

**EMIRATES NBD PJSC**

**GROUP CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009**

## EMIRATES NBD PJSC

### GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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EMIRATES NBD PJSC  
 GROUP CONSOLIDATED INTERIM BALANCE SHEET  
 AS AT 30 JUNE 2009 (UNAUDITED)

|   | Notes | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|---|-------|--------------------------------------|--|
| <b>ASSETS</b>   |       |                                      |  |
| Cash and deposits with Central Bank                             | 3     | 12,799,147                           | 16,707,194                             |
| Due from banks  | 4     | 15,045,847                           | 8,128,342                              |
| Loans and receivables   | 5     | 196,620,858                          | 188,006,789                            |
| Islamic financing and investment products                       | 6     | 20,011,284                           | 20,923,373                             |
| Trading securities  | 8     | 613,826                              | 244,445                                |
| Investment securities   | 9     | 16,853,416                           | 19,390,801                             |
| Investments in associates and joint ventures                    | 11    | 2,998,217                            | 2,924,808                              |
| Investment properties   |       | 753,282                              | 796,107                                |
| Property and equipment  |       | 3,086,967                            | 2,792,618                              |
| Goodwill and intangibles  | 12    | 6,092,401                            | 6,139,331                              |
| Positive fair value of derivatives                              |       | 2,140,949                            | 6,323,494                              |
| Customer acceptances  |       | 1,974,907                            | 2,860,654                              |
| Other assets  |       | 2,902,421                            | 7,175,720                              |
| <b>TOTAL ASSETS</b>   |       | <b>281,893,522</b>                   | <b>282,413,676</b>                     |
| <b>LIABILITIES</b>  |       |                                      |  |
| Customer deposits   |       | 148,097,378                          | 139,979,804                            |
| Islamic customer deposits                                       |       | 22,443,389                           | 22,335,137                             |
| Due to banks  |       | 45,308,504                           | 48,425,638                             |
| Repurchase agreements with banks                                |       | 159,478                              | 3,260,419                              |
| Debt issued and other borrowed funds                            | 13    | 24,978,211                           | 28,802,830                             |
| Sukuk payable   |       | 1,267,185                            | 1,267,185                              |
| Negative fair value of derivatives                              |       | 1,623,927                            | 5,754,467                              |
| Customer acceptances  |       | 1,974,907                            | 2,860,654                              |
| Other liabilities   |       | 4,895,585                            | 3,965,621                              |
| <b>TOTAL LIABILITIES</b>  |       | <b>250,748,564</b>                   | <b>256,651,755</b>                     |
| <b>EQUITY</b>   |       |                                      |  |
| Issued capital  |       | 5,557,775                            | 5,052,523                              |
| Treasury shares   |       | (46,175)                             | (46,175)                               |
| Tier I capital notes  | 14    | 4,000,000                            | -                                      |
| Share premium reserve   |       | 12,270,124                           | 12,270,124                             |
| Legal and statutory reserves                                    |       | 1,629,205                            | 1,629,205                              |
| Other reserves  |       | 2,819,133                            | 3,324,385                              |
| Cumulative changes in fair value                                |       | (476,997)                            | (757,979)                              |
| Retained earnings   |       | 5,293,605                            | 4,193,062                              |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b> | 15    | <b>31,046,670</b>                    | <b>25,665,145</b>                      |
| Minority interests  |       | 98,288                               | 96,776                                 |
| <b>TOTAL EQUITY</b>   |       | <b>31,144,958</b>                    | <b>25,761,921</b>                      |
| <b>TOTAL LIABILITIES AND EQUITY</b>                             |       | <b>281,893,522</b>                   | <b>282,413,676</b>                     |

The notes set out on pages 7 to 29 form part of these Group condensed consolidated interim financial statements. The independent auditors' report on review of Group condensed consolidated interim financial statements is set out on page 1.

Chairman

Director

Chief Executive Officer

26 JUL 2009

EMIRATES NBD PJSC  
 GROUP CONSOLIDATED INTERIM INCOME STATEMENT  
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

|   | Notes | Unaudited<br>three months<br>period ended<br>30 June 2009<br>AED 000 | Unaudited<br>three months<br>period ended<br>30 June 2008<br>AED 000 | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000 | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000 |
|---|-------|--|--|--|--|
| Interest income   |       | 3,028,076  | 2,450,910  | 6,220,727  | 5,410,867  |
| Interest expense  |       | (1,479,213)  | (1,226,458)  | (2,905,118)  | (2,901,118)  |
| Net interest income   |       | 1,548,863  | 1,224,452  | 3,315,609  | 2,509,749  |
| Income from Islamic financing and investment products   |       | 337,565  | 283,171  | 683,655  | 524,806  |
| Distribution to depositors and profit paid to Sukuk holders   |       | (170,789)  | (144,723)  | (356,084)  | (292,660)  |
| Net income from Islamic financing and investment products   |       | 166,776  | 138,448  | 327,571  | 232,146  |
| Net interest income and income from Islamic financing and investment products net of distribution to depositors |       | 1,715,639  | 1,362,900  | 3,643,180  | 2,741,895  |
| Fee and commission income   |       | 501,823  | 723,366  | 1,072,180  | 1,459,372  |
| Fee and commission expense  |       | (95,762)   | (186,781)  | (199,811)  | (359,812)  |
| Net fee and commission income   |       | 406,061  | 536,585  | 872,369  | 1,099,560  |
| Net gain/ (loss) on trading securities  |       | 132,229  | (7,785)  | 142,280  | (9,977)  |
| Other operating income  |       | 634,453  | 603,811  | 842,826  | 847,215  |
| Total operating income  |       | 2,888,382  | 2,495,511  | 5,500,655  | 4,678,693  |
| General and administrative expenses   |       | (896,110)  | (931,027)  | (1,807,400)  | (1,751,147)  |
| Net impairment loss on financial assets   | 7     | (1,149,275)  | (248,738)  | (1,611,325)  | (511,667)  |
| Total operating expenses  |       | (2,045,385)  | (1,179,765)  | (3,418,725)  | (2,262,814)  |
| Operating profit  |       | 842,997  | 1,315,746  | 2,081,930  | 2,415,879  |
| Amortisation of intangibles   |       | (23,465)   | (20,465)   | (46,930)   | (40,930)   |
| Share of profit of associates & joint ventures  |       | 32,472   | 156,363  | 76,060   | 272,957  |
| Group profit for the period   |       | 852,004  | 1,451,644  | 2,111,060  | 2,647,906  |
| Attributable to:  |       |  |  |  |  |
| Equity holders of the Group   |       | 852,062  | 1,451,306  | 2,111,048  | 2,647,353  |
| Minority interests  |       | (58)   | 338  | 12   | 553  |
| Group profit for the period   |       | 852,004  | 1,451,644  | 2,111,060  | 2,647,906  |
|   |       | Unaudited<br>three months<br>period ended<br>30 June 2009<br>AED     | Unaudited<br>three months<br>period ended<br>30 June 2008<br>AED     | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED     | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED     |
| <u>Earnings Per Share</u>   | 17    | 0.15   | 0.26   | 0.38   | 0.48   |

The notes set out on pages 7 to 29 form part of these Group condensed consolidated interim financial statements.  
 The independent auditors' report on review of Group condensed consolidated interim financial statements is set out on page 1.

## EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
AS AT 30 JUNE 2009 (UNAUDITED)

|  | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000<br>----- | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000<br>----- |
|--|---|---|
| Group profit for the period                                    | 2,111,060   | 2,647,906   |
| <b>Other comprehensive income</b>                              |   |   |
| Cash flow hedges:  |   |   |
| - Effective portion of changes in fair value                   | (241,389)   | 21,829  |
| Fair value reserve (available-for-sale investment securities): |   |   |
| - Net change in fair value                                     | 485,791   | 215,994   |
| - Net amount transferred to profit or loss                     | 36,580  | (82,406)  |
| Other comprehensive income for the period                      | -----<br>280,982  | -----<br>155,417  |
| Total comprehensive income for the period                      | -----<br>2,392,042<br>=====   | -----<br>2,803,323<br>=====   |
| Attributable to:   |   |   |
| Equity holders of the Bank                                     | 2,392,030   | 2,802,770   |
| Minority interest  | 12  | 553   |
| Total recognised income and expense for the period             | -----<br>2,392,042<br>=====   | -----<br>2,803,323<br>=====   |

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## EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

| Note   | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000 | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000 |
|--|--|--|
| -----  | -----  | -----  |
| <b><u>OPERATING ACTIVITIES</u></b>   |  |  |
| Group profit for the period  | 2,111,060  | 2,647,906  |
| <b><u>Adjustment for non cash items</u></b>                                |  |  |
| Impairment loss on loans and receivables                                   | 1,550,821  | 571,351  |
| Impairment loss on Islamic financing and investment products               | 108,893  | 27,858   |
| Impairment loss on investment securities                                   | 109,584  | -  |
| Impairment loss on due from banks  | 13,774   | -  |
| Amortisation of intangibles  | 46,930   | 40,930   |
| Depreciation of property and equipment                                     | 109,998  | 88,281   |
| Share of profit of associates and joint ventures                           | (76,060)   | (272,957)  |
|  | -----  | -----  |
| <b>Operating profit before changes in operating assets and liabilities</b> | <b>3,975,000</b>   | <b>3,103,369</b>   |
| Decrease/(increase) in statutory deposits                                  | 1,147,117  | (469,898)  |
| Decrease in due from banks maturing after 3 months                         | 1,591,114  | 1,287,341  |
| (Decrease)/Increase in due to banks maturing after 3 months                | (1,031,933)  | 1,136,275  |
| Net change in other liabilities/other assets                               | 5,203,263  | 4,284,827  |
| Net change in fair value of derivatives                                    | (189,384)  | (421,736)  |
| Increase in customer deposits  | 8,225,826  | 18,413,337   |
| Increase in loans and receivables  | (10,164,890)   | (17,966,535)   |
| Decrease/(increase) in Islamic financing and investment products           | 803,196  | (3,655,483)  |
|  | -----  | -----  |
| <b>Net cash flows from operating activities</b>                            | <b>9,559,309</b>   | <b>5,711,497</b>   |
| <b><u>INVESTING ACTIVITIES</u></b>   |  |  |
| Decrease/(increase) in trading and investment securities (net)             | 2,580,791  | (4,156,472)  |
| Sale of investments in joint venture                                       | -  | 18,083   |
| Increase in investment in associates and joint ventures                    | 2,651  | 95,505   |
| Decrease/(increase) in investment properties (net)                         | 42,825   | (67,464)   |
| Additions to property and equipment (net)                                  | (404,347)  | (542,489)  |
|  | -----  | -----  |
| <b>Net cash flows from/(used in) investing activities</b>                  | <b>2,221,920</b>   | <b>(4,652,837)</b>   |
| <b><u>FINANCING ACTIVITIES</u></b>   |  |  |
| (Decrease)/increase in debt issued and other borrowed funds (net)          | (3,824,619)  | 4,461,456  |
| Decrease in deposits under repurchase agreements                           | (3,100,941)  | (4,439,143)  |
| Increase in minority interest  | 1,500  | 94,205   |
| Issue of Tier I capital notes  | 4,000,000  | -  |
| Dividends paid   | (1,010,505)  | (1,537,724)  |
|  | -----  | -----  |
| <b>Net cash flows used in financing activities</b>                         | <b>(3,934,565)</b>   | <b>(1,421,206)</b>   |
|  | -----  | -----  |
| <b>Increase/(decrease) in cash and cash equivalents</b>                    | <b>20</b>  | <b>(362,546)</b>   |
|  | =====  | =====  |

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## EMIRATES NBD PJSC

GROUP CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

## ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP

|   | Issued<br>capital<br>AED 000 | Treasury<br>shares<br>AED 000 | Tier I<br>capital<br>notes<br>AED 000 | Share<br>premium<br>reserve<br>AED 000 | Legal and<br>statutory<br>reserve<br>AED 000 | Other<br>reserves<br>AED 000 | Cumulative<br>changes in<br>fair value<br>AED 000 | Retained<br>earnings<br>AED 000 | Total<br>AED 000 | Minority<br>interests<br>AED 000 | Group<br>total<br>AED 000 |
|---|------------------------------|-------------------------------|---------------------------------------|--|--|------------------------------|---|---------------------------------|------------------|----------------------------------|---------------------------|
| Balance as at 1 January 2008              | 4,393,498                    | (46,175)                      | -                                     | 12,270,124                             | 1,260,205                                    | 3,917,410                    | 863,890   | 2,497,919                       | 25,156,871       | 1,903                            | 25,158,774                |
| Total comprehensive income for the period | -                            | -                             | -                                     | -                                      | -  | -                            | 155,417   | 2,647,353                       | 2,802,770        | 553                              | 2,803,323                 |
| Dividends paid                            | -                            | -                             | -                                     | -                                      | -  | -                            | -   | (1,537,724)                     | (1,537,724)      | -                                | (1,537,724)               |
| Issue of bonus shares                     | 659,025                      | -                             | -                                     | -                                      | -  | (659,025)                    | -   | -                               | -                | -                                | -                         |
| Investment in subsidiaries                | -                            | -                             | -                                     | -                                      | -  | -                            | -   | -                               | -                | 94,205                           | 94,205                    |
| Balance as at 30 June 2008                | 5,052,523                    | (46,175)                      | -                                     | 12,270,124                             | 1,260,205                                    | 3,258,385                    | 1,019,307   | 3,607,548                       | 26,421,917       | 96,661                           | 26,518,578                |
| Balance as at 1 January 2009              | 5,052,523                    | (46,175)                      | -                                     | 12,270,124                             | 1,629,205                                    | 3,324,385                    | (757,979)   | 4,193,062                       | 25,665,145       | 96,776                           | 25,761,921                |
| Total comprehensive income for the period | -                            | -                             | -                                     | -                                      | -  | -                            | 280,982   | 2,111,048                       | 2,392,030        | 12                               | 2,392,042                 |
| Issue of Tier I capital notes             | -                            | -                             | 4,000,000                             | -                                      | -  | -                            | -   | -                               | 4,000,000        | -                                | 4,000,000                 |
| Increase in minority interest             | -                            | -                             | -                                     | -                                      | -  | -                            | -   | -                               | -                | 1,500                            | 1,500                     |
| Dividends paid                            | -                            | -                             | -                                     | -                                      | -  | -                            | -   | (1,010,505)                     | (1,010,505)      | -                                | (1,010,505)               |
| Issue of bonus shares                     | 505,252                      | -                             | -                                     | -                                      | -  | (505,252)                    | -   | -                               | -                | -                                | -                         |
| Balance as at 30 June 2009                | 5,557,775                    | (46,175)                      | 4,000,000                             | 12,270,124                             | 1,629,205                                    | 2,819,133                    | (476,997)   | 5,293,605                       | 31,046,670       | 98,288                           | 31,144,958                |

Note: No allocation to legal and statutory and other reserves has been made for the six months period ended 30 June 2009 as this will be effected at the year end.

The notes set out on pages 7 to 29 form part of these Group condensed consolidated interim financial statements.

The independent auditors' report on review of Group condensed consolidated interim financial statements is set out on Page 1.



## 1 LEGAL STATUS AND ACTIVITIES

Emirates NBD PJSC, (“ENBD” or “Emirates NBD” or the “Company”) was incorporated in the United Arab Emirates on 16 July 2007, under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company. The Company was incorporated principally to give effect to the merger between Emirates Bank International PJSC (“EBI”) and National Bank of Dubai PJSC (“NBD”). The Company acts as the holding company of both EBI and NBD (together referred to as the “Group”). The merger became effective from 16 October 2007.

The Company is listed on the Dubai Financial Market. The Company’s principal business activity is investment holding.

The registered address of the Company is Post Box 2923, Dubai, United Arab Emirates (“UAE”).

The ultimate parent of the Group is Investment Corporation of Dubai, a company in which the Government of Dubai is the majority shareholder.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in the annual consolidated financial statements of the Group for the year ended 31 December 2008, except as detailed in note 2(c).

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

### 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 income) 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.

### IFRS 8 Operating Segments

The new standard, which replaced IAS 14 ‘Segment Reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The results for the six months period ended 30 June 2009 include the results of EBI and its subsidiaries and NBD and its subsidiaries.

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the financial statements as at and for the year ended 31 December 2008.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008.

(a) 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 the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(b) Financial risk management

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

(c) Changes in accounting estimates

(i) Change in accounting estimate of fixed assets:

The policy for depreciation of property, plant and equipment remains the same as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2008. In order to align the useful lives of the property, plant and equipment of EBI and NBD, the estimated useful lives of the current period have been revised as below:

|  |          |
|--|----------|
| Freehold premises                        | 25 years |
| Freehold improvements                    | 10 years |
| Leasehold improvements                   | 7 years  |
| Furniture, fixtures and office equipment | 5 years  |
| Computer hardware and software           | 4 years  |
| Motor vehicles                           | 3 years  |

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Changes in accounting estimates (continued)

#### (i) Change in accounting estimate of fixed assets (continued)

Freehold land and fixed assets not commissioned are not depreciated. Fixed assets not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

A change in the estimate of the useful life of property, plant and equipment is accounted for prospectively as a change in estimate by adjusting depreciation in the current and future periods.

#### (ii) Change in accounting estimate of retail loan provisioning:

During the period, the Group has introduced a revised portfolio impairment provision ('PIP') methodology to cover the inherent risk of losses which, although not specifically identified, are known through experience to be present in the loan portfolio.

The PIP is set with reference to past experience using a flow rate methodology, as well as taking account of judgmental factors such as the economic environment and trends in portfolio indicators such as flow rates across all delinquency buckets and collections and recovery performance (including residential real estate price trends).

The PIP has been calculated to cover both loans for which payments are current and loans overdue for less than 180 days.

Following the introduction of the PIP, specific provisions booked on loans overdue for less than 180 days have been reversed. The impact for the six months period ended 30 June 2009 was a release of specific impairment allowances for retail loans of AED 111 million and an increase in collective impairment allowances for retail loans of AED 558 million.

**3 CASH AND DEPOSITS WITH CENTRAL BANK**

|   | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|---|--------------------------------------|--|
|   | -----                                | -----                                  |
| Cash  | 1,860,845                            | 1,780,638                              |
| Interest free statutory and special deposits<br>with Central Bank | 9,280,660                            | 10,401,849                             |
| Interest bearing certificates of deposit with<br>Central Bank     | 1,657,642                            | 4,524,707                              |
|   | -----                                | -----                                  |
|   | 12,799,147                           | 16,707,194                             |
|   | =====                                | =====                                  |

The reserve requirements are kept with the Central Bank of the UAE in AED and US Dollar, are not available for use in the Group's day to day operations and cannot be withdrawn without the Central Bank of the UAE's approval. The level of reserve required changes every month in accordance with the Central Bank of the UAE directives.

**4 DUE FROM BANKS**

|                        | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|------------------------|--------------------------------------|--|
|                        | -----                                | -----                                  |
| Due from local banks   | 1,534,575                            | 322,727                                |
| Due from foreign banks | 13,511,272                           | 7,805,615                              |
|                        | -----                                | -----                                  |
|                        | 15,045,847                           | 8,128,342                              |
|                        | =====                                | =====                                  |

**5 LOANS AND RECEIVABLES**

|   | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|---|--------------------------------------|--|
|   | -----                                | -----                                  |
| Overdrafts  | 69,557,048                           | 59,438,355                             |
| Time loans  | 121,294,045                          | 119,039,605                            |
| Loans against trust receipts  | 3,782,400                            | 5,508,583                              |
| Bills discounted  | 1,745,366                            | 2,014,525                              |
| Others  | 2,406,365                            | 2,744,403                              |
| Gross loans and receivables   | 198,785,224                          | 188,745,471                            |
| Other debt instruments  | 2,331,893                            | 2,373,788                              |
| Total loans and receivables   | 201,117,117                          | 191,119,259                            |
| Less: Allowances for impairment   | (4,496,259)                          | (3,112,470)                            |
|   | 196,620,858                          | 188,006,789                            |
|   | =====                                | =====                                  |
| Total of classified loans and receivables on<br>which interest is not taken into income | 4,308,397                            | 3,084,995                              |
|   | =====                                | =====                                  |

**5 LOANS AND RECEIVABLES (continued)**

|   | Unaudited<br>30 June 2009<br>AED 000<br>----- | Audited<br>31 December 2008<br>AED 000<br>----- |
|---|---|---|
| Analysis by economic activity<br>-----          |   |   |
| Agriculture and allied activities               | 106,690                                       | 164,575   |
| Mining and quarrying                            | 351,851                                       | 397,739   |
| Manufacturing                                   | 10,528,307                                    | 10,828,330                                      |
| Construction                                    | 8,610,037                                     | 9,154,306                                       |
| Trade   | 9,587,434                                     | 10,992,032                                      |
| Transport and communication                     | 6,478,085                                     | 7,313,519                                       |
| Services  | 32,132,536                                    | 26,810,474                                      |
| Sovereign                                       | 42,885,416                                    | 36,175,267                                      |
| Personal – Retail                               | 25,942,811                                    | 25,759,725                                      |
| Personal – Corporate                            | 13,280,779                                    | 14,341,194                                      |
| Real estate                                     | 26,087,936                                    | 24,367,923                                      |
| Banks   | 811,788                                       | 527,258   |
| Financial institutions and investment companies | 19,881,421                                    | 18,541,477                                      |
| Others  | 4,432,026                                     | 5,745,440                                       |
|   | -----   | -----   |
| Total loans and receivables                     | 201,117,117                                   | 191,119,259                                     |
| Less: Allowances for impairment                 | (4,496,259)                                   | (3,112,470)                                     |
|   | -----   | -----   |
|   | 196,620,858                                   | 188,006,789                                     |
|   | =====   | =====   |

**5 LOANS AND RECEIVABLES (continued)**

|   | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000<br>----- | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000<br>----- |
|---|---|---|
| <u>Movement in allowances for specific impairment</u>   |   |   |
| Balance as at 1 January                                 | 2,541,596   | 1,441,145   |
| Allowances for impairment during the period             | 819,821   | 495,235   |
| Write back/recoveries during the period                 | (166,182)   | (54,682)  |
| Amounts written off during the period                   | (850)   | (59,852)  |
| Balance as at 30 June                                   | -----<br>3,194,385<br>-----   | -----<br>1,821,846<br>-----   |
| <u>Movement in allowances for collective impairment</u> |   |   |
| Balance as at 1 January                                 | 570,874   | 372,911   |
| Allowances for impairment during the period             | 731,000   | 76,116  |
| Balance as at 30 June                                   | -----<br>1,301,874<br>-----<br>-----<br>4,496,259<br>=====                  | -----<br>449,027<br>-----<br>-----<br>2,270,873<br>=====                    |

**6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS**

|  | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|--|--------------------------------------|--|
|  | -----                                | -----                                  |
| Murabaha   | 6,082,581                            | 7,151,783                              |
| Ijara  | 6,215,154                            | 5,254,283                              |
| Sukuk funds  | 1,285,550                            | 1,285,550                              |
| Credit cards receivables   | 502,397                              | 471,789                                |
| Wakala   | 4,144,490                            | 4,403,500                              |
| Istissna'a   | 1,901,046                            | 1,486,386                              |
| Others   | 919,831                              | 1,929,316                              |
|  | -----                                | -----                                  |
| Total Islamic financing and investment products  | 21,051,049                           | 21,982,607                             |
| Less: Deferred income  | (734,310)                            | (857,914)                              |
| Less: Allowances for impairment  | (305,455)                            | (201,320)                              |
|  | -----                                | -----                                  |
|  | 20,011,284                           | 20,923,373                             |
|  | =====                                | =====                                  |
| <br>Total of classified Islamic financing and<br>investment products on which profit is not taken<br>into income | <br>389,554                          | <br>207,320                            |
|  | =====                                | =====                                  |



**6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)**

|   | Unaudited<br>30 June 2009<br>AED 000<br>----- | Audited<br>31 December 2008<br>AED 000<br>----- |
|---|---|---|
| <u>Analysis by economic activity</u>            |   |   |
| Agriculture and allied activities               | 1,551   | 1,698   |
| Mining and Quarrying                            | 3,114   | 382   |
| Manufacturing                                   | 376,196                                       | 573,404   |
| Construction                                    | 1,592,998                                     | 1,939,238                                       |
| Trade   | 734,388                                       | 1,130,533                                       |
| Transport and communication                     | 650,269                                       | 594,246   |
| Services  | 2,272,185                                     | 1,469,242                                       |
| Sovereign                                       | -   | 112,641   |
| Personal - Retail                               | 666,745                                       | 681,557   |
| Personal - Corporate                            | 1,344,521                                     | 1,303,754                                       |
| Banks   | 227,334                                       | 72,429  |
| Financial institutions and investment companies | 1,925,455                                     | 3,055,328                                       |
| Real estate                                     | 6,464,823                                     | 5,859,033                                       |
| Others  | 4,791,470                                     | 5,189,122                                       |
| Total Islamic financing and investment products | -----<br>21,051,049                           | -----<br>21,982,607                             |
| Less: Deferred income                           | (734,310)                                     | (857,914)                                       |
| Less: Allowances for impairment                 | (305,455)                                     | (201,320)                                       |
|   | -----<br>20,011,284<br>=====                  | -----<br>20,923,373<br>=====                    |

**6 ISLAMIC FINANCING AND INVESTMENT PRODUCTS (continued)**

|  | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000<br>----- | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000<br>----- |
|--|---|---|
| Movement in allowances for impairment<br>----- |   |   |
| Balance as at 1 January                        | 201,320   | 157,748   |
| Allowances for impairment during the period    | 108,893   | 27,858  |
| Write back/recoveries during the period        | (4,758)   | (11,543)  |
| Balance as at 30 June                          | 305,455<br>=====  | 174,063<br>=====  |

**7 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS**

The charge to the income statement for net impairment loss on financial assets is made up as follows:

|   | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000<br>----- | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000<br>----- |
|---|---|---|
| Net impairment of loans and receivables                     | (1,384,639)   | (516,669)   |
| Net impairment of Islamic financing and investment products | (104,135)   | (16,315)  |
| Net impairment of investment securities                     | (109,585)   | 8,800   |
| Net impairment of due from banks                            | (13,774)  | -   |
| Net special asset recoveries                                | 11,009  | 12,517  |
| Bad debts written off                                       | (10,201)  | -   |
| Net impairment loss for the period                          | (1,611,325)<br>=====  | (511,667)<br>=====  |



## 8 TRADING SECURITIES (continued)

The table below sets out the amounts recognised in the income statement and equity in respect of financial assets reclassified out of trading securities into available-for-sale investment securities:

|   | Income<br>statement<br>AED 000<br>----- | Equity<br>AED 000<br>----- |
|---|---|----------------------------|
| <b>Period before reclassification (30 June 2008)</b>              |   |                            |
| Net trading loss  | (16,661)                                | -                          |
|   | -----<br>(16,661)                       | -----<br>-                 |
|   | =====                                   | =====                      |
| <b>Period after reclassification (1 July 2008 – 30 June 2009)</b> |   |                            |
| Interest income   | 16,266                                  | -                          |
| Net change in fair value  | -                                       | (65,740)                   |
|   | -----<br>16,266                         | -----<br>(65,740)          |
|   | =====                                   | =====                      |

The table below sets out the amounts that would have been recognised during the period ended 30 June 2009, had the reclassifications not been made:

|                  | Period ended<br>30 June 2009<br>AED 000<br>----- |
|------------------|--|
| Net trading loss | (49,474)   |
|                  | -----<br>(49,474)                                |
|                  | =====  |

**9 INVESTMENT SECURITIES**

| 30 June 2009   | Domestic<br>AED 000 | Regional<br>AED 000 | International<br>AED 000 | Total<br>AED 000  |
|--|---------------------|---------------------|--------------------------|-------------------|
| <u>-----</u>   | <u>-----</u>        | <u>-----</u>        | <u>-----</u>             | <u>-----</u>      |
| <b><u>HELD TO MATURITY:</u></b>                                    |                     |                     |                          |                   |
| Government bonds   | -                   | 100,744             | -                        | 100,744           |
| Corporate bonds  | 110,190             | 270,477             | 79,710                   | 460,377           |
|  | <u>110,190</u>      | <u>371,221</u>      | <u>79,710</u>            | <u>561,121</u>    |
| <b><u>AVAILABLE-FOR-SALE:</u></b>                                  |                     |                     |                          |                   |
| Government bonds   | 681,448             | -                   | 322,984                  | 1,004,432         |
| Corporate bonds  | 4,227,150           | 745,480             | 4,276,116                | 9,248,746         |
| Equity   | 643,762             | 1,716,023           | 486,841                  | 2,846,626         |
| Others   | 119,462             | 306,782             | 904,847                  | 1,331,091         |
|  | <u>5,671,822</u>    | <u>2,768,285</u>    | <u>5,990,788</u>         | <u>14,430,895</u> |
| <b><u>DESIGNATED AT FAIR VALUE<br/>THROUGH PROFIT OR LOSS:</u></b> |                     |                     |                          |                   |
| Government bonds   | 19,533              | -                   | -                        | 19,533            |
| Corporate bonds  | 98,255              | -                   | -                        | 98,255            |
| Equity   | 40,532              | 117,838             | 45,976                   | 204,346           |
| Hybrid instruments   | -                   | -                   | 28,155                   | 28,155            |
| Others   | 923,305             | 1,427               | 586,379                  | 1,511,111         |
|  | <u>1,081,625</u>    | <u>119,265</u>      | <u>660,510</u>           | <u>1,861,400</u>  |
|  | <u>6,863,637</u>    | <u>3,258,771</u>    | <u>6,731,008</u>         | <u>16,853,416</u> |
|  | <u>=====</u>        | <u>=====</u>        | <u>=====</u>             | <u>=====</u>      |

**9 INVESTMENT SECURITIES (continued)**

| 31 December 2008  | Domestic<br>AED 000 | Regional<br>AED 000 | International<br>AED 000 | Total<br>AED 000  |
|---|---------------------|---------------------|--------------------------|-------------------|
| <u>HELD TO MATURITY:</u>                                |                     |                     |                          |                   |
| Government bonds  | -                   | 100,076             | 31,734                   | 131,810           |
| Corporate bonds   | 122,433             | 272,841             | 105,801                  | 501,075           |
|   | <u>122,433</u>      | <u>372,917</u>      | <u>137,535</u>           | <u>632,885</u>    |
| <u>AVAILABLE-FOR-SALE:</u>                              |                     |                     |                          |                   |
| Government bonds  | 593,480             | 79,431              | 614,866                  | 1,287,777         |
| Corporate bonds   | 4,132,855           | 779,541             | 5,752,750                | 10,665,146        |
| Equity  | 652,419             | 1,710,870           | 1,240,766                | 3,604,055         |
| Others  | 140,898             | 43,064              | 451,311                  | 635,273           |
|   | <u>5,519,652</u>    | <u>2,612,906</u>    | <u>8,059,693</u>         | <u>16,192,251</u> |
| <u>DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:</u> |                     |                     |                          |                   |
| Government bonds  | 19,331              | -                   | -                        | 19,331            |
| Corporate bonds   | 89,174              | -                   | -                        | 89,174            |
| Equity  | 34,242              | 151,174             | 38,645                   | 224,061           |
| Hybrid instruments                                      | -                   | -                   | 28,149                   | 28,149            |
| Others  | 965,070             | 94,318              | 1,145,562                | 2,204,950         |
|   | <u>1,107,817</u>    | <u>245,492</u>      | <u>1,212,356</u>         | <u>2,565,665</u>  |
|   | <u>6,749,902</u>    | <u>3,231,315</u>    | <u>9,409,584</u>         | <u>19,390,801</u> |

Investment securities include investments in real estate funds as follows:

|   | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|---|--------------------------------------|--|
| Designated at fair value through profit or loss | <u>307,697</u>                       | <u>420,826</u>                         |
| Available-For-Sale                              | <u>999,852</u>                       | <u>994,585</u>                         |
|   | <u>1,307,549</u>                     | <u>1,415,411</u>                       |

## **10 INVESTMENT IN / SALE OF SUBSIDIARIES**

On 9 June 2008, Emirates Islamic Bank PJSC ("EIB"), a subsidiary of the Group, set up and subscribed to a 40% stake in Ithmar Real Estate Development PSC ('Ithmar'), a company engaged in real estate development, for a consideration of AED 62 million. Ithmar is being consolidated with the Group's financial statements under IAS 27 'Consolidated and Separate Financial Statements' (as the Group has the majority of the votes in the Board of Directors, which signifies management control).

On 6 February 2008, NBD Investment Bank Limited, a subsidiary of the Group, set up and subscribed to a 56.2% stake in NBD Sana Capital Limited, a DIFC registered company engaged in Private Equity management, for an initial cash consideration of AED 1.5 million.

On 31 July 2008, the Group sold its investment by way of capital notes in AbAcAs, an SIV registered in the Cayman Islands. The bank realised a gain of AED 4.1 million on the sale.

## **11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

On 28 January 2009, Network International LLC ("NI"), a subsidiary of the Group, set up Sinnad W.L.L. a joint venture with Bahrain Electronic Network, to provide third party ATM and card processing services for banks in Bahrain and the Gulf Cooperation Council States. NI holds 49% of the share capital and exercises joint control of the management of the company.

On 23 November 2008, Network International LLC ("NI"), a subsidiary of the Group, set up Obernet L.L.C., a joint venture with Oberthur Cards Systems. NI holds 51% of the share capital and exercises joint control of the management of the company.

On 5 May 2008, the Group completed the sale of its investment in a joint venture, Mena Factors Limited, for a total consideration of AED 19.3 million. A profit of AED 0.6 million, being the proceeds received on sale less the carrying value of the investment was recognised.

**12 GOODWILL AND INTANGIBLES**

|   | Goodwill         | Intangibles         |   |                                      | Total            |
|---|------------------|---------------------|---|--------------------------------------|------------------|
|   | AED 000          | Software<br>AED 000 | Core<br>deposit<br>intangibles<br>AED 000 | Customer<br>relationships<br>AED 000 | AED 000          |
| 30 June 2009                                  |                  |                     |   |                                      |                  |
| <u>Cost</u>                                   |                  |                     |   |                                      |                  |
| Balance as at 1 January                       | 5,527,578        | 9,281               | 564,760                                   | 157,490                              | 6,259,109        |
| <u>Amortisation and impairment</u>            |                  |                     |   |                                      |                  |
| Balance as at 1 January                       | 4,903            | 3,875               | 74,000                                    | 37,000                               | 119,778          |
| Amortisation and impairment<br>for the period | -                | 930                 | 30,000                                    | 16,000                               | 46,930           |
| Balance as at 30 June                         | 4,903            | 4,805               | 104,000                                   | 53,000                               | 166,708          |
| <b>NET</b>                                    | <b>5,522,675</b> | <b>4,476</b>        | <b>460,760</b>                            | <b>104,490</b>                       | <b>6,092,401</b> |
| 31 December 2008                              |                  |                     |   |                                      |                  |
| <u>Cost</u>                                   |                  |                     |   |                                      |                  |
| Balance as at 1 January                       | 5,527,578        | 9,281               | 564,760                                   | 157,490                              | 6,259,109        |
| <u>Amortisation and impairment</u>            |                  |                     |   |                                      |                  |
| Balance as at 1 January                       | 4,903            | 3,875               | 74,000                                    | 37,000                               | 119,778          |
| <b>NET</b>                                    | <b>5,522,675</b> | <b>5,406</b>        | <b>490,760</b>                            | <b>120,490</b>                       | <b>6,139,331</b> |



**13 DEBT ISSUED AND OTHER BORROWED FUNDS**

|                                  | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|----------------------------------|--------------------------------------|--|
|                                  | -----                                | -----                                  |
| Medium term note programme       | 19,468,711                           | 23,293,330                             |
| Syndicated borrowings from banks | 5,509,500                            | 5,509,500                              |
|                                  | -----                                | -----                                  |
|                                  | 24,978,211                           | 28,802,830                             |
|                                  | =====                                | =====                                  |

The Group has outstanding medium term and syndicated borrowings totalling AED 24,978 million (2008 – AED 28,803 million) which will be repaid as follows:

|      | Unaudited<br>30 June 2009<br>AED million | Audited<br>31 December 2008<br>AED million |
|------|--|--|
|      | -----                                    | -----                                      |
| 2009 | 2,184                                    | 5,837                                      |
| 2010 | 6,648                                    | 5,929                                      |
| 2011 | 3,064                                    | 2,941                                      |
| 2012 | 7,615                                    | 7,384                                      |
| 2013 | 1,054                                    | 1,408                                      |
| 2014 | 216                                      | 213  |
| 2016 | 2,765                                    | 3,651                                      |
| 2018 | 1,432                                    | 1,440                                      |
|      | -----                                    | -----                                      |
|      | 24,978                                   | 28,803                                     |
|      | =====                                    | =====                                      |

**14 TIER I CAPITAL NOTES**

In June 2009, the Group issued regulatory Tier I capital notes amounting to AED 4 billion. The notes are perpetual, subordinated, unsecured and have been issued at a fixed interest rate for the first five years and on floating rate basis thereafter. The bank can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and the event is not considered an event of default. The notes carry no maturity date and have been classified under equity.

## 15 EQUITY HOLDERS' FUNDS

At the Annual General Meeting held on 25 March 2009, the following were approved and issued/paid subsequently, based on the share register at 5 April 2009.

- (a) Issue of bonus shares for 2008 of 10% of the issued and paid up capital amounting to AED 505 million.
- (b) Payment of a cash dividend of 20% of the issued and paid up capital amounting to AED 1,010 million.

## 16 COMMITMENTS AND CONTINGENCIES

At 30 June 2009 the Group's contingent liabilities and commitments were as follows:

|                                 | Unaudited<br>30 June 2009<br>AED 000 | Audited<br>31 December 2008<br>AED 000 |
|---------------------------------|--------------------------------------|--|
|                                 | -----                                | -----                                  |
| Letters of credit               | 12,512,914                           | 17,955,417                             |
| Guarantees                      | 43,450,773                           | 50,693,534                             |
| Liability on risk participation | 1,762,650                            | 2,938,259                              |
| Irrevocable loan commitments    | 18,741,523                           | 24,126,946                             |
|                                 | -----                                | -----                                  |
|                                 | 76,467,860                           | 95,714,156                             |
|                                 | =====                                | =====                                  |

## 17 EARNINGS PER SHARE

Earnings per share is computed by dividing the profit attributable to the shareholders by the number of shares outstanding during the period of 5,557,774,725.

The earnings per share of AED 0.48 as reported for the period ended 30 June 2008 has been adjusted for the effect of the bonus shares issued in 2009.

EMIRATES NBD PJSC  
 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

**18 BUSINESS SEGMENT REPORTING**

|  | Government,<br>corporate<br>and<br>commercial<br>AED 000 | Retail<br>AED 000 | Investment &<br>funds<br>management<br>AED 000 | Islamic<br>banking<br>activities<br>AED 000 | Other<br>AED 000 | Total<br>AED 000 |
|--|--|-------------------|--|---|------------------|------------------|
|  | -----  | -----             | -----  | -----                                       | -----            | -----            |
| 30 June 2009   |  |                   |  |   |                  |                  |
| -----  |  |                   |  |   |                  |                  |
| Net interest income & income from Islamic products net of distribution to depositors | 2,008,640  | 1,089,867         | 217,102  | 327,571                                     | -                | 3,643,180        |
| Net fee, commission and other income   | 773,398  | 375,177           | 435,365  | 95,136                                      | 178,399          | 1,857,475        |
| Total income   | 2,782,038  | 1,465,044         | 652,467  | 422,707                                     | 178,399          | 5,500,655        |
| General and administrative expenses  |  |                   |  |   |                  | (1,807,400)      |
| Net impairment loss on financial assets  |  |                   |  |   |                  | (1,611,325)      |
| Amortisation of intangibles  |  |                   |  |   |                  | (46,930)         |
| Share of profit of associates and joint ventures                                     |  |                   |  |   |                  | 76,060           |
| Group profit for the period  |  |                   |  |   |                  | 2,111,060        |
|  |  |                   |  |   |                  | =====            |
| Segment assets   | 178,946,749  | 26,047,515        | 43,496,413                                     | 20,445,718                                  | 12,957,127       | 281,893,522      |
|  | =====  | =====             | =====  | =====                                       | =====            | =====            |
| Segment liabilities and equity   | 99,077,721   | 53,110,296        | 89,414,057                                     | 28,544,014                                  | 11,747,434       | 281,893,522      |
|  | =====  | =====             | =====  | =====                                       | =====            | =====            |

Included in segment liabilities are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

## EMIRATES NBD PJSC

 NOTES TO THE GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)
**18 BUSINESS SEGMENT REPORTING (continued)**

|  | Government,<br>corporate and<br>commercial | Retail     | Investment &<br>funds<br>management | Islamic<br>banking<br>activities | Other      | Total       |
|--|--|------------|-------------------------------------|----------------------------------|------------|-------------|
|  | AED 000                                    | AED 000    | AED 000                             | AED 000                          | AED 000    | AED 000     |
| 30 June 2008   | -----                                      | -----      | -----                               | -----                            | -----      | -----       |
| Net interest income & income from Islamic products net of distribution to depositors | 1,329,980                                  | 1,041,981  | 137,788                             | 232,146                          | -          | 2,741,895   |
| Net fee, commission and other income   | 914,339                                    | 308,216    | (16,517)                            | 302,082                          | 428,678    | 1,936,798   |
| Total income   | 2,244,319                                  | 1,350,197  | 121,271                             | 534,228                          | 428,678    | 4,678,693   |
| General and administrative expenses  |  |            |                                     |                                  |            | (1,751,147) |
| Net impairment loss on financial assets  |  |            |                                     |                                  |            | (511,667)   |
| Amortisation of intangibles  |  |            |                                     |                                  |            | (40,930)    |
| Share of profit of associates and joint ventures                                     |  |            |                                     |                                  |            | 272,957     |
| Group profit for the period  |  |            |                                     |                                  |            | 2,647,906   |
| Segment assets   | 163,248,698                                | 30,834,569 | 54,298,056                          | 24,809,658                       | 12,326,229 | 285,517,210 |
| Segment liabilities and equity   | 104,154,870                                | 46,395,254 | 98,244,006                          | 28,249,820                       | 8,473,260  | 285,517,210 |

Included in segment liabilities are equity holders' funds which have been allocated to the different segments based on the relative size of the segment assets.

## 19 RELATED PARTY TRANSACTIONS

The Group has entered into transactions with certain related parties. Such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party transactions are as follows:

|  | Unaudited<br>30 June 2009<br>AED 000<br>----- | Audited<br>31 December 2008<br>AED 000<br>----- |
|--|---|---|
| Loans to the majority shareholder of the ultimate parent               | 42,375,074                                    | 34,780,551                                      |
| Deposits from the majority shareholder of the ultimate parent          | 559,369                                       | 229,467   |
| Investment in bonds of the majority shareholder of the ultimate parent | 650,938                                       | 528,979   |
| Loans to the ultimate parent   | 918,250                                       | 927,669   |
| Deposit by the ultimate parent   | 5,916,797                                     | 6,747,215                                       |
| Loans to directors and related companies                               | 2,344,454                                     | 3,637,679                                       |
| Loans to associates  | 3,197,975                                     | 3,296,387                                       |
| Loans to and investments in funds managed by the Group                 | 1,741,270                                     | 1,791,057                                       |

**19 RELATED PARTY TRANSACTIONS (continued)**

|   | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000<br>----- | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000<br>----- |
|---|---|---|
| Payments made to associates                               | 18,401  | 37,746  |
| Fees received in respect of funds managed by<br>the Group | 25,118  | 60,217  |
| Interest paid to funds managed by the Group               | 6   | 111   |

The total amount of compensation paid to directors and key management personnel of the Group during the period was as follows:

|   | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000<br>----- | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000<br>----- |
|---|---|---|
| Short term and post employment benefits | 32,960  | 16,239  |

Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

**20 NOTE TO THE CASH FLOW STATEMENT**

|  | Unaudited<br>six months<br>period ended<br>30 June 2009<br>AED 000 | Unaudited<br>six months<br>period ended<br>30 June 2008<br>AED 000 |
|--|--|--|
|  | -----  | -----  |
| (a) Analysis of changes in cash and cash equivalents during the period |  |  |
| Balance at beginning of period   | (33,217,421)   | (11,802,558)   |
| Net cash inflow/(outflow)  | 7,846,664  | (362,546)  |
| Balance at end of period   | (25,370,757)   | (12,165,104)   |
|  | =====  | =====  |
| (b) Analysis of cash and cash equivalents                              |  |  |
| Cash and deposits with Central Bank                                    | 12,799,147   | 28,431,204   |
| Due from banks   | 15,045,847   | 18,472,238   |
| Due to banks   | (45,308,504)   | (55,776,715)   |
|  | -----  | -----  |
|  | (17,463,510)   | (8,873,273)  |
| Less : deposits with Central Bank for regulatory purposes              | (8,629,286)  | (7,069,347)  |
| Less : amounts due from banks maturing after 3 months                  | (718,070)  | (1,090,977)  |
| Add : amounts due to banks maturing after 3 months                     | 1,440,109  | 4,868,493  |
|  | -----  | -----  |
|  | (25,370,757)   | (12,165,104)   |
|  | =====  | =====  |

**21 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified and restated wherever appropriate. The reclassifications and restatements have been carried out in the financial statements for better presentation.