

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

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For the nine month period ended 30 September 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 September 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 nine 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 September 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Munther Dajani
Registration No.268

28 OCT 2009

National Bank of Fujairah PSC

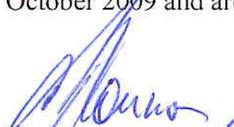
Condensed consolidated interim statement of financial position – (Un-audited)

As at 30 September 2009

	Note	30 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
Assets			
Cash and balances with UAE Central Bank		2,232,860	1,735,449
Due from banks	5	173,110	437,298
Loans and advances	6 & 7	8,353,117	9,037,759
Investments	8	846,877	1,034,941
Property and equipment		91,194	90,908
Intangible assets		15,540	19,425
Capital work in progress		1,360	1,199
Other assets		548,720	475,175
Total assets		12,262,778	12,832,154
Liabilities			
Due to banks	9	634,668	944,892
Medium term borrowings	9	1,167,557	1,164,506
Customer deposits	10	8,191,980	8,603,041
Other liabilities		632,105	561,162
Total liabilities		10,626,310	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		(15,456)	(23,162)
Retained earnings		201,066	130,857
Total shareholders' equity		1,636,468	1,558,553
Total liabilities and shareholders' equity		12,262,778	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 28 October 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 nine month period ended 30 September 2009

	Note	Nine month period ended 30 Sep 2009	Nine month period ended 30 Sep 2008	Three month period ended 30 Sep 2009	Three month period ended 30 Sep 2008
		AED'000	AED'000	AED'000	AED'000
Interest income		497,461	478,644	156,164	163,701
Interest expense		(263,296)	(225,928)	(76,254)	(72,508)
Net interest income		<u>234,165</u>	<u>252,716</u>	<u>79,910</u>	<u>91,193</u>
Net fees and commission income		100,822	123,574	37,297	43,164
Foreign exchange income		26,532	30,746	8,213	11,102
Net gain on revaluation of derivative financial instruments		-	1,588	-	-
Other operating income		5,660	4,749	1,877	1,562
		<u>367,179</u>	<u>413,373</u>	<u>127,297</u>	<u>147,021</u>
Investment income / (losses)		39,994	(129,717)	7,737	(110,109)
Operating income		<u>407,173</u>	<u>283,656</u>	<u>135,034</u>	<u>36,912</u>
Operating expenses					
Employee benefits expense		(124,377)	(111,808)	(40,062)	(39,907)
Depreciation and amortised cost		(11,847)	(9,094)	(3,990)	(3,081)
Other operating expenses		(41,030)	(26,085)	(11,001)	(11,324)
Total operating expenses		<u>(177,254)</u>	<u>(146,987)</u>	<u>(55,053)</u>	<u>(54,312)</u>
Operating profit		229,919	136,669	79,981	(17,400)
Impairment losses (net) on loans and advances	7	(159,710)	(69,692)	(70,446)	(69,128)
Profit for the period		<u>70,209</u>	<u>66,977</u>	<u>9,535</u>	<u>(86,528)</u>
Earnings/(loss) per share (basic and diluted)	12	<u>AED 0.06</u>	<u>AED 0.06</u>	<u>AED 0.01</u>	<u>(AED 0.09)</u>

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 nine month period ended 30 September 2009

	Nine month period ended 30 Sep 2009 AED'000	Nine month period ended 30 Sep 2008 AED'000	Three month period ended 30 Sep 2009 AED'000	Three month period ended 30 Sep 2008 AED'000
Profit for the period	70,209	66,977	9,535	(86,528)
Other comprehensive income:				
<i>Changes in available-for-sale investments:</i>				
Adjustment on maturity of available-for- sale investment	500	-	-	-
Amortisation of reclassified investments	5,980	-	3,125	-
Revaluation of available-for-sale investments	1,226	(23,600)	2,326	(23,240)
Net change in available-for-sale- investments	7,706	(23,600)	5,451	(23,240)
Total comprehensive income for the period	77,915	43,377	14,986	(109,768)

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 nine month period ended 30 September 2009

		Nine month period ended 30 Sep 2009	Nine month period ended 30 Sep 2008
	<i>Note</i>	AED'000	AED'000
Operating activities			
Profit for the period		70,209	66,977
Adjustments for:			
Depreciation and amortised cost		11,847	9,094
(Gain) / loss on disposal of property and equipment		(86)	-
Impairment losses (net)		159,710	69,692
Realised gains on investments		(24,797)	(10,057)
Unrealised (gains) / losses on investments		(15,197)	139,774
		<hr/>	<hr/>
Operating profit before working capital changes		201,686	275,480
Change in due from banks		10,252	-
Change in loans and advances (net)		524,932	(2,834,743)
Change in other assets		(73,545)	76,066
Change in due to banks		22,827	(118,774)
Change in customer deposits		(411,061)	828,027
Change in other liabilities		73,143	11,517
		<hr/>	<hr/>
Net cash generated from / (used in) operating activities		348,234	(1,762,427)
Investing activities			
Purchase of property and equipment and capital work in progress		(8,409)	(7,413)
Proceeds from sale of property and equipment		87	186
Purchase of investments		(414,395)	(407,794)
Proceeds from sale of investments		650,158	258,145
		<hr/>	<hr/>
Net cash generated from / (used in) investing activities		227,441	(156,876)
Financing activities			
Directors' attendance fees		(2,200)	(2,200)
Cash dividend		-	(165,000)
Repayment of syndicated borrowing		-	(477,490)
Change in syndicated and subordinated borrowing		3,051	1,166,435
		<hr/>	<hr/>
Net cash generated from / (used in) financing activities		851	521,745
		<hr/>	<hr/>
Net change in cash and cash equivalents		576,526	(1,397,558)
Cash and cash equivalents at beginning of the period		1,292,234	2,016,671
		<hr/>	<hr/>
Cash and cash equivalents at end of the period	<i>15</i>	<u>1,868,760</u>	<u>619,113</u>

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 changes in equity – (Un-audited)

For the nine month period ended 30 September 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	-	-	-	66,977	(23,600)	-	-	43,377
2007 directors' fees paid	-	-	-	-	-	(2,200)	-	(2,200)
Dividends	-	-	-	-	-	-	(165,000)	(165,000)
At 30 September 2008	1,100,000	227,929	122,929	248,104	(23,600)	-	-	1,675,362
At 1 January 2009	1,100,000	227,929	122,929	130,857	(23,162)	-	-	1,558,553
Total comprehensive income for the period	-	-	-	70,209	7,706	-	-	77,915
At 30 September 2009	1,100,000	227,929	122,929	201,066	(15,456)	-	-	1,636,468

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 nine month period ended 30 September 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 on 30 April 2006 principally 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 financial intermediation. Accordingly, the Group has initiated the legal formalities which are pending completion.

The condensed consolidated interim financial statements of the Bank for the nine month period ended 30 September 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.

National Bank of Fujairah PSC

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 primarily manages its operation through business and geographical segments, for which the information is disclosed in note 16.

Key accounting estimates and judgments

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 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
By geographical area		
Within UAE	127,919	389,899
OECD countries	35,714	39,104
GCC countries	9,267	7,881
Others	210	414
	<u>173,110</u>	<u>437,298</u>
6. Loans and advances	30 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
6.1 Loans and advances by type:		
Overdrafts	1,275,876	1,041,783
Term loans	4,991,143	5,271,382
Loans against trust receipts	941,038	1,122,543
Bills discounted	1,110,478	1,206,338
Bills drawn under letters of credit	481,820	683,241
	<u>8,800,355</u>	<u>9,325,287</u>
Allowance for impairment losses (note 7)	(447,238)	(287,528)
	<u>8,353,117</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 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
Contingent liabilities:		
- Letters of credit covering movement of goods	1,140,480	906,667
- Financial guarantees and other direct credit substitutes	369,589	315,685
- Bid bonds, performance bonds and other transaction related contingencies	3,216,549	3,536,003
	<u>4,726,618</u>	<u>4,758,355</u>
Other contingent liabilities:		
- Credit related	5,948,537	4,465,211
- Others	9,325	11,006
	<u>5,957,862</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 Sep 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	181,760	184,659
Released during the period / year	(22,050)	(4,936)
Net allowance for impairment losses	<u>159,710</u>	<u>179,723</u>
Balance at 30 September / 31 December	<u><u>447,238</u></u>	<u><u>287,528</u></u>

8. Investments

	30 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
Investments at fair value through income statement (FVPL)		
Designated:		
Debt securities (note 8.1)	112,874	348,735
Externally managed portfolios (note 8.2)	53,684	204,316
Overseas trust (note 8.3)	10,646	10,620
Other investments (note 8.4)	13,498	12,500
	<u>190,702</u>	<u>576,171</u>
Held to maturity (HTM)		
Debt securities (note 8.1)	335,372	341,099
Available for sale (AFS)		
Debt securities (note 8.1)	320,803	117,671
	<u><u>846,877</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 745 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 nine month period, the management has liquidated significant component of investment portfolio with a view to enhance focus on core business and higher quality liquid assets.
- 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 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
Government	598,733	565,097
Banks and financial institutions	135,661	205,318
Others	112,483	264,526
	<u>846,877</u>	<u>1,034,941</u>

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

	30 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
Within UAE	681,518	706,506
GCC Countries	37,792	80,612
OECD Countries	118,690	226,206
Others	8,877	21,617
	<u>846,877</u>	<u>1,034,941</u>

National Bank of Fujairah PSC

Notes (continued)

9. Due to banks and medium term borrowings

	30 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
<i>By type:</i>		
Syndicated borrowings from banks (note 9.1)	767,557	764,506
Term loan subordinated facility (note 9.2)	400,000	400,000
	<u>1,167,557</u>	<u>1,164,506</u>
Short term borrowings	634,668	944,892
	<u>1,802,225</u>	<u>2,109,398</u>
<i>By geographical area:</i>		
Within UAE	285,533	467,059
GCC Countries	2	125,192
OECD Countries	1,511,724	1,516,323
Others	4,966	824
	<u>1,802,225</u>	<u>2,109,398</u>

- 9.1 On 31 July 2008, the Group arranged a term loan facility of AED 767.56 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. Under the terms of the agreement, 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, 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 Sep 2009 AED'000	31 Dec 2008 AED'000 Audited
<i>By type</i>		
Demand and margin deposits	1,747,673	1,570,289
Saving deposits	34,457	45,262
Fixed term and notice deposits (note 10.1 & 10.2)	6,409,850	6,987,490
	<u>8,191,980</u>	<u>8,603,041</u>
<i>By geographical area</i>		
Within UAE	8,142,830	8,437,770
Others	49,150	165,271
	<u>8,191,980</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 180 million (31 December 2008: AED 438 million), being the fair value as at 30 September 2009.

11. Shareholders' equity

Share capital

	30 Sep 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)	<u>1,100,000</u>	<u>1,100,000</u>

12. Earnings per share

The calculation of earnings per share for the nine month period ended 30 September 2009 is based on earnings of AED 70,209,000 (30 September 2008: AED 66,977,000) divided by the weighted average number of shares of 1,100,000,000 (30 September 2008: 1,100,000,000 shares) outstanding during the period.

The calculation of earnings / (loss) per share for the three month period ended 30 September 2009 is based on earnings of AED 9,535,000 (30 September 2008: loss of AED 86,528,000) divided by the weighted average number of shares of 1,100,000,000 (30 September 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 September 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	330,021	264,786	279,036	222,147
Customer deposits	1,497,797	1,724,503	1,786,869	1,329,210
Letters of credit	163,061	92,304	125,911	90,326
Acceptances and other direct credit substitutes	23,185	20,022	37,016	34,711
Transaction related contingencies	116,808	136,527	135,041	131,547
	30 Sep 2009 AED'000		30 Sep 2008 AED' 000	
Items of income statement				
Interest income	12,239		8,758	
Interest expense	60,786		29,616	
Other income	4,673		4,022	
Key management personnel				
Salaries and other short-term benefits	9,443		10,402	
Employee terminal and other long-term benefits	67		109	

National Bank of Fujairah PSC

Notes (continued)

14. Capital adequacy ratio

The Group's regulatory capital adequacy ratio is set by the Central Bank of UAE ('the Central Bank'). During the period, the Central Bank has increased the capital adequacy ratio required to be maintained by Banks to 11% analysed into two Tiers, of which Tier 1 capital adequacy must not be less than 7% by 30 September 2009 and 12% analysed in two Tiers, of which Tier 1 capital adequacy must not be less than 8% by 30 June 2010. The Group calculates its capital adequacy ratio in accordance with Basel II Standardized approach except for Operational Risk which is calculated based on Basic Indicator approach.

	AED'000 30 Sep 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	<u>1,592,122</u>	<u>1,637,745</u>
Tier 2 Capital		
Available-for-sale revaluation reserve	(15,456)	(23,162)
Term loan subordinated facility (note 9.2)	400,000	400,000
General provision	116,596	89,358
Total Tier 2	<u>501,140</u>	<u>466,196</u>
Deductions from Tier 1 and Tier 2 Capital		
Investments in unconsolidated subsidiaries	(30,150)	(30,150)
Total capital base (a)	<u>2,063,112</u>	<u>2,073,791</u>
Risk weighted assets		
	Risk-weighted equivalent AED'000" 2009	Risk-weighted equivalent AED' '000 " 2008
Credit risk	10,535,191	11,712,474
Market risk	51,308	2,864
Operational risk	733,235	547,571
Total risk weighted assets (b)	<u>11,319,734</u>	<u>12,262,909</u>
Capital adequacy ratio (a) / (b) - %	18.23	16.91
Capital adequacy ratio (Basel I)	18.95	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 Sep 2009 AED'000	30 Sep 2008 AED'000
Cash on hand	60,871	44,251
Balances with Central Bank of UAE	2,171,989	1,349,298
Due from banks	173,110	590,480
	<hr/>	<hr/>
	2,405,970	1,984,029
Due to banks	(537,210)	(1,364,916)
	<hr/>	<hr/>
	<u>1,868,760</u>	<u>619,113</u>

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"				
Nine month period ended					
30 September 2009					
Segment revenue	316,802	60,814	9,500	20,057	407,173
Cost					(165,407)
Impairment losses					(159,710)
Depreciation and amortization					(11,847)
Profit					70,209
30 September 2009					
Segment assets	8,144,658	602,439	3,311,565	96,724	12,155,386
Segment liabilities	8,113,590	811,523	1,603,703	97,494	10,626,310
Capital expenditure				8,248	8,248
2008	Wholesale Banking	Retail Banking	Treasury & Investments	Head Office & Others	Consolidated
	AED "000"				
Nine month period ended					
30 September 2008					
Segment revenue	296,808	52,242	(126,510)	61,116	283,656
Cost					(137,893)
Impairment losses					(69,692)
Depreciation and amortization					(9,094)
Profit					66,977
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.