

**Ajman Bank PJSC**

**Review report and  
interim financial information  
for the nine month period ended  
30 September 2015**

## **Ajman Bank PJSC**

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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors  
Ajman Bank PJSC  
Ajman  
United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **Ajman Bank PJSC** (the “Bank”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2015, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

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

### *Conclusion*

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

### *Other matter*

The consolidated statement of financial position as at 31 December 2014 was audited by another auditor who expressed an unmodified opinion on 5 February 2015. Further, the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period ended 30 September 2014 were reviewed by another auditor who expressed an unmodified conclusion on those statements on 5 November 2014.

**Deloitte & Touche (M.E.)**




Musa Ramahi  
Partner  
Registration Number 872

25 October 2015

**Condensed consolidated statement of financial position  
at 30 September 2015**

	Notes	30 September 2015 (unaudited) AED'000	31 December 2014 (audited) AED'000
<b>ASSETS</b>			
Cash and balances with the Central Bank of UAE and other banks	6	674,166	423,252
Wakala deposits with banks and other financial institutions		647,392	1,421,355
Islamic financing and investing assets, net	7	10,990,525	8,536,309
Investment securities	8	671,243	518,547
Other assets	9	232,988	235,977
Investment property	10	52,000	52,000
Property and equipment		146,767	43,848
<b>Total assets</b>		<b>13,415,081</b>	<b>11,231,288</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Customers' deposits	11	9,426,686	8,508,742
Due to banks and other financial institutions		2,537,553	1,329,947
Other liabilities	12	254,012	289,431
<b>Total liabilities</b>		<b>12,218,251</b>	<b>10,128,120</b>
<b>Equity</b>			
Share capital	13	1,050,000	1,000,000
Statutory reserve		14,702	14,702
Fair value reserve		(17,179)	(26,407)
Retained earnings		149,307	114,873
<b>Total equity</b>		<b>1,196,830</b>	<b>1,103,168</b>
<b>Total liabilities and equity</b>		<b>13,415,081</b>	<b>11,231,288</b>



Chairman



Chief Executive Officer

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

**Condensed consolidated statement of profit or loss (unaudited)  
for the nine month period ended 30 September 2015**

	Notes	Three month period ended 30 September		Nine month period ended 30 September	
		2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
<b><i>Operating income</i></b>					
Income from Islamic financing and investing assets	14	128,117	94,473	357,428	257,805
Income from investment securities		8,017	11,757	23,027	28,251
Fees, commissions and other income		5,645	15,362	57,779	44,145
<b>Operating income before depositors' share of profit</b>		<b>141,779</b>	<b>121,592</b>	<b>438,234</b>	<b>330,201</b>
Depositors' share of profit		(45,242)	(28,424)	(128,023)	(76,291)
<b>Net operating income</b>		<b>96,537</b>	<b>93,168</b>	<b>310,211</b>	<b>253,910</b>
<b><i>Expenses</i></b>					
Staff costs		(33,878)	(34,663)	(122,159)	(106,234)
General and administrative expenses		(10,100)	(11,346)	(38,432)	(34,549)
Impairment charge on Islamic financing and investing assets		(14,343)	(22,295)	(48,297)	(55,366)
Impairment charge on other receivables		(1,249)	(862)	(2,834)	(2,257)
Depreciation of property and equipment		(4,328)	(3,457)	(12,629)	(10,437)
<b>Total expenses</b>		<b>(63,898)</b>	<b>(72,623)</b>	<b>(224,351)</b>	<b>(208,843)</b>
<b>Profit for the period</b>		<b>32,639</b>	<b>20,545</b>	<b>85,860</b>	<b>45,067</b>
<b>Earnings per share (AED)</b>	15	<b>0.0311</b>	<b>0.0195</b>	<b>0.0804</b>	<b>0.0429</b>

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

**Condensed consolidated statement of comprehensive income (unaudited)  
for the nine month period ended 30 September 2015**

	<u>Three month period ended 30 September</u>		<u>Nine month period ended 30 September</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	AED'000	AED'000	AED'000	AED'000
<b>Profit for the period</b>	<b>32,639</b>	20,545	<b>85,860</b>	45,067
<i>Other comprehensive income:</i>				
<i>Items that are or may be reclassified subsequently to statement of profit or loss</i>				
Fair value gain/(loss) on available for sale investments	1,197	(9,870)	12,536	2,856
Reclassified to statement of profit or loss on disposal of available for sale investments	(547)	(3,192)	(3,308)	(6,508)
<b>Total other comprehensive income/(loss)</b>	<b>650</b>	(13,062)	<b>9,228</b>	(3,652)
<b>Total comprehensive income for the period</b>	<b>33,289</b>	7,483	<b>95,088</b>	41,415

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

**Condensed consolidated statement of changes in equity  
for the nine months period ended 30 September 2015**

	Share capital AED'000	Statutory reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
As at 1 January 2014 - (audited)	1,000,000	7,562	(19,210)	50,617	1,038,969
Profit for the period	-	-	-	45,067	45,067
Other comprehensive loss	-	-	(3,652)	-	(3,652)
Total comprehensive income for the period	-	-	(3,652)	45,067	41,415
As at 30 September 2014 - (unaudited)	1,000,000	7,562	(22,862)	95,684	1,080,384
As at 1 January 2015 - (audited)	1,000,000	14,702	(26,407)	114,873	1,103,168
Profit for the period	-	-	-	85,860	85,860
Other comprehensive income	-	-	9,228	-	9,228
Total comprehensive income for the period	-	-	9,228	85,860	95,088
Stock dividends (Note 13)	50,000	-	-	(50,000)	-
Directors remuneration (Note 13)	-	-	-	(1,426)	(1,426)
<b>As at 30 September 2015 - (unaudited)</b>	<b>1,050,000</b>	<b>14,702</b>	<b>(17,179)</b>	<b>149,307</b>	<b>1,196,830</b>

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

**Condensed consolidated statement of cash flows (unaudited)  
for the nine month period ended 30 September 2015**

	<b>Nine month period ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Cash flows from operating activities</b>		
Profit for the period	85,860	45,067
<i>Adjustments for:</i>		
Depreciation of property and equipment	12,629	10,437
Impairment charge on financial assets	51,131	57,623
Income from investment securities	(23,027)	(28,251)
Property and equipment written off	1,496	1,667
Realised loss on sale of investment securities	3,308	-
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>131,397</b>	<b>86,543</b>
<b>Changes in operating assets and liabilities</b>		
Change in Islamic financing and investing assets	(2,502,474)	(1,913,962)
Change in Wakala deposits with banks and other financial institutions	(632,384)	160,121
Change in statutory deposit with the Central Bank	(70,885)	(58,073)
Change in other assets	(1,228)	(823,837)
Change in customers' deposits	917,944	1,437,342
Change in due to banks and other financial institutions	1,207,606	1,589,022
Change in other liabilities	(35,419)	69,969
Payment of directors remuneration	(1,426)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(986,869)</b>	<b>547,125</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(455,269)	(467,132)
Proceeds from sale of investment securities	333,748	484,657
Purchase of property and equipment	(117,044)	(8,781)
<b>Net cash (used in)/generated from investing activities</b>	<b>(238,565)</b>	<b>8,744</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(1,225,434)</b>	<b>555,869</b>
Cash and cash equivalents at the beginning of the period	1,558,904	101,385
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>333,470</b>	<b>657,254</b>

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

## Notes to the condensed consolidated financial statements for the nine month period ended 30 September 2015

### 1. Legal status and activities

Ajman Bank PJSC (the “Bank”) is incorporated as a Public Joint Stock Company. The Bank and its subsidiaries are collectively referred to as the “Group”. The Bank has its registered office at Al Sanad Building, Mushrif Area, Sheikh Zayed 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 Central Bank of the UAE to operate as a Head Office on 14 June 2008. On 1 December 2008, the Bank obtained a branch banking license from UAE Central Bank and commenced its operations on 22 December 2008.

In addition to its main office in Ajman, the Bank operates through eight branches and one pay office in the UAE. The condensed consolidated financial statements combine the activities of the Bank’s head office and its branches.

The principal activities of the Bank are to undertake banking, financing and investing activities through various Islamic financing and investment products such as Murabaha, Mudarba, Musharika, 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.

In addition to above, the Bank further carries out placement activities with different special purpose entities (SPE) which have been consolidated in these condensed consolidated financial statements in compliance with IFRS 10.

Below is a list of the subsidiaries consolidated by the Bank based on an assessment of control as follows:

Name of Subsidiary	Proportion of ownership interest		Country of incorporation	Principal activities
	2015	2014		
Ajman Assets Management	100%	100%	UAE	SPE for trading purposes
Ajman Capital Investment	100%	100%	UAE	SPE for investment purposes
Ajman Development FZE	100%	100%	UAE	SPE for trading purposes
Ajman Cars L.L.C.	100%	100%	UAE	SPE for trading purposes

The SPEs were registered in the free zone authority of Ajman in the name of Ajman Government. During the period the Bank has placed AED 43 million (2014: nil) into the Ajman Development FZE and AED 147 million (2014: nil) into Ajman Asset Management FZE, these placements are further invested by these SPEs in the Islamic institutions in the UAE.

In addition to the above, an amount of AED 120 million (2014: nil) was placed during the period ended 30 September 2015, into Ajman Cars L.L.C. a subsidiary which was incorporated on 17 November 2013, with the Bank owning 99% of the legal share capital and 100% of the beneficial ownership.

### 2. Application of new and revised International Financial Reporting Standards (“IFRSs”)

#### 2.1 New and revised IFRS applied with no material effect on the condensed consolidated financial statements

The following revised IFRS, which became effective for annual periods beginning on or after 1 January 2015, has been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current period and prior year but may affect the accounting for future transactions or arrangements.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**2.1 New and revised IFRS applied with no material effect on the condensed consolidated financial statements**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<ul style="list-style-type: none"> <li>Amendments to IAS 19 <i>Employee Benefits</i> 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.</li> </ul>	1 July 2014

**2.2 New and revised IFRS 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:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<ul style="list-style-type: none"> <li>Finalised version of IFRS 9 (IFRS 9 <i>Financial Instruments</i> (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.</li> </ul> <p>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.</p> <p>A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.</p>	1 January 2018
<ul style="list-style-type: none"> <li>IFRS 14 <i>Regulatory Deferral Accounts</i> issued in January 2014 specifies the financial reporting requirements 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.</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>IFRS 15 <i>Revenue from Contracts with Customers</i>: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.</li> </ul>	1 January 2018
<ul style="list-style-type: none"> <li>Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7 and IAS 19.</li> </ul>	1 July 2016
<ul style="list-style-type: none"> <li>Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.</li> </ul>	1 January 2016
<ul style="list-style-type: none"> <li>Amendments to IFRS 11 to clarify accounting for acquisitions of <i>Interests in Joint Operations</i>.</li> </ul>	1 January 2016

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (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)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
• 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
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2018. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group’s consolidated financial statements in respect of revenue from contracts with customers and the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

**3. Summary of significant accounting policies**

As required by the Securities and Commodities Authority of the U.A.E. (“SCA”) Notification No. 2624/2008 dated 12 October 2008, certain required accounting policies have been disclosed in the condensed consolidated financial statements.

**3.1 Basis of preparation**

The condensed consolidated financial statements of the Group are prepared under the historical cost basis except for certain financial instruments and investment properties which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”), issued by the International Accounting Standard Board (IASB) and also comply with the applicable requirements of the laws in the UAE.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**3. Summary of significant accounting policies (continued)**

**3.1 Basis of preparation (continued)**

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2014.

These condensed consolidated financial statements do not include all the information and disclosure required in full consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014. In addition, results for the period from 1 January 2015 to 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

**3.2 Basis of consolidation**

These condensed consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power over the 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 condensed consolidated financial statements comprise the financial statements of the Bank and of the subsidiaries as disclosed in Note 1 to these condensed consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

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

**3.3 Financial risk management**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014.

**3.4 Seasonality of results**

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the nine months period ended 30 September 2015 and 2014.

**3.5 Investment property**

Investment property is held to earn rental income and/or capital appreciation. Investment property includes cost of initial purchase, developments transferred from property under development, subsequent cost of development and fair value adjustments. Investment property is reflected at fair value at the condensed consolidated statement of financial position date. The 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 the price is directly observable or estimated using another valuation technique. The fair value is determined on a periodic basis by independent professional valuers. Fair value adjustments on investment property are included in the condensed consolidated statement of profit or loss in the period in which these gains or losses arise.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**4. Critical accounting judgments and key sources of estimation of uncertainty**

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

**5. Classes and categories of financial instruments**

The table below sets out the Group's classification of each class of financial assets and liabilities.

<b>At 30 September 2015 (unaudited)</b>	<b>Available for sale AED'000</b>	<b>Others at amortised cost AED'000</b>	<b>Total AED'000</b>
<b><i>Financial assets</i></b>			
Cash and balances with the Central Bank of UAE and other banks	-	674,166	674,166
Wakala deposits with banks and other financial institutions	-	647,392	647,392
Islamic financing and investing assets, net	-	10,990,525	10,990,525
Investment securities	189,304	481,939	671,243
Other assets	-	232,988	232,988
	<u>189,304</u>	<u>13,027,010</u>	<u>13,216,314</u>
<b><i>Financial liabilities</i></b>			
Customers' deposits	-	9,426,686	9,426,686
Due to banks and other financial institutions	-	2,537,553	2,537,553
Other liabilities	-	254,012	254,012
	<u>-</u>	<u>12,218,251</u>	<u>12,218,251</u>
<b>At 31 December 2014 (audited)</b>			
<b><i>Financial assets</i></b>			
Cash and balances with the Central Bank of UAE and other banks	-	423,252	423,252
Wakala deposits with banks and other financial institutions	-	1,421,355	1,421,355
Islamic financing and investing assets, net	-	8,536,309	8,536,309
Investment securities	176,928	341,619	518,547
Other assets	-	229,695	229,695
	<u>176,928</u>	<u>10,952,230</u>	<u>11,129,158</u>
<b><i>Financial liabilities</i></b>			
Customers' deposits	-	8,508,742	8,508,742
Due to banks and other financial institutions	-	1,329,947	1,329,947
Other liabilities	-	283,670	283,670
	<u>-</u>	<u>10,122,359</u>	<u>10,122,359</u>

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**6. Cash and balances with the Central Bank of UAE and other banks**

	<b>30 September 2015 (unaudited) AED'000</b>	31 December 2014 (audited) AED'000
Cash and balances with the Central Bank of UAE	663,197	413,234
Balances with other banks	10,969	10,018
	<u>674,166</u>	<u>423,252</u>

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise of the following amounts:

	<b>30 September 2015 (unaudited) AED'000</b>	30 September 2014 (unaudited) AED'000
Cash and balances with the Central Bank	663,197	340,842
Balances with other banks	10,969	63,627
	<u>674,166</u>	<u>404,469</u>
Wakala deposits with banks and other financial institutions (original maturity less than three months)	15,008	537,604
Less: Statutory reserve with the Central Bank of UAE	<u>(355,704)</u>	<u>(284,819)</u>
<b>Cash and cash equivalents</b>	<u><u>333,470</u></u>	<u><u>657,254</u></u>

The statutory reserve with the Central Bank of UAE is not available to finance the day-to-day operations of the Bank. However, as per notice 4310/2008, the Central Bank of the U.A.E. has allowed banks to borrow up to 100% of their AED and US\$ reserve requirement limit.

**7. Islamic financing and investing assets, net**

	<b>30 September 2015 (unaudited) AED'000</b>	31 December 2014 (audited) AED'000
Wakala	883,388	540,568
Murabaha financing transactions	3,528,082	2,867,683
Musharaka financing	136,790	140,030
Ijarah financing	5,739,013	3,938,664
Mudaraba financings	891,244	1,199,445
Credit cards	42,127	32,809
Istisna financing	1,699	670
	<u>11,222,343</u>	<u>8,719,869</u>
Less: Provision for impairment losses (note 7.1)	<u>(231,818)</u>	<u>(183,560)</u>
	<u><u>10,990,525</u></u>	<u><u>8,536,309</u></u>

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

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

7.1 Movement of provision for impairment losses

	<b>30 September 2015 (unaudited) AED'000</b>	<b>31 December 2014 (audited) AED'000</b>
<i>Specific</i>		
At beginning of the period/year	75,508	57,388
Charge for the period/year	20,613	18,141
Write-offs	(40)	(21)
At reporting date	<u>96,081</u>	<u>75,508</u>
<i>Collective</i>		
At beginning of the period/year	108,052	50,909
Charge for the period/year	27,685	57,143
At reporting date	<u>135,737</u>	<u>108,052</u>
<b>Total specific and collective provision</b>	<u><u>231,818</u></u>	<u><u>183,560</u></u>

**8. Investment securities**

	<b>30 September 2015 (unaudited) AED'000</b>	<b>31 December 2014 (audited) AED'000</b>
Held to maturity - listed sukuks	481,939	341,619
Available for sale - listed sukuks	189,304	173,712
Available for sale investments	-	3,216
	<u>671,243</u>	<u>518,547</u>
	<u><u>671,243</u></u>	<u><u>518,547</u></u>

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**8. Investment securities (continued)**

*Fair value hierarchy*

The financial and non-financial assets measured at fair value are set out below:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<i>Financial assets</i>				
<b>Available for sale</b>				
At 30 September 2015 (unaudited)	189,304	-	-	189,304
At 31 December 2014 (audited)	176,928	-	-	176,928
<i>Non-financial assets</i>				
<b>Investment property</b>				
At 30 September 2015 (unaudited)	-	-	52,000	52,000
At 31 December 2014 (audited)	-	-	52,000	52,000

There were no transfers between financial instruments classified within level 1, level 2, and level 3 of fair value hierarchy during the current or prior year/period.

**9. Other assets**

	30 September 2015 (unaudited) AED'000	31 December 2014 (audited) AED'000
Accrued income on Islamic financing and investing assets	46,149	42,552
Accrued income on investment securities	7,865	4,766
Prepaid expenses	20,147	6,282
Staff advances	9,990	7,788
Acceptances	82,892	129,146
Other	65,945	45,443
	<u>232,988</u>	<u>235,977</u>

**10. Investment property**

The carrying amount of investment property is the fair value of the property as determined by a registered independent appraiser in the recent appraisal as at 31 December 2014, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The Bank's management reassessed this valuation internally during the nine month period ended 30 September 2015 and no significant changes were noted. The fair value of the Bank's investment property is based on unobservable inputs i.e. level 3.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**11. Customers' deposits**

	<b>30 September 2015 (unaudited) AED'000</b>	<b>31 December 2014 (audited) AED'000</b>
Current accounts	1,600,838	1,204,405
<i>Mudarba deposits:</i>		
Savings accounts	116,380	122,872
Term deposits	160,722	126,707
	<u>1,877,940</u>	<u>1,453,984</u>
Wakala deposits	7,383,322	6,927,654
Escrow accounts	85,976	70,014
Margin accounts	79,448	57,090
	<u>9,426,686</u>	<u>8,508,742</u>

**12. Other liabilities**

	<b>30 September 2015 (unaudited) AED'000</b>	<b>31 December 2014 (audited) AED'000</b>
Accrued profit on customers' deposits and placements by banks	61,838	49,209
Provisions for staff salaries benefits	10,860	5,761
Managers' cheques	37,527	61,722
Acceptances	82,892	129,146
Other	60,895	43,593
	<u>254,012</u>	<u>289,431</u>

**13. Share capital**

	<b>30 September 2015 (unaudited) AED'000</b>	<b>31 December 2014 (audited) AED'000</b>
<i>Issued and fully paid:</i>		
1,050,000,000 (31 December 2014: 1,000,000,000) shares of AED 1 each	<u>1,050,000</u>	<u>1,000,000</u>

During the period ended 30 September 2015, stock dividends of 5% of paid up capital amounting to AED 50,000,000 was approved by the shareholders at the annual general meeting held on the 15th of April 2015. Further AED 1,425,640 as Directors' remuneration was also approved.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**14. Income from Islamic financing and investing assets**

	<b>Nine month period ended 30 September</b>	
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
Income from Wakala Deposits with banks	<b>6,953</b>	4,944
Income from Murabaha financing transactions	<b>159,084</b>	93,041
Income from Ijarah financing	<b>156,512</b>	114,050
Income from Mudaraba financing	<b>29,828</b>	43,323
Income from Musharaka financing	<b>5,051</b>	2,447
	<b>357,428</b>	257,805

**15. Earnings per share**

Earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	<b>Three month period ended 30 September</b>		<b>Nine months period ended 30 September</b>	
	<b>2015</b>	2014	2015	2014
	<b>Unaudited</b>	Unaudited	Unaudited	Unaudited
<b>Basic earnings per share</b>				
Profit for the period (AED'000)	<b>32,639</b>	20,545	<b>85,860</b>	45,067
Directors remunerations (AED'000)	-	-	<b>(1,426)</b>	-
	<b>32,639</b>	20,545	<b>84,434</b>	45,067
Weighted average number of shares outstanding during the period (in thousands)	<b>1,050,000</b>	1,050,000	<b>1,050,000</b>	1,050,000
<b>Basic earnings per share (AED)</b>	<b>AED 0.0311</b>	AED 0.0195	<b>AED 0.0804</b>	AED 0.0429

As at 30 September 2015 and 2014, there were no potential dilutive shares outstanding.

The weighted average number of ordinary shares in issue throughout the periods ended 30 September 2014 has been adjusted to reflect the bonus shares issued during the period ended 30 September 2015.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**16. Related parties transactions**

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. Following are the transactions and balances with related parties on mutually agreed terms:

**Transactions**

Transactions with related parties are shown below:

	<b>Nine month period ended</b>					
	<b>30 September 2015 - (unaudited)</b>			<b>30 September 2014 - (unaudited)</b>		
	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>
Depositors' share of profit	33,548	667	34,215	28,457	61	28,518
Income from Islamic financing and investing assets	27,720	3,266	30,986	15,037	5,843	20,880
Rental expenses	459	638	1,097	-	2,571	2,571

**Balances**

Balances with related parties at the reporting date are shown below:

	<b>30 September 2015 - (unaudited)</b>			<b>31 December 2014 - (audited)</b>		
	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>	<b>Major shareholders AED'000</b>	<b>Director and other related parties AED'000</b>	<b>Total AED'000</b>
Islamic financing and investing assets	1,465,583	69,344	1,534,927	656,415	70,986	727,401
Customers' deposits	2,796,355	55,497	2,851,852	2,117,335	31,749	2,149,084

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**16. Related parties transactions (continued)**

*Compensation of directors and management personnel*

Key management compensation is as shown below:

	<b>Nine month period ended 30 September</b>	
	<b>2015</b>	2014
	<b>Unaudited AED'000</b>	Unaudited AED'000
Short term employment benefits	<b>13,182</b>	10,542
Terminal benefits	<b>752</b>	652
	<b>13,934</b>	11,194

**17. Contingencies and commitments**

*Capital commitments*

At 30 September 2015, the Group had outstanding capital commitments of AED 5.8 million (31 December 2014: AED 10.4 million), which will be funded within the next twelve months.

*Credit related commitments and contingencies*

Credit related commitments include commitments to extend credit which are designed to meet the requirements of the Group's customers.

The Group had the following credit related commitments and contingent liabilities:

	<b>30 September 2015 (unaudited) AED'000</b>	31 December 2014 (audited) AED'000
Commitments to extend credit	<b>1,027,037</b>	666,100
Letters of credit	<b>205,577</b>	165,621
Letters of guarantee	<b>409,818</b>	323,849
	<b>1,642,432</b>	1,155,570

**18. Segment analysis**

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

For operating purposes, the Group is organised into business segments:

- (i) Retail and corporate banking, which principally provides loans and other credit facilities, deposits and current accounts for corporate, government, institutional and individual customers; and
- (ii) Treasury, which involves the management of the Group's investment portfolio.

These segments are the basis on which the Group reports its segment information. Transactions between segments are conducted at rates determined by management, taking into consideration the cost of funds and an equitable allocation of expenses.

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**18. Segment analysis (continued)**

*Segment results of operations*

The segment information provided to the Board for the reportable segments are as follows:

<b>Nine month period ended 30 September 2015 unaudited)</b>	<b>Retail banking AED'000</b>	<b>Corporate banking AED'000</b>	<b>Treasury AED'000</b>	<b>Other AED'000</b>	<b>Total AED'000</b>
Net income from Islamic financing and investing assets	71,090	150,472	7,843	-	229,405
Income from investment securities	-	-	22,795	232	23,027
Impairment charges on financial assets	(23,656)	(25,263)	(2,212)	-	(51,131)
Net fee and other income	16,519	37,448	3,812	-	57,779
Staff cost	(46,761)	(12,967)	(2,266)	(60,165)	(122,159)
General and administrative expenses	(14,124)	(2,018)	-	(22,290)	(38,432)
Depreciation of property and equipment	-	-	-	(12,629)	(12,629)
<b>Operating profit/(loss) - (unaudited)</b>	<b>3,068</b>	<b>147,672</b>	<b>29,972</b>	<b>(94,852)</b>	<b>85,860</b>
<b>Nine month period ended 30 September 2014 (unaudited)</b>					
Net income from Islamic financing and investing assets	43,060	132,151	6,303	-	181,514
Income from investment securities	-	-	25,113	3,138	28,251
Impairment charges on financial assets	(15,600)	(39,077)	(2,946)	-	(57,623)
Net fee and other income	16,027	19,469	8,058	591	44,145
Staff cost	(39,615)	(12,781)	(2,445)	(51,393)	(106,234)
General and administrative expenses	(14,419)	(1,605)	-	(18,525)	(34,549)
Depreciation of property and equipment	-	-	-	(10,437)	(10,437)
<b>Operating (loss)/profit - (unaudited)</b>	<b>(10,547)</b>	<b>98,157</b>	<b>34,083</b>	<b>(76,626)</b>	<b>45,067</b>
<b>As at 30 September 2015</b>					
<b>Total assets - (unaudited)</b>	<b>2,602,136</b>	<b>8,423,198</b>	<b>1,512,077</b>	<b>877,670</b>	<b>13,415,081</b>
<b>Total liabilities - (unaudited)</b>	<b>1,381,526</b>	<b>9,938,550</b>	<b>603,673</b>	<b>294,802</b>	<b>12,218,251</b>
<b>As at 31 December 2014</b>					
Total assets - (audited)	1,947,728	6,589,442	2,112,081	582,037	11,231,288
Total liabilities - (audited)	1,821,076	7,947,706	69,826	289,512	10,128,120

**Notes to the condensed consolidated financial statements  
for the nine month period ended 30 September 2015 (continued)**

**19. Capital adequacy ratio**

The capital adequacy ratio is computed based on circulars issued by the U.A.E. Central Bank.

		<b>30 September 2015 (unaudited) AED'000</b>	<b>31 December 2014 (audited) AED'000</b>
<i>Capital base</i>			
Tier 1 capital		<b>1,214,009</b>	1,129,575
Tier 2 capital		<b>118,558</b>	81,645
<b>Total capital base</b>	<b>(A)</b>	<b>1,332,567</b>	<b>1,211,220</b>
<i>Risk-weighted assets</i>			
Credit risk		<b>10,011,498</b>	8,281,904
Market risk		<b>768</b>	-
Operational risk		<b>348,279</b>	348,279
<b>Total risk-weighted assets</b>	<b>(B)</b>	<b>10,360,545</b>	<b>8,630,183</b>
<b>Risk asset ratio (%) [(A)/(B) x 100]</b>		<b>12.86%</b>	<b>14.03%</b>

**20. Approval of condensed consolidated financial statements**

The condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on 25 October 2015.