

National Bank of Fujairah PSC
Condensed consolidated interim financial statements – (Un-audited)
For the six month period ended 30 June 2009

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For the six month period ended 30 June 2009

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Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders National Bank of Fujairah PSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Bank of Fujairah ("the Bank") and its subsidiaries (together referred to as "the Group") as at 30 June 2009 and the condensed consolidated interim statement of comprehensive income (comprising a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim income statement), condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six month period then ended (the condensed consolidated interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendra Nath Malhotra
Registration No: 48B

27 JUL 2009

National Bank of Fujairah PSC

Condensed consolidated interim statement of financial position – (Un-audited)

As at 30 June 2009

	Note	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
Assets			
Cash and balances with UAE Central Bank		1,807,464	1,735,449
Due from banks	5	703,393	437,298
Loans and advances	6 & 7	8,358,757	9,037,759
Investments	8	875,081	1,034,941
Property and equipment		91,252	90,908
Intangible assets		16,835	19,425
Capital work in progress		1,854	1,199
Other assets		545,620	475,175
Total assets		12,400,256	12,832,154
Liabilities			
Due to banks	9	607,938	944,892
Medium term borrowings	9	1,165,318	1,164,506
Customer deposits	10	8,409,167	8,603,041
Other liabilities		596,351	561,162
Total liabilities		10,778,774	11,273,601
Shareholders' equity			
Share capital	11	1,100,000	1,100,000
Statutory reserve		227,929	227,929
Special reserve		122,929	122,929
Available for sale revaluation reserve		(20,907)	(23,162)
Retained earnings		191,531	130,857
Total shareholders' equity		1,621,482	1,558,553
Total liabilities and shareholders' equity		12,400,256	12,832,154

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 July 2009 and are signed on their behalf by:


 Michael J Connor
 Acting Chief Executive Officer


 Adnan Anwar
 Head of Finance

The Independent auditors' review report is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of income – (Un-audited)

For the six month period ended 30 June 2009

	Note	Six month period ended 30 Jun 2009	Six month period ended 30 Jun 2008	Three month period ended 30 Jun 2009	Three month period ended 30 Jun 2008
		AED'000	AED'000	AED'000	AED'000
Interest income		341,297	314,943	159,693	145,759
Interest expense		(187,042)	(153,420)	(82,065)	(59,209)
Net interest income		154,255	161,523	77,628	86,550
Net fees and commission income		63,525	80,410	37,024	45,859
Foreign exchange income		18,319	19,644	9,365	10,820
Net gain on revaluation of derivative financial instruments		-	1,588	-	-
Other operating income		3,783	3,187	1,740	871
		239,882	266,352	125,757	144,100
Impairment losses (net) on loans and advances	7	(89,264)	(564)	(65,108)	(1,141)
Investment income / (losses)		32,257	(19,608)	33,054	10,646
Net operating income		182,875	246,180	93,703	153,605
Operating expenses					
Employee benefits expense		(84,315)	(71,901)	(41,715)	(40,808)
Depreciation and amortised cost		(7,857)	(6,013)	(4,246)	(2,950)
Other operating expenses		(30,029)	(14,761)	(17,402)	(11,777)
Total operating expenses		(122,201)	(92,675)	(63,363)	(55,535)
Profit for the period		60,674	153,505	30,340	98,070
Earnings per share (basic and diluted)	12	AED 0.06	AED 0.14	AED 0.03	AED 0.09

Appropriations have been reflected in condensed consolidated interim statement of changes in equity.

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

The Independent auditors' review report is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of comprehensive income – (Un-audited)

For the six month period ended 30 June 2009

	Six month period ended 30 Jun 2009	Six month period ended 30 Jun 2008	Three month period ended 30 Jun 2009	Three month period ended 30 Jun 2008
Note	AED'000	AED'000	AED'000	AED'000
Profit for the period	60,674	153,505	30,340	98,070
Other comprehensive income:				
<i>Changes in available-for-sale investments:</i>				
Adjustment on maturity of available-for-sale investment	500	-	-	-
Amortisation of reclassified investments	2,855	-	1,436	-
Revaluation of available-for-sale investments	(1,100)	(360)	(1,269)	(360)
Net change in available-for-sale investments	2,255	(360)	167	(360)
Total comprehensive income for the period	62,929	153,145	30,507	97,710

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

The Independent auditors' review report is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of cash flows – (Un-audited)

For the six month period ended 30 June 2009

		Six month period ended 30 Jun 2009	Six month period ended 30 Jun 2008
	Note	AED'000	AED'000
Operating activities			
Profit for the period		60,674	153,505
Adjustments for:			
Depreciation and amortised cost		7,857	6,013
Impairment losses (net)		89,264	564
Realised gains on investments		(24,930)	(1,657)
Unrealised (gains) / losses on investments		(7,327)	21,265
		-----	-----
Operating profit before working capital changes		125,538	179,690
Change in due from banks		10,252	-
Change in loans and advances (net)		589,738	(1,192,161)
Change in other assets		(70,445)	(165,115)
Change in due to banks		13,723	38,445
Change in customer deposits		(193,874)	87,991
Change in other liabilities		35,189	282,262
		-----	-----
Net cash generated from / (used in) operating activities		510,121	(768,888)
Investing activities			
Purchase of property and equipment and capital work in progress		(6,266)	(5,181)
Purchase of investments		(298,416)	(432,791)
Proceeds from sale of investments		492,788	149,498
		-----	-----
Net cash generated from / (used in) investing activities		188,106	(288,474)
Financing activities			
Directors' attendance fees		-	(2,200)
Cash dividend		-	(165,000)
Change in syndicated and subordinated borrowing		812	-
		-----	-----
Net cash generated from / (used in) financing activities		812	(167,200)
		-----	-----
Net change in cash and cash equivalents		699,039	(1,224,562)
Cash and cash equivalents at beginning of the period		1,292,234	2,016,671
		-----	-----
Cash and cash equivalents at end of the period	15	1,991,273	792,109
		=====	=====

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The Independent auditors' review report is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of changes in equity – (Un-audited)

For the six month period ended 30 June 2009

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	Retained earnings AED'000	Available for sale revaluation reserve AED'000	Proposed Directors' Fees AED'000	Proposed dividends AED'000	Total AED'000
At 1 January 2008	1,100,000	227,929	122,929	181,127	-	2,200	165,000	1,799,185
Total comprehensive income for the period	-	-	-	153,505	(360)	-	-	153,145
2007 directors' fees paid	-	-	-	-	-	(2,200)	-	(2,200)
Dividends	-	-	-	-	-	-	(165,000)	(165,000)
At 30 June 2008	1,100,000	227,929	122,929	334,632	(360)	-	-	1,785,130
At 1 January 2009	1,100,000	227,929	122,929	130,857	(23,162)	-	-	1,558,553
Total comprehensive income for the period	-	-	-	60,674	2,255	-	-	62,929
At 30 June 2009	1,100,000	227,929	122,929	191,531	(20,907)	-	-	1,621,482

The notes on pages 7 to 17 form an integral part of these condensed consolidated interim financial statements.

The Independent auditors' review report is set out on page 1.

National Bank of Fujairah PSC

Notes to the condensed consolidated interim financial statements (Un-audited)

For the six month period ended 30 June 2009

1. Legal status and activities

National Bank of Fujairah ("the Bank") is a Public Shareholding Company registered under the laws of the United Arab Emirates. The Bank operates under a banking license issued on 29 August 1984 by the Central Bank of the United Arab Emirates and commenced operations on 20 September 1984. The shares of the Bank were listed on Abu Dhabi Securities Exchange on 23 October 2005.

The principal activity of the Bank is commercial banking which is carried out from its twelve branches in Fujairah, Abu Dhabi, Dubai, Sharjah, Dibba, Jebel Ali, Musaffah, Masafi, Qidfah, Deira, Ajman and Tawian.

The Bank has two fully owned subsidiary companies:

- NBF Financial Services FZC was established in December 2004 with limited liability status in the Fujairah Free Trade Zone to provide support services to the Bank.
- NBF Securities LLC ("the Company") is registered in the Emirate of Fujairah as a limited liability company under United Arab Emirates ("UAE") law and regulations. The Company was established on 30 April 2006 and commenced operations on 21 May 2006 through a branch in the Emirate of Dubai. The principal activity of the Company is to deal in local shares and bonds. The Board of Directors of the Company resolved on 26 November 2008 to close the Company with immediate effect. The Securities & Commodities Authority (SCA), through their letter dated 8 April 2009 has advised the Group about the cancellation of the Company from the broker register and revocation of the license to carry out the work of the financial intermediation. Accordingly, the Group has initiated the legal formalities in this respect.

The condensed consolidated interim financial statements of the Bank for the six month period ended 30 June 2009 comprise the Bank and its subsidiaries (together referred to as "the Group").

The registered address of the Group is Hamad Bin Abdullah Street, P O Box 887, Fujairah, United Arab Emirates.

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: *Interim Financial Reporting*. These financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2008.

3. Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2008.

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Notes *(continued)*

3. Significant accounting policies *(continued)*

However, the Group has adopted IAS 1 'Presentation of financial statements' (Revised 2007) and IFRS 8 'Operating segments' for the first time in preparation of these condensed consolidated interim financial statements. These new and revised IASs, which became applicable for annual periods beginning on or after 1 January 2009, affects the presentation and disclosure of these condensed consolidated interim financial statements and does not affect the Group's reported profit or loss or equity.

IAS 1 – Presentation of financial statements (Revised 2007)

The revised IAS introduces the term 'total comprehensive income' which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The Group has applied the revised IAS 1 retrospectively and has adopted two statement approach to present comprehensive income i.e. income statement and a separate statement of comprehensive income. Further the revised IAS 1 has also changed the title of 'balance sheet' to 'statement of financial position'.

IFRS 8 – Operating segments

The Group has presented the segment information in respect of its business and geographical segments.

Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2008.

4. Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2008.

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Notes (continued)

5. Due from banks	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
By geographical area		
Within UAE	683,435	389,899
OECD countries	17,679	39,104
GCC countries	1,821	7,881
Others	458	414
	<u>703,393</u>	<u>437,298</u>
	=====	=====
6. Loans and advances	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
6.1 Loans and advances by type:		
Overdrafts	1,177,703	1,041,783
Term loans	5,088,758	5,271,382
Loans against trust receipts	887,630	1,122,543
Bills discounted	1,165,812	1,206,338
Bills drawn under letters of credit	415,646	683,241
	<u>8,735,549</u>	<u>9,325,287</u>
	-----	-----
Allowance for impairment losses (note 7)	(376,792)	(287,528)
	<u>8,358,757</u>	<u>9,037,759</u>
	=====	=====
6.2 Contingent liabilities and commitments		
<p>Contingent liabilities represent credit related commitments under letters of credit and guarantees which are designed to meet the requirements of the Group's customers towards third parties. Commitments represent contractually binding commitments to extend credit and other capital expenditure commitments of the Group which are undrawn at the date of statement of financial position.</p>		
	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
Contingent liabilities:		
- Letters of credit covering movement of goods	1,093,694	906,667
- Financial guarantees and other direct credit substitutes	392,015	315,685
- Bid bonds, performance bonds and other transaction related contingencies	3,241,491	3,536,003
	<u>4,727,200</u>	<u>4,758,355</u>
	=====	=====
Other contingent liabilities:		
- Credit related	5,382,024	4,465,211
- Others	8,231	11,006
	<u>5,390,255</u>	<u>4,476,217</u>
	=====	=====

National Bank of Fujairah PSC

Notes (continued)

6. Loans and advances (continued)

These contingent liabilities and commitments have off balance sheet credit risk as only the related fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expired. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

7. Allowance for impairment losses on loans and advances

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
Movement in allowances for impairment losses		
Balance at 1 January	287,528	107,805
Provided during the period / year	103,619	184,659
Released during the period / year	(14,355)	(4,936)
Net allowance for impairment losses	<u>89,264</u>	<u>179,723</u>
Balance at 30 June / 31 December	<u><u>376,792</u></u>	<u><u>287,528</u></u>

8. Investments

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
Investments at fair value through income statement (FVPL)		
Designated:		
Debt securities (note 8.1)	135,606	348,735
Externally managed portfolios (note 8.2)	72,941	204,316
Overseas trust (note 8.3)	10,646	10,620
Other investments (note 8.4)	11,938	12,500
	<u>231,131</u>	<u>576,171</u>
Held to maturity (HTM)		
Debt securities (note 8.1)	333,040	341,099
Available for sale (AFS)		
Debt securities (note 8.1)	310,910	117,671
	<u><u>875,081</u></u>	<u><u>1,034,941</u></u>

National Bank of Fujairah PSC

Notes (continued)

8. Investments (continued)

- 8.1 **Debt securities** represent the Group's investments in bonds and notes. These include floating rate securities amounting to **AED 749 million** (31 Dec 2008: AED 770 million). These securities are quoted on internationally recognized platforms of Reuter and Bloomberg and are liquid in normal market conditions.
- 8.2 **Externally managed portfolios** include various international funds and funds with no fixed maturities and coupon rates. The portfolio is segregated into liquid and growth portfolios (with a view to enhancing returns on liquid funds and profitability respectively). The fair values of these investments are based on the net asset values provided by the fund managers. During the six month period, the management has liquidated significant component of investment portfolio with a view to enhance focus on core business.
- 8.3 **Overseas trust investment** represents funds invested in a bond through a discretionary trust to secure employee termination benefits calculated in accordance with UAE Labour Laws.
- 8.4 **Other investments** mainly comprise investments in private equity.
- 8.5 The counterparty dispersion of the investment portfolio is set out below:

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
Government	643,435	565,097
Banks and financial institutions	102,345	205,318
Others	129,301	264,526
	----- 875,081 =====	----- 1,034,941 =====

- 8.6 The geographic dispersion of the investment portfolio is as follows:

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
Within UAE	681,912	706,506
GCC Countries	52,483	80,612
OECD Countries	131,808	226,206
Others	8,878	21,617
	----- 875,081 =====	----- 1,034,941 =====

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Notes (continued)

9. Due to banks and medium term borrowings

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
<i>By type:</i>		
Syndicated borrowings from banks (note 9.1)	765,318	764,506
Term loan subordinated facility (note 9.2)	400,000	400,000
	-----	-----
	1,165,318	1,164,506
Short term borrowings	607,938	944,892
	-----	-----
	1,773,256	2,109,398
	=====	=====
<i>By geographical area:</i>		
Within UAE	284,277	467,059
GCC Countries	117	125,192
OECD Countries	1,487,452	1,516,323
Others	1,410	824
	-----	-----
	1,773,256	2,109,398
	=====	=====

- 9.1 On 31 July 2008, the Group arranged a term loan facility of AED 761.45 million (comprising US\$ 190 million and Euro 13 million) through a syndicate of banks. The facility carries a floating interest rate which is the aggregate of margin and LIBOR and is repayable in full on 25 June 2011 (US Dollar loan) and 31 July 2011 (Euro loan) respectively.

The Group is required to maintain a minimum capital adequacy ratio calculated on the basis of Basel Accord as applicable in the UAE and to maintain a minimum tangible net worth of US\$ 350 million.

- 9.2 On 19 August 2008, the Group has arranged a term subordinated loan facility with a finance company amounting to AED 400 million. The facility carries interest rate which is the aggregate of margin and EIBOR. Interest is payable quarterly commencing from 19 November 2008. As per the terms of the facility the full principal amount of the facility is to be repaid on 19 August 2018. The Central Bank of the UAE has approved the facility to be considered as Tier 2 capital for regulatory purposes.

National Bank of Fujairah PSC

Notes (continued)

10 Customer deposits

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
<i>By type</i>		
Demand and margin deposits	1,740,186	1,570,289
Saving deposits	35,353	45,262
Fixed term and notice deposits (note 10.1 & 10.2)	6,633,628	6,987,490
	<u>8,409,167</u>	<u>8,603,041</u>
<i>By geographical area</i>		
Within UAE	8,359,362	8,437,770
Others	49,805	165,271
	<u>8,409,167</u>	<u>8,603,041</u>

- 10.1 The Group has arranged facilities aggregating to AED 643 million in October and November 2008 from the Ministry of Finance of the UAE. These facilities are arranged for a period of 3 to 5 years subject to certain conditions to be adhered to during the tenure of the facilities and are payable in full on maturity. The facilities carry interest rate of US Treasury 5 year notes plus margin, payable quarterly.
- 10.2 Fixed term and notice deposits include structured deposit notes which are fair valued through income statement amounting to AED 240 million (31 December 2008: AED 438 million), being the fair value as at 30 June 2009.

11. Shareholders' equity

Share capital

	30 Jun 2009 AED'000	31 Dec 2008 AED'000 Audited
<i>Authorised, issued and fully paid:</i>		
1,100,000,000 shares of AED 1 each (2008: 1,100,000,000 shares of AED 1 each)	1,100,000	1,100,000

12. Earnings per share

The calculation of earnings per share for the six month period ended 30 June 2009 is based on earnings of AED 60,674,000 (30 June 2008: AED 153,505,000) divided by the weighted average number of shares of 1,100,000,000 (30 June 2008: 1,100,000,000 shares) outstanding during the period.

The calculation of earnings per share for the three month period ended 30 June 2009 is based on earnings of AED 30,340,000 (30 June 2008: AED 98,070,000) divided by the weighted average number of shares of 1,100,000,000 (30 June 2008: 1,100,000,000 shares) outstanding during the period.

National Bank of Fujairah PSC

Notes (continued)

13. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Group, related parties, as defined in the International Accounting Standard No. 24, include major shareholders of the Group, directors and officers of the Group and companies of which they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The significant transactions included in the financial statements are as follows:-

	30 June 2009 AED'000	Average balances during 2009 AED'000	31 December 2008 AED'000 Audited	Average balances during 2008 AED'000 Audited
Items of statement of financial position				
Loans and advances	266,514	255,725	279,036	222,147
Customer deposits	1,648,556	1,774,971	1,786,869	1,329,210
Letters of credit	108,556	92,901	125,911	90,326
Acceptances and other direct credit substitutes	20,350	19,600	37,016	34,711
Transaction related contingencies	144,952	139,755	135,041	131,547

	30 Jun 2009 AED'000	30 Jun 2008 AED' 000
Items of income statement		
Interest income	7,701	5,815
Interest expense	44,136	8,626
Other income	2,036	2,731
Key management personnel		
Salaries and other short-term benefits	6,993	6,195
Employee terminal and other long-term benefits	186	122

National Bank of Fujairah PSC

Notes (continued)

14. Capital adequacy ratio

The Central Bank's guidelines prescribe a ratio of 10% of total capital to total risk weighted assets to be maintained, which on unconsolidated basis is analyzed as follows:

	AED'000 30 Jun 2009	AED'000 31 Dec 2008
		Audited
Tier 1 Capital		
Share capital	1,100,000	1,100,000
Statutory reserve	227,929	227,929
Special reserve	122,929	122,929
Retained earnings	141,264	186,887
Total Tier 1	1,592,122	1,637,745
Tier 2 Capital		
Available-for-sale revaluation reserve	(20,907)	(23,162)
Term loan subordinated facility (note 9.2)	400,000	400,000
General provision	97,568	89,358
Total Tier 2	476,661	466,196
Deductions from Tier 1 and Tier 2 Capital		
Investments in unconsolidated subsidiaries	(30,150)	(30,150)
Total capital base (a)	2,038,633	2,073,791
Risk weighted assets		
	Risk-weighted equivalent AED'000''	Risk-weighted equivalent AED' '000 ''
Credit risk	10,662,293	11,712,474
Market risk	2,278	2,864
Operational risk	733,235	547,571
Total risk weighted assets (b)	11,397,806	12,262,909
Capital adequacy ratio (a) / (b) - %	17.89	16.91
Capital adequacy ratio (Basel I)	18.40	17.75

National Bank of Fujairah PSC

Notes (continued)

15. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition:

	30 Jun 2009 AED'000	30 Jun 2008 AED'000
Cash on hand	68,272	53,288
Balances with Central Bank of UAE	1,739,192	1,295,797
Due from banks	703,393	399,835
	-----	-----
	2,510,857	1,748,920
Due to banks	(519,584)	(956,811)
	-----	-----
	1,991,273	792,109
	=====	=====

16. Segmental analysis

The Group uses business segments for presenting its segment information in line with the Group's management and internal reporting structure. The Group's operations are confined mainly in the UAE.

Business segments pay and receive interest, to and from, Treasury on an arm's length basis to reflect allocation of capital and funding costs.

Business segments

The Group conducts its activity through the following clearly defined business segments:

Wholesale banking

The segment offers a range of products and services including credit and trade finance products, and services to large sized and small to medium size corporate customers through separate units and to financial institutions, and accepts deposits.

Retail banking

The segment offers a range of products and services to individuals and high networth individuals including personal and mortgage loans, credit cards, investment products, other transactions and balances, and accepts their deposits. The segment also offers transactional services to small-sized businesses.

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Notes (continued)

16. Segmental analysis (continued)

Treasury and investments

The segment undertakes the Group's liquidity management centrally and is responsible for optimum utilization of resources in productive assets and management of exchange and interest positions within the limits and guidelines set by management and approved by the Board. Treasury also offers various foreign exchange and derivative products to customers and is entrusted with the responsibility of managing the Group's investment portfolio together with Asset and Liability Committee (ALCO).

Head Office and others

The Group has central shared services which include Operations, Risk Management, Human Resources, Finance and Information Technology which are recognized centrally under Head Office. The Group's capital and investments in subsidiaries are recognized under Head Office.

The segment analysis is set out below:

2009	Wholesale Banking	Retail Banking	Treasury & Investments	Head Office & Others	Consolidated
AED "000".....				
Six month period ended					
30 June 2009					
Segment revenue	194,993	41,572	7,164	28,410	272,139
Cost					(114,344)
Impairment losses					(89,264)
Depreciation and amortization					(7,857)
Profit					60,674
30 June 2009					
Segment assets	7,940,828	731,223	3,550,441	67,823	12,290,315
Segment liabilities	7,928,467	1,159,728	1,612,728	77,851	10,778,774
Capital expenditure				5,954	5,954
2008	Wholesale Banking	Retail Banking	Treasury & Investments	Head Office & Others	Consolidated
AED "000".....				
Six month period ended					
30 June 2008					
Segment revenue	183,326	38,285	(25,417)	50,550	246,744
Cost					(86,662)
Impairment losses					(564)
Depreciation and amortization					(6,013)
Profit					153,505
31 December 2008					
Segment assets	8,569,892	874,461	3,229,491	46,778	12,720,622
Segment liabilities	7,571,752	1,560,302	1,975,135	166,412	11,273,601
Capital expenditure				18,295	18,295

17. Comparative figures

Certain comparative figures have been re-classified where necessary to conform to the current period's presentation.