

Abu Dhabi Islamic Bank PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2009 (UNAUDITED)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2009 (Unaudited)

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI ISLAMIC BANK PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Abu Dhabi Islamic Bank PJSC ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2009, comprising of the interim consolidated balance sheet as at 30 June 2009 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:
Richard Mitchell
Partner
Ernst & Young
Registration No. 446

29 July 2009
Abu Dhabi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Three months and six months ended 30 June 2009 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING INCOME					
Income from Murabaha and Mudaraba with financial institutions, net		110,020	81,257	227,571	238,589
Income from Murabaha, Mudaraba, Ijara and other Islamic financing, net	5	671,707	512,348	1,303,753	980,837
Investment income		38,420	36,381	32,872	63,179
Fees, commission and foreign exchange income, net	6	43,981	17,576	92,925	48,996
Income from investment properties		1,628	124,489	33,208	158,801
Income from development properties		-	19,370	-	19,370
Other income		128	622	2,661	2,144
		865,884	792,043	1,692,990	1,511,916
OPERATING EXPENSES					
Employees' costs		(157,082)	(127,487)	(304,337)	(247,952)
General and administrative expenses		(66,594)	(51,563)	(126,500)	(117,149)
Depreciation		(10,917)	(7,665)	(21,347)	(15,223)
Provision for impairment, net		(171,400)	(161,708)	(264,404)	(199,686)
		(405,993)	(348,423)	(716,588)	(580,010)
PROFIT FROM OPERATIONS, BEFORE DISTRIBUTION TO DEPOSITORS AND SUKUK HOLDERS					
		459,891	443,620	976,402	931,906
Distribution to depositors and sukuk holders		(266,458)	(167,915)	(514,633)	(411,741)
PROFIT FOR THE PERIOD					
		193,433	275,705	461,769	520,165
Attributable to:					
Equity holders of the Bank		193,131	275,470	461,921	519,721
Non-controllable interest		302	235	(152)	444
		193,433	275,705	461,769	520,165
Earnings per share attributable to ordinary shares (AED)	7	0.098	0.140	0.234	0.264

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months and six months ended 30 June 2009 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Profit for the period	193,433	275,705	461,769	520,165
Other comprehensive income (expense)				
Realised gains on sale of available-for-sale investments, net	(7,133)	(12,971)	(9,324)	(19,904)
Net movement in fair values of available-for-sale investments	30,458	(57,752)	4,600	(50,584)
Directors' remuneration paid	-	-	(3,000)	-
Net movement in Foreign currency translation reserve	<u>2,481</u>	<u>26,130</u>	<u>24</u>	<u>26,130</u>
Other comprehensive income (expense) for the period	<u>25,806</u>	<u>(44,593)</u>	<u>(7,700)</u>	<u>(44,358)</u>
Total comprehensive income for the period	<u>219,239</u>	<u>231,112</u>	<u>454,069</u>	<u>475,807</u>
Attributable to:				
Equity holders of the Bank	218,946	230,905	454,218	475,472
Non-controllable interest	<u>293</u>	<u>207</u>	<u>(149)</u>	<u>335</u>
	<u>219,239</u>	<u>231,112</u>	<u>454,069</u>	<u>475,807</u>


The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

Abu Dhabi Islamic Bank PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 30 June 2009 (Unaudited)

		<i>30 June</i>	<i>Audited</i>
		<i>2009</i>	<i>31 December</i>
	<i>Notes</i>	<i>AED '000</i>	<i>2008</i>
			<i>AED '000</i>
ASSETS			
Cash and balances with Central Bank		3,481,553	2,823,951
Balances and deposits with banks and other financial institutions	8	1,067,189	1,343,237
Murabaha and Mudaraba with financial institutions	9	10,774,806	7,553,729
Murabaha and other Islamic financing	10	19,810,242	18,338,318
Ijara financing	11	17,636,404	15,840,298
Investments	12	1,125,961	1,392,659
Investment in associates		748,200	797,086
Investment properties	13	198,060	220,215
Development properties	14	761,737	688,623
Other assets	15	2,146,305	1,890,391
Property and equipment		<u>353,177</u>	<u>321,549</u>
TOTAL ASSETS		<u>58,103,634</u>	<u>51,210,056</u>
LIABILITIES			
Due to financial institutions	16	2,195,529	3,575,768
Depositors' accounts	17	43,566,315	37,486,246
Other liabilities		1,739,668	1,573,330
Sukuk payable		<u>2,938,000</u>	<u>2,938,000</u>
Total liabilities		<u>50,439,512</u>	<u>45,573,344</u>
EQUITY			
Share capital	18	1,970,588	1,970,588
Legal reserve		1,753,990	1,753,990
General reserve		309,704	309,704
Retained earnings		1,575,999	1,117,078
Proposed dividends		-	425,631
Proposed dividends to charity		-	1,028
Other reserves	19	<u>51,386</u>	<u>56,089</u>
Equity attributable to the equity holders of the Bank		5,661,667	5,634,108
Tier 1 sukuk	20	2,000,000	-
Non – controllable interest		<u>2,455</u>	<u>2,604</u>
Total equity		<u>7,664,122</u>	<u>5,636,712</u>
TOTAL LIABILITIES AND EQUITY		<u>58,103,634</u>	<u>51,210,056</u>
CONTINGENT LIABILITIES AND COMMITMENTS			
	21	<u>18,442,695</u>	<u>19,507,484</u>


Director


Chief Executive Officer

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2009 (Unaudited)

Attributable to the equity holders of the Bank

	Notes	Share capital AED '000	Convertible Islamic sukuk AED '000	Legal reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividends AED '000	Proposed dividends to charity AED '000	Other reserves AED '000	Tier 1 Sukuk AED '000	Non- controllable interest AED '000	Total AED '000
Balance at 1 January 2009 (audited)		1,970,588	-	1,753,990	309,704	1,117,078	425,631	1,028	56,089	-	2,604	5,636,712
Total comprehensive income (expense)		-	-	-	-	458,921	-	-	(4,703)	-	(149)	454,069
Tier 1 sukuk issued to Government of Abu Dhabi	20	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Dividends paid	25	-	-	-	-	-	(425,631)	-	-	-	-	(425,631)
Dividends paid to charity		-	-	-	-	-	-	(1,028)	-	-	-	(1,028)
Balance at 30 June 2009 (unaudited)		<u>1,970,588</u>	<u>-</u>	<u>1,753,990</u>	<u>309,704</u>	<u>1,575,999</u>	<u>-</u>	<u>-</u>	<u>51,386</u>	<u>2,000,000</u>	<u>2,455</u>	<u>7,664,122</u>
Balance at 1 January 2008 (audited)		1,500,000	2,000,000	224,578	224,578	871,719	300,000	1,028	295,942	-	3,033	5,420,878
Total comprehensive income (expense)		-	-	-	-	519,721	-	-	(44,249)	-	335	475,807
Islamic sukuk converted to shares		470,588	(470,588)	-	-	-	-	-	-	-	-	-
Share premium on conversion of sukuk transferred to legal reserve		-	(1,529,412)	1,529,412	-	-	-	-	-	-	-	-
Dividends paid	25	-	-	-	-	(94,118)	(300,000)	-	-	-	-	(394,118)
Dividends paid to charity		-	-	-	-	-	-	(1,028)	-	-	-	(1,028)
Balance at 30 June 2008 (unaudited)		<u>1,970,588</u>	<u>-</u>	<u>1,753,990</u>	<u>224,578</u>	<u>1,297,322</u>	<u>-</u>	<u>-</u>	<u>251,693</u>	<u>-</u>	<u>3,368</u>	<u>5,501,539</u>

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Six months ended 30 June 2009 (Unaudited)

		<i>Six months ended 30 June 2009 AED '000</i>	<i>Six months ended 30 June 2008 AED '000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		461,769	520,165
Adjustments for:			
Depreciation		21,347	15,223
Share of results of associates		4,772	3,477
Gain on sale of investments		(9,711)	(19,904)
Gain on disposal of property and equipment		(30)	(22)
Provision for impairment, net		264,404	199,686
Gain on sale of investment properties		(32,903)	(134,388)
Gain on sale of development properties		-	(19,370)
Operating profit before changes in operating assets and liabilities		709,648	564,867
Murabaha and Mudaraba with financial institutions		(1,047,944)	(561,851)
Murabaha and other Islamic financing		(1,747,057)	(2,923,585)
Ijara financing		(1,768,141)	(2,211,564)
Other assets		(187,386)	(869,294)
Due to financial institutions		(302,817)	249,661
Depositors' accounts		6,080,069	4,081,249
Other liabilities		166,338	357,724
Cash from (used in) operations		1,902,710	(1,312,793)
Directors' remuneration paid		(3,000)	(3,500)
Net cash from (used in) operating activities		1,899,710	(1,316,293)
INVESTING ACTIVITIES			
Purchase of investments		(42,040)	(863,878)
Proceeds from sale of investments		227,961	260,302
Investment in associates		44,138	(308,019)
Additions to investment properties		-	(90,358)
Proceeds from sale of investment properties		53,192	507,104
Additions to development properties	14	(73,114)	(101,327)
Proceeds from sale of development properties		-	147,924
Purchase of property and equipment		(51,139)	(27,441)
Proceeds from disposal of property and equipment		60	34,701
Net cash from (used in) investing activities		159,058	(440,992)
FINANCING ACTIVITIES			
Proceeds from issuance of Tier 1 sukuk to Government of Abu Dhabi	20	2,000,000	-
Dividends paid	25	(425,631)	(394,118)
Dividends to charity paid		(1,028)	(1,028)
Net cash from (used in) financing activities		1,573,341	(395,146)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,632,109	(2,152,431)
Cash and cash equivalents at 1 January		6,714,955	7,943,269
CASH AND CASH EQUIVALENTS AT 30 JUNE	22	10,347,064	5,790,838

The attached notes 1 to 28 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

1 ACTIVITIES

Abu Dhabi Islamic Bank PJSC ("the Bank") was incorporated in the Emirate of Abu Dhabi, United Arab Emirates, as a public joint stock company with limited liability, in accordance with the provisions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended) and the Amiri Decree No. 9 of 1997.

The Bank and its subsidiaries ("the Group") carry out full banking services, financing and investing activities through various Islamic instruments such as Murabaha, Istisna'a, Mudaraba, Musharaka, Ijara, Wakala, Sukuk etc. The activities of the Bank are conducted in accordance with Islamic Sharia'a, which prohibits usury, and within the provisions of the Articles and Memorandum of Association of the respective entities within the Group.

In addition to its main office in Abu Dhabi, the Bank operates through its branches in the U.A.E. The interim condensed consolidated financial statements combine the activities of the Bank's head office, its branches, subsidiaries and associates.

The registered office of the Bank is at P O Box 313, Abu Dhabi, United Arab Emirates (U.A.E).

The interim condensed consolidated financial statements of the Group were authorised for issued by the Management on 29 July 2009.

2 DEFINITIONS

The following terms are used in the interim condensed consolidated financial statements with the meanings specified:

Murabaha

A sale contract, in which the Group sells to a customer a physical asset, goods, or shares already owned and possessed (either physically or constructively) at a selling price consists of the purchasing cost plus a mark-up profit.

Istisna'a

A sale contract, in which the Group (Al Saanee) sells an asset to be developed using its own materials to a customer (AL Mustasnee) according to pre-agreed upon precise specification, at a specific price, instalments dates and to be delivered on a specific date. This developed asset can be either developed directly by the Group or through a subcontractor and then it is handed over to the customer on the pre-agreed upon date.

Ijara

A lease contract whereby the Group (the Lessor) leases to a customer (the Lessee) a service or the usufruct of an owned or rented physical asset either exists currently or to be constructed in future (Forward Lease) for a specific period of time at specific rental installments. The lease contract could be ended by transferring the ownership of a leased physical asset through an independent mode to the lessee.

Qard Hasan

A non-bearing profit loan enables the borrower to use the borrowed amounts for a specific period of time, at the end of which the same borrowed amounts would be repaid free of any charges or profits.

Musharaka

A contract between the Group and a customer to enter into a partnership in an existing project (or to be established), or in the ownership of a specific asset, either on ongoing basis or for a limited time, during which the Group enters in particular arrangements with the customer to sell to him/her its share in this partnership until he/she becomes the sole owner of it (Diminishing Musharaka). Profits are distributed according to the mutual agreement of the parties as stipulated in the contract; however, losses are borne according to the exact shares in the Musharaka capital on a pro-rata basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

2 DEFINITIONS continued

Mudaraba

A contract between the Group and a customer, whereby one party provides the funds (Rab Al Mal) and the other party (the Mudarib) invests the funds in a project or a particular activity and any generated profits are distributed between the parties according to the profit shares that were pre-agreed upon in the contract. The Mudarib is responsible of all losses caused by his misconduct, negligence or violation of the terms and conditions of the Mudaraba; otherwise, losses are borne by Rab Al Mal.

Wakalah

A contract between the Group and a customer whereby one party (the principal: the Muwakkil) appoints the other party (the agent: Wakil) to invest certain funds according to the terms and conditions of the Wakala for a fixed fee in addition to any profit exceeding the expected profit as an incentive for the Wakil for the good performance. Any losses as a result of the misconduct or negligence or violation of the terms and conditions of the Wakala are borne by the Wakil; otherwise, they are borne by the principal.

Sukuk

Certificates which are equal in value and represent common shares in the ownership of a specific physical asset (leased or to be leased either existing or to be constructed in future), or in the ownership of cash receivables of selling an existing-owned asset, or in the ownership of goods receivables, or in the ownership of the assets of Mudaraba or Partnership companies. In all these cases, the Sukuk holders shall be the owners of their common shares in the leased assets, or in the cash receivables, or the goods receivable, or in the assets of the Partnership or the Mudaraba.

3 BASIS OF PREPARATION

3.1 Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and in compliance with the general principles of the Shari'a as determined by the Group's Fatwa and Shari'a Supervisory Board.

3.2 Accounting convention

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for investment securities (other than held to maturity investments and certain unquoted investments), which have been measured at fair value.

The interim condensed consolidated financial statements have been presented in UAE Dirhams (AED), which is the functional currency of the Group and all values are rounded to the nearest thousand UAE Dirhams except where otherwise indicated.

3.3 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Bank and those of its following subsidiaries:

	<i>Activity</i>	<i>Country of incorporation</i>	<i>Percentage of holding</i>	
			2009	2008
Abu Dhabi Islamic Financial Services LLC	Equity brokerage services	United Arab Emirates	95%	95%
Burooj Properties LLC	Real estate investments	United Arab Emirates	100%	100%
ADIB Invest 1	Equity brokerage services	BVI	100%	100%
ADIB Sukuk Company Ltd	Issuance of Sukuk	Cayman Island	100%	100%
Kawader Services Company LLC	Manpower supply	United Arab Emirates	100%	100%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

4 ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008, except as noted below:

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in equity) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

The interim condensed consolidated financial statements do not contain all information and disclosures for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2008. In addition, results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

As required by Securities and Commodities Authority of UAE ("SCA") notification no. 2635/2008 dated 12 October 2008, accounting policies related to financial instruments as disclosed in the year end consolidated financial statements are provided below:

Financial instruments

(i) Classification

The Group classifies its financial instruments in the following categories: Financial assets and financial liabilities at fair value through profit or loss, Murabaha, Ijara, Mudaraba, and certain other Islamic financing, available for sale investments and held to maturity investments. Management determines the classification of financial instruments at the time of initial recognition.

Financial assets or financial liabilities at fair value through profit or loss

This category has two sub-categories: financial assets or financial liabilities held for trading and those designated at fair value through profit or loss at inception. A financial asset or financial liability is classified as held for trading if acquired principally for the purpose of selling or repurchasing in the short term. The Group has designated financial assets and liabilities at fair value through profit or loss when either the assets and liabilities are managed, evaluated and reported internally on a fair value basis; or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Murabaha, Ijara, Mudaraba and certain other Islamic financing

Murabaha, Ijara, Mudaraba and certain other Islamic financing are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides funds directly to a customer with no intention of trading the receivable. Financial liabilities are liabilities where the Group has a contractual obligation to deliver cash or another financial asset or exchange financial instruments under conditions that are potentially unfavourable to the Group.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity and the Group's management has the positive intention and the ability to hold to maturity.

Available for sale

Financial assets that are not classified under any other category of financial assets are classified as available-for-sale.

(ii) Recognition / De-recognition

The Group initially recognises financial assets held for trading, financial assets at fair value through profit or loss, financial assets held to maturity and financial assets available for sale on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

4 ACCOUNTING POLICIES continued

Financial instruments continued

(ii) Recognition / De-recognition continued

Financing to customers are recognised on the day they are originated. A financial liability is recognised on the date the Group becomes a party to contractual provisions of the instruments.

A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset expires or when it transfers the financial asset. A financial liability is de-recognised when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets designated at fair value through profit or loss, assets held for trading and assets available-for-sale that are sold are de-recognised and corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets. The Group uses the specific identification method to determine the gain or loss on de-recognition.

5 INCOME FROM MURABAHA, MUDARABA, IJARA AND OTHER ISLAMIC FINANCING, NET

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Murabaha	354,068	276,810	691,567	533,956
Mudaraba	44,675	48,830	86,353	62,115
Ijara	264,573	180,903	510,252	370,307
Istisna'a	<u>8,391</u>	<u>5,805</u>	<u>15,581</u>	<u>14,459</u>
	<u>671,707</u>	<u>512,348</u>	<u>1,303,753</u>	<u>980,837</u>

6 FEES, COMMISSION AND FOREIGN EXCHANGE INCOME, NET

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Trade related fees and commission	13,120	8,883	24,117	16,455
Fees and commission income on cards, net	6,311	3,906	11,647	4,589
Projects and property management fees	8,280	8,309	17,123	15,313
Brokerage fees and commission	7,369	10,193	10,456	12,198
Foreign exchange income (loss)	8,900	(20,249)	24,241	(13,926)
Other fees and commissions, net	<u>1</u>	<u>6,534</u>	<u>5,341</u>	<u>14,367</u>
	<u>43,981</u>	<u>17,576</u>	<u>92,925</u>	<u>48,996</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

7 EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Bank by the number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the Bank by the number of ordinary shares outstanding during the period, adjusted for the effects of any financial instruments with dilutive effects.

The following reflects the income and shares data used in the earnings per share computations:

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>Unaudited</i> <i>2009</i>	<i>Unaudited</i> <i>2008</i>	<i>Unaudited</i> <i>2009</i>	<i>Unaudited</i> <i>2008</i>
Profit for the period attributable to equity holders (AED '000)	<u>193,131</u>	<u>275,470</u>	<u>461,921</u>	<u>519,721</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,970,588</u>	<u>1,970,588</u>	<u>1,970,588</u>	<u>1,970,588</u>
Basic and diluted earnings per share (AED)	<u>0.098</u>	<u>0.140</u>	<u>0.234</u>	<u>0.264</u>

As of 30 June 2009, the Bank has not issued any instruments which would have a dilutive impact on earnings per share when converted or exercised.

8 BALANCES AND DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	<i>30 June</i> <i>2009</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2008</i> <i>AED '000</i>
Within UAE	509,387	1,173,535
Outside UAE	<u>557,802</u>	<u>169,702</u>
	<u>1,067,189</u>	<u>1,343,237</u>

9 MURABAHA AND MUDARABA WITH FINANCIAL INSTITUTIONS

	<i>30 June</i> <i>2009</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2008</i> <i>AED '000</i>
Within UAE	9,447,178	4,841,274
Outside UAE	<u>1,327,628</u>	<u>2,712,455</u>
	<u>10,774,806</u>	<u>7,553,729</u>

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10 MURABAHA AND OTHER ISLAMIC FINANCING

	<i>30 June</i> <i>2009</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2008</i> <i>AED '000</i>
Murabaha	19,379,201	17,395,976
Mudaraba	3,361,522	3,170,509
Islamic covered cards	2,523,486	1,797,443
Istisna'a	331,348	328,667
Other financing receivables	<u>60,845</u>	<u>136,845</u>
Total Murabaha and other Islamic financing	25,656,402	22,829,440
Less: deferred income	<u>(5,161,708)</u>	<u>(4,081,500)</u>
	20,494,694	18,747,940
Less: provision for impairment	<u>(684,452)</u>	<u>(409,622)</u>
	<u>19,810,242</u>	<u>18,338,318</u>
The movement in the provision for impairment during the period was as follows:		
At the beginning of the period	409,622	332,966
Charge for the period	275,133	77,428
Written off during the period	<u>(303)</u>	<u>(772)</u>
At the end of the period	<u>684,452</u>	<u>409,622</u>
The distribution of the gross murabaha and other islamic financing by geographic region is as follows:		
Within UAE	19,540,167	17,917,283
Outside UAE	<u>954,527</u>	<u>830,657</u>
	<u>20,494,694</u>	<u>18,747,940</u>

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11 IJARA FINANCING

This represents net investment in assets leased for periods which either approximate or cover major parts of the estimated useful lives of such assets. The lease agreements stipulate that the lessor undertakes to transfer the leased assets to the lessee upon receiving the final rental payment.

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
The future lease receivable payments in the aggregate are as follows:		
Due within one year	1,428,265	1,182,879
Due in the second to fifth year	6,333,507	6,555,904
Due after five years	<u>10,148,751</u>	<u>8,301,049</u>
Total ijara financing	17,910,523	16,039,832
Less: deferred income	<u>(16,212)</u>	<u>(19,880)</u>
	17,894,311	16,019,952
Less: provision for impairment	<u>(257,907)</u>	<u>(179,654)</u>
Net value of minimum lease payments receivable	<u>17,636,404</u>	<u>15,840,298</u>

The movement in the provision for impairment during the period was as follows:

At the beginning of the period	179,654	20,889
Charge (reversal) for the period	78,427	158,765
Written off during the period	<u>(174)</u>	<u>-</u>
At the end of the period	<u>257,907</u>	<u>179,654</u>

The distribution of the gross ijara financing by geographic region is as follows:

Within UAE	16,910,092	15,031,420
Outside UAE	<u>984,219</u>	<u>988,532</u>
	<u>17,894,311</u>	<u>16,019,952</u>

12 INVESTMENTS

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
Trading Investments		
Equities – Quoted	<u>-</u>	<u>13,370</u>
Non-trading Investments		
<i>Available-for-sale at fair value</i>		
<i>Quoted Investments</i>		
Equities	23,645	213,062
Sukuks	<u>350,710</u>	<u>347,216</u>
	374,355	560,278
Less: provision for impaired investments	<u>(21,694)</u>	<u>(125,065)</u>
	<u>352,661</u>	<u>435,213</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13 INVESTMENT PROPERTIES

The movement in investment properties balance during the period was as follows:

	30 June 2009 AED '000	<i>Audited</i> 31 December 2008 AED '000
Cost:		
Balance at the beginning of the period	224,963	910,876
Additions during the period	-	95,798
Transfer to development properties	-	(407,486)
Disposals during the period	<u>(20,289)</u>	<u>(374,225)</u>
Balance at end of the period	<u>204,674</u>	<u>224,963</u>
Accumulated depreciation:		
Balance at the beginning of the period	4,748	-
Charge for the period	<u>1,866</u>	<u>4,748</u>
Balance at the end of the period	<u>6,614</u>	<u>4,748</u>
Net book value at the end of the period	<u>198,060</u>	<u>220,215</u>

The property rental income earned by the Group from its investment properties, that are leased out under operating leases, amounted to AED 2,606 thousand (2008: AED 4,673 thousand), for the six months period ended 30 June 2009.

Investment properties include land amounting to AED 36,815 thousand (31 December 2008: AED 36,815 thousand) pertaining to a subsidiary of the Bank.

The distribution of the investment properties by geographic region is as follows:

	30 June 2009 AED '000	<i>Audited</i> 31 December 2008 AED '000
Within UAE	189,698	211,853
Outside UAE	<u>8,362</u>	<u>8,362</u>
	<u>198,060</u>	<u>220,215</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14 DEVELOPMENT PROPERTIES

The movement in development properties during the period is as follows:

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
Balance at the beginning of the period	688,623	301,214
Additions during the period	73,114	108,476
Transfers from investment properties	-	407,486
Disposals during the period	<u>-</u>	<u>(128,553)</u>
Balance at the end of the period	<u>761,737</u>	<u>688,623</u>

The above balance includes land amounting to AED 670,578 thousand (31 December 2008: AED 670,578 thousand) pertaining to a subsidiary of the Bank.

All development properties are located in UAE region.

15 OTHER ASSETS

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
Advances against purchase of investment and development properties	1,281,906	959,249
Trade receivables	534,017	628,245
Cheques for collection	95,992	128,904
Prepaid expenses	100,166	65,154
Income receivable	10,795	9,365
Advance to contractors	47,335	16,871
Advance for investment	-	106,392
Others	<u>85,730</u>	<u>86,973</u>
	2,155,941	2,001,153
Less: provision for impairment	<u>(9,636)</u>	<u>(110,762)</u>
	<u>2,146,305</u>	<u>1,890,391</u>

16 DUE TO FINANCIAL INSTITUTIONS

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
Within UAE	540,038	1,719,820
Outside UAE	<u>1,655,491</u>	<u>1,855,948</u>
	<u>2,195,529</u>	<u>3,575,768</u>

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17 DEPOSITORS' ACCOUNTS

	<i>30 June</i> <i>2009</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2008</i> <i>AED '000</i>
<i>By type:</i>		
Current accounts	11,320,136	9,108,168
Saving accounts	5,843,380	4,465,638
Investment deposits	26,366,809	23,912,440
Profit equalisation provision	<u>35,990</u>	<u>-</u>
	<u>43,566,315</u>	<u>37,486,246</u>
<i>By geographic region:</i>		
Within UAE	43,109,746	37,245,336
Outside UAE	<u>456,569</u>	<u>240,910</u>
	<u>43,566,315</u>	<u>37,486,246</u>

The Bank generally invests all of its investment deposits and saving accounts, adjusted for UAE Central Bank reserve requirements and the Group's liquidity requirements.

With respect to investment deposits, the Bank is liable only in case of willful misconduct, negligence or breach of contract.

As of 30 June 2009, depositors' accounts also include deposits of AED 2,207,408 thousand (31 December 2008: AED 2,207,408 thousand) placed by the U.A.E. Federal Government for a period of 3 - 5 years which are subject to the Bank meeting certain minimum capital ratios and other Central Bank compliance requirements. In the Extraordinary General Meeting held on 22 March 2009, the shareholders approved to convert these deposits into a Tier 2 capital instrument to be issued to the U.A.E. Federal Government. The Bank is in the process of converting these deposits to a capital instrument which is eligible for inclusion as Tier 2 capital for capital adequacy purposes.

18 SHARE CAPITAL

	<i>30 June</i> <i>2009</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2008</i> <i>AED '000</i>
Authorised, issued and fully paid		
1,970,588 thousand (31 December 2008: 1,970,588 thousand)		
ordinary shares of AED 1 each (31 December 2008: AED 1 each)	<u>1,970,588</u>	<u>1,970,588</u>

19 OTHER RESERVES

	<i>Cumulative</i> <i>changes in</i> <i>fair values</i> <i>AED '000</i>	<i>Revaluation</i> <i>reserve</i> <i>AED '000</i>	<i>Foreign</i> <i>currency</i> <i>translation</i> <i>reserve</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
At 1 January 2009 (audited)	(91,366)	129,239	18,216	56,089
Realised gains on available-for-sale investments, net	(9,324)	-	-	(9,324)
Net movement in fair values of available-for-sale investments	4,597	-	-	4,597
Net movement in foreign currency translation reserve	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
At 30 June 2009 (unaudited)	<u>(96,093)</u>	<u>129,239</u>	<u>18,240</u>	<u>51,386</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

19 OTHER RESERVES continued

	<i>Cumulative changes in fair values AED '000</i>	<i>Revaluation reserve AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Total AED '000</i>
At 1 January 2008 (audited)	166,703	129,239	-	295,942
Realised gains on available-for-sale investments, net	(19,904)	-	-	(19,904)
Net movement in fair values of available-for-sale investments	(50,475)	-	-	(50,475)
Net movement in foreign currency translation reserve	-	-	26,130	26,130
At 30 June 2008 (unaudited)	<u>96,324</u>	<u>129,239</u>	<u>26,130</u>	<u>251,693</u>

20 TIER 1 SUKUK

On 16 April 2009, under the Government of Abu Dhabi Bank capitalisation programme, the Bank has issued Tier 1 sukuk (the "sukuk") to the Department of Finance, Government of Abu Dhabi, with a principal amount of AED 2,000,000 thousand. Issuance of this sukuk was approved by the shareholders of the Bank in the Extraordinary General Meeting held on 22 March 2009.

This sukuk is a perpetual security in respect of which there is no fixed redemption date and constitute direct, unsecured, subordinated obligations of the Bank subject to the terms and conditions of the Mudaraba. The sukuk is callable by the Bank subject to certain conditions. The sukuk bear an expected mudaraba profit rate of 6% payable during the initial period of five years semi-annually in arrears and, after the initial period, bear an expected variable mudaraba profit rate payable of 6 months EIBOR plus an expected margin of 2.3%. Profit distributions will be reported in the consolidated statement of changes in equity. Sukuk holder will not have a right to claim the mudaraba profit if the Bank decided not to distribute dividends on its shares and the event is not considered an event of default.

21 CONTINGENT LIABILITIES AND COMMITMENTS

Credit related commitments include commitments to extend Islamic credit facilities, standby letters of credit, guarantees and acceptances, which are designed to meet the requirements of the Bank's customers.

Commitments to extend Islamic credit facilities represent contractual commitments under Islamic financing contracts. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Standby letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of contracts.

The Bank has the following credit related contingencies, commitments and other capital commitments:

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
Contingent Liabilities		
Letters of credit	1,504,910	1,364,737
Letters of guarantee	8,491,084	7,957,074
Acceptances	<u>164,015</u>	<u>132,174</u>
	10,160,009	9,453,985
Commitments		
Irrevocable undrawn facilities commitments	7,820,983	9,564,912
Buy back commitments	352,415	352,415
Commitment for future capital expenditure	<u>109,288</u>	<u>136,172</u>
	8,282,686	10,053,499
	18,442,695	19,507,484

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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22 CASH AND CASH EQUIVALENTS

	<i>30 June 2009 AED '000</i>	<i>30 June 2008 AED '000</i>
Cash and balances with Central Bank	3,481,553	2,378,124
Balances and deposits with banks and other financial institutions	1,067,189	1,400,942
Murabaha and Mudaraba with financial institutions, short term	7,145,782	4,553,943
Due to financial institutions, short term	<u>(1,347,460)</u>	<u>(2,542,171)</u>
	<u>10,347,064</u>	<u>5,790,838</u>

The following significant non-cash transactions have been excluded from cash flow statement:

Transfer from investments to other assets	<u>74,045</u>	<u>-</u>
Transfer from investment properties to development properties, net (notes 13 and 14)	<u>-</u>	<u>407,486</u>

23 SEGMENTAL INFORMATION

A segment represents a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from other segments.

Primary segment information

For management purposes, the Bank is organised into six major business segments:

Retail banking - Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahas, Ijarah, Islamic covered card and funds transfer facilities and trade finance facilities.

Wholesale banking – Principally handling financing and other credit facilities and deposits and current accounts for corporate and institutional customers.

Private banking - Principally handling financing and other credit facilities, deposits and current accounts for high net worth individual customers.

Capital markets – Principally handling money market brokerage, trading and treasury services, as well as the management of the Bank's funding operations by use of investment deposits.

Real estate – Principally handling the acquisition, leasing, brokerage, management and resale of properties carried out by the Bank.

Other operations - Other operations comprises mainly of Head Office, subsidiaries and associates other than above categories including unallocated costs.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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23 SEGMENTAL INFORMATION continued

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Business segments information for the period ended 30 June 2009 were as follows:

	<i>Retail Banking AED '000</i>	<i>Wholesale banking AED '000</i>	<i>Private banking AED '000</i>	<i>Capital markets AED '000</i>	<i>Real estate AED '000</i>	<i>Other operations AED '000</i>	<i>Total AED '000</i>
Revenue and results							
Operating income	679,699	493,418	207,433	281,135	28,965	2,340	1,692,990
Other operating expenses	(181,927)	(21,655)	(6,412)	(15,339)	(42,510)	(184,341)	(452,184)
Provision for impairment	(53,621)	(196,500)	(260)	(12,820)	(1,203)	-	(264,404)
Profit from operations	444,151	275,263	200,761	252,976	(14,748)	(182,001)	976,402
Profit distribution to depositors and sukuk holders	(80,903)	(146,148)	(94,198)	(193,384)	-	-	(514,633)
Profit for the period before non-controllable interest	363,248	129,115	106,563	59,592	(14,748)	(182,001)	461,769
Non-controllable interest	-	-	-	152	-	-	152
Profit for the period attributable to equity holders of the Bank	<u>363,248</u>	<u>129,115</u>	<u>106,563</u>	<u>59,744</u>	<u>(14,748)</u>	<u>(182,001)</u>	<u>461,921</u>
Assets and liabilities							
Assets							
Segmental assets	<u>17,179,344</u>	<u>14,656,719</u>	<u>6,777,540</u>	<u>15,648,582</u>	<u>3,129,352</u>	<u>712,097</u>	<u>58,103,634</u>
Liabilities							
Segmental liabilities	<u>16,568,541</u>	<u>12,499,809</u>	<u>6,648,717</u>	<u>13,807,129</u>	<u>690,668</u>	<u>224,648</u>	<u>50,439,512</u>

Business segments information for the period ended 30 June 2008 were as follows:

	<i>Retail and commercial banking AED '000</i>	<i>Corporate banking AED '000</i>	<i>Investment and treasury AED '000</i>	<i>Other operations AED '000</i>	<i>Total AED '000</i>
Revenue and results					
Operating income	508,856	471,981	484,217	46,862	1,511,916
Unallocated costs					(580,010)
Profit from operations					931,906
Profit distribution to depositors and sukuk holders					(411,741)
Profit for the period before non-controllable interest					520,165
Non-controllable interest					(444)
Profit for the period attributable to equity holders of the Bank					<u>519,721</u>
Assets and liabilities					
Assets					
Segmental assets	14,141,046	15,954,069	15,986,113	-	46,081,228
Unallocated assets					1,997,461
Total assets					<u>48,078,689</u>
Liabilities					
Segmental liabilities	15,132,047	20,328,754	5,208,026	-	40,668,827
Unallocated liabilities					1,908,323
Total liabilities					<u>42,577,150</u>

Segmental information for the period ended 30 June 2008 in conformity with the Group's presentation for the period ended 30 June 2009 was not readily available for disclosure purposes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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24 RELATED PARTIES TRANSACTIONS

In the ordinary course of its activities, the Bank enters into transactions with related parties, comprising associates, directors, major shareholders, key management and their related concerns at commercial profits and commission rates. The Bank obtains collateral, including charges over real estate properties and securities, the extent of which is dependent on the Bank's assessment of the credit risk of the related party. All financing to related parties are performing financing and free of any provision for impaired financing.

During the period, significant transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Major shareholder AED '000</i>	<i>Directors AED '000</i>	<i>Others AED '000</i>	<i>Total 30 June 2009 AED '000</i>
Income from Murabaha, Mudaraba, Ijara and other Islamic financing, net	<u>71,595</u>	<u>206</u>	<u>46,479</u>	<u>118,280</u>
Investment income	<u>-</u>	<u>-</u>	<u>(4,772)</u>	<u>(4,772)</u>
Fees, commissions and foreign exchange income, net	<u>-</u>	<u>-</u>	<u>182</u>	<u>182</u>
Operating expenses	<u>-</u>	<u>207</u>	<u>-</u>	<u>207</u>
Distribution to depositors and sukuk holders	<u>1,143</u>	<u>39</u>	<u>982</u>	<u>2,164</u>

The related parties balances included in the interim condensed consolidated statement of financial position are as follows:

	<i>Major shareholder AED '000</i>	<i>Directors AED '000</i>	<i>Others AED '000</i>	<i>Total 30 June 2009 AED '000</i>
<i>Due from:</i>				
Balances and deposits with banks and other financial institutions	-	-	25,918	25,918
Murabaha, Mudaraba, Ijara and other Islamic financing	2,209,027	7,676	1,357,652	3,574,355
Other assets	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>1,847</u>
	<u>2,209,027</u>	<u>7,676</u>	<u>1,385,417</u>	<u>3,602,120</u>
<i>Due to:</i>				
Due to financial institutions	-	-	14,999	14,999
Depositors' accounts	547	4,170	78,850	83,567
Other liabilities	<u>180</u>	<u>-</u>	<u>197</u>	<u>377</u>
	<u>727</u>	<u>4,170</u>	<u>94,046</u>	<u>98,943</u>
Irrevocable undrawn facilities commitments	<u>-</u>	<u>5,435</u>	<u>256,193</u>	<u>261,628</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2009 (Unaudited)

24 RELATED PARTIES TRANSACTIONS continued

During the period, significant transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Major shareholder AED '000</i>	<i>Directors AED '000</i>	<i>Others AED '000</i>	<i>Total 30 June 2008 AED '000</i>
Income from Murabaha, Mudaraba, Ijara and other Islamic financing, net	<u>61,873</u>	<u>51</u>	<u>26,012</u>	<u>87,936</u>
Investment income	<u>-</u>	<u>-</u>	<u>(3,477)</u>	<u>(3,477)</u>
Fees, commissions and foreign exchange income, net	<u>3,333</u>	<u>-</u>	<u>-</u>	<u>3,333</u>
Operating expenses	<u>-</u>	<u>279</u>	<u>-</u>	<u>279</u>
Distribution to depositors and sukuk holders	<u>99</u>	<u>21</u>	<u>1,507</u>	<u>1,627</u>

The related parties balances included in the consolidated statement of financial position are as follows:

	<i>Major shareholder AED '000</i>	<i>Directors AED '000</i>	<i>Others AED '000</i>	<i>Audited Total 31 December 2008 AED '000</i>
<i>Due from:</i>				
Balances and deposits with banks and other financial institutions	-	-	25,891	25,891
Murabaha, Mudaraba, Ijara and other islamic financing	2,198,141	-	1,150,311	3,348,452
Other assets	<u>-</u>	<u>-</u>	<u>16,403</u>	<u>16,403</u>
	<u>2,198,141</u>	<u>-</u>	<u>1,192,605</u>	<u>3,390,746</u>
<i>Due to:</i>				
Due to financial institutions	-	-	28,704	28,704
Depositors' accounts	<u>3,685</u>	<u>2,415</u>	<u>168,481</u>	<u>174,581</u>
	<u>3,685</u>	<u>2,415</u>	<u>197,185</u>	<u>203,285</u>
Irrevocable undrawn facilities commitments	<u>-</u>	<u>5,465</u>	<u>390,984</u>	<u>396,449</u>

<i>30 June 2009 AED '000</i>	<i>30 June 2008 AED '000</i>
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Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

Salaries and other benefits	<u>18,708</u>	12,799
Employees' end of service benefits	<u>2,938</u>	<u>1,194</u>
	<u>21,646</u>	<u>13,993</u>
Board of Directors' remuneration	<u>3,000</u>	<u>-</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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25 DIVIDENDS

A cash dividend of 21.6% (2008: 20%) of the paid up capital amounting to AED 425,631 thousand (2008: AED 394,118 thousand) was approved by the shareholders in the Annual General Meeting held on 22 March 2009 and paid during the quarter ended 30 June 2009.

26 CAPITAL ADEQUACY RATIO

The Group and its individually regulated operations have complied with all externally imposed requirements throughout the period.

The table below shows the composition of regulatory capital and the ratios of the Group for the periods ended 30 June 2009 and 31 December 2008. During those two periods, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject:

	<i>30 June 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
<i>Tier 1 Capital</i>		
Share capital	1,970,588	1,970,588
Legal reserve	1,753,990	1,753,990
General reserve	309,704	309,704
Retained earnings	1,575,999	1,117,078
Proposed dividends	-	425,631
Proposed dividends to charity	-	1,028
Tier 1 sukuk	2,000,000	-
Non-controllable interest	<u>2,455</u>	<u>2,604</u>
Total	<u>7,612,736</u>	<u>5,580,623</u>
<i>Tier 2 Capital</i>		
Cumulative changes in fair value	<u>(96,093)</u>	<u>(91,366)</u>
Total Tier 1 and Tier 2 capital	<u>7,516,643</u>	<u>5,489,257</u>
Deductions for Tier 1 and Tier 2 capital	<u>(748,200)</u>	<u>(797,086)</u>
Total capital base	<u>6,768,443</u>	<u>4,692,171</u>
<i>Risk weighted assets</i>		
On balance sheet	43,462,500	38,940,600
Off balance sheet	<u>686,969</u>	<u>678,572</u>
Total risk weighted assets	<u>44,149,469</u>	<u>39,619,172</u>
<i>Capital ratio</i>		
Total regulatory capital expressed as a percentage of total risk weighted assets	<u>15.33%</u>	<u>11.84%</u>

27 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed consolidated financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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28 COMPARATIVE FIGURES

The comparative figures were reclassified to conform to the current period presentation. Such reclassifications as discussed below have no effect on the previously reported profit or equity of the Group.

- Amount included in the Investment and other income of AED 158,801 thousand has been re-classified and shown separately in the consolidated income statement as income from investment properties.
- Amount included in the Investment and other income of AED 42,447 thousand has been re-classified and shown separately in the consolidated income statement as investment income.
- Amount included in the Investment and other income of AED 19,370 thousand has been re-classified and shown separately in the consolidated income statement as income from development properties.
- An amount of AED 2,144 thousand from Investment and other income has been re-classified and shown separately as other income in the consolidated income statement as other income.
- An amount of AED 20,732 thousand has been reclassified from gain from sale of investments to investment income in the consolidated income statement.