing facilities and are free of any provision for possible impairment.

Balances and transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been fully eliminated upon consolidation and they are not disclosed in this note.

The significant balances and transactions with related parties included in these condensed consolidated financial statements are as follows:

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates AED'000	Total AED'000
As at 30 September 2012 (unaudited)				
Islamic financing and investing assets	**1,487,432**	**66,185**	**474,922**	**2,028,539**
Customers' deposits	**2,280,456**	**126,414**	**51,306**	**2,458,176**
Contingent liabilities	**-**	**6**	**14,793**	**14,799**
As at 31 December 2011 (audited)				
Islamic financing and investing assets	612,167	34,468	390,000	1,036,635
Customers' deposits	2,676,188	132,076	80,272	2,888,536
Contingent liabilities	-	8	700	708
For the nine months period ended 30 September 2012 (unaudited)				
Income from Islamic financing and investing assets	**21,519**	**2,593**	**13,076**	**37,188**
Depositors' share of profits	**44,705**	**1,567**	**293**	**46,565**
For the nine months period ended 30 September 2011 (unaudited)				
Income from Islamic financing and investing assets	30,263	1,729	19,140	51,132
Depositors' share of profits	64,825	147	1,418	66,390

No impairment allowances have been recognised against Islamic financing and investing assets extended to related parties or contingent liabilities issued in favour of related parties during the nine-month period ended 30 September 2012 (year ended 31 December 2011: Nil).

The compensation paid to/accrued for key management personnel of the Bank during the nine months periods ended 30 September 2012 and 2011 was as follows:

	2012 (unaudited) AED'000	2011 (unaudited) AED'000
Salaries and other benefits	**15,327**	15,882
End of service benefits	**2,857**	1,785

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

18 Cash and cash equivalents (unaudited)

	30 September 2012 AED'000	30 September 2011 AED'000
Cash and balances with central banks (note 4)	**12,922,484**	17,817,441
Due from banks and financial institutions (note 5)	**4,766,314**	1,538,520
	17,688,798	19,355,961
Less: Balances and deposits with banks and financial institutions with original maturity over 3 months	**(6,909,391)**	(10,526,721)
Total	**10,779,407**	8,829,240

19 Segmental information

Reportable segment

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

The Bank's reportable segments are organised into five major segments as follows:

i) Retail and business banking:	Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahats, ijarah, credit card and funds transfer facilities and trade finance facilities.
ii) Corporate and investment banking:	Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers and investment banking services.
iii) Real estate:	Property development and other real estate investments.
iv) Treasury:	Principally responsible for managing bank's overall liquidity and market risk and provides treasury services to customers. Treasury also runs its own Islamic debt and specialise financial instruments book to manage the above risks.
v) Other:	Functions other than above core lines of businesses.

The accounting policies of the reportable segments are the same as the Bank's accounting policies. Transactions between segments are conducted at estimated profit rates which approximate to market rates on an arm's length basis.

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

19 Segmental information (continued)

Reportable segments (continued)

The following table presents summarized condensed consolidated income statement related to Bank's reportable segments:

	Retail and business Banking		Corporate and investment banking		Real estate		Treasury		Other		Total	
	9 months period ended 30 September (unaudited)		9 months period ended 30 September (unaudited)		9 months period ended 30 September (unaudited)		9 months period ended 30 September (unaudited)		9 months period ended 30 September (unaudited)		9 months period ended 30 September (unaudited)	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000	**AED'000**	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Net operating revenue	**1,379,798**	1,459,013	**839,527**	940,096	**(87,074)**	(214,374)	**397,786**	339,805	**244,626**	162,867	**2,774,663**	2,687,407
Share of profit/(loss) of associates	**-**	-	**66,733**	22,802	**-**	(9,172)	**-**	-	**-**	-	**66,733**	13,630
Operating expenses	**(739,559)**	(790,890)	**(197,819)**	(183,310)	**(62,965)**	(26,328)	**(16,215)**	(15,832)	**(86,306)**	(77,999)	**(1,102,864)**	(1,094,359)
Total impairment loss	**(189,834)**	(223,851)	**(651,328)**	(487,846)	**-**	-	**-**	-	**(7,439)**	(6,566)	**(848,601)**	(718,263)
Profit for the period before income tax	**450,405**	444,272	**57,113**	291,742	**(150,039)**	(249,874)	**381,571**	323,973	**150,881**	78,302	**889,931**	888,415
Income tax											**(9,521)**	(6,168)
Profit for the period											**880,410**	882,247

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

19 Segmental information (continued)

Reportable segments (continued)

The following table presents summarized condensed consolidated financial position related to Bank's reportable segments:

	Retail and business Banking		Corporate and investment banking		Real estate		Treasury		Other		Total	
	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000
Segment assets	**25,045,716**	23,916,930	**34,701,068**	31,791,056	**4,222,417**	3,874,977	**12,583,084**	13,940,058	**17,167,225**	17,065,443	**93,719,510**	90,588,464
Segment liabilities and equity	**48,238,428**	47,519,470	**22,701,818**	20,893,587	**466,090**	897,844	**9,874,817**	8,716,516	**12,438,357**	12,561,047	**93,719,510**	90,588,464
Capital expenditure	**19,392**	17,441	**19,392**	17,441	**-**	-	**12,928**	11,628	**12,928**	11,628	**64,640**	58,138

Notes to the condensed consolidated financial statements for the nine months period ended 30 September 2012 (continued)

19 Segmental information (continued)

Geographical information

Although the management of the Bank is based primarily on business segments, the Bank operates in two geographic markets: U.A.E. which is designated as domestic and outside the U.A.E. which is designated as international. The following table shows the distribution of the Bank's operating income by geographical segment for the periods ended 30 September 2012 and 2011.

	9 months period ended 30 September (unaudited)					
	Domestic		**International**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Gross income	**3,428,112**	3,477,597	**322,107**	300,587	**3,750,219**	3,778,184

	Domestic		**International**		**Total**	
	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000	**30 September 2012 (unaudited) AED'000**	31 December 2011 (audited) AED'000
Non-current assets *	**2,165,164**	1,686,138	**524,317**	680,477	**2,689,481**	2,366,615

* Non-current assets exclude financial instruments, investments in associates and deferred tax assets.

20 Capital adequacy ratio

	30 September 2012 (unaudited) AED'000	31 December 2011 (audited) AED'000
Capital base		
Tier 1 Capital	**10,819,610**	10,575,662
Tier 2 Capital	**3,096,176**	3,161,174
Total capital base	**13,915,786**	13,736,836
Risk weighted assets		
Credit risk	**70,219,402**	70,353,269
Market risk	**1,773,147**	1,174,630
Operational risk	**3,745,404**	3,745,404
Total risk weighted assets	**75,737,953**	75,273,303
Capital adequacy ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	**18.4%**	18.2%
Tier 1 capital to total risk weighted assets after deductions for associates	**14.3%**	13.6%

The capital adequacy ratio calculation is based on Basel 2 and the U.A.E. Central Bank rules and regulations.

**Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2012 (continued)**

21 Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated income statement for the nine months periods ended 30 September 2012 and 2011.

22 Dividend

At the Annual General Meeting of the shareholders held on 20 March 2012, the shareholders approved a cash dividend of AED 0.125 per outstanding share on 31 December 2011 (31 December 2010: cash dividend of AED 0.100 per outstanding share).

23 Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 4 November 2012.