Tamweel P.S.C. (formerly Tamweel P.J.S.C.)
and its subsidiaries

Report and consolidated financial statements
for the year ended 31 December 2014

These audited consolidated financial statements are subject to approval of the Central Bank of the U.A.E. and adoption by shareholders at the annual general meeting.

Tamweel P.S.C. (formerly Tamweel P.J.S.C.) and its subsidiaries

Report and consolidated financial statements
for the year ended 31 December 2014

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/middleeast

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Tamweel P.S.C. (formerly Tamweel P.J.S.C.) and its subsidiaries
Dubai
United Arab Emirates

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Tamweel P.S.C. (formerly Tamweel P.J.S.C.)** (the "Company") **and its subsidiaries** (together referred to as the "Group"), **Dubai, United Arab Emirates** which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the financial position of **Tamweel P.S.C. (formerly Tamweel P.J.S.C.) and its subsidiaries, Dubai, United Arab Emirates** as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Also, in our opinion, proper books of account are maintained by the Company. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions during the year of the U.A.E. Federal Commercial Companies Law No. (8) of 1984 (as amended), or the Articles of Association of the Company which might have a material effect on the financial position of the Company or its financial performance.

Deloitte & Touche (M.E.)

Anis Sadek
Registration Number 521

15 January 2015

Consolidated statement of financial position as at 31 December 2014

	Notes	2014 AED'000	2013 AED'000
ASSETS			
Bank balances and cash	6	**159,218**	233,169
Islamic financing and investing assets	7	**6,038,392**	7,676,168
Other investments carried at FVTOCI	8	**49,523**	33,767
Investment properties	9	**379,464**	376,881
Advances, prepayments and other receivables	10	**60,315**	39,594
Property and equipment	11	**19,370**	21,600
TOTAL ASSETS		**6,706,282**	8,381,179
LIABILITIES AND EQUITY			
Liabilities			
Zakat payable		**5,063**	4,870
Accounts payable, accruals and other liabilities	12	**236,813**	243,470
Financing obligations	13	**4,027,500**	5,752,500
Total liabilities		**4,269,376**	6,000,840
Equity			
Share capital	14	**1,000,000**	1,000,000
Statutory reserve	15	**222,720**	212,975
General reserve	16	**538,980**	538,980
Special reserve	17	**102,951**	102,951
Investment fair value reserve		**36,604**	22,427
Retained earnings		**535,651**	503,006
Total equity		**2,436,906**	2,380,339
TOTAL LIABILITIES AND EQUITY		**6,706,282**	8,381,179

Varun Sood
Acting Chief Executive Officer

Abdullah Ali Al Hamli
Chairman

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

Consolidated income statement
for the year ended 31 December 2014

	Notes	2014 AED'000	2013 AED'000
Income from Islamic financing and investing assets	18	**368,452**	510,757
Other income	19	**41,994**	38,547
Operating income		**410,446**	549,304
General and administrative expenses	20	**(90,775)**	(93,359)
Impairment and other provisions	21	**(4,312)**	(54,895)
Profit before depositors'/investors' share of profit and related costs		**315,359**	401,050
Depositors'/investors' share of profit and related costs	22	**(217,906)**	(297,145)
Profit for the year		**97,453**	103,905

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

Consolidated statement of comprehensive income for the year ended 31 December 2014

	2014 AED'000	2013 AED'000
Profit for the year	**97,453**	103,905
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain on other investments carried at FVTOCI	**14,177**	22,590
Total comprehensive income for the year	**111,630**	126,495

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

Consolidated statement of changes in equity for the year ended 31 December 2014

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Investment fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2014	1,000,000	212,975	538,980	102,951	22,427	503,006	2,380,339
Profit for the year	-	-	-	-	-	97,453	97,453
Other comprehensive income for the year	-	-	-	-	14,177	-	14,177
Total comprehensive income for the year	-	-	-	-	14,177	97,453	111,630
Dividend paid (Note 31)	-	-	-	-	-	(50,000)	(50,000)
Transfer to statutory reserve (Note 15)	-	9,745	-	-	-	(9,745)	-
Zakat	-	-	-	-	-	(5,063)	(5,063)
Balance at 31 December 2014	**1,000,000**	**222,720**	**538,980**	**102,951**	**36,604**	**535,651**	**2,436,906**

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

Consolidated statement of changes in equity
for the year ended 31 December 2014 (continued)

	Share capital AED'000	Employees' benefit plan AED'000	Statutory reserve AED'000	General reserve AED'000	Special reserve AED'000	Investment fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2013	1,000,000	(10,883)	202,584	538,980	102,951	-	465,349	2,298,981
Profit for the year	-	-	-	-	-	-	103,905	103,905
Other comprehensive income for the year	-	-	-	-	-	22,590	-	22,590
Total comprehensive income for the year	-	-	-	-	-	22,590	103,905	126,495
Transfer to other investments carried at FVTOCI (Note 8)	-	10,883	-	-	-	-	-	10,883
Reclassification of realized gain on disposal of other investments carried at FVTOCI	-	-	-	-	-	(163)	163	-
Directors' remuneration	-	-	-	-	-	-	(1,150)	(1,150)
Dividend paid (Note 31)	-	-	-	-	-	-	(50,000)	(50,000)
Transfer to statutory reserve (Note 15)	-	-	10,391	-	-	-	(10,391)	-
Zakat	-	-	-	-	-	-	(4,870)	(4,870)
Balance at 31 December 2013	1,000,000	-	212,975	538,980	102,951	22,427	503,006	2,380,339

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

Consolidated statement of cash flows
for the year ended 31 December 2014

	2014 AED'000	2013 AED'000
Operating activities		
Profit for the year	**97,453**	103,905
Adjustments for:		
Depreciation of property and equipment	**3,148**	4,119
Depreciation on investment properties	**5,547**	4,422
Amortisation of deferred cost	**1,750**	3,173
Provision for employees' end of service benefits	**2,416**	2,522
Impairment and other provisions	**4,312**	54,895
Depositors'/investors' share of profit and related costs	**216,156**	293,972
Income on mudaraba deposits and wakala investments	**(961)**	(2,652)
Operating cash flows before changes in operating assets and liabilities	**329,821**	464,356
Decrease in Islamic financing and investing assets	**1,625,335**	1,592,026
Increase in advances, prepayments and other receivables	**(24,121)**	(9,493)
Decrease in financing obligations	**(1,725,000)**	(2,522,580)
Decrease in accounts payable, accruals and other liabilities	**(5,142)**	(41,009)
Cash generated from/(used in) operating activities	**200,893**	(516,700)
Depositors'/investors' share of profit and related cost paid	**(218,323)**	(335,607)
Employees' end of service benefits paid	**(1,764)**	(629)
Zakat paid	**(4,870)**	(48,584)
Directors' remuneration paid	**-**	(1,150)
Dividend paid	**(50,000)**	(50,000)
Net cash used in operating activities	**(74,064)**	(952,670)
Investing activities		
Additions to property and equipment	**(952)**	(840)
Proceeds from sale of property and equipment	**36**	-
Deposit with original maturity over 3 months	**(5,000)**	-
Income received on mudaraba deposits and wakala investments	**1,029**	6,181
Proceeds from sale of investment properties	**-**	1,686
Net cash (used in)/generated from investing activities	**(4,887)**	7,027
Net decrease in cash and cash equivalents	**(78,951)**	(945,643)
Cash and cash equivalents at beginning of the year	**167,055**	1,112,698
Cash and cash equivalents at end of the year (Note 6)	**88,104**	167,055
Non-cash transaction:		
Additions of investment properties	**8,130**	1,275

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

Notes to the consolidated financial statements for the year ended 31 December 2014

1. General information

Tamweel P.S.C. (formerly Tamweel P.J.S.C.) (the "Company") was registered on 3 June 2006 as a Public Joint Stock Company in accordance with U.A.E. Federal Law No (8) of 1984, as amended. The Company has been converted from Public to Private Joint Stock Company with effect from 27 August 2014. The parent and ultimate holding Company is Dubai Islamic Bank P.J.S.C. ("DIB" or the "Parent Company"). The share capital of the Company comprises 1,000,000,000 shares of AED 1 each.

The Company is licensed by the U.A.E. Central Bank as a finance company and is primarily engaged in Islamic Sharia'a compliant financing and investment activities such as Ijara, Murabaha, Istisna'a etc. The activities of the Company and its Subsidiaries (together the "Group") are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association. The Group also generates leasing income from its investment properties.

The registered head office of the Group is located at Business Avenue Building, Emirate of Dubai, U.A.E.

The Group has one branch each in the Emirates of Dubai and Abu Dhabi.

The Group consists of Tamweel P.S.C. and its subsidiaries registered up to 31 December 2014, as listed below:

Subsidiaries	Beneficial ownership	Principal activity	Country of incorporation
Tamweel Property (1) Limited	100%	SPE for purchase of assets	D.I.F.C., U.A.E.
Tamweel Funding III Limited	100%	SPE for issuance of sukuk	Cayman Islands
Tamweel ESOT Limited	100%	SPE for investment in shares	British Virgin Islands

The Company is a 86.47% subsidiary of Dubai Islamic Bank P.J.S.C. At the Extraordinary General Assembly Meeting held on 7 July 2013, the shareholders approved the conversion of the Company to a Private Joint Stock Company and delisting its shares from Dubai Financial Market, subject to relevant regulatory approval. On 26 September 2013, the Securities and Commodities Authority approved the suspension of trading in the Company's shares on Dubai Financial Market with effect from 1 October 2013. On 27 August 2014 the Company has been registered as Private Joint Stock Company and its shares have been delisted from Dubai Financial Market with effect from 18 December 2014.

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

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2014, have been adopted in these consolidated financial statements. The application of these revised and new 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.

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

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

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 36 *Recoverable Amount Disclosures*: The amendments restrict the requirements to disclose the recoverable amount of an asset or Cash Generating Unit (CGU) to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – *Guidance on Investment Entities*: On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.	1 January 2014

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortized costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 14 *Regulatory Deferral Accounts* issued in January 2014 specifies the financial reporting requirments for 'regulatory deferral account balance' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.	1 January 2016
• IFRS 15 *Revenue from Contracts with Customers*: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2017
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7 and IAS 19.	1 July 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of *Interests in Joint Operations*.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7 and IAS 19.	1 July 2016
• Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period beginning 1 January 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

The application of the finalized version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until the Group performs a detailed review.

3. Definitions of significant terms

The following terms are used in these consolidated financial statements with the meaning specified hereunder:

Sharia'a

Sharia'a is the body of Islamic law and is essentially derived from The Quran and The Sunna'h. The Group, being an Islamic Financial Institution, incorporates the principles of Sharia'a in its activities, as interpreted by its Sharia'a Supervisory Board.

Ijara

Ijara (Ijara Muntahia Bittamleek) is an agreement whereby the Group (in its capacity as a lessor,) leases an asset to the customer (as lessee), after acquiring the specified asset according to the customer's request, against certain rental payments for specified lease term. The duration of the lease term, as well as the basis for rental, are set and agreed in advance. The Group retains legal ownership of the asset throughout the arrangement. The arrangement could end by transferring the ownership of the asset to the lessee.

3. Definitions of significant terms (continued)

Istisna'a

Istisna'a is a sale contract whereby the Group undertakes to construct for the customer, a specific asset or property according to certain agreed upon specifications at a pre-determined price and for a fixed date of delivery. The work undertaken is not restricted to be accomplished by the Group alone and the whole or part of the construction can be undertaken by third parties under the Group's control and responsibility.

Murabaha

Murabaha is an agreement whereby the Group makes a sale to a customer of an asset that is acquired principally based on a promise received from the customer to buy the relevant asset according to the relevant specific terms and conditions. While making the sale, the Group expressly mentions the costs incurred on the asset that are sold and the profit thereon, to the customer.

Forward Ijara

Forward Ijara (Ijara Mausoofa Fiz Zimma) is an arrangement whereby the Group agrees to provide, on a specified future date, certain described property on lease to the customer upon its completion and delivery by the developer, from whom the Group has purchased the property. The lease rental under Forward Ijara commences only upon the customer having received possession of the property from the Group. The arrangement could end by transferring the ownership of the asset to the lessee.

Mudaraba

Mudaraba is an agreement in which the customer contributes capital and the Group applies its effort. The proportionate share of profit is determined by mutual agreement. The loss, if any, unless caused by negligence or violation of the terms of the agreement, is borne only by the owner of the capital in which case the Group gets nothing for its efforts. The fund provider is known as 'Rab-Al-Mal' and the Group as 'Mudareb'.

Wakala

An agreement whereby the Group provides a certain sum of money to an investment agent, who invests it according to specific conditions in return for a certain fee (a lump sum of money or percentage of the amount invested). The agent may be granted any excess over and above a certain pre-agreed rate of return as a performance incentive. The agent is obliged to return the invested amount in case of default, negligence or violation of the terms and conditions of the Wakala.

Sukuk

These comprise asset based, Sharia'a compliant trust certificates.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

4. Significant accounting policies

4.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of United Arab Emirates laws.

4.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements are presented in Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands dirham, except when otherwise indicated.

The principal accounting policies are set out below.

4.3 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved where the Group has:

- power over an investee,
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties;
- rights raising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial period are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.4 Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in the consolidated income statement as follows:

Ijara income

Ijara income is recognised on an effective profit rate basis over the lease term based on the fixed rental amount outstanding.

Murabaha income

Murabaha income is recognised on an effective profit rate basis over the period of the contract based on the net Murabaha amount outstanding.

Istisna'a income

Istisna'a associated profit margin (difference between the cash price of al-masnoo to the customer and the Group's total Istisna'a cost) is accounted for on an effective profit rate basis over the construction period.

Forward Ijara income

Forward Ijara income during the construction period of the properties is accounted for on an effective profit rate basis over the construction period on account of rentals. Upon completion of the properties, income is recognised on an effective profit rate basis over the period of the contract based on the fixed rental amount outstanding.

Processing fees

Processing fees are recognised when the services are provided.

Other income

Income earned on mudaraba deposits and wakala investments is recognised on an effective profit rate basis. All other income is recognised when the right to receive the income is established.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

4.5 Financial instruments

Financial assets and liabilities are recognised when a Group's entity becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.5 Financial instruments (continued)

4.5.1 Financial assets

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for those financial assets measured subsequently at fair value through profit or loss, which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification of financial assets

An instrument is classified as an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are classified as 'debt instruments'.

Financial assets measured at amortised cost

Financial assets (other than equity instruments) 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.

Financial assets (other than equity instruments) meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at fair value through profit or loss - FVTPL). They are subsequently measured at amortised cost using the effective profit method less any impairment, with profit revenue recognised on an effective profit method in the consolidated statement of income.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria is no longer met.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Financial assets at fair value through other comprehensive income (FVTOCI)

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

A financial asset is held for trading if:

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

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.5 Financial instruments (continued)

4.5.1 Financial assets (continued)

Financial assets at fair value through other comprehensive income (FVTOCI) (continued)

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 cumulative changes in fair value, within equity. Where the asset is disposed of, the cumulative gain or loss previously accumulated is not transferred to the consolidated statement of income, but is reclassified to retained earnings.

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

Financial assets at fair value through profit or loss (FVTPL)

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

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

Non-equity instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of financing and investing instruments that are designated as at FVTPL on initial recognition is not allowed.

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

Dividend income on investments in equity instruments at FVTPL is recognised in the consolidated income statement when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue* and is included in the consolidated income statement.

Impairment of financial assets

Financial assets (including financing and investing assets and other assets) that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets measured at amortised cost are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.5 Financial instruments (continued)

4.5.1 Financial assets (continued)

Impairment of financial assets (continued)

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in profit or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective profit rate.

The carrying amount of the financial asset measured at amortised cost is reduced by the impairment loss directly for all financial assets with the exception of Islamic financing and investing assets, where the carrying amount is reduced through the use of an allowance account. When the Islamic financing and investing assets are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Effective profit method

The effective profit method is a method of calculating the amortised cost of a financial asset and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective profit rate basis for debt instruments other than those financial assets designated as at FVTPL.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

Islamic financing and investing assets

Islamic financing and investing assets include outstanding Ijara fixed rentals, Murabaha sales receivables net of deferred profits, Istisna'a costs incurred to date measured at cash equivalent value and forward Ijara at costs incurred to date. Also included in the Islamic financing and investing assets are Ijara and Forward Ijara profit accruals in addition to Istisna'a and Murabaha amortised profits. These assets are stated at cost net of provisions for impairment and profit suspension, if any.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.5 Financial instruments (continued)

4.5.1 Financial assets (continued)

Islamic financing and investing assets (continued)

Individually assessed Islamic financing and investing assets

Individually assessed Islamic financing and investing assets are assets which are assessed individually in order to determine whether there exists any objective evidence that an Islamic financing and investing asset is impaired. Islamic financing and investing assets are classified as impaired as soon as there is doubt about the customer's ability to meet payment obligations to the Group in accordance with the original contractual terms. Doubts about the customer's ability to meet payment obligations generally arise when:

- Principal and profit are not serviced as per contractual terms; and
- When there is significant deterioration in the customer's financial condition and the amount expected to be realised from disposals of collaterals, if any, are not likely to cover the present carrying value of the Islamic financing and investing assets.

Incurred but not yet identified

Individually assessed Islamic financing and investing assets for which no evidence of loss has been specifically identified on an individual basis are grouped together according to their credit risk characteristics for the purpose of calculating an estimated collective loss. This reflects impairment losses that the Group may have incurred as a result of events occurring before the consolidated financial position date, which the Group is not able to identify on an individual basis, and that can be reliably estimated. As soon as information becomes available which identifies losses on individual Islamic financing and investing assets within the group of the customer, those Islamic financing and investing assets are removed from the group of the customer and assessed on an individual basis for impairment.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve in equity is not reclassified to the consolidated income statement, but is transferred to retained earnings within equity.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.5 Financial instruments (continued)

4.5.2 Financial liabilities and equity instruments

Classification as liability or equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective profit rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective profit rate method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement.

4.6 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 20 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 consolidated income statement in the year 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 used evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment in value, if any. Capital work-in progress is stated at cost and is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets as follows:

Buildings	20 years
Leasehold improvements, furniture and fixtures	5 to 10 years
Software licenses, networks and computer equipment	3 to 8 years
Motor vehicles	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

4.8 Repossessed properties

In certain circumstances, property is repossessed following the foreclosure on financing that are in default. Repossessed properties are initially recognised at fair value and included within 'Investment properties'.

4.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the consolidated income statement.

4. Significant accounting policies (continued)

4.10 Zakat

Zakat is computed as per the Articles and Memorandum of Association of the Company and its subsidiaries and is approved by the Fatwa and Sharia'a Supervisory Boards of the respective entities on the following basis:

- Zakat on shareholders' equity is computed at 2.5775% of the aggregate of general and legal reserves, retained earnings, other reserves and provision for staff gratuity. DIB computes and pays Zakat on its consolidated financial position including its equity in Tamweel P.S.C. (formerly Tamweel P.J.S.C.). Accordingly no Zakat is considered in these consolidated financial statements in respect of shareholders' equity pertaining to DIB P.J.S.C.
- Zakat is disbursed by a committee appointed by the Board of Directors and operating as per the by-law set by the Board.
- Zakat on the paid up capital is not included in the Zakat computations and is payable by the shareholders personally.

4.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

4.12 Employees' end-of-service benefits

Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

The Group provides end of service benefits for its expatriate employees. Provision for employees' end of service indemnity is made in accordance with the Company's policy which meets the requirements of U.A.E. labour laws, and is based on current remuneration and cumulative years of service at the reporting date.

4. Significant accounting policies (continued)

4.13 Foreign currencies

Transactions in foreign currencies are recorded at rates of exchange prevailing at the dates of the transactions.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets measured at FVTPL, the foreign exchange component is recognised in the consolidated statement of income. For financial assets measured at FVTOCI any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in other income in the consolidated statement of income.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into Arab Emirates Dirhams at the rate of exchange ruling at the consolidated statement of financial position date and, their consolidated statement of comprehensive incomes are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular entity is recognised in the consolidated statement of income.

4.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

4. Significant accounting policies (continued)

4.15 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For investments actively traded in organised financial markets, fair value is determined by reference to quoted market prices at the close of business on the consolidated statement of financial position date. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted securities fair value is determined by reference to brokers' quotes, recent transaction(s), the market value of similar securities, or based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.

For investments in properties, fair value is determined periodically on the basis of independent professional valuations.

4.16 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

5. Critical accounting judgments and key sources of estimation of uncertainty

In the application of the Group's accounting policies, which are described in Note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

5.1 Impairment losses on Islamic financing and investing assets

The impairment allowance for Islamic financing and investing assets is established through charges to the consolidated income statement in the form of an impairment allowance for doubtful Islamic financing and investing assets.

Individually assessed Islamic financing and investing assets

Impairment losses for individually assessed Islamic financing and investing assets are determined by an evaluation of exposure on a case-by-case basis. This procedure is applied to all Islamic financing and investing assets which are individually significant accounts or are not subject to the portfolio-based-approach.

5. Critical accounting judgments and key sources of estimation of uncertainty (continued)

5.1 Impairment losses on Islamic financing and investing assets (continued)

Individually assessed Islamic financing and investing assets (continued)

The following factors are considered by management when determining allowance for impairment on individual Islamic financing and investing assets which are significant:

- The amount expected to be realised on disposals of collaterals;
- The Group's ability to enforce its claim on the collaterals and associated cost of litigation; and
- The expected time frame to complete legal formalities and disposals of collaterals.

The Group's policy requires regular review of the level of impairment allowances on individual facilities and regular valuation of the collateral and its enforceability.

Impaired Islamic financing and investing assets continue to be classified as impaired unless they are brought fully current and the collection of scheduled profit and principal is considered probable.

Collective impairment provisions on Islamic financing and investing assets

In addition to specific provisions against individually significant Islamic financing and investing assets, the Group also makes collective impairment provisions against facilities which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted.

5.2 Classification of financial assets

The classification and measurement of the financial assets depend on the management business model for managing its financial assets and on the contractual cash flow characteristics of the financial assets assessed. Management is satisfied that the Group's financial assets are appropriately classified and measured.

Financial assets that are measured at amortised cost are those assets that are held within a business model whose objective is to hold asset in order to collect contractual cash flow and the contractual terms gives rise on specified dates to cash flow that are solely payments of principal and profit.

The Group classifies investments carried at fair value through profit or loss, if they are acquired primarily for the purpose of making a short term profit by the dealers.

All other investments are classified as carried at fair value through other comprehensive income.

5.3 Property and equipment and investment properties

The cost of property and equipment and investment properties is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

6. Bank balances and cash

	2014 AED'000	2013 AED'000
Bank balances	**159,208**	233,164
Cash on hand	**10**	5
Bank balances and cash	**159,218**	233,169

Bank balances are held with banks within the U.A.E. and are profit generating at an average profit rate of 0.25% p.a. (2013: 1.00% p.a.).

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2014 AED'000	2013 AED'000
Bank balances and cash	**159,218**	233,169
Less: Deposit with original maturity over 3 months*	**(71,114)**	(66,114)
Cash and cash equivalent	**88,104**	167,055

* Includes a deposit of AED 66 million held under lien in accordance with the issuance requirements of the sukuk issued by Tamweel Funding III Limited.

7. Islamic financing and investing assets

	2014 AED'000	2013 AED'000
Ijara and forward Ijara (constructed and handed over properties)	**5,782,878**	7,058,762
Gross murabaha investments and mudaraba receivables	**360,945**	333,015
Less: Deferred profit	**(6,872)**	(6,633)
Net murabaha investments and mudaraba receivables	**354,073**	326,382
Istisna'a and forward Ijara (under construction properties)	**516,504**	868,490
	870,577	1,194,872
	6,653,455	8,253,634
Less: Profit suspended	**(183,308)**	(150,023)
Less: Provision for impairment	**(431,755)**	(427,443)
	6,038,392	7,676,168

All the assets financed by the Group are within the U.A.E. Islamic financing and investing assets include accrued profits net of profit suspended amounting to AED 90 million (31 December 2013: AED 128 million).

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

7. Islamic financing and investing assets (continued)

Included under Islamic financing and investing assets are receivables amounting to AED 461 million (31 December 2013: AED 342 million) whereby the Group has obtained the clear legal title to the properties financed, and is in the process of finalizing formalities for possession of these properties. Such receivables are carried at current market values of the properties and a full provision has been made for the remaining exposure. Once the formalities are completed, these are transferred to 'Investment Properties' within the consolidated statement of financial position.

Provisions for impairment

Movements in the provision for impairment were as follows:

	2014 **AED'000**	2013 AED'000
Balance at beginning of the year	**427,443**	373,404
Provision made during the year	**4,312**	54,721
Provision written off during the year	-	(682)
Balance at end of the year	**431,755**	427,443

Collateral

The Group enters into collateral arrangements with counter parties in appropriate circumstances to limit credit exposure. With a relatively dominant Ijara financing structure, the legal ownership of the finance property is maintained with the Group until the customer (lessee) has fulfilled all his obligations under the relevant Ijara.

The fair value of the collaterals that the Group holds relating to facilities individually determined to be impaired at 31 December 2014 amounting to AED 1,916 million (2013: AED 1,656 million).

8. Other investments carried at FVTOCI

	2014 **AED'000**	2013 AED'000
Investments measured at FVTOCI		
Quoted equity instruments	**49,523**	33,767

During the year, the Board of Directors decided to cancel the shares granted under the Employees' benefit plan and to hold these shares as "Other investments carried at FVTOCI." Accordingly, 877,522 shares of DIB were transferred from other receivables to other investments carried at FVTOCI. The fair value change of the Group's other investments carried at FVTOCI was gain of AED 14.2 million (2013: Gain of AED 22.6 million).

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

9. Investment properties

	Land AED'000	Other real estate AED'000	Investment properties under construction AED'000	Total AED'000
Cost				
At 1 January 2013	339,811	69,763	187,316	596,890
Additions during the year	-	1,275	-	1,275
Transfers during the year	-	37,785	(37,785)	-
Disposal during the year	-	(2,494)	-	(2,494)
At 31 December 2013	339,811	106,329	149,531	595,671
Additions during the year	-	8,130	-	8,130
At 31 December 2014	**339,811**	**114,459**	**149,531**	**603,801**
Accumulated depreciation				
At 1 January 2013	-	-	-	-
Charge for the year	-	4,422	-	4,422
Eliminated on disposal during the year	-	(113)	-	(113)
At 31 December 2013	-	4,309	-	4,309
Charge for the year	-	5,547	-	5,547
At 31 December 2014	**-**	**9,856**	**-**	**9,856**
Provision for impairment				
At 1 January 2013	150,888	24,884	39,369	215,141
Transfers during the year	-	7,999	(7,999)	-
Eliminated on disposal during the year	-	(660)	-	(660)
At 31 December 2013	150,888	32,223	31,370	214,481
At 31 December 2014	**150,888**	**32,223**	**31,370**	**214,481**
Carrying amount				
At 31 December 2014	**188,923**	**72,380**	**118,161**	**379,464**
At 31 December 2013	188,923	69,797	118,161	376,881

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

9. Investment properties (continued)

The valuations are carried out by professional valuers not related to the Group who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The valuations were based on comparable transaction method that is made on the principle that the value of one property may be derived by comparing it with the prices achieved from transactions in similar properties.

The fair value of the Group's investment properties as at 31 December 2014 is AED 566 million (2013: AED 542 million). The fair value is mainly based on unobservable market inputs (i.e. level 3).

During 2014 the investment properties under other real estate properties generated a rental income of AED 5 million (2013: AED 4 million). Investment properties include AED 9 million (2013: AED 1 million), which were repossessed following the foreclosure on financing that are in default.

10. Advances, prepayments and other receivables

	2014 AED'000	2013 AED'000
Administration fee receivable	**16,411**	10,010
Portfolio management fee receivable	**27,756**	9,252
Receivable from developers	**3,990**	8,403
Commission receivable	**4,322**	8,643
Prepayments and deferred cost	**3,500**	6,305
Receivable under employees' benefit plan	**-**	1,604
Staff personal loans	**1,549**	1,948
Other	**7,502**	6,970
	65,030	53,135
Less: Provision for impairment	**(4,715)**	(13,541)
	60,315	39,594
Provision for impairment		
Balance at beginning of the year	**13,541**	14,665
Provision made during the year	**-**	174
Provision written off during the year	**(8,826)**	(1,298)
Balance at end of the year	**4,715**	13,541

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

11. Property and equipment

	Buildings AED'000	Leasehold improvements, furniture and fixtures AED'000	Software licenses, networks and computer equipment AED'000	Motor vehicles AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 1 January 2013	21,779	12,570	16,540	104	1,533	52,526
Additions during the year	-	-	744	-	96	840
Transfers during the year	-	-	1,080	-	(1,080)	-
At 31 December 2013	21,779	12,570	18,364	104	549	53,366
Additions during the year	-	48	64	-	840	952
Disposal during the year	(677)	-	-	(104)	-	(781)
Transfers during the year	-	-	97	-	(97)	-
At 31 December 2014	**21,102**	**12,618**	**18,525**	**-**	**1,292**	**53,537**
Accumulated depreciation						
At 1 January 2013	3,578	9,468	14,570	31	-	27,647
Charge for the year	1,188	1,237	1,673	21	-	4,119
At 31 December 2013	4,766	10,705	16,243	52	-	31,766
Charge for the year	923	1,166	1,041	18	-	3,148
Eliminated on disposal during the year	(677)	-	-	(70)	-	(747)
At 31 December 2014	**5,012**	**11,871**	**17,284**	**-**	**-**	**34,167**
Carrying amount						
At 31 December 2014	**16,090**	**747**	**1,241**	**-**	**1,292**	**19,370**
At 31 December 2013	17,013	1,865	2,121	52	549	21,600

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

12. Accounts payable, accruals and other liabilities

	2014 AED'000	2013 AED'000
Profit payable on financing obligations	**30,278**	32,445
Accounts payable	**52,317**	54,470
Developer and property payables	**39,602**	28,721
Dividends payable	**18,322**	18,688
Employees' end of service benefits (see Note 12.1 below)	**9,839**	9,187
Provision for litigation losses	**44,623**	44,623
Provision for damage from fire (Note 23)	**6,500**	6,500
Accrual and other liabilities	**35,332**	48,836
	236,813	243,470

12.1 Employees' end of service benefits

	2014 AED'000	2013 AED'000
Balance at beginning of the year	**9,187**	7,294
Charge for the year	**2,416**	2,522
Paid during the year	**(1,764)**	(629)
	9,839	9,187

13. Financing obligations

	2014 AED'000	2013 AED'000
Wakalas	**2,925,000**	4,650,000
Sukuk	**1,102,500**	1,102,500
	4,027,500	5,752,500

Wakalas

Short term Wakala investments are received from Dubai Islamic Bank P.J.S.C. The effective average profit rate on these Wakalas is 4% p.a. (31 December 2013: 4% p.a.).

Sukuk

The Trust certificates issued in January 2012 ("Sukuk") for US$ 300 million, through Tamweel Funding III Limited are listed on the Irish Stock Exchange. The Sukuk is structured to conform to principles of Islamic Sharia'a, matures in 2017 and has a profit rate of 5.15% p.a., payable semi-annually in arrears.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

14. Share capital

	2014 AED'000	2013 AED'000
Authorised, issued and paid up 1,000,000,000 ordinary shares of AED 1 each (31 December 2013: 1,000,000,000 ordinary shares of AED 1 each)	**1,000,000**	1,000,000

15. Statutory reserve

As required by the Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital. This reserve is not available for distribution except in the circumstances as stipulated by U.A.E. Commercial Companies Law of 1984 (as amended).

16. General reserve

As per the Company's Articles of Association, deductions for the general reserve shall stop by resolution of an Ordinary General Assembly upon the recommendation of the Board of Directors when this reserve reaches 50% of the paid up capital of the Company. The Board of Directors have not proposed any transfer to General Reserve as the reserve is in excess of the 50% of the paid up capital of the Company. This reserve shall be utilised for the purpose determined by the General Assembly at an ordinary meeting upon the recommendation of the Board of Directors.

17. Special reserve

The special reserve, which was created in accordance with the recommendations of the U.A.E. Central Bank, is not available for distribution.

18. Income from Islamic financing and investing assets

	2014 AED'000	2013 AED'000
Ijara and Forward Ijara (constructed and handed over properties)	**334,211**	445,823
Istisna'a and Forward Ijara (under construction properties)	**7,221**	13,520
Murabaha and Mudaraba	**183**	917
Processing and other fees income	**26,837**	50,497
	368,452	510,757

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

19. Other income

	2014 AED'000	2013 AED'000
Income on mudaraba deposits and wakala investments	**961**	2,652
Takaful income	**15,634**	13,931
Portfolio management fee (Note 29)	**18,504**	15,502
Rental income from investment properties (Note 9)	**4,836**	4,072
Other	**2,059**	2,390
	41,994	38,547

20. General and administrative expenses

	2014 AED'000	2013 AED'000
Staff costs	**67,843**	58,953
Legal and professional charges	**355**	10,041
Depreciation on investment properties	**5,547**	4,422
Depreciation on property and equipment	**3,148**	4,119
Office rent	**986**	1,201
Other expenses	**12,896**	14,623
	90,775	93,359

21. Impairment and other provisions

	2014 AED'000	2013 AED'000
Provision for impairment on Islamic financing and investing assets (Note 7)	**4,312**	54,721
Provision for impairment on other receivables	**-**	174
	4,312	54,895

22. Depositors'/investors' share of profit and related costs

	2014 AED'000	2013 AED'000
Financing obligations, net	**211,876**	290,162
Amortisation of deferred cost	**1,750**	3,173
Other	**4,280**	3,810
	217,906	297,145

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

23. Fire damage to Tamweel Tower

On 18 November 2012, offices of the Group in Tamweel Tower suffered fire damage. The Group had contents insurance cover in relation to the offices and Tamweel Tower was insured by the building's Owners Association. The Group advised the contents insurer and submitted a claim in line with the policy. The Owners Association advised the property insurer and received an acknowledgement from the insurer of the liability in relation to the damage. The insurance company in consultation with Owners Association appointed a consultant to assess the damage.

The consultant submitted his report of the extent of damage and the scope of restoration which has been sent for approval to the insurer and the regulatory authorities. Both the insurers have acknowledged the claims and management is of the view that there is no requirement for additional provision in relation to the carrying value of the property and contents assets in respect of loss or damage. The net carrying value of the property and the content assets is AED 18.13 million (31 December 2013: AED 19.42 million).

24. Commitments

	2014 AED'000	2013 AED'000
Irrevocable commitments to extend credit	**293,760**	478,676

This represents contractual commitments to provide Islamic financing. Commitments generally have fixed expiry dates, or other termination clauses, and normally require the payment of a fee. Since these may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

25. Contingencies

a) The Group's bankers have provided a guarantee of AED 50 million (31 December 2013: AED 50 million) favouring the U.A.E. Central Bank against the share capital.

b) At reporting date, the Group is in legal proceedings against certain customers in the UAE to recover AED 300 million (31 December 2013: AED 300 million). The customers are also counter claiming against the Group. These proceedings are in various stages in the courts of first instance, appeal court and cassation court. Based on legal advice, the management of the Group is contesting the counterclaims as they believe such counter claims are without basis and is pursuing the full recovery of the outstanding balances. Accordingly, no provision for any liability has been made in these consolidated financial statements.

26. Risk management

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement, mitigation and monitoring and by subjecting risk to limits and other controls. This process of risk management is critical to Group's continuing profitability and sustainability. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. Those risks are monitored through the Group's strategic planning process.

The major risks to which the Group is exposed in conducting its business and operations, and the means and organisational structure it employs in seeking to manage them strategically in its attempt to build stakeholder's value are outlined below.

26. Risk management (continued)

Risk Management Structure

The Board is responsible for the overall risk management approach and for designing and deciding its risk strategies, policies, appetite parameters and principles.

Tamweel's Board currently has three committees: the Board Audit Committee (BAC), the Board Credit and Risk Committee (BCRC) and the Board Human Resources (HR) & Remuneration Committee. All of the Board committees function on behalf of the Board and the Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members.

Each Board committee has a written charter, approved by the Board, which describes the committee's general authority and responsibilities. The committee chair reports on the items discussed and action taken at their meetings to the Board following each committee meeting. Each committee undertakes an annual review of its charter and works with the Board to make appropriate revisions. The Board may, from time to time, establish and maintain additional committees.

Board Audit Committee

The BAC assists the Board in discharging its supervisory responsibilities with respect to the integrity of Tamweel's financial statements, its financial reporting processes and its system of internal accounting and financial controls. The BAC also assists the Board with respect to appointing and supervising Tamweel's external independent auditors and in ensuring that appropriate controls are in place for monitoring compliance with laws, regulations and supervisory requirements.

Board HR & Remuneration Committee

The function of the Board HR & Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities regarding assuring the ongoing independence of independent Board members, remuneration policies for Board members, remuneration for certain senior management, policies for executive variable pay, the remuneration structures in Tamweel's Human Resources policies and other matters referred to the Committee by the Board.

Board Credit & Risk Committee

The BCRC reviews Tamweel's risk profile to ensure that it is in accordance with the risk policies and appetite parameters established by the Board. The BCRC defines Tamweel's overall risk appetite and risk management policy guidelines. Such guidelines cover all risk-based aspects of Tamweel's business, including: credit risk, operational risk, liquidity risk, profit rate risk and reputational risk.

The BCRC is assisted by the Management Credit & Risk Committee (the "MCRC") and Asset Liability Committee ("ALCO") consisting of Tamweel's Senior Management.

Management Credit & Risk Committee

The MCRC which reports to the Board through BCRC oversees Tamweel's credit management strategy and policies ensuring that the credit risk taken, assets portfolio and allocation are in line with Tamweel's overall risk appetite as defined by the BCRC. The MCRC also ensures that appropriate credit and collections policies are implemented across the entire life cycle of its financing products, including origination, account management, restructuring, collections and recoveries. In particular, the MCRC approves the annual review of the Product Programme Guidelines which set out Tamweel's principal underwriting criteria.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

26. Risk management (continued)

Risk Management Structure (continued)

Asset and Liability Committee

The ALCO which reports to the Board through BCRC monitors the asset performance and financial position of the Group. The ALCO is also responsible for establishing risk management standards and methodologies, monitoring liquidity and alternative funding sources, reviewing market rate risk and regulatory capital levels and determining pricing parameters and Tamweel's base profit rate.

Sharia'a Supervisory Board

In compliance with Tamweel's memorandum and Articles of Association, Tamweel has a Sharia'a Supervisory Board which oversees all areas of operation in order to ensure that Tamweel's activities are in accordance with Sharia'a principles. The Sharia'a Supervisory Board is responsible to review the operational, financing and investing activities of the Group ensuring their alignment and compliance with the principles of Islamic Sharia'a as interpreted by it. Being a supervisory board they are also required to audit the business activities undertaken and present an independent report to the shareholders with regard to the implementation of the principles of Sharia'a in the Group's overall activities.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive and up-to-date information necessary for their proper management and monitoring of risks inherent in the activities.

Types of Risk the Group is subject to:

Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration risk indicates the relative sensitivity of the Group's performance to developments affecting a particular nationality, industry or geographical location.

In order to avoid excessive concentration of risk, the Group's policies and procedures include specific guidelines to maintain a diversified portfolio. This is further enforced by the Credit Committee's oversight. Identified concentration of credit risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk stems mainly from day to day Islamic financing activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated financing authorities, credit standards and procedures.

The Group attempts to control credit risk by monitoring credit exposures, maintaining credit limits and limiting transactions with specific counterparties. The Group has built and maintains a sound credit portfolio within the guidelines of the Board approved credit policy. The Group has an established risk management process encompassing of credit approvals, control of exposures, credit policy direction to business unit, well-designed credit appraisals, review of exposures both on an individual and a portfolio basis, and incorporation of robust problem credit management procedures. Special attention is directed towards the management of past-due financing assets through a dedicated Collection Team.

26. Risk management (continued)

Credit risk (continued)

The Group enters in collateral arrangements with counterparties in appropriate circumstances to limit credit exposure. With a relatively dominant Ijara financing structure, the ownership of the financed property is maintained with the Group until the customer (lessee) has fulfilled all his obligations under the relevant Ijara.

Quantitative information

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross.

	Gross maximum exposure 2014 AED'000	Gross maximum exposure 2013 AED'000
Bank balances (Note 6)	**159,208**	233,164
Islamic financing and investing assets (Note 7)	**6,653,455**	8,253,634
Advances and other receivables	**61,530**	46,830
Total	**6,874,193**	8,533,628
Irrevocable commitments to extend credit (Note 24)	**293,760**	478,676

For more details on the maximum exposure to credit risk for each class of financial instrument, references should be made to the specific notes.

The Group's financial assets, before taking into account any collateral held or other credit enhancements are analysed by business segment in Note 27.

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset, based on the Group's credit rating system.

The gross maximum exposure of the Group spread across banking, real estate and other industries; however the whole exposure is based primarily in the U.A.E.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

26. Risk management (continued)

Credit risk (continued)

Quantitative information (continued)

At 31 December 2014

	Neither past due nor impaired				
	Normal grade AED'000	***Watch list grade AED'000***	***Past due but not individually impaired AED'000***	***Past due and individually impaired AED'000***	***Total AED'000***
Bank balances	159,208	-	-	-	159,208
Islamic financing and investing assets	4,210,230	430,362	374,517	1,638,346	6,653,455
Advances and other receivables	56,815	-	-	4,715	61,530
Total	**4,426,253**	**430,362**	**374,517**	**1,643,061**	**6,874,193**

At 31 December 2013

	Neither past due nor impaired				
	Normal grade AED'000	*Watch list grade AED'000*	*Past due but not individually impaired AED'000*	*Past due and individually impaired AED'000*	*Total AED'000*
Bank balances	233,164	-	-	-	233,164
Islamic financing and investing assets	5,806,891	740,857	263,512	1,442,374	8,253,634
Advances and other receivables	24,886	8,403	-	13,541	46,830
Total	6,064,941	749,260	263,512	1,455,915	8,533,628

It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

26. Risk management (continued)

Aging analysis of past due but not individually impaired Islamic, financing and investing assets

	31 December 2014		
	Less than 60 days AED'000	***60 to 90 days AED'000***	***Total AED'000***
Islamic financing and investing assets	**327,637**	**46,880**	**374,517**

	31 December 2013		
	Less than 60 days AED'000	*60 to 90 days AED'000*	*Total AED'000*
Islamic financing and investing assets	237,531	25,981	263,512

Collateral and other credit enhancements

The finance provided by the Group is asset backed in accordance with the principles of Sharia'a. Properties are funded based on "Group's Appraised Value". In the case of new properties, the appraised value is similar to the developers' per square footage rate further assessed by independent valuation and internal assessment. However, in some cases the Group might have lower rates than the developers based on the Group's view of the property. In case of older properties the appraised value is determined by the Credit Department. These valuations are based on the valuation report from valuers, whenever required, and the property prices witnessed in the Group past funding transactions.

The fair value of the asset collaterals is estimated to be approximately AED 12.4 billion as at 31 December 2014 (AED 15.4 billion as at 31 December 2013).

Property insurance is mandatory and the property is insured against all normal risks for the value stated in the sale agreement, or the valuation amount given by the surveyor, as the case maybe. The insured value is maintained at the original property value through the life of the finance.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future profitability or the fair values of financial instruments. In the Group's consolidated financial statements, mainly two line items can lead to such exposure i.e. Islamic financing assets and financing obligations, as shown on the assets and liability sides respectively. The profit rate risk for the Group is minimal in the short term period.

The profit rate for financing assets is a composition of EIBOR and internal spread which cannot be expected to fluctuate frequently based on EIBOR movement. The Group reviews the profit rate on a monthly basis during its ALCO meeting and, if required, recommends rate change based on market conditions and competition.

The profit rate on financing obligations is contractually determined on contract initiation. Refer to Note 13 for further details.

The following table demonstrates the sensitivity to a reasonable possible change in profit rates, with all other variables held constant, of the Group's consolidated statement of comprehensive income.

26. Risk management (continued)

Profit rate risk (continued)

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in profit rates on the net profit earned for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2014 and 31 December 2013.

	31 December 2014	
	Increase/ (decrease) in basis points	***Sensitivity of net returns increase/ (decrease) AED 000's***
AED	**50bps**	**26,003**
AED	**(50bps)**	**(26,003)**

	31 December 2013	
	Increase/ (decrease) in basis points	*Sensitivity of net returns increase/ (decrease) AED 000's*
AED	50bps	32,843
AED	(50bps)	(32,843)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

All assets and liabilities as at 31 December 2014 are denominated in the U.A.E. Dirhams or US Dollars. U.A.E. Dirham is currently pegged to US Dollar and therefore, the Group is not exposed to any significant currency risk except for the balances relating to foreign subsidiaries, which are not significant.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect (as a result of a change in the fair value of equity instruments held at 31 December 2014 and 31 December 2013) due to a reasonably possible change in equity indices, with all other variable held constant, is as follows:

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

26. Risk management (continued)

Equity price risk (continued)

Market indices

	31 December 2014		*31 December 2013*	
	Change in equity price	***Effect on other comprehensive income AED'000***	*Change in equity price*	*Effect on other comprehensive income AED'000*
DFM	**+20%**	**9,905**	+20%	6,753
DFM	**-20%**	**(9,905)**	-20%	(6,753)

Early settlement risk

Early settlement risk is the risk that the Group will incur a financial loss because its counterparties settle earlier or later than expected.

The Group does not have any significant early settlement risk as the amount recovered in case of early settlement is more than the fair value of the asset on settlement date, by adding a margin, and to recover amount on time and to avoid any delays. The collection team, supervised by the Credit committee monitors the customer receivable position on a daily basis.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its funding requirements. This can be caused by political uncertainty, market disruptions or deterioration in the Group's credit ratings.

The Group monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis.

The Group reviews the maturity gap analysis in its monthly ALCO meetings to identify potential liquidity risks in advance. The gap measures liquidity in five time buckets for each type of asset and liability for each period, as well as cumulatively.

26. Risk management (continued)

Maturity analysis of assets and liabilities

The maturity analysis of assets, liabilities and items off the consolidated statement of financial position analysed according to when they are expected to be recovered, settled or sold.

The maturity gap at the year-end arises due to contractual maturities of assets and liabilities. The Group intends to access stable sources of medium to long term financing from Capital markets by issuing Sukuks and other asset backed Sharia compliant structures. Financing obligations are expected to be rolled over on maturity. DIB P.J.S.C. has reviewed the Group's funding requirements for five years and intends to provide full support in relation to its overall business model.

At 31 December 2014	*Within 1 month AED'000*	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*1-5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
ASSETS							
Bank balances and cash	88,104	-	5,000	93,104	66,114	-	159,218
Islamic financing and investing assets	36,837	89,301	260,018	386,156	2,219,825	3,432,411	6,038,392
Other investments carried at FVTOCI	-	-	-	-	49,523	-	49,523
Investment properties	-	-	-	-	379,464	-	379,464
Advances, prepayments and other receivables	1,157	39,032	14,801	54,990	5,325	-	60,315
Property and equipment	-	-	-	-	19,370	-	19,370
Total assets	**126,098**	**128,333**	**279,819**	**534,250**	**2,739,621**	**3,432,411**	**6,706,282**
LIABILITIES							
Zakat payable	-	5,063	-	5,063	-	-	5,063
Accounts payable, accruals and other liabilities	8,426	10,586	160,274	179,286	57,527	-	236,813
Financing obligations	2,925,000	-	-	2,925,000	1,102,500	-	4,027,500
Total liabilities	**2,933,426**	**15,649**	**160,274**	**3,109,349**	**1,160,027**	**-**	**4,269,376**
Assets less liabilities	**(2,807,328)**	**112,684**	**119,545**	**(2,575,099)**	**1,579,594**	**3,432,411**	**2,436,906**
COMMITMENTS							
Irrevocable commitments to extend credit	**4,901**	**58,110**	**230,749**	**293,760**	**-**	**-**	**293,760**

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

26. Risk management (continued)

Maturity analysis of assets and liabilities (continued)

At 31 December 2013

	Within 1 month AED'000	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*1-5 years AED'000*	*Over 5 years AED'000*	*Total AED'000*
ASSETS							
Bank balances and cash	167,055	-	-	167,055	66,114	-	233,169
Islamic financing and investing assets	53,524	92,543	314,187	460,254	2,630,185	4,585,729	7,676,168
Other investments carried at FVTOCI	-	-	-	-	33,767	-	33,767
Investment properties	-	-	-	-	376,881	-	376,881
Advances, prepayments and other receivables	5,803	7,181	16,193	29,177	10,417	-	39,594
Property and equipment	-	-	-	-	21,600	-	21,600
Total assets	226,382	99,724	330,380	656,486	3,138,964	4,585,729	8,381,179
LIABILITIES							
Zakat payable	-	4,870	-	4,870	-	-	4,870
Accounts payable, accruals and other liabilities	39,711	8,666	145,257	193,634	49,836	-	243,470
Financing obligations	4,650,000	-	-	4,650,000	1,102,500	-	5,752,500
Total liabilities	4,689,711	13,536	145,257	4,848,504	1,152,336	-	6,000,840
Assets less liabilities	(4,463,329)	86,188	185,123	(4,192,018)	1,986,628	4,585,729	2,380,339
COMMITMENTS							
Irrevocable commitments to extend credit	29,986	47,185	20,965	98,136	380,540	-	478,676

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

26. Risk management (continued)

Contractual undiscounted repayment obligations

The maturity profile of the Group's financial liabilities based on contractual undiscounted payment obligations is as follows:

	Within 1 month AED'000	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*Over 1 year AED'000*	*Total AED'000*
At 31 December 2014						
Zakat payable	-	5,063	-	5,063	-	5,063
Accounts payable, accruals and other liabilities	8,426	10,586	160,274	179,286	57,527	236,813
Financing obligations (includes future profit payables)	2,933,858	-	28,411	2,962,269	1,187,735	4,150,004
	2,942,284	**15,649**	**188,685**	**3,146,618**	**1,245,262**	**4,391,880**

	Within 1 month AED'000	*1 to 3 months AED'000*	*3 to 12 months AED'000*	*Subtotal less than 12 months AED'000*	*Over 1 year AED'000*	*Total AED'000*
At 31 December 2013						
Zakat payable	-	4,870	-	4,870	-	4,870
Accounts payable, accruals and other liabilities	39,711	8,666	145,257	193,634	49,836	243,470
Financing obligations (includes future profit payables)	4,661,983	-	28,411	4,690,394	1,244,557	5,934,951
	4,701,694	13,536	173,668	4,888,898	1,294,393	6,183,291

27. Segment information

For management purposes the Group is organised into two major business segments:

Islamic financing and investing activities	- Principally handling Islamic financing and investing activities.
Property investment activities	- Principally involved in the purchase and sale of investment properties and related activities including commissions.
Other	- Functions other than the above core lines of business.

These segments are the basis on which the Group reports its segments information. Segment information for the year ended 31 December 2014 and 2013:

	31 December 2014				31 December 2013			
	Islamic financing and investing activities AED'000	**Property investment activities AED'000**	**Other AED'000**	**Total AED'000**	Islamic financing and investing activities AED'000	Property investment activities AED'000	Other AED'000	Total AED'000
Gross income	**405,568**	**4,878**	**-**	**410,446**	545,109	4,195	-	549,304
Allocable expenses	**(292,817)**	**(7,169)**	**-**	**(299,986)**	(371,380)	(10,583)	-	(381,963)
Depreciation	**(3,148)**	**(5,547)**	**-**	**(8,695)**	(4,119)	(4,422)	-	(8,541)
Segment result	**109,603**	**(7,838)**	**-**	**101,765**	169,610	(10,810)	-	158,800
Provision for impairment and litigation losses	**(4,312)**	**-**	**-**	**(4,312)**	(54,895)	-	-	(54,895)
Segment result after provision	**105,291**	**(7,838)**	**-**	**97,453**	114,715	(10,810)	-	103,905
Profit for the year				**97,453**				103,905
	AED'000	**AED'000**	**AED'000**	**AED'000**	AED'000	AED'000	AED'000	AED'000
Segment assets	**6,061,392**	**381,661**	**263,229**	**6,706,282**	7,698,891	379,005	303,283	8,381,179
Segment liabilities	**3,858,831**	**242,975**	**167,570**	**4,269,376**	5,507,861	271,144	221,835	6,000,840
Capital expenditure	**-**	**-**	**952**	**952**	-	-	840	840

No secondary segment information has been provided as currently the operations of the Group are concentrated primarily in the U.A.E.

Notes to the consolidated financial statements for the year ended 31 December 2014 (continued)

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013. Capital comprises share capital, statutory reserve, general reserve, special reserve and retained earnings.

29. Related party transactions

The Group enters into arm's length transactions with shareholders, directors, key management personnel and their related concerns 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 Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

The significant balances and transactions of related parties included in the consolidated financial statements are as follows:

	For the year ended 31 December 2014			For the year ended 31 December 2013		
	Key management personnel AED'000	**Major shareholders AED'000**	**Companies under common control AED'000**	Key management personnel AED'000	Major shareholders AED'000	Companies under common control AED'000
Income from Islamic financing and investing activities	-	-	-	759	-	-
Income on mudaraba deposits and wakala investments	-	**961**	-	-	2,652	-
Other income	-	**18,504**	-	-	15,502	-
Depositors'/investors' share of profit and related cost	-	**159,159**	-	-	103,063	-
General and administrative expenses	-	-	**12,870**	-	256	3,000

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

29. Related party transactions (continued)

	As at 31 December 2014			As at 31 December 2013		
	Key management personnel AED'000	**Major shareholders AED'000**	**Companies under common control AED'000**	Key management personnel AED'000	Major shareholders AED'000	Companies under common control AED'000
Islamic financing and investing assets	-	-	-	10,153	-	-
Bank balances and cash	-	**159,922**	-	-	233,062	-
Other investments carried at FVTOCI	-	**49,523**	-	-	33,767	-
Advances, prepayments and other receivables	-	**28,040**	**2,600**	-	10,108	1,900
Financing obligations	-	**2,925,000**	-	-	4,650,000	-
Depositors'/investors' share of profit payable and related cost	-	**4,550**	-	-	6,717	-

The compensation paid to key management personnel of the Group is as follows:

	For the year ended	
	31 December 2014 AED'000	31 December 2013 AED'000
Short term employee benefits	**6,474**	4,266
Termination and other benefits	**292**	216
	6,766	4,482

30. Fair values of financial instruments

(1) Fair value of financial instruments measured at amortised cost

The fair values of financial instruments measured at amortised cost are not materially different from their carrying values.

(2) Fair value of financial instruments measured at fair value

Fair value of all other investment measured at fair value through other comprehensive income (Note 8) are based on quoted price in an active market.

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

Notes to the consolidated financial statements
for the year ended 31 December 2014 (continued)

30. Fair values of financial instruments (continued)

(2) Fair value of financial instruments measured at fair value (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
At 31 December 2014				
Other financial assets measured at fair value				
Investments carried at FVTOCI				
Quoted equity	**49,523**	**-**	**-**	**49,523**
Total	**49,523**	**-**	**-**	**49,523**
At 31 December 2013				
Other financial assets measured at fair value				
Investments carried at FVTOCI				
Quoted equity	33,767	-	-	33,767
Total	33,767	-	-	33,767

31. Proposed dividend

The Board of Directors has proposed a dividend of AED 0.05 per share totaling to AED 50 million (2013: AED 0.05 per share totaling to AED 50 million). The amount of proposed dividend is subject to approval at the Annual General Meeting.

32. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue 15 January 2015.