PRICEWATERHOUSECOOPERS

Ajman Bank
(Public Joint Stock Company)("PJSC")

Interim financial statements for the period from 8 January 2007 to 30 September 2008

Ajman Bank PJSC

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PRICEWATERHOUSECOOPERS

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Review report to the Directors of Ajman Bank PJSC

Introduction

We have reviewed the accompanying interim balance sheet of Ajman Bank PJSC ("the Bank") as of 30 September 2008 and the related interim statements of income, changes in equity and cash flows for the period from 8 January 2007 to 30 September 2008, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Bank as at 30 September 2008, and of its financial performance and its cash flows for the period from 8 January 2007 to 30 September 2008 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
11 November 2008

Amin H Nasser
Registered Auditor Number 307
Dubai, United Arab Emirates

Ajman Bank PJSC

Interim balance sheet as of 30 September 2008

	Notes	AED
ASSETS		
Cash and cash equivalents	4	3,942,528
Investment in Islamic financing instruments	5	987,751,020
Property and equipment	6	19,927,275
Other assets	7	2,732,418
Total assets		1,014,353,241
LIABILITIES AND EQUITY		
Liabilities		
Other liabilities	8	1,478,659
Total liabilities		1,478,659
Equity		
Share capital	9	1,000,000,000
Net initial public offering surplus	10	2,357,885
Retained earnings		10,516,697
Total equity		1,012,874,582
Total liabilities and equity		1,014,353,241

These interim financial statements were approved and signed on behalf of the Board of Directors by:

....	....	....
Deputy Chairman	Director	Chief Executive Officer

11 November 2008

Ajman Bank PJSC

Interim income statement for the period from 8 January 2007 to 30 September 2008

Income	Notes	Three month period ended 30 September 2008 AED	8 January 2007 to 30 September 2008 AED
Income from investment in Islamic financing instruments		5,884,493	36,587,613
Expenses			
Staff costs	12	(7,889,826)	(14,154,565)
General and administrative expenses	13	(5,083,679)	(11,519,907)
Depreciation	6	(309,763)	(396,444)
Result for the period		(7,398,775)	10,516,697
Earnings per share - Basic			0.010

The accompanying notes 1 through 16 form an integral part of these interim financial statements

Ajman Bank PJSC

Interim statement of changes in equity for the period from 8 January 2007 to 30 September 2008

	Issued share capital AED	Net initial public offering surplus AED	Retained earnings AED	Total AED
Issue of shares (Note 9)	1,000,000,000	-	-	1,000,000,000
Surplus from initial public offering (Note 10)	-	2,357,885	-	2,357,885
Profit for the period	-	-	10,516,697	10,516,697
At 30 September 2008	1,000,000,000	2,357,885	10,516,697	1,012,874,582

Ajman Bank PJSC

Interim cash flow statement for the period from 8 January 2007 to 30 September 2008

	AED
Operating activities	
Profit for the period	10,516,697
Adjustments for:	
Depreciation	396,444
	10,913,141
Changes in operating assets and liabilities:	
Purchase of property and equipment	(20,323,719)
Other assets	(2,732,418)
Other liabilities	1,478,659
Net cash used in operating activities	(10,664,337)
Investing activities	
Investment in Islamic financing instruments	(987,751,020)
Financing activities	
Issue of shares	1,000,000,000
Net initial public offering surplus	2,357,885
Net cash provided by financing activities	1,002,357,885
Net increase in cash and cash equivalents	3,942,528
Cash and cash equivalents, beginning of the period	-
Cash and cash equivalents, at the end of the period (Note 4)	3,942,528

Notes to the interim financial statements for the period from 8 January 2007 to 30 September 2008

1 Incorporation and principal activities

Ajman Bank (P.J.S.C) ("the Bank") is incorporated as a Public Joint Stock Company. The Bank has its registered office at Ajman Free Zone, Block C, Level 13, Al Mina Road, P.O. Box 7770, Ajman, United Arab Emirates ("UAE") and was legally incorporated on 17 April 2008. The Bank was registered with the Securities and Commodities Authority ("SCA") on 12 June 2008 and obtained a license from the UAE Central Bank to operate as a Head Office on 14 June 2008. However, the Bank has not as yet formally commenced branch operations since it has not as yet received its banking license from the UAE Central Bank.

The principal activities of the Bank are undertaking banking, financing and investing activities through various Islamic instruments such as Murabaha, Wakala, Sukuk and Ijarah. The activities of the Bank are conducted in accordance with the Islamic Sharia'a principles and within the provisions of its Memorandum and Articles of Association.

2 Summary of significant accounting policies

The significant accounting policies adopted by the Bank in the preparation of these interim financial statements are set out below:

Basis of preparation

These interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these interim financial statements are disclosed under the relevant accounting policies.

Standard, amendments and interpretations to published standards that are not yet effective

The following standard, amendments and interpretations to existing standards that have been published, are mandatory for the Bank's accounting periods commencing on or after 1 January 2009, and have not been early adopted by the Bank.

- IFRS 8 – 'Operating segments' (effective for annual periods commencing 1 January 2009).
- IAS 23 (Amendment), 'Borrowing costs' (effective for annual periods commencing 1 January 2009).
- IFRS 2 (amendment) 'Share-based payment' (effective for annual periods commencing 1 January 2009).
- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

Standard, amendments and interpretations to published standards that are not yet effective (continued)

- IAS 1 (amendment), 'Presentation of financial statements' (effective for annual periods commencing 1 January 2009).
- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements' (effective for annual periods commencing 1 January 2009).
- IFRIC 13, 'Customer loyalty programmes' (effective for annual periods commencing 1 July 2008).

Management has assessed the impact of the above standard, amendments and interpretations to published standards on its financial statements and has concluded that they are not relevant to the Bank's financial statements, except for IAS 1 (amendment), which will affect the presentation of the statement of changes in equity and of comprehensive income. This amendment does not impact the recognition, measurement or disclosure of specific transactions and other events required by other IFRS. The application of IFRS 8 will be reflected in the Bank's financial statements for the year ending 31 December 2009.

Foreign currencies

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in Arab Emirates Dirhams ("AED"), which is the Bank's functional and presentation currency.

Transactions denominated in foreign currencies are translated into AED at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with in the income statement.

Investment in Islamic financing instruments

All investments in Islamic financing instruments are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides funds directly to a debtor with no intention of trading in the financial instruments. Investments in Islamic financing instruments are initially measured at fair value, and subsequently measured at their amortized cost and reported net of impairment provisions.

2 Summary of significant accounting policies (continued)

Investments in Islamic financing instruments (continued)

Murabaha is a contract of sale between the Bank and its customer for the sale of goods at a price which includes a profit margin agreed by both parties. As a financing technique it involves the purchase of goods by the Bank as requested by its customer. The goods are sold to the customer with a mark-up. Repayment, usually in installments, is specified in the contract.

Wakala involves the Bank providing a certain sum of money to an agent, who invests it according to specific conditions for a certain fee (a lump sum of money or a percentage of the amount invested). On maturity, the Bank receives the invested amount from the agent, along with the agreed rate of return.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the asset that can be reliably estimated. If there is objective evidence that an impairment loss on investments in Islamic financing instruments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective rate of return, including any amounts recoverable from guarantees and collateral, and recognized in the 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 recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed through the income statement.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed for possible reversal of impairment at each reporting date.

2 Summary of significant accounting policies (continued)

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write down the cost of assets to their estimated residual values over their expected useful economic lives as follows:

	Years
Leasehold improvements	3
Furniture, fittings and equipment	5
Vehicles	3
Computer equipment and software	3

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount being the higher of the net selling price and value in use. Gains and losses on disposal of property and equipment are determined by the carrying amount of the asset sold and are taken into account in determining profit for the period. Repairs and renewals expenses are charged to the income statement when the expenditure is incurred.

Capital work-in-progress is stated at cost incurred from the date of commencement of the project to the date on which it is commissioned. When commissioned, capital work-in-progress is transferred to the appropriate category of property and equipment and depreciated in accordance with the Bank's accounting policies.

Revenue recognition

Income from investments in Islamic financing instruments is recognized on a time apportioned basis, over the period of the contract, based on the principal amount outstanding.

Employee benefits

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No (7), 1999 for Pension and Social Security.

A provision is made based on the full amount of end of service benefits due to the non-UAE national employees in accordance with the UAE Labor Law, for their period of service up to the balance sheet date.

Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, money in current and call accounts and placements with original maturity of less than three months.

3 Financial risk management

The Bank's activities expose it to a variety of financial risks and involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the resultant risks are an inevitable consequence of being in business. The Bank's aim is, therefore, to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. During the period from 8 January 2007 to 30 September 2008, the Bank was not exposed to any significant financial risks other than credit risk and concentrations of risk and profit rate risk.

3.1 Credit risk and concentrations of risk

The Bank is exposed to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to discharge an obligation. Financial assets which potentially subject the Bank to concentrations of credit risk consist principally of cash and cash equivalents and investment in Islamic financing instruments including accrued income on Islamic financing instruments. The Bank uses external ratings such as Standard & Poor's or its equivalent in order to measure its credit risk exposures. In the normal course of business, the Bank places significant deposits with high credit quality banks and financial institutions. At 30 September 2008, the Bank's cash and cash equivalents and investments in Islamic financing instruments were all placed with three Islamic financial institutions based in the UAE.

3.2 Market risk

The Bank may be exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in profit rate, currency and investment products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as profit rates, credit spreads, foreign exchange rates and equity prices.

3.2.1 *Profit rate risk*

The Bank is exposed to the effects of fluctuations in the prevailing levels of profit rates which arise from the investments in Islamic financing instruments of AED 987 million.

3 Financial risk management

3.2 Market risk (continued)

3.2.1 *Profit rate risk (continued)*

During the period from 8 January 2007 to 30 September 2008, had prevailing profit rates increased/decreased by 50 basis points, with all other variables remaining constant, the impact on the results and equity of the Bank would have been as follows:

Product	Benchmark	Impact on results of the Bank Period from 8 January 2007 to 30 September 2008 AED	Impact on equity of the Bank 30 September 2008 AED
Wakala Deposits with Banks	± 50 basis points change in profit rates	3,704,067	3,704,067

4 Cash and cash equivalents

	30 September 2008 AED
Balances with banks	3,942,528

Cash and cash equivalents are non-profit bearing.

5 Investment in Islamic financing instruments

	30 September 2008 AED
Wakala deposits with banks	987,751,020

Investment in Islamic financing instruments carried an effective rate of return of 3.75 % to 6% per annum.

6 Property and equipment

	Leasehold improvements AED	Furniture, fittings and equipment AED	Vehicles AED	Computer equipment and software AED	Capital work in progress AED	Total AED
Cost						
Additions and balance at 30 September 2008	1,016,551	652,498	670,500	2,104,148	15,880,022	20,323,719
Depreciation						
Charge for the period and balance at 30 September 2008	112,950	28,925	51,792	202,777	-	396,444
Net book amount						
At 30 September 2008	903,601	623,573	618,708	1,901,371	15,880,022	19,927,275

7 Other assets

	30 September 2008 AED
Accrued income on investment in Islamic financing instruments	1,804,420
Staff advances	427,998
Prepaid rent	500,000
	2,732,418

8 Other liabilities

	30 September 2008 AED
Pension payable	390,588
Other liabilities	1,088,071
	1,478,659

9 Share capital

	30 September 2008 AED
Authorized, issued and fully paid up share capital 1,000,000,000 shares of AED 1 each	1,000,000,000

10 Net initial public offering surplus

	30 September 2008 AED
Initial public offering fees collected at AED 0.02 per share	20,000,000
Less: Expenses incurred in connection with the initial public offering	(17,642,115)
	2,357,885

The net initial public offering surplus of AED 2.3 million will be transferred to the legal reserve (Note 11) on 31 December 2008.

11 Legal reserve

The UAE Federal Law No (8) of 1984, as amended, and the UAE Union Law No. 10 of 1980, as amended, require that 10% of the net profit for the year is transferred to a legal reserve, until such time as the balance in the reserve equals 50% of the issued share capital. This reserve is not available for distribution. No transfer has been made for the current period as the transfer will be determined on the basis of the results of the Bank for the period ending 31 December 2008.

12 Staff costs

	Three month period ended 30 September 2008 AED	8 January 2007 to 30 September 2008 AED
Salaries and allowances	7,720,447	13,843,903
Contribution to pension fund	169,379	310,662
	7,889,826	14,154,565

13 General and administrative expenses

	Three month period ended 30 September 2008 AED	8 January 2007 to 30 September 2008 AED
Legal and professional fees	1,799,082	3,593,418
Marketing, designing, product development and communication expenses	1,527,829	3,874,522
Rental expenses	500,000	1,500,000
Others	1,256,768	2,551,967
	5,083,679	11,519,907

14 Commitments

At 30 September 2008, the Bank had capital commitments of AED 21.88 million.

15 Related party transactions and balances

Related parties comprise shareholders, directors and key management personnel, as well as businesses controlled by shareholders, directors and key management personnel and businesses over which they exercise significant influence.

	8 January 2007 to 30 September 2008 AED
Transactions	
Remuneration to key management personnel	6,338,600

16 Comparatives

There are no comparatives as the first set of financial statements of the Bank will be prepared for the period ending 31 December 2008.